



FABRYKI MEBLI "FORTE" CAPITAL GROUP

**Consolidated financial statements for the period ended
on 31 March 2015**

Statements prepared in accordance with
the International Financial Reporting Standards

FABRYKI MEBLI
„FORTE” S.A.
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Ostrów Mazowiecka, 14 May 2015

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SELECTED FINANCIAL DATA	PLN		EURO	
	3 months ended 31 March 2015	3 months ended 31 March 2014	3 months ended 31 March 2015	3 months ended 31 March 2014
Data concerning the condensed consolidated financial statement				
Net revenue from sales of products, trade goods and materials and services	255 770	212 043	61 648	50 614
Profit (loss) on operating activities	32 462	27 877	7 824	6 654
Profit (loss) before tax	31 595	29 366	7 615	7 010
Net profit attributable to equity owners of the parent company	25 092	23 234	6 048	5 546
Total comprehensive income for the period	38 572	22 750	9 297	5 430
Net cash flow from operating activities	35 199	20 325	8 484	4 852
Net cash flows from investing activities	(15 038)	(10 090)	(3 625)	(2 408)
Net cash flow from financial activities	2 383	16 893	574	4 032
Net increase (decrease) in cash and cash (equivalents)	22 229	27 128	5 358	6 475
Number of shares	23 751 084	23 751 084	23 751 084	23 751 084
Net profit per share (in PLN/EUR)	1,06	0,98	0,25	0,23
	As at 31 March 2015	Status as at: 31 December 2014	As at 31 March 2015	Status as at: 31 December 2014
Total assets	685 329	638 730	167 603	149 859
Total liabilities	225 473	217 446	55 141	51 016
Long-term liabilities	106 447	105 085	26 033	24 655
Short-term liabilities Trade and other liabilities	119 026	112 361	29 109	26 362
Total equity of shareholders of parent	456 142	417 590	111 553	97 973
Share capital	23 751	23 751	5 809	5 572
Book value per share (in PLN/EUR)	19,21	17,58	4,70	4,13

SELECTED FINANCIAL DATA	PLN		EURO	
	3 months ended 31 March 2015	3 months ended 31 March 2014	3 months ended 31 March 2015	3 months ended 31 March 2014
Data concerning the condensed consolidated financial statement				
Net revenue from sales of products, trade goods and materials and services	254 932	211 980	61 446	50 599
Profit (loss) on operating activities	29 209	25 057	7 040	5 981
Profit (loss) before tax	28 474	26 588	6 863	6 346
Profit (loss) before tax	22 931	21 342	5 527	5 094
Total comprehensive income for the period	36 684	20 828	8 842	4 972
Net cash flow from operating activities	35 089	20 883	8 457	4 985
Net cash flows from investing activities	(14 787)	(9 656)	(3 564)	(2 305)
Net cash flow from financial activities	2 383	16 893	574	4 032
Net increase (decrease) in cash and cash (equivalents)	22 685	28 120	5 468	6 712
Number of shares (in units)	23 751 084	23 751 084	23 751 084	23 751 084
Declared or paid dividend per share (in PLN/EUR)	2,00	1,50	0,48	0,36
Net profit per share (in PLN/EUR)	0,97	0,90	0,23	0,21
	As at 31 March 2015	Status as at: 31 December 2014	As at 31 March 2015	Status as at: 31 December 2014
Total assets	668 540	622 624	163 497	146 077
Total liabilities	227 291	217 609	55 586	51 054
Long-term liabilities	104 348	103 492	25 519	24 281
Short-term liabilities Trade and other liabilities	122 943	114 117	30 067	26 774
Total equity	441 699	405 015	108 021	95 023
Share capital	23 751	23 751	23 751	23 751
Book value per share (in PLN/EUR)	18,60	17,05	4,55	4,00

Individual items from the financial statement have been calculated according to exchange rates specified in point 26 Additional Information to the consolidated quarterly statement QSr 1/2015

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	For the reporting period ended	
	31 March 2015	31 March 2014
Continued operations		
Revenue from sales of goods, products and materials	253 950	209 654
Revenue from sales of services	1 820	2 389
Sales revenue	255 770	212 043
Cost of sales of sold goods, products and materials	(160 877)	(130 425)
Cost of sales of sold services	(872)	(868)
Cost of sales	(161 749)	(131 293)
Gross profit (loss) from sales	94 021	80 750
Other operating revenue	916	586
Costs of sales	(51 543)	(43 734)
General administrative costs	(8 577)	(8 566)
Other operating costs	(2 355)	(1 159)
Profit (loss) on operating activities	32 462	27 877
Financial revenue	407	550
Financial costs	(1 644)	(334)
Profit (loss) on derivative financial instruments	370	1 273
Profit (loss) before tax	31 595	29 366
Income tax	(6 484)	(6 138)
Profit (loss) on continued operations of the period	25 111	23 228
Discontinued operations	-	-
Profit (loss) on discontinued operations of the period	-	-
Profit (loss) of the period	25 111	23 228
Attributable to:		
Shareholders of the Parent Company	25 092	23 234
Non-controlling shareholders	19	(6)
Profit (loss) on continued operations of the period		
- basic	1,06	0,98
- diluted	1,06	0,98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the reporting period ended	
	31 March 2015	31 March 2014
Profit (loss) of the period	25 111	23 228
Other net comprehensive income, including:	13 461	(478)
Items which in the future will not be reclassified to the profit and loss account	-	-
Items which in the future may be reclassified to the profit and loss account		
Foreign exchange differences on translation of foreign operations	(292)	36
Hedge accounting	16 973	(634)
Income tax on other comprehensive income	(3 220)	120
Total comprehensive income for the period	38 572	22 750
Attributable to:		
Shareholders of the Parent Company	38 552	22 756
Non-controlling shareholders	20	(6)

CONSOLIDATED STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

	31 March 2015	31 December 2014	31 March 2014
ASSETS			
Non-current assets	290 413	282 107	260 327
Tangible fixed assets	225 263	217 009	194 874
Intangible assets	16 610	16 566	16 631
Financial assets	472	464	860
Deferred income tax assets	-	-	-
Investment properties	48 068	48 068	47 962
Prepayments and accruals	-	-	-
Current assets	394 916	356 623	345 219
Inventory	141 797	149 013	118 347
Trade and other receivables	149 780	144 039	111 659
services, as well as other liabilities payroll	21 825	4 852	8 684
Income tax receivables	1	1	320
Deferred revenues and accruals	3 541	2 934	2 477
Financial assets	-	41	470
Cash and cash equivalents	77 972	55 743	103 262
TOTAL ASSETS	685 329	638 730	605 546
LIABILITIES			
Total equity	459 856	421 284	407 357
Equity (attributable to shareholders of the Parent Company), including:	456 142	417 590	403 652
Basic equity	23 751	23 751	23 751
Surplus of share sale above their nominal value	111 646	111 646	111 646
Exchange differences on translation of foreign operations	347	640	436
Revaluation reserve from hedging instruments	17 678	3 925	7 034
Incentive Scheme	1 290	1 290	420
Other reserve capital	167 812	167 812	146 803
Retained earnings	133 618	108 526	113 562
Capital attributable to non-controlling shareholders	3 714	3 694	3 705
Long-term liabilities	106 447	105 085	89 904
Interest-bearing loans and borrowings	86 701	86 678	73 168
Deferred income tax provision	14 105	12 425	11 804
Provision for benefits after the employment period	3 320	3 324	2 659
Other Provisions	-	-	39
Deferred revenues and accruals	55	61	80
Financial liabilities due to lease	2 266	2 597	2 154
Other long-term liabilities	-	-	-
Short-term liabilities	119 026	112 361	108 285
financial instruments financial	54 112	60 831	65 268
Liabilities due to financial derivative instruments	-	-	-
Current portion of interest-bearing loans and borrowings	10 339	9 822	12 038
Income tax liabilities	5 174	12 669	5 959
Provisions, deferred revenues and accruals	48 097	27 820	24 165
Financial liabilities due to lease	1 304	1 219	855
Total liabilities	225 473	217 446	198 189
TOTAL LIABILITIES	685 329	638 730	605 546

