

Annual Management report of the Group AD Plastik and of the Company AD Plastik Inc. Solin for the period January-December 2011

Temporary unaudited financial report

Content:

	page
1. Management report for period January 1st - December 31st 2011.	2
2. Financial report of Group AD Plastik	4
2.1. Balance sheet	6
2.2. Profit and loss account	8
2.3. Cash flow (indirect method)	10
2.4. Report on changes to capital	11
2.5. Notes to consolidated financial report	12
3. Financial report of AD Plastik Inc. Solin	13
3.1. Balance sheet	15
3.2. Profit and loss account	17
3.3. Cash flow (indirect method)	19
3.4. Report on changes to capital	20
3.5. Notes to financial report for the Parent Company	21
4. Statement of the person responsible for drafting the financial report	22

1. Management report on business actions for the period January-December 2011

Business of AD Plastik Inc. during the period between January and December 2011, despite difficult market conditions of the global crisis, was very successful, because the company achieved greater profitability and improved the quality of the balance sheet.

In the parent company in Croatia business operations were stable and revenue growth of own realization of 2.3% was achieved compared to the year 2010.

During 2011 in the parent company we can specify a few key events:

- The ownership structure was changed during the mid-year. The package of shares of 25.8% which was owned by the Slovenian Prevent was sold at public auction, and the new owners have become pension and investment funds and physical entities. The change in the ownership structure influenced the change of two members of the Supervisory Board. Instead of the Supervisory Board members Mr. Borut Meh and Mr. Nijaz Hastor, Mr. Marijo Grgurinović and Mr. Igor Solomatin Anatoljevič were appointed.
- The dividend was paid to shareholders of AD Plastik in August to the amount of kn 7.50/share.
- In November 2011 a new ESOP program was implemented by which management and employees, including previously acquired shares, owe around 18% of shares.
- Plans of the largest customer Revoz - Novo Mesto are stable since September, after the reduced delivery of production in the period from June to August that emerged due to problems of customer with deliveries of parts from Japan.
- The series of deliveries successfully started in November for the redesigned Renault Twingo.
- In the last quarter AD Plastik has won nominations for the Edison Project, a new vehicle that Renault is developing together with Daimler Chrysler. Start of production is planned for the end of 2013, and positions of Exterior - bumpers and components, covers of hoods, fenders and fan housings for engine cooling will be produced. AD Plastik has received the total amounts that will be made on location Novo Mesto - Slovenia, and the product of fan housing will be delivered to another location of production in Hambach - France.

The most important events in subsidiaries and affiliates during 2011 were:

- In the company PHR in Russia, first half of 2011 was significantly marked by the introduction of extrusion technology of dynamic seals from EPDM, as a new technology within the Group. By this AD Plastik has created a presumption of offer for total vehicle sealing module on the Russian market. During the year the introduction of other new projects for customers of Avtoframos, Avtovaz and Nissan in PHR were made.
- In the company EURO APS in Romania the realization was above the planned, thereby ensuring the growth of profit. Thanks to the new Dacia models which are well accepted in the market the company has positive trend.
- During 2011 in the company FADP in Luga in Russia a number of new projects was introduced (new Ford Focus, new projects for Hyundai and Nissan), and production and warehouse space was expanded. Although during the last year the company recorded a loss, the realization was doubled, and the conditions for stable development in the future were created.
- In November 2011 a new company in Serbia was established - ADP Mladenovac, through which the business would be conducted for Fiat, and for other potential buyers in this region. All preparations were made for the acquisition of the assets and business activities of M-Printex in January 2012. As this company is in possession of technology and equipment for the manufacture of felts for the production of wallpapers by thermal molding technology, the premise of own competitive production and independence from the existing suppliers of raw materials in Russia who are also competitors was achieved by this takeover. Initial deliveries of felts were planned from Serbia, and at the beginning of 2013 the relocation of a production line in ADP PHR and localization of production is being planned.
- In the region of Moscow/Kaluga AD Plastik has won the positions for new Renault vehicle (Megane and Fluence) in technologies of thermal molding wallpapers, spraying, and foaming of polyurethane insulation of wallpapers and instrument panel, as new technology. This prompted the decision on establishing a new location in Kaluga. The change of registration is currently in progress, which involves changing an existing company headquarters of ADP Luga in ADP Kaluga, and tender for interior decoration on the location in Kaluga, which was planned in the first quarter of 2012.

