CONSOLIDATED FINANCIAL STATEMENTS FOR 2008

Drawn up according to International Financial Reporting Standards

Poni_szy dokument jest tłumaczeniem polskiego tekstu Skonsolidowanego Sprawozdania Finansowego Grupy HTL w 2008 r.
W przypadku jakichkolwiek watpliwosci dotyczacych
interpretacji wia_acy jest tekst w jezyku Polskim.
Following document is translation of the Polish text of HTL Group Consolidated Financial Statement in 2008. In case of any concerns regarding
the interpretation the Polish text is binding.

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1. INTRODUCTION TO THE FINANCIAL STATEMENTS
1.1. Basic information

• ***"HTL-STREFA S.A"*** with offices in Ozorków at ulica Adamówek 7, was entered in the National Court Register under the number KRS 0000256309 on 4th May, 2006. The company is a successor to the rights of HTL-STREFA Sp. z o.o., entered in the commercial register, in section B under the number RHB 7784 on 15th June, 2000, and on 5th December, 2001 - in the register of entrepreneurs of the National Court Register under the number KRS 0000069227.

The court with territorial competence over the Company's offices is the District Court (*Sąd Rejonowy*) for Łódź - Śródmieście in Łódź, 20th Division of the National Court Register.

The Company carries out its activities in the territory of the Łódź Special Economic Zone, Ozorków Subzone pursuant to License No. 22 of 20th June, 2000.

The Company is the dominating entity in the HTL Group. Its controlled entities carry out activities that are complementary thereto. The object of business of HTL Group is production of medical equipment, Polish Business Classification (PKD) 33. 10 A.
Since 15th November, 2006. shares in the Company HTL STREFA S.A. have been quoted on the main market of the Warsaw Stock Exchange, in the sector "pharmaceutic industry".

- All entities in the group have been established for an unspecified time.
- The statements have been drawn up for the year 2008.
  Comparable data is related to 2007.

Reporting periods of the controlled entities overlap with the periods for the consolidated statements.

- The statement was drawn up and approved on 19th March, 2008.
- The statement has been drawn up in thousand PLN.
- Composition of the Management Board and Supervisory Board

Throughout 2008, the Management Board remained unchanged, its members being:

Andrzej Czernecki – President of the Board
Iwonna Soboń – Member of the Board
Józef Kosowski – Member of the Board

The Supervisory Board:
Professor Witold Orłowski – Chairman of Supervisory Board
Professor Andrzej Kidyba – Vice-chairman of Supervisory Board
Andrzej Woźnica – Member of Supervisory Board

Jolanta Nejman – Member of Supervisory Board
Beata Błędowska – Member of Supervisory Board
Appointed persons were members of the Supervisory Board in its previous term

- The consolidated statements and the comparable data do not contain any aggregated data, as none of the Companies within the group have internal entities [units].

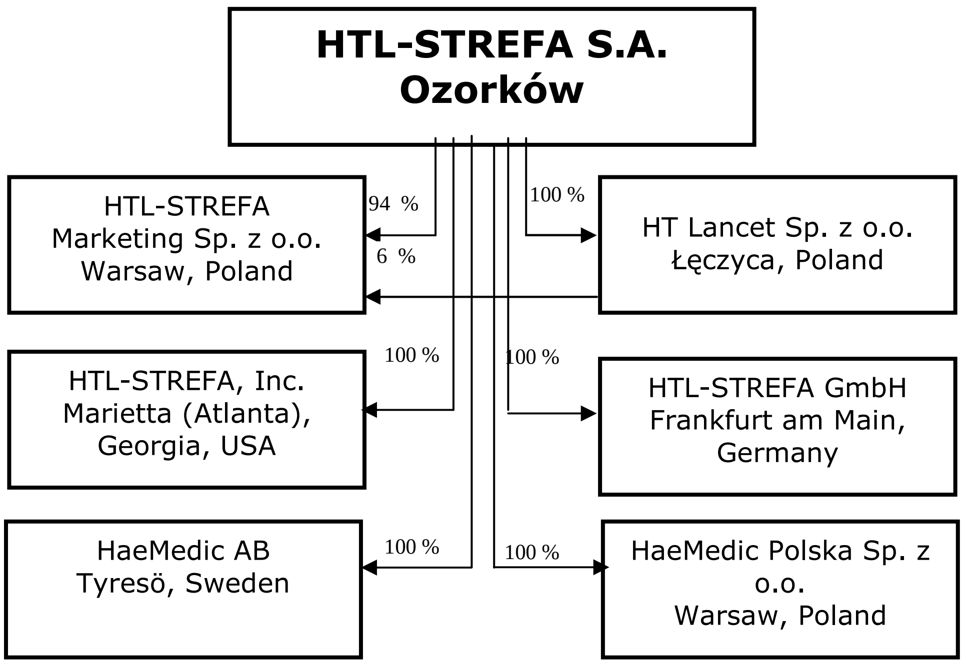
- In the period for which the statements have been drawn, no merger of companies took place.

- The statements have been drawn assuming continued operations.

The entity is not aware of any circumstances which, in the foreseeable period, could cause a threat to its continued operations.

- In the statements presented, no adjustments arising from reservations in the opinions of entities authorized to audit were effected

- Group's organization chart



- List of group's entities:

a) HTL-STREFA S.A.
-registered seat: ul. Adamówek 7
95-035 Ozorków
- register : National Court Register number 0000256309
-object of business: manufacturing of medical equipment
-issuer's share: issuer, group's dominating entity

b) HT LANCET Sp. z o.o.
-registered seat: ul. Lotnicza 21 h
99-100 Łęczyca
- register : National Court Register number 0000233801
-object of business : production of plastic components and needles
-issuer's share: 100%

c) HTL-STREFA Marketing Sp. z o.o.
-registered seat: ul. Ostródzka 55
03-289 Warszawa
- register : National Court Register number 0000260811
-object of business : trading and marketing activity in Poland and abroad
-issuer's share: 94 %
-share of another entity from the Group: HT Lancet 6%

d) HTL-STREFA Inc.
-registered seat: 1950 Spectrum Circle, Suite 400
Marietta near Atlanta, GA 30067,USA
- register : State of Georgia, Corporations Division Control No. 07007164
-object of business : trading activity within the USA
-issuer's share: 100%

e) HTL-STREFA Gmbh
-registered seat: Mainzer Landstraße 47
60329 Frankfurt am Main, Germany
-register: Handelsregister B des Amtsgerichts Frankfurt am Main Nummer der Firma 80576
-object of business : trading activity, mainly within Germany
-issuer's share: 100%

f) Haemedic AB
-registered seat: Antennvägen 1 A
135 48 Tyresö, Szwecja
-register: Swedish Companies Registration Office
-object of business : owner of know-how and machines and technical equipment for the production of medical equipment
-issuer's share: 100%

-udział emitenta: 100%

g) HAEMEDIC Polska Sp. z o.o.
- registered office: ul. Świętokrzyska 16, office no 28, 00-050 Warszawa
- register: National Court Register number 0000298950
- object of business: production of plastic elements
- issuer's share: 100%

In all the entities, one vote corresponds to one share.

- Changes in the Group's composition

Group's composition as at::

31st December 2008:
HTL-STREFA S.A.
HT LANCET Sp. z o.o.
HTL-STREFA Marketing Sp. z o.o.
HTL-STREFA Inc.
HTL-STREFA Gmbh
HAEMEDIC AB
HAEMEDIC POLSKA Sp. z o.o.

31st December, 2007:
HTL-STREFA S.A.
HT LANCET Sp. z o.o.
HTL-STREFA Marketing Sp. z o.o.
HTL-STREFA Inc.
HTL-STREFA Gmbh
HEAMEDIC AB

The companies have been presented in a chronological order.
Their object of business and chronology of their being established demonstrate Group's nature and the way it was built. All the controlled entities are complementary in relation to the dominating [parent] Company.
The Company HT-LANCET was established in 2005 to expand the capacity of HTL-STREFA. In the second half of 2006, the Group expanded to include the Company HTL-STREFA Marketing, which, as its name indicates, was to take care of marketing activities in the Group.
The policy of marketing and trade activities being conducted through Companies established for that purpose was continued in 2007. In the first half of that year, two more were established: HTL-Strefa Inc. and HTL-Strefa GmbH, located in the USA and in Germany, respectively. The companies' place of establishment was determined by the Group's marketing strategy.
In the last quarter of 2007, HTL-STREFA purchased 100 % shares in one of its biggest competitors on the market, the Swedish company HAEMEDIC AB.
In order to move production facilities from Sweden to Poland Haemedic AB in IQ2008 created a company - Haemedic Polska, contributed with owned machines and equipment. In 2Q2008 HTL-STREFA purchased 100% of shares in Haemedic Polska. In future of both companies is planned. Procedure should be closed at the beginning of Y2010.

Numerical data concerning Haemedic AB acquisition has been included in note A point 3.5 further down of these statement.

All entities have been included in consolidation, from the moment they became part of the Group.

1.2 Changes in the accounting policy

No change was made to the accounting policy over the presented reporting period, other than implementation of disclosures, associated with the motivation programme operating in the Parent Company.

When this title was introduced, it became necessary to make corrections in the financial statement for year 2007.
The description of this incident together with its effects on figures disclosed, as compared to the last published annual consolidated financial statement, can be found in item 3.5 of this statement.

All presented comparable data include adjustments.

1.3 Accounting policy applied by the Company

The statements have been drawn up in conformity with the International Financial Reporting Standards ("IFRS") in so far as they have been accepted by the European Commission. The IFRS include standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

Consolidation Policy

A parent company applies full consolidation of all companies belonging to the group. All companies are in 100% direct or indirect subsidiaries of the parent company.

Superior consolidation policy

The Company applies appraisal policy based on historical price of purchase, acquisition or production, exclusive financial instruments, that are subject of rules included in MSR 39.

Foreign currency transactions

Transactions in foreign currency are converted according to the exchange rate earliest available as of the day of the transaction.
Cash assets and liabilities for the balance sheet day are converted according to the average exchange rate for the given currency on that day.
The differences in exchange rates resulting from the above conversion are recorded as revenue or costs.
Assets other than monetary expressed in foreign currency are converted for the balance sheet day according to the exchange rate as of the day of the transaction.

Costs of external financing

The Company enters external financing costs directly to the debit of financial costs.

The exception may be financing of the purchase or production of tangible fixed assets or intangible fixed assets by the Company. In the event external financing is intentional and it is possible to identify specific expense with its specific costs, financing costs increase the value of the expense incurred for the purchase or production of such real fixed asset or intangible fixed asset, respectively.

Financial reporting in relation to business segmentation

The Company produces medical articles. They are sold mainly to the USA. Subsidiaries supplement their parent company's activity in the area of production and sales. Division into segments shall be considered from the position of the parent company.
As regards geographic concentration, the division through segmentation would not provide any essential information;
The Company operates within one market segment – medical products market – however they produce two basic groups of products, considerably different from each other in terms of price level and profitability. With regard to the above, the Company draws up financial report, where division into branch segments is applied and a group of products is considered to be one segment.
Revenue and costs directly related to a specific group of products are automatically allocated thereto. Revenues and costs indirectly related to a specific group are allocated – if possible following certain "formulas". The remaining group of revenue and costs is treated as indivisible.
Similar rules of allocation are applied in relation to fixed assets and liabilities.

Tangible fixed assets

Tangible fixed assets including lands, buildings, and structures, machinery and technical equipment, means of transportation etc. are entered at their purchase price or production cost less amortization and revaluation write-offs.
With regard to fixed assets composed of a base unit and supporting equipment, their components are identified and, depending on whether any discrepancies have been observed or not, amortized jointly or separately, accordingly.
Depreciation charges are determined on the basis of the useful life period, with the assumption that an asset will be used until its physical wear and tear. Depreciation rates are fixed on the basis of the service life period of an asset. Current depreciation rates relating to service life periods have been estimated as follows:

Buildings	2,5%
Structures	4,5%
Production equipment	8-12%
Computer, measuring, office and cleaning equipment	30%
Means of internal and external transportation and other equipment	20%

Lands are not amortized
The rates are fixed on an annual basis and verified at the end of year.

Intangible fixed assets

Intangible fixed assets include development works, patents and software licenses recorded at their purchase price or production cost less depreciation and current revaluation write-offs.
Currently, the assumption of the following service lives has been taken:

Software	2 years

Development works	3 years (unless the first contract with the receiver is for a longer period)
Patents	aren’t amortized

They are subject to depreciation test to be carried out on an annual basis.

Impairment of tangible and intangible fixed assets

In the event there are prerequisites indicating possibility of the impairment of the owned tangible and intangible fixed assets, an asset impairment test is carried out and valuation write-offs reduce the balance value of the asset they refer to and are recorded to the debit of profit and loss account.
The asset impairment test is usually carried out at the end of the year together with verification of the service life of particular assets and determination of their respective depreciation rates. In the event there are circumstances evidently indicating impairment of an asset within a year, write-offs are made upon their identification.
Inventories

Materials and trade goods are apprised at the purchase price.
Materials and trade goods disposals are apprised pursuant to FIFO method.

Work in progress and finished products are apprised at the production cost however not higher than net selling price.

Reserves

Reserves are made when the Company is under a binding obligation (legal or customary) arising from past events and when fulfillment of the obligation is likely to cause a necessary asset outflow and it is possible to provide reliable estimate of the amount of that obligation.
Reserves mainly comprise retirement severance pay and unused leaves.
Reserves are determined by actuarial methods.
Reserves for the said purposes are made after the amount of PLN 10,000 for each purpose is exceeded.

Finance leasing

The subject of leasing and the subject under leasing obligation are recorded and appraised as for the day of the beginning of leasing at the lowest from the following two values: fair value of the subject of leasing or current value of minimum leasing charges. Leasing charges are accounted for the payment of capital installments and interests entered directly to the debit of financial costs.
Fixed assets used under financial leasing contracts are subject to depreciation in accordance with the rules applied in relation to the Company’s own fixed assets.

