



FABRYKI MEBLI "FORTE" S.A.

Separate financial statements for the period ended 31 December 2014

Statements prepared in accordance with the International Financial Reporting Standards

FABRYKI MEBLI "FORTE" S.A. ul. Biała 1 07-300 Ostrów Mazowiecka Polska www.forte.com.pl



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LOUSKA

FABRYKI MEBLI FORTE S.A. ul. Biała 1 07-300 Ostrów Mazowiecka

Audit Opinion and Report on the financial statements for the financial year ended 31 December 2014

This document is a translation.

The Polish original should be referred to in matters of interpretation.

BDO Sp. z o.o. Sąd Rejonowy dla M. St. Warszawy, XIII Wydział Gospodarczy KRS: 0000293339, Kapitał zakładowy: 1.000.000 PLN., NIP 108·000-42-12. Biura regionalne BDO: Katowice 40·004, al. Korfantego 2, tel: +48 32 359 50 00, katowice@bdo.pl; Kraków 30·415, ul. Wadowicka 8a, tel: +48 12 378 69 00, krakow@bdo.pl; Poznań 60·650, ul. Piątkowska 165, tel: +48 61 622 57 00, poznan@bdo.pl; Wrocław 53·332, ul. Powstańców Śląskich 7a, tel: +48 71 734 28 00, wrocław@bdo.pl



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Polska

AUDIT OPINION for the General Meeting and Supervisory Board of Fabryki Mebli Forte S.A.

We have audited the accompanying financial statements of Fabryki Mebli Forte S.A. with its registered office in Ostrów Mazowiecka at ul. Biała 1, consisting of:

- introduction to the financial statements,
- the statement of financial position prepared as at 31 December 2014,
- the profit and loss account for the financial year ended 31 December 2014,
- the statement of comprehensive income for the financial year ended 31 December 2014,
- the statement of changes in shareholders' equity for the financial year ended 31 December 2014,
- the statement of cash flows for the financial year ended 31 December 2014,
- notes to the financial statements.

The Company's Management Board is responsible for the preparation in accordance with binding regulations of the financial statements and the Directors' Report on the Company's activities.

The Company's Management Board and members of its Supervisory Board are responsible for ensuring that the financial statements and the Directors' Report meet the requirements of the Accounting Act of 29 September 1994 (2013 Journal of Laws, item 330 with subsequent amendments), hereinafter referred to as "the Accounting Act".

Our responsibility was to audit the financial statements and to express an opinion on the consistency of these financial statements with the applicable accounting policies, and on whether the financial statements give a true and fair view, in all material respects, of the Company's financial result and financial position, as well as on the accuracy of the books of account constituting the basis for their preparation.

We performed the audit in accordance with:

1/ Chapter 7 of the Accounting Act,

2/ the auditing standards issued by the National Council of Certified Auditors in Poland.

We planned and performed the audit to obtain reasonable assurance that the financial statements are free of material misstatements. In particular, our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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BDO Sp. z o.o. Sąd Rejonowy dla M. St. Warszawy, XIII Wydział Gospodarczy KRS: 0000293339, Kapitał zakładowy: 1.000.000 PLN., NIP 108-000-42-12. Biura regionalne BDO: Katowice 40-004, al. Korfantego 2, tel: +48 32 359 50 00, katowice@bdo.pl; Kraków 30-415, ul. Wadowicka 8a, tel: +48 12 378 69 00, krakow@bdo.pl; Poznań 60-650, ul. Piątkowska 165, tel: +48 61 622 57 00, poznan@bdo.pl; Wrocław 53-332, ul. Powstańców Śląskich 7a, tel: +48 71 734 28 00, wrocław@bdo.pl





We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the audited financial statements, in all material respects:

- a) give a true and fair view of the Company's financial position as at 31 December 2014, as well as of its financial result for the financial year ended 31 December 2014,
- b) have been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of regulations by the European Commission, and in issues not regulated by these standards - in accordance with the requirements of the Accounting Act and the related implementing provisions, as well as on the basis of properly kept books of account,
- c) are consistent with the applicable laws and regulations, and with the Company's Statute.

The Directors' Report on the Company's activities includes all information required by Article 49 of the Accounting Act and by the Minister's of Finance Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities and the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (28 January 2014 Journal of Laws, item 133), and the information contained therein is consistent with the information presented in the audited financial statements.

Warsaw, 17 March 2015

BDO Sp. z o.o. ul. Postępu 12 02-676 Warszawa

Authorized Audit Company No. 3355

Auditor in charge:

On behalf of BDO Sp. z o.o.:

Artur Staniszewski

Certified Auditor No. 9841

Dr. André Helin Managing Partner

Certified Auditor No. 90004



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Polska

Audit Report on the financial statements of FABRYKI MEBLI FORTE S.A. for the financial year ended 31 December 2014

This document is a translation.

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BDO Sp. z o.o. Sąd Rejonowy dla M. St. Warszawy, XIII Wydział Gospodarczy KRS: 0000293339, Kapitał zakładowy: 1.000.000 PLN., NIP 108-000-42-12. Biura regionalne BDO: Katowice 40-004, al. Korfantego 2, tel: +48 32 359 50 00, katowice@bdo.pl; Kraków 30-415, ul. Wadowicka 8a, tel: +48 12 378 69 00, krakow@bdo.pl; Poznań 60-650, ul. Piątkowska 165, tel: +48 61 622 57 00, poznan@bdo.pl; Wrocław 53-332, ul. PowstańcówŚląskich 7a, tel: +48 71 734 28 00, wrocław@bdo.pl

I. GENERAL INFORMATION

1. Information about the Company

The Company does business as Fabryki Mebli FORTE Spólka Akcyjna [joint-stock company].

The Company's registered office is ul. Biała 1, 07-300 Ostrów Mazowiecka.

In accordance with the entry in the National Court Register and the Company's Statute, the Company's activities consist of the production and retail sale of furniture, mattresses and wood products.

The Company operates on the basis of:

- the Company's Statute prepared in the form of a notarial deed on 22 November 1994 (Rep. A No. 4358/94) with subsequent amendments,
- the Code of Commercial Partnerships and Companies.

On 23 June 2001 the Company was entered in the National Court Register at the Regional Court for the Capital City of Warsaw, XIV Business Division of the National Court Register, in number KRS 21840.

The Company has been assigned tax identification number NIP: 759-000-50-82, as well as statistical identification number REGON: 550398784.

As at 31 December 2014 the Company's share capital amounted to 23 751 084 zł and consisted of 23 751 084 shares with a nominal value of 1 zł per share.

No changes were made in the Company's share capital in the year 2014 or before the end of the audit.

The Company's shareholders as at 31 December 2014, according to the information provided by the Management Board:

Shareholder	Number of shares	% of votes at General Meeting
MaForm SARL	7 763 889	32,69%
MetLife Open Pension Fund (MetLife OFE)	2 975 474	12,53%
Aviva Open Pension Fund Aviva BZ WBK	1 324 480	5,58%
ING Open Pension Fund	1 200 000	5,05%

As at 31 December 2014 the Company's equity totaled 405 015 thousand zt.

The function of entity manager is exercised by the Management Board.

As at 31 December 2014 the Company's Management Board comprised:

Maciej Formanowicz
 Klaus Dieter Dahlem
 Gert Coopmann
 Mariusz Jacek Gazda
 Maria Małgorzata Florczuk
 Rafał Prendke
 President of the Management Board
 Member of the Management Board

The following changes were made in the Company's Management Board in the audited period and before the end of the audit:

- on 10 January 2014 the Company received the resignation of Mr. Robert Sławomir Rogowski from the position of Member of the Management Board - Vice-President of the Management Board,
- on 10 January 2014 the Supervisory Board passed Resolution No. 1/2014 appointing Mr. Mariusz
 Jacek Gazda to the position of Member of the Management Board effective 1 March 2014,
- on 7 May 2014 the Supervisory Board passed Resolution No. 10/2014 appointing Ms. Malgorzata Florczuk to the position of Member of the Management Board,
- on 28 July 2014 the Supervisory Board passed Resolution No. 23/2014 appointing Mr. Rafal Prendke to the position of Member of the Management Board effective 1 August 2014,
- on 2 February 2015 the Company received the resignation of Mr. Rafal Prendke from the position of Member of the Management Board effective 4 February 2015.

2. Information about the authorized audit company and the auditor in charge

The financial statements of Fabryki Mebli FORTE S.A. for the year 2014 have been audited by BDO Sp. z o.o. with its registered office in Warsaw, ul. Postępu 12, an entity authorized to audit financial statements, registered with the National Chamber of Certified Auditors in number 3355.

The auditor of the Company's financial statements starting from the year 2012 was selected by the Company's Supervisory Board in Resolution No. 14/2012 of 29 June 2012.

The audit was conducted based on an audit agreement signed on 15 May 2014, and performed under the direction of Artur Staniszewski, Certified Auditor No. 9841. The audit was performed from 2 February 2015, intermittently until the issue of the audit opinion. It was preceded with a review of the financial statements for the first half of 2014 and an interim audit.

We hereby declare that BDO Sp. z o.o., its management, the certified auditor and team performing the audit of the above-described financial statements meet the conditions required to issue an objective and independent opinion on the audited financial statements – as provided for in Article 56 par. 3 and 4 of the Act on certified auditors and their self-government, entities authorized to audit financial statements and on public supervision (2009 Journal of Laws No. 77, item 649 with subsequent amendments).

The Company's Management submitted all of the declarations, explanations and information requested by the auditor and necessary to perform the audit.

No limitations had been placed on the scope of the audit or on the methods selected by the auditor to perform the audit.

3. Information about the financial statements for the previous financial year

The books of account were opened based on the financial statements prepared for the period from 1 January to 31 December 2013, which had been audited by BDO Sp. z o.o. and given an unqualified opinion.

The Company's financial statements for the period from 1 January to 31 December 2013 were approved in Resolution No. 4/2014 passed by the General Meeting of 10 June 2014.

In its Resolution No. 6/2014 the General Meeting selected to distribute the Company's net profit for the period from 1 January to 31 December 2013, amounting to 56 537 973,28 zł, in the following manner:

- 35 626 626,00 zl to be paid out as a dividend,
- 20 911 347,28 zł to the reserve capital.

The Company's financial statements for the year 2013 were filed with the National Court Register on 16 June 2014.

II. FINANCIAL ANALYSIS

Presented below are selected balance sheet and profit and loss account items, as well as key financial ratios, compared to analogical amounts for the previous years.

1. Main balance sheet and profit and loss account items (in '000 zł)

	31.12.2014	% of balance sheet total	31.12.2013	% of balance sheet total	31.12.2012 restated	% of balance sheet total
Non-current assets	272 857	43,8	245 283	45,4	244 474	51,7
Current assets	349 767	56,2	294 442	54,6	227 956	48,3
Total assets	622 624	100,0	539 725	100,0	472 430	100,0
Equity	405 015	65,0	369 138	68,4	334 806	70,9
Liabilities and cost provisions	217 609	35,0	170 587	31,6	137 624	29,1
Total liabilities and equity	622 624	100,0	539 725	100,0	472 430	100,0
				in (50.3)		

ltem _	2014	% of revenue	2013	% of revenue	2012 restated	% of revenue
Sales revenue Cost of finished products, goods for	821 631	100,0	666 554	100,0	559 624	100,0
resale and raw materials sold	(522 970)	(63,7)	(424 766)	(63,7)	(378 186)	(67,6)
Gross sales profit/loss	298 661	36,3	241 788	36,3	181 438	32,4
Sales costs	(175 424)	(21,3)	(141 914)	(21,3)	(118 157)	(21,1)
General administrative costs	(33 751)	(4,1)	(27 242)	(4,1)	(24 484)	(4,4)
Sales profit/loss Profit/loss on other operating	89 486	10,9	72 632	10,9	38 797	6,9
activities	(3 465)	(0,4)	(7 157)	(1,1)	(2 659)	(0,5)
Profit/loss on financial activities	6 016	0,7	4 237	0,6	2 620	0,5
Gross profit/loss	92 037	11,2	69 712	10,5	38 758	6,9
Income tax	(17 425)	(2,1)	(13 174)	(2,0)	(6 910)	(1,2)
Net profit/loss	74 612	9,1	56 538	8,5	31 848	5,7

2. Key financial ratios

	2014	2013	2012
Profitability ratios	-		
Gross sales profitability	10,9%	10,9%	6,9%
Net sales profitability	9,1%	8,5%	5,7%
Return on assets	12,0%	10,5%	6,7%
Return on equity	18,4%	15,3%	9,5%
Liquidity ratios			
Current ratio	3,1	3,1	2,5
Quick ratio	1,8	1,9	1,4
Operating ratios			
Receivable days	44	43	52
Inventory days	90	90	99
Debt ratios			
Payable days	29	30	31
Debt rate	0,3	0,3	0,3

3. Remarks

- Non-current assets account for 43,8% of total assets at the end of the audited period, after having declined from 45,4% at the end of 2013.
- Current assets have grown by 18,8% in the audited period from the previous year, with their percentage share increasing from 54,6% of total assets to 56,2%.
- Although it has grown by 9,7% in the audited period compared to the previous year, equity accounts for 65,0% of the balance sheet total at the end of 2014 compared to 68,4% last year.
- Sales revenue and the cost of goods sold have gone up by 23,3% and 23,1%, respectively, from the year 2013, as a result of which the Company's gross sales profit amounted to 298 661 thousand zl and was by 23,5% higher than the year before.
- The percentage of sales costs and general administrative costs in sales revenue has remained similar to last year's.
- The rise in the results on other operating activities and financial activities has translated into an increase in net financial result by 32% compared to the year 2013.
- Net sales profitability has grown from 8,5% last year to 9,1% in the audited period.
- The return on assets ratio has increased from 10,5% in the previous year to 12,0% in the audited period.
- The return on equity ratio has grown from 15,3% last year to 18,4% in 2014.
- The liquidity ratios have remained close to last year's values: the current again amounts to 3,1, whilst the quick has gone down slightly from 1,9 to 1,8.
- The inventory days ratio has remained at 90 days.
- The payable days ratio amounts to 29 days, which constitutes a slight improvement from last year.
- The receivable days ratio has grown by a day and amounts to 44 days.

In the course of the audit we found no indications that as a result of discontinuing or significantly limiting its operations the Company will not be able to continue as a going concern in at least the next reporting period.

BDO Sp. z o.o.

III. DETAILED INFORMATION

1. Assessment of the Company's accounting and internal control systems

The Company has documentation describing its accounting methods, as set forth in Article 10 of the Accounting Act.

The Company's books of account are kept at its registered office. The Company's accounting records are computerized using the SAP system.

During our audit of the financial statements we performed a random check of the operation of the Company's accounting system. It was not an objective of the audit to express a comprehensive opinion on the operation of this system.

In the course of our audit we found no misstatements in the books of account, which could have a significant effect on the audited financial statements. Our audit has shown that:

- the accounting methods (policies) are valid and applied continuously, and that the books of account were opened correctly,
- economic transactions are documented accurately, completely and clearly, and correctly classified for entry in the books of account,
- the methods used to secure access to data and the data processing system are appropriate,
- accounting entries are complete and accurate, made continuously and are consistent with the corresponding source documents and financial statements,
- accounting documents, books of account and financial statements are properly protected.

The Company's inventory count of its assets and liabilities, conducted in accordance with the scope, due date and frequency requirements of the Accounting Act, was performed correctly, and the resulting differences have been settled in the books of account of the audited period.

2. Information about selected significant financial statements items

The most significant financial statements items have been described in the notes to the financial statements and in the Directors' Report on the Company's activities.

3. Additional information

Additional information on the Company's accounting methods, as well as other information, has been prepared completely and correctly, in accordance with the requirements of IFRS, and in matters no regulated by those standards - in accordance with the requirements of the Accounting Act.

4. Directors' Report

In accordance with the requirements of Article 49 of the Accounting Act and the Minister's of Finance Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities and the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (28 January 2014 Journal of Laws, item 133), the Company's Management prepared a report on the Company's activities. The information contained therein is consistent with the information presented in the audited financial statements.

5. Management's Declaration

The Company's Management submitted a written declaration about the completeness of the books of account, disclosure of all contingent liabilities and absence of significant post-balance sheet events.

Warsaw, 17 March 2015

BDO Sp. z o.o. ul. Postępu 12 02-676 Warszawa

Authorized Audit Company No. 3355

Auditor in charge:

On behalf of BDO Sp. z o.o.:

Artur Staniszewski Certified Auditor No. 9841 Dr. André Helin Managing Partner

Certified Auditor No. 90004



Dear Sirs and Madams, Dear Shareholders,

I hereby present you the Annual Report of the Forte Company for 2014.

My pleasure is even bigger as I can inform you, once again, about our great sales results, stable financial situation and bright perspectives regarding the Company's further development.

In 2014, Forte generated PLN 74,6 million of net profit (net profitability at the level of 9.1%) with PLN 821,6 million in revenues. The number of manufactured furniture amounted to 3 million pieces (6 million packages). These results have been noted by financial markets: Forte's market capitalisation exceeded PLN 1.3 billion and the listing of our company has been added by the FTSE Group (owned by the London Stock Exchange Group) to the listings of FTSE Global Equity Index Series – Emerging Europe. This means that our Company's listing and overall situation has been considered representative and significant for our country (Index for Poland), and consequently for the whole "Emerging Europe" region. The rate of growth of the Company, which increased over 20% compared to previous year, is visibly higher than the market average.

Our activity, as always, focused around three main objectives:

- strengthening relations with long-term business partners,
- building an innovative machine park that now enables us to fulfil our customers' needs and will continue to do so in the future,
- continuous improvement of operating activities.

Ready-to-assemble furniture (RTA) remains the Forte's main product. This segment is gaining popularity across Europe. Price range of Forte furniture places us in the medium price segment.

Consolidation of the furniture sales market that we have been observing for the last few years is an advantage for Forte. The information of huge retail chains operating globally require large suppliers able to deliver a chosen product batch anywhere in Europe within a specific deadline. The Company fits perfectly into this business model. Our multi-lingual staff works directly on target markets, namely Germany, France, Great Britain and Spain.

Our business model based on direct relations with international clients is what distinguishes us among other Polish producers. Offer of Forte comprises modern and functional furniture designed by a perfectly well-prepared design department and by outstanding European creators.

Each year, we change approx. 40% of our assortment. This is related to the need for providing many retail chains with a diversified and non-competing range of products. A dynamic rotation of our assortment allows us to maintain a consequent policy of a satisfactory gross margin of more than 35%, despite changing costs of raw materials, energy and labour.

Germany, Austria and Switzerland are the leading furniture markets in Europe. This is where Forte focused its activity, and realizes almost 60% of its revenues.

Export sales of the Company increased by PLN 135,7 million (+25%) year to year. The biggest increase in terms of sales value was recorded on the following markets: Germany – PLN 47 million (+12%), France – PLN 43 million (+200%), Switzerland – PLN 13 million (+92%) and Spain – PLN 10 million (+85%).

In recent years, we have introduced assembled furniture in our offer. It is a new product in our portfolio which allows us to enlarge our presence at customers by offering products from a higher price segment. Assembled furniture accounted for PLN 16 million revenue in 2014, and this segment is expected to increase dynamically in the coming years.

We have been implementing the machine park modernisation plan for several years now. Capital expenditure in 2014 amounted to PLN 42 million. Today, four Forte factories are equipped with cutting edge infrastructure. In the nearest years, a similar investment dynamics will be maintained.

Continuous investment allows us to realize growing sales and leads to an optimization of production capability, as well as maintaining high product quality and cost-effective production.

The share of sale costs and general costs has not changed compared to last year and was 21,4% and 4.1%, respectively, in relation to revenues.

Our activity resulted in the EBIT margin at the level of 10.5% (PLN 86 million) vs. 9.8% in 2013 and a further growth of the ROE profitability factor, from 9.5% in 2012, 15.3% in 2013 up to 18.4% in 2014.

Safe management of the exchange rate risk, deriving from a strong export position, is another important element of our business model. Due to a consistent hedging policy, results of the Company are almost neutral to currency fluctuations.

Forte's strategic objectives for the subsequent years comprise: maintaining a strong position with large multinational retail distributors and strong focus on selling through this distribution channel, safeguarding the availability of strategic raw materials and optimizing business processes within production, supply chain and customer service.

A two-year agreement for delivery of wood-based panels signed in 2014 with Pfleiderer Grajewo S.A. is a key element in protecting the availability of strategic raw materials. The panels constitute our basic raw material used in production.

Another of our strengths is a modern and international organisational culture. We have a specialised and multi-language staff which cooperates directly with our clients.

Our objective for the nearest years is to generate over EUR 250 million annual turnover while maintaining the present margin level and to increase the production volume to over 4 million pieces of furniture. Extending production capability will allow us to start cooperating with large retail chains selling products at promotions and on-line.

Each year, the Company shares its profit with the company's shareholders. The dividend paid out for one share in the last three years amounted to: PLN 0.75, PLN 0.95 and PLN 1.5, respectively. This year, the Management Board will once again recommend to the General Meeting payment of the dividend based on the profit generated in 2014. We are also planning to maintain the policy of active and transparent relations with our investors.

The Management Board of Forte perceives staff development as a very important issue. We carried out a number of specialised training courses, supporting the staff in gaining specialised knowledge and soft management skills. We continue last years' programmes for employees and their families, including English courses, events related to art, science and entertainment. We continue to implement incentive schemes, and improved communication with staff through various meetings and internal publications. We have also improved the working conditions for office employees by renovating the entire infrastructure, creating modern and comfortable working conditions.

We organised internship programmes for students and develop cooperation with public and private universities. Keeping in mind how much each enterprise can contribute to neighbouring communities, we also support the development of talented unprivileged youth with the activity of our "AMF Nasza Droga" Foundation.

On behalf of the Management Board, I wish to thank all the employees for their enormous dedication and commitment, without which the Company could not have achieved such results in 2014. I also thank all the Shareholders for the trust they have placed in us. Our cooperation renders us ready to achieve new, ambitious goals in 2015.

Maciej Formanowicz

President of the Management Board

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Profit and loss account

		For the reportin	g period ended
		31 December 2014	31 December 2013
Continued operations	Note		
Revenue from sales of products, goods and materials	9.1.	813,146	659,845
Revenue from sales of services	9.1.	8,485	6,709
Sales revenue		821,631	666,554
Cost of sales of sold products, goods and materials	9.6.	(519,542)	(421,127)
Cost of sales of sold services	9.6.	(3,428)	(3,639)
Cost of sales		(522,970)	(424,766)
Gross profit from sales		298,661	241,788
Other operating revenue	9.2.	2,074	2,522
Costs of sales	9.6.	(175,424)	(141,914)
General administrative costs	9.6.	(33,751)	(27,242)
Other operating costs	9.3.	(5,539)	(9,679)
Operating profit (loss)		86,021	65,475
Financial revenue	9.4.	6,190	4,792
Financial costs	9.5.	(2,006)	(1,107)
Profit (loss) on derivative financial instruments	36.2.	1,832	552
Profit from sales of shares		-	-
Profit (loss) before tax		92,037	69,712
Income tax	10.	(17,425)	(13,174)
Profit (loss) on continued operations of the period		74,612	56,538
Discontinued operations Profit (loss) on discontinued operations of the period		-	-
Profit (loss) of the period		74,612	56,538
Profit (loss) per share for the period (in PLN):	13.		
- basic		3.14	2.38
- diluted		3.14	2.38

Total income statement

		For the reporting	ng period ended
		31 December 2014	31 December 2013
	Note		
Profit (loss) of the period		74,612	56,538
Other net comprehensive income, including:		(3,108)	358
Items which in the future will not be reclassified to the		F4F	F0
profit and loss account Revaluation of employee benefit obligations		515 (438)	59 (201)
Deferred tax regarding employee benefits		83	38
Incentive Scheme	37.1.	870	222
Items which in the future may be reclassified to the			
profit and loss account		(3,623)	299
Hedge accounting		(4,466)	369
Income tax on hedge accounting		843	(70)
Total comprehensive income for the period		71,504	56,896

Financial situation statement (balance)

		Status as at	Status as at
	Note	31 December	31 December
	Hote	2014	2013
ASSETS			
Non-current assets		272,857	245,283
Intangible assets	17.	216,331	188,036
Intangible assets	19.	16,559	16,620
Investment properties	18.	29,858	29,751
Financial assets	21.	10,109	10,876
Current assets		349,767	294,442
Reserves	22.	149,013	113,087
Trade and other receivables	23.	144,545	99,486
Receivables due to derivative financial instruments	25.36.2.	4,852	9,824
Receivables due to income tax		-	-
Accruals	24.	2,665	1,788
Financial assets	26.	593	980
Cash and cash equivalents	27.	48,099	69,277
TOTAL ASSETS		622,624	539,725
LIABILITIES		405.045	260 420
Equity	20.4	405,015	369,138
Share capital	28.1.	23,751	23,751
Supplementary capital from share premium		111,646	111,646
Revaluation reserve from hedging instruments	28.3.	3,925	7,548
Business combination capital		(1,073)	(1,073)
Incentive Scheme	37.1.	1,290	420
Other reserve capital	28.3.	167,714	146,803
Retained earnings	28.4.	97,762	80,043
Long-term liabilities		103,492	75,381
Interest-bearing loans and borrowings	29.	86,678	58,178
Deferred income tax provision	10.2.	10,941	12,450
Provision for benefits after the employment period	16.1.30	3,215	2,552
Accruals	30.	61	. 86
Financial liabilities due to lease	15.	2,597	2,115
Other financial liabilities		-	-
Short-term liabilities		114,117	95,206
Trade and other liabilities			,
	31.	62,885	56,528
Current portion of interest-bearing loans and borrowings and			
securities	29.	9,821	9,259
Income tax liabilities	31.	12,669	10,963
Provisions and accrued liabilities	30.	27,523	17,700
Financial liabilities due to lease	15.	1,219	756
Total liabilities		217,609	170,587

Statement of cash flows

	For the reporting	g period ended
	31 December 2014	31 December 2013
Cash flow from operating activity		
Profit/ (loss) of the period	74,612	56,538
Adjustments by:	(46,310)	16,113
Amortisation	16,483	16,309
Foreign exchange (profit)/loss	3,058	455
Net interest and dividends	(3,629)	(2,438)
(Profit)/ Loss on investing activity	(105)	1,215
Change in the valuation of derivative financial instruments	1,349	(506)
Change in receivables	(45,050)	(9,459)
Change in inventories	(35,926)	(13,968)
Change in liabilities, excluding loans and borrowings	7,203	10,841
Change in prepayments and accruals	8,812	4,026
Change in provisions	(1,425)	(1,383)
Income tax paid	(16,301)	(4,026)
Current tax recognised in profit or loss	18,007	14,558
Provision for retirement benefits	332	267
Valuation of the Incentive Scheme	870	222
Other adjustments	12	-
Net operating cash flow	28,302	72,651
Cash flows from investment activities		
Sales of property, plant and equipment and intangible assets	613	937
Purchases of property, plant and equipment and intangible assets	(43,777)	(16,578)
Disposal of financial assets	-	-
Purchase of financial assets	-	-
Dividends received	4,487	3,438
Interest received	83	97
Borrowings granted	(20)	(1,691)
Repayment of borrowings granted	697	1,363
Other investment inflows	-	-
Other investment outflows	-	-
Net investment cash flow	(37,917)	(12,434)
Cash flows from financing activities		
Inflow from loans and borrowings taken out	42,202	25,806
Repayment of loans and borrowings	(16,228)	(18,365)
Dividends paid	(35,627)	(22,564)
Interest paid	(935)	(1,103)
Repayment of leasing liabilities	(1,021)	(1,273)
Other financial inflows	-	-
Other financial expenses	-	-
Net financial cash flow	(11,609)	(17,499)
Net increase (decrease) in cash and cash equivalents	(21,224)	42,718
Net foreign exchange differences	(46)	15
Opening balance of cash	69,277	26,574
Cash at end of year, including:	48,099	69,277

of limited disposability

Statement of changes in equity

for the year ended 31 December 2014

	Share capital	Supplementary capital from share premium	Retained earnings/ (accumulated loss)	Revaluation reserve from hedging instruments	Other reserve capital	Business combination capital	Incentive	Total
as at 01 January 2014:	23,751	111,646	80,043	7,548	146,803	(1,073)	420	369,138
Changes in adopted accounting principles (policy)		1	ı	1	•		٠	•
Error adjustments	•	1	-	-	•	•	•	-
As at 01 January 2014 after adjustments	23,751	111,646	80,043	7,548	146,803	(1,073)	420	369,138
Impairment of retained earnings to reserve capital	1	1	(20,911)	1	20,911	1	٠	1
Payment of dividend for 2014	1	1	(35,627)	1	1	1	ı	(35,627)
Provisions for employee benefits		1	(355)	1		1	,	(355)
	1	ı	74,612	ı	•	ı	ı	74,612
Hedge accounting	1	1	ı	(3,623)	1	ı	ı	(3,623)
Valuation of the Incentive Scheme	1	1	1	1	1	1	870	870
Comprehensive income for the period	•	•	74,257	(3,623)	•	•	870	71,504
as at 31 December 2014:	23,751	111,646	97,762	3,925	167,714	(1,073)	1,290	405,015

Statement of changes in equity

for the year ended 31 December 2013

369,138	420	(1,073)	146,803	7,548	80,043	111,646	23,751	as at 31 December 2013:
56,896	222			299	56,375	•		Comprehensive income for the period
222	222	1			ı	1	'	Valuation of the Incentive Scheme
299		1		299	•	1	1	Hedge accounting
56,538		ı			26,538	•	1	Current result
(163)		•			(163)	ı	•	Provisions for employee benefits
(22,564)		1			(22,564)	1	1	Payment of dividend for 2012
•		1	608'6		(608'6)	1	1	Impairment of retained earnings to reserve capital
334,806	198	(1,073)	137,494	7,249	55,541	111,646	23,751	As at 1 January 2013 after adjustments
1	•	•	1	1	1	ı	1	Error adjustments
r	ı	1	ı	1	1	1	ı	Changes in adopted accounting principles (policy)
334,806	198	(1,073)	137,494	7,249	55,541	111,646	23,751	as at 01 January 2013:
Total	Incentive	Business combination capital	Other reserve capital	Revaluation reserve from hedging instruments	Retained earnings/ (accumulated loss)	Supplementary capital from share premium	Share capital	

ACCOUNTING POLICIES AND EXPLANATORY NOTES

1. General information

The financial statements of Fabryki Mebli "FORTE" S.A. cover the year ended 31 December 2014 and include comparative data for the year ended 31 December 2013.

