



**Barlinek S.A. Capital Group**  
**Mid-year short form of consolidated financial statement for the three months ending**  
**on 31 March 2008.**

## 1. Short form of consolidated financial statement

### 1.1. Selected financial data (thousands)

	thousands PLN		thousands EUR	
	1st quarter 2008	1st quarter 2007	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01. 2007 - 31.03.2007	01.01. 2008 - 31.03.2008	01.01. 2007 - 31.03.2007
I. Net revenues from sales of products, goods and material	124 602	108 944	35 026	27 889
II. Profit (loss) on operating activities	13 997	15 715	3 935	4 023
III. Gross profit (loss)	11 754	14 916	3 304	3 818
IV. Net profit (loss)	11 263	14 142	3 166	3 620
V. Net cash flows from operating activities	-18 774	2 650	-5 277	678
VI. Net cash flows from investment activities	-116 013	-33 480	-32 612	-8 571
VII. Net cash flows from financial activities	148 692	57 276	41 798	14 662
VIII. Total net cash flows	13 905	26 446	3 909	6 770
IX. Total assets	1 046 527	763 084	296 820	197 205
X. Liabilities and reserves for liabilities	655 131	405 227	185 811	104 723
XI. Long term liabilities	402 730	249 369	114 224	64 445
XII. Short term liabilities	243 354	151 194	69 021	39 073
XIII. Equity	391 396	357 857	111 009	92 481
XIV. Stock capital	96 780	96 780	27 449	25 011
XV. Number of shares	96 780 000	96 780 000	96 780 000	96 780 000
XVI. Profit (loss) per ordinary share (zł / EUR)	0.12	0.15	0.03	0.04
XVII. Diluted earnings (loss) per ordinary share (zł / EUR)	0.12	0.16	0.03	0.04
XVIII. Book value per share (zł / EUR)	4.04	3.70	1.15	0.96
XIX. Diluted book value per share (zł / EUR)	4.04	3.70	1.15	0.96
XX. Declared or paid dividend per share (zł / EUR)				

### 1.2. The EURO exchange rate was used to convert the "Selected financial data".

For converting balance sheet items in the tables of "Selected financial data" as of 31.03.2007, an average NBP EURO exchange rate effective on that day, i.e. – 1 EURO = 3,55258 PLN. Profit and loss of statement item and statement of cash flow shown in tables of "Selected financial data" for 2008 was converted using the exchange rate of 1 EUR = 3,5574 PLN (it's the average from the average NBP exchange rates from the last days of the previous 3 months of 2008).

For converting balance sheet items in the tables of "Selected financial data" as of 31.03.2007, an average NBP EURO exchange rate effective on that day, i.e. – 1 EURO = 3,8695 PLN. Profit and loss of statement item and statement of cash flow shown in tables of "Selected financial data" for 2007 was converted using the exchange rate of 1 EUR = 3,9063 PLN (it's the average from the average NBP exchange rates from the last days of the previous 3 months of 2007).

### 1.2. Short form of consolidated balance sheet in thousands PLN

BALANCE SHEET	31.03.2008	31.12.2007	31.03.2007	31.12.2006
<b>I. Fixed assets</b>	<b>668 100</b>	<b>567 253</b>	<b>407 131</b>	<b>375 590</b>
1. Intangible assets	842	867	967	1 026

<b>BALANCE SHEET</b>	<b>31.03.2008</b>	<b>31.12.2007</b>	<b>31.03.2007</b>	<b>31.12.2006</b>
2. Tangible fixed assets	561 355	545 501	390 355	362 665
3. Long-term receivables	0	0	0	0
3.1. From subsidiaries and affiliates	0	0	0	0
3.2. From other units	0	0	0	0
4. Long-term investments	85 410	934	560	454
4.1. Real estate	0	0	0	0
4.2. Intangible assets	0	0	0	0
4.3. Long-term financial assets	85 410	934	560	454
a) in subsidiaries and affiliates	84 887	0	0	0
- shares	79 184	0	0	0
- granted loans	5 703	0	0	0
b) in other companies	523	934	560	454
- shares	12	12	13	12
- granted loans	511	922	547	442
4.4. Other long-term investments	0	0	0	0
5. Long-term deferred charges and accruals	20 493	19 951	15 249	11 445
5.1. Assets from deferred taxes	15 561	15 325	9 677	9 717
5.2. Other deferred charges and accruals	4 932	4 626	5 572	1 728
<b>II. Current assets</b>	<b>378 427</b>	<b>312 839</b>	<b>355 953</b>	<b>302 304</b>
1. Inventories	171 867	133 944	105 739	103 982
2. Short-term receivables	154 925	150 769	121 454	98 399
2.1. From subsidiaries and affiliates	0	0	0	0
2.2. From other units	154 925	150 769	121 454	98 399
3. Short-term investments	30 843	9 926	110 984	83 816
3.1. Short-term financial assets	30 843	9 926	110 984	83 816
a) in subsidiaries and affiliates	6 245	0	0	0
b) in other companies	628	0	0	0
c) cash and other cash assets	23 970	9 926	110 984	83 816
3.2. Other short-term investments	0	0	0	0
4. Short-term deferred charges and accruals	20 792	18 200	17 776	16 107
<b>Total assets</b>	<b>1 046 527</b>	<b>880 092</b>	<b>763 084</b>	<b>677 894</b>
<b>LIABILITIES</b>				
<b>I. Equity</b>	<b>391 396</b>	<b>391 241</b>	<b>357 857</b>	<b>343 487</b>
1. Stock capital	96 780	96 780	96 780	96 780
2. Own shares for sale (negative value)	0	0	0	0
3. Reserve capital	250 517	250 517	213 884	213 884
4. Revaluation reserve capital	0	0	0	0
5. Other reserve capital	0	0	0	0
6. Exchange gain (loss) on consolidation	-23 625	-11 997	-3 051	-3 279
a) gains	0	0	0	0
b) losses	23 625	11 997	3 051	3 279
7. Undistributed earnings or uncovered loss of previous periods	56 461	-515	36 102	212
8. Net profit (loss)	11 263	56 456	14 142	35 890
<b>II. Minority shareholders capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>III. Reserve capital from consolidation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV. Liabilities and reserves for liabilities</b>	<b>655 131</b>	<b>488 851</b>	<b>405 227</b>	<b>334 407</b>
1. Reserves for liabilities	9 047	10 396	4 652	3 927
1.1. Reserves for income tax	3 465	2 761	1 402	802

<b>BALANCE SHEET</b>	<b>31.03.2008</b>	<b>31.12.2007</b>	<b>31.03.2007</b>	<b>31.12.2006</b>
1.2. Social security reserves	286	282	293	293
a) long term	226	226	243	243
b) short term	60	56	50	50
1.3. Other securities	5 296	7 353	2 957	2 832
a) long term	0	0	0	0
b) short term	5 296	7 353	2 957	2 832
2. Long term liabilities	402 730	283 290	249 369	196 461
2.1. To subsidiaries and affiliates	0	0	0	0
2.2. To others	402 730	283 290	249 369	196 461
3. Short term liabilities	243 354	195 158	151 194	134 019
3.1. To subsidiaries and affiliates	0	0	0	0
3.2. To others	243 354	195 158	151 194	134 019
3.3. Special funds	0	0	0	0
4. Accruals and deferred income	0	7	12	0
4.1. Negative goodwill	0	0	0	0
4.2. Other deferred charges and accruals	0	7	12	0
a) long term	0	0	0	0
b) short term	0	7	12	0
<b>Total liabilities</b>	<b>1 046 527</b>	<b>880 092</b>	<b>763 084</b>	<b>677 894</b>

#### Short form of consolidated profit and loss account (thousands PLN)

<b>PROFIT AND LOSS ACCOUNT</b>	<b>1st quarter 2008 01.01. 2008 - 31.03.2008</b>	<b>1st quarter 2007 01.01.2007 - 31.03.2007</b>
<b>I. Net revenues from sales of products, goods and materials, including:</b>	<b>124 602</b>	<b>108 944</b>
- from subsidiaries and affiliates	0	0
1. Net revenues from sale of products	118 291	104 274
2. Net revenues from sales of products, goods and materials	6 311	4 670
<b>II. Cost of products, goods and materials sold, including:</b>	<b>81 463</b>	<b>70 552</b>
- from subsidiaries and affiliates	0	0
1. Cost of production	76 465	66 929
2. Cost of goods and materials sold	4 998	3 623
<b>III. Gross profit (loss) on sales (I-II)</b>	<b>43 139</b>	<b>38 392</b>
<b>IV. Cost of sales</b>	<b>14 391</b>	<b>10 042</b>
<b>V. General administrative expenses</b>	<b>16 071</b>	<b>12 343</b>
<b>VI. Profit (loss) on sales (III-IV-V)</b>	<b>12 677</b>	<b>16 007</b>
<b>VII. Other operating income</b>	<b>2 553</b>	<b>366</b>
1. Revenue from sale of non-financial fixed assets	68	0
2. Subsidies	6	0
3. Other operating income	2 479	366
<b>VIII. Other operating costs</b>	<b>1 233</b>	<b>658</b>
1. Cost of non-financial fixed assets sold	113	0
2. Revaluation of non-financial fixed assets	0	0
3. Other operating costs	1 120	658

