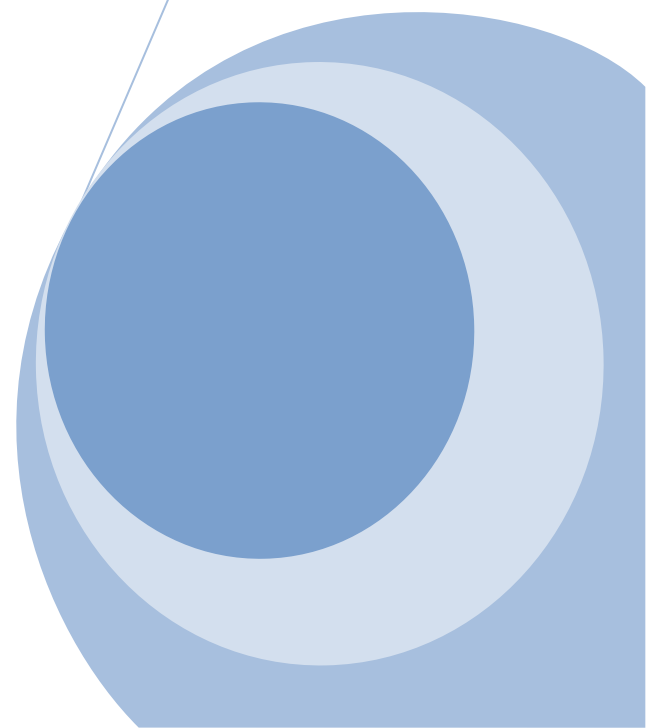




**Management Interim Report of the AD Plastik
group and Company AD Plastik Inc. Solin for the
first quarter of 2011.**

Solin, April 2011.



Content

| | |
|---|----|
| a) Introduction to the report | 3 |
| b) Management Interim Report of the AD Plastik group and company AD Plastik Inc. Solin for the period 01.01.-31.03.2011. | 3 |
| c) Expectations for 2011 | 4 |
| Addendums: | |
| Financial reports of AD Plastik group | 5 |
| 1. Balance sheet | 6 |
| 2. Profit and loss account | 8 |
| 3. Cash flow (indirect method) | 10 |
| 4. Report on changes of capital | 11 |
| 5. Notes to Consolidated Financial Statements | 11 |
| Financial reports of the company AD Plastik Inc. Solin | |
| 6. Balance sheet | 14 |
| 7. Profit and loss account | 16 |
| 8. Cash flow (indirect method) | 18 |
| 9. Report on changes of capital | 19 |
| 10. Notes to the financial statements for the Parent Company | 19 |
| d) Statement of the person responsible for drafting the financial reports | 20 |

a) Introduction to the report

Financial highlights: 01.01. – 31.03.2011.

| Indicator | Till 31.03.2011. | Till 31.03.2010. | Rate of change % |
|---------------------|---------------------|---------------------|------------------------|
| Sales revenue (Kkn) | 192.023 | 193.496 | -0,8% |
| Turnover (Kkn) | 203.324 | 209.490 | -2,9% |
| Net profit (Kkn) | 17.195 | 11.196 | 53,6% |

❖ **Decrease the group debt**

The coefficient of the group debt increased from 0,361 (31.12.2010.) to 0,360 (first quarter 2011).

Key developments in 2011

- ❖ **Difference in expressing result in Parent Company** - Result of Parent Company will no longer include the results of associated companies under the equity method, only the amount approved for the payment of dividends for 2010. Also year 2010. is corrected so that two years could be comparable.
- ❖ In preparing **the consolidated financial reports** for the first quarters in year 2010. and year 2011., the associated entities are reported under the equity method, and affiliates are stated at cost method.
- ❖ Dividend payments in associated entity EAPS, Romania and subsidiary company ZAO PHR, Russia.

b) Management interim Report of the AD Plastik group for the period: 01.01. – 31.03.2011.

Main business activity of AD Plastik group is manufacture of plastic parts for automobile industry. Besides this activity, the Group also manufactures package for food industry, products for households, etc.

On March 31th, 2011 the Group employed 2.392 employees, from which 867 were employed in the company AD Plastik Inc. Solin (Parent Company).

On March 31th, 2011 the amount of the stock was 419.958.400 kuna.

There was no change in the Management structure and in the Supervisory Board in Parent Company.

There was no significant change in the ownership structure. Prevent Global, owner of the 25,8% shares, is in the bankruptcy and the stocks are deposited in two Slovenian banks.

Underlying Consolidated financial statements include: quarterly data for AD Plastik dd Solin, ADP Luga Russia, ZAO PHR, Russia, AD Plastik Ltd. Slovenia and the results of associated companies EAPS Romania, FADP Holding France and SG Plastik doo, Solin included in the result of the Parent Company using equity method.

During the period from January till March 2011 the Group realized total profit in the amount of 203,3 million kuna that represents 2,9% less than during the same period in the previous year when the income amounted 209,5 million kuna.

Total expenditure of the Group business during the accounting period was 182,3 million kuna that represents 8,7% less than during the same period in the previous year when total expenditure of business was 198,3 million kuna.

The reason for lower revenues and expenditures of the Group is production relocation from subsidiary ADP Luga Russia in associate FADP Russia, whose business statements are included by using the equity method in accordance with IAS 27 and 28.

For the same period the Parent Company realized total income to the amount of 184,9 million kuna that represents 19,7% more than during the same period in the previous year when the income was 154,5 million kuna. Dividends from companies ZAO PHR, Russia and the EAPC, Romania from 2010., are included in total revenue in the amount of 26.8 million.

Total expenditure of the Parent company during the accounting period was 143,2 million kuna that represents 1,0% less than during the same period in the previous year when total expenditure of business running was 144,2 million kuna.

During the monitored period the Group realized profit in the amount of 17,2 million kuna, while during the same period in the previous year it realized the profit in the amount of 11,2 million kuna.

During the same period the Parent Company realized profit in the amount of 38,8 million kuna, while during the same period in the previous year it realized the profit in the amount of 10,3 million kuna. In the profit of the Parent Company it is included the dividend income from companies ZAO PHR, Russia and the EAPC, Romania in a total amount of 26,8 million kuna. Operating profit of a Parent Company is 11.9 million kuna, which is 15.5% more than the profit for the same period last year.

Realized result was better than the planned result for the same period.

c) Expectations for 2011

First quarter result is better than plan and according to that expectations for 2011 are high. Result for 2011 should be better than result for 2010 for the Parent Company and for the Group.