At the end of the year 2011 Parent Company employed 872 employees, and all related subsidiaries and affiliates employed 2414 employees.

From the accompanying tables of the consolidated profit and loss account it is evident that on the level of the Group there has been a growth of revenue from sale of own products, but also significant profit growth that on the level of the Group amounts kuna 60.4 million.

The Company fully complies with the Management Code of AD Plastik Inc.

2. Fiancial report of Group AD Plastik

Appendix 1			
Reporting period:	01.01.2011.	till	31.12.2011.
Annual financial statement of the entrepreneur - GFI-POD			
Register number (MB):	03440494		
Entity register number (MBS):	060007090		
Personal identification number (PIN):	48351740621		
Issuing company:	AD PLASTIK d.d.		
Post code and place:	21210	Solin	
Street and house number:	Matoševa 8		
E-mail address:	adplastik@adplastik.hr		
Internet address:	www.adplastik.hr		
Municipality/city code and name:	406	Solin	
County code and name:	17	Splitsko-dalmatinska	No. of employees: 2.414 (at the end of the trimester)
Consolidated report:	YES		NCA code: 2932
Names of consolidation subjects (according to IMSF)	Seat:	REG.NO.:	
AD PLASTIK d.d.	Solin, Hrvatska	03440494	
ZAO PHR	Samara, Ruska Federacija	103630022193	
AD PLASTIK d.o.o.	Novo Mesto, Slovenija	1214985000	
ZAO ADP LUGA	Luga, Ruska Federacija	107471000032	
SG PLASTIK d.o.o.	Solin, Hrvatska	02097974	
ADP d.o.o.	Mladenovac, Srbija	20787538	
Bookkeeping service:			
Contact person:	Marica Jakelić (only the name and surname of the contact person to be entered)		
Telephone:	021/206-660	Fax:	021/275-660
E-mail address:	marica.jakelic@adplastik.hr		
Name and surname:	Katija Klepo (person authorised for representation)		
Documentation for publishing:			
1. Unaudited annual Financial statements			
2. Interim report,			
3. Statement of the person responsible for compiling financial statements.			
Place of the seal		(signature of the person authorised for representation)	

2.1. Balance sheet

Assets

BALANCE SHEET			
as at 31.12.2011.			
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	739.094.321
I. INTANGIBLE ASSETS (004 up to 009)	003	43.568.093	42.367.412
1. Development costs	004	40.667.371	39.917.138
2. Concessions, patents, licenses, trademarks, softwares and other rights	005	2.476.173	515.674
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in preparation	008		
6. Other intangible assets	009	424.549	1.934.600
II. TANGIBLE ASSETS (011 up to 019)	010	515.418.758	537.712.619
1. Land	011	134.619.737	135.379.260
2. Buildings	012	206.138.884	225.510.084
3. Plants and machinery	013	153.479.963	144.453.778
4. Tools, plant & office inventory, furniture & transport means	014	14.341.785	13.337.566
5. Biological assets	015		
6. Payments on account for tangible assets	016		9.836.323
7. Tangible assets in preparation	017	5.558.791	6.473.880
8. Other tangible assets	018	1.279.598	2.721.728
9. Investment in real estate	019		
III. FIXED FINANCIAL ASSETS (021 up to 028)	020	101.901.260	158.229.878
1. Shares in affiliated undertakings	021		
2. Loans to affiliated undertakings	022		
3. Participating interests (shares)	023	72.841.443	80.350.286
4. Given loans to companies in which exist participating interests	024	28.564.380	53.309.155
5. Investments in securities	025	63.855	63.855
6. Other loan, deposits etc	026	431.582	24.506.582
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	784.412
C) CURRENT ASSETS (035+043+050+058)	034	335.680.554	343.959.044
I. INVENTORY (036 up to 042)	035	57.465.965	73.047.993
1. Materials and supplies	036	42.629.395	39.899.443
2. Work in progress	037	2.806.050	2.523.958
3. Finished goods	038	8.623.623	11.065.425
4. Commercial goods	039	3.406.897	19.559.167
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	202.716.930
1. Receivables from associated undertakings	044		
2. Trade receivables	045	147.150.088	144.391.722
3. Receivables from participating companies	046	5.244.952	11.744.719
4. Receivables from employees and members of the business	047	932.787	1.778.381
5. Receivables from government and other institutions	048	24.370.613	19.351.899
6. Other receivables	049	24.411.058	25.450.209
III. CURRENT FINANCIAL ASSETS (051 up to 057)	050	66.543.367	60.674.392
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		14.977.162
5. Investments in to securities	055		
6. Other loan, deposits etc	056	66.543.367	45.697.230
7. Other financial assets	057		
IV. CASH AT BANK AND IN HAND	058	9.561.724	7.519.729
D) PREPAYMENT AND ACCRUED INCOME	059	75.549.210	111.923.372
E) TOTAL ASSETS (001+002+034+059)	060	1.072.889.428	1.194.976.737
F) OUT-OF-BALANCE ITEMS	061	7.149.210	4.592.542