FABRYKI MEBLI "FORTE" S.A. Fabryki Mebli FORTE S.A. ("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 Company is entered into the register of entrepreneurs of the National Court Register maintained by the District Court for the capital city of Warsaw, 14th Commercial Division of the National Court Register (formerly 21st Commercial Division), under KRS number 21840.

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

The duration of the Company is perpetual.

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.

Composition of the Company's Management Board

The Management Board of the Company as at 31 December 2014 consisted 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

Changes in the composition of the Management Board of the Company

On 10 January 2014, Robert Rogowski, Vice President of the Management Board, submitted a statement of resignation from the position of Vice President. On the same day, the Company's Supervisory Board appointed as of 1 March 2014 Mariusz Jacek Gazda as Member of the Management Board of the Company.

On 7 May 2014 the Company's Supervisory Board appointed Mrs Maria Małgorzata Florczuk as Member of the Management Board of the Company.

On 28 July 2014, the Company's Supervisory Board appointed as of 01 August 2014 Rafał Prendke as Member of the Management Board of the Company.

On 2 February 2015 Mr Rafał Prendke submitted a statement of resignation from the position of Member of the Management Board of the Company as of 4 February 2015.

Identification and approval of the financial statements

The Company drew up the financial statements for the year ended 31 December 2014, which were authorised for issue on 17 March 2015.

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	
			31/12/201 4	31/12/201 3
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.I.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.

As at 31 December 2014 and as at 31 December 2013, the percentage of voting rights held by the Company in the subsidiaries corresponded to the percentage held in the share capital of those entities.

2. Important values based on professional judgement and estimations

2.1. Judgements

In the process of applying the accounting policies to the issues discussed below, apart from those involving estimations, professional judgement of the management had the most significant effect on the amounts recognised in the financial statements.

Classification of lease agreements

The Company classifies lease agreements as either operating or financial based on an assessment of the extent to which the benefits and risks of ownership are transferred to the lessor and the lessee. The assessment is based on the economic content of each transaction.

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

Depreciation and amortisation rates

Depreciation and amortisation rates are determined based on the anticipated economic useful lives of property, plant and equipment and intangible assets. The economic useful lives are reviewed annually by the Company based on current estimates.

2.2. Uncertainty of estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of assets

The Company carried out the analysis of impairment of inventories. The results of the analysis of impairment of inventories have been presented in note 22 to the financial statements.

Fair value of financial instruments

The fair value of financial instruments for which no active market exists is assessed by means of appropriate valuation methods. The Company applies professional judgement in selecting appropriate methods and assumptions. The methods used for measuring the fair value of financial instruments are presented in note 35.2.

Valuation of provisions

Provisions for employee benefits are determined using actuarial valuations. The assumptions made in this respect are presented in note 16.1.

Deferred tax assets

The Company recognises a deferred tax asset on the basis of the assumption that taxable profit shall be achieved in future against which it can be utilised. The decrease in the tax results in the future could make this assumption unjustified.

3. Basis for preparation of the financial statements

These financial statements have been drawn up on the assumption that the Company will continue its business operations in the foreseeable future. As at the date of approval of these financial statements, the Company's Management Board is not aware of any facts or circumstances that would indicate a threat to the continuing activity of the Company 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 Company.

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

These financial statements have been prepared on a historical cost basis, except for investment properties, derivative financial instruments, and financial assets valued at fair value through profit or loss.

To fully understand the financial position and operating results of Fabryki Mebli "FORTE" S.A. as the Parent Company in the Capital Group, these financial statements should be read together with the annual consolidated financial statements for the period ended 31 December 2014.

The financial statements will be available on the website of the Company at www.forte.com.pl in the period in keeping with the current report regarding the deadlines for providing the annual and consolidated annual statement for 2014.

Declaration of compliance

Declaration of compliance These financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted 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 Company, there is no difference between the IFRS which entered into force and IFRS as adopted by the EU in respect of the accounting principles used by the Company.

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

Functional currency and presentation currency

Functional currency and presentation currency of the Company in these financial statements is Polish zloty.

4. Changes in accounting principles and error corrections

Principles (policy) of accounting applied for the preparation of the hereby report for the year 2014 are compliant with those applied while preparing the financial report for the year 2013, with the exclusion of changes specified below.

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 01 January 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of information regarding shares to 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 IFRS 27)
- Amendments to IAS 26 Disclosures regarding recoverable value of non-financial assets
- · Amendments to IAS 39 Novation (renewal) of derivatives versus continued hedge accounting

Their application did not have an impact on the results of the activities and on financial situation of the Company, and it solely resulted in changes in the applied rules of accounting or, potentially, in expanding the scope of the necessary disclosures or a change to the used terminology.

Key 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 impact on the Company'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 Ventures and IAS 31 Interests In Joint Ventures. The standard emphasizes the rights and obligations resulting from a joint agreement regardless of its legal form and eliminates inconsistency in reporting through specific methods of settling shares in jointly controlled entities.

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

• IFRS 12 Disclosure of information regarding shares to other entities

The new standard was published on 12 May 2011 and contains requirements regarding disclosures of information concerning engagement in other entities or investments.

The application of the new standard has no impact on the Company'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 impact on the Company'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 joint entities. The standard replaces the existing IAS 28 Investments in Associates

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

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

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

The application of the above amendments has no impact on the Company's financial statements.

• Investment entities (amendments to IFRS 10, IFRS 12 and IFRS 27)

The guidelines were published on 31 October 2012 and contain other principles concerning the use of IFRS10 and IFRS12 in case of units of investment fund nature.

The application of the above amendments has no impact on the Company's financial statements.

Amendments to IAS 26 Disclosures regarding recoverable value of non-financial assets

Amendments were published on 29 May 2013 and are applied to annual periods starting on 1 January 2014 or later. Changes result in a modification of the scope of disclosures in relation to the loss of value of non-financial assets, ie. require a disclosure of recoverable value (cash generating unit) only in the periods for which the impairment loss or its reversal in relation to the given asset (or unit) was included. Furthermore, the change of standard will impose the necessity of a broader and more precise scope of disclosures in case of establishing the recoverable value as fair value decreased by costs of sales, and in the case of establishing the fair value decreased by costs of sales with the use of the technique of establishing current value (discounted cash flows) it will be necessary to indicate information regarding the applied discount rate (in case of recognition of an impairment loss or its reversal).

Changes also adjust the scope of disclosures regarding recoverable value regardless of whether it has been established as value in use or fair value decreased by the costs of sales.

The application of the above amendments has no impact on the Company's financial statements.

Amendments to IAS 39 Novation (renewal) of derivatives versus continued hedge accounting

Amendments were published on 27 June 2013 and are applied to annual periods starting on 1 January 2014 or later. Changes enable continuation of applying hedge accounting (under certain conditions) in case when derivatives which are a hedging instrument are renewed pursuant to legal regulations and due to the change clearing institution change. Amendments to IAS 39 are the effect of changes in law in many countries pursuant to which there is an obligation of calculating the existing OTC derivatives and their renewal via agreements with a central clearing institution.

The application of the above amendments has no impact on the Company's financial statements.

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

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

In these financial statements the Company 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 01 January 2018 or later. The standard introduces the principles of classifying financial assets and introduces unified rules of assessing the loss of value for all financial instruments. The standard introduces also a new model of hedge accounting in order to harmonize the principles of incorporating information regarding risk management into financial statements.

The Company will apply the amended standards within the scope of conducted changes since 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 Company commenced an analysis of results of implementing 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 Company will apply the new standard from 01 January 2016.

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

IFRS 15 Income from client contracts

The new unified standard was published on 28 May 2014 and is applied to annual periods starting on 01 January 2017 or later and it is possible to apply it earlier. The standard establishes unified framework for recognition of income and includes principles which will replace the majority of specific guidelines in the scope of income recognition which are currently in place under IFRS, in particular, within IAS 18 Income, IAS 11 Construction Contracts and the 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 Company commenced an analysis of results of implementing new standard.

• Changes in various standards resulting from the annual review of International Standards for Financial Reports (Annual Improvements 2010-2012)

On 12 December 2013 further amendments were published to seven standards pursuant to the draft amendments to the International Standards of Financial Reporting published in May of 2012. They usually are applicable in case of annual periods which commence on 1 July 2014 or later.

The Company has applied the amended standards in the scope of the conducted changes since 1 January 2015, unless a different enforcement date was scheduled.

The application of the new standards will have no impact on the Company's financial statements.

• Changes in various standards resulting from the annual review of International Standards for Financial Reports (Annual Improvements 2011-2013)

On 12 December 2013 further amendments were published to four standards pursuant to the draft amendments to the International Standards of Financial Reporting published in November of 2012. They usually are applicable in case of annual periods which commence on 1 July 2014 or later.

The Company has applied the amended standards in the scope of the conducted changes since 1 January 2015, unless a different enforcement date was scheduled.

The application of the new standards will have no impact on the Company's financial statements.

• Amendment to IAS 19 Defined benefit plans-employee benefits.

Amendment was published on 21 November 2013 and is applied to annual periods starting on 01 July 2014 or later. The amendments clarify and, in some cases, simplify the principles of accounting for employee benefits (or other third parties) applied to defined benefit plans.

The Company will apply the amended standard within the scope of conducted changes since 01 January 2015.

The application of the new standards will have no impact on the Company's financial statements.

• Interpretation of IFRIC 21 Public levies

The new interpretation was published on 20 May 2013 and is applied to annual periods starting on 01 January 2014 or later. The interpretation contains guidelines with regards to the periods in which liabilities of defined public loads (levies) are to be covered.

The Company will apply the new interpretation as of the date set within the Regulation of EC which accepts the interpretation applied by European Union, that is from 1 January 2015.

The application of the new standards will have no impact on the Company's financial statements.

Changes to IFRIC 11 Recognition of purchase of shares in joint actions

Amendments to IAS 11 were published on 06 May 2014 and are applied to annual periods starting on 01 January 2016 or later. The purpose of the changes is to present detailed guidelines explaining the method of approaching the transactions of purchase of shares in joint actions which constitute an enterprise. The amendments require the application of rules identical to those which are used in case of merges.

The application of the new standards will have no impact on the Company's financial statements.

 Amendments to IAS 16 and IAS 38 Explanations in the scope of the accepted methods of depicting depreciation and amortisation.

Amendments to IFRS 16 Fixed assets and IAS 38 Non-financial values were published on 12 May 2014 and are applied to annual periods starting on 01 January 2016 or later. The change covers additional explanations in relation to the allowable methods of amortization. The purpose of changes is to indicate that the method of calculating depreciation of non-current assets and non-financial values based on revenues is not appropriate, however, in case of non-financial values this method may be applied in specific circumstances.

The application of the new standards will have no impact on the Company's financial statements.

• Amendments to IAS 16 and IAS 41 Agriculture: *Production Plants*

Amendments to IAS 16 and 41 were published on 30 June 2014 and are applied to annual periods starting on 01 January 2016 or later. This amendment indicates that production plants ought to be calculated in the same method as non-current assets in the scope of IAS 16. For the above reason, production plants ought to be considered via IAS 16 rather than via IAS 41. Agricultural products generated by production plants continue to fall under the scope of IAS 41.

The application of the new standards will have no impact on the Company's financial statements.

• Amendments to IAS 27; The equity method in separate financial statements

Amendments to IAS 27 were published on 12 August 2014 and are applied to annual periods starting on 01 January 2016 or later. Amendments restore the option of calculating within the separate financial statements the investments in subsidiaries, joint ventures and associated units by means of equity method into IFRS. In case of the selection of this method it ought to be applied for each investment within a given category.

The application of the new standards will have no impact on the Company's financial statements.

• Amendments to IFRS 10 and IAS 28: Sale or transfer of assets between the investor and his associated unit or joint venture

Amendments to IFRS 10 and 28 were published on 11 September 2014 and are applied to annual periods starting on 01 January 2016 or later. The amendments clarify the accounting in case of transactions where the Parent company loses control over its subsidiary which does not constitute "business" in accordance with the definition specified in IFRS 3 "Business combination" through sale of all or parts of shares in a given subsidiary to the associated unit or joint venture, covered by the scope of equity method.

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.

• Changes in various standards resulting from the annual review of International Standards for Financial Reports (Annual Improvements 2012-2014)

On 25 September 2014 further amendments were published to four standards pursuant to the draft amendments to the International Standards of Financial Reporting published in November of 2013. They usually are applicable in case of annual periods which commence on 01 January 2016 or later.

The Company has applied the amended standards in the scope of the conducted changes since 01 January 2016, unless a different enforcement date was scheduled.

The application of the new standards will have no impact on the Company's financial statements.

• Amendments to IAS 1; Initiative on disclosures

On 18 December 2014, in the framework of the initiative targeted at improvement of presentations and disclosures within financial reports changes to IAS 1 were published. These changes are to be considered as further encouragement for entities to apply professional judgement when defining which information ought to be disclosed within their financial statements. For example, the changes clarify the significance concerns the entire financial statements and that inclusion of insignificant information may reduce the usefulness of disclosures which are strictly financial in nature. Furthermore, changes clarify that entities ought to apply professional judgement when defining where and in what order to present information while disclosing financial information.

The published changes are accompanied by draft changes to IAS 7 Cash flow statement which increases requirements related to disclosures of cash flow from financial activity and cash and its equivalents within the entity.

The changes may be applicable immediately and they are obligatory in case of annual periods which commence on 01 January 2016 or later. The Company commenced an analysis of results of implementing the changes. The Company will implement the changes no later than on 1 January 2016 and their result may be the change of the scope and/or form of disclosures presented in the financial statement.

• Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: application of exception to consolidation

Amendments to IFRS 10, IFRS 12 and 28 were published on 18 December 2014 and are applied to annual periods starting
on 01 January 2016 or later. Their goal is to clarify the requirements in the scope of accounting of investment entities.

The application of the new standards will have no impact on the Company'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,
- IFRS 14 Regulatory Deferral Accounts published on 30 January 2014,
- IFRS 15 Revenues from Client Contracts published on 28 May 2014,
- Changes to IFRIC 11 Recognition of purchase of shares in joint actions published on 6 May 2014,
- Amendments to IAS 16 and IAS 38 Explanations in the scope of the accepted methods of depicting depreciation and amortisation published on 12 May 2014,
- Amendments to IAS 16 and IAS 41 Agriculture: Production Plants published on 30 June 2014,
- Amendments to IAS 27; Equity method in separate financial statements published on 12 August 2014,
- Amendments to IFRS 10 and IAS 28: Sale or transfer of assets between the investor and his associated unit or joint venture published on 11 September 2014,
- Changes in various standards resulting from the annual review of International Standards for Financial Reports (*Annual Improvements 2012-2014*) published on 25 September 2014,
- Amendments to IAS 1; Initiative on disclosures,
- · Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: application of exception to consolidation

6. Summary of significant accounting policies

6.1. Shares in subsidiaries, interdependent entities, associates and joint ventures

Shares in subsidiaries, interdependent entities, associates and joint ventures are recognised according to the historical cost concept, according to IAS 27, corrected by the impairment write-downs determined pursuant to the principles set forth in IAS 36.

6.2. Revenues

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenues are recognised net of Value Added Tax (VAT) and discounts. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be reliably measured.

Interest

Revenue is recognised as interest accrues (using the effective interest rate method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Dividends are recognised when the shareholders' rights to receive the payment are established.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, its fair value is credited

to a deferred income account and is released systematically to the profit and loss account over the estimated useful life of the relevant asset by way of equal annual instalments.

6.3. Earnings per share

Earnings per share for each reporting period are calculated as quotient of the net profit for the given accounting period and the weighted average of shares of the Company outstanding in that period.

6.4. Leasing

The Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability, in a way to produce a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account.

Capitalised leased assets are depreciated over the estimated useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the two periods: the lease term or the estimated useful life.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease and subsequent lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

The Company as a lessor

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. As the lessor, the Group enters into rental agreements for premises in investment real properties. Income under such agreements is recognised on a current basis.

6.5. Foreign currency translation

For entities whose functional currency is the zloty, transactions expressed in foreign currencies are converted to PLN at the exchange rate applicable as at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are converted to PLN at the average exchange rate of the National Bank of Poland applicable as at the reporting date. The resulting exchange rate differences are recognised under financial revenue/costs or, in the cases provided for in the accounting principles (policy), capitalised at the value of assets. Non-monetary assets and liabilities denominated in foreign currencies are 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.

The following exchange rates were applied for valuation purposes:

	31 December 2014	31 December 2013
USD	3.5072	3.0120
EUR	4.2623	4.1472
CHF	3.5447	3.3816
GBP	5.4648	4.9828

6.6. Borrowing costs

Borrowing costs, which can be directly attributed to purchase, creation or construction of fixed assets are capitalised as part of the cost of its construction. Borrowing costs include interest and foreign exchange gains or losses to the extent they are regarded as an adjustment of interest costs.

Other finance costs are recognised as an expense in the period.

6.7. Retirement benefits

In accordance with the applicable remuneration systems, employees of the Company are entitled to retirement severance pays. Retirement benefits are paid out as one-off benefits upon retirement. The amount of those benefits depends on the number of years of employment and the employee's average salary. The Company makes a provision for retirement benefits in order to allocate the costs of those allowances to the periods to which they relate.

In accordance with IAS 19, retirement benefits are post-employment defined benefits. The present value of such obligations as at each balance sheet date is determined by an independent actuary. The balance of these liabilities equals discounted

payments which will be made in the future and accounts for staff turnover, and remuneration increase rate. Demographic information and information on staff turnover are based on historical information.

Benefit costs are divided into the following components:

- •the current service cost (change of provisions resulting from the accumulation of liabilities over the period of extending time of service and age of employees)
- •interest costs (increase in liabilities related to the interest rate; it is the product of the value of liabilities at the beginning of the year and the rate of interest used for the discount)
- •actuarial profit/ loss is the change resulting from the differences between the assumptions and their implementation and the changes adopted in the calculation of parameters and assumptions

The Company presents the first two components of defined benefit cost in the financial result.

Revaluations recognised in other comprehensive income are immediately reflected in retained earnings and will not be transferred to the profit and loss account.

6.8. Share-based payment transactions

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model. In the valuation of equity-settled transactions, only market factors are considered.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Management Board of the Company at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. In the current reporting period and in the comparative period there were no equity-settled transactions.

6.9. Taxes

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the balance sheet date.

Deferred tay

For the purposes of financial reporting, deferred tax is calculated using the liability method, on temporary differences arising as at the end of the reporting period between the tax value of assets and liabilities and their book value presented in the financial statements.

Deferred tax liability is recognised for all taxable temporary differences

- except where the deferred income tax liability arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax asset is recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and
 interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the
 temporary differences will reverse in the foreseeable future and taxable profit will be available against which
 the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will be available that will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the profit and loss account.

The Company offsets deferred tax assets and deferred tax liabilities only if it has a legally enforceable right to offset current tax receivables with liabilities, and deferred tax asset is related to the same taxpayer and the same tax authority.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation
 authority, in which case value added tax is recognised as part of the cost of acquisition of the asset or as
 part of the expense item, as applicable; and
- receivables and payables which are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

6.10. Intangible assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The initial cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of purchase and bringing the asset to a working condition for its intended use. Cost comprises also the cost of replacement of components of fixed assets when incurred if the recognition criteria are met. Subsequent expenditures, such as repair or maintenance costs, are expensed in the reporting period in which they were incurred.

Upon purchase, fixed assets are divided into components which represent items with a significant value and which can be allocated a separate depreciation period. Major overhauls are also treated as a separate component.

The Company qualifies as fixed assets the right of perpetual usufruct of land, granted by way of an administrative decision, which is considered equally with purchased land, assuming that it meets the definition of fixed assets.

Property, plant and equipment are depreciated using the straight line method over their estimated useful lives:

Туре	2014	2013
Buildings and structures	25–50 years	25–50 years
Plant and machinery	5–50 years	5-50 years
Office equipment	3–10 years	3–10 years
Transport means	5–10 years	5–10 years
Computers	3–5 years,	3–5 years,
Leasehold improvements	5-10 years	5–10 years

Residual values, useful lives and depreciation methods of property, plant and equipment are reviewed annually, and, if necessary, adjusted retrospectively, i.e. with effect from the beginning of the completed financial year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its further use. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is recognised in the profit and loss account for the period in which derecognition took place.

Construction in progress (CIP) include assets in the course of construction or assembly and are recognised at acquisition price or cost of construction, less the possible impairment write-downs. Assets under construction are not depreciated until completed and brought into use.

6.11. Investment properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognised in the profit and loss account for the period in which it arose.

Investment property is derecognised when disposed of or permanently withdrawn from use and when no future benefits are expected from its disposal. Gains or losses on derecognition of investment property are recognised in the profit and loss account for the year in which such derecognition took place.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. If the asset is used by the owner, it becomes an investment property. The Company applies the principles defined under Property, Plant and Equipment up to the date of change in use.

For a transfer from investment property to owner-occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use.

6.12. Intangible assets

Intangible assets acquired separately or constructed (if they meet the criteria for recognition of R&D works) are measured on initial recognition at the purchase price or cost of construction. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at acquisition price or cost of construction less any accumulated amortisation and any accumulated impairment losses. Expenditures incurred for internally generated intangible assets, excluding capitalised development costs, are not capitalised and are charged against profits in the year in which they are incurred.

The useful lives of intangible assets are assessed by the Company to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit and loss account in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives and those that are not in use are tested for impairment annually either individually or at the cash generating unit level.

Useful lives are reviewed on an annual basis and, if necessary, are adjusted for with effect from the beginning of the financial year that has just ended.

Costs of research and development

R&D costs are written off in the profit and loss account when identified. Expenditure on development activities carried out within the project are carried forward to the next period, if it can be considered to be recovered in the future. After the initial recognition of the expenditure on development, the historical cost model is applied requiring the asset to be carried at the cost of purchase less accumulated amortisation and accumulated impairment losses. All expenditure carried forward is amortised over the expected period of obtaining revenue from the sale of the project.

Costs of development works are tested for impairment annually – if the asset has not yet been put to use, or more often – when, during the reporting period, there is an indication of impairment showing that their carrying amount might not be recoverable.

A summary of the policies applied to the Company's intangible assets is as follows:

	Patents and licenses	Computer software	Other
Useful life	For patents and licenses used on the basis of a fixed-term agreement this period is assumed taking into account the additional period for which use can be extended. 5 years	5 years	5 years
Depreciation method applied	Amortised over the term of the contract – the straight-line method.	Using the straight-line method.	Using the straight-line method.
Internally generated or acquired	Acquired	Acquired	Acquired
Verification for impairment	Annual assessment of whether there is any indication of impairment.	Annual assessment of whether there is any indication of impairment.	Annual assessment of whether there is any indication of impairment.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account when the asset is derecognised.

6.13. Impairment on non-financial non-current assets

An assessment is made at each reporting date to determine whether there is any indication that an asset from non-financial fixed assets may be impaired. If the Company finds that there is such evidence, or if the Company is required to perform annual impairment tests (in the case of goodwill), the Company estimates the recoverable amount of the given asset or cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is equal to the higher of the asset's or cash-generating unit's fair value less costs to sell or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in other operational costs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such evidence exists, the Company measures the recoverable amount of the given asset. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised immediately in the profit and loss account. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

6.14. Non-current assets held for sale

Fixed assets and disposal groups are classified as intended for sale if their carrying amount is more likely to be recovered through a sale transaction than as a result of their continued use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The classification

of assets as intended for sale implies that the management of the Company intends to complete the sale within one year from the date of reclassification.

Fixed assets (and disposal groups) classified as intended for sale are posted at the lower of the following values: balance sheet value or fair value less selling expenses.

In the statement of financial position, assets intended for sale (or disposal group) are presented as a separate item of assets. Should there be any liabilities related to the disposal group which are to be transferred in the transaction together with the disposal group, these liabilities are presented as a separate item of liabilities..

6.15. Reserves

Inventories are valued at the lower of acquisition price/cost of construction and realisable value.

Costs incurred in bringing each inventory item to its present location and condition – both for this and the previous reporting period – are recognised as follows:

Materials - purchase cost determined on a weighted average basis.

Finished products and work in

progress

- cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity utilisation, excluding external

financing costs;

Goods - purchase cost determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

6.16. Financial assets

Financial assets are classified into one of the following categories:

- Financial assets held to maturity,
- Financial assets at fair value through profit or loss,
- Loans granted and receivables,
- Financial assets available for sale.