CONSOLIDATED CASH FLOW STATEMENT

	31 March 2015	31 December 2014	31 March 2014
Cash flows from operating activities			
Profit (loss) of the period	25 092	75 168	23 228
Adjustments by:	10 107	(41 163)	(2 903)
(Profit)/loss of non-controlling shareholders	20	(17)	(6)
Depreciation	4 650	16 837	4 125
Foreign exchange (gains)/losses	(2 447)	3 143	253
Net interest and dividends	296	862	234
(Profit)/loss on investment activities	1 144	(39)	(66)
Change in the valuation of derivative financial instruments	(3 220)	1 349	626
Change in receivables	(5 741)	(44 904)	(12 524)
Change in inventories	7 216	(35 926)	(5 260)
Change in liabilities, excluding loans and borrowings	(5 627)	6 959	11 090
Change in accruals and deferrals	19 664	8 745	5 567
Change in provisions	1 676	(1 032)	(1 700)
Income tax paid	(16 034)	(18 575)	(13 011)
Current tax recognised in the profit and loss account	8 539	20 314	7 722
Foreign exchange differences	(29)	13	(8)
Provision for retirement benefits	-	332	-
Valuation of the Incentive Scheme	-	870	-
Other adjustments	-	(94)	55
Net cash flows from operating activities	35 199	34 005	20 325
Cash flows from investment activities			
Sale of tangible fixed assets and intangible assets	4	669	217
Purchase of tangible fixed assets and intangible assets	(15 042)	(44 253)	(10 603)
Real property investments	-	-	-
Dividends received	-	26	-
Interest received	-	17	5
Repayment of borrowings granted	-	531	291
Borrowings granted	-	-	-
Other investment inflows	-	-	-
Net cash flows from investing activities	(15 038)	(43 010)	(10 090)
Cash flows from financing activities			
Inflows from loans and borrowings taken out	4 310	42 202	19 942
Repayment of loans and borrowings	(1 368)	(16 228)	(2 416)
Repayment of leasing liabilities	(294)	(1 021)	(374)
Dividends paid to shareholders of the Parent Company	-	(35 627)	-
Dividends paid to non-controlling shareholders	-	-	-
Interest paid	(265)	(935)	(259)
Other financial inflows	-	-	-
Net cash flows from financial activities	2 383	(11 609)	16 893
Net increase (decrease) in cash and cash (equivalents)	22 544	(20 614)	27 128
Net foreign exchange differences (from the opening balance translation)	315	(238)	(15)
Opening balance of cash	55 743	76 119	76 119
Closing balance of cash, including:	77 972	55 743	103 262
of limited disposability	-	-	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 March 2015

Attributable to the shareholders of the Parent Company										
	Equity primary	Surplus of share sale above their nominal value	Foreign exchange differences with calculation of foreign entity.	Incentive Scheme	Retained earnings (losses) retained	Revaluation reserve from hedging instruments.	Other reserve capital	Total	Share of non- controlling shareholders	Total equity
As at 01 January 2015	23 751	111 646	640	1 290	108 526	3 925	167 812	417 590	3 694	421 284
Changes in Accounting Principles (Policy)	-	-	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-	-	-
As at 01 January 2015 after adjustments	23 751	111 646	640	1 290	108 526	3 925	167 812	417 590	3 694	421 284
Payment of dividend for 2014	-	-	-	-	-	-	-	-	-	-
Reclassification to reserve capital	-	-	-	-	-	-	-	-	-	-
Inclusion of an entity to consolidation	-	-	-	-	-	-	-	-	-	-
Provisions for employee benefits	-	-	-	-	-	-	-	-	-	-
Incentive Scheme	-	-	-	-	-	-	-	-	-	-
Current result	-	-	-	-	25 092	-	-	25 092	19	25 111
Hedge accounting	-	-	-	-	-	13 753	-	13 753	-	13 753
Minority result	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	(293)	-	-	-	-	(293)	1	(292)
Comprehensive income for the period	-	-	(293)	-	25 092	13 753	-	38 552	20	38 572
As at 31 March 2015	23 751	111 646	347	1 290	133 618	17 678	167 812	456 142	3 714	459 856

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 March 2014

Attributable to the shareholders of the Parent Company										
	Equity primary	Surplus of share sale above their nominal value	Foreign exchange differences with calculation of foreign entity.	Incentive Scheme	Retained earnings (losses) retained	Revaluation reserve from hedging instruments	Other reserve capital	Total	Share of non- controlling shareholders	Total equity
As at 01 January 2014	23 751	111 646	380	420	90 348	7 548	146 803	380 896	3 711	384 607
Changes in Accounting Principles (Policy)	-	-	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-	-	-
As at 01 January 2014 after adjustments	23 751	111 646	380	420	90 348	7 548	146 803	380 896	3 711	384 607
Payment of dividend for 2013	-	-	-	-	-	-	-	-	-	-
Reclassification to reserve capital	-	-	-	-	-	-	-	-	-	-
Inclusion of an entity to consolidation	-	-	-	-	-	-	-	-	-	-
Provisions for employee benefits	-	-	-	-	-	-	-	-	-	-
Incentive Scheme	-	-	-	-	-	-	-	-	-	-
Current result	-	-	-	-	23 234	-	-	23 234	-	23 234
Hedge accounting	-	-	-	-	-	(514)	-	(514)	-	(514)
Minority result	-	-	-	-	-	-	-	-	(6)	(6)
Foreign exchange differences	-	-	56	-	(20)	-	-	36	-	36
Comprehensive income for the period	-	-	56	-	23 214	(514)	-	22 756	(6)	22 750
As at 31 March 2014	23 751	111 646	436	420	113 562	7 034	146 803	408 954	3 705	407 357

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

Attributable to the shareholders of the Parent Company										
	Equity primary	Surplus of share sale above their nominal value	Foreign exchange differences with calculation of foreign entity.	Incentive Scheme	Retained earnings (losses) retained	Revaluation reserve from hedging instruments	Other reserve capital	Total	Share of non- controlling shareholders	Total equity
As at 01 January 2014	23 751	111 646	380	420	90 348	7 548	146 803	380 896	3 711	384 607
Changes in Accounting Principles (Policy)	-	-	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-	-	-
As at 01 January 2014 after adjustments	23 751	111 646	380	420	90 348	7 548	146 803	380 896	3 711	384 607
Payment of dividend for 2013	-	-	-	-	(35 626)	-	-	(35 626)	(1)	(35 627)
Reclassification to reserve capital	-	-	-	-	(21 009)	-	21 009	-	-	-
Inclusion of an entity to consolidation	-	-	-	-	-	-	-	-	-	-
Provisions for employee benefits	-	-	-	-	(355)	-	-	(355)	-	(355)
Incentive Scheme	-	-	-	870	-	-	-	870	-	870
Current result	-	-	-	-	75 168	-	-	75 168	-	75 168
Hedge accounting	-	-	-	-	-	(3 623)	-	(3 623)	-	(3 623)
Minority result	-	-	-	-	-	-	-	-	(16)	(16)
Foreign exchange differences	-	-	260	-	-	-	-	260	-	260
Comprehensive income for the period	-	-	260	870	74 813	(3 623)	-	72 320	(16)	72 304
As at 31 December 2014	23 751	111 646	640	1 290	108 526	3 925	167 812	417 590	3 694	421 284

1. General information

Fabryki Mebli "FORTE" Capital Group The Fabryki Mebli FORTE Capital Group (the "Group") consists of Fabryki Mebli FORTE S.A. and its subsidiaries (see Note 2). The Group's condensed interim consolidated financial statements covers the period of 9 months ended 31 March 2015, and contains the following comparative data: for the condensed interim consolidated profit and loss account, the condensed interim consolidated statement of comprehensive income and for the condensed interim consolidated cash flow statement – for the period of 9 and 3 months ended 31 March 2014, and for the condensed interim consolidated statement of financial situation and for the condensed interim consolidated statement of changes in equity – for the period of 9 and 3 months ended 31 March 2014 and for the year ended 31 December 2014.

FABRYKI MEBLI „FORTE” S.A. ("Parent Company", "Company") was established in Notarial Deed of 25 November 1993. The Apparent Company's seat is located in Ostrów Mazowiecka, ul. Biała 1.

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

The Parent Company was awarded the statistical number REGON: 550398784

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

Main activities of the Parent Company include:

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

2. Composition of the Group

As at 31 March 2015, the Fabryki Mebli "FORTE" S.A. Capital Group is composed of:

Parent Entity:

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

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

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

The Parent Company forms the Capital Group together with other entities. As at 31 March 2015, the Fabryki Mebli "FORTE" S.A. Capital Group was composed of:

- consolidated subsidiaries:

Subsidiaries (full consolidation method):	Registered office	Scope of activities	Percentage share of the Group in capital	
			31/03/2015	31/12/2014
MV Forte GmbH	Erkelenz (Germany)	Dealership	100,00%	100,00%
Forte Möbel AG	Baar (Switzerland)	Dealership	99,00%	99,00%
Kwadrat Sp. z o.o.	Bydgoszcz	Real estate service and lease	77,01%	77,01%
*Galeria Kwadrat Sp. z o.o.	Bydgoszcz	Facilities Management	77,01%	77,01%
TM Handel Sp. z o.o. SKA	Ostrów Mazowiecka	Purchase, sale and management of real estate, advisory services regarding conducting business activity and management	100,00%	100,00%

<i>**Fort Investment Sp. z o.o.</i>	<i>Ostrów Mazowiecka</i>	<i>Purchase, sale and management of real estate, advisory services regarding conducting business activity and management</i>	<i>100.00%</i>	<i>100.00%</i>
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* indirectly related company – 100% subsidiary of Kwadrat Sp. z o.o.