Investment in capital instruments

This kind of investment concerns shares in subsidiaries that are not quoted on stock exchange. Are apprised in costs, because valuation of their fair value is impossible.

Trade receivables

Initially trade receivables are recorded at their fair value and afterwards at amortized costs with the appliance of effective interest rate implementation, including write-offs on uncollectible receivables. Revaluation write-offs on uncollectible receivables are estimated in the event the recovery of the full amount of the receivable ceases to be likely. The amounts of the revaluation write-offs on receivables are entered to the debit of other operating costs.

Trade payables

Initially trade payables are recorded at their fair value and afterwards at amortized costs with the appliance of effective interest rate implementation.

Loans advanced

Initially advanced loans payables are recorded at their fair value and afterwards at amortized costs with the appliance of effective interest rate implementation.
Credits, obtained loans and bonds

Initially, bank credits, loans and bonds are recorded at their fair value less the costs borne for transaction.
In the following periods are appraised at the amortized cost with the appliance of an effective interest rate.

Derivatives

Derivatives are mainly FX forwards and currency options. Their objective is cash flows security from export sales.
They are identified upon their conclusion and appraised upon their settlement or on the balance sheet day.
For the purpose of accounting of the said derivatives the Company applies hedge accounting.
The decision on such accounting method to be applied is made each time a derivative has been identified.
Where a positive decision has been made, a relevant documentation is drawn up and the effectiveness of particular derivatives is verified.
Profits and losses from effective part of those derivatives, until financial effects of hedged transactions have been accounted, are recorded as equity capital. Upon completion of the transaction they adjust the value of the hedged cash flow (sales).

Profits and losses from ineffective part of the transaction and transactions not covered under hedge accounting are entered directly to the debit of revenue or financial costs in the profit and loss account, respectively.

Revenue

Cash revenue on sales are recorded upon the transfer of considerable risk and profit resulting from the ownership title to finished products onto the buyer.

Cost accounting on a timely basis

Costs incurred currently but relating to future periods are recorded as cost prepayments and are accounted for the periods they refer to.

Costs referring to future intangible fixed assets are also accounted.
Accounted costs may refer to development works, implementation of software or costs related to obtaining of patent. Depending on when they are expected to be transferred to intangible fixed assets, they are divided into long-term or short-term costs.
Costs referring to a specific period of time and dated after the balance sheet day are recorded as passive cost accruals.

1.4 Exchange rates applied for translation and valuation

Currency	Exchange rates as at the balance sheet date		Exchange rates that are the arithmetic average of the exchange rates in force as at the last day of every month	
	31.12.2008	**31.12.2007**	**01.01.2008-31.12.2008**	**01.01.2007-31.12.2007**
USD	2,9618	2,4350	2,4115	2,7484
EUR	4,1724	3,5820	3,5321	3,7768
SEK	0,3821	0,3805	0,3646	0,4078

2. COMPONENTS OF THE CONSOLIDATED STATEMENTS

2.1 Consolidated profit and loss account (in thousand PLN)

Profit and loss account of HTL Group	In ths.PLN		
	Note	**Year 2008**	**Year 2007**
Revenues from sales		**142 783**	**80 604**
Revenues from sales of products and services	1	142 751	80 587
Revenues from sales of goods and materials	2	32	17
Cost of products, goods and materials sold		**(82 451)**	**(51 603)**
Manufacturing cost of products and services sold	3	(82 420)	(51 587)
Value of goods and materials sold	3	(31)	(16)
GROSS PROFIT ON SALES		**60 332**	**29 001**
Selling costs	3	(10 892)	(7 902)
General and administrative costs	3	(15 056)	(12 789)
Other operating revenues	4	404	109
Other operating expenses	5	(337)	(258)
PROFIT ON OPERATING ACTIVITIES		**34 451**	**8 161**
Financial revenues	6	13 633	5 130
Financial expenses	7	(17 311)	(11 605)
GROSS PROFIT		**30 773**	**1 686**
Income tax	8	(54)	(22)
NET PROFIT FOR THE FINANCIAL PERIOD		**30 719**	**1 664**
Profit attributable to the dominating entity		30 719	1 664
Net profit and diluted net profit per one share (in PLN)	9	0,48	0,03

2.2 Consolidated balance sheet (in thousand PLN)

Consolidated balance sheet	In ths. PLN		
	note	**31.12.2008**	**31.12.2007**
ASSETS			
FIXED ASSETS		**229 610**	**198 891**
Tangible fixed assets	10	147 426	116 405
Investment real property		0	0
Intangible assets	11	82 178	82 475
Investments in controlled entities and affiliated entities	12	6	6
Long-term loans	13	0	0
Long-term derivatives	14	0	0
Deferred tax assets		0	0
Long-term prepayments	15	0	5
CURRENT ASSETS		**59 802**	**50 169**
Inventory	16	22 102	12 696
Trade receivables	17	19 602	10 796
Other receivables	18	4 610	3 288
Short-term loans	13	0	
Short-term derivatives	14	0	482
Cash and cash equivalents	19	9 538	20 609
Short-term prepayments	15	3 950	2 298
TOTAL ASSETS		**289 412**	**249 060**
		0	
LIABILITIES		**149 236**	**116 054**
EQUITY	20	644	640
Share capital		60 117	60 117
Surplus from sale of shares above par value		(212)	300
Capital from hedging transactions and from conversion of foreign currencies		10 131	7 160
Other reserve capitals		78 556	47 837
Retained earnings		**149 236**	**116 054**
Equity attributable to the dominating entity's shareholders		**123 816**	**122 770**
LONG-TERM LIABILITIES	21	123 629	122 561
Bank credits, loans, debt securities and other financial liabilities	22	0	124
Financial lease	23	0	0
Derivatives		0	0
Provision for deferred income tax	24	187	85
Other provisions	25	0	0
Accruals		0	0
Deferred income		**16 360**	**10 236**
SHORT-TERM LIABILITIES	21	1 705	0
Bank credits, loans, debt securities and other financial liabilities	22	145	309
Financial lease	23	634	44
Derivatives	24	432	262
Provisions	26	5 280	5 578
Trade liabilities	27	51	5
Corporate income tax liabilities	28	7 707	3 693
Other liabilities	25	406	345
Accruals		0	0
Deferred income		**140 176**	**133 006**
TOTAL LIABILITIES		**289 412**	**249 060**

2.3 Consolidated statement of changes in equity (in thousand PLN)

	Share capital	Surplus from sale of shares above par value	Capital from hedging transactions and from conversion of foreign currencies		Other reserve capitals		Profits held	Total ownership capital
			Capital from hedging transactions	Capital from conversion of foreign currencies	Capital from managerial options	Other reserve capital		
Balance at 1st January, 2008	**640**	**60 117**	**406**	**-106**	**0**		**54 997**	**116 054**
Change in the accounting policy					7 160		-7 160	0
Balance at 1st January, 2008, transformed	**640**	**60 117**	**406**	**-106**	**7 160**		**47 837**	**116 054**
Issuance of shares	4	0	0	0	0		0	4
Gains (losses) from the valuation of cash flows' hedging instruments charged to capital	0	0	-406	-106	0		0	-512
Exchange rate differences from conversion of foreign currencies	0	0	0	0	0		0	0
Net result for the period	0	0	0	0	0		30 719	30 719
Valuation of managerial options					2 971		0	2 971
Balance at 31st December, 2008	**644**	**60 117**	**0**	**-212**	**10 131**	**0**	**78 556**	**149 236**
	0	0					13 392	-22 521
Balance at 1st January, 2007	**638**	**60 117**	**0**	**0**	**0**		**51 025**	**111 780**
Change in the accounting policy/ error corrections					4 608		-4 852	-244
Balance at 1st January, 2007, transformed	**638**	**60 117**	**0**	**0**	**4 608**		**46 173**	**111 536**
Issuance of shares	2				0	0	0	2
Gains (losses) from the valuation of cash flows' hedging instruments charged to capital			406		0	0	0	406
Exchange rate differences from conversion of foreign currencies				-106	0	0	0	-106
Net result for the period					0	0	1 664	1 664
Valuation of managerial options					2 552	0	0	2 552
Balance at 31st December, 2007	**640**	**60 117**	**406**	**-106**	**7 160**	**0**	**47 837**	**116 054**

2.4 *Consolidated cash flow account* *(in thousand PLN)*

Consolidated cash flow account of HTL Group	w tys. zł	
	2008	**2007**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**30 773**	**1 686**
Adjustments for items:	**5 800**	**10 323**
Amortisation and depreciation	10 305	6 436
Change in receivables	(9 272)	1 135
Change in liabilities	2 595	2 407
Change in inventory	(9 406)	(4 679)
Change in provisions	271	245
Change in prepayments and accruals	(1 559)	(157)
Interest income/cost	9 015	3 348
Exchange gains (losses)	931	(20)
Gains/losses from investment activities	0	0
Income tax paid	(51)	(944)
Other adjustments	2971	2552
Net cash flows from operating activities	**36 573**	**12 009**
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Inflows from sale of intangible and tangible fixed assets	4	48
Inflows from sale of investments in controlled entities	0	0
Loans repaid	0	0
Interest received	0	0
Dividend received	0	0
Purchase of intangible and tangible fixed assets	(40 752)	(46 704)
Purchase of investments in controlled entities	0	(84 104)
Loans granted	0	0
Other items	0	0
Net cash flows from investment activities	**(40 748)**	**(130 760)**
CASH FLOWS FROM FINANCIAL ACTIVITIES		
Inflows from issuance of shares	4	2
Inflows from credits and loans	1 705	0
Inflows from issuance of debt securities	0	119 257
Repayment of credits and loans	0	0
Payment of liabilities arising from financial leases	(316)	(734)
Dividend paid	0	0
Interest paid	(7 947)	(45)
Exchange differences from valuation of derivatives	(406)	406
Exchange differences from valuation of foreign entities	(125)	(107)
Other items		
Net cash flows from financial activities	**7 085**	**118 779**
Change in cash	**(11 260)**	**28**
Change in cash due to exchange differences	189	(226)
Cash opening balance	**20 609**	20 807
Closing balance of cash	**9 538**	**20 609**

3. EXPLANATION NOTES

3.1 Explanation notes to the consolidated profit and loss account

Note no 1

REVENUES FROM SALES OF PRODUCTS AND SERVICES	2008	2007
	in thousand PLN	
- sales of products	139 889	78 810
- -sales of products to related parties	**0**	**0**
- sales of services	2 862	1 777
- sales of services to related parties	**0**	**0**
-	**0**	**0**
Revenues from sales of products and services	**142 751**	**80 587**
Net revenues from sales of products, total for related parties	**0**	**0**
Total revenues	**142 751**	**80 587**
TERRITORIAL BREAKDOWN		
a) domestic	**5 719**	**1 209**
-sales of products	5 718	1 209
-sales of products to related parties	**0**	**0**
-- sales of services	**1**	**0**
-- sales of services to related parties	**0**	**0**
b) export	**137 032**	**79 378**
-sales of products	134 171	77 601
-sales of products to related parties	0	0
- sales of services	2 861	1 777
- sales of services to related parties	0	0
Revenues from sales of products and services	**142 751**	**80 587**
Net revenues from sales of products, total for related parties	**0**	**0**
Total revenues	**142 751**	**80 587**

Note no 2

REVENUES FROM SALES OF GOODS AND MATERIALS	2008	2007
	in thousand PLN	
BREAKDOWN BY CATEGORY		
- sales of materials	32	17
- sales of materials to related parties	0	0
- sales of goods	0	0
- sales of goods to related parties	**0**	**0**
	0	**0**
Revenues from sales of goods and materials	**32**	**17**
Revenues from sales of goods and materials to related parties	**0**	**0**
Revenues from sales of goods and materials	**32**	**17**
TERRITORIAL BREAKDOWN		
a) domestic	**0**	**3**
- sales of materials	0	3
- sales of materials to related parties	0	0
- sales of goods	0	0
- sales of goods to related parties	**0**	**0**
b) export	**32**	**14**
- sales of materials	32	14
- sales of materials to related parties	0	0
- sales of goods	0	0
- sales of goods to related parties	**0**	**0**
Revenues from sales of goods and materials	**32**	**17**

Note no 3

KOSZTY WEDŁUG RODZAJU	rok 2008	rok 2007
	w tys. zł	
a) amortisation and depreciation	10 305	6 437
b) consumption of materials and energy	53 769	36 684
c) third-party services	14 676	11 850
d) taxes and charges	1 816	1 036
e) remuneration	23 636	14 699
f) managerial shares	2 971	2 552
g) social security and other benefits	5 298	3 671
g) other costs by type, including:	2 213	2 127
-advertising and representation	862	929
-business trips	874	789
-insurance policies	221	247
-other	256	162
Costs by type	**114 684**	**79 056**
Change in inventory, products and accruals	-4 784	-6 191
Cost of manufacturing of products for the entity's own needs	-1 532	-587
Selling costs	-10 892	-7 902
General and administrative costs	-15 056	-12 789
Manufacturing cost of products sold	**82 420**	**51 587**
VALUE OF GOODS AND MATERIALS SOLD		
- value of materials sold	31	16
- value of materials sold to related parties	0	0
- value of materials sold	0	0
- value of materials sold to related parties	0	0
	0	**0**
Value of goods and materials sold	**31**	**16**

Managerial Share costs were closely described in section 3.5 of this statement

Note no 4

OTHER OPERATING REVENUES	2008	2007
	in thousand PLN	
a) wound up provisions, including for:	**0**	**0**
- receivables revaluation write-offs	0	0
- other	0	0
b) other revenues, including:	**404**	**109**
- gain on disposal of non-financial fixed assets	0	0
-liabilities written off	0	0
-compensations received	308	41
- wastes sold	89	56
-revenues from rent	0	0
-public assistance, donations	7	12
-the other operating revenues	0	0
Other operating revenues	**404**	**109**

