Barlinek
WOODEN FLOORS

# Consolidated Quarterly Report
# Capital Group Barlinek SA
# for the third quarter of 2011

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# Consolidated Quarterly Report of the Barlinek SA Capital Group

## 1. Condensed consolidated financial statement

### 1.1. Selected financial data (thousands)

| SELECTED FINANCIAL DATA | thousands PLN | | thousands EUR | |
|---|---|---|---|---|
| | III quarter of 2011 | III quarter of 2010 | III quarter of 2011 | III quarter of 2010 |
| | 01.01. - 30.09. | 01.01. - 30.09. | 01.01. - 30.09. | 01.01. - 30.09. |
| I. Net revenue from sales of products, goods and material | 488 931 | 438 493 | 120 983 | 109 550 |
| II. Profit (loss) on operating activities | 20 670 | 29 716 | 5 115 | 7 424 |
| III. Gross profit (loss) | -15 182 | 14 941 | -3 757 | 3 733 |
| IV. Net profit (loss) owed to the shareholders of the Parent Company | -17 097 | 13 081 | -4 231 | 3 268 |
| V. Total income owed to the shareholders of the Parent Company | 5 145 | 10 197 | 1 273 | 2 548 |
| VI. Net cash flows from operating activities | 43 891 | 34 163 | 10 861 | 8 535 |
| VII. Net cash flows from investment activities | -29 268 | -14 731 | -7 242 | -3 680 |
| VIII. Net cash flows from financial activities | -13 311 | -11 802 | -3 294 | -2 949 |
| IX. Total net cash flows | 1 312 | 7 630 | 325 | 1 906 |
| X. Number of shares | 145 170 000 | 145 170 000 | 145 170 000 | 145 170 000 |
| XI. Average-weighted number of shares | 145 170 000 | 145 170 000 | 145 170 000 | 145 170 000 |
| XII. Profit (loss) per ordinary share (PLN / EUR) | -0,12 | 0,09 | -0,03 | 0,02 |
| XIII. Diluted earnings (loss) per ordinary share (PLN / EUR) | -0,12 | 0,09 | -0,03 | 0,02 |
| XIV. Total income per ordinary share (PLN / EUR) | 0,04 | 0,07 | 0,01 | 0,02 |
| XV. Diluted total income per ordinary share (PLN / EUR) | 0,04 | 0,07 | 0,01 | 0,02 |
| | **30.09.2011** | **31.12.2010** | **30.09.2011** | **31.12.2010** |
| XVI. Total assets | 1 097 000 | 1 001 267 | 248 685 | 252 826 |
| XVII. Liabilities and reserves for liabilities | 751 228 | 658 593 | 170 300 | 166 299 |
| XVIII. Long term liabilities | 287 795 | 251 739 | 65 242 | 63 566 |
| XIX. Short-term liabilities | 463 433 | 406 854 | 105 058 | 102 733 |
| XX. Equity capital | 345 772 | 342 674 | 78 385 | 86 527 |
| XXI. Share capital | 145 170 | 145 170 | 32 909 | 36 656 |
| XXII. Number of shares | 145 170 000 | 145 170 000 | 145 170 000 | 145 170 000 |
| XXIII. Average-weighted number of shares | 145 170 000 | 145 170 000 | 145 170 000 | 145 170 000 |
| XXIV. Book value per share (PLN / EUR) | 2,38 | 2,36 | 0,54 | 0,60 |
| XXV. Diluted book value per share (PLN / EUR) | 2,38 | 2,36 | 0,54 | 0,60 |
| XXVI. 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 consolidated financial data" as of 30 September 2011, an average EURO exchange rate published by the National Bank of Poland effective on that day was used, i.e. – 1 EUR = 4.4112 PLN. Items of the profit and loss account and cash flow statement shown in tables of "Selected consolidated financial data" for in the first three quarters of 2011 were converted using the exchange rate of 1 EUR = 4.0413 PLN (it is the average of the average National Bank of Poland exchange rates from the last days of the last 9 months of 2011).

For converting balance sheet items in the tables of "Selected consolidated financial data" as of 30 September 2011, an average EURO exchange rate published by the National Bank of Poland effective on that day was used, i.e. – 1 EUR = 3.9870 PLN. 1 EUR = 3.9870 PLN. Items of the profit and loss account and cash flow statement shown in tables of "Selected consolidated financial data" for in the first three quarters of 2010 were converted using the exchange rate of 1 EUR = 4.0027 PLN (it is the average of the average National Bank of Poland exchange rates from the last days of the last 9 months of 2010).

### 1.3. Consolidated statement of financial position (thousands PLN)

| STATEMENT OF THE FINANCIAL POSITION | 30.09.2011 | 30.06.2011 | 31.12.2010 | 30.09.2010 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **A. FIXED ASSETS** | **626 748** | **595 426** | **621 798** | **632 705** |
| Property, plant and equipment | 594 993 | 562 319 | 585 938 | 593 883 |
| Investment property | 0 | 0 | 0 | 0 |
| Intangible assets | 7 890 | 8 379 | 9 359 | 9 284 |
| Shares in subsidiaries and affiliates | 0 | 0 | 0 | 0 |
| Shares in other entities | 12 | 12 | 12 | 12 |
| Granted long-term loans | 0 | 0 | 229 | 227 |
| Long-term investments | 0 | 0 | 0 | 0 |
| Assets from deferred taxes | 20 111 | 19 033 | 20 456 | 24 510 |
| Other long-term receivables | 3 742 | 5 683 | 5 804 | 4 789 |
| **B. CURRENT ASSETS** | **470 252** | **447 498** | **379 469** | **400 387** |
| Inventory | 237 628 | 233 735 | 192 964 | 185 351 |
| Short-term receivables from supplies and services | 80 720 | 78 568 | 62 433 | 81 077 |
| Granted short-term loans | 984 | 1 009 | 1 148 | 1 113 |
| Receivables from income tax | 3 172 | 2 678 | 219 | 2 427 |
| Other regulatory receivables | 37 116 | 41 558 | 46 333 | 43 407 |
| Financial receivables | 337 | 0 | 0 | 0 |
| Other short-term receivables | 49 263 | 29 756 | 20 024 | 33 010 |
| Cash and equivalents | 9 956 | 12 054 | 8 994 | 10 430 |
| Short-term investments | 0 | 0 | 0 | 0 |
| Other short-term investments | 0 | 0 | 0 | 0 |
| Fixed assets intended for sale | 51 076 | 48 140 | 47 354 | 43 572 |
| **Total assets** | **1 097 000** | **1 042 924** | **1 001 267** | **1 033 092** |

**LIABILITIES**

| | | | | |
|---|---|---|---|---|
| **A. EQUITY CAPITAL** | **345 772** | **317 318** | **342 674** | **365 896** |
| Stated capital (fund) | 145 170 | 145 170 | 145 170 | 145 170 |
| From disposal of shares above their nominal value | 121 339 | 121 339 | 139 358 | 139 358 |
| Revaluation reserve capital (fund) | -9 090 | -9 499 | -9 636 | -9 499 |
| Other reserve capital (fund) | 0 | 0 | 0 | 0 |
| Exchange gain (loss) on consolidation | -6 515 | -31 743 | -28 211 | -29 325 |
| Retained profit / uncovered loss | 95 402 | 92 636 | 96 241 | 119 986 |
| Minority shares | -534 | -585 | -248 | 206 |
| **B. LONG-TERM LIABILITIES** | **287 795** | **217 959** | **251 739** | **284 383** |
| Interest bearing bank credits | 226 008 | 216 134 | 249 443 | 282 539 |
| Received long-term loans | 0 | 0 | 0 | 0 |
| Reserves for deferred income tax | 25 | 15 | 15 | 15 |
| Financial liabilities | 61 384 | 1 432 | 1 480 | 1 515 |
| Liabilities from employee benefits | 378 | 378 | 801 | 314 |
| Other long-term liabilities | 0 | 0 | 0 | 0 |
| **C. SHORT-TERM LIABILITIES** | **463 433** | **507 647** | **406 854** | **382 813** |
| Current portion of interest-bearing bank credits | 312 593 | 310 969 | 305 818 | 292 988 |
| Short-term liabilities from supplies and services | 67 939 | 73 290 | 65 278 | 52 971 |
| Received short-term loans | 0 | 0 | 0 | 0 |
| Liabilities from income tax | 6 | 17 | 336 | 5 |
| Other regulatory liabilities | 10 965 | 9 818 | 8 819 | 9 316 |
| Financial liabilities | 1 649 | 62 937 | 2 071 | 1 820 |
| Other liabilities | 70 281 | 50 616 | 24 532 | 25 713 |
| Accruals and deferred income | 0 | 0 | 0 | 0 |
| Liabilities directly associated with long-term assets classified as items for sale | 0 | 0 | 0 | 0 |
| **Total liabilities** | **1 097 000** | **1 042 924** | **1 001 267** | **1 033 092** |

| | | | | |
|---|---|---|---|---|
| *Book value* | *345 772* | *317 318* | *342 674* | *365 896* |
| *Average-weighted number of shares* | *145 170 000* | *145 170 000* | *145 170 000* | *145 170 000* |
| *Book value per share (PLN)* | *2,38* | *2,19* | *2,36* | *2,52* |