PROFIT AND LOSS ACCOUNT	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
<b>IX. Profit (loss) on operating activities (VI+VII-VIII)</b>	<b>13 997</b>	<b>15 715</b>
<b>X. Financial revenue</b>	<b>18 779</b>	<b>10 345</b>
1. Share dividends, including:	0	0
- from subsidiaries and affiliates	0	0
2. Interest, including:	211	511
- from subsidiaries and affiliates	100	0
3. Income from sale of investments	0	0
4. Gain on revaluation of investments	0	0
5. Other	18 568	9 834
<b>XI. Financial costs</b>	<b>21 022</b>	<b>11 144</b>
1. Interest, including:	4 954	2 405
- to subsidiaries and affiliates	0	0
2. Loss on sale of investments	0	0
3. Gain on revaluation of investments	0	0
4. Other	16 068	8 739
XII. Profit (loss) on sale of shares in subsidiaries and affiliates	0	0
<b>XIII. Profit (loss) on commercial activity (IX+X-XI+/-XII)</b>	<b>11 754</b>	<b>14 916</b>
XIV. Write off of goodwill on consolidation	0	0
XV. Write off of reserve capital on consolidation	0	0
<b>XVI. Gross profit (loss) (XIII-XIV-XV)</b>	<b>11 754</b>	<b>14 916</b>
<b>XVII. Income tax</b>	<b>491</b>	<b>774</b>
a) current	24	134
b) deferred	467	640
<b>XVIII. Other obligatory decrease of gross profit (increased loss)</b>	<b>0</b>	<b>0</b>
<b>XIX. Net profit (loss) share of subsidiaries and affiliates consolidated by property law method</b>	<b>0</b>	<b>0</b>
XX. Profit (loss) of minority shareholders	0	0
<b>XXI. Net profit (loss) (XVI-XVII-XVIII+/-XX+/-XXI)</b>	<b>11 263</b>	<b>14 142</b>

### 1.5. Short form of statement of changes in consolidated equity (thousands PLN)

CHANGES IN EQUITY	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
<b>I. Opening balance of equity</b>	<b>391 241</b>	<b>343 486</b>
a) changes in adopted accounting principles	0	0
b) adjustments of fundamental errors	520	0
<b>I.a. Opening balance of equity after adjustments</b>	<b>391 761</b>	<b>343 486</b>
1. Opening balance of share capital	96 780	96 780
1.1. Changes in share capital	0	0

CHANGES IN EQUITY	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
a) increase (due to)	0	0
- issuance of shares	0	0
b) decrease (due to)	0	0
- redemption of shares	0	0
1.2. Closing balance of share capital	96 780	96 780
2. Opening balance of called up share capital	0	0
2.1. Changes in called up share capital	0	0
a) increase (due to)	0	0
b) decrease (due to)	0	0
2.2. Closing balance of called up share capital	0	0
3. Opening balance of own shares	0	0
3.1. Changes in balance of own shares	0	0
a) increase (due to)	0	0
b) decrease (due to)	0	0
3.2. Closing balance of own shares	0	0
4. Opening balance of supplementary capital	250 517	213 884
4.1. Changes in supplementary capital	0	0
a) increase (due to)	0	0
- issue of shares above face value	0	0
- from profit distribution (statutory)	0	0
- from profit distribution (above the statutory minimum value)	0	0
b) decrease (due to)	0	0
- loss coverage	0	0
- other decreases	0	0
4.2. Closing balance of supplementary capital	250 517	213 884
5. Opening balance of revaluation reserve	0	0
5.1. Changes in revaluation reserve	0	0
a) increase (due to)	0	0
- revaluation of financial instruments	0	
b) decrease (due to)	0	0
- sale of tangible fixed assets	0	0
5.2. Closing balance of revaluation reserve	0	0
6. Opening balance of other reserve capitals	0	0
6.1. Changes in other reserve capitals	0	0
a) increase (due to)	0	0
b) decrease (due to)	0	0
6.2. Closing balance of other reserve capitals	0	0
7. Exchange gain (loss) on consolidation	-23 625	-3 051
8. Opening balance of previous years' profit (loss)	55 941	36 102
8.1. Opening balance of previous years' profit	56 456	36 102
a) changes in adopted accounting principles	0	0

CHANGES IN EQUITY	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
b) adjustments of fundamental errors	520	0
8.2. Opening balance of previous years' profit, after adjustments	56 456	36 102
a) increase (due to)	0	0
- distribution of previous years' profit	0	0
b) decrease (due to)	0	0
- distribution of previous years' profit	0	0
- other decreases	0	0
8.3. Closing balance of previous years' profit	56 976	36 102
8.4. Opening balance of previous years' loss	515	0
a) changes in adopted accounting principles	0	0
b) adjustments of fundamental errors	0	0
8.5. Opening balance of previous years' loss, after adjustments	515	0
a) increase (due to)	0	0
b) decrease (due to)	0	0
8.6. Closing balance of previous years' loss	515	0
8.7. Closing balance of previous years' profit (loss)	56 461	36 102
9. Net profit	11 263	14 142
a) net profit	11 263	14 142
b) net loss	0	0
c) write-offs on profit (negative value)	0	0
<b>II. Closing balance of equity</b>	<b>391 396</b>	<b>357 857</b>
<b>III. Equity including proposed profit distribution (loss coverage)</b>	<b>391 396</b>	<b>357 857</b>

### 1.6. Short form of consolidated cash flow statement (thousands PLN)

CASH FLOW	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
<b>A. Cash flows from operating activities - indirect method</b>		
<b>I. Net profit (loss)</b>	<b>11 263</b>	<b>14 142</b>
<b>II. Total adjustments</b>	<b>-30 037</b>	<b>-11 492</b>
1. Profit (loss) of minority shareholders	0	0
2. Net profit (loss) share of subsidiaries and affiliates consolidated by property law method	0	0
3. Amortisation and depreciation, including:	7 823	5 139
- Write off of goodwill on consolidation or Write off of reserve capital on consolidation	0	0
4. Exchange gains (losses)	8 474	-721
5. Interest and profit sharing (dividend)	4 714	2 020

CASH FLOW	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
6. Profit (loss) on investment activities	45	0
7. Change in provisions	-1 349	725
8. Change in inventory	-37 923	-1 757
9. Change in receivables	-4 157	-23 055
10. Change in short-term liabilities excluding credits and loan	6 797	11 551
11. Change in prepayments and accruals	-3 141	-5 461
12. Other adjustments	-11 320	67
<b>III. Net cash flows from operating activities (I+/-II)</b>	<b>-18 774</b>	<b>2 650</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
<b>I. Inflows</b>	<b>68</b>	<b>0</b>
1. Disposal of intangible and tangible fixed assets	68	0
2. Disposal of investments in real property and in intangible assets	0	0
3. From financial assets, including:	0	0
a) in subsidiaries and affiliates	0	0
- sale of financial assets	0	0
- dividend and profit sharing	0	0
- repayment of long-term loans	0	0
- interest	0	0
- other inflows from financial assets	0	0
b) in other companies	0	0
- sale of financial assets	0	0
- dividend and profit sharing	0	0
- repayment of long-term loans	0	0
- interest	0	0
- other inflows from financial assets	0	0
4. Other inflows from investment activities	0	0
<b>II. Outflows</b>	<b>116 081</b>	<b>33 480</b>
1. Acquisition of intangible and tangible fixed assets	24 396	33 380
2. Investments in real property and in intangible assets	0	0
3. For financial assets, including:	91 685	100
a) in subsidiaries and affiliates	91 485	0
- acquisition of financial assets	79 184	0
- granted long-term loans	12 301	0
b) in other companies	200	100
- acquisition of financial assets	0	0
- granted long-term loans	200	100
4. Dividends and other profit sharing paid out to minority shareholders	0	0
5. Other outflows from investment activities	0	0

