



# FABRYKI MEBLI „FORTE” S.A. CAPITAL GROUP

**Consolidated financial statements for the  
period ended of 30 September 2016**

Statements prepared in accordance  
with the International Financial Reporting Standards

TABLE OF CONTENTS

SELECTED FINANCIAL DATA.....	3
CONSOLIDATED PROFIT AND LOSS ACCOUNT .....	5
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	6
CONSOLIDATED STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET).....	7
CONSOLIDATED CASH FLOW STATEMENT.....	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	10
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	11
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	12
1. Seasonality of operations.....	14
2. Revenues and costs.....	14
Sales revenues and geographic structure.....	14
Other operating revenues .....	14
Other operating cost .....	15
Financial revenues.....	15
Financial costs .....	15
Costs by type.....	15
3. Commentary to the Group results and basic economic-financial amounts.....	16

**SELECTED FINANCIAL DATA**

<b>Data concerning the consolidated financial statement</b>	<b>in thousand PLN</b>		<b>in thousand EUR</b>	
	<b>30.09.2016</b>	<b>30.09.2015</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
Net revenue from sales of products, trade goods and materials and services	785 474	670 850	179 792	161 320
Operating profit (loss)	103 570	67 934	23 707	16 336
Profit (loss) before tax	103 402	69 056	23 668	16 606
Profit (loss) attributable to equity owners of the parent company	82 314	60 479	18 841	14 543
Total net income for the period	87 868	77 920	20 113	18 738
Net cash flow from operating activities	100 006	73 047	22 891	17 566
Net cash flows from investing activities	(169 276)	(53 316)	(38 747)	(12 821)
Net cash flow from financial activities	55 705	(49 474)	12 751	(11 897)
Net increase /decrease in cash and cash equivalents	(13 565)	(29 743)	(3 105)	(7 152)
Number of shares (in units)	23 901 084	23 751 084	23 901 084	23 751 084
Profit / loss per ordinary share per equity owner of the parent company (in PLN/EUR)	3,44	2,55	0,79	0,61
	<b>30.09.2016</b>	<b>31.12.2015</b>	<b>30.09.2016</b>	<b>31.12.2015</b>
Total assets	924 182	738 350	214 328	173 261
Total liabilities	381 757	259 892	88 534	60 986
Long-term liabilities	212 357	41 095	49 248	9 643
Short-term liabilities	169 400	218 797	39 286	51 343
Equity	539 210	474 796	125 049	111 415
Share capital	23 901	23 901	5 543	5 609
Book value per share (in PLN/EUR)	22,56	19,87	5,23	4,66

Data concerning the separate financial statement	in thousand PLN		in thousand EUR	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Net revenue from sales of products, trade goods and materials and services	799 598	669 525	183 025	161 002
Operating profit (loss)	78 368	59 945	17 938	14 415
Profit (loss) before tax	86 989	66 555	19 911	16 005
Profit (loss) of the period	71 741	60 089	16 421	14 450
Total net income for the period	77 564	59 869	17 754	14 397
Net cash flow from operating activities	102 040	48 565	23 357	11 678
Net cash flows from investing activities	(186 062)	(26 499)	(42 589)	(6 372)
Net cash flow from financial activities	54 028	(49 474)	12 367	(11 897)
Net increase /decrease in cash and cash equivalents	(29 994)	(27 408)	(6 866)	(6 591)
Number of shares (in units)	23 901 084	23 751 084	23 901 084	23 751 084
Declared or paid out dividend per share (in PLN/EUR)	1,00	2,00	0,23	0,48
Profit / loss per ordinary share (in PLN/EUR)	3,00	2,53	0,69	0,61
	<b>30.09.2016</b>	<b>31.12.2015</b>	<b>30.09.2016</b>	<b>31.12.2015</b>
Total assets	848 373	681 394	196 747	159 895
Total liabilities	356 779	243 364	82 741	57 108
Long-term liabilities	189 517	20 563	43 951	4 825
Short-term liabilities	167 262	222 801	38 790	52 282
Equity	491 594	438 030	114 006	102 788
Share capital	23 901	23 901	5 543	5 609
Book value per share (in PLN/EUR)	20,57	18,33	4,77	4,30