Financial assets held to maturity,

Financial assets held to maturity include investments with fixed or determinable payments and fixed maturities, which the Company has the positive intention and ability to hold until maturity. Financial assets held to maturity are measured at amortised cost using the effective interest rate. Financial assets held to maturity are classified as non-current assets if they are falling due within more than 12 months from the balance sheet date.

Financial assets at fair value through profit or loss,

Financial assets obtained to generate profit thanks to short-term price fluctuations are classified as financial assets valued within fair value by financial result. Derivatives are also classified as held for trading unless they are the instruments indicated as hedging instruments within hedge accounting scope. Financial assets are measured at fair value, which takes into account their market value as at the balance sheet date without taking into account the cost of sale. Any change in the fair value of these instruments is taken to finance costs or finance income on the profit and loss account. Financial assets at fair value through profit or loss are classified as current assets.

When a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss. This does not apply to the cases where the embedded derivative does not significantly modify the cash flows or where it is clear that separation of the embedded derivative is prohibited. Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

- (ii) the assets are a part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or
- (iii) the financial assets contain an embedded derivative that should be recognised separately.

Loans granted and receivables,

Loans granted and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted on an active market. These are classified as current assets, provided their maturity does not exceed 12 months after the balance sheet date. Loans granted and receivables with maturities exceeding 12 months from the balance sheet date are classified under non-current assets. They are measured at amortised cost using the effective interest rate.

Financial assets available for sale.

All other financial assets are available-for-sale financial assets. Available-for-sale financial assets are measured at fair value, without deducting transaction costs, and taking into account their market value at the balance sheet date. Where no quoted market price is available and there is no possibility to determine their fair value using alternative methods, available-for-sale financial assets are measured at cost, adjusted for any impairment losses. Positive and negative differences between the fair value and acquisition cost, net of deferred tax, of financial assets available for sale (if a quoted market price determined on the regulated market is available or if the fair value can be determined using another reliable method), are taken to the revaluation reserve. Any decrease in the value of financial assets available for sale resulting from impairment losses is taken to the profit and loss account and recorded under finance cost.

Purchase and sale of financial assets is recognised at the transaction date. Financial assets are initially recognised at fair value plus those transaction costs for all financial assets not carried at fair value through profit or loss that are directly attributable to the acquisition.

Financial assets are derecognised if the Company loses its control over contractual rights attached to those assets, which usually takes place upon sale of the asset or where all cash flows attributed to the given asset are transferred to an independent third party.

6.17. Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans granted and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected losses from capitalised liabilities that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate determined at initial recognition). The carrying amount of the asset is reduced either directly or through provision. The amount of the loss shall be recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and has to be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Financial assets available for sale.

If there is objective evidence that an impairment loss has been incurred on an available-for-sale asset, then the amount of the difference between the acquisition cost (net of any principal payment and amortisation and – in the case of financial assets valued according to amortised cost with the application of effective interest rate method – the amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss, is removed from equity and recognised in the profit and loss account. Reversals of impairment losses on equity instruments classified as available for sale cannot be recognised in the profit and loss account unless, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss is reversed, with the amount of the reversal recognised in the profit and loss account.

6.18. Embedded derivative instruments

Embedded derivative instruments are separated from agreements and accounted for as derivative instruments, if all the following conditions are met:

- the economic nature and risks of the embedded derivative are not closely related to the economic nature and risks of the agreement in which the instrument is embedded;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative instrument;
- hybrid instrument (complex) is not recognised at fair value and changes in fair value are not recognised in the profit and loss account.

Embedded derivatives are recognised in a similar manner as individual derivatives that are not designated as hedging instruments

The extent to which, in accordance with IAS 39, the economic characteristics and risks inherent to embedded derivative in a foreign currency are closely related to the economic characteristics and risks of the main agreement (main contract) also covers situations when the currency of the main agreement is commonly used in contracts to purchase or sell non-financial items in the market for a given transaction.

Assessment of whether an embedded derivative should be separated is made by the Company upon its initial recognition.

6.19. Financial derivatives

Derivative instruments used by the Company to hedge its risks associated with changes in foreign exchange rates are foreign exchange forward contracts and zero-cost option strategies. Such derivative financial instruments at the balance sheet date are measured at fair value. The profit or loss is recognised in the profit and loss account, unless the derivative is designated as a hedging instrument in hedge accounting. In such case, the moment of the recognition of profit or loss depends on the nature of the hedge relationship.

Derivatives are carried as assets when the fair value balance is positive and as liabilities when the fair value balance is negative.

6.20. Hedge accounting

The Company applies the cash flow hedge accounting method, whose aim is to secure the planned sales revenues, which involve currency risk affecting the profit and loss account and whose probability of occurrence is highly likely.

The main objective of cash flow hedge accounting is to protect the operating income from changes in the exchange rate between the date of the foreign currency exposure and hedging transaction and the date of exposure and hedging transaction.

To hedge future foreign currency transactions, the Company uses:

a/ forward contracts,

b/ symmetrical option strategies.

Hedging instruments are generally held to maturity. In exceptional cases, where circumstances justify the need, the Company may decide to roll over the hedging instrument.

Changes in fair value of hedging instruments are included in the Company's equity under the revaluation of hedging instruments heading. At the time of implementation of the hedged sales revenue, changes in fair value of hedging instruments are recognised in the profit and loss account in the current sales revenue – for the effective part, and in the profit (losses) on derivative financial instruments – for the ineffective part.

At the inception of the hedge, the Company formally designates and documents the hedging relationship and the risk management objective and strategy for undertaking the hedge.

Not less frequently than at hedge inception and on the last day of the financial year, assessment of the prospective effectiveness is made by comparing the cumulative change in fair value of the hedging instrument to the cumulative change in the value of future cash flows.

At the end of each month the effectiveness of hedging is measured-retrospective effectiveness- by comparing the cumulative change of fair value of the hedging instrument to the cumulative change in value of future cash flows, estimated on the basis of data concerning the foreign exchange market from the valuation date.

Efficiency is considered to be high if it is between 80% and 125%.

The Company discontinues to apply hedge accounting if the hedging instrument expires or is sold, terminated, completed, or if does not meet the criteria for hedge accounting and if the Company cancels the hedging relationship. Then, the cumulative profit or loss on the hedging instrument recognised in equity remains there until the planned transaction. If the transaction is not performed, the accumulated net result recognised in equity is immediately transferred to the profit and loss account.

6.21. Trade and other receivables

Trade receivables, which generally have 1 to 3 month terms, are recognised and carried at original invoice amount less an allowance for any doubtful receivables.

A write-down for receivables is made when collection of the full amount is no longer probable. Bad debts are written off when identified as irrecoverable.

If the effect of the time value of money is material, the value of receivables is determined by discounting the estimated future cash flows to present value using a discount rate that reflects current market assessments of the time value of money. Where discounting method is used, any increase in the balance due to the passage of time is recognised as finance income.

6.22. Cash and cash equivalents

Cash and their equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, the cash and cash equivalents balance consists of cash and cash equivalents as defined above.

6.23. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are then measured at amortised cost using the effective interest rate method.

Amortised cost is calculated by taking into account any transaction costs, and any discount or premium received in connection with the liabilities.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as by calculating the cost with the effective interest rate method.

6.24. Trade and other liabilities

Short-term trade payables are carried at the amount due and payable.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated for hedging instruments. Financial liabilities may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; or (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains embedded derivatives that would need to be separately recorded.

Financial liabilities at fair value through profit or loss are measured at fair value, reflecting their market value at the balance sheet date less transaction costs. Changes in the fair value of these instruments are recognised in the profit and loss account as other costs or operating income.

Financial liabilities other than financial instruments measured at fair value through profit or loss are measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or it expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, this is treated by the Company as a derecognition of the original liability and the recognition of a new liability. Similarly, if the terms of an existing liability are substantially modified, such a modification is treated by the Company as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit and loss account.

Other non-financial liabilities include, in particular, liabilities to the tax office in respect of value added tax and advance payment liabilities which will be settled by way of delivery of goods or services, or fixed assets. Other non-financial liabilities are recognised at the amount due.

6.25. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the estimated future cash flows to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

7. Information on operating segments

From 1 January 2009 the new IFRS 8 "Operating segments" shall apply. Pursuant to the requirements of the standard, operating segments are to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the persons deciding on the allocation of resources to the given segment and assessing its financial results

The Management Board has conducted a thorough analysis of the possibilities and justification of identifying operating segments based on IFRS 8. Internal analyses and reports for management purposes of the Company are based on the geographical directions of sales. Basically, each line of sales has an attributed person, who is directly responsible for the execution of sales plans and financial results.

Since it is not possible to obtain separate financial information that would be subject to disclosure obligation for each direction of sales, the Management Board of the Company has decided not to identify operating segments under IFRS 8.

Seasonality of operations

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

The value of sales revenue achieved in the period of the last two years is presented below:

	Revenues from sales of products, materials, goods and services	Sales revenue — % of share
Q1 2014	211,980	25.80%
Q2 2014	189,757	23.10%
Q3 2014	189,395	23.05%
Q4 2014	230,499	28.05%
Total for 2014	821,631	100.00%
Q1 2013	156,464	23.48%
Q2 2013	146,579	21.99%
Q3 2013	167,253	25.09%
Q4 2013	196,258	29.44%
Total for 2013	666,554	100.00%

8. Revenue and costs

8.1. Sales revenue and geographic structure

Sales revenue	For the reporting	For the reporting period ended	
	31/12/2014	31/12/2013	
Revenue from sales of products, goods and materials	813,146	659,845	
- products	798,578	646,747	
- goods	8,611	9,474	
- materials	5,957	3,624	
Revenue from sales of services	8,485	6,709	
Total net revenue from sales	821,631	666,554	
Geographic structure:			
- domestic	143,859	124,510	
- export	677,772	542,044	
Total net revenue from sales	821,631	666,554	
- including from related entities	40,233	43,063	

Information on key customers

The key recipients of goods of the Company FORTE SA is Roller GmbH (Germany) and Steinhoff International Group (France). Share in revenues for each of the above noted recipients exceeded 10% of Company total revenues. There are no formal ties between the customer and the Company.

8.2. Other operating revenue

	For the reporting	For the reporting period ended		
Other operating revenue	31/12/2014	31/12/2013		
Release of write-downs on current assets	596	294		
Gain on sales of property, plant and equipment	-	-		
Revaluation of investment real property	106	-		
Subsidies	268	492		
Compensations	881	847		
Stocktaking surplus	-	515		
-	223	374		
Total other operating revenue	2,074	2,522		

8.3. Other operating costs

	For the reporting period ended		
Other operating costs	31/12/2014	31/12/2013	
Creation of write-downs	588	4,007	
Liquidation and impairment write-downs on property, plant and equipment	11	459	
Scrapping of inventory 2,613		2,571	
Donations	722	835	
Penalties and compensations	564	171	
Court costs	22	25	
Loss on sales of property, plant and equipment	356	756	
Costs of employee benefits	332	310	
Investment shortages	153	-	
Other	178	545	
Other operating costs, total	5,539	9,679	

8.4. Financial revenue

	For the reportir	For the reporting period ended		
Financial revenue	31/12/2014	31/12/2013		
Dividends	4,486	3,438		
Revaluation of financial assets	-	-		
Profit on sale of financial assets	-	-		
Interest	1,704	1,220		
Exchange differences of financial assets and liabilities	-	134		
Other	-	-		
Financial revenue, total	6,190	4,792		

8.5. Financial costs

	For the reporting period ended		
Financial costs	31/12/2014	31/12/2013	
Interest on loans and leasing	843	1,024	
Revaluation of financial assets	12	-	
Commission on loans	80	71	
Exchange differences of financial assets and liabilities, including:	1,057	-	
Other	14	12	
Financial costs, total	2,006	1,107	

8.6. Costs by type

	For the reporting period ended		
Costs by type	31/12/2014	31/12/2013	
Amortisation	16,483	16,309	
Consumption of materials and energy	402,406	328,937	
External services	172,633	128,473	
Taxes and fees	8,004	7,249	
Payroll	112,320	91,308	
Social insurance and other benefits	26,424	22,398	
Other costs by type	6,043	4,973	
	744,313	599,647	
Change in product inventory and accruals	(20,785)	(14,557)	
Manufacturing cost of products for internal purposes	(1,651)	(913)	
Costs of sales	(175,424)	(141,914)	
General administrative costs	(33,751)	(27,242)	
Manufacturing cost of sold products and services	512,702	415,021	
Value of goods and materials sold	Value of goods and materials sold 10,268		
Cost of sales	522,970	424,766	

8.7. Depreciation costs recognised in the profit and loss account

	For the reporting	g period ended
Depreciation costs in the profit and loss account	31/12/2014	31/12/2013
Depreciation costs recognised in the:		
Own cost of sales	12,880	12,753
Costs of sale	2,211	2,123
General administrative costs	1,392	1,433
	16,483	16,309

8.8. Costs of employee benefits

	For the reportin	For the reporting period ended		
Costs of employee benefits	31/12/2014	31/12/2013		
Costs of employee benefits recognised in the:				
Own cost of sales	88,685	72,870		
Costs of sale	26,396	22,314		
General administrative costs	23,663	18,522		
	138,744	113,706		

9. Income tax

The main items of tax charge for the year ended 31 December 2014 and 31 December 2013 are as follows:

	For the reporting period ended		
	31/12/2014	31/12/2013	
Current income tax			
Current charge due to income tax	18,005	14,557	
Adjustments related to current income tax from previous years	2	-	
Total: 3,597			
Relating to the origination and reversal of temporary differences	(582)	(1,383)	
Tax expense reported in the profit and loss account	17,425 13,174		

9.1. Reconciliation of the effective tax rate

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the 12 months ended 31 December 2014 and 31 December 2013:

	For the reporting period ended		
	31/12/2014	31/12/2013	
Profit (loss) before tax	92,037	69,712	
Tax at the statutory rate applicable in Poland, i.e. 19% (2013: 19%)	17,487	13,245	
Adjustments related to deferred income tax from previous years	2	_	
Unrecognised tax losses	-	-	
Non-tax deductible costs	912	700	
Written-off tax losses	- (076)	- (771)	
Costs not constituting tax base Temporary differences from previous years	(976) -	(771)	
Other	-	-	
Tax at the effective rate of 18.9 % (2013: 18.90%)	17,425	13,174	
Income tax (charge) recognised in the consolidated profit and loss account	17,425	13,174	
Income tax attributable to discontinued operations	-	-	
	74,612	13,174	

9.2. Deferred income tax

Deferred income tax results from the following positions:

Total: 3,	Balance sheet Profit and loss account Total: 3,597 Status as at For the reporting period ended				orting period
Balance sheet item	Title of a temporary difference	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Deferred tax provision					
Intangible assets	Revaluation of fixed assets	15,665	14,944	721	662
Intangible assets	Land in perpetual usufruct	2,137	2,137	-	(9)
Intangible assets	Investment relief	182	228	(46)	(47)
Intangible assets	Write-downs on tangible fixed assets	(1)	(70)	69	(62)
Trade Receivables/ Liabilities and other	Foreign exchange differences	(194)	2	(196)	(147)
Accruals	Accruals	(2,909)	(1,742)	(1,167)	(389)
Trade and other receivables	Revaluation of receivables	(523)	(515)	(8)	(244)
Receivables/ Liabilities due to financial derivative instruments	Short-term financial investments	-	106	(106)	106
Trade receivables and other receivables, Financial Assets	Interest accrued	4	6	(2)	(4)
Inventories, trade receivables and other receivables	DDP and DAP Incoterms incomes	(780)	(840)	60	(591)
Accruals	Provisions for transport costs	125	115	10	115
Reserves	Revaluation of inventory value	(576)	(1,035)	459	(409)
Provision for benefits after the employment period	Provisions for retirement benefits	(122)	(59)	(63)	(59)
Provisions and accrued liabilities	Provision for bonuses	(1,690)	(1,449)	(241)	(111)
Trade and other liabilities	Salaries and overheads for remuneration	(664)	(585)	(79)	(148)
Trade and other liabilities	Defaults and past dues of more than 30 days	(64)	(46)	(18)	(46)
Financial assets	(76)	(78)	(76)	(2)	-
Supplementary capital from share premium	Other	23	(4)	27	-
Deferred tax provision		10,535	11,117	(582)	(1,383)
Revaluation of instruments in the statement of comprehensive income		927	1,770	-	-
Provision for pensions and di capital part recognised in the comprehensive income		(521)	(437)	-	-
Total deferred tax provision		10,941	12,450	(582)	(1,383)

Deferred tax in the amount of PLN 83 thousand concerning employee benefits and PLN 843 thousand concerning hedge accounting is recognised directly in capitals.

10. Tax settlements

Current tax expense is calculated on the basis of applicable tax regulations. Tax expense is calculated based on tax rates applicable during the fiscal year in question. The Company does not operate in a Special Economic Zone, which would cause the principles for determining tax expense to differ from general regulations in this respect. Both the tax and balance sheet years coincide with calendar year.

11. Social assets and liabilities

The Act on Company Social Fund of 4 March 1994, as amended, requires the companies whose full-time employees' number exceeds 20 to establish and run a Social Fund. The Company operates such a Fund and makes periodical charges to it based on a minimum required amount. The Fund's purpose is to subsidise the Company's social activity, loans to employees and other social expenditure.

The Company has netted the assets of the Fund with the liabilities to the Fund, as these are not separate assets of the Company. Therefore, the net receivables from the Fund as at 31 December 2014 are PLN 671 thousand (as at 31 December 2013 — net receivables amounted to PLN 27 thousand).

Table below presents the analysis of assets, liabilities and costs of the Fund.

	31/12/2014	31/12/2013
Assets contributed to the Fund	-	-
Loans granted to employees	1,666	1,665
Cash	1,839	704
Receivables on account of the Fund	(2,834)	(2,342)
Balance after offsetting	671	27
Contributions to the Fund during the financial period	2,921	2,359

12. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period (adjusted by the influence of dilutive options and all dilutive convertible redeemable preference shares).

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

	For the reporting period ended	
	31/12/2014	31/12/2013
Profit (loss) on continued operations of the period	74,612	56,538
Loss from discontinued operations	-	-
Profit (loss) of the period	74,612	56,538
Profit (loss) of the period attributed to normal shareholders, applied to		
calculate diluted earnings per share	74,612	56,538

	Status as at	
	31/12/2014	31/12/2013
Weighted average number of issued ordinary shares, applied to calculate basic earnings per share	23,751,084	31.12.2013 1
Impact of diluting	-	-
Bonds convertible into shares	-	-
Adjusted weighted average number of ordinary shares used for calculating diluted earnings per share	23,751,084	31.12.2013 1

Profit (loss) per share attributable to Company Shareholders at the end of the period (in PLN '000)	31/12/2014	31/12/2013
- basic	3.14	2.38
- diluted	3.14	2.38

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.

13. Dividend paid and proposed

The Management Board will propose a dividend payment for 2014, allocating a portion of the profit generated in the period. As at the publication of this report, the Management Board of the Company has not presented the details of dividend payments.

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 02 July 2014.

14. Leasing

14.1. Finance lease and hire purchase commitments

The Company as a lessee as at 31 December 2014 has financial leasing agreements on machinery, equipment and means of transport with the option to buy. The leased assets are secured by blank promissory notes.

The periods for which the lease agreements have been concluded are: 60 months for machinery and equipment, and 25 months for the means of transport and 50 months for IT equipment.

Residual value has been determined in the range from 0.05% to 0.17% of the initial value of leased machinery and equipment, approx. 14% for buildings and 1% for transport and IT equipment.

As at 31 December 2014 and 31 December 2013, future minimum rentals payable under finance leases are as follows:

	Minimum pa	Minimum payments	
	31/12/2014	31/12/2013	
Within 1 year	1,357	819	
In the period from 1 to 2 years	1,265	1,438	
In the period from 2 to 5 years	1,440	760	
Over 5 years	-	-	
Minimum lease payments, in total	4,062	3,017	
Minus financial costs	(246)	(146)	
Current value of minimum lease payments	3,816	2,871	
short-term	1,219	756	
long-term	2,597	2,115	

14.2. Operating lease and hire purchase commitments

In the reporting year ended 31 December 2014, the Group concluded operating lease agreements for the rental of means of transport. The term of the agreements is 24 or 36 months, the residual value was calculated at 30–35% of the initial value of the leased objects.

As at 31 December 2014, the future minimum lease payments under operating lease agreements are as follows:

	Minimum pa	Minimum payments	
	31/12/2014	31/12/2013	
Within 1 year	368	363	
In the period from 1 to 5 years	269	168	
Over 5 years	-	-	
Future minimum lease payments, in total	637	531	

14.3. Liabilities under operating lease

In the reporting year ended 31 December 2014, the Group concluded operating lease agreements for the rental of commercial premises in a building in Wrocław, ul. Brücknera 25-43.

Most of the agreements have been concluded for an indefinite period with a 3 month notice period. The shortest agreement for fixed term has been concluded for the period until January 2015.

As at 31 December 2014, the future minimum lease payments under non-cancellable operating leases are as follows:

	Status	Status as at	
	31/12/2014	31/12/2013	
Within 1 year	913	803	
In the period from 1 to 5 years	2,078	2,284	
Over 5 years	-	302	
	2,991	3,389	

15. Employee benefits

15.1. Pensions and other post-employment benefit plans

The entity pays to retiring employees retirement benefits in the amount set out in the Labour Code. As a result – based on a valuation carried out by an actuarial company – the Company establishes a provision for the current value of this retirement benefit liability. The following table sets forth the amount of the provision and movements in the benefit liability over the period.

The principal assumptions used by the actuary in determining retirement and other benefit obligations as at the balance sheet date are shown below:

	Status as at	
	31/12/2014	31/12/2013
Discount rate (%)	2.3%	4.0%
Expected inflation rate (%) 2.5%	2.5%	2.5%
Employee turnover ratio	11.4-13.7%	10.7-13.5%
Expected salary increase rate (%)	3.5%	3.5%

	Status o	change
Pension provision	2014	2013
As at 1 January	2,611	2,100
Interest costs	104	94
Current Employment costs	273	226
Costs of past employment and limitations of benefit programme	-	-
Benefits paid	(45)	(10)
Actuarial profit/ (loss) from changes to demographical assumptions	16	-
Actuarial profit/ (loss) from changes to economic assumptions	516	122
Actuarial profit/ (loss) resulting from differences between assumptions and realization	(93)	79
Profit/loss on benefit programme settlements	-	-
As at 31 December	3,382	2,611
1,129		_
long-term	3,215	2,552
short-term	167	59

Short-term provision for pensions and disability benefits was recognised as current liabilities/ provisions and accruals.

The amounts recognised in the comprehensive income: 2012

	2014	2013
29,751 29,223		
Current Employment costs	(273)	(226)
Interest cost	(104)	(94)
Cost components of the programme within the financial result:	(377)	(320)
Current profit (loss) from changes to demographical assumptions	(16)	
Actuarial profit (loss) from changes to economic assumptions	(516)	(122)
Actuarial profit/ (loss) resulting from differences between assumptions and realization	93	(79)
Current cost components of the programme within equities	(439)	(201)
Total costs of the programme within equities	(238)	(170)
Total costs per annum:	(816)	(521)

In accordance with IAS 19 sensitivity of liabilities to changes in discount rate and salary increase rate. 0.5% decrease and increase of rates was assumed

Assumptions	% change	Impact on pension provision
Discount rate (%)	0.5%	(167)
	-0.5%	181
Expected salary increase rate (%)	0.5%	192
	-0.5%	(179)

16. Intangible assets

	Status as	Status as at	
	31/12/2014	31/12/2013	
Land	12,772	12,772	
Buildings and structures	79,213	76,657	
Technical devices and machinery	96,307	79,020	
Transport means	6,636	6,028	
Other fixed assets	3,777	3,854	
Fixed assets under construction	17,626	9,705	
Total	216,331	188,036	

	Land	Buildings and structures	Technical devices and machinery	Transport means	Other tangible assets	Fixed assets under construct ion	Total
Net value as at 1 January 2014	12,772	76,657	79,020	6,028	3,854	9,705	188,036
State increases	-	5,489	28,915	2,202	249	40,567	77,422
Including financial leasing			921	987			1,908
Other decreases	-	(37)	(3,379)	(1,147)	(19)	(32,646)	(37,228)
Redemption elimination due to disposal of asset elements	-	10	2,750	827	17	-	3,604
Impairment write-off on account of value loss within profit and loss account	_	-	_	_	-	_	-
Reversal of impairment write-off on account of value loss within profit							
and loss account	-	-	365	-	-	-	365
Revaluation write-off for the period		(2,906)	(11,364)	(1,274)	(324)	-	(15,868)
Net value as at 31 December 2014	12,772	79,213	96,307	6,636	3,777	17,626	216,331
as at 01 January 2014:							

Gross value	12,772	98,754	174,582	13,418	6,072	9,705	315,303
Redemption and impairment write- off on account of value loss Net value	- 12,772	(22,097) 76,657	(95,562) 79,020	(7,390) 6,028	(2,218) 3,854	9,705	(127,267) 188,036
as at 31 December 2014:							
Gross value	12,772	104,206	200,118	14,473	6,302	17,626	355,497
Redemption and impairment write- off on account of value loss	-	(24,993)	(103,811)	(7,837)	(2,525)	-	(139,166)
Net value	12,772	79,213	96,307	6,636	3,777	17,626	216,331