Note no 5

OTHER OPERATING EXPENSES	in 2008	in 2008
	in thousand PLN	
a) provisions established, including for:	**271**	**245**
- non-financial assets revaluation write-offs	0	0
- retirement gratuities	101	39
- unused leaves	170	206
b) other expenses, including:	**66**	**13**
-loss on disposal of non-financial fixed assets	0	0
-donations	31	13
-receivables written off	11	0
-costs of judicial proceedings	0	0
-penalties, fines, compensations	24	0
-other	0	0
Other operating expenses	**337**	**258**

Note no 6

FINANCIAL REVENUES	in 2008	in 2007
	in thousand PLN	
a) dividend and profit sharing	**0**	**0**
-from related parties	0	0
-from other parties	0	0
b) interest	**343**	**1 771**
-for loans granted	0	0
- for loans granted to realted parties	0	0
-on bank deposits	343	1 771
- other interest	0	0
- other interest from other parties	0	0
c) positive exchange differences, operating	**10 066**	**2 266**
-realized	8 419	2 150
-non-realized	1 647	116
d) positive exchange differences on derivatives	**3 224**	**1 011**
e) other, including:	**0**	**82**
-options provision	0	82
-other	0	0
FINANCIAL REVENUES	**13 633**	**5 130**

Note no 7

FINANCIAL EXPENSES	in 2008	in 2007
	in ths.PLN	
a) interest	**9 037**	**3 349**
- - on credits and loans	35	0
- - on credits and loans for related parties	0	0
- on financial lease	33	45
- on bonds	8 968	3 304
- other	1	0
b) negative exchange differences, operating	**7 225**	**5 066**
-realized	6 773	4 529
-non-realized	452	537
c) ujemne różnice kursowe na instrumentach pochodnych	**1 049**	**3 140**
d) other, including:	**0**	**50**
-bank commissions	0	0
-option commissions	0	50
FINANCIAL EXPENSES	**17 311**	**11 605**

Nota no 8

CURRENT [CORPORATE] INCOME TAX	in 2007	CURRENT [CORPORATE] INCOME TAX
	in thousand PLN	
1. Gross profit (loss)	**30 773**	**1 686**
2. Consolidation adjustments	**-904**	**2 464**
3. Differences between gross profit (loss) and tax base (by title)	**-29 308**	**-4 029**
a) Non-tax deductible expenses, including:	**1 238**	**1 143**
b) Revenues exempt from tax	**7**	**39**
c) Temporary differences in tax from previous years, including:	**1 736**	**2 961**
d) Deductions from tax base, including:	**32 274**	**8 094**
-zone-related exemptions	**28 972**	**9 289**
-losses	**3 303**	**-1 194**
4. Income tax base	**562**	**121**
5. Income tax according to rate	**97**	**22**
6. Tax increases, abandoning, exemptions, deductions and reductions	**0**	**0**
7. Current income tax disclosed (shown) in the tax declaration for the period, including:	**97**	**22**
-disclosed in the profit and loss account	**54**	**22**

Nota no 9

NET PROFIT PER ONE SHARE	In 2008	In 2007
	in PLN	
Net profit (loss)	30 719 033,90	1 663 913,99
Average weighted number of ordinary shares (in units)	64 223 364	63 895 751
Profit (loss) per one ordinary share (in PLN)	0,48	0,03
Average weighted diluted number of ordinary shares (in units)	64 223 364	63 895 751
Diluted profit (loss) per one ordinary share (in PLN)	0,48	0,03

3.2 Explanation notes to the consolidated balance sheet

Note No. 10

TANGIBLE FIXED ASSETS	as of 31.12.2008	as of 31.12.2007
	In thousand PLN	
a) tangible fixed assets in use, including:	**126 975**	**96 855**
-land (including right to perpetual usufruct)	570	570
-buildings, premises, civil and water engineering structures	28 402	28 031
-technical equipment and machines	94 288	65 648
-vehicles	2 479	1 503
-other tangible fixed assets	1 236	1 103
b) tangible fixed assets under construction	**19 275**	**16 976**
c) advances for tangible fixed assets under construction	**1 176**	**2 574**
Total tangible fixed assets	**147 426**	**116 405**

Note no 10a

BALANCE SHEET TANGIBLE FIXED ASSETS (OWNERSHIP BREAKDOWN)	as of 31.12.2008	as of 31.12.2008
	In thousand PLN	
a) own	**126 381**	**94 532**
b) used on the basis of rent, leasing, or other contract, including lease contract, of which:	594	2 323
-lease	594	2 323
Total balance sheet tangible fixed assets	**126 975**	**96 855**

Tangible fixed assets, except for those used under a contract of lease, were not an object of pledges, sureties, guarantees or other financial liabilities in 2008 nor in 2007

Note no 10b

ZMIANY ŚRODKÓW TRWAŁYCH (WG GRUP RODZAJOWYCH)	2008						ZA ROK 2007					
	land	buildings and civil and water engineering structures	Technical equipment and machines	vehicles	other tangible fixed assets	tangible fixed assets total	land	buildings and civil and water engineering structures	technical equipment and machines	vehicles	other tangible fixed assets	total
	In thousand PLN						In thousand PLN					
a) gross value of tangible fixed assets at beginning of period	**570**	**31 061**	**78 102**	**1 994**	**2 582**	**114 309**	**592**	**17 347**	**37 880**	**685**	**1 700**	**58 204**
b) increases (due to)	**0**	**1 235**	**36 417**	**1 419**	**434**	**39 505**	**0**	**13 714**	**40 770**	**1 309**	**882**	**56 675**
-purchase	0	1 235	36 417	1 419	434	**39 505**	0	13 714	40 770	1 309	882	56 675
c) decreases (due to)	**0**	**0**	**4**	**0**	**0**	**4**	**22,00**	**0,00**	**548,00**	**0,00**	**0,00**	**570,00**
-sale	0	0	4	0	0	**4**	22	0	0	0	0	22
-liquidation	0	0	0	0	0	**0**	0	0	93	0	0	93
d) gross value of tangible fixed assets at end of period	**570**	**32 296**	**114 515**	**3 413**	**3 016**	**153 810**	**570**	**31 061**	**78 102**	**1 994**	**2 582**	**114 309**
e) accumulated amortization (depreciation) at beginning of period	**0**	**3 031**	**12 454**	**490**	**1 479**	**17 454**	**0**	**2 224**	**8 638**	**259**	**1 276**	**12 397**
f) amortization for period (due to)	**0**	**864**	**7 773**	**441**	**301**	**9 379**	**0**	**806**	**3 816**	**232**	**203**	**5 057**
-increase	0	864	7 773	441	301	**9 379**	0	806	4 364	232	203	5 605
-decrease (sale)	0	0	0	0	0	**0**	0	0	0	0	0	0
- decrease (liquidation)	0	0	0	0	0	**0**	0	0	93	0	0	93
g) accumulated amortization (depreciation) at end of period	**0**	**3 895**	**20 227**	**931**	**1 780**	**26 833**	**0**	**3 030**	**12 454**	**491**	**1 479**	**17 454**
h) permanent loss of value write-offs at beginning of period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
-increases	0	0	0	0	0	0	0	0	0	0	0	0

- decreases	0	0	0	0	0	0	0	0	0	0	0	0
i) permanent loss of value write-offs at end of period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
j) net value of tangible fixed assets at end of period	**570**	**28 401**	**94 288**	**2 482**	**1 236**	**126 977**	**570**	**28 031**	**65 648**	**1 503**	**1 103**	**96 855**

Note no 11

INTANGIBLE ASSETS	As of 31.12.2008	as of 31.12.2007
	In thousand PLN	
a) R&D expenses	668	1 322
b) goodwill	80 142	80 142
c) licenses, patents and similar assets, including:	1 368	1 011
-computer software	433	296
d) other Intangible assets	0	0
e) advances for intangible assets	0	0
Intangible assets	**82 178**	**82 475**

Note no 11a

INTANGIBLE ASSETS (OWNERSHIP BREAKDOWN	as of 31.12.2008	as of 31.12.2007
	in thousand PLN	
a) own	82 178	82 475
b) used on the basis of rent, leasing, or other contract, including lease contract, including	0	0
Total intangible assets	0	0
a) own	**82 178**	**82 475**

Intangible assets were not an object of pledges, sureties, guarantees or other financial liabilities in 2008 nor 2007.

Note no 11b

CHANGES IN INTANGIBLE ASSETS (BY TITLE)	ZA ROK 2008						ZA ROK 2007					
	R&D expenses	goodwill	licenses, patents and similar assets, including:	- computer software	Other intangible assets	Total intangible assets	R&D expenses	goodwill	licenses, patents and similar assets, including:	- computer software	Other intangible assets	Total intangible assets
	w tys. zł						w tys. zł					
a) gross value of intangible assets at beginning of period	**2 199**	**0**	**1 546**	**654**		**3 745**	**969**	**0**	**1 103**	**362**	**0**	**2 072**
b) increases (due to)	**0**	**80 142**	**634**	**413**		**80 776**	**1 230**	**80 142**	**443**	**292**	**0**	**81 815**
- purchase	0	0	634	413		634	1 230	0	443	292	0	1 673
- purchase from related parties	0	0	0	0		0	0	0	0	0	0	0
- from consolidation	0	80 142	0	0		80 142	0	80 142	0	0	0	80 142
c) decreases (due to)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
- sale	0	0	0	0		0	0	0	0	0	0	0
- liquidation	0	0	0	0		0	0	0	0	0	0	0
- sale to related parties	0	0	0	0		0	**0**	**0**	**0**	**0**	**0**	**0**
d) gross value of intangible assets at end of period	**2 199**	**80 142**	**2 180**	**1 067**		**84 521**	**2 199**	**80 142**	**1 546**	**654**	**0**	**83 887**
e) accumulated amortization (depreciation) at beginning of period	**877**	**0**	**357**	**357**		**1 234**	**246**	**0**	**157**	**157**	**0**	**403**
f) amortization for period (due to)	**654**	**0**	**277**	**277**		**931**	**631**	**0**	**200**	**200**	**0**	**831**
- increase	654	0	277	277		931	631	0	200	200	0	831
- decrease (liquidation)	0	0	0	0		0	0	0	0	0	0	0
g) accumulated amortization (depreciation) at end of period	**1 531**	**0**	**634**	**634**		**2 165**	**877**	**0**	**357**	**357**	**0**	**1 234**

h) permanent loss of value write-offs at beginning of period	**0**	**0**	**178**	**0**		**178**	**0**	**0**	**178**	**0**	**0**	**178**
-increases	0	0	0	0		0	0	0	0	0	0	0
- decreases	0	0	0	0		0	0	0	0	0	0	0
i) permanent loss of value write-offs at end of period	**0**	**0**	**178**	**0**		**178**	**0**	**0**	**178**	**0**	**0**	**178**
j) net value of intangible assets at end of period	**668**	**80 142**	**1 368**	**433**		**82 178**	**1 322**	**80 142**	**1 011**	**296**	**0**	**82 475**

Note no 12

INVESTMENTS IN CONTROLLED ENTITIES AND AFFILIATED ENTITIES	In 2008	In 2007
	in thousand PLN	
shares in controlled entities	**6**	**6**
-HT Lancet	5	5
-HTL Marketing	1	1
-Haemedic AB	0	0
-Haemedic Polska		
-HTL INC	0	0
-HTL GmbH	0	0
-shares in affiliated entities	**0**	**0**
-shares in controlled entities and affiliated entities	**6**	**6**

Note no 13

LOANS GRANTED	in 2008	in 2007
	in thousand PLN	
-long-term loans	**0**	**0**
-long-term loans	**0**	**0**

Loans granted occur only within the Group, following consolidation, they show the value of zero.

Note no 14

DERIVATIVES	as of 31.12.2008	as of 31.12.2007
	w tys. zł	
1.Long-term derivatives	**0**	**0**
- appraised forward contracts	0	0
- appraised options	0	0
2.Short-term derivatives	**0**	**482**
- appraised forward contracts	0	482
- appraised options	0	0

Note no 15

PREPAYMENTS [AND DEFERRED COSTS]	stan 31.12.2008	stan 31.12.2007
Short-term prepayments [and deferred costs]	**in thousand PLN**	
a) deferred costs, including:	**176**	**94**
- insurance policies	64	59
-ZFŚS	0	0
- employee benefits	29	0
- costs of IT services	5	15
- rental services	1	15
-set services	2	0
-charges	11	0
-tax difference	43	0
-other	21	5
b) other prepayments and deferred costs, including:	**3 774**	**2 204**
- R&D spending	2 505	1 635
-cost of capital gaining	0	0
-patent costs	0	10
-software	29	116
-VAT to be deducted in the months to come	1 240	443
Total short-term prepayments and deferred costs	**3 950**	**2 298**
Long-term prepayments [and deferred costs], including:	**0**	**5**
-R&D spending	0	5
-other	0	0

Note no 16

INVENTORY	as of 31.12.2008	as of 31.12.2007
	in thousand PLN	
-materials	4 160	3 079
- semi-finished products and work in progress	8 068	943
-finished products	9 874	8 243
-goods	0	431
-advances for deliveries	0	0
Total inventory	**22 102**	**12 696**

Inventories were not an object of pledges, sureties, guarantees or other financial liabilities neither in 2008 nor in 2007.