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

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

Other entities	Registered office	Scope of activities	Percentage share of the Group in the capital 31/03/2015
Forte Baldai UAB	Vilnius (Lithuania)	Dealership	100%
Forte SK s.r.o.	Bratislava (Slovakia)	Dealership	100%
Forte Furniture Ltd.	Preston, Lancashire (United Kingdom)	Dealership	100%
Forte Iberia SLU	Valencia (Spain)	Dealership	100%
Forte Mobilier SARL	Lyon (France)	Dealership	100%
Forte Mobila SRL	Bacau (Romania)	Dealership	100%
TM Handel Sp. z o.o.	SKA Warsaw	Advisory services regarding conducting business activity and management	100%
TM Handel Sp. z o.o.	Ostrów Mazowiecka	Storing of goods	100%
TANNE Sp. z o.o.	Suwałki ul.	Manufacturing activity	100%

As at 31 March 2015 and as at 31 December 2014, the percentage of voting rights held by the Parent Company in the subsidiaries corresponded to the percentage held in the share capital of those entities.

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

On 13.02.2015 a company DYSTRI-FORTE Sp. z o.o. was registered under the KRS number 0000543794 with its registered seat in Ostrów Mazowiecka, at ul. Biała 1. Initial capital of the company amounts to 5 thousand PLN The sole shareholder of DYSTRI-FORTE Sp. z o.o. is Fabryki Mebli „Forte” S.A.

On 26.02.2015 a company TANNE Sp. z o.o. was registered under the KRS number 0000546082 with its registered seat in Suwałki, at ul. Północna 30. Initial capital of the company amounts to 5 thousand PLN The sole shareholder of TANNE Sp. z o.o. is Fabryki Mebli „Forte” S.A.

3. Composition of the Management Board of the Parent Company

Composition of the Management Board of the Parent Company as at 31 March 2015:

- Maciej Formanowicz – President of the Management Board
- Mariusz Jacek Gazda – Member of the Management Board
- Gert Coopmann – Member of the Management Board,
- Klaus Dieter Dahlem – Member of the Management Board.
- Maria Małgorzata Florczuk – Member of the Management Board

4. Basis for preparation of the consolidated financial statements

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

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

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

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

Hence, they do not include information and disclosures required in full financial statements and should be read together with the annual consolidated financial statements for the financial year ended 31 December 2014.

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

The hereby interim condensed consolidated financial statement has been prepared in accordance with the principles of accounting specified within the Consolidated Financial Statement for 2014, in note 6, including the new standards which entered into force as of 1 January 2015 and are significant for the preparation of the consolidated financial statement.

- IFRS 10 Consolidated financial statements

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

- IFRS 11 “Joint arrangements”

The new standard was published on 12 May 2011 and will replace the interpretation of SKI 13 Jointly controlled entities-Non-Monetary Contributions by Venturers and IAS 31 Shares in joint arrangements. The standard places emphasis on rights and obligations stemming from joint agreement regardless of its legal form and eliminates inconsistency within the reports through defining the method of settling shares in jointly controlled entities.

- IFRS 12 Disclosure of Interests in Other Entities

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

- IAS 27 Separate Financial Statements

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

- IAS 28 Investments in Associates and Joint Ventures

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

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

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

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

Within this interim condensed consolidated financial statement, key assessments were conducted by the Management Board in relation to the accounting principles applied by the Group and the main sources of estimating uncertainty were the same as ones specified in the Consolidated Financial Statement for 2014

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

6. Foreign currency translation

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

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

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

individual balance sheet items at average rate, determined by the National Bank of Poland as at the balance sheet date;

- Möbelvertrieb Forte GmbH – EUR – 4.0890
- Forte Möbel AG – CHF – 3.9110

individual items of the profit and loss account at the exchange rate constituting the arithmetic mean of average exchange rates determined by the National Bank of Poland as of the date ending each month.

- Möbelvertrieb Forte GmbH – EUR – 4.1489
- Forte Möbel AG – CHF – 3.9403

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

7. Seasonality of operations

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

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

	Revenues from sales of products, materials, goods and services	Sales revenue – % of share
Q1 2015	255 770	-
Q1 2014	212 043	25,78%
2014	822 414	-

8. Information on operating segments

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

9. Revenue and costs

Sales revenue and geographic structure

	For the reporting period ended	
Sales revenue	31/03/2015	31/03/2014
Revenue from sales of goods, products and materials		
- products	250 408	206 356

- goods	2 152	1 426
- materials	1 390	1 872
Revenue from sales of services	1 820	2 389

Total net revenue from sales	255 770	212 043
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Geographic structure:

- domestic	36 363	30 378
- export	219 407	181 665

Total net revenue from sales	255 770	212 043
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- including from related entities	1 995	4 665
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Information on key customers

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

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

Other operating revenue

Other operating revenue	For the reporting period ended	
	31/03/2015	31/03/2014
Reversal of impairment write-downs	-	242
Loss on disposal of property, plant and equipment	-	2
Subsidies	6	162
Donations and compensations	684	107
Other	226	73
Total other operating revenue	916	586

Remaining operating costs

Remaining operating costs	For the reporting period ended	
	31/03/2015	31/03/2014
Liquidation and impairment write-downs on property, plant and equipment	1 100	1
Loss on disposal of property, plant and equipment	44	145
Scrapping of inventory	572	632
Donations	36	221
Penalties and compensations	548	45
Other	55	115
Total other operating costs	2 355	1 159

Financial revenue

Financial revenue	For the reporting period ended	
	31/03/2015	31/03/2014
Dividends	-	-
Surplus of FX gains over FX losses	-	-
Interest	407	550
Other	-	-
Financial revenue, total	407	550

Financial costs

Financial costs	For the reporting period ended	
	31/03/2015	31/03/2014
Interest on loans and leasing	264	253
Commission on loans	8	1
Surplus of FX losses over FX gains	1 371	73
Other	1	7
Financial costs, total	1,644	334

Costs by type

Costs by type	For the reporting period ended	
	31/03/2015	31/03/2014
Amortisation	4 650	4 125
Consumption of materials and energy	115 021	103 394
External services	45 468	40 081
Taxes and fees	1 986	2 073
Payroll	32 129	28 856
Social insurance and other benefits	7 715	6 066
Other costs by type	2 314	1 722
	209 283	186 317
Change in product inventory and accruals	9 859	(4 939)
Manufacturing cost of products for internal purposes	(306)	(385)
Costs of sales	(51 543)	(43 734)
General administrative expenses	(8 577)	(8 566)
Manufacturing cost of sold products and services	158 716	128 693
Value of goods and materials sold	3 033	2 600
Cost of sales	161 749	131 293

Information on key suppliers

The strategic supplier of raw materials for Forte Group is PFLEIDERER Group the share of which in the turnover exceeded 10% of revenue from sale of the Group.

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

10. Changes in accounting estimates

As at 31 March 2015, the Group made the following changes in accounting estimates in comparison to 31 December 2014 and 31 March 2014:

Change in provisions

Reserves	31/03/2015	30 September 2014	
		31/12/2014	31/03/2014
Deferred tax assets	-	-	-
Deferred tax provision	14 105	12 425	11 804
Benefits after the employment period	3 320	3 324	2 659
Other provisions	-	-	39

Reserves and accrued charges

Deferrals	31/03/2015	30 September 2014	
		31/12/2014	31/03/2014
Property and motor insurance	483	704	491
Perpetual usufruct	811	-	395
Fairs	134	105	103
Research and development	1 332	1 210	793
Business trips	-	28	280
Other	781	887	415
Deferrals in total	3 541	2 934	2 477

Long-term accruals	31/03/2015	30 September 2014	
		31/12/2014	31/03/2014
Long-term accrued income due to:			
Subsidy to tangible fixed assets bought	55	61	80

Short-term accruals	31/03/2015	31/12/2014	31/03/2014
Accruals due to:			
Commissions	3 230	1 786	2 246
Bonuses for customers	13 502	12 023	8 763
Bonuses	2 583	5 169	4 257
Leaves and salaries	13 917	2 561	2 428
Balance sheet audit costs	14	56	128
External services	12 952	4 121	4 601
Other costs	137	61	687
Short-term provisions:			
Short-term provision for benefits after the employment period	167	167	58
Guarantee repairs	1 571	1 571	973
Accrued income due to:			
Subsidy to tangible fixed assets bought	24	24	24
	48 097	27 820	24 165

The amount of PLN 13,502 thousand is a provision created by the Group for future bonuses due on account of the realized sales. The bonuses will be paid by setting them off against payments occurring after the balance sheet date.

