



**Barlinek Capital Group S.A.**  
**Short form of interim consolidated financial statement for the twelve months ending**  
**on 31 December 2008.**

## 1. Short form of consolidated financial statement

### 1.1. Selected financial data (thousands)

	thousands PLN		thousands EUR	
	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarters of 2007 01.01.2007 - 31.12.2007	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarters of 2007 01.01.2007 - 31.12.2007
I. Net revenues from sales of products, goods and material	505 923	488 361	143 236	129 306
II. Profit (loss) on operating activities	70 461	55 643	19 949	14 733
III. Gross profit (loss)	-48 381	51 757	-13 698	13 704
IV. Net profit (loss)	-37 517	59 167	-10 622	5 549
V. Net cash flows from operating activities	22 221	31 740	6 291	8 404
VI. Net cash flows from investment activities	-90 716	-189 699	-25 683	-50 228
VII. Net cash flows from financial activities	62 244	84 137	17 622	22 277
VIII. Total net cash flows	-6 251	-73 822	-1 770	-19 546
IX. Total assets	1 126 247	869 644	269 928	242 782
X. Liabilities and reserves for liabilities	811 940	491 218	194 598	137 135
XI. Long term liabilities	324 722	267 741	77 826	74 746
XII. Short term liabilities	464 037	213 066	111 216	59 482
XIII. Equity	314 307	378 426	75 330	105 647
XIV. Share capital	96 780	96 780	96 780	96 780
XV. Number of shares	96 780 000	96 780 000	96 780 000	96 780 000
XVI. Profit (loss) per ordinary share (PLN / EUR)	-0.39	0.61	-0.11	0.06
XVII. Diluted earnings (loss) per ordinary share (PLN / EUR)	-0.39	0.61	-0.11	0.06
XVIII. Book value per share (PLN / EUR)	3.25	3.91	0.78	1.09
XIX. Diluted book value per share (PLN / EUR)	3.25	3.91	0.78	1.09
XX. Declared or paid dividend per share (PLN / EUR)				

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

For converting balance sheet items in the tables of "Selected financial data" as of 31.12.2008, an average EURO exchange rate published by the National Bank of Poland effective on that day was used, i.e. – 1 EUR = 4,1724 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 = 3,5321 PLN (it's the average of the average NBP exchange rates from the last days of the previous 12 months of 2008).

For converting balance sheet items in the tables of "Selected financial data" as of 31.12.2007, an average EURO exchange rate published by the National Bank of Poland effective on that day was used, i.e. – 1 EURO = 3.5820 PLN. Profit and loss statement item and statement of cash flow shown in tables of "Selected financial data" for 2007 was converted using the exchange rate 1 EUR = 3,7768 PLN (it's the average of the average NBP exchange rates from the last days of the previous 12 months of 2007).

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

BALANCE	31.12.2008	30.09.2008	31.12.2007	30.09.2007
I. Fixed assets	705 079	760 624	558 492	508 751

<b>BALANCE</b>	<b>31.12.2008</b>	<b>30.09.2008</b>	<b>31.12.2007</b>	<b>30.09.2007</b>
1. Intangible assets	2 905	3 120	867	818
2. Tangible fixed assets	667 869	727 713	531 427	489 412
3. Long-term receivables	0	0	0	0
3.1. From subsidiaries and affiliates	0	0	0	0
3.2. From other entities	0	0	0	0
4. Long-term investments	1 137	1 257	862	1 027
4.1. Real estate	0	0	0	0
4.2. Intangible assets	0	0	0	0
4.3. Long-term financial assets	1 137	1 257	862	1 027
a) in subsidiaries and affiliates	0	0	0	106
- shares	0	0	0	106
- granted loans	0	0	0	0
b) in other entities	1 137	1 257	862	921
- shares	12	12	12	12
- granted loans	1 125	1 245	850	909
4.4. Other long-term investments	0	0	0	0
5. Long-term deferred charges and accruals	33 168	28 534	25 336	17 494
5.1. Assets from deferred taxes	25 524	22 180	20 710	10 245
5.2. Other deferred charges and accruals	7 644	6 354	4 626	7 249
<b>II. Current assets</b>	<b>376 398</b>	<b>424 344</b>	<b>311 152</b>	<b>329 889</b>
1. Inventory	218 269	200 493	130 889	109 205
2. Short-term receivables	131 061	173 601	152 677	162 178
2.1. From subsidiaries and affiliates	0	0	0	0
2.2. From other entities	131 061	173 601	152 677	162 178
3. Short-term investments	4 310	8 544	9 998	43 571
3.1. Short-term financial assets	4 310	8 544	9 998	43 571
a) in subsidiaries and affiliates	0	0	0	0
b) in other entities	578	439	72	0
c) cash and other cash assets	3 732	8 105	9 926	43 571
3.2. Other short-term investments	0	0	0	0
4. Short-term deferred charges and accruals	22 758	41 706	17 588	14 935
<b>III. Fixed assets designated for sale.</b>	<b>44 770</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>1 126 247</b>	<b>1 184 968</b>	<b>869 644</b>	<b>838 640</b>
<b>LIABILITIES</b>				
<b>I. Equity</b>	<b>314 307</b>	<b>412 594</b>	<b>378 426</b>	<b>377 868</b>
1. Share capital	96 780	96 780	96 780	96 780
2. Own shares for sale (negative value)	0	0	0	0
3. Reserve capital	314 029	309 021	250 536	250 554
4. Revaluation reserve capital	-36 606	0	0	0
5. Other reserve capital	0	0	0	0
6. Exchange gain (loss) on consolidation	-20 551	-32 012	-24 703	-7 088
a) currency translation gains	0	0	0	0
b) currency translation losses	20 551	32 012	24 703	7 088
7. Undistributed earnings or uncovered loss of previous periods	-2 715	-2 715	-3 354	-589
8. Net profit (loss)	-36 630	41 520	59 167	38 211
<b>II. Minority shareholders capital</b>	<b>0</b>	<b>887</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>811 940</b>	<b>771 487</b>	<b>491 218</b>	<b>460 772</b>
1. Reserves for liabilities	23 154	59 977	10 404	8 445
1.1. Reserves for income tax	6 322	4 838	2 763	1 680
1.2. Social security reserves	310	319	286	301
a) long term	310	257	226	245

<b>BALANCE</b>	<b>31.12.2008</b>	<b>30.09.2008</b>	<b>31.12.2007</b>	<b>30.09.2007</b>
b) short term	0	62	60	56
1.3. Other securities	16 522	54 820	7 355	6 464
a) long term	0	40 931	0	0
b) short term	16 522	13 888	7 355	6 464
2. Long term liabilities	324 722	365 237	267 741	277 385
2.1. To subsidiaries and affiliates	0	0	0	0
2.2. To other entities	324 722	365 237	267 741	277 385
3. Short term liabilities	464 037	346 273	213 066	174 942
3.1. To subsidiaries and affiliates	0	0	0	0
3.2. To other entities	464 037	346 273	213 066	174 942
4. Accruals and deferred income	27	0	0	0
4.1. Negative goodwill	0	0	0	0
4.2. Other deferred charges and accruals	27	0	0	0
a) long term	0	0	0	0
b) short term	27	0	0	0
<b>Total liabilities</b>	<b>1 126 247</b>	<b>1 184 968</b>	<b>869 644</b>	<b>838 640</b>