Note no 17

TRADE RECEIVABLES	as of 31.12.2008	as of 31.12.2007
	in thousand PLN	
-from related parties	0	168
-from other entities	19 602	10 628
Gross trade receivables	**19 602**	**10 796**
Receivables revaluation write-offs	0	0
Net trade receivables	**19 602**	**10 796**

Note no 17a

TRADE RECEIVABLES- CURRENCY BREAKDOWN	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
a) in Polish currency	**227**	**143**
b) in foreign currencies (by currency and after converting into Polish zloties)	**19 375**	**10 653**
-b 1. in foreign currency (USD)	2 855	2 310
after converting into Polish zloties	8 455	5 624
-b 2. in foreign currency (EUR)	2 616	1 404
after converting into Polish zloties	10 914	5 029
b 3. other currencies in Polish zloties	6	0
Total trade receivables	**19 602**	**10 796**

Trade receivables from related parties refer to cash transferred from a controlled entity [subsidiary] before the balance sheet date, and received in the dominating entity after that date.

Note no 17b

GROSS TRADE RECEIVABLES WITH REPAYMENT PERIOD LEFT AS FROM THE BALANCE SHEET DATE:	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
a) up to 1 month	17 324	9 520
b) above 1 month up to 3 months	2 270	1 090
c) above 3 months up to 6 months	0	184
d) above 6 months up to 1 year	0	0
e) above 1 year	0	2
f) overdue receivables	8	0
Total (gross) trade receivables	**19 602**	**10 796**
g) Trade receivables revaluation write-offs	0	0
Total (net) trade receivables	**19 602**	**10 796**

Note no 17c

OVERDUE GROSS TRADE RECEIVABLES BROKEN DOWN BY PERIOD:	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
a) up to 1 month	8	0
b) above 1 month up to 3 months	0	0
c) above 3 months up to 6 months	0	0
d) above 6 months up to 1 year	0	0
e) above 1 year	0	0
Total overdue (gross) trade receivables	**8**	**0**
f) overdue trade receivables revaluation write-offs	0	0
Total overdue (net) trade receivables	**8**	**0**

Note no 18

OTHER RECEIVABLES	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
- Tax and insurance receivables	4 307	3 133
- Employees settlements	37	6
-Receivables related to other sales	160	5
-Other receivables (prepayments, overpayments and others)	0	0
Total other receivables,	106	144
- Tax and insurance receivables	**4 610**	**3 288**

Note no 19

CASH (CURRENCY BREAKDOWN	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
a) in Polish currency	**6 015**	**14 130**
b) in foreign currencies (by currency and after converting into Polish zloties)	**3 523**	**6 479**
b 1. in foreign currency (USD)	493	637
after converting into Polish zloties	1 460	1 551
b 2. in foreign currency (EUR)	482	1 368
after converting into Polish zloties	2 009	4 902
b 3. other currencies in Polish zloties	54	26
Total cash and other pecuniary assets	**9 538**	**20 609**

Note no 20

SHARE CAPITAL (STRUCTURE)								
In thousand PLN								
Series / issue	Type of shares	Type of preference shares	Type of share right restriction	Number of shares.	Value of series/ issue based on par value	Capital coverage method	Registration date	Right to dividend (as from)
A	Ordinary	none	none	55 000 000	550	Acquired in return for shares	04.05.2006	01.01.2008
B	Ordinary	none	none	8 750 000	88	cash	01.12.2006	01.01.2008
C1	Ordinary	none	none	233 330	2	cash	19.06.2007	01.01.2008
C2	Ordinary	none	none	399 330	4	cash	26.05.2008	01.01.2008
Total share				64 382 660				
Total share capital					644			
Face value per share (in PLN)		0,01						

OWNERSHIP STRUCTURE						
Shareholder	Type of shares	Type of preference shares	Type of share right restrictio n	Number of shares	Value of series/ issue based on par value	Capital coverage method
Andrzej Czernecki	Ordinary	none	None	25 700 000	257 000,00	Acquired in return for shares
Noryt Company Establishment	Ordinary	none	None	19 525 000	195 250,00	Acquired in return for shares
Wojciech Wyszogrodzki	Ordinary	none	None	5 000 000	50 000,00	Acquired in return for shares
OFE Polsat	Ordinary	none	None	4 299 595	42 995,95	cash
pozostali akcjonariusze	Ordinary	none	None	9 858 065	98 580,65	cash
total				**64 382 660**	**643 826,60**	

In 2008, changes in the equity (share capital) chiefly included the changes in its amount and par value per share.

The changes in the amount of the equity were caused by shares of series C issued in order to implement the "Motivation Programme".

Planned changes in share capital as a result of increase in share capital within the limits of authorised capital

The authorised capital was created in order to implement the "Motivation Programme". The Motivation Programme covers the Members of the Management Board and other key employees of the Company. Initially, the Motivation Programme was determined to be implemented within three years, i.e. within a period of 2007-2009. The Motivation Programme was enlarged and extended until the end of 2010 by virtue of the resolution of May 14, 2007 adopted by the Ordinary General Meeting of Shareholders. On the assumption that all the shares offered under the Motivation Programme will be acquired, the authorised capital will be changed into share capital totalling PLN 12 thousand. In 2008, the Programme's second part was implemented. The shares acquired under the Programme are designated as C2.

Note no 21

BANK CREDITS, LOANS, LONG-TERM DEBT SECURITIES AND OTHER FINANCIAL LIABILITIES	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
1. Long-term bank credits, loans and debt securities	**123 629**	**122 561**
a) Long-term bank credits	**0**	**0**
- with repayment period above 1 and up to 3 years	0	0
- with repayment period above 3 and up to 5 years	0	0
- with repayment period above 5 years	0	0
b) Long-term loans	**0**	**0**
- with repayment period above 1 and up to 3 years	0	0
- with repayment period above 3 and up to 5 years	0	0
- with repayment period above 5 years	0	0
-from related parties	0	0
c) Long-term debt securities	**123 629**	**122 561**
- bonds with repayment period above 1 and up to 3 years	0	0
- bonds with repayment period above 3 and up to 5 years	123 629	122 561
- bonds with repayment period above 5 years	0	0
d) Other long-term financial liabilities		
2. Short-term bank credits, loans and debt securities	**1 705**	**0**
a) Short-term bank credits	**1 705**	**0**
- credits	1 705	0
- credits	0	0
b) Short-term loans	**0**	**0**
- Short-term loans	0	0
- Short-term loans from related parties	0	0
c) Short-term debt securities	**0**	**0**
- short-term bonds	0	0
-other	0	0
d) Other short-term financial liabilities		

Note no 22

FINANCIAL LEASE	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
a) Long-term financial lease	**0**	**124**
- with repayment period above 1 and up to 3 years	0	124
- with repayment period above 3 and up to 5 years	0	0
- with repayment period above 5 years	0	0
b) Short-term financial lease	**145**	**309**

Note no 23

DERIVATIVES	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
1. Long-term derivatives	**0**	**0**
- appraised forward contracts	0	0
- appraised options	0	0
2. Short-term derivatives	**634**	**44**

Note no 24

CHANGES IN PROVISIONS	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
A. Long-term provisions	**187**	**85**
1. Provision for retirement gratuities	**187**	**85**
a) Opening balance of provision	85	47
b) Increase in provision due to:	102	38
- additions	102	38
- conversion from short-term	0	0
c) Decrease in provision due to:	0	0
- termination or settlement of provison	0	0
- conversion from short-term	0	0
2. Provision for unused leaves	**0**	**0**
a) Opening balance of provision	0	0
b) Increase in provision due to:	0	0
- additions	0	0
- conversion from short-term	0	0
c) Decrease in provision due to:	0	0
- termination or settlement of provison	0	0
- conversion from short-term	0	0
B. Short-term reserves	**432**	**262**
1. Provision for retirement gratuities	**0**	**0**
a) Opening balance of provision	0	0
b) Increase in provision due to:	0	0
- additions	0	0
- conversion from short-term	0	0
c) Decrease in provision due to:	0	0
- termination or settlement of provison	0	0
- conversion from short-term	0	0
2. Provision for unused leaves	**432**	**262**
a) Opening balance of provision	262	56
b) Increase in provision due to:	170	206
- additions	170	206
- conversion from short-term	0	0
c) Decrease in provision due to:	0	0
- termination or settlement of provison	0	0
- conversion from short-term	0	0

Note no 25

ACCRUALS	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
Bierne rozliczenia międzyokresowe kosztów, w tym:	**406**	**345**
- materials and repairs	5	4
- legal and consulting services	33	21
- property protection	23	21
- transport and courier services	68	165
- sterilisation services	12	0
- telecommunication services	0	11
- Balance Sheet auditing	10	2
- employee benefits	129	95
- materials and repairs	2	0
-cost of energy, gas and water	121	0
-settlements with employees		
-other	3	26

Note no 26

TRADE PAYABLES	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
from related parties	0	0
from Rother entities	5 280	5 578
Gross trade payables	**5 280**	**5 578**
Revaluation write-offs	0	0
Net trade payables	**5 280**	**5 578**

Note no 26a

TRADE PAYABLES	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
a) In Polish currency	**2 425**	**1 980**
b) in foreign currencies (by currency and after converting into Polish zloties)	**2 855**	**3 598**
- b 1. In foreign currency (USD)	116	224
after converting into Polish zloties	344	546
- b 2. In foreign currency (EUR)	556	530
after converting into Polish zloties	2 320	1 897
b 3. Other currencies in Polish zloties	191	1 155
Total trade payables	**5 280**	**5 578**

Note no 26b

GROSS TRADE PAYABLES WITH REPAYMENT PERIOD LEFT AS FROM THE BALANCE SHEET DATE:	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
a) up to 1 month	5 064	5 578
b) above 1 month and up to 3 months	216	0
c) above 3 months and up to 6 months	0	0
d) above 6 months and up to 1 year	0	0
e) above 1 year	0	0
f) overdue payables	0	0
Total (gross) trade payables	**5 280**	**5 578**
g) Trade payables revaluation write-offs	0	0
Total (net) trade payables	**5 280**	**5 578**

Note no 26c

OVERDUE GROSS TRADE PAYABLES BROKEN DOWN BY PERIOD:	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
a) up to 1 month	0	0
b) above 1 month and up to 3 months	0	0
c) above 3 months and up to 6 months	0	0
d) above 6 months and up to 1 year	0	0
e) above 1 year	0	0
Total overdue (gross) trade payables	**0**	**0**
f) Overdue trade payables revaluation write-offs	0	0
Total overdue (net) trade payables	**0**	**0**

Note no 27

INCOME TAX LIABILITIES	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
1) Opening balance	5	3
2) Increase	97	946
- additions	97	22
- take-overs	0	924
3) Decrease	51	944
- payments	51	944
4) Closing balance	**51**	**5**

Note no 28

OTHER LIABILITIES	As of 31.12.2008	as of 31.12.2007
	in thousand PLN	
- Tax and insurance liabilities	2 842	1 117
- Employee settlements	2 031	11
- Capitalised purchase liabilities	2 673	2 397
- Capitalised purchase liabilities from related parties	0	0
- Commission on bonds liabilities	0	92
- Social fund liabilities	16	0
- Other liabilities	145	76
Total	**7 707**	**3 693**

3.3 Explanation notes to the Consolidated Cash Flow Account

CASH BREAKDOWN	2008	2007
	In thousand PLN	
a) Total cash (opening balance)	**20 609**	**20 807**
- cash at hand and at bankers	20 609	20 807
- other cash	0	0
b) Total cash (closing balance)	**9 538**	**20 609**
- cash at hand and at bankers	9 538	20 609
- other cash	0	0

CHANGES IN CASH	2008	2007
	In thousand PLN	
- Cash flows from operating activities	36 573	12 009
- Cash flows from investment activities	-40 748	-130 760
- Cash flows from financial activities	-7 085	118 779
a) Change in cash	**-11 260**	**28**
a) Opening balance of cash	20 609	20 807
b) Closing balance of cash	9 538	20 609
b) Balance sheet change in cash	**-11 071**	**-198**
c) difference between balance sheet cash value and change in cash, including:	**189**	**-226**
- balance sheet valuation of cash	189	0

"Other items (adjustments)"	2008	2007
	In thousand PLN	
- other adjustments of operating activities, including:	2 971	2 552
- valaution of options for managerial shares	2 971	2 552

3.4 Explanation notes to transactions with related parties

TRANSACTIONS AMONG RELATED PARTIES	for Y2008						
	In thousand PLN '000						
	HTL-STREFA S.A.	HT LANCET Sp. z o.o.	HTL-STREFA Marketing Sp. z o.o.	HTL-STREFA Inc.USA	HTL-STREFA Gmbh Germany	HAEMEDIC AB	HAEMEDIC Poland
a) Purchase and sale transactions							
- goods sold	3 320	-	-	-	-	-	-
- cost of goods purchased	559	-	-	3 151	-	-	-
- purchased goods in stock	- 559	-	-	833	-	-	-
- exchange differences from valuation of foreign entities	-	-	-	- 233	-	-	-
- opening balance of the current year's stock	-	-	-	- 431	-	-	-
- goods sold	-	34 362	-	-	-	-	-
- cost of goods purchased	33 776	1 741	-	-	-	-	-
- purchased goods in stock	2 543	- 1 741	-	-	-	-	-
- opening balance of the current year's stock	- 1 956	-	-	-	-	-	-
- services sold	26	-	-	-	-	-	-
- services purchased	-	-	-	27	-	-	-
- exchange differences from valuation of foreign entities	-	-	-	- 1	-	-	-
- services sold	184	-	-	-	-	-	-
- services purchased	-	184	-	-	-	-	-
- services sold	-	-	2 276	-	-	-	-
- services purchased	2 276	-	-	-	-	-	-
- services sold	-	-	-	-	-	-	223
- services purchased	223	-	-	-	-	-	-
- services sold	-	-	-	-	-	-	95
- services purchased	-	95	-	-	-	-	-
- services sold	-	-	-	-	151	-	-
- services purchased	150	-	-	-	-	-	-
- exchange differences from valuation of foreign entities	1	-	-	-	-	-	-
- materials sold	1	-	-	-	-	-	-
- materials purchased	-	1	-	-	-	-	-
- fixed assets sold	-	16	-	-	-	-	-
- fixed assets purchased	16	-	-	-	-	-	-
- transaction result	-	-	-	-	-	-	-
- amortisation and depreciation of fixed assets sold as from their selling date	-	-	-	-	-	-	-
- amortisation and depreciation of fixed assets purchased as from the date they were put into use	-	-	-	-	-	-	-
- difference in the current year result	198	-	-	-	-	-	-
- exchange differences from valuation of foreign entities	-	154	-	-	-	-	-
- materials sold	- 44	-	-	-	-	-	-
-tax and balance amortisation difference for the cuurent period	-	-	-	-	-	-	- 96
B Financial instruments							
- loans granted	100	-	-	-	-	-	-
- loans received	-	-	-	-	-	-	100
- payment of loans granted							
- payment of loans received							
- interest on loans granted		25	-	-	-	-	-