The amount of PLN 12,952 thousand is a provision created by the Group for the costs of external services, in particular: transportation, marketing, insurance of receivables and utilisation services.

The amount of PLN 13,917 thousand is a provision for employee benefits, including PLN 2,561 thousand for outstanding leaves and PLN 11,356 thousand for remuneration due for the month of March, paid in April.

The amount PLN 2,583 thousand constitutes a provision established for the annual bonus for the Management Board.

Significant increase of reserves balance in total in comparison to the comparable period is due to changes within internal Group policy in the scope of an accelerated accounting process of closing of each month and preparation of management reports.

Changing write-downs on assets

	31/03/2015	31/12/2014	31/03/2014
Write-downs on short-term receivables	2 913	3 196	2 988
Write-downs on tangible fixed assets	1 103	3	159
Write-downs on inventory	2 739	3 034	5 130

Write-downs on receivables

Write-downs on receivables	31/03/2015	31/12/2014	31/03/2014
Write-down as at 1 January	3 196	2 984	2 984
Exchange differences	18	3	-
Creation	3	684	36
Utilisation	-	(244)	-
Release	(304)	(231)	(32)
Impairment at the end of the period	2 913	3 196	2 988

Write-downs on tangible fixed assets

Write-downs on tangible fixed assets	31/03/2015	31/12/2014	31/03/2014
Write-down as at 1 January	3	368	368
Creation	1 100	-	-
Release	-	(365)	(209)
Impairment at the end of the period	1 103	3	159

Write-downs on inventory

Inventories revaluation write-downs	31/03/2015	31/12/2014	31/03/2014
Write-down as at 1 January	3 034	5 450	5 450
Increase	-	376	-
Decrease	295	(2 792)	(320)
Impairment at the end of the period	2 739	3 034	5 130

11. Tangible fixed assets

The balance sheet value of machinery and equipment used as at 31 March 2015 by the Group on the basis of financial lease agreements and lease agreements with the option to buy is PLN 4,614 thousand, of which PLN 1,786 thousand relates to the lease of machinery and equipment, PLN 2,694 thousand to the lease of means of transport and PLN 134 thousand to

the lease of other tangible fixed assets (as at 31 December 2014: PLN 4,744 thousand, as at 31 March 2014: PLN 3,814 thousand).

Assets pledged as security

Land and buildings with the balance sheet value of PLN 74,398 thousand (As at 31 December 2014: PLN 74,745 thousand, as at 31 March 2014: PLN 73,749 thousand) are covered by mortgages established to secure bank loans.

Additionally, machinery and equipment with the balance sheet value of PLN 32,568 thousand are subject to registered pledge (as at 31 December 2014: PLN 17,973 thousand, as at 31 March 2014: PLN 51,248 thousand).

Capitalised external financing costs in the reporting period ended 31 March 2015 are PLN 22 thousand (As at 31 December 2014: PLN 83 thousand, as at 31 March 2014-did not occur)

Capital commitments

As at 31 March 2015, the Group's capital commitments are PLN 264 thousand (As at 31 December 2014: PLN 1,315 thousand, as at 31 March 2014: PLN 1,125 thousand). This amount primarily concerns expenditures on tangible fixed assets under construction and the purchase of machinery and equipment.

Purchase and sale

In the 3-month period ended 31 March 2015, the Group purchased tangible fixed assets with a value of PLN 13,760 thousand (in the comparative period ended 31 March 2014: PLN 9,927 thousand) and sold tangible fixed assets with a net value of PLN 4 thousand). (in the comparative period ended 31 March 2014: PLN 144 thousand).

12. Intangible assets

Expenditure on research and development

In the reporting period ended 31 March 2015, the Group made expenditure on research and development recognised in the profit and loss account in the amount of PLN 138 thousand (in the comparative period ended 31 December 2014: PLN 717 thousand, as at 31 March 2014: PLN 84 thousand).

Non-material values decreased on account of completed development works by the amount 178 thousand PLN. (in the comparative period ended 31 December 2014 by the amount: PLN 401 thousand, whilst in the reporting period ended on 31 March 2014: PLN 134 thousand).

Purchase and sale

In the 3-month period ended 31 March 2015, the Group purchased non-materials assets with a value of PLN 230 thousand (in the comparative period ended 31 December 2014: PLN 555 thousand, as at 31 March 2014: PLN 134 thousand).

Description of securities established on intangible assets

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

Intangible assets with indefinite useful life

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

13. Fixed assets classified as held for sale

As at 31 March 2015, the Group did not have non-current assets classified as held for sale.

14. Revaluation reserve from financial instruments

	30 September 2014		
	31/03/2015	31/12/2014	31/03/2014
Opening balance of accumulated result on financial instruments hedging cash flows	3 925	7 548	7 548
Amount recognised in equity in the reporting period due to hedging transactions	17 429	(39)	1 447
Amount recognised in profit and loss account due to: -			
- <i>ineffectiveness of the transactions concluded</i>	(370)	(1 832)	(1 273)
- <i>conclusion of transactions subject to hedging</i>	(86)	(2 595)	(808)
- <i>discontinuance of hedge accounting</i>		-	-
Deferred income tax	(3 220)	843	120
Closing balance of accumulated result on financial instruments hedging cash flows	17 678	3 925	7 034

15. Dividend paid and proposed

On 22 April 2015 the Management Board of the Parent company announced the content of draft resolutions for the Ordinary Meeting of Shareholders (current report no. 12/2015) recommending the allocation of PLN 74,612 thousand of net profit for the year 2014 on the payment of dividend in the amount of PLN 47,502 thousand and on the reserve capital in the amount PLN 27,110 thousand.

The proposal of the Management Board concerning the payment of dividend was positively opinionated by the Supervisory Board. In case of approving the resolutions by OGM the dividend will be paid on 11 June 2015 and will amount to PLN 2 per 1 share.

16. Earnings per share

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

	3 months ended	
	31/03/2015	31/03/2014
Net income (loss) from continued operations	25 111	23 228
Loss from discontinued operations	-	-
Net income (loss)	24 111	23 228
Net profit (loss) attributed to normal shareholders, applied to calculate diluted earnings per share	25 111	23 228

	3 months ended	
	31/03/2015	31/03/2014
Weighted average number of issued ordinary shares, applied to calculate basic earnings per share	23 751 084	23 751 084
Impact of dilution:		
Bonds convertible into shares	-	-
Adjusted weighted average number of ordinary shares used for calculating diluted earnings per share	23 751 084	23 751 084

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

17. Interest-bearing bank loans**Breakdown of loans due to currency type (translated into PLN, in PLN `000)**

Currency	30 September 2014	
	31/03/2015	31/12/2014
PLN	-	-
EUR	81 540	85 271

USD	15,500	11,229
	97,040	96,500

Short-term	Nominal interest rate %	Payment term	31/03/2015	31/12/2014
mBank S.A. – investment loan in the amount of 2,400 thousand EUR-short-term portion	1 M EURIBOR	until 31/12/2018	2 454	2 220
mBank S.A. – working capital loan in the amount of 1,000 thousand EUR-short-term portion	depending on the currency used 1M WIBOR or 1M EURIBOR or 1M LIBOR	until 15/12/2015	4 872	4 461
PKO BP S.A. – investment loan in the amount of 3,550 thousand EUR-short-term portion	1 M EURIBOR	until 22 December 2018	3 013	3 141
Total short-term liabilities			10,339	9,822

Long-term	Nominal interest rate %	Payment term	31/03/2015	31/12/2014
mBank S.A. – investment loan in the amount of 2,400 thousand EUR-short-term portion	1 M EURIBOR	until 31/12/2018	6 555	6 659
PKO BP S.A. – investment loan in the amount of 3,550 thousand EUR-short-term portion	1 M EURIBOR	until 22 December 2018	8 190	9 322
PKO BP S.A. – working capital credit in the amount of PLN 45,000 thousand Long-term part:	depending on the currency used 1M WIBOR or 1M EURIBOR	until 19/12/2016	32 712	34 098
ING Bank Śląski S.A. – investment loan in the amount of PLN 40,000 thousand	depending on the currency used 1M WIBOR or 1M EURIBOR or 1M LIBOR	until 31/10/2016	39 244	36 599
Total long-term liabilities			86 701	86 678

18. Financial instruments

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

19. Hedge accounting and other derivative financial instruments

Fair value foreign exchange contracts

As at 31 March 2015, the fair value of foreign exchange contracts that meet the criteria for hedge accounting amounted to PLN 21,825 thousand and as the effective value it was recognised in total in Provisions from revaluation and receivables from derivative financial instruments.