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

<b>PROFIT AND LOSS ACCOUNT</b>	<b>IV quarter of 2008 01.10.2008 - 31.12.2008</b>	<b>IV quarters of 2008 01.01.2008 - 31.12.2008</b>	<b>IV quarter of 2007 01.10.2007 - 31.12.2007</b>	<b>IV quarters of 2007 01.01.2007 - 31.12.2007</b>
<b>I. Net revenues from sales of products, goods and materials, including:</b>	<b>124 540</b>	<b>505 923</b>	<b>135 435</b>	<b>488 361</b>
- from subsidiaries and affiliates	0	0	0	0
1. Net revenues from sale of products	120 081	484 081	125 065	462 078
2. Net revenues from sales of products, goods and materials	4 459	21 842	10 370	26 283
<b>II. Cost of products, goods and materials sold, including:</b>	<b>89 805</b>	<b>353 615</b>	<b>88 028</b>	<b>317 979</b>
- from subsidiaries and affiliates	0	0	0	0
1. Cost of production	85265	335 123	82 631	299 282
2. Cost of goods and materials sold	4 540	18 492	5 397	18 697
<b>III. Gross profit (loss) on sales (I-II)</b>	<b>34 735</b>	<b>152 308</b>	<b>47 407</b>	<b>170 382</b>
<b>IV. Cost of sales</b>	<b>31 467</b>	<b>96 127</b>	<b>22 116</b>	<b>75 099</b>
<b>V. General administrative expenses</b>	<b>9 380</b>	<b>38 219</b>	<b>12 213</b>	<b>34 924</b>
<b>VI. Profit (loss) on sales (III-IV-V)</b>	<b>-6 112</b>	<b>17 962</b>	<b>13 078</b>	<b>60 359</b>
<b>VII. Other operating income</b>	<b>72 746</b>	<b>81 694</b>	<b>669</b>	<b>2 043</b>
1. Revenue from sale of non-financial fixed assets	35 324	35 824	99	362
2. Subsidies	0	6	34	34
3. Other operating income	37 422	45 864	536	1 647
<b>VIII. Other operating costs</b>	<b>23 232</b>	<b>29 195</b>	<b>4 066</b>	<b>6 759</b>
1. Cost of non-financial fixed assets sold	20 413	21 110	214	428
2. Revaluation of non-financial fixed assets	8	8	21	92
3. Other operating costs	2 811	8 077	3 831	6 239
<b>IX. Profit (loss) on operating activities (VI+VII-VIII)</b>	<b>43 402</b>	<b>70 461</b>	<b>9 681</b>	<b>55 643</b>
<b>X. Financial revenue</b>	<b>18 150</b>	<b>91 825</b>	<b>11 006</b>	<b>27 062</b>
1. Share dividends, including:	0	1	0	1

PROFIT AND LOSS ACCOUNT	IV quarter of 2008 01.10.2008 - 31.12.2008	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarter of 2007 01.10.2007 - 31.12.2007	IV quarters of 2007 01.01.2007 - 31.12.2007
- from subsidiaries and affiliates	0	0	0	0
2. Interest, including:	122	291	168	1 280
- from subsidiaries and affiliates	0	0	0	0
3. Income from sale of investments	32	1 060	0	0
4. Gain on revaluation of investments	0	0	0	0
5. Others	17 996	90 473	10 838	25 781
<b>XI. Financial costs</b>	<b>136 947</b>	<b>210 667</b>	<b>8 846</b>	<b>30 948</b>
1. Interest, including:	13 311	32 525	4 088	12 217
- to subsidiaries and affiliates	0	0	0	0
2. Loss on sale of investments	-208	819	0	0
3. Gain on revaluation of investments	0	0	0	0
4. Others	123 844	177 323	4 758	18 731
XII. Profit (loss) on sale of shares in subsidiaries and affiliates	0	0	1	2
<b>XIII. Profit (loss) on commercial activity (IX+X-XI+/-XII)</b>	<b>-75 395</b>	<b>-48 381</b>	<b>11 841</b>	<b>51 757</b>
XIV. Write off of goodwill on consolidation	0	0	0	0
XV. Write off of reserve capital on consolidation	0	0	0	0
<b>XVI. Gross profit (loss) (XIII-XIV-XV)</b>	<b>-75 395</b>	<b>-48 381</b>	<b>11 841</b>	<b>51 757</b>
<b>XVII. Profit on acquisition of a subsidiary</b>	<b>0</b>	<b>16 580</b>	<b>0</b>	<b>0</b>
<b>XVIII. Income tax</b>	<b>3 726</b>	<b>5 716</b>	<b>-9 115</b>	<b>-7 410</b>
a) current	-1 068	499	-1 077	278
b) deferred	4 794	5 217	-8 038	-7 688
<b>XIX. Other obligatory decrease of gross profit (increased loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XX. Net profit (loss) share of subsidiaries and affiliates consolidated by property law method</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XXI. Net profit (loss) (XVI-XVII-XVIII+/-XX+/-XXI)</b>	<b>-79 121</b>	<b>-37 517</b>	<b>20 956</b>	<b>59 167</b>
Profit (loss) due to holding entity	-78 150	-36 630	20 956	59 167
Profit (loss) due to minority shareholders	-971	-887	0	0

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

CHANGES IN EQUITY	IV quarter of 2008 01.10.2008 - 31.12.2008	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarter of 2007 01.10.2007 - 31.12.2007	IV quarters of 2007 01.01.2007 - 31.12.2007
<b>I. Opening balance of equity</b>	<b>378 426</b>	<b>378 426</b>	<b>343 486</b>	<b>343 486</b>
a) changes in adopted accounting principles	0	0	0	0
b) adjustments of fundamental errors	0	0	0	0
<b>I.a. Opening balance of equity after adjustments</b>	<b>378 426</b>	<b>378 426</b>	<b>343 486</b>	<b>343 486</b>
1. Opening balance of share capital	96 780	96 780	96 780	96 780
1.1. Changes in share capital	0	0	0	0

CHANGES IN EQUITY	IV quarter of 2008 01.10.2008 - 31.12.2008	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarter of 2007 01.10.2007 - 31.12.2007	IV quarters of 2007 01.01.2007 - 31.12.2007
a) increase (due to)	0	0	0	0
- issuance of shares	0	0	0	0
b) decrease (due to)	0	0	0	0
- redemption of shares	0	0	0	0
1.2. Closing balance of share capital	96 780	96 780	96 780	96 780
2. Opening balance of called up share capital	0	0	0	0
2.1. Changes in called up share capital	0	0	0	0
a) increase (due to)	0	0	0	0
b) decrease (due to)	0	0	0	0
2.2. Closing balance of called up share capital	0	0	0	0
3. Opening balance of own shares	0	0	0	0
3.1. Changes in balance of own shares	0	0	0	0
a) increase (due to)	0	0	0	0
b) decrease (due to)	0	0	0	0
3.2. Closing balance of own shares	0	0	0	0
4. Opening balance of supplementary capital	309 021	250 536	250 554	213 884
4.1. Changes in supplementary capital	5 008	63 493	-18	36 653
a) increase (due to)	5 009	63 532	0	36 690
- issue of shares above face value	0	0	0	0
- from profit distribution (statutory)	0	0	0	0
- from profit distribution (above the statutory minimum value)	0	58 523	0	36 690
- other increases	5 009	5 009	0	0
b) decrease (due to)	1	39	18	37
- loss coverage	0	0	0	0
- other decreases	1	39	18	37
4.2. Closing balance of supplementary capital	314 029	314 029	250 536	250 537
5. Opening balance of revaluation reserve	0	0	0	0
5.1. Changes in revaluation reserve	-36 606	-36 606	0	0
a) increase (due to)	0	0	0	0
- revaluation of financial instruments	0	0	0	0
b) decrease (due to)	36 606	36 606	0	0
- revaluation of financial instruments	31 597	31 597	0	0
- other decreases	5 009	5 009		
5.2. Closing balance of revaluation reserve	-36 606	-36 606	0	0
6. Opening balance of other reserve capitals	0	0	0	0
6.1. Changes in other reserve capitals	0	0	0	0
a) increase (due to)	0	0	0	0
b) decrease (due to)	0	0	0	0
6.2. Closing balance of other reserve capitals	0	0	0	0
7. Exchange gain (loss) on consolidation	-20 551	-20 551	-24 703	-24 703
8. Opening balance of previous years' profit (loss)	38 805	55 813	37 623	36 102
8.1 Opening balance of previous years' profit	42 164	59 168	37 623	36 102
a) changes in adopted accounting principles	0	0	74	74
b) adjustments of fundamental errors	0	0	-2 840	-2 840
8.2 Opening balance of previous years' profit,	42 164	59 168	34 857	33 336