Liabilities

LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	667.865.433	698.834.190
I. SUBSCRIBED SHARE CAPITAL	063	419.958.400	419.958.400
II. CAPITAL RESERVES	064	177.437.945	183.120.693
III. RESERVES FROM GAIN (066+067-068+069+070)	065	6.176.653	6.339.687
1. Legal reserves	066	6.139.794	6.142.808
2. Reserves for own shares	067	11.359.719	378.455
3. Own stocks and shares (deductible item)	068	11.359.719	378.455
4. Statutory reserves	069	36.859	37.583
5. Other reserves	070		159.296
IV. REVALUATION RESERVES	071	10.042.847	10.185.354
V. RETAINED EARNINGS OR LOSS BROUGHT FORWARD (073-074)	072	0	18.790.123
1. Retained earnings	073		18.790.123
2. Loss brought forward	074		
VI. CURRENT YEAR PROFIT OR LOSS (076-077)	075	54.224.990	60.439.933
1. Current year profit	076	54.224.990	60.439.933
2. Current year loss	077		
VII. MINOR INTEREST	078	24.598	
B) PROVISIONS (080 up to 082)	079	15.619.833	14.164.437
1. Provisions for pensions, severance pay and similar obligations	080	3.332.255	3.904.378
2. Provisions for tax liabilities	081		925.044
3. Other provisions	082	12.287.578	9.335.015
C) LONG TERM LIABILITIES (084 up to 092)	083	92.905.027	109.057.560
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	108.988.498
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	74.263	69.062
D) KRATKOROČNE OBVEZE (094 do 105)	093	294.793.799	369.198.318
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	101.428.480
4. Liabilities for advances	097	82.413.732	121.247.148
5. Trade payables	098	93.147.767	116.175.765
6. Commitments on securities	099		
7. Liabilities to companies in which are participating interests	100		8.971
8. Liabilities towards employees	101	6.553.022	7.091.380
9. Liabilities for taxes, contributions and other benefits	102	6.147.659	22.174.732
10. Liabilities to share in the result	103	16.387	1.068.177
11. Amount based on fixed assets intended to sale	104		
12. Other short-term liabilities	105	258.299	3.665
E) DEFERRED PAYMENT OF COSTS AND FUTURE INCOME	106	1.705.336	3.722.232
F) TOTAL LIABILITIES (062+079+083+093+106)	107	1.072.889.428	1.194.976.737
G) OUT-OF BALANCE ITEMS	108	7.149.210	4.592.542
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	667.840.835	698.834.190
2. Ascribed to minority interest	110	24.598	
Note 1: Appendix to Balance sheet fill companies w ho make consolidated financial statements.			