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

Currency	Amount in currency	Type of transaction	Date of conclusion	Date of performance	Exchange rate	Name of the Bank	Fair value
EUR	9 000	Put Option	03.2014	July 2015-December 2015	4,2600	ING Bank Śląski S.A.	1 488
EUR	9 000	Call Option	03.2014	July 2015-December 2015	4,7305	ING Bank Śląski S.A.	(5)
EUR	6 000	Put Option	06.2014	05.2016-06.2016	4,2000	ING Bank Śląski S.A.	836
EUR	6 000	Call Option	06.2014	05.2016-06.2016	4,6135	ING Bank Śląski S.A.	(107)
EUR	3 000	Put Option	08.2014	07.2016	4,2500	ING Bank Śląski S.A.	513
EUR	3 000	Call Option	08.2014	07.2016	4,6412	ING Bank Śląski S.A.	(60)
EUR	7 500	Put Option	12.2014	01.2016-11.2016	4,3000	ING Bank Śląski S.A.	1,515
EUR	7 500	Call Option	12.2014	01.2016-11.2016	4,5000	ING Bank Śląski S.A.	(275)
Total equity							3,905
EUR	8 000	Put Option	06.2013	May 2015- June 2015	4,3000-4,3500	mBank S.A.	1,805
EUR	8 000	Call Option	06.2013	May 2015- June 2015	4,7530-4,8610	mBank S.A.	-
EUR	4 000	Put Option	08.2013	07.2015	4,2600	mBank S.A.	649
EUR	4 000	Call Option	08.2013	07.2015	4,8000	mBank S.A.	-
EUR	14 500	Put Option	01.2014	May 2015- July 2015	4,2200-4,2710	mBank S.A.	2,260
EUR	14 500	Call Option	01.2014	May 2015- July 2015	4,5870-4,5900	mBank S.A.	(51)
EUR	7 000	Put Option	08.2014	05.2016-07.2016	4,2300	mBank S.A.	1,104
EUR	7 000	Call Option	08.2014	05.2016-07.2016	4,6000	mBank S.A.	(150)
EUR	6 000	Put Option	10.2014	08.2016-09.2016	4,2200-4,2500	mBank S.A.	989
EUR	6 000	Call Option	10.2014	08.2016-09.2016	4,5440	mBank S.A.	(235)
EUR	15 000	Put Option	11.2014	10.2016-12.2016	4,2300	mBank S.A.	2,487
EUR	15 000	Call Option	11.2014	10.2016-12.2016	4,6100	mBank S.A.	(606)
EUR	10 500	Put Option	12.2014	01.2017-03.2017	4,3000	mBank S.A.	2,190
EUR	10 500	Call Option	12.2014	01.2017-03.2017	4,6030-4,6770	mBank S.A.	(463)
Total							9,979

EUR	4 000	Put Option	05.2013	04.2015	4,2000	PKO BP S.A.	435
EUR	4 000	Call Option	05.2013	04.2015	4,7000	PKO BP S.A.	-
EUR	10 000	Put Option	11.2013	08.2015-09.2015	4,2500	PKO BP S.A.	1 557
EUR	10 000	Call Option	11.2013	08.2015-09.2015	4,6300	PKO BP S.A.	(4)
EUR	6 000	Put Option	03.2014	01.2016-03.2016	4,3000	PKO BP S.A.	1 189
EUR	6 000	Call Option	03.2014	01.2016-03.2016	4,7465	PKO BP S.A.	(17)
EUR	21 000	Put Option	04.2014	04.2015-06.2015, 01.2016-04.2016	4,2100-4,2500	PKO BP S.A.	3 312
EUR	21 000	Call Option	04.2014	04.2015-06.2015, 01.2016-04.2016	4,4520-4,6850	PKO BP S.A.	(108)
EUR	3 000	Put Option	08.2014	08.2016	4,2500	PKO BP S.A.	518
EUR	3 000	Call Option	08.2014	08.2016	4,6550	PKO BP S.A.	(67)
EUR	9 000	Put Option	10.2014	09.2016	4,2300	PKO BP S.A.	1 472
EUR	9 000	Call Option	10.2014	09.2016	4,5800	PKO BP S.A.	(346)
Total							7,941

20. Related party transactions

Business transactions

The following table presents the total amounts of transactions concluded with related entities not included in the consolidation, for the period of 3 months ended 31 March 2015 and 31 March 2014 and for the year ended 31 December 2014, respectively.

Related entity		Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings	Liabilities to related undertakings
Subsidiaries:					
Forte Baldai UAB	31/03/2015	-	29	-	14
	31/12/2014	-	252	-	21
	31/03/2014	-	63	-	21
Forte SK S.r.o.	31/03/2015	-	274	-	90
	31/12/2014	7	1 907	1	126
	31/03/2014	2	494	2	159
Forte Furniture Ltd.	31/03/2015	-	118	-	39
	31/12/2014	-	502	-	44
	31/03/2014	-	122	-	40
Forte Iberia S.l.u.	31/03/2015	5	249	-	1
	31/12/2014	24	755	-	1
	31/03/2014	15	189	14	-
- Forte Mobilier S.a.r.l.	31/03/2015	-	-	-	-
	31/12/2014	-	486	-	-
	31/03/2014	-	126	-	41

Forte Mobila S.r.l.	31/03/2015	-	-	-	-
	31/12/2014	7	497	25	-
	31/03/2014	2	172	1 342	44
TM Handel Sp. z o.o.	31/03/2015	1 990	300	1 851	-
	31/12/2014	10 887	1,382	2 788	513
	31/03/2014	4 646	1,039	2 502	455
Total	31/03/2015	1 995	970	1 851	144
	31/12/2014	10 925	5 775	2 814	705
	31/03/2014	4 665	2 205	3 860	760

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

Loans and advances to related undertakings

As at 31.03.2015 all loans granted to the non-consolidated related entities had been repaid.

Joint venture in which the Parent Company is a venturer

The Group's Parent Company does not conduct joint ventures.

Terms and conditions of transactions with related parties

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

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

Incentive Scheme for 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 the Ordinary Meeting of Shareholders of FABRYKI MEBLI „FORTE” S.A. approved an introduction of an incentive scheme for Members of the Management Board of the Company ("Incentive Scheme").

The purpose of the Incentive Scheme is to strive for further development of the Capital Group of the Company and its subsidiaries ("Capital Group") by creating motivational mechanisms for persons responsible for Company management, which would refer to the financial results of the Capital Group and an increase of share value.

The programme is of settlement program character via emission of capital instruments in exchange for services provided - total of 356,220 subscription warrants of the Company in 3 series with issue price equal to the arithmetic mean of rate of shares of the Company listed on WSE, calculated on the basis of ratings of these shares in the period from 28 April 2014 to 10 June 2014.

The issue price of Company share of H series was established via resolution of the Supervisory Board of 27 October 2014 for the amount 46.19. Each warrant authorizes to obtain one share of H series for the issue price.

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

	Series D	Series E	Series F
Number of Subscription warrants	118 740	118 740	118 740
Vesting period	10.06.2014- 31.12.2014	01.01.2015 - 31.12.2015	01.01.2016- 31.12.2016
Conditions for entitlement to acquire Warrants	1/ non-reporting by auditor any significant concerns to the consolidated annual financial statements of the	1/ non-reporting by auditor any significant concerns to the consolidated annual financial statements of the	1/ non-reporting by auditor any significant concerns to the consolidated annual financial statements of the

Capital Group for the financial year 2014;	Capital Group for the financial year 2015;	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 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 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 compared to the result as at 31 December 2014
3) increase by at least 10% of the average price of the Company's shares on the Warsaw Stock Exchange in December 2014 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 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 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		

Increase of net profit per 1 Company share which constitutes a condition for offering Warrants for a given period is established on the basis of the consolidated annual financial statement of the Capital Group, reviewed by the auditor and approved by the resolution of the General Meeting of Shareholders of the Company.

Execution of rights from Warrants may occur no earlier than post one year from the formal decision of their obtaining and no later than by 30 November 2018.

Series of the incentive scheme ought to be treated as separate programmes in the understanding of IFRS 2.

Participation of senior executives in the employee programmes and schemes

None occurred during the reporting period.

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

On 22 April 2015 Mr Władysław Frasyniuk submitted a statement of resignation as of 19 May 2015 from performing the function of Member of the Supervisory Board. The resignation was due to personal matters.