CHANGES IN EQUITY	IV quarter of 2008 01.10.2008 - 31.12.2008	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarter of 2007 01.10.2007 - 31.12.2007	IV quarters of 2007 01.01.2007 - 31.12.2007
after adjustments				
a) increase (due to)	0	0	0	0
- distribution of previous years' profit	0	0	0	0
b) decrease (due to)	0	58 523	0	36 691
- distribution of previous years' profit	0	58 523	0	36 691
- other decreases	0	0	0	0
8.3. Closing balance of previous years' profit	42 164	645	34 857	-3 355
8.4. Opening balance of previous years' loss	3 359	3 355	0	0
a) changes in adopted accounting principles	0	0	0	0
b) adjustments of fundamental errors	0	0	0	0
8.5. Opening balance of previous years' loss, after adjustments	3 359	3 355	0	0
a) increase (due to)	0	5	0	0
b) decrease (due to)	0	0	0	0
8.6. Closing balance of previous years' loss	3 359	3 360	0	0
8.7. Closing balance of previous years' profit (loss)	38 805	-2 715	34 857	-3 355
9. Net profit	-78 150	-36 630	20 956	59 167
a) net profit	0	0	20 956	59 167
b) net loss	78 150	36 630	0	0
c) write-offs on profit (negative value)	0	0	0	0
<b>II. Closing balance of equity (BZ)</b>	<b>314 307</b>	<b>314 307</b>	<b>378 426</b>	<b>378 426</b>
<b>III. Equity including proposed profit distribution (loss coverage)</b>	<b>314 307</b>	<b>314 307</b>	<b>378 426</b>	<b>378 426</b>

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

CASH FLOW	IV quarter of 2008 01.10.2008 - 31.12.2008	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarter of 2007 01.10.2007 - 31.12.2007	IV quarters of 2007 01.01.2007 - 31.12.2007
<b>A. Cash flows from operating activities - indirect method</b>				
<b>I. Net profit (loss)</b>	<b>-78 150</b>	<b>-53 210</b>	<b>20 956</b>	<b>59 167</b>
<b>II. Total adjustments</b>	<b>160 571</b>	<b>75 431</b>	<b>7 142</b>	<b>-27 427</b>
1. Profit (loss) of minority shareholders	0	0	0	0
2. Net profit (loss) share of subsidiaries and affiliates consolidated by property law method	0	0	0	0
3. Amortisation and depreciation, including:	1 659	40 007	8 421	22 379
- Write off of goodwill on consolidation or Write off of reserve capital on consolidation	0	0	0	0
4. Exchange gains (losses)	95 733	77 534	14 469	14 467
5. Interest and profit sharing (dividend)	11 143	29 706	4 255	11 473
6. Profit (loss) on investment activities	-14 910	-14 714	402	353
7. Change in provisions	-36 822	-42 520	1 960	6 477
8. Change in inventory	-17 776	-71 776	-21 683	-26 907
9. Change in receivables	42 540	27 979	9 501	-54 278

<b>CASH FLOW</b>	<b>IV quarter of 2008 01.10.2008 - 31.12.2008</b>	<b>IV quarters of 2008 01.01.2008 - 31.12.2008</b>	<b>IV quarter of 2007 01.10.2007 - 31.12.2007</b>	<b>IV quarters of 2007 01.01.2007 - 31.12.2007</b>
10. Change in short-term liabilities excluding credits and loans	131 527	113 220	21 085	38 692
11. Change in prepayments and accruals	14 341	-12 982	-10 489	-15 366
12. Other adjustments	-66 864	-71 023	-20 779	-24 717
<b>III. Net cash flows from operating activities (I+/-II)</b>	<b>82 421</b>	<b>22 221</b>	<b>28 098</b>	<b>31 740</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>				
<b>I. Inflows</b>	<b>35 328</b>	<b>35 829</b>	<b>99</b>	<b>363</b>
1. Disposal of intangible and tangible fixed assets	35 324	35 824	99	362
2. Disposal of investments in real property and in intangible assets	0	0	0	0
3. From financial assets, including:	4	5	0	1
a) in subsidiaries and affiliates	0	0	0	0
- sale of financial assets	0	0	0	0
- dividend and profit sharing	0	0	0	0
- repayment of long-term loans	0	0	0	0
- interest	0	0	0	0
- other inflows from financial assets	0	0	0	0
b) in other entities	4	5	0	1
- sale of financial assets	0	0	0	0
- dividend and profit sharing	0	1	0	1
- repayment of long-term loans	3	3	0	0
- interest	1	1	0	0
- other inflows from financial assets	0	0	0	0
4. Other inflows from investment activities	0	0	0	0
<b>II. Outflows</b>	<b>-52 311</b>	<b>126 545</b>	<b>62 114</b>	<b>190 062</b>
1. Acquisition of intangible and tangible fixed assets	-52 311	38 663	62 220	189 617
2. Investments in real property and in intangible assets	0	0	0	0
3. For financial assets, including:	0	700	-106	445
a) in subsidiaries and affiliates	0	0	-106	0
- acquisition of financial assets	0	0	-106	0
- granted loans	0	0	0	0
b) in other entities	0	700	0	445
- acquisition of financial assets	0	0	0	0
- granted loans	0	700	0	445
4. Dividends and other profit sharing paid out to minority shareholders	0	0	0	0
5. Other outflows from investment activities	0	87 182	0	0
<b>III. Net cash flows from operating activities (I-II)</b>	<b>87 639</b>	<b>-90 716</b>	<b>-62 015</b>	<b>-189 699</b>
<b>C. CASH FLOWS FROM FINANCIAL ACTIVITIES</b>				
<b>I. Inflows</b>	<b>-125 038</b>	<b>157 660</b>	<b>-3 836</b>	<b>166 977</b>
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	0	0	0	0
2. Credits and loans	-125 651	157 047	-3 836	166 977

<b>CASH FLOW</b>	<b>IV quarter of 2008 01.10.2008 - 31.12.2008</b>	<b>IV quarters of 2008 01.01.2008 - 31.12.2008</b>	<b>IV quarter of 2007 01.10.2007 - 31.12.2007</b>	<b>IV quarters of 2007 01.01.2007 - 31.12.2007</b>
3. Issuance of debt securities	0	0	0	0
4. Other inflows from financial activities	613	613	0	0
<b>II. Outflows</b>	<b>48 794</b>	<b>95 416</b>	<b>-4 177</b>	<b>82 840</b>
1. Purchase of own shares	0	0	0	0
2. Dividends and other payments to shareholders	0	0	0	0
3. Profit distribution liabilities other than profit distribution payments to shareholders	0	0	0	0
4. Repayment of credits and loans	36 724	64 925	-9 719	68 552
5. Redemption of debt securities	0	0	0	0
6. Payment of other financial liabilities	0	0	0	0
7. Payment of liabilities arising from financial leases	-728	1 361	628	2 515
8. Interest	12 798	29 130	4 914	11 773
9. Other outflows from financial activities	0	0	0	0
<b>III. Net cash flows from investment activities (I-II)</b>	<b>-173 832</b>	<b>62 244</b>	<b>341</b>	<b>84 137</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>-3 772</b>	<b>-6 251</b>	<b>-33 575</b>	<b>-73 822</b>
<b>E. Balance sheet change in cash, including:</b>	<b>-4 373</b>	<b>-6 194</b>	<b>-33 645</b>	<b>-73 890</b>
- change in cash due to exchange differences	-601	57	-70	-68
<b>F. Cash opening balance</b>	<b>8 105</b>	<b>9 926</b>	<b>43 571</b>	<b>83 816</b>
<b>G. Closing balance of cash (F+/-D), including</b>	<b>3 732</b>	<b>3 732</b>	<b>9 926</b>	<b>9 926</b>
- of limited disposability				