Financial reports of AD Plastik Group

1. Balance sheet

Assets

| BALANCE SHEET | | | |
|---|------------|----------------------|----------------------|
| as at 31.03.2011. | | | |
| Taxpayer: GROUP AD PLASTIK | | | |
| ITEM | AOP ind. | Preceding year | Current year |
| 1 | 2 | 3 | 4 |
| ASSETS | | | |
| A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID | 001 | | |
| B) FIXED ASSETS (003+010+020+029+033) | 002 | 661.659.664 | 655.531.124 |
| I. INTANGIBLE ASSETS (004 up to 009) | 003 | 43.568.093 | 40.673.433 |
| 1. Development costs | 004 | 40.667.370 | 37.885.607 |
| 2. Concessions, patents, licenses, trademarks, softwares and other rights | 005 | 2.476.173 | 2.382.589 |
| 3. Goodwill | 006 | 0 | 0 |
| 4. Advances for purchase of intangible assets | 007 | 0 | 0 |
| 5. Intangible assets in preparation | 008 | 0 | 0 |
| 6. 6. Other intangible assets | 009 | 424.549 | 405.237 |
| II. TANGIBLE ASSETS (011 up to 019) | 010 | 515.418.758 | 517.883.483 |
| 1. Land | 011 | 134.619.737 | 134.619.737 |
| 2. Buildings | 012 | 206.138.884 | 203.362.780 |
| 3. Plants and machinery | 013 | 153.479.963 | 152.052.140 |
| 4. Tools, plant & office inventory, furniture & transport means | 014 | 14.341.785 | 14.279.418 |
| 5. Biological assets | 015 | | |
| 6. Payments on account for tangible assets | 016 | 0 | 105.888 |
| 7. Tangible assets in preparation | 017 | 5.558.791 | 12.174.355 |
| 8. Other tangible assets | 018 | 1.279.598 | 1.289.165 |
| 9. Investment in real estate | 019 | | |
| III. FIXED FINANCIAL ASSETS (021 up to 028) | 020 | 101.901.260 | 96.202.751 |
| 1. Shares in affiliated undertakings | 021 | | |
| 2. Loans to affiliated undertakings | 022 | | |
| 3. Participating interests (shares) | 023 | 72.841.443 | 59.461.142 |
| 4. Given loans to companies in which exist participating interests | 024 | 28.564.380 | 36.246.172 |
| 5. Investments in securities | 025 | 63.855 | 63.855 |
| 6. Other loan, deposits etc | 026 | 431.582 | 431.582 |
| 7. Other fixed financial assets | 027 | | |
| 8. Investment stated in equity method | 028 | | |
| IV. RECEIVABLES (030 up to 032) | 029 | 0 | 0 |
| 1. Receivables from associated undertakings | 030 | | |
| 2. Receivables from sales on credit | 031 | | |
| 3. Other receivables | 032 | | |
| V. DEFERRED TAX ASSETS | 033 | 771.553 | 771.457 |
| C) CURRENT ASSETS (035+043+050+058) | 034 | 335.680.554 | 370.084.205 |
| I. INVENTORY (036 up to 042) | 035 | 57.465.965 | 55.293.038 |
| 1. Materials and supplies | 036 | 42.629.395 | 37.426.326 |
| 2. Work in progress | 037 | 2.806.050 | 2.486.013 |
| 3. Finished goods | 038 | 8.623.623 | 8.003.616 |
| 4. Commercial goods | 039 | 3.406.897 | 7.377.083 |
| 5. Advances for inventories | 040 | | |
| 6. Long term assets held for sale | 041 | | |
| 7. Biological assets | 042 | | |
| II. RECEIVABLES (044 up to 049) | 043 | 202.109.498 | 238.193.623 |
| 1. Receivables from associated undertakings | 044 | | |
| 2. Trade receivables | 045 | 147.150.088 | 169.787.499 |
| 3. Receivables from participating companies | 046 | 5.244.952 | 21.390.737 |
| 4. Receivables from employees and members of the business | 047 | 932.787 | 1.203.423 |
| 5. Receivables from government and other institutions | 048 | 24.370.613 | 25.354.045 |
| 6. Other receivables | 049 | 24.411.058 | 20.457.919 |
| III. CURRENT FINANCIAL ASSETS (051 up to 057) | 050 | 66.543.367 | 64.483.426 |
| 1. Shares in affiliated undertakings | 051 | | |
| 2. Loans to affiliates | 052 | | |
| 3. Participating interests (shares) | 053 | | |
| 4. Given loans to companies in which exist participating interests | 054 | | 5.173.190 |
| 5. Investments in to securities | 055 | | 0 |
| 6. Other loan, deposits etc | 056 | 66.543.367 | 59.310.236 |
| 7. Other financial assets | 057 | | |
| IV. CASH AT BANK AND IN HAND | 058 | 9.561.724 | 12.114.118 |
| D) PREPAYMENTA AND ACCRUED INCOME | 059 | 75.549.210 | 77.189.477 |
| E) TOTAL ASSETS (001+002+034+059) | 060 | 1.072.889.428 | 1.102.804.806 |
| F) OUT-OF-BALANCE ITEMS | 061 | 7.149.642 | 7.149.642 |