23. Significant events post reporting period.

No significant events occurred post balancing day.

24. Off-balance sheet items

On 27 March 2013, the Parent Company issued four guarantees for loans taken out by FURNIREX Sp. z o.o. with its registered seat in Hajnówka to finance a technological investment in a total amount of PLN 18,299 thousand.

FURNIREX Sp. z o.o. made an offer to the Parent Company, according to which it invested the funds received under the technological loans in modern investments located in a production area in Hajnówka leased from Forte. FURNIREX Sp. z o.o. uses modern technologies to provide services of processing entrusted material for FORTE Group and other furniture manufacturers.

Guarantees were granted for BRE Bank S.A. (currently mBank S.A.) for the period to 30 June 2018. Balance of loans as at 31 March 2015 amounts to PLN 4,167 thousand (31 December 2014: PLN 4,553 thousand)

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

Group performance and basic economic and financial parameters:

Description	3 months ended 31/03/2015 in PLN '000	3 months ended 31/03/2014 in PLN '000	Change %
Sales revenue	255 770	212 043	20,6%
Cost of sales	(161 749)	(131 293)	23,2%
Gross profit from sale	94 021	80 750	16,4%
<i>Gross profit margin from sale %</i>	36,8%	38,1%	
Costs of sales	(51 543)	(43 734)	17,9%
General administrative expenses	(8 577)	(8 566)	0,1%
Operating profit (EBIT)	32 462	27 877	16,5%
EBITDA	37 112	32 001	16,0%
Gross profit	31 595	29 366	7,6%
Net profit	25 111	23 228	8,1%
<i>Net return on sales %</i>	9,8%	11%	

After the first quarter of 2015, the FORTE Group generated yet again **sales revenue** in the amount of PLN 256 million compared to PLN 212 million in the corresponding period of 2014 (an increase of 20,6%).

Export sales of the Forte Group amounted to PLN 219,4 million-85,8% of total sales (in the 1st quarter of 2014-PLN 181,6 million-85,7%). The largest market is formed by German-speaking countries (Germany, Austria, Switzerland). Markets where the Group noted the highest increases of sales include Spain, Portugal and France.

Sales on the Polish market amounted to PLN 36,3 million (14,2%) against PLN 30,4 million (14,3%) in the analogic period in 2014 and concentrated on two main distribution channels: traditional furniture stores and retail chains.

Maintaining the positive trend of increase of revenues from sale was possible thanks to the elaborated model of long-term relations with clients, skills of adjusting the offer of goods and client service to the specificity of individual markets, flexible approach and fast reaction time for the needs of the client.

- The Group maintains the **gross sales profit margin** at a stable level (36,8% as compared to 38,1% in the comparable period of 2014). Gross profit on sales amounted to PLN 94 million and increased compared to the corresponding period of the previous year by 16,4%.

- Costs of sales amounted to PLN 51,5 million. Burdening revenues with sales revenues was 20,1% and remained at the same level as in the analogical period of the last year.

- General costs have been on the same level as in Q1 of 2014 and amounted to PLN 8,6 million. Burdening revenues with sales revenues decreased and amounted to 3.4% against 4% in the previous year.

- After 1st quarter of 2015, the Group recorded an **increase in operating profit** (16,5%). It amounted to PLN 32.5 million (12,7% of revenue) compared to PLN 27.9 million (13,1% of revenue) in 2014.

- The **net profit** generated in the reporting period amounted to PLN 25.1 million (9,8% of revenue), as compared with PLN 23.2 million in the corresponding period of the previous year (11% of revenue).

Characteristics of the balance sheet structure	31/03/2015		31/12/2014		% Change 2015/2014
	in PLN '000	% of total assets	in PLN '000	% of total assets	
Fixed assets	290 413	42%	282 107	44%	3%
Current assets	394 916	58%	356 623	56%	11%
Total assets	685 329	100%	638 730	100%	
Total equity	459 856	67%	421 284	66%	9%
Long-term liabilities and provisions	106 447	16%	105 085	16%	1%
Short-term liabilities and provisions	119 026	17%	112 361	18%	6%
Total liabilities	685 329	100%	638 730	100%	

After Q1 of 2015, the Group recorded an **increase in the balance sheet** total by PLN 46.6 million.

On the side of **current assets** the most significant is the change which occurred in case of receivables of financial derivative instruments (increase by PLN 17 million) which is a result of the positive valuation of option strategies concluded by the Group with the purpose of securing the currency risk. Inventories and trade receivables and other receivables increased as compared to the state at the end of 2014 by PLN 5,7 million which is a direct effect of an increase of sale in the current periods. Reserves have decreased by PLN 7,2 million due to the use of the asset buffer built at the end of 2014.

The non-current assets increased by PLN 8.3 million due to surplus of capital expenditure over depreciation. The investment plan of the Group for the year 2015 is estimated at approx. PLN 70 million of which over 80% was allocated into increasing the production and distribution capacity of the Group.

Equity and liabilities saw a material change in provisions and accruals.

Provisions increased by PLN 20.3 million. Increase compared to the end of 2014 is mainly due to the change in recognition of costs in the Parent Company. Organisational changes aimed at improving and speeding up management reporting have necessitated booking of a considerable portion of current costs through provisions.

Liabilities on account of bank credits remained at the level close to the one in the previous period and amounted to PLN 97 million. Maintaining a defined bank loan balance arises from the Group's foreign exchange risk management policy. By taking out loans in EUR, the Group balances the balance sheet currency exposure, thus limiting the impact of volatility in the EUR/PLN on the financial results of the Group.

The Group maintains high financial liquidity. Cash balance at the end of the reporting period amounted to PLN 78 million and increased in comparison to the end of 2014 by PLN 22,2 million.

25.1. Factors and events visibly affecting financial results

Outside of factors specified in point 25 there were no other unusual or particularly significant factors and events that could impact the Group's financial results.

25.2. Issue, redemption and repurchase of securities

None.

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

The Issuer did not publish financial result forecasts for 2015.

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

Item	Shareholder	Number of held shares and votes	% stake in share capital	% share in the overall number of votes
1	MaForm SARL	7 763 889	32,69%	32,69%
2	MetLife Otworthy Fundusz Emerytalny	2 975 474	12,53%	12,53%
3	Aviva Otworthy Fundusz Emerytalny	1 324 480	5,58%	5,58%
4	ING Otworthy Fundusz Emerytalny	1 200 000	5,05%	5,05%

25.5. Key events in which the issuer participated in 2015 and until the date of publication of the Management Board's Report and awards and honours

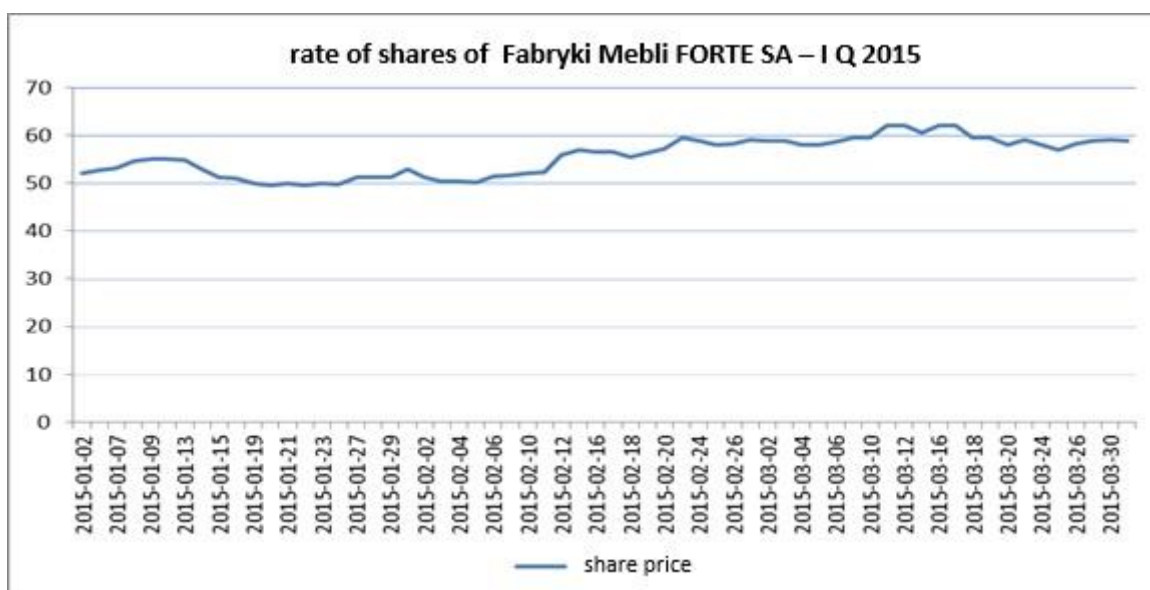
I Q 2015	JANUARY
	<ul style="list-style-type: none"> On 15 January 2015 the journal Rzeczpospolita granted FORTE an award of Eagle of Export, granted to the best and most dynamic exporters. 13-15 January 2015- NEC Fair in Birmingham, United Kingdom 15-18 January 2015- BEGROS Fair Verbandmesse in Cologne, Germany
	FEBRUARY
	<ul style="list-style-type: none"> 02-05 February 2015- Partnertage Fair in Barntrup, Germany 17-20 February 2015- MEBLE POLSKA fairs, Poznań
	MARCH
	<ul style="list-style-type: none"> From 1 March yet another edition of the programme of trainings organized in cooperation with the Department of Wood Technology at SGGW in Warsaw commenced