## 2. Interim individual financial statement Barlinek S.A.

### 2.1. Selected financial data (thousands)

	thousands PLN		thousands EUR	
	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarters of 2007 01.01.2007 - 31.12.2007	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarters of 2007 01.01.2007 - 31.12.2007
I. Net revenues from sales of products, goods and material	417 179	437 113	118 111	115 737
II. Profit (loss) on operating activities	-6 061	3 543	-1 716	938
III. Gross profit (loss)	-9 948	3 394	-2 816	899
IV. Net profit (loss)	-9 491	2 769	-2 687	733
V. Net cash flows from operating activities	79 162	-12 160	22 412	-3 220
VI. Net cash flows from investment activities	-130 506	-10 468	-36 949	-2 772
VII. Net cash flows from financial activities	50 688	-53 224	14 351	-14 092
VIII. Total net cash flows	-656	-75 852	-186	-20 084
IX. Total assets	633 938	461 135	151 936	128 737
X. Liabilities and reserves for liabilities	389 351	175 455	93 316	48 982
XI. Long term liabilities	83 107	24 271	19 918	6 776
XII. Short term liabilities	292 137	141 028	70 017	39 371
XIII. Equity	244 587	285 680	58 620	79 754
XIV. Share capital	96 780	96 780	96 780	96 780
XV. Number of shares	96 780 000	96 780 000	96 780 000	96 780 000
XVI. Profit (loss) per ordinary share (PLN / EUR)	-0.10	0.03	-0.03	0.01
XVII. Diluted earnings (loss) per ordinary share (PLN / EUR)	-0.10	0.03	-0.03	0.01
XVIII. Book value per share (PLN / EUR)	2.53	2.95	0.61	0.82
XIX. Diluted book value per share (PLN / EUR)	2.53	2.95	0.61	0.82
XX. Declared or paid dividend per share (PLN / EUR)				

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

For converting balance sheet items in the tables of "Selected financial data" as of 31.12.2008, an average EURO exchange rate published by the National Bank of Poland effective on that day was used, i.e. – 1 EUR = 4,1724 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 = 3,5321 PLN (it's the average of the average NBP exchange rates from the last days of the previous 12 months of 2008).

For converting balance sheet items in the tables of "Selected financial data" as of 31.12.2007, an average EURO exchange rate published by the National Bank of Poland effective on that day was used, i.e. – 1 EURO = 3.5820 PLN. Profit and loss statement item and statement of cash flow shown in tables of "Selected financial data" for 2007 was converted using the exchange rate 1 EUR = 3,7768 PLN (it's the average of the average NBP exchange rates from the last days of the previous 12 months of 2007).

### 2.3 Interim individual balance sheet of Barlinek S.A. (thousands PLN)

BALANCE	31.12.2008	30.09.2008	31.12.2007	30.09.2007
<b>I. Fixed assets</b>	<b>448 916</b>	<b>400 657</b>	<b>287 968</b>	<b>284 390</b>
1. Intangible assets	2 495	2 676	452	458
2. Tangible fixed assets	14 314	13 611	10 110	9 063
3. Long-term receivables	0	0	0	0
3.1. From subsidiaries and affiliates	0	0	0	0
3.2. From other entities	0	0	0	0
4. Long-term investments	411 430	374 705	271 079	266 933
4.1. Real estate	0	0	0	0
4.2. 7117 Intangible assets	0	0	0	0

<b>BALANCE</b>	<b>31.12.2008</b>	<b>30.09.2008</b>	<b>31.12.2007</b>	<b>30.09.2007</b>
4.3. Long-term financial assets	411 430	374 705	271 079	266 933
a) in subsidiaries and affiliates	410 920	374 067	270 479	266 271
- shares	297 914	297 913	216 399	216 395
- granted loans	113 006	76 154	54 080	49 876
b) in other entities	510	638	600	662
- shares	12	12	12	12
- granted loans	498	626	588	650
4.4. Other long-term investments	0	0	0	0
5. Long-term deferred charges and accruals	20 677	9 665	6 327	7 936
5.1. Assets from deferred taxes	14 239	4 499	2 955	1 990
5.2. Other deferred charges and accruals	6 438	5 166	3 372	5 946
<b>II. Current assets</b>	<b>184 743</b>	<b>232 123</b>	<b>172 670</b>	<b>164 501</b>
1. Inventory	5 817	5 684	4 521	3 702
2. Short-term receivables	147 643	178 293	146 958	113 725
2.1. From subsidiaries and affiliates	67 291	60 495	43 712	3 411
2.2. From other entities	80 352	117 798	103 246	110 314
3. Short-term investments	6 623	19 453	3 907	26 335
3.1. Short-term financial assets	6 623	19 453	3 907	26 335
a) in subsidiaries and affiliates	3 859	16 091	1 051	3 346
b) in other entities	578	439	72	0
c) cash and other cash assets	2 186	2 923	2 784	22 989
3.2. Other short-term investments	0	0	0	0
4. Short-term deferred charges and accruals	24 660	28 693	17 284	20 739
<b>III. Fixed assets designated for sale.</b>	<b>279</b>	<b>279</b>	<b>497</b>	<b>600</b>
<b>Total assets</b>	<b>633 938</b>	<b>633 059</b>	<b>461 135</b>	<b>449 491</b>
<b>LIABILITIES</b>				
<b>I. Equity</b>	<b>244 587</b>	<b>285 764</b>	<b>285 680</b>	<b>288 607</b>
1. Share capital	96 780	96 780	96 780	96 780
2. Own shares for sale (negative value)	0	0	0	0
3. Reserve capital	188 435	188 435	185 666	185 666
4. Revaluation reserve capital	-31 597	0	0	0
5. Other reserve capital	0	0	0	0
7. Undistributed earnings or uncovered loss of previous periods	460	460	465	391
8. Net profit (loss)	-9 491	89	2 769	5 770
<b>IV. Liabilities and reserves for liabilities</b>	<b>389 351</b>	<b>347 295</b>	<b>175 455</b>	<b>160 884</b>
1. Reserves for liabilities	14 107	15 283	10 156	7 026
1.1. Reserves for income tax	6 175	4 734	2 761	1 680
1.2. Social security reserves	24	70	69	68
a) long term	24	14	13	12
b) short term	0	56	56	56
1.3. Other securities	7 908	10 479	7 326	5 278
a) long term	0	0	0	0
b) short term	7 908	10 479	7 326	5 278
2. Long term liabilities	83 107	73 827	24 271	30 063
2.1. To subsidiaries and affiliates	0	0	0	0
2.2. To other entities	83 107	73 827	24 271	30 063
3. Short term liabilities	292 137	258 185	141 028	123 795
3.1. To subsidiaries and affiliates	55 463	64 608	49 033	51 370
3.2. To other entities	236 674	193 577	91 995	72 425
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

BALANCE	31.12.2008	30.09.2008	31.12.2007	30.09.2007
b) short term	0	0	0	0
<b>Total liabilities</b>	<b>633 938</b>	<b>633 059</b>	<b>461 135</b>	<b>449 491</b>