### 1.4. The consolidated profit and loss account (thousands PLN)

| PROFIT AND LOSS ACCOUNT | III quarter of 2011<br>01.07. - 30.09. | three quarters of 2011<br>01.01. - 30.09. | III quarter of 2010<br>01.07. - 30.09. | three quarters of 2010<br>01.01. - 30.09. |
|---|---|---|---|---|
| *Continued activities* | | | | |
| **Total revenue from sales** | **179 410** | **488 931** | **159 548** | **438 493** |
| Net revenue from sale of products | 176 532 | 481 373 | 157 225 | 430 008 |
| Net revenue from sales of products, goods and materials | 2 878 | 7 558 | 2 323 | 8 485 |
| **Cost of products, goods and materials sold** | **118 988** | **315 284** | **102 012** | **278 634** |
| Cost of producing goods sold | 116 575 | 309 826 | 100 537 | 272 228 |
| Cost of goods and materials sold | 2 413 | 5 458 | 1 475 | 6 406 |
| **Gross profit (loss) on sales** | **60 422** | **173 647** | **57 536** | **159 859** |
| Other operating revenue | 1 037 | 2 045 | 1 074 | 1 920 |
| Cost of sales | 38 448 | 109 867 | 32 142 | 91 205 |
| General administrative expenses | 13 335 | 41 232 | 12 365 | 36 557 |
| Other operating costs | 1 625 | 3 923 | 1 654 | 4 301 |
| **Profit (loss) on operating activities** | **8 051** | **20 670** | **12 449** | **29 716** |
| Financial revenue | 16 | 55 | -13 397 | 22 853 |
| Financial costs | 3 895 | 35 907 | 20 802 | 37 628 |
| **Gross profit (loss)** | **4 172** | **-15 182** | **-21 750** | **14 941** |
| Profit on a transaction of acquisition of a subsidiary | **0** | **0** | **0** | **0** |
| **Income tax** | **722** | **1 640** | **-1 219** | **1 090** |
| Current portion | 204 | 455 | -208 | 162 |
| Deferred portion | 518 | 1 185 | -1 011 | 928 |
| **Net profit (loss) on continued activities** | **3 450** | **-16 822** | **-20 531** | **13 851** |
| *Discontinued activities* | | | | |
| Loss for the financial year on discontinued activities | -198 | -561 | -276 | -373 |
| **Net profit (loss) for the financial year** | **3 252** | **-17 383** | **-20 807** | **13 478** |
| Profit (loss) owed to the shareholders of the Parent Company | 3 201 | -17 097 | -20 586 | 13 081 |
| Profit (loss) owed to the minority shareholders | 51 | -286 | -221 | 397 |

### 1.5. Consolidated statement of total revenue (thousands PLN)

| STATEMENT OF TOTAL REVENUE | III quarter of 2011<br>01.07. - 30.09. | three quarters of 2011<br>01.01. - 30.09. | III quarter of 2010<br>01.07. - 30.09. | three quarters of 2010<br>01.01. - 30.09. |
|---|---|---|---|---|
| **Net profit (loss) for the financial year** | **3 252** | **-17 383** | **-20 807** | **13 478** |
| **Total other income** | **25 733** | **22 370** | **-16 367** | **-3 729** |
| Exchange gain (loss) on consolidation | 25 228 | 21 696 | -16 546 | 718 |
| Revaluation of fixed assets | 0 | 0 | 0 | 0 |
| Effective part of profit and loss associated with hedging of cash flows | 505 | 674 | 179 | -4 447 |
| **Income tax associated with components of other total revenue** | **96** | **128** | **34** | **-845** |
| **Total income** | **28 889** | **4 859** | **-37 208** | **10 594** |
| Total income owed to the shareholders of the Parent Company | 28 838 | 5 145 | -36 987 | 10 197 |
| Total income owed to the minority shareholders | 51 | -286 | -221 | 397 |

| | | | | |
|---|---|---|---|---|
| *Average-weighted number of shares* | *145 170 000* | *145 170 000* | *145 170 000* | *145 170 000* |
| *profit (loss) per ordinary share (PLN)* | *0,20* | *0,03* | *-0,26* | *0,07* |

### 1.6. Consolidated cash flow statement (thousands PLN)

| CASH FLOW STATEMENT (indirect method) | III quarter of 2011<br>01.07. - 30.09. | three quarters of 2011<br>01.01. - 30.09. | III quarter of 2010<br>01.07. - 30.09. | three quarters of 2010<br>01.01. - 30.09. |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Gross profit (loss) | 3 974 | -15 743 | -22 026 | 14 568 |
| Adjustments by items: | 39 325 | 61 766 | 65 944 | 19 595 |
| Depreciation | 14 523 | 43 015 | 14 947 | 39 423 |
| Currency translation gains (losses) | -1 231 | 13 112 | 13 577 | -13 104 |
| Interest and profit sharing (dividend) | 10 206 | 27 028 | 6 460 | 21 175 |
| Profit (loss) on investment activities | -104 | -104 | -31 | -90 |
| Change in inventory | -3 893 | -44 664 | 25 012 | 21 776 |
| Change in receivables | -17 562 | -38 910 | 19 537 | -7 586 |
| Change in short-term liabilities excluding credits and loans | 17 066 | 51 853 | -28 093 | -31 828 |
| Change in liabilities due to employee benefits | 0 | -423 | -181 | 21 |
| Change in other long-term receivables | 1 941 | 2 062 | 1 872 | 2 129 |
| Income tax paid | -2 392 | -4 698 | 2 934 | -8 213 |
| Other adjustments | 17 965 | 11 363 | 9 910 | -4 108 |
| **I. Net cash flows from operating activities** | **43 299** | **46 023** | **43 918** | **34 163** |
| **Cash flows from investment activities** | | | | |
| Sale of property, plant and equipment and intangible assets. | 153 | 153 | 83 | 1 432 |
| Acquisition of property, plant and equipment and intangible assets. | -16 332 | -29 737 | -1 234 | -16 180 |
| Dividends and interest received | 0 | 1 | 0 | 1 |
| Repayment of loans granted | 36 | 315 | 5 | 16 |
| **II. Net cash flows from investment activities** | **-18 949** | **-31 400** | **-1 146** | **-14 731** |
| **Cash flows from financial activities** | | | | |
| Payment of liabilities arising from financial leases | -432 | -1 530 | -630 | -1 865 |
| Inflows from credits/loan taken | 5 263 | 15 066 | 18 212 | 129 798 |
| Repayment of credits and loans | -19 596 | -59 785 | -48 232 | -118 522 |
| Change in liabilities due to issuing shares and bonds | 0 | 60 000 | 0 | 0 |
| Interest paid | -10 894 | -25 747 | -6 093 | -20 351 |
| Bank's commission | -539 | -1 315 | -377 | -862 |
| **III. Net cash flows from financial activities** | **-26 198** | **-13 311** | **-37 120** | **-11 802** |
| **Change in net cash and its equivalents (I+II+III)** | **-1 848** | **1 312** | **5 652** | **7 630** |
| Net currency translation differences | -250 | -350 | 25 | 2 |
| **Cash opening balance** | **12 054** | **8 994** | **5 174** | **2 798** |
| **Closing balance of cash, including:** | **9 956** | **9 956** | **10 851** | **10 430** |
| of limited disposability | 0 | 0 | 0 | 0 |