CASH FLOW	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
<b>III. Net cash flows from operating activities (I-II)</b>	<b>-116 013</b>	<b>-33 480</b>
<b>C. CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
<b>I. Inflows</b>	<b>164 214</b>	<b>70 167</b>
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	0	0
2. Credits and loans	164 214	70 167
3. Issuance of debt securities	0	0
4. Other inflows from financial activities	0	0
<b>II. Outflows</b>	<b>15 522</b>	<b>12 891</b>
1. Purchase of own shares	0	0
2. Dividends and other payments to shareholders	0	0
3. Profit distribution liabilities other than profit distribution payments to shareholders	0	0
4. Repayment of credits and loans	11 432	9 973
5. Redemption of debt securities	0	0
6. Payment of other financial liabilities	0	0
7. Payment of liabilities arising from financial leases	692	892
8. Interest	3 398	2 026
9. Other outflows from financial activities	0	0
<b>III. Net cash flows from investment activities (I-II)</b>	<b>148 692</b>	<b>57 276</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>13 905</b>	<b>26 446</b>
<b>E. Balance sheet change in cash, including:</b>	<b>14 044</b>	<b>27 168</b>
- change in cash due to exchange differences	139	722
<b>F. Cash opening balance</b>	<b>9 926</b>	<b>83 816</b>
<b>G. Closing balance of cash (F+/-D), including</b>	<b>23 970</b>	<b>110 984</b>
- of limited disposability		

## 2. Mid-year individual financial statement Barlinek S.A.

### 2.1. Selected financial data (thousands)

	thousands PLN		thousands EUR	
	1st quarter 2008	1st quarter 2007	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01. 2007 - 31.03.2007	01.01. 2008 - 31.03.2008	01.01. 2007 - 31.03.2007
I. Net revenues from sales of products, goods and material	108 189	94 613	30 412	24 220
II. Profit (loss) on operating activities	3 656	1 119	1 028	286
III. Gross profit (loss)	3 628	3 179	1 020	814
IV. Net profit (loss)	3 146	2 435	884	623
V. Net cash flows from operating activities	-6 198	-11 150	-1 742	-2 854
VI. Net cash flows from investment activities	-97 065	-3 099	-27 285	-793
VII. Net cash flows from financial activities	103 026	-5 005	28 961	-1 281
VIII. Total net cash flows	-237	-19 254	-67	-4 929
IX. Total assets	581 759	463 947	165 001	119 898
X. Liabilities and reserves for liabilities	292 933	178 677	83 083	46 176
XI. Long term liabilities	86 528	79 441	24 541	20 530
XII. Short term liabilities	198 777	94 994	56 378	24 549
XIII. Equity	288 826	285 270	81 918	73 723
XIV. Stock capital	96 780	96 780	27 449	25 011
XV. Number of shares	96 780 000	96 780 000	96 780 000	96 780 000
XVI. Profit (loss) per ordinary share (zł / EUR)	0.03	0.03	0.01	0.01
XVII. Diluted earnings (loss) per ordinary share (zł / EUR)	0.03	0.03	0.01	0.01
XVIII. Book value per share (zł / EUR)	2.98	2.95	0.85	0.76
XIX. Diluted book value per share (zł / EUR)	2.98	2.95	0.85	0.76
XX. Declared or paid dividend per share (zł / EUR)				

### 2.2. The EURO exchange rate was used to convert the "Selected financial data".

For converting balance sheet items in the tables of "Selected financial data" as of 31.03.2007, an average NBP EURO exchange rate effective on that day, i.e. – 1 EURO = 3,55258 PLN. Profit and loss of statement item and statement of cash flow shown in tables of "Selected financial data" for 2008 was converted using the exchange rate of 1 EUR = 3,5574 PLN (it's the average from the average NBP exchange rates from the last days of the previous 3 months of 2008).

For converting balance sheet items in the tables of "Selected financial data" as of 31.03.2007, an average NBP EURO exchange rate effective on that day, i.e. – 1 EURO = 3,8695 PLN. Profit and loss of statement item and statement of cash flow shown in tables of "Selected financial data" for 2007 was converted using the exchange rate of 1 EUR = 3,9063 PLN (it's the average from the average NBP exchange rates from the last days of the previous 3 months of 2007).

### 2.3. Mid-year individual balance sheet of Barlinek S.A. (thousands PLN)

BALANCE SHEET	31.03.2008	31.12.2007	31.03.2007	31.12.2006
<b>I. Fixed assets</b>	<b>371 730</b>	<b>287 968</b>	<b>282 546</b>	<b>274 739</b>
1. Intangible assets	368	452	623	710
2. Tangible fixed assets	10 091	10 110	9 650	9 787
3. Long-term receivables	0	0	0	0

<b>BALANCE SHEET</b>	<b>31.03.2008</b>	<b>31.12.2007</b>	<b>31.03.2007</b>	<b>31.12.2006</b>
3.1. From subsidiaries and affiliates	0	0	0	0
3.2. From other units	0	0	0	0
4. Long-term investments	354 418	271 079	266 715	262 525
4.1. Real estate	0	0	0	0
4.2. 7117 Intangible assets	0	0	0	0
4.3. Long-term financial assets	354 418	271 079	266 715	262 525
a) in subsidiaries and affiliates	354 161	270 479	266 333	262 248
- shares	295 583	216 399	216 214	216 214
- granted loans	58 578	54 080	50 119	46 034
b) in other companies	257	600	382	277
- shares	12	12	13	12
- granted loans	245	588	369	265
4.4. Other long-term investments	0	0	0	0
5. Long-term deferred charges and accruals	6 853	6 327	5 558	1 717
5.1. Assets from deferred taxes	3 156	2 955	1 422	1 462
5.2. Other deferred charges and accruals	3 697	3 372	4 136	255
<b>II. Current assets</b>	<b>209 632</b>	<b>172 670</b>	<b>171 132</b>	<b>172 236</b>
1. Inventories	6 307	4 522	4 964	4 918
2. Short-term receivables	169 773	146 957	82 694	68 702
2.1. From subsidiaries and affiliates	59 829	43 711	2 902	2 609
2.2. From other units	109 944	103 246	79 792	66 093
3. Short-term investments	16 315	3 907	61 255	79 846
3.1. Short-term financial assets	16 315	3 907	61 255	79 846
a) in subsidiaries and affiliates	13 087	1 051	1 031	1 121
b) in other companies	628	72	0	0
c) cash and other cash assets	2 600	2 784	60 224	78 725
3.2. Other short-term investments	0	0	0	0
4. Short-term deferred charges and accruals	17 237	17 284	22 219	18 770
<b>III. Fixed assets appointed for sale.</b>	<b>397</b>	<b>497</b>	<b>10 269</b>	<b>11 514</b>
<b>Total assets</b>	<b>581 759</b>	<b>461 135</b>	<b>463 947</b>	<b>458 489</b>
<b>LIABILITIES</b>				
<b>I. Equity</b>	<b>288 826</b>	<b>285 680</b>	<b>285 270</b>	<b>282 837</b>
1. Stock capital	96 780	96 780	96 780	96 780
2. Own shares for sale (negative value)	0	0	0	0
3. Reserve capital	185 666	185 666	193 991	193 991
4. Revaluation reserve capital	0	0	0	0
5. Other reserve capital	0	0	0	0
6. Exchange gain (loss) on consolidation	0	0	0	0
a) gains	0	0	0	0
b) losses	0	0	0	0
7. Undistributed earnings or uncovered loss of previous periods	3 234	465	-7 934	391
8. Net profit (loss)	3 146	2 769	2 433	-8 325
<i>II. Minority shareholders capital</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>III. Reserve capital from consolidation</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>IV. Liabilities and reserves for liabilities</b>	<b>292 933</b>	<b>175 455</b>	<b>178 677</b>	<b>175 652</b>
1. Reserves for liabilities	7 628	10 157	4 242	3 676
1.1. Reserves for income tax	3 443	2 761	1 402	802
1.2. Social security reserves	70	70	66	66
a) long term	14	14	16	16

<b>BALANCE SHEET</b>	<b>31.03.2008</b>	<b>31.12.2007</b>	<b>31.03.2007</b>	<b>31.12.2006</b>
b) short term	56	56	50	50
1.3. Other securities	4 115	7 326	2 774	2 808
a) long term	0	0	0	0
b) short term	4 115	7 326	2 774	2 808
2. Long term liabilities	86 528	24 271	79 441	89 051
2.1. To subsidiaries and affiliates	0	0	0	0
2.2. To other units	86 528	24 271	79 441	89 051
3. Short term liabilities	198 777	141 027	94 994	82 925
3.1. To subsidiaries and affiliates	67 417	49 032	18 147	11 678
3.2. To others	131 360	91 995	76 847	71 247
3.3. Special funds	0	0	0	0
4. Accruals and deferred income	0	0	0	0
4.1. Negative goodwill	0	0	0	0
4.2. Other deferred charges and accruals	0	0	0	0
a) long term	0	0	0	0
b) short term	0	0	0	0
<b>Total liabilities</b>	<b>581 759</b>	<b>461 135</b>	<b>463 947</b>	<b>458 489</b>