2.2. Profit and loss account

PROFIT AND LOSS ACCOUNT			
in period from 01.01.2011. till 31.12.2011.			
Taxpayer: GROUP AD PLASTIK			
ITEM	AOP ind.	Preceding year	Current year
1	2	3	5
I. OPERATING TURNOVER (112+113)	111	802.277.154	734.811.405
1. Income from sales	112	696.951.950	711.319.229
2. Other operating income	113	105.325.204	23.492.176
II. OPERATING CHARGES (115+116+120+124+125+126+129+130)	114	764.413.660	679.024.921
1. Changes in the value of inventories of work in progress and finished goods	115	-2.019.946	-938.678
2. Material charges (117 up to 119)	116	445.883.204	420.204.024
a) Costs of raw materials and consumables	117	320.853.730	342.925.687
b) Costs of sales	118	65.170.823	30.080.577
c) Other external charges	119	59.858.651	47.197.760
3. Staff costs (121 up to 123)	120	134.634.243	123.999.341
a) Salaries and wages	121	86.618.729	76.248.115
b) Costs of taxes and social security	122	27.430.840	26.470.879
c) Duties on wages	123	20.584.674	21.280.347
4. Depreciation	124	55.207.527	49.470.240
5. Other costs	125	37.463.423	75.118.646
6. Impairment (127+128)	126	0	0
a) fixed assets (excluding financial assets)	127		
b) current assets (excluding financial assets)	128		
7. Provisions	129	15.545.246	3.751.997
8. Other operating expenses	130	77.699.963	7.419.351
III. FINANCIAL INCOME (132 up to 136)	131	46.183.564	30.225.217
1. Interests, exchange rate differenc, dividends with affiliates	132	22.425.443	8.165.898
2. Interests, exch. rate differenc., dividends with non-affiliates	133	23.758.121	17.270.658
3. Part of income from affiliates and participated interests	134		4.610.634
4. Non-realized financial income	135		
5. Other financial income	136		178.027
IV. FINANCIAL CHARGES (138 up to 141)	137	39.549.301	40.228.791
1. Interests, exchange rate differenc, dividends with affiliates	138	7.337.600	9.807.542
2. Interests, exch. rate differenc., dividends with non-affiliates	139	32.211.701	30.190.246
3. Non-realized financial charges	140		0
4. Other financial charges	141		231.003
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142	24.506.763	27.875.423
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143	9.360.783	4.178.033
VII. EXTRAORDINARY – OTHER INCOME	144		
VIII. EXTRAORDINARY – OTHER CHARGES	145		
IX. TOTAL INCOME (111+131+142 + 144)	146	872.967.481	792.912.045
X. TOTAL CHARGES (114+137+143 + 145)	147	813.323.744	723.431.745
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	59.643.737	69.480.300
1. Profit before taxation (146-147)	149	59.643.737	69.480.300
2. Loss before taxation (147-146)	150	0	0
XII. PROFIT TAX	151	5.402.332	9.040.367
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	54.241.405	60.439.933
1. PROFIT FOR THE PERIOD (149-151)	153	54.241.405	60.439.933
2. LOSS FOR THE PERIOD (151-148)	154	0	0

2.3. Profit and loss account -continue

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	54.224.989	60.439.933
2. Attributable to minority interests	156	16.416	
Report for other comprehensive income (only for the taxpayer applying IFRS)			
I. PROFIT OR LOSS FOR THE CURRENT PERIOD (= 152)	157	54.241.405	60.439.933
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAXATION (159 up to 165)	158	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
V. OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD (157+167)	168	54.241.405	60.439.933
ADDENDUM TO Report for other comprehensive income (filled in by the entrepreneur compiling the consolidated annual			
VI. OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD			
1. Attributable to equity holders	169	54.224.989	60.439.933
2. Attributable to minority interests	170	16.416	0