### 1.7. Consolidated statement of changes in equity (thousands PLN)

| STATEMENT OF CHANGES IN EQUITY CAPITAL | Stated capital | From disposal of shares above their nominal value | Revaluation reserve capital (fund) | Exchange gain (loss) on consolidation | Retained profit / uncovered loss | Minority shares | Total equity capital |
|---|---|---|---|---|---|---|---|
| **Situation as of 01.01.2011** | **145 170** | **139 358** | **-9 636** | **-28 211** | **96 241** | **-248** | **342 674** |
| Issuance of shares | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Distribution of previous years' profit | 0 | -18 019 | 0 | 0 | 18 019 | 0 | **0** |
| Others | 0 | 0 | 0 | 0 | -1 761 | 0 | **-1 761** |
| Total income | 0 | 0 | 546 | 21 696 | -17 097 | -286 | **4 859** |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Situation as of 30.09.2011** | **145 170** | **121 339** | **-9 090** | **-6 515** | **95 402** | **-534** | **345 772** |
| | | | | | | | |
| **Situation as of 01.01.2010** | **145 170** | **155 157** | **-5 897** | **-30 043** | **78 099** | **-232** | **342 254** |
| Issuance of shares | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Cost of issuance of shares | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Distribution of previous years' profit | 0 | -15 799 | 0 | 0 | 15 799 | 0 | **0** |
| Others | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Total income | 0 | 0 | -3 739 | 1 832 | 2 343 | -16 | **420** |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Situation as of 31.12.2010** | **145 170** | **139 358** | **-9 636** | **-28 211** | **96 241** | **-248** | **342 674** |

## 2. Condensed financial statement of Barlinek S.A.

### 2.1.1. Selected financial data (thousands)

| SELECTED FINANCIAL DATA | thousands PLN | | thousands EUR | |
|---|---|---|---|---|
| | III quarter of 2011 | III quarter of 2010 | III quarter of 2011 | III quarter of 2010 |
| | 01.01. - 30.09. | 01.01. - 30.09. | 01.01. - 30.09. | 01.01. - 30.09. |
| I. Net revenue from sales of products, goods and material | 419 985 | 358 910 | 103 922 | 89 667 |
| II. Profit (loss) on operating activities | -9 017 | 482 | -2 231 | 120 |
| III. Gross profit (loss) | 2 460 | -2 228 | 609 | -557 |
| IV. Net profit (loss) | 1 226 | -3 144 | 303 | -785 |
| V. Total income | 1 772 | -6 746 | 438 | -1 685 |
| VI. Net cash flows from operating activities | -22 159 | 25 106 | -5 483 | 6 272 |
| VII. Net cash flows from investment activities | -10 308 | -10 938 | -2 551 | -2 733 |
| VIII. Net cash flows from financial activities | 31 240 | -13 768 | 7 730 | -3 440 |
| IX. Total net cash flows | -1 227 | 400 | -304 | 100 |
| X. Number of shares | 145 170 000 | 145 170 000 | 145 170 000 | 145 170 000 |
| XI. Average-weighted number of shares | 145 170 000 | 145 170 000 | 145 170 000 | 145 170 000 |
| XII. Profit (loss) per ordinary share (PLN / EUR) | 0,01 | -0,02 | 0,00 | -0,01 |
| XIII. Diluted earnings (loss) per ordinary share (PLN / EUR) | 0,01 | -0,02 | 0,00 | -0,01 |
| XIV. Total income per ordinary share (PLN / EUR) | 0,01 | -0,05 | 0,00 | -0,01 |
| XV. Diluted total income per ordinary share (PLN / EUR) | 0,01 | -0,05 | 0,00 | -0,01 |
| | **30.09.2011** | **31.12.2010** | **30.09.2011** | **31.12.2010** |
| XVI. Total assets | 737 355 | 635 134 | 167 155 | 160 375 |
| XVII. Liabilities and reserves for liabilities | 469 888 | 368 762 | 106 522 | 93 115 |
| XVIII. Long term liabilities | 99 246 | 47 041 | 22 499 | 11 878 |
| XIX. Short-term liabilities | 370 642 | 321 721 | 84 023 | 81 237 |
| XX. Equity capital | 267 467 | 266 372 | 60 634 | 67 261 |
| XXI. Share capital | 145 170 | 145 170 | 32 909 | 36 656 |
| XXII. Number of shares | 145 170 000 | 145 170 000 | 145 170 000 | 145 170 000 |
| XXIII. Average-weighted number of shares | 145 170 000 | 145 170 000 | 145 170 000 | 145 170 000 |
| XXIV. Book value per share (PLN / EUR) | 1,84 | 1,83 | 0,42 | 0,46 |
| XXV. Diluted book value per share (PLN / EUR) | 1,84 | 1,83 | 0,42 | 0,46 |
| XXVI. 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 consolidated financial data" as of 30 September 2011, an average EURO exchange rate published by the National Bank of Poland effective on that day was used, i.e. – 1 EUR = 4.4112 PLN. Items of the profit and loss account and cash flow statement shown in tables of "Selected consolidated financial data" for in the first three quarters of 2011 were converted using the exchange rate of 1 EUR = 4.0413 PLN (it is the average of the average National Bank of Poland exchange rates from the last days of the last 9 months of 2011).

For converting balance sheet items in the tables of "Selected consolidated financial data" as of 30 September 2011, an average EURO exchange rate published by the National Bank of Poland effective on that day was used, i.e. – 1 EUR = 3.9870 PLN. 1 EUR = 3.9870 PLN. Items of the profit and loss account and cash flow statement shown in tables of "Selected consolidated financial data" for in the first three quarters of 2010 were converted using the exchange rate of 1 EUR = 4.0027 PLN (it is the average of the average National Bank of Poland exchange rates from the last days of the last 9 months of 2010).

### 2.3. Statement of financial standing of Barlinek S.A. (thousands PLN)

| STATEMENT OF THE FINANCIAL POSITION | 30.09.2011 | 30.06.2011 | 31.12.2010 | 30.09.2010 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **A. FIXED ASSETS** | **545 912** | **527 463** | **519 312** | **507 369** |
| Property, plant and equipment | 7 915 | 8 405 | 9 113 | 9 496 |
| Investment property | 0 | 0 | 0 | 0 |
| Intangible assets | 7 247 | 7 683 | 8 656 | 8 603 |
| Shares in subsidiaries and affiliates | 351 969 | 351 969 | 351 969 | 344 235 |
| Shares in other entities | 12 | 12 | 12 | 12 |
| Granted long-term loans | 175 402 | 153 491 | 142 948 | 140 846 |
| Long-term investments | 0 | 0 | 0 | 0 |
| Assets from deferred taxes | 308 | 960 | 1 666 | 302 |
| Other long-term receivables | 3 059 | 4 943 | 4 948 | 3 875 |
| **B. CURRENT ASSETS** | **191 443** | **159 784** | **115 822** | **147 676** |
| Inventory | 10 349 | 11 652 | 7 301 | 8 564 |
| Short-term receivables from supplies and services | 92 039 | 62 825 | 44 834 | 55 990 |
| Granted short-term loans | 674 | 703 | 470 | 8 147 |
| Receivables from income tax | 0 | 0 | 0 | 0 |
| Other regulatory receivables | 19 163 | 20 889 | 13 833 | 14 341 |
| Financial receivables | 337 | 0 | 0 | 0 |
| Other short-term receivables | 65 181 | 56 679 | 44 106 | 58 873 |
| Cash and equivalents | 3 700 | 7 036 | 5 278 | 1 761 |
| Short-term investments | 0 | 0 | 0 | 0 |
| Other short-term investments | 0 | 0 | 0 | 0 |
| Fixed assets intended for sale | 0 | 0 | 0 | 0 |
| **Total assets** | **737 355** | **687 247** | **635 134** | **655 045** |