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	For 9 months ended 30.09.2016	For 3 months ended 30.09.2016	For 9 months ended 30.09.2015	For 3 months ended 30.09.2015
<b>Continued activity</b>				
Revenues from sales of goods, products and materials	780 413	243 353	666 194	222 593
Revenues from sales of services	5 061	1 638	4 656	1 565
<b>Sales revenue</b>	<b>785 474</b>	<b>244 991</b>	<b>670 850</b>	<b>224 158</b>
Cost of sales of sold products, goods and materials	(477 391)	(149 527)	(429 251)	(143 569)
Cost of sales of sold services	(5 905)	(2 482)	(2 339)	(728)
<b>Cost of sales</b>	<b>(483 296)</b>	<b>(152 009)</b>	<b>(431 590)</b>	<b>(144 297)</b>
<b>Gross profit (loss) from sales</b>	<b>302 178</b>	<b>92 982</b>	<b>239 260</b>	<b>79 861</b>
Other operating revenue	2 841	663	3 971	1 185
Costs of sales	(160 361)	(47 392)	(141 682)	(47 576)
General administrative costs	(35 177)	(11 938)	(26 460)	(8 848)
Other operating costs	(5 911)	(1 667)	(7 155)	(2 748)
<b>Profit from operating activity (EBIT)</b>	<b>103 570</b>	<b>32 648</b>	<b>67 934</b>	<b>21 874</b>
Financial revenues	1 260	1 957	1 242	152
Financial costs	(1 541)	-	(2 157)	(582)
Profit (loss) on derivative financial instruments	113	50	2 037	722
<b>Profit (loss) before tax</b>	<b>103 402</b>	<b>34 655</b>	<b>69 056</b>	<b>22 166</b>
Income tax	(21 092)	(6 325)	(8 596)	1 203
<b>Profit (loss) from continued operations of the period</b>	<b>82 310</b>	<b>28 330</b>	<b>60 460</b>	<b>23 369</b>
<b>Discontinued operations</b>	-	-	-	-
<b>Profit (loss) from discontinued operations of the period</b>	-	-	-	-
<b>Profit (loss) of the period</b>	<b>82 310</b>	<b>28 330</b>	<b>60 460</b>	<b>23 369</b>
Attributable to:				
Shareholders of the Parent Company	<b>82 314</b>	<b>28 325</b>	<b>60 479</b>	<b>23 389</b>
Non-controlling shareholders	(4)	5	(19)	(20)
Profit (loss) per one share unit per shareholders of Parent Company during period (in PLN):				
- basic	3,44	1,18	2,55	0,98
- diluted	3,44	1,18	2,55	0,98

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	For 9 months ended 30.09.2016	For 3 months ended 30.09.2016	For 9 months ended 30.09.2015	For 3 months ended 30.09.2015
<b>Profit (loss) of the period</b>	<b>82 310</b>	<b>28 330</b>	<b>60 460</b>	<b>23 369</b>
<b>Other net comprehensive income, including:</b>	<b>5 558</b>	<b>25 224</b>	<b>17 460</b>	<b>12 107</b>
<b>Items which in the future will not be reclassified to the profit and loss account</b>	<b>798</b>	<b>266</b>	<b>496</b>	<b>-</b>
Incentive Scheme	798	266	496	-
<b>Items which in the future may be reclassified to the profit and loss account</b>	<b>4 760</b>	<b>24 958</b>	<b>16 964</b>	<b>12 107</b>
Foreign exchange differences on foreign subsidiaries from consolidation	(167)	(201)	27	42
Hedge accounting	6 082	31 060	(890)	(6 899)
Revaluation to fair value of the property	-	-	17 653	17 653
Income tax on other comprehensive income	(1 155)	(5 901)	174	1 311
<b>Total comprehensive income for the period</b>	<b>87 868</b>	<b>53 554</b>	<b>77 920</b>	<b>35 476</b>
<b>Attributable to:</b>				
Shareholders of the Parent Company	87 872	53 549	77 938	35 495
Non-controlling shareholders	(4)	5	(18)	(19)