## 2.5. Mid-year individual profit and loss account of Barlinek S.A. (thousands PLN)

<b>PROFIT AND LOSS ACCOUNT</b>	<b>1st quarter 2008 01.01. 2008 - 31.03.2008</b>	<b>1st quarter 2007 01.01.2007 - 31.03.2007</b>
<b>I. Net revenues from sales of products, goods and materials, including:</b>	<b>108 189</b>	<b>94 613</b>
- from subsidiaries and affiliates	1 723	395
1. Net revenues from sale of products	374	221
2. Net revenues from sales of products, goods and materials	107 815	94 392
<b>II. Cost of products, goods and materials sold, including:</b>	<b>90 631</b>	<b>81 096</b>
- from subsidiaries and affiliates	1 484	273
1. Cost of production	87	35
2. Cost of goods and materials sold	90 544	81 061
<b>III. Gross profit (loss) on sales (I-II)</b>	<b>17 558</b>	<b>13 517</b>
<b>IV. Cost of sales</b>	<b>5 760</b>	<b>5 651</b>
<b>V. General administrative expenses</b>	<b>9 596</b>	<b>6 613</b>
<b>VI. Profit (loss) on sales (III-IV-V)</b>	<b>2 202</b>	<b>1 253</b>
<b>VII. Other operating income</b>	<b>2 463</b>	<b>1 694</b>
1. Revenue from sale of non-financial fixed assets	90	1 386
2. Subsidies	6	0
3. Other operating income	2 367	308
<b>VIII. Other operating costs</b>	<b>1 009</b>	<b>1 828</b>
1. Cost of non-financial fixed assets sold	113	1 366
2. Revaluation of non-financial fixed assets	0	0
3. Other operating costs	896	462
<b>IX. Profit (loss) on operating activities (VI+VII-VIII)</b>	<b>3 656</b>	<b>1 119</b>

PROFIT AND LOSS ACCOUNT	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
<b>X. Financial revenue</b>	<b>25 821</b>	<b>8 149</b>
1. Share dividends, including:	0	0
- from subsidiaries and affiliates	0	0
2. Interest, including:	1 712	1 854
- from subsidiaries and affiliates	1 642	1 345
3. Income from sale of investments	0	0
4. Gain on revaluation of investments	0	0
5. Other	24 109	6 295
<b>XI. Financial costs</b>	<b>25 849</b>	<b>6 089</b>
1. Interest, including:	2 991	1 738
- to subsidiaries and affiliates	0	0
2. Loss on sale of investments	0	0
3. Gain on revaluation of investments	0	0
4. Other	22 858	4 351
<b>XII. Profit (loss) on operating activities (IX+X-XI)</b>	<b>3 628</b>	<b>3 179</b>
<b>XIII. Gross profit (loss) (XII)</b>	<b>3 628</b>	<b>3 179</b>
<b>XIV. Income tax</b>	<b>482</b>	<b>744</b>
a) current	0	104
b) deferred	482	640
<b>XV. Other obligatory decrease of gross profit (increased loss)</b>	<b>0</b>	<b>0</b>
<b>XVI. Net profit (loss) (XIII-XIV-XV)</b>	<b>3 146</b>	<b>2 435</b>

## 2.5. Changes in equity of Barlinek S.A. (thousands)

CHANGES IN EQUITY	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
<b>I. Opening balance of equity</b>	<b>285 680</b>	<b>282 837</b>
a) changes in adopted accounting principles	0	0
b) adjustments of fundamental errors	0	0
<b>I.a. Opening balance of equity after adjustments</b>	<b>285 680</b>	<b>282 837</b>
1. Opening balance of share capital	96 780	96 780
1.1. Changes in share capital	0	0
a) increase (due to)	0	0
- issuance of shares	0	0
b) decrease (due to)	0	0
- redemption of shares	0	0
1.2. Closing balance of share capital	96 780	96 780
2. Opening balance of called up share capital	0	0
2.1. Changes in called up share capital	0	0

CHANGES IN EQUITY	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
a) increase (due to)	0	0
b) decrease (due to)	0	0
2.2. Closing balance of called up share capital	0	0
3. Opening balance of own shares	0	0
3.1. Changes in balance of own shares	0	0
a) increase (due to)	0	0
b) decrease (due to)	0	0
3.2. Closing balance of own shares	0	0
4. Opening balance of supplementary capital	185 666	193 991
4.1. Changes in supplementary capital	0	0
a) increase (due to)	0	0
- issue of shares above face value	0	0
- from profit distribution (statutory)	0	0
- from profit distribution (above the statutory minimum value)	0	0
b) decrease (due to)	0	0
- loss coverage	0	0
4.2. Closing balance of supplementary capital	185 666	193 991
5. Opening balance of revaluation reserve	0	0
5.1. Changes in revaluation reserve	0	0
a) increase (due to)	0	0
b) decrease (due to)	0	0
- sale of tangible fixed assets	0	0
5.2. Closing balance of revaluation reserve	0	0
6. Opening balance of other reserve capitals	0	0
6.1. Changes in other reserve capitals	0	0
a) increase (due to)	0	0
b) decrease (due to)	0	0
6.2. Closing balance of other reserve capitals	0	0
7. Exchange gain (loss) on consolidation	0	0
8. Opening balance of previous years' profit (loss)	3 234	-7 934
8.1. Opening balance of previous years' profit	3 234	391
a) changes in adopted accounting principles	0	0
b) adjustments of fundamental errors	0	0
8.2. Opening balance of previous years' profit, after adjustments	3 234	391
a) increase (due to)	0	0
- distribution of previous years' profit	0	0
b) decrease (due to)	0	0
- distribution of previous years' profit	0	0
8.3. Closing balance of previous years' profit	3 234	391
8.4. Opening balance of previous years' loss	0	8 325
a) changes in adopted accounting principles	0	0

CHANGES IN EQUITY	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
b) adjustments of fundamental errors	0	0
8.5. Opening balance of previous years' loss, after adjustments	0	8 325
a) increase (due to)	0	0
b) decrease (due to)	0	0
8.6. Closing balance of previous years' loss	0	8 325
8.7. Closing balance of previous years' profit (loss)	3 234	-7 934
9. Net profit	3 146	2 433
a) net profit	3 146	2 433
b) net loss	0	0
c) write-offs on profit (negative value)	0	0
<b>II. Closing balance of equity</b>	<b>288 826</b>	<b>285 270</b>
<b>III. Equity including proposed profit distribution (loss coverage)</b>	<b>288 826</b>	<b>285 270</b>

## 2.6. Mid-year individual financial statement of cash flow of S.A. (thousands PLN)

CASH FLOW	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
<b>A. Cash flows from operating activities - indirect method</b>		
<b>I. Net profit (loss)</b>	<b>3 146</b>	<b>2 435</b>
<b>II. Total adjustments</b>	<b>-9 344</b>	<b>-13 585</b>
1. Amortisation and depreciation, including:	663	638
2. Exchange gains (losses)	282	-820
3. Interest and profit sharing (dividend)	1 297	71
4. Profit (loss) on investment activities	-59	0
5. Change in provisions	-2 528	565
6. Change in inventory	-1 785	-46
7. Change in receivables	-22 816	-13 992
8. Change in fixed assets to be sold	99	1 245
9. Change in short-term liabilities excluding credits and loan	16 110	6 140
10. Change in prepayments and accruals	-477	-7 289
11. Other adjustments	-130	-97
<b>III. Net cash flows from operating activities (I+/-II)</b>	<b>-6 198</b>	<b>-11 150</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
<b>I. Inflows</b>	<b>72</b>	<b>0</b>
1. Disposal of intangible and tangible fixed assets	72	0

CASH FLOW	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
2. Disposal of investments in real property and in intangible assets	0	0
3. From financial assets, including:	0	0
a) in subsidiaries and affiliates	0	0
- sale of financial assets	0	0
- dividend and profit sharing	0	0
- repayment of long-term loans	0	0
- interest	0	0
- other inflows from financial assets	0	0
b) in other companies	0	0
- sale of financial assets	0	0
- dividend and profit sharing	0	0
- repayment of long-term loans	0	0
- interest	0	0
- other inflows from financial assets	0	0
4. Other inflows from investment activities	0	0
<b>II. Outflows</b>	<b>97 137</b>	<b>3 099</b>
1. Acquisition of intangible and tangible fixed assets	620	414
2. Investments in real property and in intangible assets	0	0
3. For financial assets, including:	96 517	2 685
a) in subsidiaries and affiliates	96 317	2 585
- acquisition of financial assets	79 184	0
- granted loans	17 133	2 585
b) in other companies	200	100
- acquisition of financial assets	0	0
- granted loans	200	100
4. Dividends and other profit sharing paid out to minority shareholders	0	0
5. Other outflows from investment activities	0	0
<b>III. Net cash flows from operating activities (I-II)</b>	<b>-97 065</b>	<b>-3 099</b>
<b>C. CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
<b>I. Inflows</b>	<b>113 306</b>	<b>4 520</b>
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	0	0
2. Credits and loans	113 306	4 520
3. Issuance of debt securities	0	0
4. Other inflows from financial activities	0	0
<b>II. Outflows</b>	<b>10 280</b>	<b>9 525</b>
1. Purchase of own shares	0	0
2. Dividends and other payments to shareholders	0	0
3. Profit distribution liabilities other than profit distribution payments to shareholders	0	0
4. Repayment of credits and loans	0	7 473