25.6. Listings of Fabryki Mebli "FORTE" S.A.

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

Key data concerning FORTE shares:

Key data	Q1 2015	2014
Company's net profit in PLN '000	22 931	74 612
The highest share price in PLN	62,40	59,45
The lowest share price in PLN	48,20	35,70
Share price at the end of the period in PLN	58,81	51,50
Number of shares on the stock exchange (in items)	23 751 084	23 751 084
Average daily trading volume (in items)	17 948	31 135



Forte S.A. 1 share price for the first quarter of 2015

Source: <http://www.gpwinfostrefa.pl/GPWIS2/pl/emitents/quotations/FORTE,PLFORTE00012>

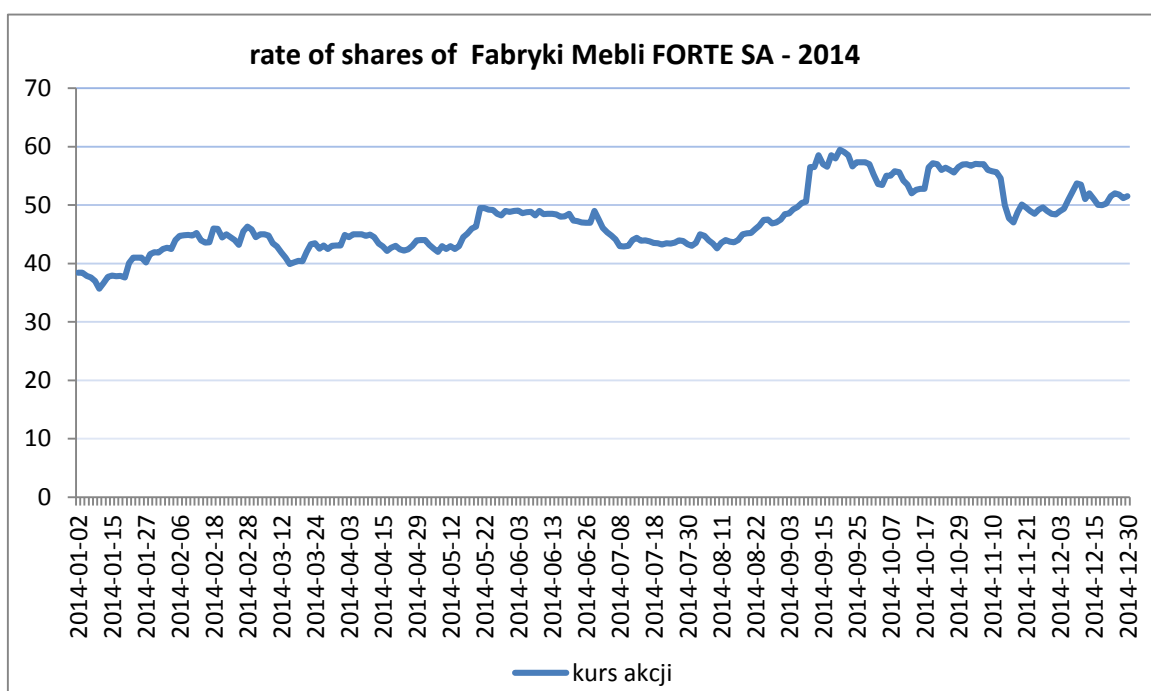


Chart 2. Forte S.A. share price rating in 2014

Source: <http://www.gpwinfostrefa.pl/GPWIS2/pl/emitents/quotations/FORTE,PLFORTE00012>

25.7. Summary of the number of Issuer's shares or stock options held by the Issuer's managers and supervisors as at the date of the submission of the quarterly report .

Issuer's managers and supervisors		Number of shares with nominal value of 1 PLN per share
Zbigniew Sebastian	Chairman of the Supervisory Board	300
Dariusz Bilwin	Proxy	1 500

25.8. Indication of court proceedings, competent for arbitration or public administration body.

The Issuer is not a party in any proceeding where value of the dispute would constitute individually or collectively 10% of its equity.

25.9. Information regarding conclusion by the Issuer or its subsidiary one or more transactions with affiliated entities.

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

Detailed information regarding transactions with affiliated entities are enclosed in note 21.

25.10. Other information regarding credit or loan guarantees granted by the Issuer or by its subsidiary- jointly to one entity or one subsidiary, provided that the total value of the existing guarantees constitutes the equivalent of at least 10% of the Issuer's equity.

None.

25.11. Other information which in the opinion of the Issuer are significant for the assessment of his human resources situation, financial standing and financial result and changes to it as well as information on factors which in the Issuer's opinion will affect performance of the Issuer and its Capital Group during at least the following quarter.

Currency exchange rates

25.12. Indication of factors which in the opinion of the Issuer will impact the obtained results by the Issuer and its Capital Group in the perspective of at least the following quarter.

The status of current orders submitted by clients suggests a possibility of maintained advantageous sales dynamics of the FORTE Group also in subsequent months

The most critical challenge for the Group is still maintaining timely realization of an increased number of orders both in terms of production and logistics.

The Group is taking up internal measures to further improve manufacturing processes as well as to expand the current manufacturing and storage areas.

One of the most critical investment projects of 2015 thanks to which the Group will obtain an increased shipment capacity is the construction of high-bay warehouse. The cost of the investment is estimated for approx. PLN 34 million

The machinery in all production plants is systematically upgraded and supplemented with new production lines allowing to increase the production capacity up to 7,5 million of packages per annum.

Of key significance for the Group results is ensuring for the subsequent 2 years continuity of supply of the strategic raw material (wood-based boards) thanks to the conclusion in December 2014 of the agreement with Pfleiderer Group.

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

None.

26. Currency exchange rates

Individual items of assets and liabilities were converted at the average FX rate of the National Bank of Poland as of 31 March 2015, 31 December 2014 and 31 March 2014, amounting to PLN 4.0890 and PLN 4.1713 against 1 EUR.

Individual items of the profit and loss account and the cash flow statement were converted at the rate being an arithmetic mean of the rates of the National Bank of Poland as at the last day of each month in the period of 3 months ended 31 March 2015 and 31 March 2014, and amounting to: PLN 4.1489 and PLN 4.1894 against 1 EUR.

Signature of the person entrusted with bookkeeping:

Chief Accounting
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

.....

Ostrów Mazowiecka, 14 May 2015



FABRYKI MEBLI „FORTE” S.A.

**Separate financial statements for the period ended
on 31 March 2015**

Statements prepared in accordance with
the International Financial Reporting Standards

PROFIT AND LOSS ACCOUNT

	For the reporting period ended	
	31 March 2015	31 March 2014
Continued activity		
Revenue from sales of goods, products and materials	253 279	210 199
Revenue from sales of services	1 653	1 781
Sales revenue	254 932	211 980
Cost of sales of sold goods, products and materials	(160 280)	(130 417)
Cost of sales of sold services	(872)	(868)
Cost of sales	(161 152)	(131 285)
Gross profit/loss from sales	93 780	80 695
Other operating revenue	876	544
Costs of sales	(54 761)	(46 744)
General administrative expenses	(8 331)	(8 334)
Remaining operating costs	(2 355)	(1 104)
Operating profit (loss)	29 209	25 057
Financial revenue	419	562
Financial costs	(1 524)	(304)
Profit (loss) on derivative financial instruments	370	1 273
Profit (loss) before income tax	28 474	26 588
Income tax expenses	(5 543)	(5 246)
Profit (loss) on continued operations of the period	22 931	21 342
Discontinued operations	-	-
Profit (loss) on discontinued operations of the period	-	-
Profit (loss) of the period	22 931	21 342
Profit (loss) per share for the period (in PLN):		
- basic	0,97	0,90
- diluted	0,97	0,90