- interest on loans received		-	-	-	26	-	-
exchange differences		-	-	-	- 1	-	-
- payment of loans granted		-	-	-	104	-	-
- payment of loans received	89	-	-	-	-	-	-
exchange differences							
- interest payment of loans granted	-	-	-	47	-	-	-
- interest payment of loans received	41	-	-	-	-	-	-
exchange differences							
exchange differences form foreing entities valuation	-	-	-	-	-	-	-
- interest on loans granted	4	-	-	-	-	-	-
- interest on loans received	-	-	-	-	-	-	4
- interest on loans granted	- 4	-	-	-	-	-	-
- interest on loans received	-	-	-	-	-	-	- 4
- shares acquired	-	-	-	-	-	-	-
- capital formation	-	-	-	-	-	-	-
remaining balance of investments in controlled entities	-	-	-	-	-	-	-
- shares acquired	-	-	-	-	-	-	-
- capital formation	-	-	-	-	-	-	-
- shares acquired	-	-	-	-	-	-	-
- capital formation	-	-	-	-	-	-	-
- shares acquired	-	-	-	-	-	-	-
- capital formation	-	-	-	-	-	-	-
- shares acquired	-	-	-	-	-	-	-
- capital formation	-	-	-	-	-	-	-
- shares acquired	-	-	-	-	-	-	-
- equity	-	-	-	-	-	-	-
- capital contributions by shareholders	-	-	-	-	-	-	-
- retained profits as of take-over date	-	-	-	-	-	-	-
- goodwill	-	-	-	-	-	-	-
increase of fixe assets	-	-	-	-	-	-	4 352
decrease of fixe assets	-	-	-	-	-	3 779	-
transaction result	-	-	-	-	-	692	-
exchange differences	-	-	-	-	-	- 118	-
assumption of shares	4 353	-	-	-	-	-	-
kapitału equity submission	-	-	-	-	-	-	4 353
fixed assets	-	-	-	-	-	-	-
excess of equity over face value	-	-	-	-	-	-	-
C. Settlements							
- balance of receivables for goods	-	3 348	-	-	-	-	-
- balance of payables for goods	3 348	-	-	-	-	-	-
- balance of other payables	1 143	-	-	-	-	-	-
- balance of other receivables	-	861	-	-	-	-	-
- balance of payables for services							
- balance of receivables for services	122	-	-	-	-	-	-
- balance of payables for services	-	-	122	-	-	-	-
- balance of receivables for services	45	-	-	-	-	-	-
- balance of payables for services	-	-	-	-	-	-	45
- balance of receivables for services	-	19	-	-	-	-	-
- balance of payables for services	-	-	-	-	-	-	19
- balance of other payables	-	-	-	-	-	-	-
- balance of other receivables	-	-	-	-	-	-	-
currency differences	-	-	-	-	-	-	-

- prepaid expenses	-	-	-	-	-	-	-
- accrued expenses	-	-	-	-	-	-	-
- balance of receivables for goods	2 155	-	-	-	-	-	-
- balance of payables for goods	-	-	-	2 155	-	-	-
- balance of liabilities paid up (cash in process)	-	-	-	-	-	-	-
- balance of receivables for goods	-	-	-	-	13	-	-
- balance of payables for goods	13	-	-	-	-	-	-
- balance of non-financial fixed assets sold	1 468	-	-	-	-	-	-
- balance of non-financial fixed assets purchased	-	1 456	-	-	-	-	-
- depreciation of fixed assets sold as from the date of sale	- 12	-	-	-	-	-	-
- depreciation of fixed assets purchased as from the date they were put into use	381	-	-	-	-	-	-
- difference in current year's result	-	295	-	-	-	-	-
- difference in current year's result	- 87	-	-	-	-	-	-
D. Financial settlements							
- balance of receivables for loans	429	-	-	-	-	-	-
- balance of liabilities for loans	-	-	-	429	-	-	-
- value of shares held	58 005	-	-	-	-	-	-
- equity value	-	58 000	-	-	-	-	-
- remaining balance of investments in controlled entities	5	-	-	-	-	-	-
- value of shares held	472	-	-	-	-	-	-
- equity value	-	-	470	-	-	-	-
- remaining balance of investments in controlled entities	2	-	-	-	-	-	-
- value of shares held	4 353	-	-	-	-	-	-
- equity value	-	-	-	-	-	4 353	-
- remaining balance of investments in controlled entities	-	-	-	-	-	-	-
- value of shares held	-	30	-	-	-	-	-
- equity value	-	-	30	-	-	-	-
- value of shares held	57	-	-	-	-	-	-
- equity value	-	-	-	57	-	-	-
- value of shares held	96	-	-	-	-	-	-
- equity value	-	-	-	-	96	-	-
- value of shares held	84 102	-	-	-	-	-	-
- equity value	-	-	-	-	-	40	-
- capital contributions by shareholders	-	-	-	-	-	1 542	-
- retained profits as of take-over date	-	-	-	-	-	2 378	-
goodwill	-	-	-	-	-	80 142	-
- value of shares held	4 352	-	-	-	-	-	-
- equity value	-	-	-	-	-	-	4 352
- apreciation of fixed assets sold as from the date of sale	-	-	-	-	-	-	4 352
- depreciation of fixed assets sold as from the date of sale	-	-	-	-	-	3 779	-
result on transaction	-	-	-	-	-	692	-
difference in currenty	-	-	-	-	-	- 118	-
- remaining balance of equity sold	-	-	-	-	-	3 648	-
- remaining balance of equity sold	3 600	-	-	-	-	-	-
difference in currenty	-	-	-	-	-	- 48	-

TRANSACTIONS AMONG RELATED PARTIES	FOR 2007					
	HTL-STREFA S.A.	HT LANCET Sp. z o.o.	HTL-STREFA Marketing Sp. z o.o.	HTL-STREFA Inc. USA	HTL-STREFA GmbH, Germany	HAEMEDIC AB
	In thousand PLN '000					
a) Purchase and sale transactions						
- goods sold	1 073					
- cost of goods purchased				590		
- purchased goods in stock				431		
- exchange differences from valuation of foreign entities				52		
- goods sold		12 775				
- cost of goods purchased	10 824					
- purchased goods in stock	1 956					
- opening balance of the current year's stock	(5)					
- services sold	10					
- services purchased				11		
- exchange differences from valuation of foreign entities				(1)		
- services sold	30					
- services purchased		30				
- services sold			1 341			
- services purchased	1 341					
- services sold					68	
- services purchased	67					
- exchange differences from valuation of foreign entities	1					
- materials sold	1					
- materials purchased		1				
- fixed assets sold	1 468					
- fixed assets purchased		1 456				
- transaction result	(12)					
- amortisation and depreciation of fixed assets sold as from their selling date	183					
- amortisation and depreciation of fixed assets purchased as from the date they were put into use		141				
- difference in the current year result	(42)					
b) Financial instruments						
- loans granted	509					
- loans received				438		
- exchange differences	(71)					
- interest on loans granted	19					
- interest on loans received				17		
- exchange differences	(2)					
- shares acquired	20 002					
- capital formation		20 000				
- remaining balance of investments in controlled entities	2					
- shares acquired	329					
- capital formation			329			
- shares acquired		21				
- capital formation			21			
- shares acquired	57					
- capital formation				57		
- shares acquired	96					
- capital formation					96	

- shares purchased	84 102					
- equity						40
- capital contributions by shareholders						1 542
- retained profits as of take-over date						2 378
- goodwill						80 142
c) Settlements						
- balance of receivables for goods		4 213				
- balance of payables for goods	4 213					
- balance of other receivables		241				
- balance of payables for services	241					
- balance of receivables for services						
- balance of payables for goods						
- prepaid expenses			88			
- accrued expenses	88					
- balance of receivables for goods	511					
- balance of payables for goods				342		
- balance of liabilities paid up (cash in process)				168		
- balance of receivables for goods					11	
- balance of payables for goods	11					
- balance of receivables for fixed assets sold						
- balance of payables for fixed assets purchased						
- balance of non-financial fixed assets sold	1 468					
- balance of non-financial fixed assets purchased		1 456				
- result on transactions in current year	(12)					
- depreciation of fixed assets sold as from the date of sale	183					
- depreciation of fixed assets purchased as from the date they were put into use		141				
- difference in current year's result	(43)					
d) Financial settlements						
- balance of receivables for loans	456					
- balance of liabilities for loans				456		
- value of shares held	58 005					
- equity value		58 000				
- remaining balance of investments in controlled entities	5					
- value of shares held	472					
- equity value			470			
- remaining balance of investments in controlled entities	2					
- value of shares held		30				
- equity value			30			
- value of shares held	57					
- equity value				57		
- value of shares held	96					
- equity value					96	
- value of shares held	84 102					
- capitals						3 960
- goodwill						80 142

3.5. Explanatory notes to adjustment of a basic error.

As a result of re-analysis of the Incentive Programme for key employees of HTL-STREFA, the results of valuation referring to the years 2006-2007 have been valuated and disclosed in the consolidated financial statements of HTL Capital Group. Error adjustment does not impact on the total amount of equity. The value of the valuation charging the retained profits from the years 2006-2007 with total value of PLN XX has been shown on the other side in the reserve capital on manager options valuation. More about the incentive programme to be found in section 3.6 H

Adjustments list:

wykaz korekt		
Adjustment no.	**Title**	**Amount of adjustment**
1	Valuation of options in the Incentive Programme for 2006	4 608 297,45
2	Valuation of options in the Incentive Programme for 2007	2 551 789,54

Below are the particular parts of the consolidated financial statements of HTL Group for 2007 containing the aforementioned adjustments. The financial data presented below present the impact of adjustment no. 1 and 2 on particular items of the balance sheet, profit and loss account and cash flow statement as of the end of 2007. Adjustment no. 1 refers to opening balance, namely 1 Jan. 2007.

	31.12.2007			
	Before adjustment	Adjustment 1	Adjustment 2	After adjustment
ASSETS				
FIXED ASSETS	**198 891 222,94**	**0,00**	**0,00**	**198 891 222,94**
Tangible fixed assets	116 405 213,30			116 405 213,30
Investment real property	0,00			0,00
Intangible assets	82 475 088,50			82 475 088,50
Investments in controlled entities and affiliated entities	6 452,88			6 452,88
Long-term loans	0,00			0,00
Long-term derivatives	0,00			0,00
Deferred tax assets	0,00			0,00
Long-term prepayments	4 468,26			4 468,26
CURRENT ASSETS	**50 169 112,36**	**0,00**	**0,00**	**50 169 112,36**
Inventory	12 696 394,12			12 696 394,12
Trade receivables	10 796 024,23			10 796 024,23
Other receivables	3 287 712,91			3 287 712,91
Short-term loans	0,00			0,00
Short-term derivatives	482 289,50			482 289,50
Cash and cash equivalents	20 609 068,71			20 609 068,71
Short-term prepayments	2 297 622,89			2 297 622,89
TOTAL ASSETS	**249 060 335,30**	**0,00**	**0,00**	**249 060 335,30**
LIABILITIES				
EQUITY	**116 053 131,70**	**0,00**	**0,00**	**116 053 131,70**
Share capital	639 833,30			639 833,30
Surplus from sale of shares above par value	60 117 003,72			60 117 003,72
Capital from hedging transactions and from conversion of foreign currencies	299 678,43			299 678,43
Other reserve capitals		4 608 297,45	2 551 789,54	7 160 086,99
Retained earnings	54 996 616,25	-4 608 297,45	-2 551 789,54	47 836 529,26
Equity attributable to the dominating entity's shareholders	116 053 131,70	0,00	0,00	116 053 131,70
LONG-TERM LIABILITIES	**122 770 928,46**	**0,00**	**0,00**	**122 770 928,46**
Bank credits, loans, debt securities and other financial liabilities	122 561 307,43			122 561 307,43
Financial lease	124 165,47			124 165,47
Derivatives	0,00			0,00
Provision for deferred income tax	0,00			0,00
Other provisions	85 455,56			85 455,56
Accruals	0,00			0,00
Deferred income	0,00			0,00
SHORT-TERM LIABILITIES	**10 236 275,14**	**0,00**	**0,00**	**10 236 275,14**
Bank credits, loans, debt securities and other financial liabilities	0,00			0,00
Financial lease	309 144,05			309 144,05
Derivatives	44 414,76			44 414,76
Provisions	262 135,80			262 135,80
Trade liabilities	5 578 018,30			5 578 018,30
Corporate income tax liabilities	4 776,48			4 776,48
Other liabilities	3 693 051,67			3 693 051,67
Accruals	344 734,08			344 734,08
Deferred income	0,00			0,00
TOTAL LIABILITIES	**133 007 203,60**	**0,00**	**0,00**	**133 007 203,60**
TOTAL [BALANCE-SHEET] LIABILITIES	**249 060 335,30**	**0,00**	**0,00**	**249 060 335,30**