**LIABILITIES**

| | | | | |
|---|---|---|---|---|
| **A. EQUITY CAPITAL** | **267 467** | **254 503** | **266 372** | **279 936** |
| Stated capital (fund) | 145 170 | 145 170 | 145 170 | 145 170 |
| From disposal of shares above their nominal value | 121 339 | 121 339 | 139 358 | 139 358 |
| Revaluation reserve capital (fund) | 409 | 0 | -137 | 0 |
| Other reserve capital (fund) | 0 | 0 | 0 | 0 |
| Retained profit / uncovered loss | 549 | -12 006 | -18 019 | -4 592 |
| **B. LONG-TERM LIABILITIES** | **99 246** | **39 517** | **47 041** | **50 985** |
| Interest bearing bank credits | 38 337 | 38 497 | 45 891 | 50 051 |
| Received long-term loans | 0 | 0 | 0 | 0 |
| Reserves for deferred income tax | 0 | 0 | 0 | 0 |
| Long-term financial liabilities | 60 868 | 979 | 1 109 | 904 |
| Liabilities from employee benefits | 41 | 41 | 41 | 30 |
| Other long-term liabilities | 0 | 0 | 0 | 0 |
| **C. SHORT-TERM LIABILITIES** | **370 642** | **393 227** | **321 721** | **324 124** |
| Current portion of interest-bearing bank credits | 193 412 | 194 928 | 194 345 | 195 352 |
| Short-term liabilities from supplies and services | 132 848 | 133 757 | 110 871 | 108 618 |
| Received short-term loans | 0 | 0 | 0 | 0 |
| Liabilities from income tax | 0 | 0 | 0 | 0 |
| Other regulatory liabilities | 1 325 | 1 483 | 1 425 | 1 168 |
| Financial liabilities | 986 | 26 618 | 1 388 | 1 122 |
| Other liabilities | 42 071 | 36 441 | 13 692 | 17 864 |
| Liabilities directly associated with long-term assets classified as items for sale | 0 | 0 | 0 | 0 |
| **Total liabilities** | **737 355** | **687 247** | **635 134** | **655 045** |

| | | | | |
|---|---|---|---|---|
| *Book value* | *267 467* | *254 503* | *266 372* | *279 936* |
| *Average-weighted number of shares* | *145 170 000* | *145 170 000* | *145 170 000* | *145 170 000* |
| *Book value per share (PLN)* | *1,84* | *1,75* | *1,83* | *1,93* |

### 2.4. Profit and loss account of Barlinek S.A. (thousands PLN)

| PROFIT AND LOSS ACCOUNT | III quarter of 2011<br>01.07. - 30.09. | three quarters of 2011<br>01.01. - 30.09. | III quarter of 2010<br>01.07. - 30.09. | three quarters of 2010<br>01.01. - 30.09. |
|---|---|---|---|---|
| *Continued activities* | | | | |
| **Total revenue from sales** | **154 232** | **419 985** | **127 256** | **358 910** |
| Net revenue from sale of products | 2 449 | 6 731 | 1 673 | 6 074 |
| Net revenue from sales of products, goods and materials | 151 783 | 413 254 | 125 583 | 352 836 |
| **Cost of products, goods and materials sold** | **127 490** | **345 262** | **102 114** | **286 371** |
| Cost of producing goods sold | 732 | 1 938 | 378 | 966 |
| Cost of goods and materials sold | 126 758 | 343 324 | 101 736 | 285 405 |
| **Gross profit (loss) on sales** | **26 742** | **74 723** | **25 142** | **72 539** |
| Other operating revenue | 203 | 603 | 263 | 691 |
| Cost of sales | 22 489 | 64 344 | 19 170 | 55 379 |
| General administrative expenses | 6 193 | 17 267 | 4 997 | 14 813 |
| Other operating costs | 1 395 | 2 732 | 869 | 2 556 |
| **Profit (loss) on operating activities** | **-3 132** | **-9 017** | **369** | **482** |
| Financial revenue | 24 445 | 29 960 | -7 760 | 10 715 |
| Financial costs | 8 081 | 18 483 | 4 659 | 13 425 |
| **Gross profit (loss)** | **13 232** | **2 460** | **-12 050** | **-2 228** |
| Profit on a transaction of acquisition of a subsidiary | **0** | **0** | **0** | **0** |
| **Income tax** | **560** | **1 234** | **-1 012** | **916** |
| Current portion | 0 | 0 | 0 | 0 |
| Deferred portion | 560 | 1 234 | -1 012 | 916 |
| **Net profit (loss) on continued activities** | **12 672** | **1 226** | **-11 038** | **-3 144** |
| *Discontinued activities* | | | | |
| Loss for the financial year on discontinued activities | 0 | 0 | 0 | 0 |
| **Net profit (loss) for the financial year** | **12 672** | **1 226** | **-11 038** | **-3 144** |

### 2.5. Statement of total revenue of Barlinek S.A. (thousands PLN)

| STATEMENT OF TOTAL REVENUE | III quarter of 2011<br>01.07. - 30.09. | three quarters of 2011<br>01.01. - 30.09. | III quarter of 2010<br>01.07. - 30.09. | three quarters of 2010<br>01.01. - 30.09. |
|---|---|---|---|---|
| **Net profit (loss) for the financial year** | **12 672** | **1 226** | **-11 038** | **-3 144** |
| **Total other income** | **505** | **674** | **179** | **-4 447** |
| Exchange gain (loss) on consolidation | 0 | 0 | 0 | 0 |
| Effective part of profit and loss associated with hedging of cash flows | 505 | 674 | 179 | -4 447 |
| **Income tax associated with components of other total revenue** | **96** | **128** | **34** | **-845** |
| **Total income** | **13 081** | **1 772** | **-10 893** | **-6 746** |
| | | | | |
| *Average-weighted number of shares* | *145 170 000* | *145 170 000* | *145 170 000* | *145 170 000* |
| *profit (loss) per ordinary share (PLN)* | *0,09* | *0,01* | *-0,08* | *-0,05* |

### 2.6. Statement of cash flows of Barlinek S.A. (thousands PLN)

| CASH FLOW STATEMENT (indirect method) | III quarter of 2011<br>01.07. - 30.09. | three quarters of 2011<br>01.01. - 30.09. | III quarter of 2010<br>01.07. - 30.09. | three quarters of 2010<br>01.01. - 30.09. |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Gross profit (loss) | 13 232 | 2 460 | -12 050 | -2 228 |
| Adjustments by items: | -35 243 | -24 619 | 15 948 | 27 334 |
| Depreciation | 1 202 | 3 754 | 1 134 | 3 381 |
| Currency translation gains (losses) | -12 285 | -11 845 | 5 856 | 1 067 |
| Interest and profit sharing (dividend) | 1 968 | 5 414 | 1 047 | 3 252 |
| Profit (loss) on investment activities | -104 | -104 | 7 | -84 |
| Change in inventory | 1 303 | -3 048 | -755 | -3 564 |
| Change in receivables | -36 326 | -73 945 | 16 634 | -1 993 |
| Change in short-term liabilities excluding credits and loans | 4 948 | 51 098 | -9 827 | 21 211 |
| Change in other long-term receivables | 1 883 | 1 889 | 1 715 | 2 138 |
| Income tax paid | -4 | -4 | 0 | 1 719 |
| Other adjustments | 2 172 | 2 172 | 137 | 207 |
| **I. Net cash flows from operating activities** | **-22 011** | **-22 159** | **3 898** | **25 106** |
| **Cash flows from investment activities** | | | | |
| Sale of property, plant and equipment and intangible assets. | 153 | 153 | 23 | 118 |
| Acquisition of property, plant and equipment and intangible assets. | -222 | -1 696 | -599 | -2 014 |
| Acquisition of financial assets | 0 | 0 | 0 | -253 |
| Dividends and interest received | 0 | 1 | 0 | 1 |
| Repayment of loans granted | 36 | 46 | 5 | 16 |
| Loans granted | -3 043 | -8 812 | -44 | -8 806 |
| Other cash flows from investment activities | 0 | 0 | 0 | 0 |
| **II. Net cash flows from investment activities** | **-3 076** | **-10 308** | **-615** | **-10 938** |
| **Cash flows from financial activities** | | | | |
| Inflows from issuance of shares | 0 | 0 | 0 | 0 |
| Payment of liabilities arising from financial leases | -240 | -990 | -401 | -1 123 |
| Inflows from credits/loan taken | 1 848 | 4 925 | 26 644 | 59 882 |
| Repayment of credits and loans | -9 045 | -19 285 | -25 758 | -61 796 |
| Change in liabilities due to issuing shares and bonds | 35 000 | 60 000 | 0 | 0 |
| Interest paid | -5 270 | -12 805 | -3 385 | -10 334 |
| Bank's commission | -291 | -605 | -159 | -397 |
| **III. Net cash flows from financial activities** | **22 002** | **31 240** | **-3 059** | **-13 768** |
| **Change in net cash and its equivalents (I+II+III)** | **-3 085** | **-1 227** | **224** | **400** |
| Net currency translation differences | -251 | -351 | -4 | -10 |
| **Cash opening balance** | **7 036** | **5 278** | **1 541** | **1 371** |
| **Closing balance of cash, including:** | **3 700** | **3 700** | **1 761** | **1 761** |
| of limited disposability | 0 | 0 | 0 | 0 |