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

	Status as at		
	30 September 2016	31 December 2015	30 September 2015
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>400 068</b>	<b>347 977</b>	<b>339 745</b>
Tangible fixed assets	309 958	259 403	251 165
Intangible assets	16 295	16 409	16 458
Financial assets	1 170	505	470
Investment properties	72 645	71 660	71 652
<b>Current assets</b>	<b>524 114</b>	<b>390 373</b>	<b>339 254</b>
Reserves	146 009	139 022	149 333
Trade and other receivables	320 898	187 333	154 417
Receivables due to derivative financial instruments	11 755	5 673	3 961
Receivables due to income tax	91	274	-
Accruals	3 759	2 946	5 516
Financial assets	186	93	81
Cash and cash equivalents	41 416	55 032	25 946
<b>TOTAL ASSETS</b>	<b>924 182</b>	<b>738 350</b>	<b>678 999</b>
<b>LIABILITIES</b>			
<b>Total Equity</b>	<b>542 425</b>	<b>478 458</b>	<b>451 700</b>
<b>Equity (attributable to shareholders of the Parent Company), including:</b>	<b>539 210</b>	<b>474 796</b>	<b>448 024</b>
Share capital	23 901	23 901	23 751
Surplus of share sale above their nominal value	113 214	113 214	111 646
Foreign exchange differences with calculation of foreign entity	544	711	666
Revaluation reserve from hedging instruments	9 522	4 595	3 209
Other revaluation reserve	17 654	17 654	17 653
Incentive Scheme	2 088	1 290	1 786
Other reserve capital	249 079	195 044	195 044
Retained earnings	123 208	118 387	94 269
<b>Capital attributable to non-controlling shareholders</b>	<b>3 215</b>	<b>3 662</b>	<b>3 676</b>
<b>Long-term liabilities</b>	<b>212 357</b>	<b>41 095</b>	<b>96 754</b>
Interest-bearing loans and borrowings	201 006	29 325	86 719
Deferred income tax provision	7 322	7 062	4 978
Provision for benefits after the employment period	3 444	3 440	3 324
Other provisions	-	-	237
Accruals	19	37	43
Financial liabilities due to lease	566	1 231	1 453
<b>Short-term liabilities</b>	<b>169 400</b>	<b>218 797</b>	<b>130 545</b>
Trade and other receivables	91 856	74 053	78 286
Current interest-bearing bank loans and borrowings	15 332	105 109	10 541
Income tax liabilities	7 296	3 777	3 873
Provisions and accrued liabilities	54 016	34 859	36 821
Financial liabilities due to lease	900	999	1 024
<b>Total liabilities</b>	<b>381 757</b>	<b>259 892</b>	<b>227 299</b>
<b>TOTAL LIABILITIES</b>	<b>924 182</b>	<b>738 350</b>	<b>678 999</b>

## CONSOLIDATED CASH FLOW STATEMENT

	For 9 months ended 30.09.2016	For 3 months ended 30.09.2016	For 9 months ended 30.09.2015	For 3 months ended 30.09.2015
<b>Cash flow from operating activity</b>				
<b>Profit/ (loss) of the period</b>	<b>82 314</b>	<b>28 325</b>	<b>60 479</b>	<b>23 388</b>
<b>Adjustments by:</b>	<b>17 692</b>	<b>(26 390)</b>	<b>12 568</b>	<b>(145)</b>
(Profit)/loss of non-controlling shareholders	(4)	5	(18)	(19)
Amortisation	16 833	5 624	14 235	4 890
Foreign exchange (profit)/loss	252	(4 854)	361	962
Net interest and dividends	881	366	503	217
(Profit)/ Loss on investing activity	123	(84)	(142)	206
Change in the valuation of derivative financial instruments	(1 155)	(5 901)	175	1 312
Change in receivables	(24 267)	(29 059)	(10 378)	(15 648)
Change in inventories	(6 987)	(12 814)	(320)	(2 166)
Change in liabilities, excluding loans and borrowings	8 817	5 005	17 257	9 419
Change in accruals and deferrals	18 326	10 534	6 401	7 039
Change in provisions	264	2 675	(7 210)	(8 581)
Income tax paid	(18 279)	(4 846)	(24 496)	(4 275)
Current tax recognised in profit and loss account	21 981	6 519	15 701	6 446
Foreign exchange differences	28	62	(28)	22
Incentive Scheme valuation	798	266	496	-
Other adjustments	81	112	31	31
<b>Net cash flow from operating activities</b>	<b>100 006</b>	<b>1 935</b>	<b>73 047</b>	<b>23 243</b>
<b>Cash flows from investing activities</b>				
Sale of tangible fixed assets and intangible assets	372	70	1 296	871
Purchase of tangible fixed assets and intangible assets	(169 216)	(53 165)	(54 965)	(35 521)
Real property investment	(22)	-	-	-
Purchase of shares	(101)	-	(10)	-
Dividends received	260	11	363	26
Borrowings granted	(620)	(100)	-	-
Other investing inflows	51	51	-	-
<b>Net cash flow from investment activities</b>	<b>(169 276)</b>	<b>(53 133)</b>	<b>(53 316)</b>	<b>(34 624)</b>
<b>Cash flows from financial activities</b>				
Inflows from loans and borrowings taken out	98 193	57 739	9 377	(626)
Repayment of loans and borrowings	(16 404)	(13 264)	(9 012)	(5 953)
Repayment of leasing liabilities	(765)	(246)	(1 471)	(830)
Dividends paid to shareholders of the Parent Company	(23 901)	-	(47 502)	-
Interest paid	(1 395)	(556)	(866)	(274)
Other financial outflows	(23)	(3)	-	-
<b>Net cash flow from financial activities</b>	<b>55 705</b>	<b>43 670</b>	<b>(49 474)</b>	<b>(7 683)</b>
<b>Net increase /decrease in cash and cash equivalents</b>	<b>(13 565)</b>	<b>(7 528)</b>	<b>(29 743)</b>	<b>(19 064)</b>
Net foreign exchange differences (from translation, opening balance)	51	224	54	22
<b>Opening balance of cash</b>	<b>55 032</b>	<b>49 168</b>	<b>55 743</b>	<b>45 032</b>
<b>Cash at end of period, including:</b>	<b>41 416</b>	<b>41 416</b>	<b>25 946</b>	<b>25 946</b>
of limited disposability	-	-	-	-