Net value as at 01 January 2013 12,820 74,114 87,318 5,948 3,978 3,929 188,107		Land	Buildings and structures	Technical devices and machinery	Transport means	Other tangible assets	Fixed assets under construct ion	Total
State increases - 5,459		12 820	74 114	97 219	E 0/19	2 079	3 020	199 107
Including financial leasing		12,620	=	=	•	•	-	-
Other decreases (48) (519) (4,501) (667) (84) (8,951) (14,770) Redemption elimination due to disposal of asset elements - 449 2,854 615 77 - 3,995 Impairment write-off on account of value loss within profit and loss account (365) (365) Reversal of impairment write-off on account of value loss within profit and loss account 38 38 Revaluation write-off for the period - (2,846) (11,479) (1,124) (367) - (15,816) Net value as at 31 December 2013 12,772 76,657 79,020 6,028 3,854 9,705 188,036 as at 01 January 2013: Gross value 12,820 93,814 173,928 12,829 5,906 3,929 303,226 Redemption and impairment write-off on account of value loss - (19,700) (86,610) (6,881) (1,928) - (115,119) Net value 12,820 74,114 87,318 5,948 3,978 3,929 188,107 as at 31 December 2013: Gross value 12,772 98,754 174,582 13,418 6,072 9,705 315,303 Redemption and impairment write-off on account of value loss - (22,097) (95,562) (7,390) (2,218) - (127,267)		_	3,133	5,155	-		- 1,727	
Redemption elimination due to disposal of asset elements - 449 2,854 615 77 - 3,995 Impairment write-off on account of value loss within profit and loss account of value loss within profit and loss account (365) (365) Reversal of impairment write-off on account of value loss within profit and loss account 38 38 Revaluation write-off for the period - (2,846) (11,479) (1,124) (367) - (15,816) Net value as at 31 December 2013 12,772 76,657 79,020 6,028 3,854 9,705 188,036 as at 01 January 2013: Gross value 12,820 93,814 173,928 12,829 5,906 3,929 303,226 Redemption and impairment write-off on account of value loss - (19,700) (86,610) (6,881) (1,928) - (115,119) Net value 12,820 74,114 87,318 5,948 3,978 3,929 188,107 as at 31 December 2013: Gross value 12,772 98,754 174,582 13,418 6,072 9,705 315,303 Redemption and impairment write-off on account of value loss - (22,097) (95,562) (7,390) (2,218) - (127,267)		(48)	(519)	(4 501)	=		(8 951)	· · · · · · · · · · · · · · · · · · ·
disposal of asset elements - 449 2,854 615 77 - 3,995 Impairment write-off on account of value loss within profit and loss account (365) (365) Reversal of impairment write-off on account of value loss within profit and loss account 38 38 Revaluation write-off for the period - (2,846) (11,479) (1,124) (367) - (15,816) Net value as at 31 December 2013		(10)	(313)	(1,501)	(007)	(01)	(0,551)	(11,770)
value loss within profit and loss account - - (365) - - - (365) Reversal of impairment write-off on account of value loss within profit and loss account - - 38 - - - 38 Revaluation write-off for the period Net value as at 31 December 2013 - (2,846) (11,479) (1,124) (367) - (15,816) Net value as at 31 December 2013: 12,772 76,657 79,020 6,028 3,854 9,705 188,036 as at 01 January 2013: 5,906 3,929 303,226 Redemption and impairment write-off on account of value loss - (19,700) (86,610) (6,881) (1,928) - (115,119) Net value 12,820 74,114 87,318 5,948 3,978 3,929 188,107 as at 31 December 2013: 6,002 74,114 87,318 5,948 3,978 3,929 188,107 as demption and impairment write-off on account of value loss - (22,097) (95,562) (7,390) (2,218) - (127,267)		-	449	2,854	615	77	-	3,995
Reversal of impairment write-off on account of value loss within profit and loss account Revaluation write-off for the period Net value as at 31 December 2013	Impairment write-off on account of value loss within profit and loss	_	_	·	_	_	_	(365)
Revaluation write-off for the period - (2,846) (11,479) (1,124) (367) - (15,816) Net value as at 31 December 2013 12,772 76,657 79,020 6,028 3,854 9,705 188,036 as at 01 January 2013: Gross value 12,820 93,814 173,928 12,829 5,906 3,929 303,226 Redemption and impairment write-off on account of value loss - (19,700) (86,610) (6,881) (1,928) - (115,119) Net value 12,820 74,114 87,318 5,948 3,978 3,929 188,107 as at 31 December 2013: Gross value 12,772 98,754 174,582 13,418 6,072 9,705 315,303 Redemption and impairment write-off on account of value loss - (22,097) (95,562) (7,390) (2,218) - (127,267)	Reversal of impairment write-off on account of value loss within profit			` ^				,
Net value as at 31 December 2013: 12,772 76,657 79,020 6,028 3,854 9,705 188,036 as at 01 January 2013: 5,906 3,929 303,226 Redemption and impairment write-off on account of value loss - (19,700) (86,610) (6,881) (1,928) - (115,119) Net value 12,820 74,114 87,318 5,948 3,978 3,929 188,107 as at 31 December 2013: 5,948 3,978 3,929 188,107 Gross value 12,772 98,754 174,582 13,418 6,072 9,705 315,303 Redemption and impairment write-off on account of value loss - (22,097) (95,562) (7,390) (2,218) - (127,267)		-	-	38	-	-	-	38
2013 12,772 76,657 79,020 6,028 3,854 9,705 188,036 as at 01 January 2013: Gross value 12,820 93,814 173,928 12,829 5,906 3,929 303,226 Redemption and impairment write- off on account of value loss - (19,700) (86,610) (6,881) (1,928) - (115,119) Net value 12,820 74,114 87,318 5,948 3,978 3,929 188,107 as at 31 December 2013: Gross value 12,772 98,754 174,582 13,418 6,072 9,705 315,303 Redemption and impairment write- off on account of value loss - (22,097) (95,562) (7,390) (2,218) - (127,267)	-	-	(2,846)	(11,479)	(1,124)	(367)	-	(15,816)
Gross value 12,820 93,814 173,928 12,829 5,906 3,929 303,226 Redemption and impairment write-off on account of value loss - (19,700) (86,610) (6,881) (1,928) - (115,119) Net value 12,820 74,114 87,318 5,948 3,978 3,929 188,107 as at 31 December 2013: Gross value 12,772 98,754 174,582 13,418 6,072 9,705 315,303 Redemption and impairment write-off on account of value loss - (22,097) (95,562) (7,390) (2,218) - (127,267)		12,772	76,657	79,020	6,028	3,854	9,705	188,036
Redemption and impairment write- off on account of value loss - (19,700) (86,610) (6,881) (1,928) - (115,119) Net value 12,820 74,114 87,318 5,948 3,978 3,929 188,107 as at 31 December 2013: Gross value 12,772 98,754 174,582 13,418 6,072 9,705 315,303 Redemption and impairment write- off on account of value loss - (22,097) (95,562) (7,390) (2,218) - (127,267)	as at 01 January 2013:							
off on account of value loss - (19,700) (86,610) (6,881) (1,928) - (115,119) Net value 12,820 74,114 87,318 5,948 3,978 3,929 188,107 as at 31 December 2013: Gross value 12,772 98,754 174,582 13,418 6,072 9,705 315,303 Redemption and impairment write- off on account of value loss - (22,097) (95,562) (7,390) (2,218) - (127,267)	Gross value	12,820	93,814	173,928	12,829	5,906	3,929	303,226
as at 31 December 2013: Gross value 12,772 98,754 174,582 13,418 6,072 9,705 315,303 Redemption and impairment write- off on account of value loss - (22,097) (95,562) (7,390) (2,218) - (127,267)		-	(19,700)	(86,610)	(6,881)	(1,928)	-	(115,119)
Gross value 12,772 98,754 174,582 13,418 6,072 9,705 315,303 Redemption and impairment write- off on account of value loss - (22,097) (95,562) (7,390) (2,218) - (127,267)	Net value	12,820	74,114	87,318	5,948	3,978	3,929	188,107
Redemption and impairment write- off on account of value loss - (22,097) (95,562) (7,390) (2,218) - (127,267)		12 772	08 754	17/1 590	13 /19	6.072	0 705	215 202
(=====)	Redemption and impairment write-	12,//2	•	,	•	•	·	·
NEL VALUE 12.772 70.057 79.020 0.028 5.854 9.705 188.036	Net value	12,772	76,657	79,020	6,028	3,854	9,705	188,036

Tangible fixed assets which remain totally at the disposal of the Company as at 31 December 2014 reached value of PLN 216,331 thousand. (as at 31 December 2013: PLN 188,036 thousand). As at 31 December 2014 the Company did not have any tangible fixed assets qualifying as held for sale (as at 31 December 2013:none).

Write offs on account of value loss

Impairment write-offs for the value of fixed assets	2014	2013
Impairment write-off as at 1 January	368	41
Creation	-	365
Use	-	-
Release	(365)	(38)
Impairment write-off as at 31 December	3	368

Pledged assets as security

Carrying amount of fixed assets in use as at 31 December 2014 by the Company under the financial lease agreement as well as lease with purchase option agreements equates to PLN 4,744 thousand, of which PLN 1,864 thousand concerns leasing devices and machinery, PLN 2,734 thousand concerns leasing of transport means and PLN 146 thousand-leasing of the remaining fixed assets (as at 31 December 2013: PLN 4,124 thousand).

Land and structures of the carrying amount of PLN 74,745 thousand. (as at 31 December 2013: PLN 72,910 thousand) are covered by mortgage established in order to secure bank loans obtained by the Company (note 29-interest bearing bank loans and credits).

In addition, machinery and devices of the carrying amount of PLN 17,973 thousand are thus covered by registered pledge (as at 31 December 2013: PLN 52,916 thousand).

Within the reporting period ending on 31 December 2014 costs of external financing were capitalized at the level of PLN 83 thousand. (as at 31 December 2013: did not occur).

Investment liabilities

As at 31 December 2014 investment liabilities of the Company amount to PLN 1,315 thousand. (as at 31 December 2013: PLN 1,667 thousand). This amount is mainly due to capital expenditures for modernization of the buildings, purchase of machinery and devices and IT equipment.

Purchase and sale

Within the period of 12 months ended on 31 December 2014 the Company incurred expenditures for the purchase of fixed assets of the value PLN 42,871 thousand. (in the comparative period ended on 31 December 2013: PLN 16,816 thousand) and conducted sale of fixed assets of net value: PLN 563 thousand). (in the comparative period ended on 31 December 2013: PLN 1,541 thousand).

The most significant investment expenditures include modernization of building infrastructure of buildings in all production facilities of the Company and extension and modernization of machine park.

17. Investment properties

The company owns an investment property which it obtained on 31 August 2011 due to the merger of the Company with its subsidiary (Meble Polonia Sp. z o.o.). It comprises a shopping centre in Wrocław with an area of approx. 7 thousand sqm. The property was classified as investment property since its vast majority is leased to unrelated entities.

The Company applies, in case of valuating investment properties the principles of IAS 40, that is fair value assessment. The valuation is conducted at the end of each financial year, unless conditions of real estate market do not indicate the possible differences in fair value.

(as at 31 December 2014 — an increase of fair value of the properties PLN 106 thousand occurred. (in 2013 no increase of fair value occurred).

	Change to	
	2014	2013
Opening balance at the beginning of the reporting period	29,751	29,751
Status increases (later expenditure)	106	-
-revaluation to fair value	106	-
Closing balance at the end of the reporting period	29,857	29,751
	For the reporting	ng period ended
	31/12/2014	31/12/2013
Revenues on account of investment property rental fees	1,951	1,844
Costs on account of repairs and maintenance including:	29	92
Costs which brought revenues by rental fees for the period	26	<i>85</i>
Costs which did not bring revenues by rental fees for the period	3	7

The Company holds no contractual liabilities concerning the purchase, construction or investment property development as well as repairs and maintenance and improvements.

Hierarchy of fair value

Fair value of investment property as at 31 December 2014 was established on the basis of the valuation report created by an independent qualified valuer.

For valuation of the developed property revenue approach via investment method was applied with the use of simple capitalization technique.

Analysis of unobservable data such as rate of lease fee for rental of commercial space in a given area was carried out (possible for obtaining monthly rate of lease fee in the amount PLN 51,50/sqm was established, that is capitalization factor. Since no similar properties for which net operating revenue enabling the calculation of capitalization rate were identified on the market, it was defined on the basis of capital market (accepted capitalization factor 11.02%).

In order to define the fair value of land a comparative approach via average price correction method was applied. Fair value increases with an increase of lease fee rate. Fair value increases with a decrease of capitalization factor.

There was no change in the technique of valuation for the comparative period.

Hierarchy of fair value as at 31 December 2014 was as follows:

	Level 1	Level 2	Level 3	Fair value as at 31.12.2014
Property in Wrocław	-	-	29,857	29,857

18. Intangible assets

	Status	as at
	31/12/2014	31/12/2013
Patents and licenses	447	434
Other intangible assets	15,272	15,272
Completed development works	840	914
-	-	-
Total	16,559	16,620

	Patents		Completed developmen		
	and licenses	Other	t works	-	Total
Net value as at 1 January 2014	434	15,272	914	-	16,620
Status increases	154	-	400	-	554
Status decrease	-	-	-	-	-
Revaluation write-off for the period	(141)	-	(474)	-	(615)
Net value as at 31 December 2014	447	15,272	840	-	16,559
as at 01 January 2014:					
Gross value	5,415	16,553	1,257	-	23,225
Redemption and impairment write-off on account of value loss	(4,981)	(1,281)	(343)	-	(6,605)
Net value	434	15,272	914	-	16,620
as at 31 December 2014:					
Gross value	5,569	16,553	1,657	_	23,779
Redemption and impairment write-off on	•	•	•		
account of value loss	(5,122)	(1,281)	(817)	-	(7,220)
Net value	447	15,272	840	-	16,559

	Patents		Completed developmen		
	and licenses	Other	t works	-	Total
Net value as at 01 January 2013	213	15,434	427	18	16,092
Status increases	306	-	733	132	1,171
Status decrease	-	-	-	(150)	(150)
Revaluation write-off for the period	(85)	(162)	(246)	-	(493)
Net value as at 31 December 2013	434	15,272	914	-	16,620
as at 01 January 2013:					
Gross value	5,109	16,553	524	18	22,204
Redemption and impairment write-off on account of value loss	(4,896)	(1,119)	(97)	-	(6,112)
Net value	213	15,434	427	18	16,092
as at 31 December 2013:					
Gross value	5,415	16,553	1,257	-	23,225
Redemption and impairment write-off on account of value loss	(4,981)	(1,281)	(343)	-	(6,605)
Net value	434	15,272	914	-	16,620

Research and development expenditure

The Company had PLN 717 thousand expenditure for research and development at its disposal within the reporting period (in 2013: PLN 990 thousand). This expenditure was included in the costs of sales in the profit and loss account.

Description of pledges on intangible assets:

There are no pledges in place on the intangible assets of the Company.

Intangible assets are intended for sale

As at the balancing date no intangible assets intended for sale occur.

Intangible assets with an indefinite useful life

The only component of intangible assets with an indefinite useful life is a trademark.

The Company was unable to define the period of use of the trademark as there are no foreseeable restrictions of the period in which the Company expects to benefit economically from the sale under the FORTE trademark.

The Company plans to continue actions targeted at increasing revenues from sale under the trademark FORTE.

Loss of value

Due to an unidentified period of use of the trademark the Company Management conducted a test on its loss of value.

Method of valuation

The value in use was estimated via the method of exemption from licensing fees. In this method the value is defined on the basis of discounted future streams of licensing fees with reference to licensing agreements concluded on market principles for comparable brands.

Assumptions for valuation

Rate of licensing fees-market dependable: Western Europe-1%, Central-Eastern Europe and Poland-2.5%

Own capital cost- 13.43% for the year 2014 Discount rate-13.5%-15.0% in the projection period

Income tax rate-19%

Within the period of finance projections-from 1 January 2015 to 31 December 2019 plus estimate of residual value

For the forecast of revenues from the sale under the FORTE brand for the year 2015, thus the period covered by the most up to date budget, 10% increase in revenue was accepted.

The result of the estimates of trademark value, in accordance with the accepted assumptions, did not indicate a loss in its value, considering sensitivity towards three key exit assumptions: licensing fee rate, discount rate and increase rate after 31 December 2018.

19. Non-current assets held for sale

As at 31 December 2014 the Company did not have any fixed assets classified as intended for sale.

20. Long-term financial assets

	Statu	s as at
	31/12/2014	31/12/2013
Long-term financial assets		
Shares/holdings in subsidiaries	8,083	8,095
Other shares and holdings	3	3
Other	-	-
	8,086	8,098
Other long-term financial assets		
Loans granted to affiliated entities (note 34.1)	1,891	2,637
Long-term liabilities	71	80
Other	61	61
	2,023	2,778
Long-term financial assets, total	10,109	10,876

Shares and holdings in subsidiaries are valued according to historical cost after deducting any potential value loss writeoffs.

Shares/Holdings in subsidiaries as at 31 December 2014:

Company Name	Nature of relationship	Date of control/ significant influence takeover	Value of shares/holdin g according to purchase price	Valuation adjustments	Balance value of shares/holdings
MV Forte GmbH	Subsidiary	14/08/1992	1,838	-	1,838
Forte Baldai UAB	Subsidiary	16/04/1999	164	-	164
Forte Möbel AG	Subsidiary	02/03/1999	352	-	352
Forte SK S r o	Subsidiary	13/12/2002	96	-	96
Forte Furniture Ltd.	Subsidiary	10/08/2005	6	-	6
Forte Iberia S.I.u.	Subsidiary	15/09/2005	63	-	63
Forte Mobilier S.a.r.l.	Subsidiary	17/11/2005	399	(399)	-
Kwadrat Sp. z o.o.	Subsidiary	18/12/2008	5,514	-	5,514
Forte Mobila S.r.l.	Subsidiary	12/09/2008	12	(12)	-
TM Handel Sp. z o.o.	Subsidiary	12/05/2008	-	-	-
TM Handel Sp. z o.o. S.K.A.	Subsidiary	30/10/2012	50	-	50
TOTAL			8,494	(411)	8,083

Shares/Holdings in subsidiaries as at 31 December 2013:

Company Name Nature of control/significant influence takeover	Value of shares/holdin Valuation Balance value of g according to adjustments shares/holdings purchase price
--	---

TM Handel Sp. z o.o. S.K.A.	Subsidiary	30/10/2012	50	-	50
TM Handel Sp. z o.o.	Subsidiary	12/05/2008	-	-	-
Forte Mobila S.r.l.	Subsidiary	12/09/2008	12	-	12
Kwadrat Sp. z o.o.	Subsidiary	18/12/2008	5,514	-	5,514
Forte Mobilier S.a.r.l.	Subsidiary	17/11/2005	399	(399)	-
Forte Iberia S.l.u.	Subsidiary	15/09/2005	63	-	63
Forte Furniture Ltd.	Subsidiary	10/08/2005	6	-	6
Forte SK S r o	Subsidiary	13/12/2002	96	-	96
Forte Möbel AG	Subsidiary	02/03/1999	352	-	352
Forte Baldai UAB	Subsidiary	16/04/1999	164	-	164
MV Forte GmbH	Subsidiary	14/08/1992	1,838	-	1,838

Company share in the remaining entities is presented as follows:

State as at 31 December 2014 and 31 December 2013:

Company Name	Headquarters	Subject of business activity	Balance value of shares/holding
Meblopol	Poznań	Trade	3
Total			3

20.1. Tests on value loss of shares and holding in subsidiaries

Financial data obtained from subsidiaries the shares of which were not covered by impairment write-offs do not show the presence of value loss of shares, ,therefore, no tests for value loss of shares in subsidiaries were recommended.

21. Reserves

	Status as at		
	31/12/2014	31/12/2013	
Materials (according to purchase price)	52,104	38,043	
Production in progress (according to the cost of manufacture)	22,761	19,908	
Finished products:			
According to purchase price/ production cost	70,739	53,177	
According to net value reasonably possible	70,115	52,527	
Goods	4,033	2,609	
Total reserves according to the lower of two values: purchase			
price (cost of production) and net value reasonably possible	149,013	113,087	

Changes in impairment write-off for the value of reserves presented as follows:

	Status	Status change	
	2014	2013	
Impairment write-off as at 1 January	5,450	3,294	
Increase	376	3,262	
Decrease	(2,792)	(1,106)	
Impairment write-off as at 31 December	3,034	5,450	

Calculations of impairment write-off for reserves entered in Company accounts were conducted on the basis of reviews, content analysis of all material groups as well as experience in managing slow-moving materials.

Assortment items remaining in Company reserves were subject to various analysis. Selection of substitutes was performed as well as design works in the scope of technological changes and compiling ready furniture from semi-finished products. In case of indexes for which, according to the Company, obtaining full value may be doubtful, it was specified what percent of the value is possible to be obtained within the conducted works.

In addition, detailed analysis of a degree of damage and deterioration of pallets as returnable packaging.

Through this it was estimated that as per the balance sheet moment the value of impairment write-off the value of reserves ought to amount to PLN 3,034 thousand. (in 2013 year: PLN 5,450 thousand).

Impairment write-off was included in the profit and loss account under the item of own cost of sales and other operational costs.

Bank credit collaterals were established at the level of PLN 25,779 thousand on reserves of end products, production in process, goods and materials. (in 2013 year: PLN 22,898 thousand).

22. Trade and other short-term receivables

	Status as at		
	31/12/2014	31/12/2013	
Receivables due to income tax	-	-	
Trade receivables from subsidiaries	9,296	6,938	
Trade receivables from other entities	110,762	74,600	
Other budget receivables	23,794	17,810	
-Other receivables from affiliated entities	-	-	
Other receivables from third parties	693	138	
Total Net receivables	144,545	99,486	
Impairment loss on receivables	3,022	2,906	
Gross receivables	147,567	102,392	

Trade receivables (gross) with due dates remaining as from the balance day;

	Status as at	
	31/12/2014	31/12/2013
a) up to 1 month	71,572	46,596
b) above 1 month up to 3 months	17,668	16,194
c) above 3 months up to 6 months	27	58
d) above 6 months up to 1 year	-	-
e) above 1 year	-	-
f) Overdue receivables	33,813	21,596
Total trade receivables (gross)	123,080	84,444
Impairment loss on receivables	(3,022)	(2,906)
Total trade receivables (net)	120,058	81,538

Trade receivables (gross) with division into receivables not repaid within the term:

	Status as at		
	31/12/2014	31/12/2013	
a) up to 1 month	24,275	16,707	
b) above 1 month up to 3 months	5,893	1,415	
c) above 3 months up to 6 months	474	284	
d) above 6 months up to 1 year	623	378	
e) above 1 year	2,548	2,812	
Total overdue trade receivables (gross)	33,813	21,596	
Impairment loss on receivables	(3,022)	(2,906)	
Total overdue trade receivables (net)	30,791	18,690	

Conditions of transactions with affiliated entities are presented in point 34.1 of additional explanatory notes.

Trade receivables are non-interest-bearing and their date of payment is from 1 to 3 months.

The Company has the adequate policy in place in the scope of sale only to verified clients. Vast majority of Company receivables is insured or secured with bank guarantees on account of central settlement of payments.

Thanks to this, according to Company's Management, there is no additional credit risk above the level specified by impairment write-off for bad debts for trade receivables of the Company.

(as at 31 December 2014 — trade receivables amounted to PLN 3,022 thousand) (as at 31 December 2013: PLN 2,906 thousand were identified as bad debts and thus written off.

Impairment write-off on receivables has been included in profit and loss account under the item operational costs.

Changes in impairment write-off for on receivables is presented as follows:

	Status change	
	2014	2013
Impairment write-off as at 1 January	2,906	1,635
Creation	591	1,595
Used (30)	(244)	(30)
Release	(231)	(294)
Impairment write-off as at 31 December	3,022	2,906

Below an analysis of trade receivables, which as per 31 December 2014 and 31 December 2013 were overdue but not considered as bad debt, has been presented:

		Overdue, but enforceable					
	Total	Non-overdue	<30 days	30-90 days	90-180 days	180-365 days	>365 days
31 December 2014	120,058	89,267	24,275	5,893	469	154	-
31 December 2013	81,538	62,848	16,707	1,415	283	274	11

23. Accruals

	Status as at	
Accruals	31/12/2014	31/12/2013
Motor and property insurance	704	719
Trade fairs	105	318
Research and development works	1,210	570
Business travels	28	87
Other	618	94
	2,665	1,788

24. Receivables due to derivative financial instruments

	Status as at		
Short-term financial assets	31/12/2014	31/12/2013	
Fair value on derivatives (zero-cost option strategies)	4,852	9,318	
40	-	506	
	4,852	9,824	

Detailed description of derivatives is included in note 36.2 of additional information and explanations

25. Other short-term financial assets

	Status as at	
Other short-term financial assets	31/12/2014	31/12/2013
Loans granted to affiliated entities	578	960
Interest receivable on loans granted to affiliated entities	15	20
	593	980

Details of loans granted to affiliated entities have been presented in point 34.1 of additional explanatory notes.

26. Cash and cash equivalents

31/12/2014	31/12/2013
5,629 42,470	11,567 57,710
,	69,277

Cash in bank is subject to interest according to variable interest rates. Short-term deposits are conducted for various periods of time from one day to three months- depending on the current requirements of the Company for funds and they are subject to negotiated individually interest rates.

Fair value of funds and their equivalents as at 31 December 2014 equates to PLN48,099 thousand. (31 December 2013: PLN 69,277 thousand).

As at 31 December 2014 the Company did not have at its disposal any funds with limited possibility of disposal; (31 December 2013: did not occur).

27. Share capital and supplementary / reserve capital

27.1. Share capital

	Status	as at
Equity capital (shares in units)	31/12/2014	31/12/2013
Ordinary shares of A series with nominal value of 1 PLN each	8,793,992	8,793,992
Ordinary shares of B series with nominal value of 1 PLN each	2,456,380	2,456,380
Ordinary shares of C series with nominal value of 1 PLN each	6,058,000	6,058,000
Ordinary shares of D series with nominal value of 1 PLN each	2,047,619	2,047,619
Ordinary shares of E series with nominal value of 1 PLN each	4,327,093	4,327,093
Ordinary shares of F series with nominal value of 1 PLN each	68,000	68,000
	23,751,084	23,751,084

In the financial year ended on 31 December 2014 and 31 December 2013 no changes in company unit capital occurred.

Nominal value of shares

All issued shares have a nominal value of 1PLN and have been fully repaid or covered by contributions in kind.

Rights of shareholders

Shares of all series types are equally preferential as to the vote right and dividend as well as rights to return on capital.

Shareholders with significant shareholding

List of shareholders with at least 5% share in total number of shares of the Company as at 17 March 2015 is as follows:

No.	Shareholder	Number of shares and votes	% share in company capital	% share in total number of votes
1.	MaForm SARL	7,763.,889	32.69%	32.69%
2.	MetLife Otwarty Fundusz Emerytalny (MetLife OFE)	2,975,474	12.53%	12.53%
3.	Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	1,324.,480	5.58%	5.58%
4.	ING Otwarty Fundusz Emerytalny	1,200,000	5.05%	5.05%

27.2. Share premium

During the year ended on 31 December 2014 no events occurred which would cause a change in share premium (31 December 2013: did not occur).

27.3. Other capital

Reserve capital from dividend fund and other reserve capitals

	Status as at	
	31/12/2014	31/12/2013
Accumulated result obtained on financial instruments securing cash flows at the beginning of the financial period	7,548	7,249
Amount included in own capital in the reporting period on account of hedge transactions	(39)	3,777
Amount transferred to the profit and loss account for:		
-ineffectiveness of realized transactions	(1,832)	(551)
-realization of hedge transactions	(2,595)	(2,857)
-discontinuation of hedge accounting	-	-
Deferred income tax	843	(70)
Accumulated result obtained on financial instruments securing cash flows at the end of the financial period	3,925	7,548

Other reserve capitals

	Reserve capital legally established	Other reserve capitals	Total
as at 01 January 2014:	1,250	145,553	146,803
Profit write-off on account of investments and			
financing of current activities of the Company	-	20,911	20,911
as at 31 December 2014:	1,250	166,464	167,714

	Reserve capital legally established	Other reserve capitals	Total
as at 01 January 2013:	1,250	136,244	137,494
Profit write-off on account of investments and			
financing of current activities of the Company	-	9,309	9,309
as at 31 December 2013:	1,250	145,553	146,803

In accordance with the requirements of the Commercial Companies Code the Company is obliged to create a reserve capital to cover losses. At least 8% of profit for the fiscal year reported in the Parent Company's individual financial statements is allocated to the supplementary capital until the capital reaches at least one third of the Parent Company's share capital.

The General Meeting of Stockholders takes decisions about the use of the supplementary capital; however a part of the reserve capital in the amount of one third of the initial capital may be only used to cover the loss reported in the individual financial statements of the parent entity, and it is not subject to distribution to other purposes.

In accordance with the Company Statute and on the basis of the resolutions of the Parent Company's General Meeting reserve capital can be used in particular to increase the share capital or for the payment of dividends to shareholders.