CASH FLOW	1st quarter 2008	1st quarter 2007
	01.01. 2008 - 31.03.2008	01.01.2007 - 31.03.2007
5. Redemption of debt securities	7 682	0
6. Payment of other financial liabilities	0	0
7. Payment of liabilities arising from financial leases	0	632
8. Interest	261	1 420
9. Other outflows from financial activities	2 337	0
<b>III. Net cash flows from investment activities (I-II)</b>	<b>103 026</b>	<b>-5 005</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>-237</b>	<b>-19 254</b>
<b>E. Balance sheet change in cash, including:</b>	<b>-184</b>	<b>-18 501</b>
- change in cash due to exchange differences	53	755
<b>F. Cash opening balance</b>	<b>2 784</b>	<b>78 725</b>
<b>G. Closing balance of cash (F+/-D), including</b>	<b>2 600</b>	<b>60 224</b>
- of limited disposability		

### 3. Supplementary information to short form of mid-year consolidated financial statement for the 1st quarter of 2008.

#### 3.1. The basic information.

The Barlinek S.A. Capital Group includes the following companies:

- Barlinek S.A. with registered offices in Kielce – holding company,
- Barlinek Inwestycje Sp. z o.o. with registered offices in Barlinek,
- Barlinek Innowacje Sp. z o.o. with registered offices in Barlinek,
- Barlinek Ukraina Sp. z o.o. with registered offices in Winnica – Ukraine,
- Barlinek Invest Sp. z o.o. with registered offices in Winnica – Ukraine,
- Barlinek Luxemburg S.A.R.L. with registered offices in Luxemburg,
- Barlinek Cyprus Limited with registered offices in Nicosia – Cyprus,
- Barlinek Norge AS with registered offices in Kongsberg – Norway,
- Barlinek RUS with registered offices in D. Szulma, Russia,
- Barlinek Deutschland GmbH with registered offices in Daun – Germany.
- S.C. Diana Forest S.A. with registered offices in Bacau – Romania,
- BCDF Limited with registered offices in Nicosia – Cyprus,

Holding company, Barlinek, a joint stock company with registered offices in Kielce, Aleja Solidarności 36, 25-323 Kielce, registered in the District Court in Kielce, X Commercial Division of the National Court Register under number KRS 0000018891 Main business activity – remnant wholesale: PKD 5190 Z.

Consolidated report as of 31.12.2007 has been prepared at the assumption that the business is to continue operating in the foreseeable future. There is a lack of circumstances, which could pose a threat to continue carrying on business.

Consolidated financial statement of Barlinek S.A. Group includes quarter ending on 31 March 2008 and contains comparable data for the same period of previous year.

Barlinek S.A. is an ultimate holding company and is independent of other companies.

The individual financial statements of the Grupa Barlinek S.A. subsidiary companies, form the basis of this financial statement.

#### Compliance statement.

The hereby consolidated financial statement has been prepared in compliance with the International Financial Reporting Standards ("IFRS") and IFRS, which are applicable in the EU. IFRS include standards and interpretations approved by the International Accounting Standards Board ("IASB") and by the International Financial Reporting Interpretations Committee ("IFRIC").

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, but have not passed as law:

#### **IFRS 7 Financial instruments:** disclosure of information

The application of the new standard or its interpretation will not have a significant impact on the policy used by the Company.

### **3.2. Principles adopted for preparation of the report**

#### **DESCRIPTION OF ADOPTED ACCOUNTING PRINCIPLES, INCLUDING VALUATION OF ASSETS AND LIABILITIES, REVENUE AND COSTS, DETERMINATION OF FINANCIAL RESULT AND THE METHOD OF PREPARATION OF FINANCIAL STATEMENT AND COMPARABLE DATA.**

##### **1. Accounting principles.**

###### *Tangible fixed assets and intangible assets.*

Tangible assets, tangible assets under construction as well as intangible assets are valued according to the purchase price or the cost of manufacturing less cumulated depreciation and all updated write-offs due to the loss of value.

Exchange rate variances in relation to liabilities in a foreign currency, which are associated with the purchase or manufacturing of tangible and intangible assets, refer to the profit and loss statement.

External financing costs are utilised as a portion of the purchase price or the cost of manufacturing subject to an alternative approach presented in IAS 23.

At the time of purchase, tangible assets will be segregated into component parts with a material value, to which a specific useful life can be applied.

The depreciation of tangible fixed assets and intangible assets is calculated using the straight line method in order to spread out their initial value, reduced by the end value – provided that it is of significant value – throughout its useful life. Depreciation write-offs shall begin on the first month following the month, in which the depreciable asset began its useful life and finalised in the month, when the asset is removed from the balance sheet or when it has been assigned to assets, which are to be sold. The depreciation method as well as end value and useful life of the tangible assets is verified as of each balance sheet date and if required a correction, which will affect the current or future accounting period is made.

Tangible assets, which are under construction are not subject to depreciation until they are finalised and appointed to commence its useful life as a tangible asset.

The Company uses the following yearly depreciation rates in reference to the fundamental tangible asset groups:

- perpetual usufruct right to the land: 2%
- buildings, commercial premises and civil engineering facilities: 4% – 5%
- equipment and machinery: 5% - 50%
- vehicles: 10% - 20%
- other tangible assets: 8.5% - 10%

The yearly depreciation rates regarding intangible assets are as follows:

- software: 20% - 50%.

***Fixed assets appointed for sale.***

In the case, when a fixed asset is available for sale in its current condition with a consideration for commonly accepted conditions for the sale of this type of asset and its sale as per sale plans, is very likely to take place within one year, the Company classifies such asset as appointed for sale. The value of such asset presented in the Company's financial statement is the lower of the following two: Balance sheet value and fair market value reduced by the cost of sale.

IFRS 5 "Fixed assets appointed for sale" applies to yearly accounting periods, starting 1 January 2005.

***Financial instruments.***

Financial instruments are divided into the following categories:

- financial assets held until due,
- financial assets valued by their fair market price by a financial result.
- loans and payables.
- financial assets available for sale.

Financial assets held until due are investments with a defined or possible to define payment structure and an established due date, which the Company is able to hold in their possession until that time. Financial assets held until due are valued by a depreciated cost using the effective interest rate method.

Due to short-term price fluctuations, financial instruments acquired for profit generating purposes are classified as financial instruments values by their fair market value through a financial result. Financial instruments valued by the fair price through a financial result are valued by the fair market price taking into account their market value as of the balance sheet date. Changes to the fair market value of these financial instruments are accounted for as income or financial cost.

Loans and payables are recognised according to the depreciated cost.

All other financial assets are financial assets, which are available for sale. Financial assets, which are available for sale are recognised as per fair market value with the transaction cost not included, taking into account their market value as of the balance sheet date. In the event of a lack of share market quotations on an active market and the inability to reliably define their fair price using alternative methods, the financial assets available for sale are valued as per purchase price less their value depreciating write-offs.

The positive and negative differences between the fair value and the purchase price, less the deferred tax applied to assets available for sale (if a market price has been established on an active regulated market or its fair value can be established in another reliable manner), are transferred to reserve capital by an updated valuation. A reduction in the value of assets available for sale as a result of a loss of value is accounted for in the profit and loss statement as a financial cost.

Financial assets held until due are classified as long-term assets, provided that their due date exceeds 12 months from the balance sheet date.

Financial assets valued by fair market price by a financial result are included in turnover assets, provided that the Board intends to utilise them within 12 months from the balance sheet date.

***Stock.***

Goods and materials reserves are valued as per purchase price, but not higher than their net sale price. The Company keeps a quality/quantity goods and materials inventory register and the value of outgoings is valued as per average prices, i.e. prices set as an average amount on the scale of purchase prices.

Ready as well as semi-finished products are valued as per actual costs of manufacture, not higher than net selling prices. The costs of manufacture include costs, which remain in a direct relationship with a given product and a substantiated part of costs directly associated with the manufacture of that product (based on standard manufacturing capabilities). Although, they do not include external financing costs. The ready and semi-finished products quantity/quality inventory register is kept according to fixed prices based on a planned cost of

manufacture and the stock in the manufacturing progress is valued by the cost of direct materials and by a portion of the departmental costs.