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the period of 9 months ended on 30 September 2016

	Attributable to the shareholders of the Parent Company									Share of non-controlling shareholders	Total Equity
	Equity primary	Surplus of share sale above their nominal value	Foreign exchange differences with calculation of foreign entity	Other revaluation reserve	Incentive Scheme	Retained earnings/ (losses) retained	Revaluation reserve from hedging instruments	Other reserve capital	Total		
<b>As at 01 January 2016</b>	<b>23 901</b>	<b>113 214</b>	<b>711</b>	<b>17 654</b>	<b>1 290</b>	<b>118 387</b>	<b>4 595</b>	<b>195 044</b>	<b>474 796</b>	<b>3 662</b>	<b>478 458</b>
Changes in Accounting Principles	-	-	-	-	-	-	-	-	-	-	-
Error corrections	-	-	-	-	-	-	-	-	-	-	-
<b>As at 01 January 2016 after adjustments</b>	<b>23 901</b>	<b>113 214</b>	<b>711</b>	<b>17 654</b>	<b>1 290</b>	<b>118 387</b>	<b>4 595</b>	<b>195 044</b>	<b>474 796</b>	<b>3 662</b>	<b>478 458</b>
Payment of dividend for 2015	-	-	-	-	-	(23 901)	-	-	(23 901)	-	<b>(23 901)</b>
Reclassification to reserve capital	-	-	-	-	-	(54 035)	-	54 035	-	-	-
Transaction with non-controlling shareholders	-	-	-	-	-	443	-	-	443	(443)	-
Incentive Scheme	-	-	-	-	798	-	-	-	798	-	<b>798</b>
Current result	-	-	-	-	-	82 314	-	-	82 314	(4)	<b>82 310</b>
Hedge accounting	-	-	-	-	-	-	4 927	-	4 927	-	<b>4 927</b>
Exchange differences	-	-	(167)	-	-	-	-	-	(167)	-	<b>(167)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(167)</b>	<b>-</b>	<b>798</b>	<b>82 314</b>	<b>4 927</b>	<b>-</b>	<b>87 872</b>	<b>(4)</b>	<b>87 868</b>
<b>As at 30 September 2016</b>	<b>23 901</b>	<b>113 214</b>	<b>544</b>	<b>17 654</b>	<b>2 088</b>	<b>123 208</b>	<b>9 522</b>	<b>249 079</b>	<b>539 210</b>	<b>3 215</b>	<b>542 425</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the period of 3 months ended on 30 September 2016