Liabilities

| BALANCE SHEET | | | |
|--|------------|----------------------|----------------------|
| as at 31.03.2011. | | | |
| Taxpayer: GROUP AD PLASTIK | | | |
| ITEM | AOP ind. | Preceding year | Current year |
| 1 | 2 | 3 | 4 |
| LIABILITIES | | | |
| A) CAPITAL AND RESERVES (063+064+065+071+072+075+078) | 062 | 657.680.080 | 674.175.456 |
| I. SUBSCRIBED SHARE CAPITAL | 063 | 419.958.400 | 419.958.400 |
| II. CAPITAL RESERVES | 064 | 177.295.439 | 181.284.992 |
| III. RESERVES FROM GAIN (066+067-068+069+070) | 065 | 6.176.653 | 6.176.671 |
| 1. Legal reserves | 066 | 6.139.794 | 6.139.825 |
| 2. Reserves for own shares | 067 | 11.359.719 | 12.927.119 |
| 3. Own stocks and shares (deductible item) | 068 | 11.359.719 | 12.927.119 |
| 4. Statutory reserves | 069 | 36.859 | 36.846 |
| 5. Other reserves | 070 | | 0 |
| IV. REVALUATION RESERVES | 071 | | |
| V. RETAINED EARNINGS OR LOSS BROUGHT FORWARD (073-074) | 072 | 0 | 49.560.128 |
| 1. Retained earnings | 073 | | 49.560.128 |
| 2. Loss brought forward | 074 | | |
| VI. CURRENT YEAR PROFIT OR LOSS (076-077) | 075 | 54.224.990 | 17.195.265 |
| 1. Current year profit | 076 | 54.224.990 | 17.195.265 |
| 2. Current year loss | 077 | | |
| VII. MINOR INTEREST | 078 | 24.598 | |
| B) PROVISIONS (080 up to 082) | 079 | 15.619.833 | 15.660.163 |
| 1. Provisions for pensions, severance pay and similar obligations | 080 | 3.332.255 | 3.332.255 |
| 2. Provisions for tax liabilities | 081 | 0 | 0 |
| 3. Other provisions | 082 | 12.287.578 | 12.327.908 |
| C) LONG TERM LIABILITIES (084 up to 092) | 083 | 92.905.027 | 86.101.820 |
| 1. Liabilities to related parties | 084 | | |
| 2. Commitments for loans, deposits, etc | 085 | | |
| 3. Liabilities to banks and other financial institutions | 086 | 92.830.764 | 86.027.927 |
| 4. Liabilities for advances | 087 | | |
| 5. Trade payables | 088 | | |
| 6. Commitments on securities | 089 | | |
| 7. Liabilities to companies in which are participating interests | 090 | | |
| 8. Other long term liabilities | 091 | 74.263 | 73.893 |
| 9. Deferred tax liabilities | 092 | | |
| D) KRATKOROČNE OBVEZE (094 do 105) | 093 | 294.793.799 | 311.411.518 |
| 1. Liabilities to related parties | 094 | | |
| 2. Commitments for loans, deposits, etc | 095 | | |
| 3. Liabilities to banks and other financial institutions | 096 | 106.256.933 | 106.363.705 |
| 4. Liabilities for advances | 097 | 82.413.732 | 85.670.473 |
| 5. Trade payables | 098 | 93.147.767 | 96.414.174 |
| 6. Commitments on securities | 099 | | |
| 7. Liabilities to companies in which are participating interests | 100 | | |
| 8. Liabilities towards employees | 101 | 6.553.022 | 6.679.974 |
| 9. Liabilities for taxes, contributions and other benefits | 102 | 6.147.659 | 15.543.716 |
| 10. Liabilities to share in the result | 103 | 16.387 | 0 |
| 11. Amount based on fixed assets intended to sale | 104 | | |
| 12. Other short-term liabilities | 105 | 258.299 | 739.476 |
| E) DEFERRED PAYMENT OF COSTS AND FUTURE INCOME | 106 | 1.705.336 | 5.270.496 |
| F) TOTAL LIABILITIES (062+079+083+093+106) | 107 | 1.062.704.075 | 1.092.619.453 |
| G) OUT-OF BALANCE ITEMS | 108 | 7.149.642 | 7.149.642 |
| ADDENDUM TO BALANCE SHEET(filled in by the entrepreneur compiling the consolidated annual financial statement) | | | |
| A) CAPITAL AND RESERVES | | | |
| 1. Ascribed to the holders of the parent company capital | 109 | 657.655.482 | 674.175.456 |
| 2. Ascribed to minority interest | 110 | 24.598 | 0 |
| Note 1: Appendix to Balance sheet fill companies w ho make consolidated financial statements. | | | |

2. Profit and loss account

| PROFIT AND LOSS ACCOUNT | | | | | |
|---|------------|--------------------|--------------------|--------------------|--------------------|
| in period from 01.01.2011. till 31.03.2011. | | | | | |
| Taxpayer: GROUP AD PLASTIK | | | | | |
| ITEM | AOP ind. | Preceding year | | Current year | |
| | | Cumulative | Quarter | Cumulative | Quarter |
| 1 | 2 | 3 | 4 | 5 | 6 |
| I. OPERATING TURNOVER (112+113) | 111 | 193.495.768 | 193.495.768 | 192.023.077 | 192.023.077 |
| 1. Income from sales | 112 | 188.405.681 | 188.405.681 | 188.908.971 | 188.908.971 |
| 2. Other operating income | 113 | 5.090.087 | 5.090.087 | 3.114.106 | 3.114.106 |
| II. OPERATING CHARGES (115+116+120+124+125+126+129+130) | 114 | 193.359.596 | 193.359.596 | 172.601.755 | 172.601.755 |
| 1. Changes in the value of inventories of work in progress and finished goods | 115 | -49.542 | -49.542 | 1.124.825 | 1.124.825 |
| 2. Material charges (117 up to 119) | 116 | 125.925.890 | 125.925.890 | 111.064.100 | 111.064.100 |
| a) Costs of raw materials and consumables | 117 | 109.157.498 | 109.157.498 | 96.945.380 | 96.945.380 |
| b) Costs of sales | 118 | 453.932 | 453.932 | 40.360 | 40.360 |
| c) Other external charges | 119 | 16.314.460 | 16.314.460 | 14.078.360 | 14.078.360 |
| 3. Staff costs (121 up to 123) | 120 | 31.706.103 | 31.706.103 | 30.853.514 | 30.853.514 |
| a) Salaries and wages | 121 | 19.240.587 | 19.240.587 | 18.748.032 | 18.748.032 |
| b) Costs of taxes and social security | 122 | 7.898.748 | 7.898.748 | 6.917.451 | 6.917.451 |
| c) Duties on wages | 123 | 4.566.768 | 4.566.768 | 5.188.031 | 5.188.031 |
| 4. Depreciation | 124 | 17.071.689 | 17.071.689 | 13.593.473 | 13.593.473 |
| 5. Other costs | 125 | 7.012.176 | 7.012.176 | 10.822.553 | 10.822.553 |
| 6. Impairment (127+128) | 126 | 0 | 0 | 0 | 0 |
| a) fixed assets (excluding financial assets) | 127 | | | | |
| b) current assets (excluding financial assets) | 128 | | | | |
| 7. Provisions | 129 | 11.692.191 | 11.692.191 | | |
| 8. Other operating expenses | 130 | 1.089 | 1.089 | 5.143.290 | 5.143.290 |
| III. FINANCIAL INCOME (132 up to 136) | 131 | 13.696.865 | 13.696.865 | 5.232.964 | 5.232.964 |
| 1. Interests, exchange rate differenc, dividends with affiliates | 132 | 11.016.838 | 11.016.838 | 2.618.784 | 2.618.784 |
| 2. Interests, exch. rate differenc., dividends with non-affiliates | 133 | 2.680.027 | 2.680.027 | 2.614.180 | 2.614.180 |
| 3. Part of income from affiliates and participated interests | 134 | | | | |
| 4. Non-realized financial income | 135 | | | | |
| 5. Other financial income | 136 | | | | |
| IV. FINANCIAL CHARGES (138 up to 141) | 137 | 4.934.633 | 4.934.633 | 6.243.961 | 6.243.961 |
| 1. Interests, exchange rate differenc, dividends with affiliates | 138 | 312.706 | 312.706 | 2.079.302 | 2.079.302 |
| 2. Interests, exch. rate differenc., dividends with non-affiliates | 139 | 4.621.927 | 4.621.927 | 4.164.659 | 4.164.659 |
| 3. Non-realized financial charges | 140 | | | | |
| 4. Other financial charges | 141 | | | | |
| V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES | 142 | 2.297.572 | 2.297.572 | 6.068.001 | 6.068.001 |
| VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES | 143 | | | 3.499.998 | 3.499.998 |
| VII. EXTRAORDINARY – OTHER INCOME | 144 | | | | |
| VIII. EXTRAORDINARY – OTHER CHARGES | 145 | | | | |
| IX. TOTAL INCOME (111+131+142 + 144) | 146 | 209.490.205 | 209.490.205 | 203.324.042 | 203.324.042 |
| X. TOTAL CHARGES (114+137+143 + 145) | 147 | 198.294.229 | 198.294.229 | 182.345.714 | 182.345.714 |
| XI. PROFIT OR LOSS BEFORE TAXATION (146-147) | 148 | 11.195.976 | 11.195.976 | 20.978.328 | 20.978.328 |
| 1. Profit before taxation (146-147) | 149 | 11.195.976 | 11.195.976 | 20.978.328 | 20.978.328 |
| 2. Loss before taxation (147-146) | 150 | 0 | 0 | 0 | 0 |
| XII. PROFIT TAX | 151 | | | 3.783.060 | 3.783.060 |
| XIII. PROFIT OR LOSS FOR THE PERIOD (148-151) | 152 | 11.195.976 | 11.195.976 | 17.195.268 | 17.195.268 |
| 1. PROFIT FOR THE PERIOD (149-151) | 153 | 11.195.976 | 11.195.976 | 17.195.268 | 17.195.268 |
| 2. LOSS FOR THE PERIOD (151-148) | 154 | 0 | 0 | 0 | 0 |