The value of stock is reduced by depreciation write-offs created in the event that the possible to obtain net sale price (constituting a net price, reduced by a discount, rebate and the cost of sale) is lower than the purchase price or the cost of manufacture individually established for each stock assortment.

***Goods and services receivables and other receivables.***

Goods and services receivables are entered and presented as per initially invoiced amount, taking depreciation write-offs into account.

Long-term receivables are valued as per corrected purchase price (depreciated cost) using the effective interest rate method, reduced by loss of value write-offs.

An update entry is created, when objective evidence shows that the Company will not collect all of the receivables, which payable on the initial receivables terms. Bad debts are written off as other operating costs at the time they are deemed unrecoverable.

***Cash and equivalents.***

Cash and short-term investments presented in the balance sheet include cash in bank accounts and in the cash register as well as short-term investments with an initial maturity date of not more than three months.

***Accrued costs/expenses (assets).***

Deferred expenditures are entered in the amount of expenses associated with costs, which refer to future reporting periods.

The settlement of deferred expenditures takes place respectively to the amount of passed time. The time and manner of settlement is substantiated by the character of the settled expenses whilst observing careful valuation principles.

***Equity capital.***

Equity capital is shown in the amount defined in the Company's in the articles of incorporation at the court registry.

Reserve capital is created in accordance with the Company's articles of incorporation based on net profit, on the basis of the resolutions of the shareholders general meeting and the surplus from the sale of shares above their nominal value.

The updated valued capital includes amounts, which arose as a result of an updated tangible assets and long-term financial assets valuation, for which a market price register is kept. It also includes an amount of exchange rate variations, which came about as a result of securing the payment of currency liabilities associated with the execution of an investment project, since the time of settling the investment project.

***Reserves.***

Reserves are created in the event that following past events a probable, possible to be reliably estimated liability arises, which in the future has a high probability to cause an inflow of profit generating assets. The amount of created reserves shall be verified as of the balance sheet date in order to correct it in reference to the amount of estimates according to best knowledge on the date the financial statement is prepared.

In the event that the change in the value of money is significant at the time, the amount of reserves is established by discounting the expected future cash flow in line with current value using the gross discount rate, which reflects current market estimations concerning the value of money at the time and any possible risk associated with the given liability.

Potential liabilities, the execution of which is dependent on certain events taking place, which are out of the Company's control, are entered as contingent liabilities.

***Employment benefits.***

As per remuneration system obligatory in the Company, the employees are entitled to retirement packages, which constitute a program of defined benefits when their employment ceases. Retirement packages are issued as a once-off payment at the time of retirement. The amount of benefits is dependent on the period of employment and the employee's remuneration. The reserve created as per current value concerning the above future payments are to be adjusted to periods, to which these costs refer to. The current value of these liabilities

shall be defined by an independent Actuary, at the same time the accrued liabilities are equal to the discounted payments, which will be made in the future, taking employment turnover into consideration as well as the anticipated salary growth indicator.

***Interest bearing bank loans, borrowings and debentures.***

On initial recognition all bank loans, borrowings and debentures are formulated according to their acquisition price corresponding with fair value of the received cash reduced by costs related to acquiring the loan.

After initial recognition debentures, bank loans and borrowings subject to interest are priced according to depreciated cost with the use of the effective interest rate method, if the disparity has substantial impact on the Company's financial situation picture.

On defining the depreciated costs related to the acquisition of the loan as well as discounts and premiums obtained on settlement of the liability are taken into consideration.

Profits and losses are included in the profit and loss account on removal of the liability from the balance sheet and as a result of write-down calculation.

Credit and loan liabilities are classified as long-term or short-term based on the liability settlement date to balance date resulting from the contract.

***Liabilities from supplies and services.***

Liabilities from supplies and services are presented according to originally invoiced values. If the impact of time value of money is substantial, the liabilities' value is defined by discounting the forecast future cash flow to the current value. Gross discount rate reflecting current market time value of money evaluation is used. If a discounting method had been used, the increase of liabilities resulting from the passing of time is presented as financial costs.

***Leasing.***

Financial lease contracts which transfer all risks and benefits resulting from the ownership of the object of lease to the Company are presented in the balance sheet of the lease commencement day as the lower of the two following values: fair value of a fixed asset which is the object of lease or the current value of the minimal lease rent. The lease rent is divided into financial costs and reduction of the lease liability balance in a way that enables obtaining a fixed interest rate from the remaining liability. Financial costs are included directly into the profit and loss account.

Fixed assets used by virtue of financial lease are depreciated by the assessed period of fixed asset usage.

Lease contracts according to which the lessor keeps the whole risk and all benefits from ownership of the object of lease are considered operating lease contracts. Operating lease rent is presented as loss in the profit and loss account with the use of straight line method throughout the entire lease period.

***Income.***

Income is presented as a value, at which it is possible for the Company to gain economic profits related to a given transaction and in circumstances in which the income value can be reliably assessed. Income is recognised after subtraction of VAT and rebates. Also the criteria listed below concern income presentation.

***Sales of goods and products***

Products and goods income is presented if substantial risk and benefits from the ownership of the products and goods have been passed to the purchaser and the income value can be reliably assessed.

***Interest.***

Interest income is presented successively as it grows (with consideration of the effective interest rate method, which defines the discount rate for future cash income during the estimated financial instruments usage period) in relation to the balanced net value of a given element of the financial assets.

***Dividends.***

Dividends due are counted into the financial income for the day of passing of the Company's resolution on profit division, unless the resolution provides another day of the right to the dividend.

***Subsidies.***

If there is a justified certainty that a subsidy will be won and that all requirements related to it will be met, subsidies are presented by their fair value.

If a subsidy is related to a cost item, it is presented as income proportionally to costs which the subsidy is supposed to compensate. If a subsidy is related to an element of the assets, its fair value is presented in the future income account, and then, gradually, by equal annual write-offs, added to the profit and loss account throughout the estimated period of usage of an element of assets related to it.

#### ***Cost recognition.***

The costs are recognised in an amount, which is probable that the profits of the Company will be reduced by, and which can be reliably estimated.

The Company keeps a costs register calculation-wise and type-wise.

The costs of sold goods, products and materials include costs directly associated with the purchase of sold goods and materials or the manufacture of sold products. The cost of sales cover the overall costs directly associated with the execution of the selling process. The costs of general management include costs associated with managing the Company and administration costs.

#### ***Income tax***

Current income tax liabilities from legal persons are calculated according to Polish tax regulations.

For financial reporting purposes, an income tax reserve is created using the balance sheet liabilities method in reference to all transitional differences occurring on the balance sheet day between the taxable value of assets and liabilities and their balance sheet value shown in the financial statement.

Reserve of deferred tax is expressed in relation to all positive transitional differences with the exclusion in the following situations:

- when reserve of deferred tax arises as a result of initial recognition of business value or initial recognition of the asset or liability during transaction not constituting a connection of business entities at the time of it taking place, which does not affect the gross profit, nor the taxable income or taxable loss, as well as
- in a case of transitional positive differences which arise as a result of investments into subsidiary or associated companies and the share in joint ventures – with the exception of cases when the transitional due dates are reversed and are subject to investor's audit and when it's probable that in the foreseeable future the transitional differences will not be reversed.

Deferred tax assets are included in all negative transitional differences in such probable amounts, that taxable income will be reached which will allow to use the abovementioned differences, losses and exemptions in taxable income with the exemption of situation:

- When deferred tax assets concerning negative transitional differences are created as a result of initial entry of the asset or liability at the time of the transaction, which does not constitute the joining of the business entities and at the time of it taking place, they do not have any control over the gross financial result nor over the taxable income or loss as well as
- in the event of negative transitional differences as a result of investments into subsidiary or affiliated entities as well as shares in joint ventures, the deferred tax asset is entered into the balance sheet only in the amount that is probable in the foreseeable future that the abovementioned transitional differences will reverse and such an income will be achieved, which will allow to deduct the negative transitional differences.

The balance sheet value of the deferred tax asset is verified as of each balance sheet date and is subject to a respective reduction by the amount, which reflects the unachievable taxable income thought to be probable, which would allow to a partial or full utilisation of the asset concerning the deferred income tax.

The deferred income tax reserve and assets are entered into the balance sheet in compensated values, if such compensation entitlement exists.

The deferred income tax assets and reserves for deferred tax are valued using tax rates, which as per assumptions will be effective at the time, when the asset or reserve will be utilised, adopting tax rates as the basis (and tax legislation) effective as of the balance sheet date or such rates (tax legislation), which is known to be effective in the future on the balance sheet date.

Income tax, which refers to the items entered directly into equity capital is entered into equity capital and not in the profit and loss statement.