27.4. Undistributed financial result and restrictions in dividend payment

Retained earnings	31/12/2014	31/12/2013
Net profit	74,612	56,538
Undistributed profit	23,150	23,505
	97,762	80,043

Undistributed profit comes from the valuation of fixed assets at fair value determined at the transition to IFRSs less deferred

There were no restrictions regarding the payment of dividends as at 31 December 2014 (31 December 2013: did not occur).

27.5. Financial Reporting in Hyperinflationary Economies

Under IAS 29 Financial Reporting in Hyperinflationary Economies it is required that economic entities which conducted business activity in hyperinflationary economy should restate equity items (except for retained profit and any surpluses related to the assets revaluation) by applying the general price index, commencing from dates when these equities were contributed or were otherwise created. It is assumed that hyperinflation occurred in Poland in the years 1989–1996.

In view of the Management Board recognising the above-mentioned adjustment as uncovered losses from previous years is doubtful when it is not clear what the effects of the adjustment are on the basis of the CCC. Therefore, according to the Management Board, recognition of the hyperinflation adjustment directly in the Group's equity shown in the balance sheet could be misleading for the readers of the report, hence, taking into account the provisions of IAS 1. 17 appropriate amounts and method of conversion are included only in the following table (in '000 PLN). Given the information outlined below financial statements present fairly the financial position and cash flows of the Group, and is in compliance with IFRS.

Total result of hyperinflation adjustment on retained profit	(18,454)
Result of hyperinflation adjustment on reserve capital	(10,004)
Reserve capital after hyperinflation indices	60,277
Reserve capital in the books at the end of 1996	50,273
Result of hyperinflation adjustment on share capital	(8,450)
Share capital after hyperinflation indices	25,758
Share capital in the books at the end of 1996	17,308

28. Interest-bearing loans and borrowings

Short-term	Nominal interest	Due date	21/12/2014	21/12/2012
	rate %		31/12/2014	31/12/2013
mBank S.Ainvestment loan in the amount of PLN 2,400 thousand EURshort-term portion	1 M EURIBOR	by 31/12/2018	2,220	-
mBank S.Aworking capital loan in the amount of PLN 1,00 thousand EURshort-term portion	depending on the currency used O/N WIBOR or O/N EURIBOR or O/N LIBOR	by 15/12/2015	4,461	-
PKO BP S.Ainvestment loan in the amount of PLN 3,000 thousand - short-term portion	1 M WIBOR	by 30/06/2014	-	300
PKO BP S.Ainvestment loan in the amount of PLN 3,550 thousand EURshort-term portion	1 M EURIBOR	by 31/03/2015	-	3,681
PKO BP S.Ainvestment loan in the amount of PLN 3,500 thousand EURshort-term portion	1 M EURIBOR	by 22/12/2018	3,140	-
HSBC Bank Polska S.Ainvestment loan in the amount of PLN 3,500 thousand EUR short-term portion	3 M EURIBOR	by 19/06/2015	-	5,278
Total short-term			9,821	9,259

Long-term	Nominal interest rate %	Due date	31/12/2014	31/12/2013
PKO BP S.Ainvestment loan in the amount				
of PLN 3,550 thousand EURlong-term portion	1M EURIBOR	by 31/03/2015	-	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 1M WIBOR or 1M EURIBOR	by 19/12/2016	34,098	24,883
ING Bank Śląski S.Aworking capital credit in the amount of PLN 40,000 thousand - long-term portion	depending on the currency used 1M WIBOR or 1M EURIBOR or 1M LIBOR	by 31/10/2016	36,599	28,816
PKO BP S.Ainvestment loan in the amount of PLN 3,500 thousand EURlong-term portion	1 M EURIBOR	by 22/12/2018	9,322	-
mBank S.Ainvestment loan in the amount of PLN 2,400 thousand EURlong-term portion	1 M EURIBOR	by 31/12/2018	6,659	-
HSBC Bank Polska S.Ainvestment loan in the amount of PLN 3,500 thousand EUR long-term portion	3 M EURIBOR	by 19/06/2015	-	2,639
Long-term total			86,678	58,178

Bank loan securities as at	31 December 2014
PKO BP S.Ainvestment loan in the amount of PLN 3,500 thousand EUR.	 Registered pledge on movable assets above the minimum value of 5,130 thousand EUR with the assignment of rights under the insurance contract Blank promissory note issued by the Borrower with the Borrower's promissory note declaration
mBank S.Ainvestment loan in the amount of PLN 2,400 thousand EUR. $$	1. Registered pledge on the purchased machinery and equipment
PKO BP S.Aworking capital loan in the amount of PLN 45,000 thousand	 Registered pledge on inventory in the factory in Hajnówka with the value of PLN 25,779 thousand, together with the assignment of right under the insurance contract Joint capped mortgage in the amount of PLN 45,000 thousand on reaestates located in Hajnówka and Ostrów Mazowiecka, together with the
	assignment of rights under the insurance contract-3. Registered pledge on production lines with the value of PLN 14,81: thousand, together with the assignment of rights under the insurance contract.

ING Bank Śląski S.A. -working capital loan in the amount of PLN 40,000 thousand

- Registered pledge on movable assets in the factory in Suwałki up to a maximum amount of PLN 42,000 thousand, together with the assignment of rights under the insurance contract-
- Joint capped mortgage up to a maximum amount of PLN 42,000 thousand on the right of perpetual usufruct of land and ownership right of buildings in the factory in Suwałki, together with the assignment of rights under the insurance contract

mBank S.A. -working capital loan in the amount of 1,00 thousand EUR.

 Blank promissory note issued by the Borrower with the Borrower's promissory note declaration

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

Currency	Status as at		
	31/12/2014	31/12/2013	
PLN	-	300	
EUR	85,270	66,521	
USD	11,229	616	
	96,499	67,437	

With nominal interest rate bank's margin ought to be taken into account additionally, which is within the range of: 0,80% - 1,00 % for loans granted in EUR and USD

On 24 June 2014 the Company concluded with mBank S.A. an investment loan agreement in the amount 2,400 thousand EUR for funding the purchase of production machines and devices. Its repayment will take place in 16 quarterly instalments within the term until 31 December 2018.

On 12 November 2014 the Company signed an annex to the agreement with ING Bank Śląski S.A. to the loan agreement changing the amount of loan on current account from 35,000 thousand to PLN 40,000 thousand and extending the credit period until 31 October 2016.

On 15 December 2014 the Company concluded an annex to the multi-currency loan agreement with mBank S.A. on current account from 20.12.2013 expanding the period of the loan until 15.12.2015.

29. Provisions and accruals

Provision for employee benefits after the employment period has been described in note 16.1 of additional explanatory notes

	Sta	tus as at
Long-term accruals	31/12/2014	31/12/2013
Long-term accrued income due to:		
Subsidy to purchased tangible fixed assets	61	86
Short-term accruals including:	31/12/2014	31/12/2013
Accrued expenses due to:		
Commissions	1,786	1,294
Bonuses for customers	12,023	8,448
Leaves	2,561	2,306
Bonuses	5,169	1,500
Balance sheet audit costs	56	56
External services	4,121	2,995
Other costs	45	45

Short-term provisions:		
Short-term provision for benefits after the employment period	167	59
Guarantee repairs	1,571	973
Accrued income due to:		
Subsidy to purchased tangible fixed assets	24	24
	27,523	17,700

The amount of PLN 12,023 thousand is a provision created by the Group for future bonuses payable due to sales realised in 2014 to customers from, above all, the German and Austrian markets. The bonuses will be paid by setting them off against payments occurring after the balance sheet date.

The amount of PLN 4,121 thousand is a provision created by the Group for costs of external services, in particular for marketing, insurance on receivables and disposal costs.

As at the balance sheet date ended 31 June 2014, the Group created a provision for the bonus for the Management Board in the amount of PLN 5,169 thousand.

The Group creates a provision for the costs of expected repairs and returns of products sold during the last year based on the level of warranty repairs and returns recorded in previous years. It is assumed that a vast majority of costs will be borne in the next financial year. Assumptions used to calculate the provision for warranty repairs and returns are based on current sales levels and currently available information about returns and 1-year guarantee and warranty period for all sold products.

30. Trade and other liabilities (short-term)

	Status	s as at
	31/12/2014	31/12/2013
Liabilities arising from supplies and services	45,416	39,197
Towards related entities	3,736	3,097
To other entities	41,680	36,100
Liabilities from tax, customs, social insurance and other	4,379	4,836
Personal income tax	937	1,154
Social insurance	3,390	3,420
Other	52	262
Other liabilities	13,090	12,495
Payroll liabilities to employees	10,070	8,953
Investment liabilities	1,315	1,667
Capital commitments	616	726
Other liabilities	1,089	1,149
	62,885	56,528
Liabilities relating to corporate income tax	12,669	10,963
Total liabilities	75,554	67,491

Terms and conditions of the above financial liabilities

For terms and conditions of related party transactions, refer to point 34.1 of additional notes and explanations. Trade liabilities do not bear interest and they are usually payable within 7 to 45 days. Other liabilities do not bear interest and are payable within 1 month.

The amount resulting from the difference between the liabilities and receivables from taxes on goods and services is paid to the relevant tax authorities on a monthly basis.

Interest payable is normally settled at maturity periods throughout the financial year.

31. Contingent liabilities

On 27 March 2013 the Parent Company granted four credit guarantees for the company FURNIREX Sp. z o.o. with its registered seat in Hajówka for the financing of technological investment for the total amount of PLN 18,299 thousand.

FURNIREX Sp. z o.o. submitted an offer to the Parent Company, in line with which it invested the funds obtained from technological loans in modern investments which were located in the production facility in Hajnówka rented out from Forte S.A. FURNIREX Sp. z o.o, assisted by modern technologies, conducts services of processing of common materials for FORTE and for other furniture producers.

Guarantees were given towards BRE Bank S.A. (present mBank S.A.) with validity period until 30 June 2018. Loan balance as at 31 December 2014 amounts to PLN 4,553 thousand (31 December 2013: PLN 6,310 thousand).

32. Court cases

None There are no court proceedings whose total value constitutes at least 10% of the Group's own funds.

33. Information regarding affiliated entities

33.1. Transactions with subsidiaries

The following table presents total amounts of transactions concluded with subsidiaries. The transactions involve sale of products, goods and services as well as purchase of services.

Affiliated entity		Sale to affiliated entities	Purchase from affiliated entities	Receivables from affiliated entities	Liabilities towards affiliated entities
MV Forte GmbH	31/12/2014	1,174	14,678	1,041	2,644
	31/12/2013	1,013	12,836	902	2,423
Forte Möbel AG	31/12/2014	28,132	2,816	5,441	387
	31/12/2013	15,030	1,788	2,120	84
Forte Baldai UAB	31/12/2014	-	252	-	21
	31/12/2013	-	253	49	-
Forte SK S.r.o.	31/12/2014	7	1,907	1	126
	31/12/2013	168	1,947	-	138
Forte Furniture Ltd.	31/12/2014	-	502	-	44
	31/12/2013	-	475	-	40
Forte Iberia S.l.u	31/12/2014	24	755	-	1
	31/12/2013	6	757	-	62
Forte Mobilier S.a.r.l.	31/12/2014	-	486	-	-
	31/12/2013	-	338	1	41
Forte Mobila S.r.l.	31/12/2014	7	491	25	-
	31/12/2013	345	465	138	-
TM Handel Sp. z o.o.	31/12/2014	10,887	1,382	2,788	513
	31/12/2013	26,499	4,415	3,729	309
TM Handel Sp. z o.o. S.K.A	31/12/2014	1	10	-	-
	31/12/2013	1	-	-	-
FORT INVESTMENT Sp. z o.o.	31/12/2014	1	-	-	-
	31/12/2013	1	-	-	-
Kwadrat Sp. z o.o.	31/12/2014	-	-	-	-

Total	31/12/2014 31/12/2013	40,233 43,063	23,279 23,677	9,296 6,939	3,736 3,097
	31/12/2013	-	403	-	-
Galeria Kwadrat Sp. z o.o.	31/12/2014	-	-	-	-
	31/12/2013	-	-	-	-

Joint ventures where the Company is a partner

The Company does not conduct any joint ventures.

Terms of transactions with affiliated entities

Any transactions with affiliated entities are conducted on conditions applied by the Company in relations with non-affiliated entities.

Loans and credits granted to affiliated entities

Within the reporting period ended on 31 December 2014 the Company granted loans to the following subsidiaries:

-on 1 April 2014 to the subsidiary Fort Investment with its registered seat in Ostrów Mazowiecka for the amount of PLN 20 thousand. The term of total repayment of loan was set for 31 December 2015, interest paid on a quarterly basis.

The balance of granted loans as at 31 December 2014 is presented within the table below:

Affiliated entity	Amount of loan	Loan currency	Due date	Loan balance as at 31.12.2014	Value of interest due as at 31.12.2014
Subsidies:					
Kwadrat Sp. z o. o.	439	EUR	June 2018	1,388	6
Galeria Kwadrat Sp. z o.o.	1,254	PLN	June 2020	1,020	9
Forte SK S. r. o.	1,260	PLN	December 2015	41	-
Fort Investment Sp. z o.o.	20	PLN	December 2015	20	-
Total:				2,469	15
including:					
Short-term portion:					
Kwadrat Sp. z o. o.				347	6
Galeria Kwadrat Sp. z o.o.				170	9
Forte SK S. r. o.				41	-
Fort Investment Sp. z o.o.				20	-
Total:				578	15
Long-term portion:					
Kwadrat Sp. z o. o.				1,041	-
Galeria Kwadrat Sp. z o.o.				850	-
Total:				1,891	-

The above loans were granted on market conditions (variable interest rates based on EURIBOR/WIBOR plus margin). Balance of granted loans as per 31 December 2013:

Affiliated entity	Amount of loan	Loan currency	Due date	Loan balance as at 31.12.2013	Value of interest due as at 31.12.2013
Subsidies:					
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

Financial instruments 34.

Carrying amount 34.1.

		ס	assification of	financial instrum	ents according	Classification of financial instruments according to IAS 39 as at 31 December 2014	December 2014	_	
	Financial assets held to maturity,	Financial assets at fair value through profit or loss,	Financial assets available for sale.	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities valued at amortised cost	Hedging instruments	Financial liabilities excluded from IAS 39	Total
Financial fixed assets:		ľ	В	1,891		•			1,894
Financial assets	'	,	С	1,891	•	ı			1,894
Financial current assets:	'	•	'	168,750	'	•	4,852	1	173,602
Receivables from supplies and services as well as	1	,	'	120,058	•	•			120,058
Receivables from derivative instruments	'	,	•		•	I	4,852		4,852
Cash and cash equivalents	'	,	•	48,099	•	ı			48,099
Other financial assets	'	,	•	. 593	•	I			593
Long-term financial liabilities:	'	'	•	•	•	(86,678)		. (2,597)	(89,275)
Interest-bearing loans and borrowings	'	'			1	(86,678)			(86,678)
Financial liabilities due to lease	1	'	•		1	ı		- (2,597)	(2,597)
Short-term liabilities	•	•	•	1	1	(57,641)		(1,219)	(28,860)
Liabilities arising from supplies and services as well	_	1	•		•	(47,820)		1	(47,820)
Liabilities related to derivative instruments	ı	•	•		•	ı			1
Current portion of loans and borrowings	ı	1	'		1	(9,821)		1	(9,821)
Financial liabilities due to lease	1	ı	'	'	•	1		- (1,219)	(1,219)
	•	•	3	170,641	•	(144,319)	4,852	(3,816)	27,361

51 Principles of accounting (policy) and the enclosed explanatory notes constitute an integral part of the hereby report.

		ō	lassification of	financial instrun	nents according	Classification of financial instruments according to IAS 39 as at 31 December 2013	December 2013		
	Financial assets held to maturity,	Financial assets at fair value through profit or loss	Financial assets available for sale	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities valued at amortised cost	Hedging instruments	Financial liabilities excluded from IAS 39	Total
Financial fixed assets:	ľ	ľ		3 2,637		1	ľ		2,640
Financial assets	1	,	.,	3 2,637	1	1	•		2,640
Financial current assets:	•	•		151,933	•	ı	9,824		161,757
Receivables from supplies and services as well as	'	,		81,676	1	1	•		81,676
Receivables from derivative instruments	•	'			1	ı	9,824	1	9,824
Cash and cash equivalents	•	'		- 69,277	1	ı	•		69,277
Other financial assets	1	ı		086	1	ı	•		086
Long-term financial liabilities:	•	•			•	(58,178)	•	(2,115)	(60,293)
Interest-bearing loans and borrowings	1	ı			1	(58,178)	•		(58,178)
Financial liabilities due to lease	,	,		'	•	1	•	(2,115)	(2,115)
Short-term liabilities	•	•			1	(51,998)	•	(756)	(52,754)
Liabilities arising from supplies and services as well	•	,		,	•	(42,739)	•	•	(42,739)
Liabilities related to derivative instruments	1	,			1	ı	•		1
Current portion of loans and borrowings	'	,			•	(9,259)	•	•	(6,259)
Financial liabilities due to lease	1	ı		'	•	ı	'	(220)	(756)
	•	•		3 154,570	•	(110,176)	9,824	(2,871)	51,350

34.2. Fair value

	As at 31.	12.2014	As at 31.1	12.2013
	Carrying amount	Fair value	Carrying amount	Fair value
Financial fixed assets:	1,894	1,894	2,640	2,640
Receivables from derivative instruments	4,852	4,852	9,824	9,824
Cash and cash equivalents	48,099	48,099	69,277	69,277
Other current financial assets	593	593	980	980
Interest-bearing loans and borrowings	(86,678)	(86,678)	(58,178)	(58,178)
Long-term financial liabilities due to lease	(2,597)	(2,597)	(2,115)	(2,115)
Liabilities related to derivative instruments	-	-	-	-
Current portion of loans and borrowings	(9,821)	(9,821)	(9,259)	(9,259)
Short-term financial liabilities due to lease	(1,219)	(1,219)	(756)	(756)

The Group does not compare the carrying amounts and fair values of the classes of financial instruments that are of short-term receivable or liability nature.

Shares and interest included in the available-for-sale financial assets relate to non-quoted entities with regard to which there is no possibility of determining their actual fair value using alternative methods are valuated at the purchase price adjusted by any impairment write-downs.

34.3. Hierarchy of fair value

The following note presents only disclosures for financial instruments measured in the balance sheet at fair value.

	As at 3	31.12.2014	As at 3	1.12.2013
	Level 2	Level 3	Level 2	Level 3
Financial fixed assets:	-	3	-	3
Receivables from derivative instruments	4,852		9,824	-
Liabilities related to derivative instruments			_	_
	4,852	3	9,824	3

Methods of determining fair value of financial instruments

Level I

In the reporting period ended 31 December 2014 the Group had no financial instruments measured at fair value classified to level I (as at 31 December 2013: none).

Level II

For level II the Group classifies receivables or liabilities from derivative instruments. Changes in fair value of derivatives that meet hedge accounting criteria include, in part, effective for the Group's equity and the ineffective portion in the profit and loss account. At the time of implementation of the hedged sales revenue, changes in fair value of hedging instruments are recognised in the profit and loss account. Changes in the fair value of derivative instruments which do not meet the criteria for applying hedge accounting policies are recognized in the profit and loss account for the current period.

Fair value of derivatives is determined using valuation models for financial instruments and publicly available exchange rates (exchange rate for EUR - 4.2623) and interest rates (IM -12 M WIBID, 1M-12M EURIBOR). Indicators of exchange rates volatility are sourced from Reuters and are as follows:

EUR/PLN PUT- scope of variability at the end of December 2014				EUR/PLN CALL- scope of variability at the end December 2014			end of
		ATM	ATM			ATM	ATM
Tenor	Maturity	Bid	Ask	Tenor	Maturity	Bid	Ask
DD	02/01/2015	5.25%	7.40%	DD	02/01/2015	5.25%	7.40%
3 Days	05/01/2015	5.25%	7.40%	3 Days	05/01/2015	5.25%	7.40%
1 Week	07/01/2015	5.25%	7.40%	1 Week	07/01/2015	5.25%	7.40%
2 Weeks	14/01/2015	5.67%	7.51%	2 Weeks	14/01/2015	5.67%	7.51%
3 Weeks	21/01/2015	6.10%	7.63%	3 Weeks	21/01/2015	6.10%	7.63%
1 Month	02/02/2015	6.83%	7.83%	1 Month	02/02/2015	6.83%	7.83%
2 Months	02/03/2015	6.78%	7.78%	2 Months	02/03/2015	6.78%	7.78%
3 Months	31/03/2015	6.85%	7.85%	3 Months	31/03/2015	6.85%	7.85%
4 Months	30/04/2015	6.89%	7.89%	4 Months	30/04/2015	6.89%	7.89%
5 Months	01/06/2015	6.94%	7.94%	5 Months	01/06/2015	6.94%	7.94%
6 Months	30/06/2015	6.98%	7.98%	6 Months	30/06/2015	6.98%	7.98%
7 Months	31/07/2015	7.01%	8.01%	7 Months	31/07/2015	7.01%	8.01%
8 Months	31/08/2015	7.05%	8.05%	8 Months	31/08/2015	7.05%	8.05%
9 Months	30/09/2015	7.09%	8.09%	9 Months	30/09/2015	7.09%	8.09%
10 Months	02/11/2015	7.13%	8.13%	10 Months	02/11/2015	7.13%	8.13%
11 Months	30/11/2015	7.16%	8.16%	11 Months	30/11/2015	7.16%	8.16%
1 Year	31/12/2015	7.20%	8.20%	1 Year	31/12/2015	7.20%	8.20%
1Y 6M	30/06/2016	7.47%	8.33%	1Y 6M	30/06/2016	7.47%	8.33%
2 Years	02/01/2017	7.56%	8.56%	2 Years	02/01/2017	7.56%	8.56%
3 Years	02/01/2018	7.80%	9.10%	3 Years	02/01/2018	7.80%	9.10%

The Company uses Garman-Kohlhagen model for the valuation of European options.

Exchange rates at which currency options are executes are presented in note 36.2 Hedge accounting.

Level III

Level III covers shares in non-listed companies, for which it is not possible to reliably determine their fair value. For these companies, there are no active markets and no comparable transactions with the use of the same instruments. In the statement of financial situation, these shares are valued at the purchase price net of impairment write-downs.

	Status as at			
	31/12/2014	31/12/2013		
Status as of the beginning of the period	3	3		
Revaluation write-downs	-	-		
Sale	-	-		
Status as of the end of the period	3	3		

In the reporting period there was no reclassification or transfer of financial instruments between different levels (in the comparable period: none).

34.4. Income, costs, profit and loss positions related to financial instruments recognised in the profit and loss account

Income, cos	ts, profit and los	Income, costs, profit and loss positions (including interest-related income and costs) as at 31 December 2014	interest-relat	ed income and	costs) as at 31 De	cember 2014		
	Financial assets held to maturity,	Assets/financial liabilities at fair value through profit or loss	Financial assets available for sale	Loans and receivables	Financial liabilities valued at amortised cost	Hedging instruments	Financial liabilities excluded from IAS 39	Total
Income/(expense) due to interest	'	1	1	1,704	(688)	1	(84)	781
Foreign exchange profits/(losses)	ı	ı	ı	2,798	(3,855)	ı	ı	(1,057)
(Establishment)/reversal of revaluation writedowns	,	ı	•	(360)	ı	•	•	(360)
Dividends	ı	,	26	•	ı	•	•	26
Profits/(losses) on sale/execution of financial instruments	1	•	'	•	ī	ı	•	1
Adjustment of sales due to hedging transactions	1	1	1	•	1	2,595	'	2,595
Profits/(losses) due to the valuation and execution of derivatives	,	ı	1	'	ī	1,832	'	1,832
Total net profit/(loss)	-		26	4,142	(4,694)	4,427	(84)	3,817

	Total	125	134	(1,301)	25	•	2,857	552	2,392
		(68)	ı	1	,	1	1	ı	(68)
	Financial liabilities excluded from IAS 39								3
nber 2013	nts	1	ı	1	1	•	2,857	552	3,409
s) as at 31 Decer	Financial liabilities Hedging valued at instrume amortised cost	(1,006)	(333)	1	ı		ı	•	(1,339)
income and cost	Loans and Finar receivables value amoi	1,220	467	(1,301)		ı	•	ı	386
interest-related	Financial Lo assets re available for sale	ı	1	1	25		ī	ı	25
Income, costs, profit and loss positions (including interest-related income and costs) as at 31 December 2013	Assets/financial liabilities at fair value through profit or loss	1	1	•	1	•	•	'	1
, profit and loss	Financial assets held to maturity,		ı	ı	ı	1	ı	•	
Income, costs,		Income/(expense) due to interest	Foreign exchange profits/(losses)	(Establishment)/reversal of revaluation writedowns	Dividends	Profits/(losses) on sale/execution of financial instruments	Adjustment of sales due to hedging transactions	Profits/(losses) due to the valuation and execution of derivatives	Total net profit/(loss)

35. Financial risk management objectives and policies

Apart from derivatives, the Group's principal financial instruments comprise bank loans, bonds, cash, treasury bills and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors and contract liabilities, which arise directly from its operations.

The Group also performs transactions involving derivatives, primarily zero-cost option strategies. The purpose of these transactions is to manage interest rate risk and currency risk arising in the course of business activity of the Group.

It is – and has been throughout the audited period – the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board verifies and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments. The accounting policies of the Group relating to derivatives are set out in note 6.19.

35.1. Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations that bear interest at floating interest rates (WIBOR, EURIBOR, LIBOR) increased by a margin. In order to analyse the sensitivity to changes in the interest rate of long-term financial liabilities of the Group, i.e. loans and obligations under financial lease, their interest rate has been assumed to decline per annum for EURIBOR by 0.10 percentage point and decrease per annum for WIBOR by 0.50 percentage point, as well as increase for LIBOR – by 0.80 percentage point (2013: WIBOR- an increase of 0.50 percentage points; EURIBOR decrease by 0.10 percentage point, LIBOR – increase by 0.05 percentage points)

The Group does not have any hedging instruments against interest rate risk.

Interest rate risk - sensitivity analysis

The following table shows the sensitivity of gross financial result to reasonably possible changes in interest rates assuming that other factors do not change, in relation to liabilities bearing floating interest rate.

	Change in percentage points	Impact on gross financial result
Year ended on 31.12.2014		
PLN	-0.25%	(3)
EUR	-0.10%	(80)
USD	0.80%	54
Year ended on 31.12.2013		
PLN	0.50%	(135)
EUR	-0.10%	33
USD	0.05%	(1)

The carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk divided into individual time categories.

31 December 2014 - variable interest rate

	< 1 year.	1-2 years	2-5 years	>5 years	Total
Bank loans	9,821	70,697	15,981	-	96,499
Financial Leasing	1,219	1,201	1,396	-	3,816

31 December 2013 – variable interest rate

	< 1 year.	1-2 years	2-5 years	>5 years	Total
Bank loans	9,259	4,479	53,699	-	67,437

Financial Loacing	756	1,367	748	_	2 971
Financial Leasing	756	1,30/	/ 1 0	-	Z,0/1

The effective interest rate for loans taken by the Group as at 31 December 2014 was 0.9109% (in 2013: 1.3871%)

Interest on financial instruments classified as floating rate is reprised at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

35.2. Currency risk

The Group has sales transactions currency exposures. Such an exposure arises from sales and purchases made by an operating unit in currencies other than its functional currency. Approximately 82% of the Group's sales transactions are denominated in currencies other than the functional currency of the operating unit performing the sales.