2. Profit and loss account - continued

| ADDENDUM TO ATS (filled in by the entrepreneur compiling the consolidated annual financial statement) | | | | | |
|---|-----|------------|------------|------------|------------|
| XIV. PROFIT OR LOSS FOR THE CURRENT PERIOD | | | | | |
| 1. Attributable to equity holders | 155 | 11.197.475 | 11.197.475 | 17.195.268 | 17.195.268 |
| 2. Attributable to minority interests | 156 | -1.499 | -1.499 | | |
| Report for other comprehensive income (only for the taxpayer applying IFRS) | | | | | |
| I. PROFIT OR LOSS FOR THE CURRENT PERIOD (= 152) | 157 | 11.195.976 | 11.195.976 | 17.195.268 | 17.195.268 |
| II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAXATION (159 up to 165) | 158 | 0 | 0 | 0 | 0 |
| 1. Exchange differences on translation of foreign operations | 159 | | | | |
| 2. Movements in revaluation reserves of fixed and intangible assets | 160 | | | | |
| 3. Profit or loss from revaluation of financial assets available for sale | 161 | | | | |
| 4. Gains or losses on effective cash flow protection | 162 | | | | |
| 5. Gains or losses on effective hedge of a net investment abroad | 163 | | | | |
| 6. Share of other comprehensive income / loss of associated companies | 164 | | | | |
| 7. Actuarial gains / losses on defined benefit plans | 165 | | | | |
| III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD | 166 | | | | |
| IV. OTHER COMPREHENSIVE NET PROFIT OR LOSS | 167 | 0 | 0 | 0 | 0 |
| V. OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD (157+167) | 168 | 11.195.976 | 11.195.976 | 17.195.268 | 17.195.268 |
| ADDENDUM TO Report for other comprehensive income (filled in by the entrepreneur compiling the consolidated annual financial statement) | | | | | |
| VI. OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD | | | | | |
| 1. Attributable to equity holders | 169 | 11.197.475 | 11.197.475 | 17.195.268 | 17.195.268 |
| 2. Attributable to minority interests | 170 | -1.499 | -1.499 | | |

3. Cash flow (indirect method)

| CASH FLOW REPORT – Indirect method | | | |
|---|-------------|-------------------|-------------------|
| in period from 01.01.2011. till 31.03.2011. | | | |
| Taxpayer: GROUP AD PLASTIK | | | |
| ITEM | AOP ind. | Preceding year | Current year |
| 1 | 2 | 3 | 4 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| 1. Profit before taxation | 001 | 11.195.976 | 20.978.328 |
| 2. Depreciation | 002 | 17.071.689 | 13.593.473 |
| 3. Increase of current liabilities | 003 | 24.990.440 | 20.223.209 |
| 4. Decrease of current receivables | 004 | | |
| 5. Decrease in stocks | 005 | 3.955.780 | 2.172.927 |
| 6. Other increase of cash flow | 006 | 6.342.031 | 96 |
| I. Total increase of cash flow from operating activities (001 - 006) | 007 | 63.555.916 | 56.968.033 |
| 1. Decrease of current liabilities | 008 | | |
| 2. Increase of current receivables | 009 | 18.327.558 | 37.724.391 |
| 3. Increase in stocks | 010 | | |
| 4. Other decrease of cash flow | 011 | | 4.482.952 |
| II. Total decrease of cash flow from operating activities (008 – 011) | 012 | 18.327.558 | 42.207.343 |
| A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007) | 013 | 45.228.358 | 14.760.689 |
| A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007) | 014 | 0 | 0 |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | | |
| 1. Cash inflows from sale of fixed intangible and tangible assets | 015 | 876.120 | 779.118 |
| 2. Cash inflows from sale of ownership and debt instruments | 016 | | |
| 3. Cash inflows from interest | 017 | 305.422 | |
| 4. Cash inflows from dividends | 018 | | |
| 5. Other cash inflows from investment activities | 019 | | 13.380.301 |
| III. Total cash inflows from investment activities (015-019) | 020 | 1.181.542 | 14.159.419 |
| 1. Cash expenditures for purchase of fixed tangible and intangible assets | 021 | 29.894.958 | 13.942.656 |
| 2. Cash expenditures for acquisition of ownership and debt instruments | 022 | 4.002.112 | |
| 3. Other cash expenditures from investment activities | 023 | | |
| IV. Total cash expenditures from investment activities (021-023) | 024 | 33.897.070 | 13.942.656 |
| B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (020-024) | 025 | 0 | 216.763 |
| B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (024-020) | 026 | 32.715.528 | 0 |
| CASH FLOW FROM FINANCIAL ACTIVITIES | | | |
| 1. Cash inflows from issuing ownership and debt financial instruments | 027 | | |
| 2. Cash inflows from credit principal, debentures, loans and other borrowings | 028 | | |
| 3. Other inflows from financial activities | 029 | | 2.059.941 |
| V. Total cash inflows from financial activities (027-029) | 030 | 0 | 2.059.941 |
| 1. Cash expenditures for the payment of credit principal and debentures | 031 | 7.243.617 | 6.803.207 |
| 2. Cash expenditures for the payment of dividends | 032 | | |
| 3. Cash expenditures for financial lease | 033 | | 7.681.792 |
| 4. Cash expenditures for repurchase of own shares | 034 | | |
| 5. Other cash expenditures from financial activities | 035 | 7.450.318 | |
| VI. Total cash expenditures from financial activities (031-035) | 036 | 14.693.935 | 14.484.999 |
| C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES (030-036) | 037 | 0 | 0 |
| C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES (036-030) | 038 | 14.693.935 | 12.425.058 |
| Total cash flow increase (013-014+025-026+037-038) | 039 | 0 | 2.552.394 |
| Total cash flow decrease (014-013+026-025+038-037) | 040 | 2.181.105 | 0 |
| Cash and cash equivalents at the beginning of the period | 041 | 13.146.715 | 9.561.724 |
| Cash and cash equivalents increase | 042 | | 2.552.394 |
| Cash and cash equivalents decrease | 043 | 2.181.105 | |
| Cash and cash equivalents at the end of the period | 044 | 10.965.610 | 12.114.118 |