	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.	Other revaluation reserve	Incentive Scheme	Retained earnings/ (losses) retained	Revaluation reserve from hedging instruments	Other reserve capital	Total	Share of non-controlling shareholders	Total Equity
<b>As at 1 July 2016</b>	<b>23 901</b>	<b>113 214</b>	<b>745</b>	<b>17 654</b>	<b>1 822</b>	<b>94 883</b>	<b>(15 637)</b>	<b>249 079</b>	<b>485 661</b>	<b>3 210</b>	<b>488 871</b>
Incentive Scheme	-	-	-	-	266	-	-	-	266	-	266
Current result	-	-	-	-	-	28 325	-	-	28 325	5	28 330
Hedge accounting	-	-	-	-	-	-	25 159	-	25 159	-	25 159
Exchange differences	-	-	(201)	-	-	-	-	-	(201)	-	(201)
Total comprehensive income for the period	-	-	(201)	-	266	28 325	25 159	-	53 549	5	53 554
<b>As at 30 September 2016</b>	<b>23 901</b>	<b>113 214</b>	<b>544</b>	<b>17 654</b>	<b>2 088</b>	<b>123 208</b>	<b>9 522</b>	<b>249 079</b>	<b>539 210</b>	<b>3 215</b>	<b>542 425</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the period of 9 months ended on 30 September 2015

	Attributable to the shareholders of the Parent Company										Total Equity
	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 revaluation reserve	Other reserve capital	Total	Share of non-controlling shareholders	
<b>As at 01 January 2015</b>	<b>23 751</b>	<b>111 646</b>	<b>640</b>	<b>1 290</b>	<b>108 526</b>	<b>3 925</b>	-	<b>167 812</b>	<b>417 590</b>	<b>3 694</b>	<b>421 284</b>
Changes in Accounting Principles	-	-	-	-	-	-	-	-	-	-	-
Error corrections	-	-	-	-	-	-	-	-	-	-	-
<b>As at 01 January 2015 after adjustments</b>	<b>23 751</b>	<b>111 646</b>	<b>640</b>	<b>1 290</b>	<b>108 526</b>	<b>3 925</b>	-	<b>167 812</b>	<b>417 590</b>	<b>3 694</b>	<b>421 284</b>
Payment of dividend for 2014	-	-	-	-	(47 502)	-	-	-	(47 502)	-	<b>(47 502)</b>
Reclassification to reserve capital	-	-	-	-	(27 232)	-	-	27 232	-	-	-
Inclusion of an entity to consolidation	-	-	-	-	(2)	-	-	-	(2)	-	<b>(2)</b>
Incentive Scheme	-	-	-	496	-	-	-	-	496	-	<b>496</b>
Current result	-	-	-	-	60 479	-	-	-	60 479	-	<b>60 484</b>
Hedge accounting	-	-	-	-	-	(716)	-	-	(716)	-	<b>(716)</b>
Minority result	-	-	-	-	-	-	-	-	-	(19)	<b>(19)</b>
Revaluation to fair value of the property	-	-	-	-	-	-	17 653	-	17 653	-	<b>17 653</b>
Exchange differences	-	-	26	-	-	-	-	-	26	1	<b>27</b>
<b>Total comprehensive income for the period</b>	-	-	<b>26</b>	<b>496</b>	<b>60 479</b>	<b>(716)</b>	<b>17 653</b>	-	<b>77 938</b>	<b>(18)</b>	<b>77 920</b>
<b>As at 30 September 2015</b>	<b>23 751</b>	<b>111 646</b>	<b>666</b>	<b>1 786</b>	<b>94 269</b>	<b>3 209</b>	<b>17 653</b>	<b>195 044</b>	<b>448 024</b>	<b>3 676</b>	<b>451 700</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the period of 3 months ended on 30 September 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 revaluation reserve	Other reserve capital	Total	Share of non-controlling shareholders	Total Equity
<b>As at 1 July 2015</b>	<b>23 751</b>	<b>111 646</b>	<b>624</b>	<b>1 786</b>	<b>70 882</b>	<b>8 797</b>	-	<b>195 044</b>	<b>412 530</b>	<b>3 696</b>	<b>416 226</b>
Inclusion of an entity to consolidation	-	-	-	-	(2)	-	-	-	(2)	-	(2)
Current result	-	-	-	-	23 389	-	-	-	23 389	(20)	23 369
Hedge accounting	-	-	-	-	-	(5 588)	-	-	(5 588)	-	(5 588)
Revaluation to fair value of the property	-	-	-	-	-	-	17 653	-	17 653	-	17 653
Exchange differences	-	-	42	-	-	-	-	-	42	-	42
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>23 389</b>	<b>(5 588)</b>	<b>17 653</b>	<b>-</b>	<b>35 496</b>	<b>(20)</b>	<b>35 476</b>
<b>As at 30 September 2015</b>	<b>23 751</b>	<b>111 646</b>	<b>666</b>	<b>1 786</b>	<b>94 269</b>	<b>3 209</b>	<b>17 653</b>	<b>195 044</b>	<b>448 024</b>	<b>3 676</b>	<b>451 700</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2015