	rok 2007		
	Before the adjustment	**Adjustment**	**After the adjustment**
Revenues from sales	**80 603 649,62**	**0,00**	**80 603 649,62**
Revenues from sales of products and services	80 587 076,88		80 587 076,88
Revenues from sales of goods and materials	16 572,74		16 572,74
Cost of products, goods and materials sold	**-51 602 116,42**	**0,00**	**-51 602 116,42**
Manufacturing cost of products and services sold	-51 586 527,37		-51 586 527,37
Value of goods and materials sold	-15 589,05		-15 589,05
GROSS PROFIT ON SALES	**29 001 533,20**	**0,00**	**29 001 533,20**
Selling costs	-7 902 018,04		-7 902 018,04
General and administrative costs	-10 237 586,20	-2 551 789,54	-12 789 375,74
Other operating revenues	108 629,65		108 629,65
Other operating expenses	-257 952,71		-257 952,71
PROFIT ON OPERATING ACTIVITIES	**10 712 605,90**	**-2 551 789,54**	**8 160 816,36**
Financial revenues	5 129 922,61		5 129 922,61
Financial expenses	-11 604 926,81		-11 604 926,81
GROSS PROFIT	**4 237 601,70**	**-2 551 789,54**	**1 685 812,16**
Income tax	-21 898,17		-21 898,17
NET PROFIT FOR THE FINANCIAL PERIOD	**4 215 703,53**	**-2 551 789,54**	**1 663 913,99**
Net profit and diluted net profit per one share (in PLN)	**0,07**		**0,03**

	rok 2007		
	Before the adjustment	**Adjustment**	**After the adjustment**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	**4 237 601,70**	**-2 551 789,54**	**1 685 812,16**
Adjustments for items:	**7 770 911,04**	2 551 789,54	**10 322 700,58**
Amortisation and depreciation	6 436 015,28		6 436 015,28
Change in receivables	1 134 809,39		1 134 809,39
Change in liabilities	2 406 910,68		2 406 910,68
Change in inventory	-4 677 883,68		-4 677 883,68
Change in provisions	244 634,79		244 634,79
Change in prepayments and accruals	-157 496,19		-157 496,19
Interest income/cost	3 347 736,25		3 347 736,25
Exchange gains (losses)	-19 992,27		-19 992,27
Gains/losses from investment activities	0,00		0,00
Income tax paid	-943 823,21		-943 823,21
Other adjustments	0,00	2 551 789,54	2 551 789,54
Net cash flows from operating activities	**12 008 512,74**	**0,00**	**12 008 512,74**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Inflows from sale of intangible and tangible fixed assets	47 725,93		47 725,93
Inflows from sale of investments in controlled entities	0,00		0,00
Loans repaid	0,00		0,00
Interest received	0,00		0,00
Dividend received	0,00		0,00
Purchase of intangible and tangible fixed assets	-46 704 436,35		-46 704 436,35
Purchase of investments in controlled entities	-84 103 700,76		-84 103 700,76
Loans granted	0,00		0,00
Other items	0,00		0,00
Net cash flows from investment activities	**-130 760 411,18**	**0,00**	**-130 760 411,18**
CASH FLOWS FROM FINANCIAL ACTIVITIES			
Inflows from issuance of shares	2 333,30		2 333,30
Inflows from credits and loans	0,00		0,00
Inflows from issuance of debt securities	119 257 342,47		119 257 342,47
Repayment of credits and loans	0,00		0,00
Payment of liabilities arising from financial leases	-734 885,16		-734 885,16
Dividend paid	0,00		0,00
Interest paid	-44 950,89		-44 950,89
Exchange differences from valuation of derivatives	406 283,96		406 283,96
Exchange differences from valuation of foreign entities	-106 605,53		-106 605,53
Other items			
Net cash flows from financial activities	**118 779 518,15**	**0,00**	**118 779 518,15**
Change in cash	**27 619,71**	**0,00**	**27 619,71**
Change in cash due to exchange differences	-225 594,42		-225 594,42
Cash opening balance	**20 807 043,42**		**20 807 043,42**
Closing balance of cash	**20 609 068,71**	**0,00**	**20 609 068,71**

3.6 Other explanation notes

A. Settlement of merger with Haemedic AB

a) Settlement of merger

On October 24, 2007, HTL-STREFA S.A. acquired control by purchasing 100% shares in Haemedic AB The initial settlement of financial effects of the purchase of shares in the subsidiary occurred on the basis of book values of assets and liabilities. As a result of final arrangements made in 2008, no additional adjustments were made to fair values in the consolidated financial statements. Therefore, the values set previously were identified as fair values of assets and liabilities. The agreed surplus of the cost of merger over the acquired fair value of assets and liabilities amounts to 80 142 ths.PLN. The disclosed goodwill includes patents and patent applications regarding their manufacture, business contracts for their distribution and sales, right to the brands: Haemolance i Prolance, and know-how regarding among other issues manufacture and sales. However, due to lack of credible valuation of their fair value, in the settlement of the merger, the Company abstained from their identification as separate fair values. Such agreed goodwill shall be tested annually for impairment.

b) Test for impairment

In annual periods HTL-STREFA S.A. shall perform a test for impairment of goodwill indicated in section. The first test was performed as of December 31, 2008.

Within the transaction described in section , HTL-STREFA S.A. took over assets necessary to run business in the area of manufacture of safety lancets by HaeMedic. As a result of the merger, goodwill was established in the amount of 80 142 ths. PLN
Test for impairment was performed by assessing the recoverable value created by the cash generating unit (CGU), which apart from goodwill also contains tangible fixed assets (machines and production equipment) and intangible assets (rights to patents and trademarks, know-how, etc.).
Goodwill of Haemedic is monitored at the level at which the transaction was performed, as all the products of Haemedic belong to the same segment of safety lancets, and due to customer needs may be treated as substitutes.
Due to difficulties with setting the goodwill of Haemedic less selling expenses, test for impairment of goodwill of Haemedic was performed based of use value.

A financial model was made allowing to estimate the cash flow that HTL-STREFA intends to achieve on Haemedic in the condition in which Haemedic was purchased under the Transaction throughout the remaining period of use. It was assumed that the property forming part of CGU will generate revenues for the period of 12 years, namely from early August 2008 to the end of July 2020. Driven by the principle of caution, it was assumed that after the expiry of the assumed period, the value of property forming the **CGU** will amount 0 PLN. No recovery investments were assumed which could prolong the life cycle of the assets of Haemedic This assumption can be verified in the future, which would be particularly justified in the situation of sustained high value of the product brands on the market.

In order to define the discount rate, the WACC formula was used, modified to reflect the risk of the project observing the principle of caution and following the guidelines of IFRS 36. The calculated WACC for the entire Company was increased by 2% to reflect higher than average risk of the project for the entire Company – sales under own brands on the free market vs. sales under branks of recognised contractors under long-term contracts.

In order to assess the capital cost at the Company, the CAPM mode was used, where

- Parameter of risk-free rate of return is calculated on the basis of the interest-rate of 10 years' treasury bonds.
- Ratios reflecting the market risk and the beta-specific parameter for the industry were adopted after Ibbotson 2007.
- Furthermore, discount rate has been increased using a bonus for small size of the Company (as understood by Ibbotson 2007).
- In order to define the cost of debt, parameters were used describing the cost of bonds issued by the Company (WIBOR + 1.1%).
- According to the requirements of IFRS 36, the discount rate was calculated as proper for cash flows before taxation.
- The calculations were made on the basis of setting the IRR of such cash flows necessary to achieve the results identical with the result calculated on the basis of relevant cash flows after taxation.

Such assumed value of the discount rate relevant for cash flows after taxation and assuming the valuation as of 31 Dec. 2008 amounts to 17.1%.

As a result of the test for impairment performed as of 31 December 2008, it was stated that there are no indications causing the necessity for revaluation write-off for the goodwill in the consolidated balance sheet of the Capital Group.

B. Capital expenditures incurred

Capital expenditures incurred	As of 2008	As of 2007
	In thousand PLN	
a) Fixed tangible assets by group	**45 726**	**43 254**
- land	0	0
- buildings and structures	2 926	1 458
- machinery and equipment	41 523	39 119
- means of transport	906	1 919
- other fixed assets	335	758
b) Intangible assets	**633**	**81 815**
c) Shares in controlled and affiliated entities	**0**	**2**

C. Profit distribution

	In thousand PLN	
	2008	2007
net profit	23 945	2 380
Distribution of financial result (by category):	23 945	2 380
- dividend		
- supplementary capital	23 945	2 380

The 2008 profit distribution is a proposal.

The Management Board of dominating entity will consistently propose that the earned profit be earmarked for supplementary capital. Due to a rapid growth of the Group, it is necessary to incur significant capital expenditures resulting in a policy of managing own funds.

D. Book value per share

	As of 2008	As of 2007
	w zł	
Book value (in PLN '000)	149 236 113,27	116 053 131,70
Number of shares (in units)	64 382 660	63 983 330
Book value per share (in PLN)	2,32	1,81
Diluted number of shares (in units)	64 382 660	63 983 330
Diluted book value per share (in PLN)	0,00	0,00

E. Average employment level

Average employment level in persons	As of 2008	As of 2007
Management Board of dominating entity	3	3
Management Board of controlled entities	5	8
Senior management	6	5
Administration workers	107	90
Production workers	518	305
Total	639	411

F. Remuneration, rewards and other benefits for managing and supervising persons

REMUNERATION, REWARDS AND OTHER BENEFITS FOR MANAGING AND SUPERVISING PERSONS	2008						2007					
	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Benefits due to labour contract termination	Payments made by own shares	Total	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Benefits due to labour contract termination	Payments made by own shares	Total
The Managment Board includes:	1 250	0	0	0	498	1 748	1 158	0	0	0	850	2 008
- Andrzej Czernecki	459	0	0	0	0	459	442	0	0	0	0	442
- Józef Kosowski	437	0	0	0	249	686	419	0	0	0	425	844
- Iwonna Soboń	354	0	0	0	249	603	297	0	0	0	425	722
CEO Wojciech Wyszogrodzki	1 084	0	0	0	0	1 084	433	0	0	0	0	433
Supervisory board includes :	80	0	0	0	0	80	98	0	0	0	0	98
- Prof. Witold Orłowski	40	0	0	0	0	40	50	0	0	0	0	50
- Prof. Andrzej Kidyba	25	0	0	0	0	25	31	0	0	0	0	31
- Andrzej Woźnica	5	0	0	0	0	5	5	0	0	0	0	5
- Jolanta Nejman	5	0	0	0	0	5	6	0	0	0	0	6
- Beata Błędowska	5	0	0	0	0	5	6	0	0	0	0	6

Information on advance payments, credits, sureties, guaranties and other agreements requiring benefits in favour of the Company

The managing and supervising persons, their spouses and relatives have no obligations to the Company resulting from advance payments, loans, sureties, guaranties and similar transactions.
Such transactions were not made.

G. Benefits for employees.

	2008 in ths.PLN	2007 in ths. PLN
ZUS-social fees, FP, FGŚP	3 871	2 584
Deductions on ZFŚS	675	400
Expenditure on BHP	208	188
Other benefits	156	111
Employee training	388	389
Total	**5 298**	**3 671**

H. Employee Shares Programme

In 2006 HTL-STREFA the Parent Company started up an Incentive Programme for the members of the Management Board and other key employees. A part of this programme was an increase of shareholders' equity by way of emission of series C shares.
The primary plan was assumed to cover three years, until 2009, and comprised three tranches of capital increase.
In 2007 the programme was rebuilt. The number of shares was increased and programme duration was extended. At the same time the shares were split 1 : 5.

Description of built-in instruments
The Programme assumes that key employees of the Company, which meet the requisite condition – to be employed by the Parent Company, as on the date of share allotment – acquire the right to take up a specific number of shares at the price of respectively PLN 0.05 and PLN 0.01 per share. In this way, on the Programme start-up managers participating in it receive call options from the Company, for purchase of shares at their nominal price. The huge attraction of these options (deep „in – the – money") stimulates the managers not to wait the time, which they were allowed, to use their right (the American option), but to realise these options as soon as they become authorised to do so. In this way the built-in option becomes an European-type option.
Option maturity depends on the date of publication of a report for the IVth quarter of the preceding year, while the anticipated date of capital increase falls in the last decade of April. The historic experience shows that previous dates of maturity were on 23 and 24 of April.

Assumptions

- the managers' position is stable so that it is not necessary to additionally model any potential discharges from work;
- the Company's demand for investments is so strong that the entire profit earned over the duration of the Programme will be assigned for supplementary capital, which means that payment of dividend in that time is not planned;
- the date of maturity of built-in options is assumed on 23rd April of the next year, for the first tranche, and 24th April in the following years, for the other successive options.

Price estimate and its parameters
The price of the built-in options was estimated as upon the following dates: Dec. 31, 2006, Dec. 31, 2007, and Dec. 31, 2008, with the assumption that the date of option assignation falls on the

day when a list of persons eligible to take up shares is presented. These dates were respectively: for C1 – Jan. 24, 2007, for C2 – Dec. 18, 2007 and for C3 – Jan. 16, 2009, hence the above balance sheet dates. The option price was estimated using a method of binomial tree CRR (Cox, Ross, Rubistein).
The estimate was based on the following parameters:

- The market price – day-close listing price at Warsaw Stock Exchange, on dates: Dec. 31, 2006, Dec. 31, 2007, Dec. 31, 2008;
- Realisable price – price of shares guaranteed to option holders under the Incentive Programme;
- Period of maturity – option lifetime expressed as a fraction of the year;
- Percentage rate – term rate of percentage interpolated precisely for the duration of the option, from the deposit profitability curve;
- Variation – the variation of share prices estimated from historic data using the rolling window method, and taking into account the option duration.
- Option value – no. of shares times the option price per share.