## 2. Rules of consolidation

- After preparing consolidated financial statement, following organisational procedures were implemented:
  - ⇒ holding company defined the composition and structure of the Capital Group as of 31 March 2008.
  - ⇒ all associated entities are subject to be included in the consolidated financial statement by a complete method,
  - ⇒ subsidiary entity consolidated by full method made mutual transaction agreements of reporting period and mutual settlements with holding company of the balance sheet day.
- After preparing financial consolidated report, the following essential procedures were implemented:
  - ⇒ data of subsidiary entity was summarised in a consolidated financial statement by a complete method, which is based on summing up all respective items in the report of that entity with the report of the holding company and to apply appropriate consolidating exclusions and corrections.
  - ⇒ consolidated corrections included:
    - exclusion of turnover from operations made in a given report period between affiliated entity covered by full consolidation,
    - exclusion of mutual payables and liabilities of every title,
    - exclusion from consolidated assets of the value of shares in subsidiary entity.
- PLN represents the functional currency. Consolidated financial statement is prepared in thousands PLN.
- Individual financial statements of Barlinek S.A. and Barlinek Inwestycje Sp. z o.o., were made pursuant to International Reporting Standards accepted by UE. Whereas individual reports of remaining subsidiary companies, i.e. Barlinek Innowacje Sp. z o.o., Barlinek Ukraina Sp. z o.o., Barlinek Invest Sp. z o.o., Barlinek Luxemburg S.A.R.L, Barlinek Cyprus Limited, Barlinek RUS, Barlinek Norge AS and Barlinek Deutschland GmbH were transformed pursuant to International Reporting Standards for the purposes of preparing a consolidated financial statement for 2007.

## 3. Exclusions from consolidation

On the 31st January, 2008, 99.903 % of shares in Diana Forest with registered offices in Bacau (Romania) were taken over by Barlinek S.A. An agreement was signed at the time of the share acquiring transaction in the scope of transferring debt of the entities, which form the group of the Seller's companies in relation to Diana Forest, onto BCDF Limited with registered offices in Nicosia (Cyprus). As of the report publication date for the I quarter of 2008, Barlinek S.A. Board cannot reliably estimate the fair market value of Diana Forest assets and liabilities and as a result have decided to not apply the IFRS 3 while preparing the financial statement for the I quarter of 2008, concerning the Consolidating business entities in the scope of Diana Forest share takeover settlement and IAS 27 Consolidated and Separate Financial Statements in the scope of the Diana Forest and BSCF Limited consolidation. If the provisions of the abovementioned standard are applied, the consolidated financial statement will not fulfil its purpose.

At the same time, the Barlinek S.A. Board states that the consolidated financial statement prepared for the 31 March 2008, reliably presents the Barlinek S.A. Group's financial situation, profit and cash flow and that it is in compliance with applicable standards and interpretations with the exception of IFRS 3 IAS 27 in order to achieve a reliable report. The Boards also states that they shall perform a settlement on acquiring Diana Forest pursuant to IFRS 3 and it will include the Diana Forest and BCDF Limited consolidation as per IAS 27 in the consolidated financial statement for the 30 June 2008.

### 3.3. Securities.

As of 31.03.2008, Barlinek S.A. holding Company is in possession of currency agreements, which secure future payables based on products and goods transaction/sales. Currency agreements are used for the purpose of limiting currency risk. As of the 31.03.2008, the fair market value of current contracts equals to PLN 7,016,000.

### 3.4. A concise description of the issuer's achievements or setbacks during the period, to which the statement refers to, with a list of the most significant events associated with them.

1. On 4 February 2008, the Barlinek S.A. Board has advised that they have fulfilled the precedent condition and have finalised the agreement entered into on 21 December 2007 between Barlinek S.A. and the Spanish companies; EUROGALIA S.L. with registered offices in La Coruna and TRIPLE GEST S.L. with registered offices in Madrid, concerning the purchase of 99.899 % Diana Forest shares with registered offices in Bacau (Romania). Diana Forest SA is one of the largest enterprises in Romania specialised in wood manufacturing, including high quality wooden flooring.

The precedent condition to carry out the agreement, referred to establishing an arrangement and an agreement in the scope of the Seller's subsidiary entities' debt transfer executed by the Issuer onto the entity nominated by them concerning Diana Forest (Current report no. 5/2008).

At the same time, the Board has issued a statement (Current report no. 6/2008) that they will renew the manufacture of the floor boards at Diana Forest and will commence investments in order to increase the plant's output power to 2.2 million square meters of board on a yearly scale. The Board expects to finalise the additional investment in spring 2009.

2. On 4 February 2008, the Barlinek SA Board has also advised (Current report no. 8/2008) that a new plywood factory (with a productivity capacity of 40,000 m<sup>3</sup> a year) construction will commence on a plot of land, which was purchased by Barlinek RUS (Barlinek SA subsidiary company) in the area of Czerepowce in the Russian Republic. The possible Stage II of implementation would increase the productivity of the factory to 80,000 m<sup>3</sup> s of plywood annually. Approximately 40% s of the manufactured plywood will be used inside the Group, which will result in significant technical cost reduction to manufacture the multilayer board.

Stage I completion of the project is planned for the III quarter of 2009. Its value is estimated at approximately PLN 300 Million. Any possible investments aimed at increasing factory's productivity to 80,000 m<sup>3</sup> of plywood a year amount to approximately PLN 100 Million.

The Company is also considering to construct a floor board factory in Czerepowce (together with associated investments: pellet plant, boards manufacture) with a productivity output of 2.2 Million m<sup>2</sup>. The possible construction of the factory would start in spring 2009 and be completed by summer 2010. In the event of making a final decision, the Company will advise of such in a separate notice.

The investments, which were made in the Russian Federation represent the next stage of fulfilling the Barlinek Group's strategy, which aims to gain a stable position among the world's giants in multilayer wooden flooring by increasing their manufacturing capabilities and by an ongoing expansion in their product assortment range. Besides the tri-layer floor board, Barlinek Group manufactures the highest quality, natural home-grown and exotic wooden veneers as well as ecological fuel, which consists of post-manufacture wooden waste; the so called pellet.

3. The completion of a new wooden granulate (from wet waste) making facility at the Barlinek premises in Poland.

On 19 February 2008 in association with a current report no. 60/2006 dated 7 November 2006, the Barlinek Board has issued a statement that as of 18 February 2008, they have received information regarding an agreement dated 15 February 2008 between Barlinek Invest Spółka z o.o. with registered offices in Winnica, Ukraine (Barlinek SA subsidiary company) and the Europejski Bank Odbudowy i Rozwoju ("Bank") concerning the issue of changing the investment credit agreement and the renewable line of credit, which finances the operating capital. The Parties have decided to increase the limit of the previously issued investment loan by an amount of Euro 9.5 Million assigned to co-finance the Barlinek Invest investment, represented by the pellet and timber factory in Kosiv, a city situated in the west of Ukraine.

### **3.5. A description of factors and events, particularly of untypical nature, which affect the financial result significantly .**

The main factor, which affects the results achieved in the I quarter of 2008 was a further PLN appreciation. In the I quarter, the average exchange rate of EUR 1 equalled PLN 3.5258, which was almost PLN 0.35 lower than the analogical period of the previous year. Considering the export sales share, (currently, it makes for over 70% of revenue in total) the company has lost PLN 5.5 Million in revenue and gross profit on their operating expenses alone. In order to compensate for the negative effect of the unfavourable exchange rates on the value of revenue from sales as well as on the net profit, the company has made a decision in the scope of a manufacturing structure changes, which will partially replace the lower Euro/PLN exchange rate by a higher unit price.

The problems with achieving full manufacturing capacity at the floor board line in Ukraine as well as the pellet manufacture (based on wet waste) at Barlinek has also affected the results for the I quarter of 2008. In the first instance, the company claims that most of the malfunctions have been repaired and in the second, the repairs shall be completed before the end of the month.

### **3.6. Clarifications referring to seasons or cycles in the issuer's business during the presented period.**

There are no seasons or cycles, which affect the Issuer's business.

### **3.7. Information concerning the issue, purchase and payment for debt and equity securities.**

There were no issues of debt and equity securities in the Issuer's business during the presented period.

### **3.8. Information concerning executed (or announced) dividend payout, jointly and calculated per share, divided into ordinary and preference shares.**

There was no dividend payout nor was there any announcements as such.

### **3.9. A list of events, which took place following the date, on which the summarised quarterly financial statement was prepared and not included in that report, which could significantly affect Issuer's future financial results.**

On 16 April 2000, Barlinek RUS TRADE was registered in Moscow (a Barlinek SA subsidiary company). The goal of the new Company is to develop the Barlinek Group product distribution network on the Russian market, including marketing and promotion in large agglomerations. In the future the company will also manage a logistics warehouse. This will allow the Barlinek Group to considerably increase product sales revenue on the Russian market.

In the Issuer's opinion, there were no other events, following the date on which the I quarter 2008 financial statement was prepared, which could significantly affect Barlinek S.A. Group's future financial results.