	Attributable to the shareholders of the Parent Company									Equity of non-controlling interest	Total equity
	Share capital	Share premium	Foreign exchange differences on consolidation	Other revaluation reserve	Incentive Scheme	Retained earnings	Revaluation reserve from hedging instruments	Other reserve capital	Total		
<b>As at 1 January 2015</b>	<b>23 751</b>	<b>111 646</b>	<b>640</b>	-	<b>1 290</b>	<b>108 526</b>	<b>3 925</b>	<b>167 812</b>	<b>417 590</b>	<b>3 694</b>	<b>421 284</b>
Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-	-	-	-
<b>As at 1 January 2015 after adjustments</b>	<b>23 751</b>	<b>111 646</b>	<b>640</b>	-	<b>1 290</b>	<b>108 526</b>	<b>3 925</b>	<b>167 812</b>	<b>417 590</b>	<b>3 694</b>	<b>421 284</b>
<b>Settlement of Incentive Scheme</b> - shares of G series	<b>150</b>	<b>1 568</b>	-	-	-	-	-	-	<b>1 718</b>	-	<b>1 718</b>
Payment of dividend for 2014	-	-	-	-	-	(47 502)	-	-	(47 502)	-	(47 502)
Reclassification to reserve capital	-	-	-	-	-	(27 232)	-	27 232	-	-	-
				<b>17 654</b>					17 654	-	<b>17 654</b>
Other adjustments	-	-	-	-	-	(2)	-	-	(2)	-	(2)
Provisions for employee benefits	-	-	-	-	-	192	-	-	192	-	<b>192</b>
Incentive Scheme	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the period	-	-	-	-	-	84 405	-	-	84 405	(32)	<b>84 373</b>
Hedge accounting	-	-	-	-	-	-	670	-	670	-	<b>670</b>
Foreign exchange differences	-	-	71	-	-	-	-	-	71	-	<b>71</b>
<b>Comprehensive income for the period</b>	-	-	<b>71</b>	-	-	<b>84 597</b>	<b>670</b>	-	<b>85 338</b>	<b>(32)</b>	<b>85 306</b>
<b>As at 31 December 2015</b>	<b>23 901</b>	<b>113 214</b>	<b>711</b>	<b>17 654</b>	<b>1 290</b>	<b>118 387</b>	<b>4 595</b>	<b>195 044</b>	<b>474 796</b>	<b>3 662</b>	<b>478 458</b>

1. Seasonality of operations

Revenues from sales of products, materials, goods and services	Sales revenue	Share %
Q1 2016	300 145	-
Q2 2016	240 338	-
Q3 2016	244 991	-
<b>Total 3 quarters 2016</b>	<b>785 474</b>	<b>-</b>
Q1 2015	255 770	26,80%
Q2 2015	190 922	20,01%
Q3 2015	224 158	23,49%
<b>Total 3 quarters 2015</b>	<b>670 850</b>	<b>70,30%</b>
Q4 2015	283 425	29,70%
<b>Total 2015</b>	<b>954 275</b>	<b>100,00%</b>

2. Revenues and costs

Sales revenues and geographic structure

Sales revenues	For the reporting period ended	
	30.09.2016	30.09.2015
<b>Revenues from sales of goods, products and materials</b>		
- products	765 704	654 760
- goods	6 370	6 823
- materials	8 339	4 611
<b>Revenues from sales of services</b>	5 061	4 656
<b>Total net revenues from sales</b>	<b>785 474</b>	<b>670 850</b>
<b>Geographic structure:</b>		
- domestic	122 321	117 657
- export	663 153	553 193
<b>Total net revenues from sales</b>	<b>785 474</b>	<b>670 850</b>
- including from related entities	3 297	3 717

Other operating revenues

Other operating revenues	For the reporting period ended	
	30.09.2016	30.09.2015
Reversal of impairment write-downs	51	226
Gain on sale of property, plant and equipment	78	-
Subsidies	18	111
Compensations	2 141	1 970
Revaluation of investment real properties	-	1 422
Other	553	242
<b>Total other operating revenues</b>	<b>2 841</b>	<b>3 971</b>