4. Report on changes of capital

| REPORT ON CHANGES TO CAPITAL | | | | | | | |
|--|--|-----------------|-----------------------|---------------------|---|--|--|
| | for period | 1.1.2011 | till | 31.3.2011 | | | |
| | ITEM | AOP ind. | Preceding year | Current year | | | |
| | 1 | 2 | 3 | 4 | | | |
| | 1. Subscribed capital | 001 | 419.958.400 | 419.958.400 | | | |
| | 2. Capital reserves | 002 | 177.295.439 | 181.284.992 | | | |
| | 3. Reserves from profit | 003 | 6.201.251 | 6.176.671 | | | |
| | 4. Retained profit or loss carried over | 004 | | 49.560.128 | | | |
| | 5. Current year profit or loss | 005 | 54.224.990 | 17.195.265 | | | |
| | 6. Revalorisation of fixed material assets | 006 | | | | | |
| | 7. Revalorisation of intangible assets | 007 | | | | | |
| | 8. Revalorisation of financial assets available for sale | 008 | | | | | |
| | 9. Other revalorisation | 009 | 10.185.353 | 10.185.353 | | | |
| | 10. Total capital and reserves (AOP 001-009) | 010 | 667.865.433 | 684.360.809 | | | |
| | 11. Exchange rate variations from net investments into foreign business operations | 011 | | | | | |
| | 12. Current and deferred taxes (part) | 012 | | | | | |
| | 13. Cash flow protection | 013 | | | | | |
| | 14. Changes in bookkeeping policies | 014 | | | | | |
| | 15. Correction of significant mistakes from the previous period | 015 | | | | | |
| | 16. Other changes to capital | 016 | | | | | |
| | 17. Total capital increase or decrease (AOP 011 - 016) | 017 | | 0 | 0 | | |
| | 17a. Ascribed to holders of the holders company capital | 018 | 667.840.835 | 684.360.809 | | | |
| | 17b. Ascribed to minority interest | 019 | 24.598 | | | | |
| Items reducing Capital are entered with negative sign. | | | | | | | |
| Data under EOP codes 001 to 009 are entered as balance as at Balance Sheet date. | | | | | | | |

5. Notes for consolidated financial report

1. Increase in long-term financial assets is the result of lending increase to associate FADP Luga Russia.
2. Loans given to companies in which Parent Company has participating interests relate to lending to each other within the group.
3. Share of profit of joint ventures and share of loss from associated companies refers to companies in which the parent company has a stake of less than 50%. Mentioned amounts are reported in the balance sheet in the long-term financial assets based on participating interests.

Financial reports of the company AD Plastik Inc. Solin

6. Balance sheet

Assets

| BALANCE SHEET | | | |
|---|------------|----------------------|----------------------|
| as at 31.03.2011. | | | |
| Taxpayer: AD PLASTIK d.d. | | | |
| ITEM | AOP ind. | Preceding year | Current year |
| 1 | 2 | 3 | 4 |
| ASSETS | | | |
| A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID | 001 | | |
| B) FIXED ASSETS (003+010+020+029+033) | 002 | 683.393.883 | 698.583.977 |
| I. INTANGIBLE ASSETS (004 up to 009) | 003 | 41.068.786 | 38.287.023 |
| 1. Development costs | 004 | 40.667.370 | 37.885.607 |
| 2. Concessions, patents, licenses, trademarks, softwares and other rights | 005 | 401.416 | 401.416 |
| 3. Goodwill | 006 | | |
| 4. Advances for purchase of intangible assets | 007 | | |
| 5. Intangible assets in preparation | 008 | | |
| 6. 6. Other intangible assets | 009 | | |
| II. TANGIBLE ASSETS (011 up to 019) | 010 | 440.520.255 | 435.695.401 |
| 1. Land | 011 | 134.619.737 | 134.619.737 |
| 2. Buildings | 012 | 170.463.291 | 167.420.452 |
| 3. Plants and machinery | 013 | 125.573.646 | 123.235.045 |
| 4. Tools, plant & office inventory, furniture & transport means | 014 | 7.236.660 | 7.121.171 |
| 5. Biological assets | 015 | | |
| 6. Payments on account for tangible assets | 016 | | |
| 7. Tangible assets in preparation | 017 | 2.626.921 | 3.298.996 |
| 8. Other tangible assets | 018 | | |
| 9. Investment in real estate | 019 | | |
| III. FIXED FINANCIAL ASSETS (021 up to 028) | 020 | 201.138.391 | 223.935.102 |
| 1. Shares in affiliated undertakings | 021 | 74.678.639 | 74.681.629 |
| 2. Loans to affiliated undertakings | 022 | 44.838.550 | 59.950.479 |
| 3. Participating interests (shares) | 023 | 52.561.385 | 52.561.385 |
| 4. Given loans to companies in which exist participating interests | 024 | 28.564.380 | 36.246.172 |
| 5. Investments in securities | 025 | 63.855 | 63.855 |
| 6. Other loan, deposits etc | 026 | 431.582 | 431.582 |
| 7. Other fixed financial assets | 027 | | |
| 8. Investment stated in equity method | 028 | | |
| IV. RECEIVABLES (030 up to 032) | 029 | 0 | 0 |
| 1. Receivables from associated undertakings | 030 | | |
| 2. Receivables from sales on credit | 031 | | |
| 3. Other receivables | 032 | | |
| V. DEFERRED TAX ASSETS | 033 | 666.451 | 666.451 |
| C) CURRENT ASSETS (035+043+050+058) | 034 | 293.731.842 | 286.427.012 |
| I. INVENTORY (036 up to 042) | 035 | 37.165.157 | 30.701.753 |
| 1. Materials and supplies | 036 | 27.539.443 | 22.917.551 |
| 2. Work in progress | 037 | 2.430.497 | 1.897.875 |
| 3. Finished goods | 038 | 7.183.788 | 5.866.508 |
| 4. Commercial goods | 039 | 11.429 | 19.819 |
| 5. Advances for inventories | 040 | | |
| 6. Long term assets held for sale | 041 | | |
| 7. Biological assets | 042 | | |
| II. RECEIVABLES (044 up to 049) | 043 | 186.794.445 | 188.373.261 |
| 1. Receivables from associated undertakings | 044 | 80.475.302 | 57.063.823 |
| 2. Trade receivables | 045 | 63.662.324 | 70.587.829 |
| 3. Receivables from participating companies | 046 | 5.244.952 | 21.390.737 |
| 4. Receivables from employees and members of the business | 047 | 929.439 | 1.201.718 |
| 5. Receivables from government and other institutions | 048 | 15.433.186 | 18.471.437 |
| 6. Other receivables | 049 | 21.049.242 | 19.657.717 |
| III. CURRENT FINANCIAL ASSETS (051 up to 057) | 050 | 66.543.367 | 59.310.236 |
| 1. Shares in affiliated undertakings | 051 | | |
| 2. Loans to affiliates | 052 | | |
| 3. Participating interests (shares) | 053 | | |
| 4. Given loans to companies in which exist participating interests | 054 | | |
| 5. Investments in to securities | 055 | | |
| 6. Other loan, deposits etc | 056 | 66.543.367 | 59.310.236 |
| 7. Other financial assets | 057 | | |
| IV. CASH AT BANK AND IN HAND | 058 | 3.228.873 | 8.041.762 |
| D) PREPAYMENTS AND ACCRUED INCOME | 059 | 75.527.413 | 77.174.642 |
| E) TOTAL ASSETS (001+002+034+059) | 060 | 1.052.653.138 | 1.062.185.631 |
| F) OUT-OF-BALANCE ITEMS | 061 | 7.149.642 | 7.149.642 |