2.3. Cash flow (indirect method)

CASH FLOW REPORT – Indirect method			
in period from 01.01.2011. till 31.12.2011.			
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	59.643.737	69.480.300
2. Depreciation	002	55.207.527	49.470.240
3. Increase of current liabilities	003	29.231.065	74.966.019
4. Decrease of current receivables	004	13.568.732	
5. Decrease in stocks	005		
6. Other increase of cash flow	006	1.332.380	
I. Total increase of cash flow from operating activities (001 - 006)	007	158.983.441	193.916.559
1. Decrease of current liabilities	008		
2. Increase of current receivables	009		66.063.805
3. Increase in stocks	010	157.583	15.582.028
4. Other decrease of cash flow	011	771.553	12.859
II. Total decrease of cash flow from operating activities (008 – 011)	012	929.136	81.658.692
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	013	158.054.305	112.257.867
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	57.347.107	
2. Cash inflows from sale of ownership and debt instruments	016		12.075.000
3. Cash inflows from interest	017		
4. Cash inflows from dividends	018		17.007.211
5. Other cash inflows from investment activities	019		
III. Total cash inflows from investment activities (015-019)	020	57.347.107	29.082.211
1. Cash expenditures for purchase of fixed tangible and intangible assets	021	99.626.483	70.563.420
2. Cash expenditures for acquisition of ownership and debt instruments	022	45.702.210	19.029
3. Other cash expenditures from investment activities	023		
IV. Total cash expenditures from investment activities (021-023)	024	145.328.693	70.582.449
B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (020-024)	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (024-020)	026	87.981.586	41.500.238
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	21.649.437	16.152.533
3. Other inflows from financial activities	029		
V. Total cash inflows from financial activities (027-029)	030	21.649.437	16.152.533
1. Cash expenditures for the payment of credit principal and debentures	031	31.401.954	
2. Cash expenditures for the payment of dividends	032	5.837.295	30.187.327
3. Cash expenditures for financial lease	033	28.564.380	
4. Cash expenditures for repurchase of own shares	034		
5. Other cash expenditures from financial activities	035	29.503.518	58.764.830
VI. Total cash expenditures from financial activities (031-035)	036	95.307.147	88.952.157
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	73.657.710	72.799.624
Total cash flow increase (013-014+025-026+037-038)	039	0	0
Total cash flow decrease (014-013+026-025+038-037)	040	3.584.991	2.041.995
Cash and cash equivalents at the beginning of the period	041	13.146.715	9.561.724
Cash and cash equivalents increase	042		
Cash and cash equivalents decrease	043	3.584.991	2.041.995
Cash and cash equivalents at the end of the period	044	9.561.724	7.519.729

2.4. Report on changes to capital

REPORT ON CHANGES TO CAPITAL			
for period	1.1.2011	till	31.12.2011
Taxpayer: GROUP AD PLASTIK			
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	177.437.945	183.120.693
3. Reserves from profit	003	6.201.251	6.339.687
4. Retained profit or loss carried over	004		18.790.123
5. Current year profit or loss	005	54.224.990	60.439.933
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	10.042.847	10.185.354
10. Total capital and reserves (AOP 001-009)	010	667.865.433	698.834.190
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	698.834.190
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.			

2.5. Notes with consolidated financial reports

Balance sheet:

- Significant investment in construction projects at locations ADP Kaluga (kuna 3.8 million), ADP PHR (kuna 6 million) and ADP Mladenovac (kuna 14.8 million).
- Total loans to affiliates, subsidiaries and other companies increased while financial deposits decreased.
- In the item Merchandise value of tools for the known customer in the affiliated company PHR is included (kuna 15.3 million).
- Retained earnings in itself includes retained earnings of subsidiaries and affiliated companies from previous years.
- Due to the significant investments long-term loans are increased with simultaneous decrease of short-term loans.
- Liabilities for advances include costs of tools production that are fully covered by income from the tools.
- Increase in trade payables is mostly related to the obligations for fixed assets purchased in ADP Mladenovac (kuna 13 million) which was fully settled in January 2012.
- Taxes and similar benefits have increased mainly due to higher realized gross profit, legal obligations from and on salaries, and other tax benefits.

Profit and loss account

- Other operating income decreased due to the relocation of production from subsidiary in Russia ADP LUGA to affiliate FADP Luga Russia whose business reports are included by the equity method in accordance with IAS 27 and IAS 28. The sale of assets of ADP Luga to affiliate FADP Luga is included in 2010. Accordingly, other operating expenses and cost of sold goods and other external costs in the given reporting period were lower.
- Raw material costs have increased due to increased prices of material and changes in product range.
- Other costs are higher due to rising costs of tools production for the known buyer of tools that are covered by revenues.
- Interest, foreign exchange differences, dividends and similar income from relations with non-affiliated entrepreneurs and other persons have been reduced since in the current period there has been a negative impact of exchange rate movements which negatively affected the result.

3. Financial report of AD Plastik Inc. Solin

Appendix 1

Reporting period:

01.01.2011.

till

31.12.2011.

Annual financial statement of the entrepreneur - GFI-POD

Register number (MB): 03440494

Entity register number (MBS): 060007090

Personal identification
number (PIN): 48351740621

Issuing company: AD PLASTIK d.d.