### **3.10. Information concerning changes to contingent obligations or contingent assets, which may have taken place since the end of last financial year.**

The company has no contingent obligations or contingent assets.

### **3.11. List the effects of changes to the structure of the business entity, including business entities consolidation, take over or sale of the capital group's entities, long-term investments, division, restructure and ceasing business operations.**

Referred to in point 3.4, the purchase of Diana Forest (currently a subsidiary of Barlinek SA) will contribute to the increase of sales revenue and the Group's net profit. The targeted manufacturing capacity will equal 2.2 Million m<sup>2</sup> of floor board a year. The company will not only increase the Group's manufacturing capacity, but will also significantly increase its assortment, which will allow the Group to achieve higher than current operating margins. The Diana Forest products will be mainly assigned for sale on the Romanian and Eastern markets.

There was no other significant changes in the capital group's or business entity's structure for the three monthly period ending 31 March 2008.

**3.12. The position of the Board concerning the possibility of meeting the previously released, current year's profit forecasts early, in the light of results presented in the quarterly statement in relation to forecasted profits.**

The Board has not released a 2008 profit forecast.

**3.13. List the shareholders, which either directly or indirectly own in excess of 5% of the overall number of votes through subsidiary companies at the issuer's general meeting as of the date of passing the quarterly report together with the number of shares owned by those entities, their percentage share in the capital, number of votes at the annual general meeting as well as a list of the changes to the ownership structure of significant issuer's share packages during the period since the last quarterly report was passed.**

In detail	As of 29.02.2008 (The date of passing the periodical report for IV qtr. 2007)		As of 15.05.2008 (The date of passing the periodical report for IV qtr. 2008)	
	Number of shares and votes at the AGM	% share in the share capital and % share in the overall number of votes at the AGM	Number of shares and votes at the AGM	% share in the share capital and % share in the overall number of votes at the AGM
Michał Sołowow – directly	49,820,000	51.48 %	49,820,000	51.48 %
Michał Sołowow – directly through Barco capital Investment Limited	16,000,000	16.53 %	16,000,000	16.53 %
<b>Michał Sołowow – directly or indirectly through Barcocapital Investment Limited</b>	<b>65,820,000</b>	<b>68.01 %</b>	<b>65,820,000</b>	<b>68.01 %</b>
<b>ING Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna *</b>	<b>4,846,329</b>	<b>5.01 %</b>	<b>4,846,329</b>	<b>5.01 %</b>

\* As per report received by the Company on 17 January 2008. (RB nr 2/2008)

**3.14. A statement of changes in the ownership of issuer's shares or right to them (options) by issuer's management and persons in supervisory positions as per issuer's information up to the time of passing the previous quarterly report.**

As per Issuer's knowledge, the status of shares ownership or the right to them (options) by persons in supervisory or management positions in the Issuer's business up until when the previous quarterly report was passed is as follows:

item	Name	Number of owned share (as of 15.05.2008)	Change of ownership during 29.02.2008 – 15.05.2008
1.	Paweł Wrona – President of the Management Board	911	0
2.	Ryszard Pyrek – Member of the Management Board	9.000	0
3.	Wioleta Bartosz – Member of the Management Board	0	0
4.	Marek Janke – Member of the Management Board	11.937	0

Issuer's supervisory personnel does own any Issuer's shares and do not have the right to own them (options).

**3.15. List any legal proceedings before a court, authority respective for arbitration proceedings or a public administration authority.**

There are no proceedings before a court of law, authority respective for arbitration proceedings or a public administration authority, the value of which exceeds 10% of the Issuer's own capital equity, neither in the case of the Issuer nor the Issuer's subsidiary companies.

**3.16. Information concerning the Issuer or its subsidiary companies entering a single or several transactions with affiliated entities, if the value of those transactions (total value of all transactions entered into since the beginning of the financial year) exceeds a PLN equivalent to Euro 500,000 – if these are no ordinary or routine transactions, entered into on market terms between affiliated entities and their nature and terms are a result of an ongoing business operated by the issuer or the issuer's subsidiary company.**

There were no such transactions during this I quarter.

All transactions made between the Issuer and affiliated entities are transacted on market terms.

**3.17. Information concerning a loan warranty or guarantee issued by the Issuer or the Issuer's subsidiary company – overall to a single entity or their subsidiary company, if the total value of the existing warranties or guaranty constitutes in excess of 10% of the Issuer's own capital equity.**

During the 3 month period, Barlinek S.A. or its subsidiary entities have not acted as guarantors on a loan or borrowings and have not issued a guarantee, which would constitute in excess of 10% of the Company's own capital equity.

**3.18. Other information, which in the Issuer's opinion is important to assess its human resources, property, financial, financial result and their changes as well as information, which is crucial in the assessment of the Issuer's ability to fulfil their obligations.**

Barlinek S.A. Capital Group's financial resources put them in a position to fulfil their financial obligations in entirety.

**3.19. List the factors, which in the Issuer's opinion will affect the results achieved by them in view of the next quarter or longer.**

In analysing the factors, which will affect the Issuer's financial results in the view of not less than the next quarter, the following should be considered:

**- external influences:**

1. a slow-down in the national economy growth,
2. world markets economic situation,
3. the apartment construction sector situation,
4. the situation on financial world markets,
5. the variance of currency exchange rates for both Poland and Ukraine,
6. possible interest rate rises,
7. timber (raw material) price changes for both Poland and Ukraine,
8. the employment market situation in Poland,
9. the rise of inflation in Poland, which is associated with the rise of manufacturing costs,
10. high inflation rate rise in Ukraine

**- internal influences:**

1. the expansion of the Barlinek Group product range,
2. expansion of the product sales network,
3. current investments (an increase of manufacturing capacity, better utilisation of materials and raw materials, new goods and products),
4. the creation of a Company, responsible for the sale of products on the Russian market,
5. an increase in the manufacturing volume (the purchase of Diana Forest in Romania, the launch of a new pellet manufacturing division in Barlinek),
6. geographical manufacturing diversification.

**3.20. Information regarding revenue and financial results in reference to particular industry or geographical sectors:**

Barlinek S.A. Group is a leading producer of wooden floors. Products offered by the Business are aimed the same type of recipients and are subject to the same risk. Barlinek Group products characterise themselves with a similar level of R.O.I. on executed investments.

As a result of the above, the Company does not prepare the report based on industry sectors.

**Geographical sectors**

Operational activity of the Group was divided into five main geographical segments: North America, Western Europe, Eastern Europe, Scandinavia and Poland. Sales to the remaining countries is not substantial and was included in a sector named Other. The basic financial information concerning sectors was represented below.

1st quarter 2008

	North America	Middle-Eastern Europe	Western Europe	Other	Poland	Scandinavia	Total
Revenue from sales	3 581	21 978	22 954	1 788	46 187	28 115	124 603
Sector result	806	5 522	5 636	426	10 438	8 043	30 871
Unaccounted costs of the whole group							18 194
Group sales result							12 677
Other operating income							2 553
Other operating costs							1 233
Result on operating activities							13 997
Financial revenue							18 779
Financial costs							21 022
Gross profit							11 754
Income tax							491
Net profit							11 263

	North America	Middle-Eastern Europe	Western Europe	Other	Poland	Scandinavia	Total
Sector's assets	434	21 159	18 731	342	42 492	14 188	97 346
Unaccounted assets of the whole group							949 181
Total assets							1 046 527

## 1st quarter 2007

	North America	Middle-Eastern Europe	Western Europe	Other	Poland	Scandinavia	Total
Revenue from sales	4 661	13 921	26 022	975	37 711	25 654	108 944
Sector result	<b>1 106</b>	<b>3 265</b>	<b>5 747</b>	<b>253</b>	<b>9 386</b>	<b>8 593</b>	<b>28 350</b>
Unaccounted costs of the whole group							12 343
Group sales result							<b>16 007</b>
Other operating income							366
Other operating costs							658
Result on operating activities							<b>15 715</b>
Financial revenue							10 345
Financial costs							11 144
Gross profit							<b>14 916</b>
Income tax							774
Net profit							<b>14 142</b>

	North America	Middle-Eastern Europe	Western Europe	Other	Poland	Scandinavia	Total
Sector's assets	848	8 378	16 142	47	33 637	10 907	69 959
Unaccounted assets of the whole group							693 125
Total assets							763 084

**Signatures:****The Board:**

Paweł Wrona            President of the Management Board            .....

Wioleta Bartosz       Member of the Management Board            .....

Ryszard Pyrek         Member of the Management Board            .....

Marek Janke            Member of the Management Board            .....

**Person responsible for maintaining company ledger:**

Anna Kozłowska       Chief Accountant                                    .....

**Kielce, 15<sup>th</sup> of May 2008**