## 2.7. Statement of changes in equity capital of Barlinek S.A. (thousands PLN)

| STATEMENT OF CHANGES IN EQUITY CAPITAL | Stated capital | From disposal of shares above their nominal value | Revaluation reserve capital (fund) | Retained profit / uncovered loss | Total equity capital |
|---|---|---|---|---|---|
| **Situation as of 01.01.2011** | **145 170** | **139 358** | **-137** | **-18 019** | **266 372** |
| Issuance of shares | 0 | 0 | 0 | 0 | 0 |
| Distribution of previous years' profit | 0 | -18 019 | 0 | 18 019 | 0 |
| Others | 0 | 0 | 0 | -677 | -677 |
| Total income | 0 | 0 | 546 | 1 226 | 1 772 |
| Dividends paid | 0 | 0 | 0 | 0 | 0 |
| **Situation as of 30.09.2011** | **145 170** | **121 339** | **409** | **549** | **267 467** |
| | | | | | |
| **Situation as of 01.01.2010** | **145 170** | **155 157** | **3 602** | **-23 451** | **280 478** |
| Issuance of shares | 0 | 0 | 0 | 0 | 0 |
| Distribution of previous years' profit | 0 | -15 799 | 0 | 15 799 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 |
| Total income | 0 | 0 | -3 739 | -10 367 | -14 106 |
| Dividends paid | 0 | 0 | 0 | 0 | 0 |
| **Situation as of 31.12.2010** | **145 170** | **139 358** | **-137** | **-18 019** | **266 372** |

## 3. Supplementary information to short form of interim consolidated financial statement for the 3rd quarter of 2011.

### 3.1. General information.

The parent company of Barlinek Capital Group SA („Capital Group", „Group") is "Barlinek" S.A. („Company", „Parent Company") with registered office in Kielce at Al. Solidarności 36. The company is registered in the National Court Register under the number KRS 0000018891. The Company was assigned the business statistical number (REGON) 290725379.

"Barlinek" S.A., as a joint stock company was established on 30 May 1996 by the company Echo Press S.A. with registered offices in Kielce (currently Echo Investment S.A.) and by Mr Michał Sołowow and Mr Adam Kubicki. On 1 June 1999, the Governor of Western Pomerania decided to carry out direct privatisation of the state-owned enterprise Barlineckie Przedsiębiorstwo Przemysłu Drzewnego by contribution in kind to raise the company's share capital. As a result of this decision, the company adopted a resolution to raise the company's share capital and issue 1,200,000 shares intended for acquisition by the state treasury in exchange for a contribution in kind of the subject company. On 24 September 1999, the Governor of Western Pomerania established a company composed of tangible and intangible assets constituting the state armed enterprise „Barlineckie Przedsiębiorstwo Przemysłu Drzewnego imienia Prof. Fr. Krzysika" in Barlinek. On 22 September 2005, shares of "Barlinek" S.A. were introduced for trading on Warsaw Stock Exchange.

Core business is production and distribution of triple layered wooden floorboards, solid wood floors, skirting boards and organic biofuels: pellets and briquettes. The Group's offer is complemented by range of accessories for installation and care of the offered floorboards, which are purchased from external companies and resold under the brand name of Barkiet System.

The duration of the operation of the Parent Company and companies within the Group is undefined.

Condensed consolidated financial statement of the Group includes data for the quarter ending on 30th September 2011 and contains comparable data for the same period of previous year.

The group does not include organisational unit drawing up financial reports independently.

### 3.2. Composition of the Capital Group

As of 30 September 2011 Barlinek Capital Group is composed of the following subsidiaries:

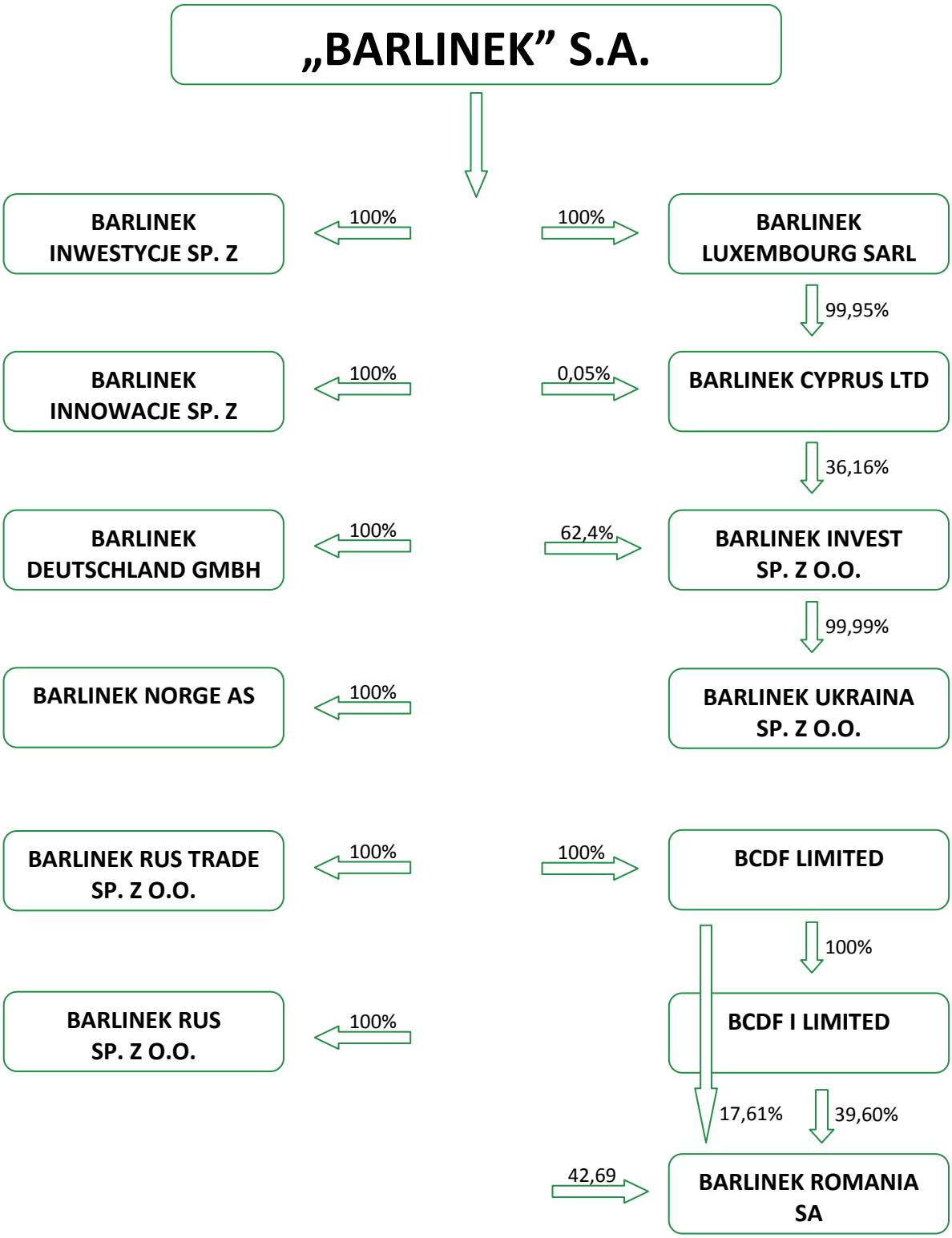
| Entity's name | Headquarters | Share in group's capital | |
|---|---|---|---|
| | | 30 September 2011 | 30 September 2010 |
| Barlinek Inwestycje Sp. z o.o. | Barlinek | 100% | 100% |
| Barlinek Innowacje Sp. z o.o. | Barlinek | 100% | 100% |
| Barlinek Ukraina Sp. z o.o. | Vinnycya, Ukraine | 99.99% | 99.99% |
| Barlinek Invest Sp. z o.o. | Vinnycya, Ukraine | 98.56% | 98.56% |
| Barlinek Luxemburg S.A.R.L. | Luxembourg | 100% | 100% |
| Barlinek Cyprus Limited | Nicosia, Cyprus | 100% | 100% |
| Barlinek Norge A.S. | Kongsberg, Norway | 100% | 100% |
| Barlinek Deutschland GmbH | Daun, Germany | 100% | 100% |
| Barlinek RUS Sp. z o.o. | Shulma, Russian Federation | 100% | 100% |
| Barlinek Rus Trade Sp. z o.o. | Moscow, Russian Federation | 100% | 100% |
| BCDF Limited | Nicosia, Cyprus | 100% | 100% |
| S.C. Barlinek Romania S.A. | Onesti, Romania | 99.90% | 99.90% |
| BCDF I Limited | Nicosia, Cyprus | 100% | 100% |

All subsidiaries are consolidated as of 30 of September 2011.