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

PROFIT AND LOSS ACCOUNT	IV quarter of 2008 01.10.2008 - 31.12.2008	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarter of 2007 01.10.2007 - 31.12.2007	IV quarters of 2007 01.01.2007 - 31.12.2007
<b>I. Net revenues from sales of products, goods and materials, including:</b>	<b>93 382</b>	<b>417 179</b>	<b>122 325</b>	<b>437 113</b>
- from subsidiaries and affiliates	3 722	9 887	11 236	13 620
1. Net revenues from sale of products	1 019	2 040	10 216	12 863
2. Net revenues from sales of products, goods and materials	92 363	415 139	112 109	424 250
<b>II. Cost of products, goods and materials sold, including:</b>	<b>80 083</b>	<b>355 106</b>	<b>105 400</b>	<b>374 283</b>
- from subsidiaries and affiliates	3 206	8 777	10 573	12 346
1. Cost of production	907	1 194	9 831	10 540
2. Cost of goods and materials sold	79 176	353 912	95 569	363 743
<b>III. Gross profit (loss) on sales (I-II)</b>	<b>13 299</b>	<b>62 073</b>	<b>16 925</b>	<b>62 830</b>
<b>IV. Cost of sales</b>	<b>18 311</b>	<b>54 749</b>	<b>14 517</b>	<b>44 525</b>
<b>V. General administrative expenses</b>	<b>2 943</b>	<b>14 346</b>	<b>2 419</b>	<b>11 694</b>
<b>VI. Profit (loss) on sales (III-IV-V)</b>	<b>-7 955</b>	<b>-7 022</b>	<b>-11</b>	<b>6 611</b>
<b>VII. Other operating income</b>	<b>1 065</b>	<b>4 065</b>	<b>1 465</b>	<b>14 288</b>
1. Revenue from sale of non-financial fixed assets	324	656	1 265	13 537
2. Subsidies	0	6	34	34
3. Other operating income	741	3 403	166	717
<b>VIII. Other operating costs</b>	<b>-178</b>	<b>3 104</b>	<b>3 612</b>	<b>17 355</b>
1. Cost of non-financial fixed assets sold	362	805	1 370	13 499
2. Revaluation of non-financial fixed assets	0	0	21	92
3. Other operating costs	-540	2 299	2 221	3 764
<b>IX. Profit (loss) on operating activities (VI+VII-VIII)</b>	<b>-6 712</b>	<b>-6 061</b>	<b>-2 158</b>	<b>3 544</b>
<b>X. Financial revenue</b>	<b>19 163</b>	<b>65 423</b>	<b>10 306</b>	<b>31 284</b>
1. Share dividends, including:	0	1	0	1
- from subsidiaries and affiliates	0	0	0	0
2. Interest, including:	3 388	9 149	1 396	6 465
- from subsidiaries and affiliates	3 345	8 998	1 278	5 263
3. Income from sale of investments	0	0	0	0
4. Gain on revaluation of investments	0	0	0	0
5. Others	15 775	56 273	8 910	24 818
<b>XI. Financial costs</b>	<b>22 918</b>	<b>69 310</b>	<b>12 202</b>	<b>31 434</b>
1. Interest, including:	3 577	13 337	1 410	6 175
- to subsidiaries and affiliates	0	0	0	0
2. Loss on sale of investments	0	0	0	0
3. Gain on revaluation of investments	0	0	0	0
4. Others	19 341	55 973	10 792	25 259
<b>XII. Profit (loss) on commercial activities (IX+X-XI)</b>	<b>-10 467</b>	<b>-9 948</b>	<b>-4 054</b>	<b>3 394</b>
<b>XIII. Gross profit (loss) (XII)</b>	<b>-10 467</b>	<b>-9 948</b>	<b>-4 054</b>	<b>3 394</b>

PROFIT AND LOSS ACCOUNT	IV quarter of 2008 01.10.2008 - 31.12.2008	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarter of 2007 01.10.2007 - 31.12.2007	IV quarters of 2007 01.01.2007 - 31.12.2007
<b>XIV. Income tax</b>	<b>-887</b>	<b>-457</b>	<b>-1 053</b>	<b>625</b>
a) current	0	0	-1 150	178
b) deferred	-887	-457	97	447
<b>XV. Other obligatory decrease of gross profit (increased loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XVI. Net profit (loss) (XIII-XIV-XV)</b>	<b>-9 580</b>	<b>-9 491</b>	<b>-3 001</b>	<b>2 769</b>

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

CHANGES IN EQUITY	IV quarter of 2008 01.10.2008 - 31.12.2008	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarter of 2007 01.10.2007 - 31.12.2007	IV quarters of 2007 01.01.2007 - 31.12.2007
<b>I. Opening balance of equity</b>	<b>285 680</b>	<b>285 680</b>	<b>282 837</b>	<b>282 837</b>
a) changes in adopted accounting principles	0	0	0	0
b) adjustments of fundamental errors	0	0	0	0
<b>I.a. Opening balance of equity after adjustments</b>	<b>285 680</b>	<b>285 680</b>	<b>282 837</b>	<b>282 837</b>
1. Opening balance of share capital	96 780	96 780	96 780	96 780
1.1. Changes in share capital	0	0	0	0
a) increase (due to)	0	0	0	0
- issuance of shares	0	0	0	0
b) decrease (due to)	0	0	0	0
- redemption of shares	0	0	0	0
1.2. Closing balance of share capital	96 780	96 780	96 780	96 780
2. Opening balance of called up share capital	0	0	0	0
2.1. Changes in called up share capital	0	0	0	0
a) increase (due to)	0	0	0	0
b) decrease (due to)	0	0	0	0
2.2. Closing balance of called up share capital	0	0	0	0
3. Opening balance of own shares	0	0	0	0
3.1. Changes in balance of own shares	0	0	0	0
a) increase (due to)	0	0	0	0
b) decrease (due to)	0	0	0	0
3.2. Closing balance of own shares	0	0	0	0
4. Opening balance of supplementary capital	188 435	185 666	185 666	193 991
4.1. Changes in supplementary capital	0	2 769	0	-8 325
a) increase (due to)	0	2 769	0	0
- issue of shares above face value	0	0	0	0
- from profit distribution (statutory)	0	0	0	0
- from profit distribution (above the statutory minimum value)	0	2 769	0	0
b) decrease (due to)	0	0	0	8 325
- loss coverage	0	0	0	8 325
4.2. Closing balance of supplementary capital	188 435	188 435	185 666	185 666
5. Opening balance of revaluation reserve	0	0	0	0
5.1. Changes in revaluation reserve	-31 597	-31 597	0	0
a) increase (due to)	0	0	0	0

CHANGES IN EQUITY	IV quarter of 2008 01.10.2008 - 31.12.2008	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarter of 2007 01.10.2007 - 31.12.2007	IV quarters of 2007 01.01.2007 - 31.12.2007
b) decrease (due to)	31 597	31 597	0	0
- revaluation of financial instruments	31 597	31 597	0	0
5.2. Closing balance of revaluation reserve	-31 597	-31 597	0	0
6. Opening balance of other reserve capitals	0	0	0	0
6.1. Changes in other reserve capitals	0	0	0	0
a) increase (due to)	0	0	0	0
b) decrease (due to)	0	0	0	0
6.2. Closing balance of other reserve capitals	0	0	0	0
7. Exchange gain (loss) on consolidation	0	0	0	0
8. Opening balance of previous years' profit (loss)	3 318	3 229	6 161	-7 934
8.1 Opening balance of previous years' profit	3 323	3 234	6 161	391
a) changes in adopted accounting principles	0	0	74	74
b) adjustments of fundamental errors	-5	-5	0	0
8.2 Opening balance of previous years' profit, after adjustments	3 318	3 229	6 235	465
a) increase (due to)	0	0	0	0
- distribution of previous years' profit	0	0	0	0
b) decrease (due to)	2 769	2 769	0	0
- distribution of previous years' profit	2 769	2 769	0	0
8.3. Closing balance of previous years' profit	549	460	6 235	465
8.4. Opening balance of previous years' loss	0	0	0	8 325
a) changes in adopted accounting principles	0	0	0	0
b) adjustments of fundamental errors	0	0	0	0
8.5. Opening balance of previous years' loss, after adjustments	0	0	0	8 325
a) increase (due to)	0	0	0	0
b) decrease (due to)	0	0	0	8 325
8.6. Closing balance of previous years' loss	0	0	0	0
8.7. Closing balance of previous years' profit (loss)	549	460	6 235	465
9. Net profit	-9 580	-9 491	-3 001	2 769
a) net profit	0	0	0	2 769
b) net loss	9 580	9 491	3 001	0
c) write-offs on profit (negative value)	0	0	0	0
<b>II. Closing balance of equity (BZ)</b>	<b>244 587</b>	<b>244 587</b>	<b>285 680</b>	<b>285 680</b>
<b>III. Equity including proposed profit distribution (loss coverage)</b>	<b>244 587</b>	<b>244 587</b>	<b>285 680</b>	<b>285 680</b>