The number and realisable prices of options for shares, for respective series of shares:

Share series	Amount of shares	Share average weighted price
C1	46 666	0,05
C2	399 330	0,01
C3	399 340	0,01

Valuation in Figures:
Value of option C 1 4 608 297,45 zł
Value of option C 2 2 551 789,54 zł
Value of option C 3 2 971 157,17 zł
Value of option C 4 1 250 014,22 zł

The value of each option series was or will be included in the financial statements for year:
C1 - 2006
C2 - 2007
C3 - 2008
C4 - 2009

The successive tranches of shares which were heretofore put at the disposal of employees, have been taken up in whole.

4. FINANCIAL STATEMENT BY ACTIVITY SEGMENT OF THE GROUP

4.1 Consolidated Profit and Loss Account

2008

	Safety lancets	*Personal lancets*	*Other activities and indivisible elements*	*Total*
	w tys. zł			
Sales revenue	**106 848**	**35 903**	**32**	**142 783**
Net revenues from sales of products	106 848	35 903	0	142 751
Net revenues from sales of goods and materials	0	0	32	32
Cost of goods sold	**(63 111)**	**(19 309)**	**(31)**	**(82 451)**
Manufacturing cost of goods sold	(63 111)	(19 309)	0	(82 420)
Value of goods and materials sold	0	0	(31)	(31)
GROSS PROFIT FROM SALES	**43 737**	**16 594**	**1**	**60 332**
Selling costs	(779)	(52)	(10 062)	(10 893)
General and administrative costs	(3 625)	(1 958)	(9 473)	(15 056)
Other operating revenues	0	0	404	404
Other operating costs	0	0	(337)	(337)
PROFIT ON OPERATING ACTIVITIES	**39 333**	**14 584**	**(19 467)**	**34 450**
Financial revenues	0	0	13 634	13 634
Financial expenses	0	0	(17 311)	(17 311)
PROFIT BEFORE TAX	**39 333**	**14 584**	**(23 144)**	**30 773**
Income tax	0	0	(54)	(54)
NET PROFIT	**39 333**	**14 584**	**(23 198)**	**30 719**

2007

	Safety lancets	*Personal lancets*	*Other activities and indivisible elements*	*Total*
	in thousands PLN			
Sales revenue	**52 543**	**28 044**	**17**	**80 604**
Net revenues from sales of products	52 543	28 044	0	80 587
Net revenues from sales of goods and materials	0	0	17	17
Cost of goods sold	**(35 157)**	**(16 430)**	**(15)**	**(51 602)**
Manufacturing cost of goods sold	(35 157)	(16 430)	0	(51 587)
Value of goods and materials sold	0	0	(15)	(15)
GROSS PROFIT FROM SALES	**17 386**	**11 614**	**2**	**29 002**
Selling costs	(338)	0	(7 564)	(7 902)
General and administrative costs	(2 738)	0	(10 052)	(12 790)
Other operating revenues	0	0	109	109
Other operating costs	0	0	(258)	(258)
PROFIT ON OPERATING ACTIVITIES	**14 310**	**11 614**	**(17 763)**	**8 161**
Financial revenues	3	0	5 127	5 130
Financial expenses	0	0	(11 605)	(11 605)
PROFIT BEFORE TAX	**14 313**	**11 614**	**(24 241)**	**1 686**
Income tax	6	0	(28)	(22)
NET PROFIT	**14 319**	**11 614**	**(24 269)**	**1 664**

4.2 Consolidated balance sheet

BALANCE SHEET DEVISED INTO BRANCH SEGMENTS FOR 31.12.2008	Safety lancets	Personal lancets	*Other activities and indivisible elements*	Total
	in thousand PLN			
ASSETS				
FIXED ASSETS	**165 946**	**27 335**	**36 329**	**229 610**
Tangible fixed assets	84 339	27 230	35 857	147 426
Investment property	0	0	0	0
Intangible assets	81 602	105	471	82 178
Investment in related and associated parties	5	0	1	6
Long-term loans	0	0	0	0
Long term derivatives	0	0	0	0
Deferred tax assets	0	0	0	0
Long-term prepayments	0	0	0	0
CURRENT ASSETS	**31 474**	**12 508**	**15 820**	**59 802**
Inventory	15 896	5 368	838	22 102
Trade receivables	12 569	7 033	0	19 602
Other receivables	128	76	4 406	4 610
Short term loans	0	0	0	0
Short-term derivatives	0	0	0	0
Cash and margins	405	0	9 133	9 538
Short-term prepayments	2 476	31	1 443	3 950
TOTAL ASSETS	**197 420**	**39 843**	**52 149**	**289 412**
LIABILITIES AND SHAREHOLDERS EQUITY				
SHAREHOLDERS EQUITY	**98 512**	**45 083**	**5 641**	**149 236**
Share capital	0	0	644	644
Share premium	0	0	60 117	60 117
Reserves from hedging and converting international units	(228)	0	17	(211)
Other reserves	0	0	10 131	10 131
Retained earnings	98 740	45 083	(65 268)	78 555
Shareholders' equity attributable to shareholders of the parent company	98 511	45 083	5 641	149 235
LONG-TERM LIABILITIES	**0**	**0**	**123 816**	**123 816**
Credits, loans and debt securities	0	0	123 629	123 629
Finance leasing	0	0	0	0
Other financial liabilities and derivatives	0	0	0	0
Provision for deferred income tax	0	0	0	0
Other provisions	0	0	187	187
Long-term accrued expenses	0	0	0	0
Long-term accrued revenues	0	0	0	0
SHORT-TERM LIABILITIES	**7 213**	**3 556**	**5 591**	**16 360**
Credits, loans and debt securities	0	0	1 705	1 705
Finance leasing	0	140	5	145
Derivatives	0	0	634	634
Provisions	0	0	432	432
Trade payables	2 392	1 874	1 014	5 280
Provisions for deferred income tax	0	0	51	51
Other liabilities	4 740	1 542	1 425	7 707
Short-term accrued expenses	81		325	406
Short-term accrued revenues	0	0	0	0
TOTAL LIABILITIES	**7 213**	**3 556**	**129 407**	**140 176**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**105 725**	**48 639**	**135 048**	**289 412**

BALANCE SHEET DEVISED INTO BRANCH SEGMENTS FOR 31.12.2007	Safety lancets	Personal lancets	*Other activities and indivisible elements*	Total
		in thousand PLN		
ASSETS				
FIXED ASSETS	**141 248**	**23 344**	**34 299**	**198 891**
Tangible fixed assets	59 310	23 156	33 939	116 405
Investment property	0	0	0	0
Intangible assets	81 928	188	359	82 475
Investment in related and associated parties	5	0	1	6
Long-term loans	0	0	0	0
Long term derivatives	0	0	0	0
Deferred tax assets	0	0	0	0
Long-term prepayments	5	0	0	5
CURRENT ASSETS	**19 849**	**5 320**	**25 000**	**50 169**
Inventory	8 607	4 016	73	12 696
Trade receivables	9 759	1 037	0	10 796
Other receivables	33	45	3 210	3 288
Short term loans	0	0	0	0
Short-term derivatives	0	0	482	482
Cash and margins	37	0	20 572	20 609
Short-term prepayments	1 413	222	663	2 298
TOTAL ASSETS	**161 097**	**28 664**	**59 299**	**249 060**
LIABILITIES AND SHAREHOLDERS EQUITY				
SHAREHOLDERS EQUITY	**59 307**	**30 500**	**26 247**	**116 054**
Share capital	0	0	640	640
Share premium	0	0	60 117	60 117
Reserves from hedging and converting international units	(100)	0	400	300
Other reserves	0	0	0	0
Retained earnings	59 407	30 500	(34 910)	54 997
Shareholders' equity attributable to shareholders of the parent company	318	0	115 736	116 054
LONG-TERM LIABILITIES	**0**	**120**	**122 650**	**122 770**
Credits, loans and debt securities	0	0	122 561	122 561
Finance leasing	0	120	4	124
Other financial liabilities and derivatives	0	0	0	0
Provision for deferred income tax	0	0	0	0
Other provisions	0	0	85	85
Long-term accrued expenses	0	0	0	0
Long-term accrued revenues	0	0	0	0
SHORT-TERM LIABILITIES	**5 626**	**2 186**	**2 424**	**10 236**
Credits, loans and debt securities	0	0	0	0
Finance leasing	11	282	16	309
Derivatives	0	0	44	44
Provisions	0	0	262	262
Trade payables	3 526	1 533	519	5 578
Provisions for deferred income tax	0	0	5	5
Other liabilities	2 061	235	1 397	3 693
Short-term accrued expenses	28	136	181	345
Short-term accrued revenues	0	0	0	0
TOTAL LIABILITIES	**5 626**	**2 306**	**125 074**	**133 006**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**64 933**	**32 806**	**151 321**	**249 060**

5. FINANCIAL INSTRUMENTS

5.1. Classification of instruments

Financial Instruments	As of 31.12.2008								
	Classification of financial instruments according to IAS 39							Other	TOTAL
	Measured at fair value in relation to financial result		Measured at fair value with changes in capital		Measured at amortised cost				
	Measured initially by entity	Intended for trading	Financial assets available for sale	Hedge accounting	Investments held to maturity	Loans and receivables	Financial liabilities		
	Ths. PLN								
1. Capital instruments	0	0	0	0	0	0	0	6	6
- shares in controlled entities	0	0	0	0	0	0	0	6	6
- shares in affiliated entities	0	0	0	0	0	0	0	0	0
2. Loans granted	0	0	0	0	0	0	0	0	0
- long-term loans	0	0	0	0	0	0	0	0	0
- short-tem loans	0	0	0	0	0	0	0	0	0
3. Trade receivables	0	0	0	0	0	19 602	0	0	19 602
4. Cash and cash equivalents	0	0	0	0	0	0	0	9 538	9 538
5. Derivatives	0	0	0	0	0	0	0	0	0
- long-term instruments	0	0	0	0	0	0	0	0	0
- short-term instruments	0	0	0	0	0	0	0	0	0
A . Total financial assets	**0**	**0**	**0**	**0**	**0**	**19 602**	**0**	**9 544**	**29 146**
1. Financial liabilities	0	0	0	0	0	0	125 334	0	125 334
a) bank credits	0	0	0	0	0	0	1 705	0	1 705
- long-term credits	0	0	0	0	0	0	0	0	0
- short-term credits	0	0	0	0	0	0	1 705	0	1 705
b) loans received	0	0	0	0	0	0	0	0	0
- long-term loans	0	0	0	0	0	0	0	0	0
- short-term loans	0	0	0	0	0	0	0	0	0
c) debt securities	0	0	0	0	0	0	123 629	0	123 629
- long-term bonds	0	0	0	0	0	0	123 629	0	123 629
- short-term bonds	0	0	0	0	0	0	0	0	0
d) other	0	0	0	0	0	0	0	0	0
- other long-term liabilities	0	0	0	0	0	0	0	0	0
- other short-term liabilities	0	0	0	0	0	0	0	0	0
2. Financial lease	0	0	0	0	0	0	0	145	145
- long-term lease	0	0	0	0	0	0	0	0	0
- short-term lease	0	0	0	0	0	0	0	145	145
3. Derivatives	0	0	0	634	0	0	0	0	634
- long-term derivatives	0	0	0	0	0	0	0	0	0
- short-term derivatives	0	0	0	634	0	0	0	0	634
4. Trade payables	0	0	0	0	0	0	5 280	0	5 280
B. Total financial liabilities	**0**	**0**	**0**	**634**	**0**	**0**	**130 614**	**145**	**131 393**

FINANCIAL INSTRUMENTS	2007								
	Classification of financial instruments according to IAS 39							Other	TOTAL
	Measured at fair value in relation to financial result		Measured at fair value with changes in capital		Measured at amortised cost				
	Measured initially by entity	Intended for trading	Financial assets available for sale	Hedge accounting	Investments held to maturity	Loans and receivables	Financial liabilities		
	In thousand PLN								
1. Capital instruments	0	0	0	0	0	0	0	6	6
- shares in controlled entities	0	0	0	0	0	0	0	6	6
- shares in affiliated entities	0	0	0	0	0	0	0	0	0
2. Loans granted	0	0	0	0	0	0	0	0	0
- long-term loans	0	0	0	0	0	0	0	0	0
- short-tem loans	0	0	0	0	0	0	0	0	0
3. Trade receivables	0	0	0	0	0	10 796	0	0	10 796
4. Cash and cash equivalents	0	0	0	0	0	0	0	20 609	20 609
5. Derivatives	0	0	0	482	0	0	0	0	482
- long-term instruments	0	0	0	0	0	0	0	0	0
- short-term instruments	0	0	0	482	0	0	0	0	482
A . Total financial assets	**0**	**0**	**0**	**482**	**0**	**10 796**	**0**	**20 615**	**31 893**
1. Financial liabilities	0	0	0	0	0	0	122 561	0	122 561
a) bank credits	0	0	0	0	0	0	0	0	0
- long-term credits	0	0	0	0	0	0	0	0	0
- short-term credits	0	0	0	0	0	0	0	0	0
b) loans received	0	0	0	0	0	0	0	0	0
- long-term loans	0	0	0	0	0	0	0	0	0
- short-term loans	0	0	0	0	0	0	0	0	0
c) debt securities	0	0	0	0	0	0	122 561	0	122 561
- long-term bonds	0	0	0	0	0	0	122 561	0	122 561
- short-term bonds	0	0	0	0	0	0	0	0	0
d) other	0	0	0	0	0	0	0	0	0
- other long-term liabilities	0	0	0	0	0	0	0	0	0
- other short-term liabilities	0	0	0	0	0	0	0	0	0
2. Financial lease	0	0	0	0	0	0	0	433	433
- long-term lease	0	0	0	0	0	0	0	124	124
- short-term lease	0	0	0	0	0	0	0	309	309
3. Derivatives	0	0	0	44	0	0	0	0	44
- long-term derivatives	0	0	0	0	0	0	0	0	0
- short-term derivatives	0	0	0	44	0	0	0	0	44
4. Trade payables	0	0	0	0	0	0	5 578	0	5 578
B. Total financial liabilities	**0**	**0**	**0**	**44**	**0**	**0**	**128 139**	**433**	**128 616**

Loans granted and received mean the loans granted within the Group. The loans were granted by the dominating entity to controlled entities. The loans were granted under market conditions.
The amounts of loans and participating parties are stated in Note 3.4. which relates to transactions between related parties. Upon consolidation, their value in the consolidated financial statement is zero.