At 30 September 2011 the share of general number of voting rights held by the Group in subsidiaries was equal to the Group's share in the capital of these subsidiaries.

At 30 September 2010 the share of general number of voting rights held by the Group in subsidiaries was equal to the Group's share in the capital of these subsidiaries.

The structure of Barlinek SA Capital Group



## 3.3. Major accounting principles.

### 3.3.1. The basis for drawing up of the financial report.

The Condensed consolidated financial report was drawn up according to historical cost principle modified for financial instruments.

The Condensed consolidated financial report is presented in Polish currency ("PLN") and all figures, unless indicated otherwise, are given in thousands of PLN.

This Condensed consolidated financial statement was prepared at the assumption that the business all the companies within the group is to continue operating in the foreseeable future. On the date this consolidated financial statement is drawn up there are no circumstances that could be regarded as a threat to continued business operations of the Group.

### 3.3.2. Compliance statement.

Pursuant to an amended Accounting Act which came into force on the 1 January 2005, the Group draws up its financial reports according to International Accounting Standards, International Financial Reporting Standards and associated interpretations published in the form of European Commission Ordinances („IFRS for application within the EU"). Within the scope of accounting principles applied by the Group on the day this financial statement has been drawn up, taking into account the implementation process of International Financial Reporting Standards taking place within the European Union and the business activities conducted by the Company, there is no difference between the International Financial Reporting Standards that took effect and the IFRS approved by the European Union.

This Condensed 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 Group applies International Financial Reporting Standards in force on the day of 30 of September 2011.

### 3.3.3. Clarifications regarding the seasonality of business activity in the interim period.

The Group's business activities are not of seasonal or a cyclical nature and timing has no effect on the financial results achieved in the interim period.

### 3.3.4. Measurement and presentation currency.

Both management and presentation currency applied by the Group to present this summarised consolidated financial report is Polish currency.

### 3.3.5. Changes in adopted accounting principles.

This condensed consolidated financial report for the third quarter of 2011 and comparable financial data for the third quarter of 2010 are drawn up according to International Financial Reporting Standards. In the reporting period ending 30 September 2011 the Group did not change adopted accounting policy and complied with the same accounting policy and calculation methods as in the last annual consolidated financial statements.

### 3.3.6. Changes in the presentation.

The were no changes in the presentation of the summarised consolidated financial statements and the summarised consolidated financial statements for the third quarter of 2011:

### 3.3.7. Error adjustments.

No error adjustments were made in the consolidated report for the quarter ending 30 September 2011.

### 3.3.8. Principles of consolidation.

Barlinek S.A. is the Parent Company of Barlinek S.A. Capital Group and is responsible for drawing up of condensed consolidated financial statement.

The condensed consolidated financial statement includes the financial report of Barlinek S.A. and the financial report of its subsidiaries drawn up for the quarter ending 30 September 2011. Financial report of subsidiaries are drawn up for the same reporting period as the financial report of the Parent Company, with the application of coherent accounting principles, based on uniform accounting principles for transactions and occurrences similar in nature. Adjustments are made in the event of any discrepancies in the adopted accounting principles.

All major balances and transactions between the Group companies, including unrealised profits resulting from transactions within the Group had been entirely eliminated. Unrealised losses are eliminated, unless they demonstrate an impairment loss.

Subsidiaries are subject to consolidation in the period from the day the Group assumes control and are excluded from consolidation on the day the Group releases control. A Parent Company assumes control over a subsidiary when it owes directly or indirectly, through its subsidiaries, more than half of voting rights in a company unless it can be demonstrated that this ownership does not allow control. A Parent Company is also said to control a subsidiary when it is able to control the subsidiary's financial and business policy.

Financial reports of Companies: Barlinek S.A., Barlinek Inwestycje 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, BCDF Limited, BCDF I Limited oraz Barlinek Romania S.A. have been drawn up according to International Financial Reporting Standards. However the financial reports of other companies including Barlinek Innowacje Sp. z o.o., Barlinek Norge A.S., Barlinek Deutschland GmbH, Barlinek RUS Sp. z o.o. and Barlinek Rus Trade Sp. z o.o. have been transformed for the purpose of drawing up this summarised consolidated financial report.

### 3.3.9. Conversion of financial statements of subsidiaries expressed in foreign currencies.

Functional currency of international subsidiaries: Barlinek Ukraina Sp. z o.o. and Barlinek Invest Sp. z o.o. is the UAH (Ukrainian hryvnia), subsidiaries: Barlinek Cyprus Limited, Barlinek Luxemburg S.A.R.L., Barlinek Deutschland GmbH, BCDF Limited and BCDF I Limited is the euro, subsidiaries: Barlinek RUS Sp. z o.o. and Barlinek Rus Trade Sp. z o.o. is RUB (Russian ruble), subsidiary Barlinek Norge A.S. is NOK (Norwegian krone), And the subsidiary Barlinek Romania S.A. jest RON (Romanian Leu).

On the balance date the assets and liabilities of these international subsidiaries are converted to the group's presentation currency at the exchange rates prevalent on the balance date and the profit and loss accounts are converted at the average currency exchange rates for each quarter of the reporting period. Currency translation differences resulting from such conversion are a recognised directly in equity capital as a separate component. When an international subsidiary is sold off, accumulated deferred currency translation differences recognised in equity capital, relating to a specific foreign entity are recognised in profit and loss account.

The following currency exchange rates were adopted for the purpose of converting assets and liabilities of international subsidiaries:

| Currency | 30.09.2011 | 31.12.2010 | 30.09.2010 |
|---|---|---|---|
| EUR | 4,4112 | 3,9603 | 3,9870 |
| UAH | 0,4076 | 0,3722 | 0,3689 |
| NOK | 0,5589 | 0,5071 | 0,4985 |
| RON | 1,0144 | 0,9238 | 0,9342 |
| RUB | 0,1015 | 0,0970 | 0,0956 |

Weighted average currency translation rates for individual quarters of the reporting period adopted for the purpose of converting profit and loss accounts of international subsidiaries were as follows:

| Currency | Year 2011 | | | Year 2010 | | |
|---|---|---|---|---|---|---|
| | III Q | II Q | I Q | III Q | II Q | I Q |
| EUR | 4,1470 | 3,9596 | 3,9483 | 4,0089 | 4,0088 | 3,9924 |
| UAH | 0,3669 | 0,3444 | 0,3630 | 0,3928 | 0,3979 | 0,3599 |
| NOK | 0,5337 | 0,5057 | 0,5040 | 0,5036 | 0,5060 | 0,4921 |
| RON | 0,9742 | 0,9581 | 0,9348 | 0,9421 | 0,9594 | 0,9695 |
| RUB | 0,1008 | 0,0982 | 0,0986 | 0,1015 | 0,1040 | 0,0966 |

### 3.3.10. Estimated value adjustment type and amount.

In the reporting period of the Group did not adjust any estimated values.

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

In the reporting period ended 30 September 2011 Barlinek S.A. issued two-year bearer bonds in the total amount of 60,000,000 PLN (Current report no 23/2011 dated 30.09.2011).

### 3.3.12. Dividends paid.

During the reporting period ending 30 September 2011 the parent company did not pay nor plan any dividends.