Post code and place: 21210

Solin

Street and house number: Matoševa 8

E-mail address: adplastik@adplastik.hrInternet address: www.adplastik.hrMunicipality/city code and
name: 406 Solin

County code and name: 17 Splitsko-dalmatinska

No. of employees: 872

(at the end of the trimester)

Consolidated report: NO

NCA code: 2932

Names of consolidation subjects (according to IMSF)

Seat:

REG.NO.:

Bookkeeping service:

Contact person: Marica Jakelić

(only the name and surname of the contact person to be entered)

Telephone: 021/206-660

Fax: 021/275-660

E-mail address: marica.jakelic@adplastik.hr

Name and surname: Katija Klepo

(person authorised for representation)

Documentation for publishing:

1. Unaudited annual Financial statements
2. Interim report
3. Statement of the person responsible for compiling financial statements.

Place of the seal

(signature of the person authorised for representation)

3.1. Balance sheet

Assets

BALANCE SHEET			
as at 31.12.2011.			
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	721.657.959
I. INTANGIBLE ASSETS (004 up to 009)	003	41.068.786	37.389.433
1. Development costs	004	40.667.370	36.918.507
2. Concessions, patents, licenses, trademarks, softwares and other rights	005	401.416	470.926
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in preparation	008		
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 up to 019)	010	440.520.255	424.973.480
1. Land	011	134.619.737	135.379.260
2. Buildings	012	170.463.291	168.731.199
3. Plants and machinery	013	125.573.646	111.319.278
4. Tools, plant & office inventory, furniture & transport means	014	7.236.660	6.158.497
5. Biological assets	015		
6. Payments on account for tangible assets	016		
7. Tangible assets in preparation	017	2.626.921	3.385.246
8. Other tangible assets	018		
9. Investment in real estate	019		
III. FIXED FINANCIAL ASSETS (021 up to 028)	020	201.138.391	258.617.417
1. Shares in affiliated undertakings	021	74.678.639	74.947.666
2. Loans to affiliated undertakings	022	44.838.550	53.478.776
3. Participating interests (shares)	023	52.561.385	52.311.383
4. Given loans to companies in which exist participating interests	024	28.564.380	53.309.155
5. Investments in securities	025	63.855	63.855
6. Other loan, deposits etc	026	431.582	24.506.582
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	677.629
C) CURRENT ASSETS (035+043+050+058)	034	293.731.842	272.940.392
I. INVENTORY (036 up to 042)	035	37.165.157	34.928.299
1. Materials and supplies	036	27.539.443	23.698.027
2. Work in progress	037	2.430.497	2.327.034
3. Finished goods	038	7.183.788	8.822.435
4. Commercial goods	039	11.429	80.803
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	173.987.287
1. Receivables from associated undertakings	044	80.475.302	61.634.309
2. Trade receivables	045	63.662.324	59.267.123
3. Receivables from participating companies	046	5.244.952	11.744.719
4. Receivables from employees and members of the business	047	929.439	1.452.544
5. Receivables from government and other institutions	048	15.433.186	17.011.920
6. Other receivables	049	21.049.242	22.876.672
III. CURRENT FINANCIAL ASSETS (051 up to 057)	050	66.543.367	62.829.683
1. Shares in affiliated undertakings	051		
2. Loans to affiliates	052		2.155.291
3. Participating interests (shares)	053		
4. Given loans to companies in which exist participating interests	054		14.977.162
5. Investments in to securities	055		
6. Other loan, deposits etc	056	66.543.367	45.697.230
7. Other financial assets	057		
IV. CASH AT BANK AND IN HAND	058	3.228.873	1.195.123
D) PREPAYMENT AND ACCRUED INCOME	059	75.527.413	111.861.615
E) TOTAL ASSETS (001+002+034+059)	060	1.052.653.138	1.106.459.966
F) OUT-OF-BALANCE ITEMS	061	7.149.642	4.592.542