The entity holds neither financial instruments initially measured at fair value in relation to financial result nor financial instruments intended for trading.
The entity holds no financial assets available for sale either.

The Company has an obligation under the credit facility used. As of 31 December 2008, the debt of HT LANCET Sp. z o.o. under the credit in the current account amounts to ... The crediting limit under the agreement amounts to 2M PLN.
The credit bears variable interest rate. The interest rate depends on WIBOR rate for O/N deposits plus the margin of 1.2%. The credit features the collateral in the form of blank bill of exchange guaranteed by guarantor HTL-STREFA SA.

The Company has obligations due to bond issue. On 20 July 2007, HTL-STREFA S.A. issued five-year coupon bonds with par value of PLN 120,000,000. The bonds will be subject to a one-off repurchase according to par value as of 20 July 2012. The bonds bear interest according to variable interest rate (WIBOR 6M + margin for the investor), while one interest-bearing period lasts six months. Funds obtained from bond issue were used by HTL-STREFA Group for acquisition purposes – purchase of HaeMedic AB, finalised in Q4 2007, and for investment purposes (development of manufacturing capacity).

Changes in some financial instruments are shown in the table below:

FINANCIAL INSTRUMENTS	2008				2007			
	Financial assets intended for trading	Loans granted	Financial assets held to maturity	Shares in controlled entities	Financial assets intended for trading	Loans granted	Financial assets held to maturity	Shares in controlled entities
	In ths. PLN				In ths. PLN			
Opening balance	**0**	**0**	**0**	**6**	**0**	**0**	**0**	**5**
Increase	**0**	**0**	**0**	**0**	0	0	0	1
- shares purchased	0	0	0	0	0	0	0	1
- loans granted	0	0	0	0	0	0	0	0
- interest	0	0	0	0	0	0	0	0
- exchange differences	0	0	0	0	0	0	0	0
Decrease	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
- shares sold	0	0	0	0	0	0	0	0
- repayment of loans granted	0	0	0	0	0	0	0	0
- other (converted into donations)	0	0	0	0	0	0	0	0
Closing balance	**0**	**0**	**0**	**6**	**0**	**0**	**0**	**6**

CHANGES IN FINANCIAL INSTRUMENTS	2008				2007			
	Bonds	Loans received	Bank credits	Financial lease	Bonds	Loans received	Bank credits	Financial lease
	w tys. zł				w tys. zł			
Opening balance	**122 561**	**0**	**0**	**433**	**0**	**0**	**0**	**1 140**

Increase	**8 954**	**0**	**1 733**	**61**	**122 561**	**0**	**0**	**15**
- debt securities issued	0	0	0	0	120 000	0	0	0
- loans received	0	0	0	0	0	0	0	0
- credits received	0	0	1 705	0	0	0	0	0
- commissions and charges	0	0	0	0	-743	0	0	0
- financial lease	0	0	0	0	0	0	0	0
- exchange differences	0	0	0	28	0	0	0	-29
- interest	8 954	0	28	33	3 304	0	0	45
Decrease	**7 886**	**0**	**28**	**349**	**0**	**0**	**0**	**722**
- redemption of debt securities	0	0	0	0	0	0	0	0
- repayment of loans received	0	0	0	0	0	0	0	0
- repayment of credits received	0	0	0	0	0	0	0	0
- repayment of lease instalments	0	0	0	316	0	0	0	735
- exchange differences	0	0	0	0	0	0	0	-58
- repayment of interest	7 886	0	28	33	0	0	0	45
Closing balance	**123 629**	**0**	**1 705**	**145**	**122 561**	**0**	**0**	**433**

5.2. Derivatives and hedging policy

Derivatives within the Group are only held by the Dominating Entity and are used in order to secure cash flows.

The exchange rate risk management strategy, as adopted by HTL-STREFA S.A. for the 2008 is described below:

In order to limit the scale of cash flows exposed to the exchange rate risk, the Company will enter into hedging transactions to hedge its future net cash flows within a period of up to twelve months. The purpose of the strategy is to minimise the exchange rate risk and, at the same time, to limit the opportunity cost. The Company will hedge both certain and projected cash flows.

The scale of hedged currency items will range from 50 to 75% of net cash flows, depending on the market situation with the assumption that under normal market conditions, the Company should hedge at least 50% of projected cash flows exposed to the exchange rate risk within a period of six months for dollar cashflow and 12 months for euro.

In order to limit the opportunity cost, it is allowed to periodically close, in part or in whole, the hedging transaction entered into.

Under the pursued policy of limiting currency risk, it is allowed to employ the following financial instruments:

1. Forward transactions to sell USD and buy PLN
2. Forward transactions to sell EUR and buy PLN
3. Purchasing put options to sell USD and buy PLN
4. Purchasing put options to sell EUR and buy PLN
5. Selling call options to buy USD and sell PLN
6. Selling call options to buy EUR and sell PLN

The transactions entered into can be spot currency transactions or non-spot currency transactions. In order to hedge certain cash flows, it is advisable to enter spot currency transactions. In order to hedge projected cash flows, it is advisable to enter non-spot currency transactions with the option to change them for spot currency transactions before maturity.

In addition, in order to limit the risk of devaluating its net profit, the Company will conduct spot exchange of currencies.

The results of pursuing the implemented strategy are shown in the table "Financial Derivatives".

FINANCIAL DERIVATIVES	2008									
	Closed items			Open items			Total			
	Settled through			Settled through			Settled through			
	Financial revenues / costs	Revenues from sales	Total	Financial revenues / costs	Capitals	Total	Financial revenues / costs	Revenues from sales	Capitals	Total
	w tys. zł									
- settlement of positive exchange differences from valuation of derivatives	3 224,00	1 581,00	4 805,00	0,00	0,00	0,00	3 224,00	1 581,00	0,00	4 805,00
- option premium	0,00	0,00	0,00			0,00	0,00	0,00	0,00	0,00
Total revenues	**3 224,00**	**1 581,00**	**4 805,00**	**0,00**	**0,00**	**0,00**	**3 224,00**	**1 581,00**	**0,00**	**4 805,00**
- settlement of negative exchange differences from valuation of derivatives	415,00	0,00	415,00	634,00	0,00	634,00	1 049,00	0,00	0,00	1 049,00
- option commission	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total costs	**415,00**	**0,00**	**415,00**	**634,00**	**0,00**	**634,00**	**1 049,00**	**0,00**	**0,00**	**1 049,00**

FINANCIAL DERIVATIVES	2007									
	Closed items			Open items			Total			
	Settled through			Settled through			Settled through			
	Financial revenues / costs	Revenues from sales	Total	Financial revenues / costs	Capitals	Total	Financial revenues / costs	Revenues from sales	Capitals	Total
	w tys. zł									
- settlement of positive exchange differences from valuation of derivatives	935,00	295,00	1 230,00	76,00	406,00	482,00	1 011,00	295,00	406,00	1 712,00
- option premium	82,00	0,00	82,00			0,00	82,00	0,00	0,00	82,00
Total revenues	**1 017,00**	**295,00**	**1 312,00**	**76,00**	**406,00**	**482,00**	**1 093,00**	**295,00**	**406,00**	**1 794,00**
- settlement of negative exchange differences from valuation of derivatives	73,00	0,00	73,00	44,00	0,00	44,00	117,00	0,00	0,00	117,00
- option commission	50,00	0,00	50,00	0,00	0,00	0,00	50,00	0,00	0,00	50,00
Total costs	**123,00**	**0,00**	**123,00**	**44,00**	**0,00**	**44,00**	**167,00**	**0,00**	**0,00**	**167,00**

The presented policy was functioning through most part of the year. In last quarter the Company has closed all items. Shown open items as of balance day mean closed items without cash realization. Obligations from that title will successfully be paid on agreed terms. The loss that occured on items was settle in 2008.

5.3. Other disclosures for financial instruments

NET PROFITS/LOSSES BY FINANCIAL INSTRUMENT CATEGORY	2008	2007
	in thousand PLN	
1. Assets measured at fair value in relation to financial result, including:	0,00	0,00
- initially measured by entity	0,00	0,00
- intended for trading	0,00	0,00
2. Financial assets available for sale	0,00	0,00
3. Investments held to maturity	0,00	0,00
4. Loans and receivables	1 113,00	-3 405,00
5. Liabilities measured at fair value in relation to financial result, including:	0,00	0,00
- initially measured by entity	0,00	0,00
- intended for trading	0,00	0,00
6. Liabilities measured at amortised costs	-8 725,00	-2 964,00
TOTAL	**-7 612,00**	**-6 369,00**

INTEREST INCOME AND COST FOR INSTRUMENTS OTHER THAN THOSE MEASURED AT FAIR VALUE	2008	2007
	in thousand PLN	
Interest income		
Bank deposits	0	1 771
Loans granted to related parties	343	0
Total	**343**	**1 771**
Cost of money		
Bank credits	35	0
Loans received from related parties	0	0
Long-term bonds	8 968	3 304
Financial lease	33	45
Others	2	0
Total	**9 038**	**3 349**

5.4. Risks associated with financial instruments

Credit risk
According to the Management Board, there is no significant credit risk associated with payables and loans granted.
As mentioned previously, the loans granted are only related to inter-group transactions and similarly as inter-group payables they show no signs that they could not be repaid.
The trade receivables that are due to the Group chiefly came from major, financially sound and proven customers that have worked with us for many years.
In addition to prepayment, which is required to be made, even up to 100%, by new customers, the Group does not employ any other methods to secure itself against credit risk.

Liquidity risk
According to the Management Board, there is no significant threat to liquidity. The financial results produced in the previous years combined with the policy of retaining them as supplementary capital allow the Group to fully secure its financial liquidity to cover the Group's current payables. The due dates for individual payables are disclosed in Note 26 c. The Group does not take any protection measures in this regard.

Market risks (exchange rates, interest rates, prices of financial instruments)

The Group is exposed to the risk associated with exchange rates. This risk to a great extent coincides with that to which the dominating entity HTL-STREFA is exposed.
The policy of securing against this risk was discussed when describing derivatives.

The interest rate risk is chiefly associated with the liabilities due to bonds issued bearing interest at variable rate. The cash held in bank accounts is exposed to this risk to a lesser extent.

The Group is not exposed to the risk associated with changes in prices of financial instruments as no financial instruments are held be the Group.

5.5. Analysis of financial instruments' sensitivity to market risk

The market risk to which the Group is exposed is chiefly focused on changes in exchange rates and interest rates.

Therefore, the sensitivity analysis includes the two factors.

Assumptions regarding the range of changes are visible in column headings.
The analysis does not show any derivative instruments, because all positions are closed.
The disclosure of items in the balance sheet results in emergence of a cash liability

FINANCIAL INSTRUMENTS	Balance sheet value of item	Sensitivity analysis					
		Currency risk				**Interest rate risk**	
		+15%	**-15%**	**+15%**	**-15%**	+3% (dla obligacji i kredytu)	-3% (dla obligacji i kredytu)
						+100 pb (w PLN)	-100 pb (w PLN)
						+20 pb (w USD)	-20 pb (w USD)
						+30 pb (w EUR)	-30 pb (w EUR)
		Impact on result		**Impact on capital**		**Impact on result**	
	in thousand PLN						
Financial assets							
Trade receivables	**19 602**	**2 724**	**-2 724**				
Cash and its equivalents	**9 538**	**499**	**-499**			**67**	**-67**
Financial liabilities							
Long-term bonds	**123 609**					**-3 600**	**3 600**
Short term loan	**1 705**					**-51**	**51**
Financial lease	**145**	**-22**	**22**				
Trade payables	**5 280**	**-415**	**415**				

6. . OTHER INFORMATION

Data on off-balance sheet items, in particular conditional liabilities

As upon the balance sheet date, the Group has a contingent liability as a result of a bill of exchange securing a current account loan, incurred by a subsidiary HT LANCET, up to PLN 2 million, avaled by HTL STREFA S.A..

Information on revenues, expenses and results of activities discontinued in current period or to be discontinued in successive period

No activity was discontinued by any company of the Group in the period in question. No such discontinuation is planned either for the next period.

Information on significant events which occurred in the previous years and are included in the financial statement for the current period

No significant events which occurred in the previous years are included in the financial statement for 2008.

Corrections of serious errors, their reasons and impact of related financial effects on property and financial position, liquidity, financial result and profitability

An adjustment due to the fundamental error , together with a description and results thereof, were discussed in the above part of this statement (item 3.5). This change does not give rise to any change of the Company's property and financial situation, as it constitutes merely a movement between two items of capital.

Information on significant events which occurred after the Balance Sheet date and are not included in the financial statement

No significant events occurred by the Balance Sheet date which should be included in the financial statement for 2008.

Financial statement adjusted with inflation rate

There was no need to adjust the financial statement by using any inflation rate.

Information on liabilities to the State Budget or local government entities due to ownership title to buildings and structures acquired

As of the Balance Sheet date, the Group has no liabilities to the State Budget due to ownership title to buildings and structures acquired.