### 3.3.13. Information concerning business segments.

For management purposes of the group distinguishes three business segments based on the products manufactured, sold and services provided. The following operating segments are distinguished:

- Floorboards and related flooring materials – this segment includes triple layer floorboards, solid wood floorboards, skirting boards, installation accessories and floorboard care products (Barkiet System),
- Organic biofuels - pellets and briquettes - fuel produced from waste biomass,
- Others – this segment includes other non-core business activities.

The Management Board of Barlinek S.A. separately monitors business segment results in order to take decisions regarding allocation of resources, as well as to assess the effects of this allocation and the financial results. The basis for an assessment of financial result is gross profit or loss on sales taking into account cost of sales. General administrative expenses, group financing (including financial revenue and cost), other operating activities and income tax are monitored at the group level and allocation to segments does not occur.

| *Operating segments* | *Revenue* | | *Segment profit* | |
|---|---|---|---|---|
| | *for the period from 1 January to 30 September 2011* | *for the period from 1 January to 30 September 2010* | *for the period from 1 January to 30 September 2011* | *for the period from 1 January to 30 September 2010* |
| Floorboards and related flooring materials | 411 392 | 373 855 | 48 356 | 54 984 |
| Organic biofuels | 68 745 | 54 999 | 14 292 | 12 979 |
| Other | 8 795 | 9 639 | 1 132 | 902 |
| **Continued activities, total** | **488 932** | **438 493** | **63 780** | **68 865** |
| Unaccounted costs of the whole group | | | 41 232 | 36 654 |
| Other operating revenue | | | 2 045 | 1 920 |
| Other operating costs | | | 3 923 | 4 301 |
| **Result on operating activities** | | | **20 670** | **29 830** |
| Financial revenue | | | 55 | 22 853 |
| Financial costs | | | 35 907 | 37 628 |
| **Gross profit** | | | **-15 182** | **15 055** |
| Income tax | | | 1 640 | 1 089 |
| **Net result on continued activities** | | | **-16 822** | **13 966** |
| Loss for the financial year on discontinued activities | | | -561 | -487 |
| **Net result for the financial year** | | | **-17 383** | **13 479** |

| | *30 June 2011* | *30 June 2010* |
|---|---|---|
| **Sector's assets** | **831 880** | **787 748** |
| Floorboards and related flooring materials | 757 594 | 721 094 |
| Organic biofuels | 63 764 | 53 274 |
| Other | 10 522 | 13 380 |
| Unaccounted assets of the whole group | 265 119 | 245 345 |
| **Total assets** | **1 096 999** | **1 033 093** |

### 3.3.14. Events after the balance date.

On 18 October 2011 the Extraordinary General Shareholders Meeting passed a resolution number 4 on amendment of the Statute, including authorization of the Management Board to increase the share capital within the authorised capital by issue of shares by the maximum total amount not exceeding PLN 108,877,500 with pre-emptive right of purchase by the exiting shareholders.

### 3.3.15. Changes in the Group's structure.

In the reporting period ending 30 September 2011 Barlinek S.A. Capital Group has not disposed of any shares in any subsidiary and there has been no consolidation of business entities.

### 3.3.16. Financial instruments.

On 30 September 2011 all of the Group's financial instruments were shown in the financial statement at fair market value.

On 30 of September 2011, the parent company had unsettled forward currency transactions valued by their fair market price by capital. These are sale transactions in the following currencies: GBP, EUR, SEK, NOK.

| item | Currency | Transaction nominal value | Valuation of transactions as at 30.09.2011 (PLN) |
|---|---|---|---|
| 1. | EUR/PLN | -4 140 000 | 207 016.50 |
| 2. | NOK/PLN | -4 570 000 | 52 891.21 |
| 3. | GBP/PLN | -2 290 000 | 70 969.70 |
| 4. | SEK/PLN | -5 400 000 | 6 151.56 |
| | | **TOTAL** | **337 028.97** |

In the total above the sum of (+) 504,937.11 was settled by the capital while the sum of (-) 167,908.14 was settled by financial results.

## 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.

It is the Management Board's opinion that there have been no major achievements or setbacks in the reporting period ending 30 September 2011.

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

In the 3rd quarter of 2011 sales revenue increased by approximately 15.7% in comparison with the second quarter of this year. The increase in revenues compared to the previous quarter was achieved on all product groups except the pellet. Reduced sales of the latter product are related to the seasonality of sales (the largest sales are achieved during the heating season). In the 3rd quarter of 2011 a 1.5% decline of gross profit margin on sales was reported. The operating result rose by 2.7% compared with the previous quarter. The decline of gross profit margin on sales is primarily due to the increase in the production costs of the Group's main products, i.e. the multi-layered and solid wood floorboards. Higher production costs is primarily the result of rising prices of both hardwood and softwood timber. The largest price increase was recorded in the month of July, while in the subsequent three months of the quarter enjoyed price stability, which allows to predict that this level should continue in the fourth quarter of 2011. The largest increase in raw material prices - 35% compared with the previous year, applies to raw softwood. The increase applies to both Polish and Ukrainian raw softwood. In the case of raw hardwood, the largest price increase was recorded in oak and ash timber. Overall, the increase in purchase prices of wood raw material has caused 17% increase in floorboard production costs in the Ukraine and 9% increase in production costs in Poland. Improved operating profit was contributed by lower cost of sales and general and administrative expenses. This

decrease is the result of the operating cost optimisation programme implemented by the Barlinek Group in the 3rd quarter of this year under which the Group intends to achieve 12 million PLN operating profit within 12 months.

### 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.

In the reporting period ended 30 September 2011 Barlinek Group has issued two-year bearer bonds in the total amount of 60,000,000 PLN. The issue of bonds is intended to increase the Group's working capital. Higher demand for additional working capital follows from the budget assumptions adopted by the Group for the current fiscal year. Among them, the most important is the increase in sales volume of three-layer and solid wood floorboards. Additionally, this year the Group is launching another new product, namely a two-layer floorboard. Therefore, the Group had to increase its stocks of essential materials and semifinished products.

### 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 Condensed quarterly financial statement was drawn up 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 third quarter 2011 financial statement was drawn up, which could significantly affect Barlinek S.A. Group's and Company'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.

On 30 September 2011 the Group has the following contingent liabilities:

| Type of contingent liability | Agreement number | Currency | Amount of contingent liability in thousands/day | | Beneficiary | Subject of contingent liability |
|---|---|---|---|---|---|---|
| | | | 30.09.2011 | 31.12.2010 | | |
| Surety of bank credits granted to a subsidiary | 13/CKK/2007 | PLN | 16 500 | 16 500 | PEKAO SA | Current account overdraft |
| Surety of bank credits granted to a subsidiary | 19/CKK/2007 | PLN | 38 500 | 38 500 | PEKAO SA | Investment credit |
| Guarantee of repayment by a subsidiary | agreement | EUR | 38 | 38 | Plyfa Plywood AB | purchase of goods |
| Guarantee of repayment by a subsidiary | agreement | PLN | 160 | 160 | Plyfa Plywood AB | purchase of goods |
| Guarantee on bank credits granted to a subsidiary | 36929 | EUR | 58 425 | 58 425 | EBOR | Investment and working capital credit |
| Surety of bank credits granted to a subsidiary | 16/CKK/2004 | PLN | 28 600 | 28 600 | PEKAO SA | Credit in credit account |
| Surety of bank credits granted to a subsidiary | K0005192/2008 | PLN | 100 000 | 100 000 | BZ WBK | Current account overdraft |
| Surety of bank credits granted to a subsidiary | 202-127/LW/I/26/2008 | PLN | 28 000 | 28 000 | PKO BP SA | Current account overdraft |
| Bank guarantee of repayment by a subsidiary | DDF/2000/2009 | PLN | 10 000 | 10 000 | State Forests | purchasing of raw materials |
| Bill of exchange surety on bank credits granted to a subsidiary | 2308/02/2010/1085/K/OBR | PLN | 45 000 | 45 000 | BOŚ S.A | renewable working capital credit |
| Guarantee of repayment by a subsidiary | agreement | EUR | 40 | 0 | SKLEJKA EKO S.A. | purchase of goods |

### 3.11. Description of the Issuer's Capital Group and indication of entities subject to consolidation.

Barlinek SA Capital Group is the biggest domestic and world leading manufacturer of multi-layered wood floors. in addition to the Barlinek floorboard Barlinek Group SA also produces solid flooring, certified flooring for sports facilities, skirting boards and fuel: wood pellets and fireplace briquettes. The Group's products are sold in 50 countries on 4 continents.