The Group seeks to negotiate the terms of the hedging derivatives in such a way as to match the terms of the hedged item and providing maximum effectiveness of the hedge.

The following table shows the sensitivity of gross profit due to changes in the fair value of monetary assets and liabilities to reasonably possible fluctuations in the EUR, GBP and USD (in total) assuming that other factor do not change.

For the needs of the analysis assumptions were made regarding changes in currency exchange rates based on published market forecasts: for data on 31 December 2014 an increase was assumed of all the mentioned exchange rates by 5% (2013: increase of 5%) and a decrease of 5% over the year (2013: decrease of 5%).

	Percentage changes in	Impact on gross financial	Impact on
31 Decemb	per 2014		
Trade receivables	5%	5,540	
Loans granted	5%	69	
Cash	5%	254	
Hedging instruments	5%	-	(18,898)
Trade liabilities	5%	(1,084)	
Bank loans	5%	(4,825)	
Leasing	5%	(107)	
Total influence of increase of the	e	(153)	(14,046)
Trade receivables	-5%	(5,540)	-
Loans granted	-5%	(69)	
Cash	-5%	(254)	
Hedging instruments	-5%	-	23,384
Trade liabilities	-5%	1,084	
Bank loans	-5%	4,825	
Leasing	-5%	107	
Total influence of the decrease	of	153	28,236
31 Decemb	per 2013		
Trade receivables	5%	3,829	
Loans granted	5%	110	
Cash	5%	522	
Hedging instruments	5%	-	(9,615)
Trade liabilities	5%	(1,129)	
Bank loans	5%	(3,357)	
Leasing	5%	(136)	
Total influence of increase of the	e	(161)	(9,615)
Trade receivables	-5%	(3,829)	-
Loans granted	-5%	(110)	
Cash	-5%	(522)	
Hedging instruments	-5%	-	13,444
Trade liabilities	-5%	1,129	
Bank loans	-5%	3,357	
Leasing	-5%	136	
Total influence of the decrease	of	161	13,444

Currency risk hedging

The basic method of managing the currency risk hedging strategies use derivative instrument.

To hedge future foreign currency transactions, the Company uses symmetrical option strategies.

The impact of derivatives on the statement of financial position

As at 31 December 2014, the fair value of open items in derivatives amounted to PLN 4,852 thousand and was recognised in total in receivables from derivative financial instruments.

The impact of derivatives on financial result and other comprehensive income

In the reporting period ended on 31 December 2014 the result of derivatives was at the level of PLN 4,427 thousand and concerned realization of expiring option strategies covered by hedging accounting (status as at 31 December 2013: PLN 3,409 thousand).

The impact of derivatives on the result of the period

	01.01-31.12.2014	01.01-31.12.2013
Influence on sales revenue	2,595	2,857
Impact on other operating revenue/costs, of which:	1,832	552
-due to the execution of derivatives in the period	1,884	500
-due to the valuation of derivatives in the period	(52)	52
Proceeds from derivatives on the result of the period, in total:	4,427	3,409

Hedge accounting

Summary of the more important hedge accounting policies has been presented in note 6.20. According to them, changes in fair value of hedging instruments include, in part, the effective equity of the Parent Company and the ineffective portion in the profit and loss account. At the time of implementation of the hedged sales revenue, changes in fair value of hedging instruments are recognised in the profit and loss account.

Not less frequently than at hedge inception and on the last day of each month, assessment of the prospective effectiveness is made by comparing the cumulative change in fair value of the hedging instrument to the cumulative change in the value of future cash flows.

At the end of each month the effectiveness of hedging is measured-retrospective effectiveness- by comparing the cumulative change of fair value of the hedging instrument to the cumulative change in value of future cash flows, estimated on the basis of data concerning the foreign exchange market from the valuation date.

Revaluation reserve from hedging instruments

Revaluation reserve from financial instruments is presented in item 28.3 of additional explanatory notes.

Fair value foreign exchange contracts

As at 31 December 2014, the fair value of foreign exchange contracts that meet the criteria for hedge accounting amounted to PLN 4,852 thousand and as the effective value it was recognised in total in reserves 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. Settlement terms are consistent with the terms in which the amount charged to the revaluation reserve in respect of the transaction will be charged to the profit and loss account.

Currency	Amount in currency	Type of transaction	Date of conclusion	Date of performance	Exchange rate	Name of Bank	Fair value
EUR	9,000	Put option	03.2014	07.2015.,-12.2015.	4.2600	ING Bank Śląski S.A.	742
EUR	9,000	Call option	03.2014	07.2015.,-12.2015.	4.7305	ING Bank Śląski S.A.	(151)
EUR	6,000	Put option	06.2014	05.2016-06.2016.	4.2000	ING Bank Śląski S.A.	506
EUR	6,000	Call option	06.2014	05.2016-06.2016.	4.6135	ING Bank Śląski S.A.	(451)
EUR	3,000	Put option	08.2014	07.2016	4.2500	ING Bank Śląski S.A.	321
EUR	3,000	Call option	08.2014	07.2016	4.6412	ING Bank Śląski S.A.	(233)
EUR	7,500	Put option	12.2014	01.2016-11.2016.	4.3000	ING Bank Śląski S.A.	935
EUR	7,500	Call option	12.2014	01.2016-11.2016.	4.5000	ING Bank Śląski S.A.	(860)
Total							809
EUR	8,000	Put option	06.2013	05.2015-06.2015.	4.3000-4.3500.	mBank S.A.	755
EUR	8,000	Call option	06.2013	05.2015-06.2015.	4.75304.8610.	mBank S.A.	(10)
EUR	4,000	Put option	08.2013	07.2015	4.2600	mBank S.A.	277
EUR	4,000	Call option	08.2013	07.2015	4.8000	mBank S.A.	(14)
EUR	14,500	Put option	01.2014	10.2015-12.2015.	4.22004.2710.	mBank S.A.	1,163
EUR	14,500	Call option	01.2014	10.2015-12.2015.	4.5870-4.5900.	mBank S.A.	(604)
EUR	7,000	Put option	08.2014	05.2016-07.2016.	4.2300	mBank S.A.	678
EUR	7,000	Call option	08.2014	05.2016-07.2016.	4.6000	mBank S.A.	(581)
EUR	6,000	Put option	10.2014	08.2016-09.2016.	4.2200-4.2500.	mBank S.A.	628
EUR	6,000	Call option	10.2014	08.2016-09.2016.	4.5440	mBank S.A.	(698)
EUR	15,000	Put option	11.2014	10.2016-12.2016.	4.2300	mBank S.A.	1,620
EUR	15,000	Call option	11.2014	10.2016-12.2016.	4.6100	mBank S.A.	(1,712)
EUR	10,500	Put option	12.2014	01.2017-03.2017.	4.3000	mBank S.A.	1,476
EUR	10,500	Call option	12.2014	01.2017-03.2017.	4.6030-4.6770.	mBank S.A.	(1,236)
Total							1,742

Total							2,301
EUR	9,000	Call option	10.2014	09.2016	4.5800	PKO BP S.A.	(1,015)
EUR	9,000	Put option	10.2014	09.2016	4.2300	PKO BP S.A.	953
EUR	3,000	Call option	08.2014	08.2016	4.6550	PKO BP S.A.	(252)
EUR	3,000	Put option	08.2014	08.2016	4.2500	PKO BP S.A.	328
EUR	26,000	Call option	04.2014	01.2015-06.2015 04.2016	4.4520-4.6850	PKO BP S.A.	(879)
EUR	26,000	Put option	04.2014	01.2015-06.2015 04.2016		PKO BP S.A.	1,886
ELID	26,000	Dut autiau	04 2014	01 2015 06 2015	4.2100-4.2500	DVO DD C A	1 006
EUR	6,000	Call option	03.2014	01.2016-03.2016	4.7465	PKO BP S.A.	(179)
EUR	6,000	Put option	03.2014	01.2016-03.2016	4.3000	PKO BP S.A.	681
EUR	10,000	Call option	11.2013	08.2015-09.2015	4.6300	PKO BP S.A.	(210)
EUR	10,000	Put option	11.2013	08.2015-09.2015	4.2500	PKO BP S.A.	718
EUR	8,000	Call option	05.2013	03.2015-04.2015	4.6760-4.7000	PKO BP S.A.	(5)
EUR	8,000	Put option	05.2013	03.2015-04.2015	4.1800-4.2000	PKO BP S.A.	192
EUR	8,000	Call option	03.2013	01.2015-02.2015.	4.7580	PKO BP S.A.	-
EUR	8,000	Put option	03.2013	01.2015-02.2015.	4.2000	PKO BP S.A.	83

Risks related to forward foreign exchange contracts are the risks of interest rate, exchange rate and the insolvency of a given counterparty. Credit risk is limited, however, because the counterparty to the transaction are banks with high financial standing.

35.3. Credit risk

The Group operates a procedure for granting the counterparty trade credit limit and describing its form of security. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

A greater part of the trade receivables is insured, or secured by bank guarantees due to the central settlement In addition, receivables from counterparties are regularly monitored by the trade and financial regulatory bodies. In the event of overdue receivables, in accordance with the applicable procedures sales are halted and debt collection begins.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments with positive fair value, the Group's exposure to credit risk arises from default of the counter party.

There are no significant concentrations of credit risk within the Group.

35.4. Liquidity risk

The Group is at risk of liquidity due to relations of short-term liabilities with current assets The lack of funds risk is monitored by the Group with the use of the periodical liquidity planning tool This tool takes into account the maturity dates of investments and financial assets (e.g. receivable accounts, other financial assets) as well as projected cash flows from operating activity.

The Group's objective is to maintain balance between the continuity and flexibility of funding through the use of various sources such as bank overdrafts, bank loans, and financial leases.

The table below provides an analysis of the Group's financial liabilities as at 31 December 2014 and as at 31 December 2013 by maturity based on contractual non-discount payment terms.

31 December 2014	< 1 year.	1-2 years	2-5 years	>5 years	Total
Bank loans	9,821	70,697	15,981	-	96,499
Financial leasing	1,219	1,201	1,396	-	3,816
Trade and other liabilities	62,885	-	-	-	62,885
	73,925	71,898	17,377	-	163,200

31 December 2013	< 1 year.	1-2 years	2-5 years	>5 years	Total
Bank loans	9,259	4,479	53,699	-	67,437
Financial leasing	756	1,367	748	-	2,871
Trade and other liabilities	56,528	-	-	-	56,528
	66,543	5,846	54,447	-	126,836

36. Capital management

The Group's main objective when managing the capital is to maintain good credit rating and safe capital ratios that can support the Group's operating activities and increase its value to the shareholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. In the reporting periods ended 31 December 2014 and 31 December 2013, there were no changes to the Company's objectives, policies and processes for managing capital.

The Group monitors capital using the leverage ratio calculated as the ratio of net debt to net debt plus total equity. The Group's policy is to keep the ratio between 20% and 40%.

	31/12/2014	31/12/2013
Interest-bearing credits and loans	96,499	67,437
Financial leasing	3,816	2,871
Trade and other liabilities, provisions, accruals/deferrals	117,293	100,279
Cash and cash equivalents	(48,099)	(69,277)
Net debt	169,509	101,310
Share capital	23,751	23,751
Supplementary capital from share premium	111,646	111,646
Other reserve capital	167,714	146,803
Revaluation reserve	3,925	7,548
Business combination capital	(1,073)	(1,073)
Incentive Scheme	1,290	420
Retained earnings	97,762	80,043
Total capital	405,015	369,138
Capital and net debt ratios	574,524	470,448
Gearing ratio	29.50%	21.50%

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

Incentive Scheme for Members of the Management Board of the Parent Company and the issue of series D, E and F subscription warrants with the exclusion of the pre-emptive right to series D, E and F subscription warrants

On 10 June 2014 a General Meeting of Shareholders of FABRYKI MEBLI "FORTE" S.A., approved a launch of the Incentive Scheme for the Members of Management Board (" Incentive Scheme").

The purpose of the Incentive Scheme is further development of Capital Group of the Company and its subsidiaries ("Capital Group") through creating motivational mechanisms for persons on managerial positions which refer to financial results of the Capital Group and an increase of share value of the Company.

This Programme is calculated through issue of capital instruments in exchange for provided services-total of 356,220 of subscription warrants of the Company in three series at the issue price equal to the arithmetical average of exchange rate of Company shares noted on WSE, calculated on the basis of these shares listing from 28 April 2014 to 10 June 2014.

The emission price of Company shares of H series was set by the Resolution of the Supervisory Board for the day 27 October 2014 for the amount PLN 46.19. Each warrant authorizes to one share of H series for the emission price.

The table below presents the scope of the adopted incentive scheme for unrealised Series, 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/ non-report by the expert auditor of any significant objections regarding the consolidated annual accounts of the Capital Group for the financial year 2014,	1/ non-report by the expert auditor of any significant objections regarding the consolidated annual accounts of the Capital Group for the financial year 2015,	1/ non-report by the expert auditor of any significant objections regarding the consolidated annual accounts of the Capital Group for the financial year 2016,
	2/ increase by at least 10% of net profit per Company's share as at 31 December 2014 as compared to the result as at 31 December 2013	2/ increase by at least 10% of net profit per Company's share as at 31 December 2015 as compared to the result as at 31 December 2014	2/ increase by at least 10% of net profit per Company's share as at 31 December 2016 as compared to the result as at 31 December 2015
	3/ increase by at least 10% of the average price of the Company's shares on the Warsaw Stock Exchange in December 2014 as compared to the average price of the Company's shares on the WSE in December 2013	3/ increase by at least 10% of the average price of the Company's shares on the Warsaw Stock Exchange in December 2015 as compared to the average price of the Company's shares on the WSE in December 2014	3/ increase by at least 10% of the average price of the Company's shares on the Warsaw Stock Exchange in December 2016 as compared to the average price of the Company's shares on the WSE in December 2015
	3/ serving as a Member of the Mar	। nagement Board for at least six ।	l 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

Increase in net profit per one share of the Company, constituting a condition for the offering of warrants for a given period is established on the basis of consolidated annual accounts of the Capital Group, reviewed by the expert auditor and approved via a resolution of the Ordinary Meeting of Shareholders.

The execution of warrant rights may occur no earlier than after a year from the formal decision on their takeover and no later than until 30 November 2018.

Series of the incentive scheme are treated as separate programmes in the meaning of IFRS 2.

Fair value of the incentive scheme

Fair value for the programme for series D shares was established in the amount PLN 870 thousand. In the financial report as per 31 December 2014 an amount of PLN 870 thousand was recorded-within the own equity capital increase in the item of incentive scheme and in costs of employee services

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

	Series	Number of warrants	weighted average execution price
Occuring on 01.01.2014 including:		506,220	
	С	150,000	11.52
	D	118,740	46.19
	Е	118,740	46.19
	F	118,740	46.19
Change during reporting period, including:		268,740	
Granted in 2014	С	150,000	11.52
Occurring on 31.12.2014 including:		356,220	
Possible for completion on 31.12.2014	D	118,740	46.19
	Е	118,740	46.19
	F	118,740	46.19

36.2. Entity with significant influence over the Group

Information about the entities holding more than 5% of the share capital of the Parent Entity are presented in Note 28.1

36.3. Terms of transactions with affiliated entities

Any transactions with affiliated entities are conducted on conditions applied by the Company in relations with non-affiliated entities.

Remuneration of the Group's senior management 36.4.

Remuneration paid or payable to the members of the Management Board and Supervisory Board of the Company:

Period of 12 mor	Period of 12 months ended		
31/12/2014	31/12/2013		

Management Board's remuneration, including:	11,106	7,433

in the Issuer's enterprise	10,489	6,800
Maciej Formanowicz	3,229	1,471
Gert Coopmann	2,935	2,484
Klaus Dieter Dahlem	1,666	1,646
Maria Florczuk	520	-
Mariusz Gazda	813	-
Robert Rogowski	614	1,199
Rafał Prendke	712	-
for performing functions in the governing bodies of the subsidiaries	617	633
Maciej Formanowicz	403	557
Gert Coopmann	214	76

Supervisory Board:	216	216
Zbigniew Sebastian	48	48
Władysław Frasyniuk	42	42
Stanisław Krauz	42	42
Marek Rocki	19	42
Tomasz Domagalski	42	42
Stefan Golonka	23	-

Remuneration paid or payable to other members of key management personnel

	Year ended		
	31/12/2014	31/12/2013	
Short-term employee benefits (salaries and overheads)	5,167	4,493	
Jubilee awards	· -	-	
Benefits after the employment period	-	-	
Revenues from dissolution of employment	-	-	
Share-based employee benefits	-	-	
Total remuneration paid to key management personnel (except for members of the Management Board and the Supervisory Board)	5,167	4,493	

Participation of senior executives in the employee programmes and schemes

No employee share incentive programmes were in force in the reporting period.

37. Employment structure

Average employment in the Group in the period from January to December was as follows:

	2014	2013
Management Board of the Parent Company	5	4
Administration	179	115
Sales department	463	224
Production department	1,857	1,462
Others	129	337
Total	2,633	2,142

38. Subsequent events after the reporting period

On 5 January 2015 the Company Management obtained the following information from MetLife PTE S.A. with its registered seat in Warsaw:

" Pursuant to Art. 69, sec. 1 of the act of 29 July 2005 on Conditions Governing the introduction of financial instruments to exchange trading and public Companies (Dz.U. no. 184 item 1539 as amended) MetLife PTE S.A informs that the fund managed by it, MetLife Otwarty Fundusz Emerytalny (further referred to as "OFE") has decreased its so far share by at least 2% of votes in the company Fabryki Mebli Forte S.A.

A decrease of engagement occurred due to the sale of shares of the company on 22 December 2014. Directly before the change OFE had 3,022,474 ordinary bearer shares which constituted 12,73% of company capital and entitled to 3,022,474 votes at the General Meeting of Shareholders, which constituted 12.73% of total votes at the General Meeting of Shareholders of the Company.

Currently OFE has 2,975,474 ordinary bearer shares which constitutes 12,53% of company capital and entitles to 2,975,474 votes at the General Meeting of Shareholders, which constitutes 12.53% of total votes at the General Meeting of Shareholders of the Company.

The investment constitutes a portfolio type of investment. Within the perspective of 12 months the Fund allows for the possibility of increasing the number of possessed shares depending on the market situation and Company operations. The purpose of obtaining Company shares is to locate assets in the framework of investment activity of the Fund in order to obtain maximum degree of security and profitability of deposits. The Fund does not rule out obtaining shares in case of adequate increase in value or changes in the market situation or company activities.

On 12 January 2015 the Company obtained a notification from the District Court in Suwałki, VI Division of Land and Mortgage Register on an entry as at 7 January 2015 towards ING Bank Śląski S.A., of Total bail stipulated mortgage in the amount PLN 48,000,000 on the perpetual usufruct right to the Company property and on buildings and devices within it, constituting a separate subject of ownership from the land, situated in Suwałki at ul. Północna 30, for which the District Court in Suwałki conducts Land and Mortgage Register of the following numbers SU1S/00026632/0, SU1S/00026630/6.

The book value of the assets in the books of the Company on which the mortgage was set amounts to PLN 15,504,014.27 There are no links between the Company and persons managing and supervising within the Company and ING Banki Śląski S.A.

On 2 February 2015 Mr Rafał Prendke submitted a statement of resignation from the position of Member of the Management Board of the Company as of 4 February 2015. The reason of the resignation was personal matters.

Signatures of the persons entrusted with bookkeeping

	Anna Wilczyńska
Signatures of all Members of the Management	Board
President of the Management Board Maciej Formanowicz	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 Mariusz Gazda	





FABRYKI MEBLI"FORTE" S.A.

Management Board's report on the operations of Fabryki Mebli "FORTE" S.A. for the period ended 31 December 2014

FABRYKI MEBLI "FORTE" S.A. ul. Biała 1 07-300 Ostrów Mazowiecka Polska www.forte.com.pl

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CURRENT FINANCIAL AND OPERATIONAL STANDING

This Report on the operations of the Issuer — Fabryki Mebli "FORTE" S.A. — in 2014 was prepared on the basis of § 91 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 Fabryki Mebli FORTE S.A.

1.1. Information on the Parent Company

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

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

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

The duration of the Company is perpetual.

Main activities of the Company include:

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

The Company owns investments in the following subsidiaries:

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

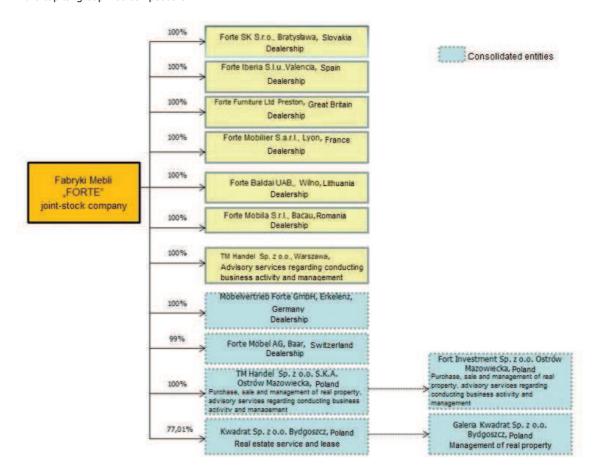
- indirectly related company 100% subsidiary of Kwadrat Sp. z o.o.
- indirectly related company 100% subsidiary of TM Handel Sp. z o.o. SKA SKA

Fabryki Mebli "FORTE" S.A. conducts its business through four domestic Branches:

- \bullet 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, Białystok and Warsaw.

The Company is a Parent Company and forms the Capital Group together with other entities. As at 31 December 2014 the the capital group was composed of:



1.2. Company Management Board

Management Board composition as at the balance sheet date ended 31 December 2014

Maciej Formanowicz — President 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

Mariusz Gazda — Member of the Management Board

Rafał Prendke - Member of the Management Board

Management Board composition as of the date of publication of this report

Maciej Formanowicz - President 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

Mariusz Gazda - Member of the Management Board

1.3. Supervisory Board

Supervisory Board composition in the period from 1 January to 10 June 2014

Zbigniew Sebastian - Chairman

Władysław Frasyniuk – Vice-Chairman

Stanisław Krauz

Marek Rocki

Tomasz Domagalski

Supervisory Board composition as of 31 December 2014 and as of the date of publicaction of this report

On 10 June 2014 Ordinary General Meeting of Shareholders selected Members of the Supervisory Board for the new 4-year term of office.

Zbigniew Sebastian - Chairman

Stefan Golonka - Vice-Chairman

Władysław Frasyniuk

Stanisław Krauz

Tomasz Domagalski

1.4. Forte's mission and policy

Mission: Production leader, reliable supplier of modern furniture systems, which meets customer needs.

The objective of Fabryki Mebli FORTE S.A. 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 above-mentioned policy is implemented by the Company 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.

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

OLIADTED I	TANHARY
QUARTER I of 2014	JANUARY
01 2014	09-11 January 2014 - BEGROS Fairs in Verbandmesse in Cologne, Germany 13-10 January 2014 TMM Fairs in Galaxies Garages 13-10 January 2014 TMM Fairs in Galaxies 13-10 January 2014 TMM Fairs i
	13-19 January 2014- IMM Fairs in Cologne, Germany
	19-22 January 2014- NEC Fairs in Birmingham, Great Britain
	23-26 January 2014 - Feria del Mueble Fairs in Saragossa, Spain
	On 29 January FORTE received an award for the ATTENTION programme in the category
	"Dining room" in the XIIth edition of the contest for the best products of furniture industry
	organized by "Meble plus-Best Product of 2014"
	28-31 stycznia 2014 - Partnertage Fairs in Barntrup, Germany
	FEBRUARY
	18-21 February 2014 - International Home Decor Fairs, Poznań
	18-21 February 2014 - International Poznań Fairs MEBLE POLSKA 2014 18-21 February 2014 - International Poznań Fairs MEBLE POLSKA 2014
	FORTE received a gold medal in the category of cabinet furniture for the SNOW programme
	TOKTE received a gold medal in the category of cabinet furniture for the SNOW programme
	MARCH
	19 March 2014 - FORTE obtained the title of Company of year 2013 from sWIG80 index in the
	contest
	"Byki i Niedźwiedzie" organized by "Parkiet" magazine
QUARTER II	APRIL
of 2014	12-14 April 2014 - EMV Fairs in w Nuremberg, Germany
	23 April 2014 - Distiction in the category of Best Exporter granted by the Chapter of the XVI
	edition of List of 500 of "Rzeczpospolita" for the largest companies in Poland
	MAY
	13-16 May 2014 - Steinhoff Group Fairs in Barntrup, Germany
	19-22 May 2014 - Partnertage Fairs in Barntrup, Germany
	JUNE
	2-15 June 2014 - II General National Exhibition "Copetitive Poland" within the area of
	International Poznań Fairs where FORTE obtained a jubilee PWK medal.
	10- 13 June 2014 - Matchdays, Ostrów Mazowiecka
QUARTER III	SEPTEMBER
of 2014	2-5 September 2014-International Furniture Fairs in Ostróga, where Saint Tropez collection was
0. 2021	honoured with the 1st place in the category of cabinet furniture (Expo Awards 41 prize)
	14-18 September 2014 - MOW Fairs Barntrup, Germany
	14 16 September 2014 - Plow Fairs Barnia up, Germany
QUARTER IV	OCTOBER
of 2014	25-26 October 2014 – ALLIANCE Fairs, Rheinbach, Germany
until the date of report	13-15 January 2015- NEC Fairs in Birmingham, Great Britain
publication	15-18 January 2015 - BEGROS fairs in Verbandmesse in Colone, Germany
	02-05 February 2015 - Partnertage Fairs in Barntrup , Germany
	17-20 February 2015 - International Fairs MEBLE POLSKA, Poznań

1.6. Awards and honours

- Gold medal of International Poznań Fairs in the category of cabinet furniture-SNOW programme -MEBLE POLSKA 2014 Fairs
- Award for the ATTENTION programme in the category "Dining room" in the 12th edition of the contest for the best products of the furniture industry organized by "Meble Plus-Product of the year 2014"
- Title of Company of the year 2013 from sWIG80 index in the contest "Byki I Niedźwiedzie" organized by "Parkiet" magazine (19.03.2014)
- Distinction in the category Best Exporter, granted by the Chapter of the 16th Edition of List of 500 of "Rzeczpospolita" for the largest companies in Poland
- Title of ORZEŁ EXPORTU in the Mazovian voivodeship in the category for the Best Exporter awarded on 15 January 2015 during the Gala of Regional Export Eagles organized by "Rzeczpospolita" magazine
- Award of ORZEŁ EXPORTU in the category Export Personality awarded by the Chapter during the Gala of Regional Export Eagles for the President Maciej Formanowicz
- Distinction for the brand with an emblem " Good Brand-Quality, Trust, Reputation" awarded in the consumer survey conducted by the editors of "Forum Biznesu" and " Biznes Trendy".

2. Information concerning basic products, goods and services

Value sales in individual assortments (in PLN '000):

Assortment	2014	2014		3	Change during the period
Assortment	Value	Share	Value	Udział	%
Cabinet furniture	798,297	97.2%	644,883	96.8%	23.8%
Other furniture	281	0.0%	1,864	0.3%	(84.9%)
Goods	8,611	1.1%	9,474	1.4%	(9.1%)
Materials	5,957	0.7%	3,624	0.5%	64.4%
Services	8,485	1.0%	6,709	1.0%	26.5%
Total	821,631	100%	666,554	100%	23.3%

Due to the diversity of its assortment, the Company does not present the volume structure of sales as the value structure gives a complete picture of the sales structure and its changes.