Liabilities

| BALANCE SHEET | | | |
|--|------------|----------------------|----------------------|
| as at 31.03.2011. | | | |
| Taxpayer: AD PLASTIK d.d. | | | |
| ITEM | AOP ind. | Preceding year | Current year |
| 1 | 2 | 3 | 4 |
| LIABILITIES | | | |
| A) CAPITAL AND RESERVES (063+064+065+071+072+075+078) | 062 | 648.297.174 | 687.064.680 |
| I. SUBSCRIBED SHARE CAPITAL | 063 | 419.958.400 | 419.958.400 |
| II. CAPITAL RESERVES | 064 | 181.239.161 | 181.239.161 |
| III. RESERVES FROM GAIN (066+067-068+069+070) | 065 | 16.171.699 | 16.171.699 |
| 1. Legal reserves | 066 | 6.128.852 | 6.128.852 |
| 2. Reserves for own shares | 067 | 11.359.719 | 12.927.119 |
| 3. Own stocks and shares (deductible item) | 068 | 11.359.719 | 12.927.119 |
| 4. Statutory reserves | 069 | | |
| 5. Other reserves | 070 | 10.042.847 | 10.042.847 |
| IV. REVALUATION RESERVES | 071 | 10.185.353 | 10.185.353 |
| V. RETAINED EARNINGS OR LOSS BROUGHT FORWARD (073-074) | 072 | 0 | 20.742.561 |
| 1. Retained earnings | 073 | | 20.742.561 |
| 2. Loss brought forward | 074 | | |
| VI. CURRENT YEAR PROFIT OR LOSS (076-077) | 075 | 20.742.561 | 38.767.506 |
| 1. Current year profit | 076 | 20.742.561 | 38.767.506 |
| 2. Current year loss | 077 | | |
| VII. MINOR INTEREST | 078 | | |
| B) PROVISIONS (080 up to 082) | 079 | 10.225.567 | 10.225.567 |
| 1. Provisions for pensions, severance pay and similar obligations | 080 | 3.332.255 | 3.332.255 |
| 2. Provisions for tax liabilities | 081 | | |
| 3. Other provisions | 082 | 6.893.312 | 6.893.312 |
| C) LONG TERM LIABILITIES (084 up to 092) | 083 | 92.830.764 | 86.027.927 |
| 1. Liabilities to related parties | 084 | | |
| 2. Commitments for loans, deposits, etc | 085 | | |
| 3. Liabilities to banks and other financial institutions | 086 | 92.830.764 | 86.027.927 |
| 4. Liabilities for advances | 087 | | |
| 5. Trade payables | 088 | | |
| 6. Commitments on securities | 089 | | |
| 7. Liabilities to companies in which are participating interests | 090 | | |
| 8. Other long term liabilities | 091 | | |
| 9. Deferred tax liabilities | 092 | | |
| D) CURRENT LIABILITIES (094 up to 105) | 093 | 299.594.297 | 273.596.961 |
| 1. Liabilities to related parties | 094 | 37.269.825 | 37.544.847 |
| 2. Commitments for loans, deposits, etc | 095 | | |
| 3. Liabilities to banks and other financial institutions | 096 | 106.256.933 | 69.449.670 |
| 4. Liabilities for advances | 097 | 80.140.898 | 83.380.882 |
| 5. Trade payables | 098 | 66.312.190 | 69.932.819 |
| 6. Commitments on securities | 099 | | |
| 7. Liabilities to companies in which are participating interests | 100 | 199 | 199 |
| 8. Liabilities towards employees | 101 | 5.226.092 | 4.846.339 |
| 9. Liabilities for taxes, contributions and other benefits | 102 | 4.388.160 | 8.442.205 |
| 10. Liabilities to share in the result | 103 | | |
| 11. Amount based on fixed assets intended to sale | 104 | | |
| 12. Other short-term liabilities | 105 | | |
| E) DEFERRED PAYMENT OF COSTS AND FUTURE INCOME | 106 | 1.705.336 | 5.270.496 |
| F) TOTAL LIABILITIES (062+079+083+093+106) | 107 | 1.052.653.138 | 1.062.185.631 |
| G) OUT-OF BALANCE ITEMS | 108 | 7.149.642 | 7.149.642 |
| ADDENDUM TO BALANCE SHEET(filled in by the entrepreneur compiling the consolidated annual financial statement) | | | |
| A) CAPITAL AND RESERVES | | | |
| 1. Ascribed to the holders of the parent company capital | 109 | | |
| 2. Ascribed to minority interest | 110 | | |
| Note 1: Appendix to Balance sheet fill companies w ho make consolidated financial statements. | | | |