## 2.6 Interim individual financial statement of cash flow of S.A. (thousands PLN)

CASH FLOW	IV quarter of 2008 01.10.2008 - 31.12.2008	IV quarters of 2008 01.01.2008 - 31.12.2008	IV quarter of 2007 01.10.2007 - 31.12.2007	IV quarters of 2007 01.01.2007 - 31.12.2007
<b>A. Cash flows from operating activities - indirect method</b>				
I. Net profit (loss)	-9 580	-9 491	-3 001	2 769
II. Total adjustments	110 719	88 653	-8 708	-14 929

<b>CASH FLOW</b>	<b>IV quarter of 2008 01.10.2008 - 31.12.2008</b>	<b>IV quarters of 2008 01.01.2008 - 31.12.2008</b>	<b>IV quarter of 2007 01.10.2007 - 31.12.2007</b>	<b>IV quarters of 2007 01.01.2007 - 31.12.2007</b>
1. Amortisation and depreciation, including:	931	3 069	645	2 586
2. Exchange gains (losses)	-915	-2 278	3 176	4 592
3. Interest and profit sharing (dividend)	38	3 817	79	447
4. Profit (loss) on investment activities	206	149	324	181
5. Change in provisions	-1 176	3 951	3 129	6 480
6. Change in inventory	-133	-1 295	-819	396
7. Change in receivables	30 650	-685	-33 232	-78 255
8. Change in fixed assets to be sold	0	217	103	11 017
9. Change in short-term liabilities excluding credits and loans	119 612	133 831	1 996	40 490
10. Change in prepayments and accruals	-6 978	-21 725	5 063	-3 124
11. Other adjustments	-31 516	-30 398	10 828	261
<b>III. Net cash flows from operating activities (I+/-II)</b>	<b>101 139</b>	<b>79 162</b>	<b>-11 709</b>	<b>-12 160</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>				
<b>I. Inflows</b>	<b>2 765</b>	<b>3 049</b>	<b>-9 971</b>	<b>18 924</b>
1. Disposal of intangible and tangible fixed assets	373	656	-9 971	2 302
2. Disposal of investments in real property and in intangible assets	0	0	0	0
3. From financial assets, including:	949	950	0	16 622
a) in subsidiaries and affiliates	945	945	0	16 621
- sale of financial assets	0	0	0	0
- dividend and profit sharing	0	0	0	0
- repayment of long-term loans	0	0	0	14 624
- interest	945	945	0	1 997
- other inflows from financial assets	0	0	0	0
b) in other entities	4	5	0	1
- sale of financial assets	0	0	0	0
- dividend and profit sharing	0	1	0	1
- repayment of long-term loans	3	3	0	0
- interest	1	1	0	0
- other inflows from financial assets	0	0	0	0
4. Other inflows from investment activities	1 443	1 443	0	0
<b>II. Outflows</b>	<b>8 710</b>	<b>133 555</b>	<b>6 501</b>	<b>29 392</b>
1. Acquisition of intangible and tangible fixed assets	1 921	10 131	2 796	5 000
2. Investments in real property and in intangible assets	0	0	0	0
3. For financial assets, including:	6 789	123 424	3 705	24 392
a) in subsidiaries and affiliates	6 789	123 064	3 705	24 022
- acquisition of financial assets	1	81 515	4	185
- granted loans	6 788	41 549	3 701	23 837
b) in other entities	0	360	0	370
- acquisition of financial assets	0	0	0	0

<b>CASH FLOW</b>	<b>IV quarter of 2008 01.10.2008 - 31.12.2008</b>	<b>IV quarters of 2008 01.01.2008 - 31.12.2008</b>	<b>IV quarter of 2007 01.10.2007 - 31.12.2007</b>	<b>IV quarters of 2007 01.01.2007 - 31.12.2007</b>
- granted loans	0	360	0	370
4. Dividends and other profit sharing paid out to minority shareholders	0	0	0	0
5. Other outflows from investment activities	0	0	0	0
<b>III. Net cash flows from operating activities (I-II)</b>	<b>-5 945</b>	<b>-130 506</b>	<b>-16 472</b>	<b>-10 468</b>
<b>C. CASH FLOWS FROM FINANCIAL ACTIVITIES</b>				
<b>I. Inflows</b>	<b>-86 514</b>	<b>87 757</b>	<b>0</b>	<b>0</b>
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	0	0	0	0
2. Credits and loans	-87 127	87 144	0	0
3. Issuance of debt securities	0	0	0	0
4. Other inflows from financial activities	613	613	0	0
<b>II. Outflows</b>	<b>9 377</b>	<b>37 069</b>	<b>-8 082</b>	<b>53 224</b>
1. Purchase of own shares	0	0	0	0
2. Dividends and other payments to shareholders	0	0	0	0
3. Profit distribution liabilities other than profit distribution payments to shareholders	0	0	0	0
4. Repayment of credits and loans	5 706	23 024	-9 994	45 889
5. Redemption of debt securities	0	0	0	0
6. Payment of other financial liabilities	0	0	0	0
7. Payment of liabilities arising from financial leases	268	1 162	301	1 336
8. Interest	3 403	12 883	1 611	5 999
9. Other outflows from financial activities	0	0	0	0
<b>III. Net cash flows from investment activities (I-II)</b>	<b>-95 891</b>	<b>50 688</b>	<b>8 082</b>	<b>-53 224</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>-697</b>	<b>-656</b>	<b>-20 099</b>	<b>-75 852</b>
<b>E. Balance sheet change in cash, including:</b>	<b>-736</b>	<b>-598</b>	<b>-20 205</b>	<b>-75 941</b>
- change in cash due to exchange differences	-39	58	-105	-89
<b>F. Cash opening balance</b>	<b>2 922</b>	<b>2 784</b>	<b>22 989</b>	<b>78 725</b>
<b>G. Closing balance of cash (F+/-D), including</b>	<b>2 186</b>	<b>2 186</b>	<b>2 784</b>	<b>2 784</b>
- of limited disposability				

### 3. Supplementary information to short form of interim consolidated financial statement for IV quarter of 2008.

#### 3.1. Fundamental 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 Vinnycya – Ukraine,
- Barlinek Invest Sp. z o.o. with registered offices in Vinnycya – Ukraine,
- Barlinek Luxembourg S.A.R.L. with registered offices in Luxembourg,
- 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. Barlinek Romania S.A. (formerly S.C. Diana Forest S.A.) with registered offices in Bacau, Romania,
- BCDF Limited with registered offices in Nicosia – Cyprus,

- Barlinek RUS TRADE with registered offices in Moscow, Russia.

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 The company's core business is other wholesale: PKD 5190 Z.

Financial report as of 31.12.2008 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 data for quarter ending on 31 December 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 been 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 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 designated 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 designated 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 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 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 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 date.

**Inventory.**

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

The value of inventory 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 inventory assortment.

**Receivables from goods and services and other receivables.**

Receivables from goods and services 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 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 do 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 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 date or such rates (tax legislation), which is known to be effective in the future on the balance 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 December 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, Barlinek Deutschland GmbH, S.C. Barlinek Romania S.A., BCDF Limited and Barlinek RUS TRADE were transformed pursuant to International Reporting Standards for the purposes of preparing a consolidated financial statement for IV quarter of 2008.

## 3.3. Securities

According to a business strategy of Barlinek Group adopted by the Management Board of the holding company Barlinek S.A. the risk of negative effects of fluctuating currency exchange rates on the financial results are minimised by the use of hedging instruments referred to in an international accounting standard 39.