According to the Company's strategy, it focuses its activities on the production of residential self-assembly type of furniture from the so called the average price range. Complementarity and coherence of the offer is additionally ensured with tables, chairs and decorative additions. The products offered by Fabryki Mebli "FORTE" S.A. have been recognisable in the market for many years and are highly regarded by the customers.

The product offer of Forte consists of modern and functional furniture designed both by an internal, specialized BRP team and European designers cooperating with the Company.

In 2014 the Company reached a very satisfying, dynamic increase in sale of assembled furniture. Revenues from the sale of this group of products equated to PLN 16,000 thousand.

3. Information about markets, including the division into domestic and foreign markets.

In 2014 export sales of Forte amounted to PLN 677,772 thousand and comprised 82.5% of total sales (in 2013 it was at the level of PLN 542,044 thousand- 81.3%). German-speaking markets (Germany, Austria, Switzerland) remain export leading markets to which total sales in 2014 comprised approx. 60% of total sales and France, Spain and Great Britain.

The Company focuses its activities on the German market mainly on cooperation with the leading furniture chains gathered within furniture consumer groups.

Sales in the second largest Polish market amounted to PLN 143,859 thousand. (17.5 %) against PLN 124,510 thousand (18.7%) in 2013 and concentrated on the two main distribution channels: traditional furniture stores and retail chains.

France became yet another significant export market for the Company. The sales on this market amounted to approx. PLN 64,000 thousand in 2014 and was higher compared to the previous year by approx. 200%. The Company management notices further potential of an increased sales on that market-both through development of cooperation with present customers and through obtaining new recipients.

The largest recipients of Company goods are: Roller GmbH with headquarters in Germany and Steinhoff International Group with headquarters in France. Roller GmbH and Steinhoff International Group's share in Fabryki Mebli "FORTE" S.A.'s sales income exceeded 10%. There are no formal ties between the customer and the Company.

4. Information concerning sources of supply of materials for production, goods and services

In 2014 purchase of materials, goods and services from national suppliers constituted 69.2% of total purchase of the Company.

The key supplier of raw materials for the Company was Pfleiderer Group. Pfleiderer's share in Fabryki Mebli "FORTE" S.A.'s sales income exceeded 10%. There are no formal ties between the supplier and the Company.

Purchase from import in 2014 constituted 30.8% of total purchases. The main direction of import for the Company was German market-31.1% and Romania-19.3% within the total value of imported purchase.

5. Information concerning contracts important for the activity.

Insurance contracts entered into by the Issuer in 2014:

- in co-insurance with Generali T.U. .S.A, TUiR "WARTA" S.A., Gothaer Towarzystwo Ubezpieczeń S.A., and InterRisk Towarzystwo Ubezpieczeń S.A Vienna Insurance Group: insurance period 25 September 2014 – 24 September 2015
 - property insurance from acts of God the sum insured PLN 535,267 thousand
 - insurance of the loss of profit the sum insured PLN 160,735 thousand
- with TUiR "Warta S.A.: insurance period 25 September 2014 24 September 2015
 - electronic equipment insurance against all risks the sum insured PLN 4,228 thousand
 - business liability insurance the sum insured PLN 15,000 thousand
 - insurance of cargo in transport the sum insured PLN 376,000 thousand
- with AIG Europe Limited Sp. z o.o.: insurance period 1 April 2014 31 March 2015
 - liability insurance of the Members of the Issuer's Bodies the sum insured EUR 10,000 thousand.

On 30 December 2014 the Company concluded with Pfleiderer Grajewo S.A. with registered seat in Grajewo, with Pfleiderer Prospan S.A. in Wieruszowo and with Pfleiderer Sp. z o.o. with registered seat in Grajewo an agreement on supply of woodbased boards for all production plants of the Company for the period from 1 January 2015 to 31 December 2016.

The price of the supplied materials will be settled in accordance with the price formula included within the agreement, on the basis of the prices of basic raw materials for the production of wood-based boards. The estimated value of the agreement will amount to PLN 306,280 thousand.

Information about material transactions concluded with related entities on conditions other than arm's length conditions.

All transactions with related entities are conducted under market terms used by the Issuer in relations with unrelated entities.

Detailed information regarding transactions concluded with realted entities have been included in Notes 34 of the financial statements.

7. Information regarding credits and loans.

On 24 June 2014 the Company concluded with mBank S.A. an investment loan agreement in th amount 2,400 thousand EUR for the financing of purchase of production machinery and equipment. Loan repayment will be conducted in 16 quarterly instalments until 31 December 2018.

On 12 November 2014 the Company signed Annex to the loan agreement with ING Bank Śląski S.A. which amended the level of working capital credit from PLN 35,000 thousand to PLN 40,000 thousand and increasing repayment term until 31 October 2016.

On 15 December 2014 the Company concluded with mBank S.A. Annex to the multi-currency working capital loan of 20 December 2013, expanding the loan duration period until 15 December 2015.

As at 31 December 2014, the Company's debts due to short-term bank loans and borrowings amounted to PLN 9,821 thousand (on 31.12.2013 — PLN 9,259 thousand).

As at 31 December 2014, the Company's debts due to long-term bank loans and borrowings amounted to PLN 86,678 thousand (on 31.12.2013 — PLN 58,178 thousand).

Additional information on loans has been included in the table below. All values have been presented in PLN $^{1}000$

Short-term	Nominal interest rate %	Due date	31.12.2014	31.12.2013
mBank S.A. — investment loan in the amount 2,400 thousand EUR-short-term portion	1 M EURIBOR	by 31.12.2018	2,220	-
mBank S.A. — working capital loan in the amount 1,000 thousand EUR- short-term portion	depending on the currency used O/N WIBOR or O/N EURIBOR or O/N LIBOR	by 15.12.2015	4,461	-
PKO BP S.A. — investment loan in the amount of PLN 3,000 thousandshort-term portion	1 M WIBOR	by 30.06.2014	-	300
PKO BP S.Ainvestment loan in the amount 3,550 thousand EUR- short-term portion	1 M EURIBOR	by 31.03.2015	-	3,681
PKO BP S.Ainvestment loan in the amount 3,500 thousand EUR- short-term portion	1 M EURIBOR	by 22.12.2018	3,140	-
HSBC Bank Polska S.Ainvestment loan in the amount 3,500 thousand EUR- short- term portion	3 M EURIBOR	by 19.06.2015	-	5,278
Short-term total			9,821	9,259

Long-term	Nominal interest rate %	Due date	31.12.2014	31.12.2013
PKO BP S.A. — investment loan in the amount 3,550 thousand EUR — long-term portion	1M EURIBOR	by 31.03.2015	-	1,840
PKO BP S.A.— working capital loan in the amount of PLN 45,000 thousand - long-term portion	depending on the currency used 1M WIBOR or 1M EURIBOR	by 19.12.2016	34,098	24,883
ING Bank Śląski S.A. — working capital loan in the amount of PLN 40,000 thousand-long-term portion	depending on the currency used 1M WIBOR or 1M EURIBOR or 1M LIBOR	by 31.10.2015	36,599	28,816
PKO BP S.Ainvestment loan in the amount 3,500 thousand EUR — long-term portion	1 M EURIBOR	by 22.12.2018	9,322	-
mBank S.A. — investment loan in the amount 2,400 thousand EUR - long-term portion	1 M EURIBOR	by 31.12.2018	6,659	-



Bank loan securities as at	L December 2014	
Bank loan securities as at	L December 2014	
PKO BP S.A. — investment loan in the amount 3,500 thousand EUR.	Registered pledge on movable assets of value no less thousand EUR	than 5,130
	Assignment of rights under the insurance contract	
	Blank promissory note	
mBank S.A. — investment loan in the amount 2,400 thousand EUR.	Registered pledge on the purchased machinery and e	quipment
PKO BP S.A. — working capital loan in the amount of PLN 45,000 thousand	Registered pledge on inventory in the factory in H value PLN 25,779 thousand, together with the assignment insurance contract	of
	Joint capped mortgage in the amount of PLN 45,000 estates located in Hajnówka and Ostrów Mazowiecka, assignment of rights under the insurance contract	
	Registered pledge on production lines with the value thousand, together with the assignment of rights un contract.	
ING Bank Śląski S.A. — working capital loan in the amount of PLN 40,000 thousand.	Registered pledge on movable assets in the factory i maximum amount of PLN 42,000 thousand, to assignment of rights under the insurance contract	n Suwałki up to a ogether with the
	Joint capped mortgage up to a maximum amour thousand on the right of perpetual usufruct of lar right of buildings in the factory in Suwałki, t assignment of rights under the insurance contract	
mBank S.A. — working capital loan in the amount 1,000 thousand EUR.	Blank promissory note	

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

Currency	Status	as at
	31.12.2014	31.12.2013
PLN	-	300
EUR	85,270	66,521
USD	11,229	616
	96,499	67,437

For nominal interest rate value the bank's margin must be considered additionally, within the range of: 0.80% - 1.00% for loans in EUR and USD.

8. Information concerning loans granted in the fiscal year.

In the reporting period ended 31 December 2014, the Company granted loans to the following subsidiaries:
-on 1 April 2014 to the subsidiary Fort Investment with its registered seat in Ostrów Mazowiecka for the amount of PLN 20,000 thousand. The maturity date for the whole loan was set for 31 December 2015, interest payable on a quarterly basis.

The table below presents the balance of granted loans receivable at 31 December 2014.

Related entity	Loan amout	Loan currency	Due date	Loan balance as at 31.12.2014	Interest amount as at 31 December 2014
Subsidiaries					
Kwadrat Sp. z o. o.	439	EUR	June 2018	1,388	6
Galeria Kwadrat Sp. z o.o.	1,254	PLN	June 2020	1,020	9
Forte SK S. r. o.	1,260	PLN	December 2015	41	-
Fort Investment Sp. z o.o.	20	PLN	December 2015	20	-
Total:				2,469	15
Including	:				
Short-term portion:					
Kwadrat Sp. z o o				347	6
Galeria Kwadrat Sp. z o.o.				170	9
Forte SK S. r. o.				41	-
Fort Investment Sp. z o.o.				20	-
Total:				578	15
Long-term portion:					
Kwadrat Sp. z o o				1,041	-
Galeria Kwadrat Sp. z o.o.				850	-
Total:				1,891	-

The above loans were granted on market conditions (variable interest rate based on EURIBOR /WIBOR plus margin). Balance of granted loans as at 31 December 2013:

Related entity	Loan amount	Loan currency	Due date	Loan balance as at 31.12.2013	Interest amount as at 31/12/2013
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

9. Information concerning guarantees and sureties granted and received in the fiscal year.

None occured in the reporting period.

10. Description of the use of securities issue proceeds by the Issuer.

In the reporting period no securities were issued.

11. Differences between the financial results indicated in the annual report and earlier forecasts for the given year.

The Issuer did not publish financial result forecasts for 2014.

12. Assessment and its justification, concerning the management of financial resources.

Net working capital	2014	2013
Current assets	349,767	294,442
Short-term liabilities	(114,117)	(95,206)
Net working capital	235,650	199,236
Ratio of net working capital (net working capital /total assets)	37.8%	36.9%

Debt analysis	2014	2013
Total liabilities	217,609	170,587
Total debt ratio (total debts/total liabilities)	34.95%	31.6%
Credit rating (net profit + amortisation)/ total debts)	41.86%	42.7%

As at 31 December 2014, Fabryki Mebli "FORTE" S.A.'s long-term liabilities amounted to PLN 103,492 thousand and consisted mainly of liabilities from loans and borrowings (PLN 86,678 thousand), representing 83.8% of total long-term liabilities.

As at 31 December 2014, short-term liabilities amounted to PLN 114,117 thousand and consisted mainly of trade accounts payable (PLN 62,885 thousand), representing 55.1% and reserves and accruals (PLN 27,523 thousand) constituting 24.1% of total short-term liabilities.

The Company has a low level of debt and good financial liquidity. There are no threats to the Company's ability to pay its incurred liabilities.

13. Assessment of ability to fulfil investment plans in comparison to the resources available

In 2014, the Issuer executed an investment plan in the amount of approx. PLN 44,000 thousand. The investments were financed 50/50 from long-term investment loans and from own resources. The Issuer's investment plan for 2015-2017 amounts to PLN 80,000 thousand and assumes mainly investments in expansion of production-storage areas and purchase of modern machinery and equipment to all the factories of the Company. Primary objectives of the investment are to improve productivity (cost reduction), increase diverse production capacity, increase production capabilities, restoration of a part of depreciated fixed assets.

The investments planned for 2015 will in their significant part be financed with resources from bank loans. Final decision regarding the choice of bank to finance the investments has not yet been made as at the date of publication of the hereby report.

14. Information regarding financial instruments in respect of: risk: price change, credit risk, risk of significant disturbances to cash flows and risk of a loss of the financial liquidity.

The Company performs transactions involving derivatives, primarily zero-cost option strategies and foreign currency forward contracts. The purpose of these transactions is to manage currency risk arising in the course of business activity of the Company.

Apart from derivatives, the Company's principal financial instruments comprise bank loans, finance leases with buy option, cash, short-term deposits and short term corporate bonds. The main purpose of these financial instruments is to raise finance for the Company's operations and optimal management of generated asset surplus. The Company has various other financial instruments such as trade debtors and trade creditors and contract liabilities, which arise directly from its operations.

It is — and has been throughout the audited period — the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board verifies and agrees on policies for managing each of these risks and they are summarised below. The Company also monitors the market price risk arising from all financial instruments held.

14.1. Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations that bear interest at floating interest rates (WIBOR, EURIBOR, LIBOR) increased by a margin. In order to analyse the sensitivity to changes in the interest rate of long-term financial liabilities of the Company, i.e. loans and obligations

under finance lease, their interest rate has been assumed to decline per annum for EURIBOR by 0.10 percentage point and increase per annum for WIBOR by 0.25% percentage point, as well as for LIBOR — by 0.80%.

The above assumptions were based on the financial forecasts available on the market.

The Company does not have any hedging instruments against interest rate risk as it does not perceive this risk to be major in terms of conducted business.

Interest rate risk — sensitivity analysis

The sensitivity of gross profit due to rationally feasible changes in the interest rate are described in item 36. of additional explanatory notes to the financial statements.

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the given instrument. The other financial instruments of the Company that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

14.2. Currency risk

The Company is exposed to currency risk which arises from sales and purchases made by the Company in currencies other than its functional currency. About 82% of the Company's sales transactions are denominated in foreign currencies, mainly in EUR.

The Company seeks to negotiate the terms of the hedging derivatives in such a way as to match the terms of the hedged item and providing maximum effectiveness of the hedge.

The sensitivity of gross profit due to changes in the fair value of monetary assets and liabilities to reasonably possible fluctuations in the EUR, GBP and USD (in total) exchange rates are described in item 36. of additional explanatory notes to the financial statements.

Currency risk hedging

The basic method of managing the currency risk are hedging strategies which use derivative instruments To hedge future foreign currency transactions, the Company uses symmetrical option strategies and forward contracts.

Impact of derivatives on the statement of financial position

As at 31 December 2014, the fair value of open items in derivatives amounted to PLN 4,852 thousand and was recognised in total as receivables from derivative financial instruments.

Impact of derivatives on financial result and other comprehensive income

In the reporting period ended 31 December 2014, the result on derivatives amounted to PLN 4,427 thousand and concerned the implementation of the expiring option strategies covered by hedge accounting (status as at 31 December 2013: PLN 3,409 thousand).

Impact of derivatives on the result of the period

	01.01-31.12.2014	01.01-31.12.2013
Influence on sales revenue	2,595	2,857
Impact on revenue/ financial costs, of which:	1,832	552
due to the execution of derivatives in the period	1,884	500
due to the valuation of derivatives in the period	(52)	52
Proceeds from derivatives on the result of the period, in total:	4,427	3,409

Hedge accounting

The Company uses cash flow hedge accounting. According to the principles of such accounting, changes in fair value of hedging instruments are included in the effective part in the equity of the Company and in the ineffective part in the profit and loss account. At the time of implementation of the hedged sales revenue, changes in fair value of hedging instruments are recognised in the profit and loss account.

Not less frequently than at hedge inception and on the last day of each month, assessment of the prospective effectiveness is made by comparing the cumulative change in fair value of the hedging instrument to the cumulative change in the value of future cash flows.

At the end of each month measurement is performed of the effectiveness of hedging — retrospective efficiency — by comparing the cumulative change in fair value of the hedging instrument to the cumulative change in the value of the estimated future cash flows based on market data exchange on the valuation day.

Revaluation reserve from hedging instruments

Revaluation reserve from financial instruments is presented in item 28.3 of additional explanatory notes to the financial statements.

Fair value of foreign exchange contracts

Collective 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 is presented in item 36.2 of additional explanatory notes to the financial statements.

Risks related to forward foreign exchange contracts are the risks of interest rate, exchange rate and the insolvency of a given counterparty. Credit risk is limited, however, because the counterparty to the transaction are banks with high financial standing.

14.3. Credit risk

The Company operates a procedure for granting the counterparty trade credit limit and describing its form of security. It is the Company's policy that all customers who trade on credit terms are subject to credit verification procedures.

A greater part of the trade receivables is insured, or secured by bank guarantees due to the central settlement. In addition, receivables from counterparties are regularly monitored by the trade and financial regulatory bodies. In the event of overdue receivables the sales are halted and debt collection begins.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, available-for-sale financial assets and derivative instruments with positive fair value, the Company's exposure to credit risk arises from default of the counter party.

There are no significant concentrations of credit risk in the Company.

14.4. Liquidity risk

The Company is exposed to liquidity risk resulting from the relation of short-term liabilities to current assets. The lack of funds risk is monitored by the Company with the use of the periodical liquidity planning tool. This tool takes into account maturity dates both of investments and financial assets (e.g. receivables accounts, other financial assets) and forecast cash flows from operating activity.

The Company's objective is to maintain a balance between continuity and flexibility of funding through the use of various sources such as bank loans, and finance leases.

Detailed information on liquidity risk are described in item 36.4. of additional explanatory notes to the financial statements.

15. Commentary to basic financial parameters of the Company

Description	2014	2013	% Change
Sales revenue	821,631	666,554	23.3%
Cost of sales	(522,970)	(424,766)	23.1%
Gross profit from sales	298,661	241,788	23.5%
Gross profit from sales	36.3%	36.3%	
Operating profit (EBIT)	86,021	65,475	31.4%
EBITDA	102,504	81,784	25.3%
Gross profit	92,037	69,712	32.0%
Net profit	74,612	56,538	32.0%
Net return on sales	9.1%	8.5%	
Return on equity (ROE)	18.4%	15.3%	
Return on assets (ROA)	12.0%	10.5%	

Year 2014 was yet another year when the Company gained record sales results and was able to establish historically highest financial score.

Revenues from sales in 2014 amounted to PLN 821,631 thousand and compared to the same period of the previous year increased by 23.3% (in terms of value by PLN 155,077 thousand).

In the opinion of the Management Board obtaining better sales results was possible due to the consequent strengthening of partner business relations as well as permanent development of the product offer. The ability to adjust the offer of goods and client service to the particular markets allowed to reach increases in the wide geographical scope.

FORTE furniture is a widely recognized brand on the market which represents good quality. The Company, as the leader of self-assembly furniture, consequently develops also its offer of mounted furniture, responding through this to a growing demand of the market, and diversifies the clients in terms of assortment and broadens its distribution network and trading potential.

Gross profitability on sales remained at the sale level as in the previous year and was 36.3%.

The main reasons for maintaining the profitability are: positive impact of increased production scale on lower unit costs, stable situation on the basic raw materials prices market and good results of budget discipline.

Cost of sales the cost of sales to revenue ratio was 21.4% against 21.3% in the same period last year. In terms of value, cost of sales increased by PLN 33,510 thousand, which is directly related to the increase in sales. The main item in this group of costs is transportation costs. The indicator of sales revenue load by transportation costs amounted in 2014 to 7.8% against 7.0% in 2013.

The Management Board of the Company recognises the potential arising from the optimisation of logistics costs The Company carries out a series of activities to achieve better results in this area of activity.

General costs – the costs to revenue ratio was 4.1% which remained the same as in the previous 2013 year.

Other operating expenses at the end of 2014 amounted to PLN5,539 thousand (compared to PLN 9,679 thousand in 2013)

The most important items in this group include the cost of liquidation and the allowance for damaged and incomplete inventories totalling PLN 2,613 thousand.

Other operating revenues at the end of 2014 amounted to PLN 2,074 thousand (compared to PLN 2,522 thousand in 2013). Major items here include: compensation received – PLN 881 thousand, obtained grants – PLN 268 thousand and inventory surplus – PLN 596 thousand.

Operating profit amounted to PLN 86,021 thousand (10.5% of revenues), and was higher by as much as 31.4% than the operating

profit earned in the same period of last year.

Financial revenues amounted to PLN 6,190 thousand (compared to PLN 4,792 thousand in 2013). Major items here are: dividends received – PLN 4,486 thousand, and interest received on bank deposits, bonds and granted loans – PLN 1,704 thousand.

Financial costs amounted to PLN 2,006 thousand (compared to 1,107 thousand in 2013), of which PLN 843 thousand was the interest on loans and leasing and exchange differences PLN 1,057 thousand.

In 2014, the Company generated a very positive increasing trend of net profit at the level of PLN **74,612** thousand (9.1% of revenues) as compared to PLN 56,538 thousand (8.5% of revenues) in 2013.

16. Assessment of factors and extraordinary events with an impact on the result of business activity in the financial year, including defining the level of impact of these factors and extraordinary events on the obtained result.

Did not occur.

17. Description of external and internal factors important for the development and development prospects.

2014 was yet another extremely successful year for Forte both in terms of market and financial aspects. Thanks to the recent activities related to product development and expansion of the distribution network implemented in the past few years, the Company now offers its products in the largest furniture chains in western Europe. Comprehensive offer and services provide additional opportunities for expansion and increase of sales revenue in the coming years.

The Management Board believes that the capital expenditures planned for upcoming years should bring further progress in terms of costs and contribute to the release of production capacity, which is extremely important when handling such a large number of different markets and increasing sales volumes.

Situation on the basic raw materials market is perceived as quite stable. The Company has ensured a guaranteed continuity of the strategic raw material for the subsequent two years due to the agreement concluded in December of 2014 with Pfleiderer Group for the supply of board.

Exchange rate volatility remains fairly insignificant in terms of the Company's financial results due to the continued policy of hedging foreign exchange risk.

18. Changes in the methods of managing the Issuer's company and its capital group.

Did not occur.

19. Any agreements concluded between the Company and the Management staff regarding compensation in case of their resignation or dismissal from the performed function without an important cause or in case their recall or dismissal is due to merger by acquisition

The Company has entered into the following agreements with the management staff:

agreement providing that in case of termination of service of the CEO, he/she will be entitled to severance pay equal to 24 monthly salaries calculated on the basis of the average monthly salary for the last twelve months of employment;

agreement providing that in the case of recalling the Manager compensation equal to his 6 month remuneration, , unless the basis for the dismissal will be any of the following reasons: committing a crime by the Manager against the Company, serious and culpable violation by the Manager of the provisions in the field of securities trading, breach of essential contractual obligations, existence of a permanent impediment to the exercise by the Manager of the function of the member of Management Board lasting longer tahn two months in total. The agreement also provides that the Managere may terminate the agreement in the event of a breach by the Company of the relevant obligations under the agreement In this case, the Manager will be entitled to compensation in the amount of 6 of his/her monthly salaries Also in the case of non-appointment of the Manager for the 2014-2019 term of the Management Board, the given member of the Management Board will be entitled to compensation in the amount of his/her 6 monthly salaries, with the exclusion of the cases specified above on the side of the Manager.

20. Employment, HR policy in Forte.

The structure of employment according to professions education, gender and the type of work performed

	Status as at:	
Employment structure	2014	2013
according to education		
University degree	14%	14%
Secondary education	46%	46%
Vocational training	28%	29%
Primary education	12%	11%
as per gender		
Women	28%	26%
Men	72%	74%
according to the type of work		
Blue-collar workers	83%	82%
White-collar workers	17%	18%

As at the end of 2014, the Company was employing 2,909 people as compared to 2,432 people in 2013. The 19.6% increase in employment in comparison to the number as at the end of 2013 derived from greater sales and associated expansion of tasks in production and logistics areas.

The Company's employment structure in 2014 was dominated by manual labourers with secondary education, similarly to 2013. Men represented approx. 72% of human resources at Forte.

20.1. Development and training

Internal training schemes

Internal training schemes are an excellent opportunity to improve and harmonise the knowledge of our employees. Training workshops are conducted by internal experts being employees of the Company. Such meetings give the employees an opportunity to better understand the needs of the company, as well as to get to know their co-workers and tasks assigned to other organisational units.

English for children and staff

The Company continued in 2014 its innovative educational project together with the AMF Foundation, intended for children of workers of the factory in Ostrów Mazowiecka, called Forte School of Languages [Szkoła Języków Forte]. It offers free classes of English and German for school-aged children.

January 2014 saw the launch of an educational project consisting of partly paid English lessons for factory workers.

20.2. Apprenticeship plans and practices.

The Management Board of Forte has been in active cooperation with the University of Life Sciences in Poznań and the Faculty of Wood Science and Technology, Warsaw University of Life Sciences for the past two years, whose assumptions relate primarily to the implementation of joint projects that could bring new designs and technologies. The Company offers participation in professional internships for university students with individual student profiles, offering new projects realized by students in the form of diploma thesis or contests. Forte company also successfully commenced cooperation with other universities, among others, Technical University in Białystok, University of Ecology and Management in Warsaw.

21. Amount of remuneration, rewards and benefits, including under incentive or bonus schemes based on the Issuer's capital.

Due to the fact that as at 31 December 2014 the non-market condition of net profit growth per share of the Parent Company, established on the basis of the consolidated annual financial statements of the Capital Group, has been met, the Company has adopted the number of 118,740 warrants as remaining to be executed on this day. Thus, the value of the total cost recognised in the reporting period ended 31 December 2014 amounted to PLN 870 thousand.

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

	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/ non submission by the statutory auditor of any major reservations with regards to the consolidated annual financial report of the Capital Group for the financial year 2014, 2/ increase by at least 10% of net profit per Company's share as at 31 December 2014 as compared to the result from the end of 2013 3/ increase by at least 10% of the average price of the Company's shares on the Warsaw Stock Exchange in December 2014 as compared to the average price of the Company's shares on the Warsaw Stock Exchange in December 2014 as compared to the average price of the Company's shares on the WSE in December 2013	1/ non submission by the statutory auditor of any major reservations with regards to the consolidated annual financial report of the Capital Group for the financial year 2015, 2/ increase by at least 10% of net profit per Company's share as at 31 December 2015 as compared to the result from the end of 2014 3/ increase by at least 10% of the average price of the Company's shares on the Warsaw Stock Exchange in December 2015 as compared to the average price of the Company's shares on the Warsaw Stock Exchange in December 2015 as compared to the average price of the Company's shares on the WSE in December 2014	1/ non submission by the statutory auditor of any major reservations with regards to the consolidated annual financial report of the Capital Group for the financial year 2016, 2/ increase by at least 10% of net profit per Company's share as at 31 December 2016 as compared to the result from the end of 2015 3/ increase by at least 10% of the average price of the Company's shares on the Warsaw Stock Exchange in December 2016 as compared to the average price of the Company's shares on the WSE in December 2015

3/ serving as a Member of the Management Board for at least six months in the given period and remaining at the position at the end of the given period, as well as obtaining acknowledgement of fulfilment of duties of the Member of the Management Board of the Company during the given period

Inrease of net profit per one Company share constituting the condition for offering the Warrants for a given period is established on the basis of the consolidated annual financial report of the Capital Group, investigated by the statutory auditor and approved via a resolution by the Ordinary Meeting of Shareholders of the Company.