**Other operating cost**

<b>Other operating costs</b>	<b>For the reporting period ended</b>	
	<b>30.09.2016</b>	<b>30.09.2015</b>
Creation of revaluation write-downs	1 891	25
Liquidation and impairment write-downs on property, plant and equipment	68	84
Lost from the disposal of fixed assets	166	1 196
Scrapping of inventory	2 490	3 089
Donations	395	297
Penalties and compensations	641	2 253
Court costs	70	23
Other	190	188
<b>Total other operating costs</b>	<b>5 911</b>	<b>7 155</b>

**Financial revenues**

<b>Financial revenue</b>	<b>For the reporting period ended</b>	
	<b>30.09.2016</b>	<b>30.09.2015</b>
Dividends	260	363
Exchange differences of financial assets and liabilities	295	-
Interest	705	879
Other	-	-
<b>Financial revenues, total</b>	<b>1 260</b>	<b>1 242</b>

**Financial costs**

<b>Financial costs</b>	<b>For the reporting period ended</b>	
	<b>30.09.2016</b>	<b>30.09.2015</b>
Interest on loans and leasing	1 194	821
Commission on loans	209	53
Exchange differences of financial assets and liabilities	-	1 088
Other	138	195
<b>Financial costs, total</b>	<b>1 541</b>	<b>2 157</b>

**Costs by type**

<b>Costs by type</b>	<b>For the reporting period ended</b>	
	<b>30.09.2016</b>	<b>30.09.2015</b>
Amortisation	16 833	14 235
Consumption of materials and energy	364 472	325 545
External services	143 390	124 426
Taxes and fees	6 880	6 165
Payroll	108 858	92 213
Social insurance and other benefits	26 512	21 853
Other costs by type	6 765	8 284
<b>Costs by type</b>	<b>639 710</b>	<b>592 721</b>
Change in product inventory and accruals	(4 978)	199
Manufacturing cost of products for internal purposes	(2 054)	(1 986)
Costs of sales	(160 361)	(141 682)
General administrative costs	(35 177)	(26 460)
<b>Manufacturing cost of sold products and services</b>	<b>471 140</b>	<b>422 792</b>
<b>Value of goods and materials sold</b>	<b>12 156</b>	<b>8 798</b>
<b>Costs of sales</b>	<b>483 296</b>	<b>431 590</b>

### 3. Commentary to the Group results and basic economic-financial amounts

Group performance and key economic and financial data:

Item	9 months ended 30 Sept 2016	9 months ended 30 Sept 2015	% change	3 months ended 30 Sept 2016	3 months ended 30 Sept 2015	% change
Sales revenue	785 474	670 850	17.1%	244 991	224 158	9.3%
Cost of goods sold	(483 296)	(431 590)	11.9%	(152 009)	(144 297)	5.3%
Gross profit on sales	302 178	239 260	26.3%	92 982	79 861	16.4%
Gross margin on sales %	<b>38.5%</b>	<b>35.7%</b>		<b>37.9%</b>	<b>35.6%</b>	
Cost of sales	(160 361)	(141 682)	13.2%	(47 392)	(47 576)	-0.4%
General and administrative expenses	(35 177)	(26 460)	32.9%	(11 938)	(8 848)	34.9%
Operating profit (EBIT)	103 570	67 934	52.5%	32 648	21 874	49.3%
EBITDA	120 403	82 169	46.5%	38 272	26 764	43.0%
Gross profit	103 402	69 056	49.7%	34 655	22 166	56.3%
Net profit	82 310	60 460	36.1%	28 330	23 369	21.2%
Net profit margin %	<b>10.5%</b>	<b>9.0%</b>		<b>11.6%</b>	<b>10.4%</b>	
Return on equity (ROE)	<b>15.2%</b>	<b>13.4%</b>		<b>5.2%</b>	<b>5.2%</b>	
Return on assets (ROA)	<b>8.9%</b>	<b>8.9%</b>		<b>3.1%</b>	<b>3.4%</b>	

- After the first three quarters of 2016, the FORTE Group's **sales revenue** amounted to PLN 785.5 million, compared to PLN 670.9 million in the corresponding period in 2015 (an increase by 17.1%). In Q3 2016 only, sales revenue increased by 9.3%, compared to Q3 2015.