For hedging instruments meeting the requirements of paragraph 88 of international accounting standard 39 establishing and recording of hedging instruments is conducted according to the following principles:

- subject to hedging are highly probable or planned functional currency exchange transactions of accumulated foreign currency cash flows whose fluctuations could affect profit and loss account,
- Hedging instruments could include forward contracts, acquired plain vanilla options and a zero-cost option strategies which are not issued and that options,
- presentation of changes in the fair value of hedging instruments is done for each balance date after hedging is established
- each established hedging instrument is formally documented.

Main principles of hedging strategy:

1. In principle, hedging strategy takes into account the horizon of four upcoming calendar quarters and is based on the rolling forecast of the Group's foreign currency cash flow.
2. Foreign currency cash flow forecast is updated every quarter. Independent of this the Company performs day-to-day analyses of the foreign currency market and monitors the Group's forecast exposure to currency translation risks. In the event of major changes to the forecast, amendments are made independent of the above rolling forecast cycle.

3. Hedging instruments are established by Barlinek SA., however exposure to currency translation risks is calculated at the Group's level.
4. Subject to hedging is the net currency translation exposure associated with individual foreign currencies (surplus of inflows over expenditure in a given foreign currency), accumulated for each calendar quarter, calculated based on forecast cash flows.
5. So-called natural hedge has a priority, i.e. time correlation of inflows and expenditure in the same foreign currency.
6. The group's balance items are not subject to hedging.
7. The hedging transactions are conducted exclusively at the budgeted or more favourable currency translation rate levels adopted by the Group.
8. The strategy incorporates the use of plain vanilla options and forward contracts.
9. In principle only those option solutions are allowed whereby the value of purchased options is larger or equal to the value of issued options, and the option transactions entered into do not carry any cost.
10. The decisions concerning the volume of hedged net cash flows are made subject to prudence principle, i.e. approximately 80% of net cash flows in a given foreign currency are subject the hedging. Using the above prudence principle, for currency option transactions, call options are issued to an amount constituting some 70% of the value of put options whose strike price is established at the level of currency translation rates budgeted by the Group

The net value of hedging instruments as of the 31.12.2008 meeting the requirements of paragraph 88 of international accounting standard 39 is:

assets	498,653 thousands PLN
liabilities	541,379 thousands PLN
net	-42,726 thousands PLN

The holding company Barlinek S.A. as for the day 31.12.2008 holds forward contracts which are not covered by the international accounting standard 39. As of 31.12.2008, the fair market value of these contracts was minus 8,621 thousand PLN.

### **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.**

On 20 October 2008 the Issuer received information from the Management Board of S.C. BARLINEK ROMANIA S.A., the company established in accordance with the Romanian law, with registered offices in Bacau, concerning the signing on the 17 October 2008 of an agreement for the sale or fixed property between Barlinek Romania and S.C. CERSANIT BACAU S.R.L., a company established in accordance with the Romanian law with registered offices in Bacau (hereinafter referred to as the "Cersanit Bacau").

According to the provisions of the Agreement Barlinek Romania sold to Cersanit Bacau a parcel of land in a town of Margineni (Bacau region, Romania) of a total area of 336,031 m<sup>2</sup> including production workshops with a total area of 30,796 m<sup>2</sup> located on the above mentioned parcel of land (hereinafter referred to as the "Land").

Parties to this Agreement have agreed on the net price of the land at the amount of 37,060,557.02 RON, which is equivalent to 35,214,941.28 PLN according to an average currency exchange rate published by the National Bank of Poland on the 17th October 2008, i.e. 1 RON = 0,9502 PLN. Pursuant to the Agreement, part of the gross price, which is equal to the value of VAT will be paid by the buyer upon a written request of the seller served to the buyer, however no later than 25th of November 2008. The net price will be paid by the buyer upon the written request of the seller served to the buyer, however no later than within 30 days of signing of the Agreement. According to situation in the accounting ledger of the company Barlinek Romania as of the 30th of June 2008, book value of the parcel of land being sold off was 18,621,358.36 RON, which was equivalent to 17,111,166.20 PLN according to an average currency exchange rate published by the National Bank of Poland on 30 June 2008 i.e. 1 RON = 0,9189 PLN.

On 5th December 2008, the Financial Inspection Commission took a decision to approve the Prospectus submitted by the Company (RB 27/2008 dated 18th August 2008)

The Prospectus was drawn up in connection with public offering of 48,390,000 of L-series shares intended for trading on the regulated market for L-series shares, the pre-emptive right and the right to acquire L-series shares.

On 30 December 2008 the Management Board allocated 48,390,000 L series ordinary bearer shares for Initial Public Offering. As a result of execution of the pre-emptive right based on individual pre-emptive rights 47,561,867 (in full: forty-seven million five hundred sixty-one thousand eight hundred sixty-seven) L series of shares were acquired. 828,133 (in full: eight hundred twenty-eight thousand one hundred and thirty-three) L-series shares were not acquired, for which underlying/additional subscription orders were submitted. The reduction rate for underlying subscription orders was 93.72 %.

The value of subscription was 67,746,000 PLN.

The assets raised from the issue of L series shares will be allocated by the Company for the modernization of the plant in Romania and increasing production capacity to over 1.6m m2 of floorboards per annum. The remainder of the assets raised will be allocated to the introduction of the integrated ERP class system.

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

Despite unfavourable tendencies on the investment market and a falling demand for floor covering in Western Europe the Barlinek Group increased its market share in flooring sales.

Revenue from sales for four quarters of last year was nearly PLN 506 m, achieving a growth of 3.5% when compared to the year 2007.

Revenue from sales according to currency translation rates prevailing in 2007 would have achieved the level of more than PLN 541 m, unfortunately due to lower currency translation rates (for example Euro/PLN 3.50 for 2008, 3.78 for 2007) the Group incurred a loss on operating activities of more than PLN 35 m.

In 2008 the group sold a more floorboards and pellets both in terms of quantity and turnover achieved. The sales floorboards grew by 10% when compared to the year 2007, while the sales of pellets increased by 52%. The information of growing floorboard sales is of particular importance since it was achieved during recession and falling demand in this segment. As far as pellets are concerned, which are the Group's another important product, they enjoy continued growth, which is a result of increasing production capacity in 2008. The group sells 100% of its production.

Also very positive information is the fact that in such difficult market conditions the Group was able to raise prices in 2008, however this did not compensate for the appreciation of Polish Zloty against foreign currencies which was experienced almost throughout the whole year 2008.

December saw a drastic fall and the reversal of the trend. This led to a rapid and substantial depreciation of PLN and UAH (currency rate charts for 2008 presented below)





The average annual Euro/ PLN and UAH/Euro currency exchange rates for 2008 were 3.53 PLN and 7.72 UAH respectively while on the day 31.12.2008 these currency exchange rates were 4.17 PLN and 10.85 UAH respectively.

Due to a sudden and drastic depreciation of the two main functional currencies used by the Group companies to draw up their financial statements, the revaluation of liabilities on the balance date of 31 December 2008 due to long-term loans denominated in the Euro, the financial result was debited with a negative currency translation differences in the amount of more than PLN 87 million.

Barlinek Invest (Ukraine) incurred the largest loss of PLN 63.5 million. This item is associated with a valuation of the credit granted by the European Bank for Reconstruction and Development to finance the construction of floorboards production facility at the amount of nearly €50 million. Due to a valuation of long-term credits the companies Barlinek SA and Barlinek Inwestycje incurred losses of PLN 12.2 million and 11.3 million respectively.

It should be noted, however, that the negative effect of balance valuation of liabilities on the financial results of 2008 is not associated with actual cash flow, since these credits are granted for long-term periods and the repayment will continue over the next several years (at currency exchange rates which are unknown at present).