Execution of rights from Warrants may take place no sooner than post the period of 1 year from the formal decision concerning their take over and no later than on 30 November 2018.

Series of the incentive programme are concidered as separate programmes in the meaning of MSSF 2.

Remuneration paid or payable to the members of the Management Board and Supervisory Board of the Company

Period of 12 months ended	
31.12.2014	31.12.2013

Management Board's remuneration, including:	11,106	7,433

in the Issuer's enterprise	10,489	6,800
Maciej Formanowicz	3,229	1,471
Gert Coopmann	2,935	2,484
Klaus Dieter Dahlem	1,666	1,646
Maria Florczuk	520	-
Mariusz Gazda	813	-
Robert Rogowski	614	1,199
Rafał Prendke	712	-
for performing functions in the governing bodies of the subsidiaries	617	633
Maciej Formanowicz	403	557
Gert Coopmann	214	76

Supervisory Board:	216	216
Zbigniew Sebastian	48	48
Władysław Frasyniuk	42	42
Stanisław Krauz	42	42
Marek Rocki	19	42
Tomasz Domagalski	42	42
Stefan Golonka	23	-

22. Specification of the total number and face value of the Issuer's shares held by members of the management and supervisory bodies.

- 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.

23. 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.



KURS AKCJI-PRICE OF SHARES

Chart showing price of shares of Forte S.A. in 2014

(source: http://www.gpwinfostrefa.pl/GPWIS2/pl/emitents/guotations/FORTE,PLFORTE00012)



Chart. Price of shares of Forte S.A. in years 1996-2014

(source: http://www.gpwinfostrefa.pl/GPWIS2/pl/emitents/quotations/FORTE,PLFORTE00012)

Key data on Forte shares:

Key data	2014	2013
Company's net profit in PLN '000	74,612	56,538
The highest share price in PLN	59.45	38.50
The lowest share price in PLN	35.70	12.65
Share price at the end of the year in PLN	51.50	38.50
P/E ratio as of the end of the year	16.39	16.17
Number of shares on the stock exchange (in items)	23,751,084	23,751,084
Average daily trading volume (in items)	31,135	36,479

24. Information concerning agreements known to the Issuer which may change the proportion of shares held by the existing shareholders.

The Issuer does not possess such information.

25. Information concerning control system of the employee s hare programme.

Did not occur.

26. Information on court proceedings whose total value constitutes at least 10% of the Issuer's own funds.

Did not occur.

27. Information on the contract with an entity authorised to audit financial statements.

In the reporting period and the comparative period, the Company entered into the following agreements with BDO Sp. z o.o. as an entity authorised to audit financial statements:

On 15 May 2014:

- for the audit of the interim separate financial statements of the Company and the consolidated financial statements of the Capital Group prepared based on the data as at 30
 June 2014. For the execution of the above agreement, the parties agreed on remuneration in the amount of PLN 32 thousand net.
- For the audit of separate financial statements of the Company and the consolidated financial statements of the Capital Group prepared based on the data as at 31 December 2014.
 For the execution of the above agreement, the parties agreed on remuneration in the amount of PLN 56 thousand net.

On 29 May 2013:

- For the audit of the interim separate financial statements of the Company and the consolidated financial statements of the Capital Group prepared based on the data as at 30 June 2013.
 For the execution of the above agreement, the parties agreed on remuneration in the amount of PLN 32 thousand net.
- For the audit of separate financial statements of the Company and the consolidated financial statements of the Capital Group prepared based on the data as at 31 December 2013.
 For the execution of the above agreement, the parties agreed on remuneration in the amount of PLN 56 thousand net.

28. Structure of assets and liabilities

Liquidity and efficiency analysis	2014	2013
Current liquidity (current assets/ short-term liabilities)	3.1	3.1
Quick liquidity (current assets — inventories/ short-term liabilities)	1.8	1.9
Receivables rotation in days (average trade receivables * 365/ sales revenues)	45	44
Inventory turnover in days (average inventory * 365/ own cost of sales)	91	91
Liabilities rotation in days (average trade liabilities * 365/ own cost of sales)	30	31
Rotation of current assets in days (average current assets * 365 / sales revenues)	143	143

Characteristics of the balance sheet	2014		2013		% Change
structure	in PLN '000	% of the balance sheet total	in PLN ' 000	% of the balance sheet total	2014/2013
Non-current assets	272,857	43.8%	245,283	45.4%	11.2%
Current assets	349,767	56.2%	294,442	54.6%	18.8%
Total assets	622,624	100%	539,725	100%	15.4%
Equity	405,015	65.0%	369,138	68.4%	9.7%
Long-term liabilities and provisions	103,492	16.6%	75,381	14.0%	37.3%
Short-term liabilities and provisions	114,117	18.4%	95,206	17.6%	19.9 %
Total equity and liabilities	622,624	100%	539,725	100%	15.4%

In 2014, the Company recorded an increase in balance sheet total by PLN 82,899 thousand.

Fixed assets increased by PLN 27,574 thousand which is the effect of a surplus of the investment expenditure over annual depreciation.

The increase in **current assets** by PLN 55,325 thousand is mainly due to the increase in inventories (PLN 35,926 thousand) and receivables (PLN 45,059 thousand).

The increase in **trade receivables and other receivables** is the consequence of increase in sales, whereas increase in **inventories** derives from the need of maintaining a security buffer in connection with increased production and timely shipments.

The indicators of rotation of liabilities and reserves in days as which remain at the same level as in previous year confirm that the Companymanages these items of current assets rationally.

On the side of **liabilities** there have been increases of liabilities connected with: bank loans (by PLN 29,062 thousand), trade and other payables (by 6,357 thousand), income tax (by PLN 1,706 thousand) and provisions and accruals (by PLN 9,823 thousand).

The increase in **bank loans** balance arises from the Company's foreign exchange risk management policy as well as from the use of loans for financing investments in 2014.

Increase in the balance of **trade liabilities** is the consequence of increased production. The Company timely performs all of its obligations which is confirmed by a stable 30 day indicator of rotation of liabilities.

The increase in **reserves and accruals** is due to, above all, an increase of sales revenues and the level of reserves on bonuses and non-inclusion of clients whose settlement will be conducted in 2015.

The Company maintains very high financial liquidity. The closing **balance of cash** at the end of the reporting period was PLN 48,099 thousand, which as compared to the end of 2013 was a decrease by PLN 21,178 thousand. The reason of a decrease of cash balance was, among others, allocating higher amounts for the dividend payments for the year 2013, as well as significant financing of the increase of inventory.

29. Major events which influenced the activity and financial results of the Issuer in the financial year and after the end of the year, and those whose influence may be apparent in the forthcoming years.

In 2014, the Company continued to implement a number of projects in various areas of operations — from sales and its support, further modernisation of factories, development of IT systems and support systems for supply chain management.

Among the most important events of 2014, the Company may include:

- production of record volume of furniture sets-over 6 million of pieces,
- continuation of a domestic partnership plan FORTE PLUS, as a new concept and quality of presentation of its offer,
- participation in numerous marketing activities, including television advertising in "Our New Home" programme,
- increase of electronic communication quality by implementing Outlook Exchange system,
- continuation of manufacturing processes optimisation, among others, by development of investments allowing for the increase of production capacity

- ensuring for the subsequent two years of continuity of supply of the strategic raw material (wood-based boards)
 thanks to the agreement signed in December of 2014 with the Pfleiderer Group.
- 30. Description of the structure of major capital investments made within the given financial year.

The description is contained in item 5 of these Statements.

31. Description of off-balance sheet items by counterparty, object and value.

Did not occur.

- 32. Selected financial data converted on the basis of the following exchange rates.
- Individual items of assets and liabilities as at 31 December 2014 were converted by the average exchange rate of EUR 1 dated 31.12.2014 (1 EUR = 4,2623 PLN) Particular items of the profit and loss account and the cash flow statement for the year 2014 were calculated on the basis of exchange rates constituting the arithmetic mean of rates established on the last day of each month (average per 1 EUR in 2014 = PLN 4.1893).
- Individual items of assets and liabilities as at 31 December 2013 were converted by the average exchange rate of EUR 1 dated 31.12.2013 (1 EUR = PLN 4.1472). Particular items of the profit and loss account and the cash flow statement for the year 2013 were calculated on the basis of exchange rates constituting the arithmetic mean of rates established on the last day of each month (average per 1 EUR in 2012 = PLN 4.2110).
 - 33. Statement of the Management Board concerning the entity authorised to audit financial statements of the Issuer.

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

34. Statement of the Management Board regarding the reliability of the financial statements of the Issuer.

The Management Board of Fabryki Mebli "FORTE" S.A. represents that, to the best of their knowledge, the annual financial statements of the Issuer 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.

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

President of the Management Board	Member of the Management Board
Maciej Formanowicz	Gert Coopmann
Member of the Management Board	Member of the Management Board
Klaus Dieter Dahlem	Maria Florczuk
Member of the Management Board	
Mariusz Gazda	
Ostrów Mazowiecka 17 th March 2015	

II CORPORATE GOVERNANCE

In accordance with § 29(5) of the Rules of Giełda Papierów Wartościowych w Warszawie S.A. [Warsaw Stock Exchange] (hereinafter: "Exchange" or the "WSE") on the basis of Regulation No 1013/2007 of 11 December 2007 of the Exchange Management Board and in accordance with § 91(5)(4) 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 No 33, item 259, as amended), the Management Board of Fabryki Mebli "FORTE" S.A. with its registered seat in Ostrów Mazowiecka (hereinafter: the "Company" of "FORTE") submits the statement regarding the Company's application of the principles of corporate governance in 2013, included in the document "Code of Best Practice for WSE Listed Companies". Declaration concerning Corporate Governance principles applied by the Company in 2014 constitutes a separate part of the report of activities of FORTE and is published on the internet website of the Company.

 Set of corporate governance principles observed by the Issuer and the place where their content is available for the public, and provisions waived by the Issuer with the explanation of the reasons for the waiver.

The Management Board of the Company represents that in 2014 the Company observed corporate governance principles included in the document "Code of Best Practice for WSE Listed Companies" constituting an appendix to Resolution No 12/1170/2007 of the Exchange Supervisory Board of 4 July 2007 amended by Resolution No 17/1249/2010 of 19 May 2010, Resolution No 20/1287/2011 of 19 October 2011 and Resolution No 19/1304/2012 of 21 November 2012, which is available to the public on the following website: http://www.corp-gov.gpw.pl/publications.asp, with the exclusion of the below indicated principles of corporate governance:

Part I principle No 5

"The company should have a remuneration policy in place, as well as rules for defining the policy. The remuneration policy should in particular define the form, structure and level of remuneration of members of supervisory and management bodies. In determining the remuneration policy for members of supervisory and management bodies, the European Commission Recommendation of 14 December 2004 should apply, fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC), supplemented by the European Commission Recommendation of 30 April 2009 (2009/385/EC)."

The Company does not apply the above-mentioned principle in the part regarding the remuneration policy and the rules of its defining in relation to supervisory and management bodies. The Company applies Remuneration Regulations determining the principles of remuneration and granting cash benefits to the employees of FORTE. In accordance with the valid provisions of law and the Company's Articles of Association, the principles of granting remuneration and the amount of remuneration for Members of the Supervisory Board are determined by the General Meeting, and the decision on the amount of remuneration for the Company's Management Board is made by the Supervisory Board.

The amount of remuneration of members of the Company's bodies and other benefits granted to these individuals during a given financial year are presented in the annual financial statements of the Company.

Part I principle No 9

"The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in the management and supervisory functions in their enterprises, thus reinforcing the creativity and innovation of the companies' economic activity."

The Company pursues a policy of appointing competent, creative persons with adequate education and working experience as members of supervisory and management bodies. Other factors, including gender, may not be a factor in the above-mentioned scope. FORTE does not consider it legitimate to introduce regulations based on predetermined parity with regards to gender, and the decisions regarding the choice of individuals supervising and managing the Company are made by the Company's eligible bodies.

Part I principle No 12

"The Company should enable its shareholders to exercise the voting rights during general meeting either in person or by proxy, outside the venue of the general meeting, with the use of electronic means of communication."

According to the Company, the manner of holding previous General Meetings adequately enables shareholders to participate in the General Meeting and to exercise their rights in this scope. Taking into consideration the costs related to ensuring the participation of shareholders in the General Meeting with the use of means of electronic communication as well

as the risks and scarce experience of the market in the scope, the Company decided in 2013 not to enable its shareholders to participate in the general meeting with the use of electronic means of communication. As the use of modern technology becomes more widespread and adequate safety level of their application is ensured, the Company will consider applying this principle in practice.

Part II principle No 1 item 9a

"The Company operates a corporate website and, apart from information required by law, places on it (...) the record of the proceedings of the general meeting, in the form of audio or video."

According to the Management Board, the history of the previous General Meetings of FABRYKI MEBLI "FORTE" S.A. does not require making and placing on the website of the record in the form of audio or video. The General Meetings take place in the registered seat of the Company, and therefore participation in them is not hindered in any manner for Shareholders interested in the proceedings. Moreover, in accordance with binding provisions, the Company places on its website the notice of the General Meeting together with the agenda, draft resolutions and any required documentation and announces it to the public in the form of a current report. The proceedings of the General Meeting are recorded in detail in the form of notarial minutes. Additionally, the publication of required current reports and posting relevant information on the Company's website enables the Shareholders to review all material information regarding the General Meetings. Such principles guarantee transparency of the proceedings of the General Meetings, and will ensure their full and actual record. The Company does not exclude the possibility of applying the above-mentioned principle in the future.

Part IV principle No 10

"The Company should enable its shareholders to participate in the General Meeting using electronic means of communication in the following manner:

- 1) real-time transmission of the general meeting,
- 2) real-time bilateral communication where shareholders may take the floor during the general meeting from a location other than the location of the general meeting."

In accordance with binding provisions, the Company places on its website the notice of the General Meeting together with the agenda, draft resolutions and any required documentation and announces it to the public in the form of a current report. The proceedings of the General Meeting are recorded in detail in the form of notarial minutes. Additionally, the publication of required current reports and posting relevant information on the Company's website enables the Shareholders to review all material information regarding the General Meetings.

Taking into consideration the lack of a developed market practice, organising the General Meeting with the use of electronic means of communication bears significant risks of both legal and technical nature. The applicable provisions of law do not determine the status of a shareholder participating in the General Meeting with the use of electronic means of communication, despite not taking part in the voting, which gives rise to additional doubts and may expose both the Company and the shareholders to unnecessary legal risk.

The Company's Management Board is responsible for the Company's bookkeeping in accordance with the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330, as amended) and for the internal control system and its efficiency in the process of preparing financial statements.

A Member of the Management Board responsible for financial matters supervises the process of preparing the Company's financial statements and interim reports. Both separate and consolidated statements are prepared by the employees of the Finance Office controlled by the Chief Accountant and the Member of the Management Board responsible for the Company's finances.

The process of preparing financial data for the purpose of reporting is automated, and subject to formalised operational and acceptance procedures.

The Company possesses relevant procedures for preparing financial statements which payment ensuring the complete and correct recognition of all business transactions in a given scope. These procedures include in particular:

- adequate internal communication in the scope of preparing the process of preparing financial statements,
- detailed planning of all activities related to the preparation of the financial statements and determining a detailed activity scheduled together with assigning responsibility of individual persons for given actions.

The monitoring of the completeness of economic events is additionally supported by the V-desk electronic document circulation system. This system records in particular all incoming invoices, as well as all agreements concluded by the

Issuer. Access to electronic circulation of documents is grounded in the scope of their competence to authorised Company staff.

The V-desk system covers the registration, factual description, boasting and acceptance of invoices – in accordance with competences assigned by the Management Board.

Accepted invoices are imported to the SAP R3 operating system after prior verification of the correctness of accounting descriptions by the Accounting Office employees.

Each month after closing the accounting books, Members of the Management Board and senior executives receive reports with information which allows to analyse key financial data and operational indicators. Meetings of the Management Board with senior executives are held cyclically in order to discuss the situation of the Company divided into individual departments and areas of activity.

FABRYKI MEBLI "FORTE" S.A. keeps accounting books in the integrated SAP R/3 system, in accordance with the accounting policy of the Company approved by the Management Board, based on the International Accounting Standards.

The structure of the system ensures clear division of competences, consistency of accounting entries and control between the general ledger and sub-ledgers. High flexibility of the system allows for its ongoing adjustment to the changing accounting principles and other legal regulations.

Access to information resources of the IT system is restricted by appropriate rights of authorised employees solely in the scope of their duties.

The company has implemented a new investment procedure the key objective of which is to enable full supervision over every stage of planning ad realization of an investment. The ongoing analysis f investment processes ensures reliable financial, material and tangible information of an investment. It allows to identify potential errors, deviations or any irregularities within the realization of individual stages of an investment immediately. Thanks to this it is possible to implement necessary corrections related to the investment processes on an ongoing basis and, in particular, to perform correct and reliable calculations.

The company manages risk in relation to the process of preparing financial statements also through current monitoring of changes in external provisions and regulations regarding reporting requirements and through preparing for their implementation significantly in advance.

A certified auditor is appointed by the Supervisory Board after consulting the Company's Management Board. A certified auditor is appointed by the Supervisory Board after consulting the Company's Management Board. The results of the audit are presented by the auditor to the management of the Company at closing meetings.

3. Shareholders holding directly or indirectly significant stakes of shares.

In accordance with the most current information as held by the Company, the shareholding structure as at 31 December 2014 was as follows:

No.	Shareholder	Number of held shares and votes	% stake in share capital	% share in the overall number of votes
1.	MaForm SARL	7,763,889	32.69%	32.69%
2.	MetLife Otwarty Fundusz Emerytalny (MetLife OFE)	2,975,474	12.53%	12.53%
3.	Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	1,324,480	5.58%	5.58%
4.	ING Otwarty Fundusz Emerytalny	1,200,000	5.05%	5.05%

4. Holders of any securities which provide special control rights.

The Company did not issue securities which provide special control rights.

5. Restrictions on voting rights, such as restrictions on the execution of voting rights by a shareholder of a defined part or amount of votes, time-related restrictions on the execution of voting rights or subscriptions, in accordance with which, in cooperation with the company, equity rights related to securities are separate from the ownership of securities.

The Company does not provide for any restrictions regarding exercising the right to vote.

6. Limitations in transferring the ownership right to the Issuer's securities

There are no limitations in transferring the ownership right to the Company's securities.

 Description of principles concerning the appointment and dismissal of managers and their entitlements, in particular the right to decide on the issuance or redemption of shares.

In accordance with the Company's Articles of Association, the Management Board consists of between one and five members appointed for a joint term of office. The number of the Management Board Members is determined by the Supervisory Board, which also appoints the President of the Management Board and other Members of the Management Board. The Management Board is appointed for a joint three-year term of office. In accordance with the Code of Commercial Companies, Members of the Management Board may be dismissed by the Supervisory Board at any moment. The Supervisory Board determines the terms and conditions of remunerating Members of that Management Board, including the provisions of agreements and appointment letters binding Members of the Management Board with the Company. In accordance with the Articles of Association of the Company, the Management Board directs the activities of the Company and represents it before third parties. The work of the Management Board is managed by the President of the Management Board. The scope of activities of the Management Board includes all matters related to managing the Company not restricted to the competencies of the Company's other bodies.

The powers of the Management Board of the Company related to the right to decide on redeeming shares do not deviate from the regulations contained in the Code of Commercial Companies.

8. Principles of introducing amendments to the articles of association or memorandum of association of the Issuer.

Articles of Association of the Company are amended in accordance with mandatory provisions of the Code of Commercial Companies, i.e. Art. 430 et seq., by way of a resolution of the General Meeting of the Company.

The General Meeting of the Company may authorise the Supervisory Board to establish the consolidated text of the amended Articles of Association of the Company. The Company's Management Board, acting in accordance with 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), informs shareholders of planned amendments to the Articles of Association of the Company made and of the preparation of the consolidated text of the Articles of Association which takes into consideration the amendments made, by publishing current reports and placing the current Articles of Association on the Company's website.

9. The manner of functioning of the general meeting and its principle powers and a description of the rights of shareholders and the manner of their execution, in particular the principles arising from regulations of the general meeting, if such regulations have been adopted and are not a direct result

of the existing law.

The manner of functioning of the General Meeting of Fabryki Mebli "FORTE" S.A. and its powers as well as the rights of shareholders and the manner of their execution are determined by the following documents:

- 1. the Commercial Companies Code,
- 2. the Company's Articles of Association,
- 3. Regulations of General Meetings.

The schedule of works regarding organising General Meetings is planned in such a way as to duly perform obligations towards shareholders and allow them to execute their rights.

On 10 June 2014, the General Meeting was convened by the Company's Management Board through a notice published on the Company's website at least 26 days prior to the date of the General Meeting, and in a manner specified for transmitting current information according to the provisions on public offering and conditions governing the introduction of financial instruments to organised trading and on public companies. Resolutions adopted by the General Meeting were published on the Company's website.

Resolutions of the General Meeting are adopted by a simple majority of the votes cast, unless the provisions of law or the Company's Articles of Association provide otherwise. Votes in favour or against a resolution are considered votes cast.

The following matters were reserved in the Articles of Association to the exclusive decision of the General Meeting:

- terms and conditions and manner of redeeming shares of the Company,
- · terms and conditions of issuing utility certificates in exchange for redeemed shares,
- creating reserve capital and earmarked funds,
- allocating reserve capital,

allocating pure profit earned by the Company.

A resolution of the General Meeting is not required for the purchase and sale of real property, perpetual usufruct, and a share in real property, sale and transfer of property use rights, encumbrance of real estate, establishing of limited real rights on the Company assets (decisions on such matters are reserved for the Company's Supervisory Board).

Representatives of the media may be present during the General Meeting.

The participants of the Annual General Meeting of the Company always include Members of the Management Board and the Supervisory Board and the Company's certified auditor.

The course of the Annual General Meeting was compliant with the provisions of the Code of Commercial Companies and the Company's Regulations of General Meetings. Members of the Management Board, Supervisory Board and the certified auditor of the Company present during the Meeting, were ready to give any explanations and respond to the shareholders' questions in the scope of their competencies in accordance with the binding provisions of law.

Shareholders can participate in the General Meeting and exercise the voting right in person or through a proxy.

10. Composition of issuer's managing, supervising and administering bodies, changes they underwent during the last financial year and description of their activities.

SUPERVISORY BOARD

The Company's Supervisory Board acts on the basis of the provisions of the Code of Commercial Companies, the Company's Articles of Association and the Regulations of the Supervisory Board of Fabryki Mebli "FORTE" S.A. with its registered seat in Ostrów Mazowiecka. Supervisory Board consists of between five and seven members. The Chairman of the Supervisory Board is appointed by the General Meeting. From among its members, the Supervisory Board appoints the Vice Chairman and secretary, if necessary. If the number of members of the Supervisory Board falls below the minimum number set out in the Code of Commercial Companies, the General Meeting supplements /appoints/ the Supervisory Board for the remaining part of the term of office.

The term of office of the Supervisory Board is four years. In accordance with resolution No 25/2011 adopted on 10 June 2014, the Annual General Meeting of Fabryki Mebli "FORTE" S.A. established a five-person Supervisory Board of the Company in the current term of office. In 2014, the Supervisory Board of Fabryki Mebli "FORTE" S.A. was composed of:

- Zbigniew Sebastian Chairman,
- Władysław Frasyniuk Vice Chairman until 10 June 2014,

Tomasz Domagalski,

Stanisław Krauz,

Marek Rocki (from 10 June2014),

Stefan Golonka (from 10 June2014) - Vice Chairman from 10 June 2014,

The exclusive competence of the Supervisory Board includes in particular adopting resolutions on matters regarding:

- a) purchasing and selling real property, perpetual usufruct or a share in real property, selling and transferring rights to use real property, encumbrance on real property, establishing limited property rights on the property of the Company.
- b) taking out loans exceeding the Company's financial plan,
- c) granting sureties to the amount exceeding in total the equivalent of EUR 150,000,
- d) taking over the obligations of third parties,
- e) accepting and establishing pledges and other securities, except for a pledge and securities related to the ordinary business of the Company in the amount not exceeding in total the equivalent of EUR 150,000,
- f) concluding, terminating and amending lease agreements and other such agreements, if they are concluded for a period longer than three years and when the annual lease rent paid by the Company exceeds the equivalent of EUR 150,000,
- g) leasing the enterprise or its part,
- h) purchasing and selling establishments and branches of the Company,
- i) selling the Company's enterprise or its part,
- j) approving employee participation in profits and granting special pension rights,
- k) establishing the annual plan for the enterprise (in particular investment in financial plans), as well as strategic plans,
- granting borrowings outside the ordinary course of trade to a total amount exceeding the equivalent of EUR 50,000.

Meetings of the Supervisory Board are held when necessary, but at least three times in a financial year.

The Members of the Supervisory Board may cast their vote in writing via another Member of the Supervisory Board. The Supervisory Board may also adopt resolutions in writing or through direct remote communication means. A resolution is valid if all Members of the Supervisory Board have been notified of the content of the draft resolution.

Taking into consideration the fact that in the current term of office the Supervisory Board is composed of five persons, the functions of the Audit Committee are performed by the whole Supervisory Board.

No other committees were established in the Company.

MANAGEMENT BOARD

The Company's Management Board acts on the basis of the provisions of the Code of Commercial Companies, the Company's Articles of Association and the Regulations of the Management Board of Fabryki Mebli "FORTE" S.A. with its registered seat in Ostrów Mazowiecka. Pursuant to the amendments to the Company's Articles of Association established at the Ordinary Meeting of Shareholders of FABRYKI MEBLI "FORTE" S.A. on 10 June 2014, the Management Board consists of one to seven members appointed for a joint term of office. The Management Board of Fabryki Mebli "FORTE" S.A. was appointed for a new, five-year term of office for the years 2014-2019. In the period from 1 January to 31 December 2014, the Management Board was composed of:

Maciej Formanowicz - President of the Management Board,

Robert Rogowski - Vice President of the Management Board-performed his function from 10 January 2014,

Gert Coopmann - Member of the Management Board,

Klaus Dieter Dahlem - Member of the Management Board,

Mariusz Jacek Gazda - Member of the Management Board- performed his function from 1 March 2014

Maria Małgorzata Florczuk - Member of the Management Board - performed her function from 7 May 2014

Rafał Prendke – Member of the Management Board – performed his function from 1 August 2014 to 4 February 2015.

In accordance with the Articles of Association of the Company, the Management Board directs the activities of the Company and represents it before third parties. The work of the Management Board is managed by the President of the Management Board. The scope of activities of the Management Board includes all matters related to managing the Company not restricted to the competencies of the Company's other bodies. Resolutions of the Management Board are adopted by a simple majority of votes cast. In the event of equal split of votes, the Management Board President's vote prevails.

The following persons are authorised to make declarations of will and contract obligations on behalf of the Company: the President of the Management Board acting independently, two Members of the Management Board acting jointly, one Member of the Management Board acting jointly with a registered signatory.

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

Ostrów Mazowiecka, 17th March 2015