7. Profit and loss account

| PROFIT AND LOSS ACCOUNT | | | | | |
|---|------------|--------------------|--------------------|--------------------|--------------------|
| in period from 01.01.2011. till 31.03.2011. | | | | | |
| Taxpayer: AD PLASTIK d.d. | | | | | |
| ITEM | AOP ind. | Preceding year | | Current year | |
| | | Cumulative | Quarter | Cumulative | Quarter |
| 1 | 2 | 3 | 4 | 5 | 6 |
| I. OPERATING TURNOVER (112+113) | 111 | 150.915.892 | 150.915.892 | 152.852.436 | 152.852.436 |
| 1. Income from sales | 112 | 148.968.875 | 148.968.875 | 151.350.428 | 151.350.428 |
| 2. Other operating income | 113 | 1.947.017 | 1.947.017 | 1.502.008 | 1.502.008 |
| II. OPERATING CHARGES (115+116+120+124+125+126+129+130) | 114 | 139.560.048 | 139.560.048 | 137.977.714 | 137.977.714 |
| 1. Changes in the value of inventories of work in progress and finished goods | 115 | -137.620 | -137.620 | 1.793.728 | 1.793.728 |
| 2. Material charges (117 up to 119) | 116 | 98.905.149 | 98.905.149 | 90.535.703 | 90.535.703 |
| a) Costs of raw materials and consumables | 117 | 75.164.703 | 75.164.703 | 71.243.568 | 71.243.568 |
| b) Costs of sales | 118 | 10.416.851 | 10.416.851 | 8.176.099 | 8.176.099 |
| c) Other external charges | 119 | 13.323.595 | 13.323.595 | 11.116.036 | 11.116.036 |
| 3. Staff costs (121 up to 123) | 120 | 23.253.976 | 23.253.976 | 21.968.539 | 21.968.539 |
| a) Salaries and wages | 121 | 13.952.386 | 13.952.386 | 13.181.123 | 13.181.123 |
| b) Costs of taxes and social security | 122 | 5.813.494 | 5.813.494 | 5.492.135 | 5.492.135 |
| c) Duties on wages | 123 | 3.488.096 | 3.488.096 | 3.295.281 | 3.295.281 |
| 4. Depreciation | 124 | 11.970.881 | 11.970.881 | 9.853.380 | 9.853.380 |
| 5. Other costs | 125 | 5.567.662 | 5.567.662 | 10.283.910 | 10.283.910 |
| 6. Impairment (127+128) | 126 | 0 | 0 | 0 | 0 |
| a) fixed assets (excluding financial assets) | 127 | | | | |
| b) current assets (excluding financial assets) | 128 | | | | |
| 7. Provisions | 129 | | | | |
| 8. Other operating expenses | 130 | | | 3.542.454 | 3.542.454 |
| III. FINANCIAL INCOME (132 up to 136) | 131 | 3.549.512 | 3.549.512 | 32.080.066 | 32.080.066 |
| 1. Interests, exchange rate differenc, dividends with affiliates | 132 | 1.517.451 | 1.517.451 | 13.522.189 | 13.522.189 |
| 2. Interests, exch. rate differenc., dividends with non-affiliates | 133 | 2.032.061 | 2.032.061 | 2.609.575 | 2.609.575 |
| 3. Part of income from affiliates and participated interests | 134 | | | 15.948.302 | 15.948.302 |
| 4. Non-realized financial income | 135 | | | | |
| 5. Other financial income | 136 | | | | |
| IV. FINANCIAL CHARGES (138 up to 141) | 137 | 4.592.113 | 4.592.113 | 5.201.270 | 5.201.270 |
| 1. Interests, exchange rate differenc, dividends with affiliates | 138 | 563.704 | 563.704 | 1.101.213 | 1.101.213 |
| 2. Interests, exch. rate differenc., dividends with non-affiliates | 139 | 4.028.409 | 4.028.409 | 4.100.057 | 4.100.057 |
| 3. Non-realized financial charges | 140 | | | | |
| 4. Other financial charges | 141 | | | | |
| V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES | 142 | | | | |
| VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES | 143 | | | | |
| VII. EXTRAORDINARY – OTHER INCOME | 144 | | | | |
| VIII. EXTRAORDINARY – OTHER CHARGES | 145 | | | | |
| IX. TOTAL INCOME (111+131+142 + 144) | 146 | 154.465.404 | 154.465.404 | 184.932.502 | 184.932.502 |
| X. TOTAL CHARGES (114+137+143 + 145) | 147 | 144.152.161 | 144.152.161 | 143.178.984 | 143.178.984 |
| XI. PROFIT OR LOSS BEFORE TAXATION (146-147) | 148 | 10.313.243 | 10.313.243 | 41.753.518 | 41.753.518 |
| 1. Profit before taxation (146-147) | 149 | 10.313.243 | 10.313.243 | 41.753.518 | 41.753.518 |
| 2. Loss before taxation (147-146) | 150 | 0 | 0 | 0 | 0 |
| XII. PROFIT TAX | 151 | | | 2.986.012 | 2.986.012 |
| XIII. PROFIT OR LOSS FOR THE PERIOD (148-151) | 152 | 10.313.243 | 10.313.243 | 38.767.506 | 38.767.506 |
| 1. PROFIT FOR THE PERIOD (149-151) | 153 | 10.313.243 | 10.313.243 | 38.767.506 | 38.767.506 |
| 2. LOSS FOR THE PERIOD (151-148) | 154 | 0 | 0 | 0 | 0 |

7. Profit and loss account - continued

| ADDENDUM TO ATS (filled in by the entrepreneur compiling the consolidated annual financial statement) | | | | | |
|---|------------|-------------------|-------------------|-------------------|-------------------|
| XIV. PROFIT OR LOSS FOR THE CURRENT PERIOD | | | | | |
| 1. Attributable to equity holders | 155 | | | | |
| 2. Attributable to minority interests | 156 | | | | |
| Report for other comprehensive income (only for the taxpayer applying IFRS) | | | | | |
| I. PROFIT OR LOSS FOR THE CURRENT PERIOD (= 152) | 157 | 10.313.243 | 10.313.243 | 38.767.506 | 38.767.506 |
| II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAXATION (159 up to 165) | 158 | 0 | 0 | 0 | 0 |
| 1. Exchange differences on translation of foreign operations | 159 | | | | |
| 2. Movements in revaluation reserves of fixed and intangible assets | 160 | | | | |
| 3. Profit or loss from revaluation of financial assets available for sale | 161 | | | | |
| 4. Gains or losses on effective cash flow protection | 162 | | | | |
| 5. Gains or losses on effective hedge of a net investment abroad | 163 | | | | |
| 6. Share of other comprehensive income / loss of associated companies | 164 | | | | |
| 7. Actuarial gains / losses on defined benefit plans | 165 | | | | |
| III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD | 166 | | | | |
| IV. OTHER COMPREHENSIVE NET PROFIT OR LOSS | 167 | 0 | 0 | 0 | 0 |
| V. OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD (157+167) | 168 | 10.313.243 | 10.313.243 | 38.767.506 | 38.767.506 |
| ADDENDUM TO Report for other comprehensive income (filled in by the entrepreneur compiling the consolidated annual financial statement) | | | | | |
| VI. OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD | | | | | |
| 1. Attributable to equity holders | 169 | | | | |
| 2. Attributable to minority interests | 170 | | | | |