Export sales of the FORTE Group totalled PLN 647.4 million – 82.4 % of total sales (for the first three quarters of 2015 – PLN 553.2 million – 82.5%). Sales in the Polish market amounted to PLN 138.1 million (17.6 %) against PLN 117.7 million (17.5 %) in the corresponding period in 2015.

The percentage share of sales in the individual markets was as follows: German-speaking countries 53% (55% - QI-III 2015), Western and Northern Europe 19.6% (17% - QI-III 2015), Poland 17.6% (19% - QI-III 2015), Central, Southern and Eastern Europe 9.8% (9% - QI-III 2015).

The sales growth rates in the Group's key markets, as compared to the corresponding period of 2015, were as follows: German-speaking countries – an increase by 19%, Spain and Portugal – an increase by 27%, France – an increase by 18%, Poland – an increase by 17%, Czech Republic, Hungary, Slovakia – an increase by 22% and Great Britain – an increase by 9%.

- **Gross margin on sales** amounted to 38.5%, i.e. 3 percentage points more than in the corresponding period of the previous year.

The main reasons for this improvement in rentability are the positive impact of an increase in the EUR/PLN rate, an increased scale of production to lower unit costs, a stable situation in the market prices of basic raw materials and a consistent policy of budgetary discipline.

After the first three quarters of 2016, gross profit on sales amounted to PLN 302.2 million and increased by 26.3 % as compared to the corresponding period of the previous year.

- **Cost of sales** cumulatively totalled PLN 160.4 million and increased by 13.2% compared to the corresponding period last year. The cost to revenue ratio slightly decreased and stood at 20.4 % versus 21.1% for the first three quarters last year, by optimising the costs of sales logistics.

- **General and administrative expenses** amounted to PLN 35.2 million versus PLN 26.5 million in the comparative period. The G&A expenses to revenue ratio stood at 4.5%, compared to 3.9% last year.



- Cumulatively after the first three quarters of 2016, the Group reported a significant increase in **operating profit** (52.5%). It amounted to PLN 103.6 million (13.2% of revenue), compared to PLN 67.9 million (10.1% of revenue) in the corresponding period in 2015.
- The **net profit** realized in the reporting period amounted to PLN 82.3 million (10.5% of revenue), compared to PLN 60.1 for the first three quarters last year (9.0% of revenue).

Characteristics of the balance sheet	30.09.2016		31.12.2015		% change
	PLN '000	% balance sheet total	PLN '000	% balance sheet total	2016/2015
Non-current assets	400 068	43%	347 977	47%	15%
Current assets	524 114	57%	390 373	53%	34%
<b>Total assets</b>	<b>924 182</b>	<b>100%</b>	<b>738 350</b>	<b>100%</b>	<b>25%</b>
Equity	542 425	59%	478 458	65%	13%
Non-current liabilities and provisions	212 357	23%	41 095	6%	417%
Current liabilities and provisions	169 400	18%	218 797	29%	(23%)
<b>Total liabilities</b>	<b>924 182</b>	<b>100%</b>	<b>738 350</b>	<b>100%</b>	<b>25%</b>

On the **current assets** side, the most significant increase (PLN 133.6 million) was recorded for trade and other receivables. The amount of PLN 109.2 million refers to advance payments made by the TANNE company to purchase technological lines for the chipboard factory.

**Non-current assets** rose by PLN 52.1 million, due to an excess of capital expenditure over depreciation charges.

After the first three quarters of 2016, the Group's key investments include expenditure on the investment related to the construction of a chipboard factory in Suwałki amounting to PLN 38.2 million, the purchase by the Parent Entity of a Schelling saw with unloading station, IMA production lines inclusive of loading, Ligmatech packaging line as well as expenditure on the modernisation of a furniture showroom in Ostrów Mazowiecka.

On the **liabilities** side, the most significant changes were recorded for loans and borrowings, provisions, accruals and for trade and other payables.

**Loans and borrowings** increased by PLN 76.9 million due to financing capital expenditure incurred by the Group in the reporting period and the investment prepayments effected by the same.

**Provisions** rose by PLN 19.2 million. An increase as compared to the end of 2015 is mainly due to changing the method of accounting for costs in the Parent Company. Organisational changes aimed at streamlining and simplifying management reporting have necessitated the recognition of a significant part of current costs through provisions.

**Trade and other payables** increased by PLN 17.8 million. This increase is mainly due to seasonally increased purchases of raw materials and an increase in investment commitments of the TANNE company, which were paid after the reporting period.