The most popular product Barlinek SA Capital Group is a Barlinek floorboard, a three-layer floorboard, where the top layer is made of fine European and exotic varieties of wood. Due to the application of technical solutions (in particular the glue free barclick connection), the Barlinek floorboard combines aesthetic and functional values of classic natural parquet floors, with the ease of laying of a panel floor

In 2010 Barlinek SA Capital Group has also started production of solid floorboard, which has been appreciated by customers both in Poland and abroad.

In the course of several years, Barlinek Capital Group SA developed production of pellets, which resulted in an increase in sales from 35,000 tonnes in 2005 to 139,000 tonnes in 2010. Thanks to an investment in Barlinek Inwestycje Sp. z o.o. completed in 2008, the company also produces pellets from wet wooden waste, which allows for its complete utilisation. At the same time the entire volume of produced pellets is sold because pellets as natural and affordable fuel for heating enjoy a growing interest of both individual consumers and combined heat and power plants. In June 2009, Barlinek SA Capital Group completed construction of a new facility to produce pellets from wet waste in Kosiv, Ukraine, increasing the Group's production capacity to approximately 156,000 tonnes annually.

In the second quarter of 2010 Barlinek Romania SA launched production of fireplace briquette in its Romanian plant in Onesti. In November 2010 a new investment was launched in the Ukrainian Vinnitsa to produce briquette. This is another product offered by the Group, which serves as an ecological fuel.

The offer of Barlinek Capital Group SA is complemented by comprehensive range of accessories for laying and care of offered floors. All accessories, with an exception or skirting boards, whose production the group began in April of 2008, are supplied by third parties and then resold under the brand of Barkiet System.

BARLINEK brand image has been built on this comprehensive offer of the Capital Group and as a synonym of "natural products" produced from wood of the highest quality.

On 30 September 2011, Barlinek SA Capital Group comprised:

Parent Company:

***Barlinek S.A.*** with registered office in Kielce, conducting trading activities. The company undertakes the sale of Barlinek floorboards, skirting boards, pellets and briquettes and accessories of the Barkiet System.

Production facilities

***Barlinek Inwestycje Sp. z o.o.*** based in Barlinek, Western Pomerania Voivodeship. It is a production company operating in Kostrzyńsko-Słubicka special economic zone manufacturing boards, veneers, pellet and skirting boards.

***Barlinek Invest Sp. z o.o.*** with registered office in Vinnycya (Ukraine). The company's core business is production of floorboard and pellets and briquettes. Barlinek Invest Sp. z o.o. supplies its products to Barlinek Ukraina Sp. z o.o. and Barlinek S.A.

***S.C. Barlinek Romania S.A.*** (formerly S.C. Diana Forest S.A.) with registered offices in Bacau (Romania). The company manufacturing floorboards and wood briquettes sold to Barlinek S.A. and wood semi-product (planks and blocks) used in the production of floorboards and by Barlinek Inwestycje Sp. z o.o.

Distribution companies

***Barlinek Ukraina Sp. z o.o.*** with registered office in Vinnycya (Ukraine) the company distributing floorboards produced by Barlinek Invest Sp. z o.o.

***Barlinek Norge AS*** with registered offices in Kongsberg (Norway). The company was established in 2007 undertaking the distribution of Group's products in Norway.

***Barlinek Deutschland GmbH*** with registered offices in Daun (Germany). The company was established in 2007 and within the capital group it undertakes the distribution of Group's products in Germany.

***Barlinek Rus Trade sp. z o.o.*** with registered offices in Moscow (Russia). The company registered in April of 2008. Its task is to develop distribution network of products of the Barlinek Capital Group on the Russian market.

Companies that do not undertake any operating activities - investment vehicles

***Barlinek Luxemburg S.A.R.L.*** with registered offices in Luxemburg,

***Barlinek Cyprus Limited*** with registered office in Nicosia (Cyprus),

***BCDF Limited*** with registered offices in Nicosia (Cyprus),

***BCDF I Limited*** with registered offices in Nicosia (Cyprus).

Other entities

***Barlinek RUS sp. z o.o.*** with registered offices in Shulma (Russia). The company established to build a facility in Russia.

***Barlinek Innowacje Sp. z o.o.*** with registered offices in Barlinek, which currently does not conduct any operating activities.

All subsidiaries are consolidated as of 30 of September 2011.

Barlinek S.A. does not possess branches (production facilities). Barlinek Invest Sp. z o.o. with registered offices in Vinnycya, Ukraine as a production facility in Kosiv, Ukraine, S.C. Barlinek Romania S.A. with registered offices in Onesti, Romania has production facilities in Comanesti.

Other entities within Capital Group to not have any branches (production facilities).

The structure of Barlinek Capital Group S.A. is presented in point 3.2 of the financial statement.

**3.12. 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 nine months period ending 30 September 2011.

**3.13. 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 forecast profits.**

The Board has not released a 2011 profit forecast.

**3.14. 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 Shareholders 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 Shareholders 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 14.11.2011 (the date of submitting the interim report for 3rd quarter 2011) | | As of 31.08.2011 (the date of submitting the interim report for the first six months of 2011) | |
|---|---|---|---|---|
| | Number of shares and votes at the General Shareholders' Meeting | % share in the share capital and % share in the overall number of votes at the General Shareholders' Meeting | Number of shares and votes at the General Shareholders' Meeting | % share in the share capital and % share in the overall number of votes at the General Shareholders' Meeting |
| Michał Sołowow – directly | 0 | 0% | 0 | 0% |
| Michał Sołowow – indirectly through Barco capital Investment Limited | 16,156,128 | 11.13% | 16,132,128 | 11.13% |
| Michał Sołowow – indirectly through FTF Galleon S.A. | 87,821,671 | 60.50% | 87,821,671 | 60.50% |
| Michał Sołowow – directly and indirectly through Barcocapital Investment Limited | **103,977,799** | **71.62%** | **103,953,799** | **71.62%** |

**3.15. 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 | Full name | Number of shares owned (as of 14.11.2011) | Change in ownership during the period 31.08.2011–14.11.2011 |
|---|---|---|---|
| 1. | Mr Paweł Wrona - President of the Management Board | 911 | 0 |
| 2. | Mr Ryszard Pyrek – Member of the Management Board | 0 | 0 |
| 3. | Ms Wioleta Bartosz – Member of the Management Board | 0 | 0 |
| 4. | Mr Marek Janke – Member of the Management Board | 17,905 | 0 |

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

There are no proceedings before a court of law, authority respective for arbitrage 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.

**3.17. Information on the transactions entered into by the Issuer or its subsidiary with affiliated companies on conditions other than market conditions, if these transactions individually or collectively are significant and were made on conditions other than market conditions, indication of their value, with the reservation that information on individual transactions can be grouped by type except when information on individual transactions is required to understand how they affect the issuer's assets, financial position and the financial result.**

In the third quarter of 2011, Barlinek S.A. and its subsidiaries did not enter into any major transactions on conditions other than market conditions.

**3.18. Information concerning a loan or credit surety or guarantee issued by the Issuer or the Issuer's subsidiary – overall to a single entity or their subsidiary, if the total value of the existing sureties or guaranty constitutes in excess of 10% of the Issuer's equity capital.**

During the third quarter of 2011, 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.

**3.19. 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 its obligations.**

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

**3.20. List of the factors, which in the Issuer's opinion will affect the results achieved 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 factors:**
    1. domestic economic situation,
    2. world markets economic situation,

3. the apartment construction sector situation,
4. the developments on financial markets,
5. currency exchange rate fluctuations in Poland, the Ukraine and Romania,
6. high inflation rate in the Ukraine and Russia

- **Internal factors:**
  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. intensification of sales in the segment of most profitable products.

**Signatures:**

**The Board:**

Mr Paweł WronaPresident of the Management Board .....

Ms Wioleta BartoszMember of the Management Board .....

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

**Person responsible for preparing the consolidated financial statement:**

Ms Anna Kozłowska Chief Accountant .....

**Kielce, 14th November, 2011**