Furthermore according to hedging strategy adopted by the Group, risk exposure of credits obtained in Polish currency and foreign currencies (especially the euro) reflects the structure of revenue from sales and in the long term is a natural form of hedging against currency exchange rate fluctuations.

Due to this, during the repayment periods of these credits, losses incurred on operating activities will be either compensated by higher revenue from sales and operating activities (if the closing exchange rate is maintained) or by reversing the entry (profit on financial activities in the event the PLN or UAH appreciate).

Similarly to other exporting companies, the Barlinek Group is also exposed to foreign currency translation risks. In 2008, 63% of revenue from sales was revenue obtained in foreign currencies. In order to minimise the risk of excessive currency exchange rate fluctuations, the Issuer has adopted the hedging policy which aims to protect the company's cash flows. Long-term balance items are not subject to hedging against currency translation risks. In addition to natural cash flows hedging, the Group also utilises hedging instruments available on the market such as forward contracts and foreign exchange fix options.

On the day of the 31 December 2008 the negative valuation of hedging instrument contracts entered into was more than PLN 51.4 million, of which more than PLN 12 million was accounted for in the financial result of 2008, while according to International Accounting Standard 39, the amount of PLN 39 million was accounted for in equity capital until final settlement.

### 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.

On 5th December 2008, the Financial Inspection Commission took a decision to approve the Prospectus submitted by the Company (RB 27/2008 dated 18th August 2008)

The Prospectus was drawn up in connection with public offering of 48,390,000 of L-series shares intended for trading on the regulated market for L-series shares, the pre-emptive right and the right to acquire L-series shares.

On 30 December 2008 the Management Board allocated 48,390,000 L series ordinary bearer shares for Initial Public Offering.

As a result of execution of the pre-emptive right based on individual pre-emptive rights 47,561,867 (in full: forty-seven million five hundred sixty-one thousand eight hundred sixty-seven) L series of shares were acquired. 828,133 (in full: eight hundred twenty-eight thousand one hundred and thirty-three) L-series shares were not acquired, for which underlying/additional subscription orders were submitted. The reduction rate for underlying subscription orders was 93.72 %. The issue prize was 1.40 PLN per share. The value of subscription was 67,746,000 PLN.

### **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.**

In the Issuer's opinion, there were no other events, following the date on which the IV 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 of 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.**

There were no significant changes in the capital group's or business entity's structure for the three months period ending 31 December 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 of 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.**

Details	As of 14.11.2008 (the date of submitting the periodical report for III quarter 2008)		As of 27.02.2009 (the date of submitting the periodical report for IV quarter 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 Sotowow – directly	49.820.000	51.48 %	83.753.505	57.69%
Michał Sotowow – directly through Barco capital Investment Limited	16.000.000	16.53 %	16.132.128 <sup>1)</sup>	11.11%
<b>Michał Sotowow – directly or indirectly through Barco capital Investment Limited</b>	<b>65.820.000</b>	<b>68.01 %</b>	<b>99.885.633</b>	<b>68.81 %</b>

<sup>1)</sup> As per report received by the Company on 16 December 2008. (RB nr 46/2008)

### 3.14. A statement of changes in the ownership of the 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	Full name	Number of shares owned (as of 27.02.2009)	Change in personal assets in the period 14.11.2008 – 27.02.2009r.
1.	Paweł Wrona – President of the Management Board	911	0
2.	Ryszard Pyrek – Member of the Management Board	13.500	+4.500
3.	Wioleta Bartosz – Member of the Management Board	0	0
4.	Marek Janke – Member of the Management Board,	17.905	+5.968

Persons supervising the Issuer and not possessing shares of the Issuer or authorisation to 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.

Barlinek Cyprus Limited with registered office in Nicosia (Cyprus) (subsidiary of Barlinek SA) acting as the Lender and Barlinek Invest Sp. z o.o. with registered offices in Vinnycya (Ukraine) (subsidiary of Barlinek SA), acting as the Borrower while, on the day 12 November 2008 entered into a loan agreement up to a maximum amount of €15,000,000 (which is the equivalent of PLN 56,253,000 PLN according to an average currency exchange rate published by the National Bank of Poland on the 13th November 2008, i.e. 1 EUR = 3.7502 PLN).

The alarm was granted for a period of until 31st December 2015. The interest on the loan was established at a variable rate, based on the EURIBOR rate plus a profit margin. The loan shall be used towards financing of investments and day-to-day operations of the Borrower.

On 4th December 2008 Barlinek S.A. entered into a loan agreement with Barlinek Cyprus Limited with its registered offices in Nicosia (Cyprus) (a subsidiary of Barlinek SA), as a the Borrower for a maximum amount of €8,000,000 (which is equivalent to PLN 31,059,200 according to average currency exchange rate published by the National bank of Poland on 4th December 2008, i.e. 1 EUR = 3.8824 PLN).

The Borrower shall repay the borrowed amount in full within 2 weeks of receipt of a written request from the Issuer to do so, however no later than until 31 December, 2015. The interest on the loan was established at a variable rate, based on the EURIBOR rate plus a profit margin.

The loan shall be used towards financing by Barlinek Cyprus Limited of loans for Barlinek Invest Sp. z o.o. (a subsidiary of Barlinek SA) to purchase machines and equipment to allow Barlinek Invest Sp. z o.o. construction and start-up of wood processing plants.

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 IV quarter of 2008, 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 an 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, finances, 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 of 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. domestic economic situation,
2. world markets economic situation,
3. the apartment construction sector situation,
4. the situation on financial markets,
5. currency exchange rate fluctuations in Poland, the Ukraine and Romania,
6. high inflation rate in the Ukraine and Russia

**- internal influences:**

1. increasing number of product distribution channels,
2. entering new markets,
3. winning of new clients, continuation of cost optimisation programme through allocation of production in most cost effective locations,
4. focus on the sale of products in the low and medium priced product segment

### 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.

#### IV quarters of 2008

	North America	Central & Eastern Europe	Western Europe	Others	Poland	Scandinavia	Total
<b>Revenue from sales</b>	5 514	118 312	81 026	7 504	191 732	101 835	505 923
<b>Sector result</b>	<b>300</b>	<b>9 274</b>	<b>4 422</b>	<b>1 334</b>	<b>24 566</b>	<b>16 285</b>	<b>56 181</b>
<b>Unaccounted costs of the whole group</b>							38 219
<b>Group sales result</b>							<b>17 962</b>
<b>Other operating income</b>							81 694
<b>Other operating costs</b>							29 195
<b>Result on operating activities</b>							<b>70 461</b>
<b>Financial revenue</b>							91 825
<b>Financial costs</b>							210 667
<b>Gross profit</b>							<b>-48 381</b>
Profit on a transaction of acquisition of a subsidiary							16 580
Income tax							5 716
<b>Net profit</b>							<b>-37 517</b>

	North America	Central & Eastern Europe	Western Europe	Others	Poland	Scandinavia	Total
<b>Sector's assets</b>	606	25 775	9 980	278	20 916	11 521	69 076
<b>Unaccounted assets of the whole group</b>							1 057 171
<b>Total assets</b>							1 126 247

## IV quarters of 2007

	North America	Central & Eastern Europe	Western Europe	Others	Poland	Scandinavia	Total
Revenue from sales	25 684	70 628	97 105	6 464	176 187	112 293	488 361
Sector result	4 039	12 962	16 044	1 134	32 425	28 679	95 283
Unaccounted costs of the whole group							34 924
Group sales result							60 359
Other operating income							2 043
Other operating costs							6 759
Result on operating activities							55 643
Financial revenue							27 062
Financial costs							30 948
Gross profit							51 757
Income tax							-7 410
Net profit							59 167

	North America	Central & Eastern Europe	Western Europe	Others	Poland	Scandinavia	Total
Sector's assets	2 535	16 129	19 841	815	39 488	12 293	91 101
Unaccounted assets of the whole group							778 543
Total assets							869 644

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

Paweł Wrona                      President of the Management Board

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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

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**Kielce, 27th February, 2009**