STATEMENT OF COMPREHENSIVE INCOME

	For the reporting period ended	
	31 March 2015	31 March 2014
Profit (loss) of the period	22 931	21 342
Other net comprehensive income, including:	13 753	(514)
Items which in the future will not be reclassified to the profit and loss account	-	-
Items which in the future may be reclassified to the profit and loss account	13 753	(514)
Incentive Scheme	-	-
Hedge accounting	16 973	(634)
Income tax on hedge accounting	(3 220)	120
Total comprehensive income for the period	36 684	20 828

STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

	30 September 2014		
	31 March 2015	31 December 2014	31 March 2014
ASSETS			
Fixed assets	280 991	272 857	251 228
Tangible fixed assets	224 454	216 331	194 001
Intangible assets	16 604	16 559	16 620
Financial assets	10 075	10 109	10 856
Investment properties	29 858	29 858	29 751
Current assets	387 549	349 767	337 877
Reserves	141 576	149 013	118 213
Trade and other receivables	149 483	144 545	110 570
Receivables from to derivative instruments of financial instruments	21 825	4 852	8 684
Receivables due to income tax	-	-	-
Accruals	3 382	2 665	2 320
Financial assets	531	593	719
Cash and cash equivalents	70 752	48 099	97 371
TOTAL ASSETS	668 540	622 624	589 105
LIABILITIES			
Total Equity	441 699	405 015	389 966
Share capital	23 751	23 751	23 751
Surplus of share sale above their nominal value	111 646	111 646	111 646
Revaluation reserve from hedging instruments	17 678	3 925	7 034
Capital from merger	(1 073)	(1 073)	(1 073)
Incentive Scheme	1 290	1 290	420
Other reserve capital	167 714	167 714	146 803
Retained earnings	120 693	97 762	101 385
Long-term liabilities	104 348	103 492	88 598
Interest-bearing loans and borrowings	86 701	86 678	73 168
Deferred income tax provision	12 111	10 941	10 644
Provision for benefits after the employment period	3 215	3 215	2 552
Accruals	55	61	80
Financial liabilities due to lease	2 266	2 597	2 154
Other financial liabilities	-	-	-
Short-term liabilities Trade and other liabilities	122 493	114 117	110 541
Trade and other receivables	58 201	62 885	68 561
Liabilities on account of financial derivative instruments	-	-	-
Current portion of interest-bearing loans and borrowings and	10 339	9 821	12 038
Income tax liabilities	5 174	12 669	5 959
Reserves and accrued charges	47 475	27 523	23 128
Financial liabilities due to lease	1 304	1 219	855
Total liabilities	226 841	217 609	199 139
TOTAL LIABILITIES	668 540	622 624	589 105

CASH FLOWS STATEMENT

	For the reporting period ended		
	31 March 2015	31 December 2014	31 March 2014
Cash flow from operating activity			
Profit/ (loss) of the period	22 931	74 612	21 342
Total adjustments by:	12 158	(46 310)	(459)
Amortisation	4 567	16 483	4 024
Foreign exchange (profit)/loss	(2 397)	3 058	271
Net interest and dividends	252	(3 629)	236
(Profit)/ Loss on investing activity	1 144	(105)	(64)
Change in the valuation of derivative financial instruments	(3 220)	1 349	626
Change in receivables	(4 937)	(45 050)	(11 082)
Change in inventories	7 437	(35 926)	(5 126)
Change in liabilities, excluding loans and borrowings	(3 592)	7 203	12 574
Change in prepayments and accruals	19 229	8 812	4 890
Change in provisions	1 170	(1 425)	(1 805)
Income tax paid	(15 088)	(16 301)	(11 934)
Current tax recognised in profit or loss	7 593	18 007	6 931
Provision for retirement benefits	-	332	-
Incentive Scheme valuation	-	870	-
Other adjustments	-	12	-
Net operating cash flow	35 089	28 302	20 883
Cash flows from investing activities			
Sales of property, plant and equipment and intangible assets	4	613	198
Purchases of property, plant and equipment and intangible assets	(14 801)	(43 777)	(10 167)
Disposal of financial assets	-	-	-
Purchase of financial assets	(10)	-	-
Dividends received	-	4 487	-
Interest received	15	83	22
Borrowings granted	-	(20)	-
Repayment of borrowings granted	5	697	291
Other investment inflows	-	-	-
Other investment outflows	-	-	-
Net investment cash flow	(14 787)	(37 917)	(9 656)
Cash flows from financial activities			
Inflow from loans and borrowings taken out	4 310	42 202	19 942
Repayment of loans and borrowings	(1 368)	(16 228)	(2 416)
Dividends paid	-	(35 627)	-
Interest paid	(265)	(935)	(259)
Repayment of leasing liabilities	(294)	(1 021)	(374)
Other financial inflows -	-	-	-
Other financial expenses	-	-	-
Net financial cash flow	2 383	(11 609)	16 893
Net increase (decrease) in cash and cash (equivalents)	22 685	(21 224)	28 120
Net foreign exchange differences	32	(46)	26
Opening balance of cash	48 099	69 277	69 277
Cash at end of year, including:	70 752	48 099	97 371
of limited disposability	-	-	-

STATEMENT OF CHANGES IN EQUITY
for the period ended on 31 March 2015

	Share capital	Surplus of share sale above their nominal value	Retained earnings (losses) retained	Revaluation reserve from hedging instruments	Other reserve capital	Capital from merger	Incentive Scheme	Total
As at 01 January 2014 2014	23 751	111 646	97 762	3 925	167 714	(1 073)	1 290	405 015
Changes in Accounting Principles (Policy)	-	-	-	-	-	-	-	-
Error corrections	-	-	-	-	-	-	-	-
As at 01 January 2014 after adjustments	23 751	111 646	97 762	3 925	167 714	(1 073)	1 290	405 015
Reclassification to reserve capital	-	-	-	-	-	-	-	-
Payment of dividend for 2014	-	-	-	-	-	-	-	-
Provisions for employee benefits	-	-	-	-	-	-	-	-
Current result	-	-	22 931	-	-	-	-	22 931
Hedge accounting	-	-	-	13 753	-	-	-	13 753
Incentive Scheme valuation	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	22 931	13 753	-	-	-	36 684
As at 31 December 2014 2014	23 751	111 646	120 693	17 678	167 714	(1 073)	1 290	441 699

STATEMENT OF CHANGES IN EQUITY
for the period ended on 31 March 2014

	Share capital	Surplus of share sale above their nominal value	Retained earnings (losses) retained	Revaluation reserve from hedging instruments	Other reserve capital	Capital from merger	Incentive Scheme	Total
As at 01 January 2014	23 751	111 646	80 043	7 548	146 803	(1 073)	420	369 138
Changes in Accounting Principles (Policy)	-	-	-	-	-	-	-	-
Error corrections	-	-	-	-	-	-	-	-
As at 01 January 2014 after adjustments	23 751	111 646	80 043	7 548	146 803	(1 073)	420	369 138
Reclassification to reserve capital	-	-	-	-	-	-	-	-
Payment of dividend for 2013	-	-	-	-	-	-	-	-
Provisions for employee benefits	-	-	-	-	-	-	-	-
Current result	-	-	21 342	-	-	-	-	21 342
Hedge accounting	-	-	-	(514)	-	-	-	(514)
Incentive Scheme valuation	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	21 342	(514)	-	-	-	20 828
As at 31 March 2014	23 751	111 646	101 385	7 034	146 803	(1 073)	420	389 966

STATEMENT OF CHANGES IN EQUITY
for the year ended on 31 December 2014

	Share capital	Surplus of share sale above their nominal value	Retained earnings (losses) retained	Revaluation reserve from hedging instruments	Other reserve capital	Capital from merger	Incentive Scheme	Total
As at 01 January 2014	23 751	111 646	80 043	7 548	146 803	(1 073)	420	369 138
Changes in Accounting Principles (Policy)	-	-	-	-	-	-	-	-
Error corrections	-	-	-	-	-	-	-	-
As at 01 January 2014 after adjustments	23 751	111 646	80 043	7 548	146 803	(1 073)	420	369 138
Reclassification to reserve capital	-	-	(20 911)	-	20 911	-	-	-
Payment of dividend for 2014	-	-	(35 627)	-	-	-	-	(35 627)
Provisions for employee benefits	-	-	(355)	-	-	-	-	(355)
Current result	-	-	74 612	-	-	-	-	74 612
Hedge accounting	-	-	-	(3 623)	-	-	-	(3 623)
Incentive Scheme valuation	-	-	-	-	-	-	870	870
Total 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

Signature of the person entrusted with bookkeeping:

**Chief Accounting
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**

.....

Ostrów Mazowiecka, 14 May 2015