8. Cash flow (indirect method)

| CASH FLOW REPORT – Indirect method | | | |
|---|-------------|-------------------|-------------------|
| in period from 01.01.2011. till 31.03.2011. | | | |
| Taxpayer: AD PLASTIK d.d. | | | |
| ITEM | AOP ind. | Preceding year | Current year |
| 1 | 2 | 3 | 4 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| 1. Profit before taxation | 001 | 10.313.243 | 15.619.863 |
| 2. Depreciation | 002 | 11.970.881 | 9.853.380 |
| 3. Increase of current liabilities | 003 | 8.614.097 | 14.375.087 |
| 4. Decrease of current receivables | 004 | | |
| 5. Decrease in stocks | 005 | 7.647.411 | 6.463.404 |
| 6. Other increase of cash flow | 006 | 2.820.569 | |
| I. Total increase of cash flow from operating activities (001 - 006) | 007 | 41.366.201 | 46.311.734 |
| 1. Decrease of current liabilities | 008 | | |
| 2. Increase of current receivables | 009 | 20.099.384 | 3.226.045 |
| 3. Increase in stocks | 010 | | |
| 4. Other decrease of cash flow | 011 | | 2.986.012 |
| II. Total decrease of cash flow from operating activities (008 – 011) | 012 | 20.099.384 | 6.212.057 |
| A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007) | 013 | 21.266.817 | 40.099.677 |
| A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007) | 014 | 0 | 0 |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | | |
| 1. Cash inflows from sale of fixed intangible and tangible assets | 015 | 876.120 | 779.118 |
| 2. Cash inflows from sale of ownership and debt instruments | 016 | | |
| 3. Cash inflows from interest | 017 | 305.422 | |
| 4. Cash inflows from dividends | 018 | | |
| 5. Other cash inflows from investment activities | 019 | | 26.133.655 |
| III. Total cash inflows from investment activities (015-019) | 020 | 1.181.542 | 26.912.773 |
| 1. Cash expenditures for purchase of fixed tangible and intangible assets | 021 | 4.833.552 | 3.025.881 |
| 2. Cash expenditures for acquisition of ownership and debt instruments | 022 | 4.002.111 | |
| 3. Other cash expenditures from investment activities | 023 | | |
| IV. Total cash expenditures from investment activities (021-023) | 024 | 8.835.663 | 3.025.881 |
| B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (020-024) | 025 | 0 | 23.886.892 |
| B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (024-020) | 026 | 7.654.121 | 0 |
| CASH FLOW FROM FINANCIAL ACTIVITIES | | | |
| 1. Cash inflows from issuing ownership and debt financial instruments | 027 | | |
| 2. Cash inflows from credit principal, debentures, loans and other borrowings | 028 | | |
| 3. Other inflows from financial activities | 029 | | 7.233.131 |
| V. Total cash inflows from financial activities (027-029) | 030 | | 7.233.131 |
| 1. Cash expenditures for the payment of credit principal and debentures | 031 | 7.942.978 | 6.802.837 |
| 2. Cash expenditures for the payment of dividends | 032 | | |
| 3. Cash expenditures for financial lease | 033 | | 22.793.721 |
| 4. Cash expenditures for repurchase of own shares | 034 | | |
| 5. Other cash expenditures from financial activities | 035 | 6.123.350 | 36.810.253 |
| VI. Total cash expenditures from financial activities (031-035) | 036 | 14.066.328 | 66.406.811 |
| C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES (030-036) | 037 | | |
| C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES (036-030) | 038 | 14.066.328 | 59.173.680 |
| Total cash flow increase (013-014+025-026+037-038) | 039 | | 4.812.889 |
| Total cash flow decrease (014-013+026-025+038-037) | 040 | 453.632 | |
| Cash and cash equivalents at the beginning of the period | 041 | 5.472.575 | 3.228.873 |
| Cash and cash equivalents increase | 042 | | 4.812.889 |
| Cash and cash equivalents decrease | 043 | 453.632 | |
| Cash and cash equivalents at the end of the period | 044 | 5.018.943 | 8.041.762 |

9. Report on changes of capital

| REPORT ON CHANGES TO CAPITAL | | | | | | | |
|--|------------|----------|------|-----------|------------|--------------------|--------------------|
| | for period | 1.1.2011 | till | 31.3.2011 | | | |
| ITEM | | | | | AOP ind. | Preceding year | Current year |
| 1 | | | | | 2 | 3 | 4 |
| 1. Subscribed capital | | | | | 001 | 419.958.400 | 419.958.400 |
| 2. Capital reserves | | | | | 002 | 181.239.161 | 181.239.161 |
| 3. Reserves from profit | | | | | 003 | 16.171.699 | 16.171.699 |
| 4. Retained profit or loss carried over | | | | | 004 | | 20.742.561 |
| 5. Current year profit or loss | | | | | 005 | 20.742.561 | 38.767.506 |
| 6. Revalorisation of fixed material assets | | | | | 006 | | |
| 7. Revalorisation of intangible assets | | | | | 007 | | |
| 8. Revalorisation of financial assets available for sale | | | | | 008 | | |
| 9. Other revalorisation | | | | | 009 | 10.185.353 | 10.185.353 |
| 10. Total capital and reserves (AOP 001-009) | | | | | 010 | 648.297.174 | 687.064.680 |
| 11. Exchange rate variations from net investments into foreign business operations | | | | | 011 | | |
| 12. Current and deferred taxes (part) | | | | | 012 | | |
| 13. Cash flow protection | | | | | 013 | | |
| 14. Changes in bookkeeping policies | | | | | 014 | | |
| 15. Correction of significant mistakes from the previous period | | | | | 015 | | |
| 16. Other changes to capital | | | | | 016 | | |
| 17. Total capital increase or decrease (AOP 011 - 016) | | | | | 017 | 0 | 0 |
| 17a. Ascribed to holders of the holders company capital | | | | | 018 | | |
| 17b. Ascribed to minority interest | | | | | 019 | | |

Items reducing Capital are entered with negative sign.
Data under EOP codes 001 to 009 are entered as balance as at Balance Sheet date.

10. Financial report notes for Parent Company

1. Increase in long-term financial assets is the result of increased lending to subsidiary ZAO PHR Russia and associate FADP Luga Russia.
2. In the short-term receivables are included receivables from dividends based on Decisions on payment of dividends.
3. A substantial increase of financial revenue in the first quarter of 2011th compared to the same period last year is the result of income from dividends in total amount of 26,8 million kn, which significantly affected the increase in profit of the Parent Company. Profit for the Parent Company, if we exclude dividend income was 11.9 million.

d) Statement of the person responsible for the financial report

According to my best knowledge:

1. Unaudited financial reports for the period from 01.01. till 31.03.2011, were implemented with corresponding reporting standards, giving complete and truthful overview of the asset, liabilities, profit and loss, financial status and operations of the issuer and the companies who are included in the consolidation.
2. Report contains truthful overview of the development and business result and issuer status and companies who were included in the consolidation, with a description of significant risks and uncertainties to which the issuer and the companies are exposed as whole.

Director of Finance and Accounting

Zvonimir Paradžik



Management Board president

Josip Boban