Liabilities

LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	648.297.174	671.018.677
I. SUBSCRIBED SHARE CAPITAL	063	419.958.400	419.958.400
II. CAPITAL RESERVES	064	181.239.161	183.075.797
III. RESERVES FROM GAIN (066+067-068+069+070)	065	16.171.699	6.288.148
1. Legal reserves	066	6.128.852	6.128.852
2. Reserves for own shares	067	11.359.719	378.455
3. Own stocks and shares (deductible item)	068	11.359.719	378.455
4. Statutory reserves	069		
5. Other reserves	070	10.042.847	159.296
IV. REVALUATION RESERVES	071	10.185.353	10.185.354
V. RETAINED EARNINGS OR LOSS BROUGHT FORWARD (073-074)	072	0	0
1. Retained earnings	073		
2. Loss brought forward	074		
VI. CURRENT YEAR PROFIT OR LOSS (076-077)	075	20.742.561	51.510.978
1. Current year profit	076	20.742.561	51.510.978
2. Current year loss	077		
VII. MINOR INTEREST	078		
B) PROVISIONS (080 up to 082)	079	10.225.567	11.694.194
1. Provisions for pensions, severance pay and similar obligations	080	3.332.255	3.388.145
2. Provisions for tax liabilities	081		
3. Other provisions	082	6.893.312	8.306.049
C) LONG TERM LIABILITIES (084 up to 092)	083	92.830.764	108.988.498
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	108.988.498
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) KRATKOROČNE OBVEZE (094 do 105)	093	299.594.297	311.036.365
1. Liabilities to related parties	094	37.269.825	35.940.081
2. Commitments for loans, deposits, etc	095		
3. Liabilities to banks and other financial institutions	096	106.256.933	63.774.204
4. Liabilities for advances	097	80.140.898	106.411.912
5. Trade payables	098	66.312.190	80.045.235
6. Commitments on securities	099		
7. Liabilities to companies in which are participating interests	100	199	8.971
8. Liabilities towards employees	101	5.226.092	5.484.387
9. Liabilities for taxes, contributions and other benefits	102	4.388.160	18.303.398
10. Liabilities to share in the result	103		1.068.177
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	3.722.232
F) TOTAL LIABILITIES (062+079+083+093+106)	107	1.052.653.138	1.106.459.966
G) OUT-OF BALANCE ITEMS	108	7.149.642	4.592.542
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.			

3.2. Profit and loss account

PROFIT AND LOSS ACCOUNT			
in period from 01.01.2011. till 31.12.2011.			
Taxpayer: AD PLASTIK d.d.			
ITEM	AOP ind.	Preceding year	Current year
1	2	3	5
I. OPERATING TURNOVER (112+113)	111	561.873.128	565.390.502
1. Income from sales	112	541.305.176	553.732.064
2. Other operating income	113	20.567.952	11.658.438
II. OPERATING CHARGES (115+116+120+124+125+126+129+130)	114	539.936.833	532.325.154
1. Changes in the value of inventories of work in progress and finished goods	115	-1.925.184	-1.590.951
2. Material charges (117 up to 119)	116	344.773.452	328.284.483
a) Costs of raw materials and consumables	117	274.840.708	262.377.734
b) Costs of sales	118	23.388.252	26.226.292
c) Other external charges	119	46.544.492	39.680.457
3. Staff costs (121 up to 123)	120	92.990.206	90.429.173
a) Salaries and wages	121	55.794.123	54.257.504
b) Costs of taxes and social security	122	23.247.552	22.607.293
c) Duties on wages	123	13.948.531	13.564.376
4. Depreciation	124	41.073.153	39.613.368
5. Other costs	125	47.821.537	69.855.433
6. Impairment (127+128)	126	0	0
a) fixed assets (excluding financial assets)	127		
b) current assets (excluding financial assets)	128		
7. Provisions	129	10.225.567	2.301.818
8. Other operating expenses	130	4.978.102	3.431.830
III. FINANCIAL INCOME (132 up to 136)	131	34.660.025	60.852.837
1. Interests, exchange rate differenc, dividends with affiliates	132	13.405.071	24.956.847
2. Interests, exch. rate differenc., dividends with non-affiliates	133	21.254.954	15.337.054
3. Part of income from affiliates and participated interests	134		20.558.936
4. Non-realized financial income	135		
5. Other financial income	136		
IV. FINANCIAL CHARGES (138 up to 141)	137	35.819.513	36.233.643
1. Interests, exchange rate differenc, dividends with affiliates	138	5.325.070	8.730.801
2. Interests, exch. rate differenc., dividends with non-affiliates	139	30.494.443	27.502.842
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	596.533.153	626.243.339
X. TOTAL CHARGES (114+137+143 + 145)	147	575.756.346	568.558.797
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	20.776.807	57.684.542
1. Profit before taxation (146-147)	149	20.776.807	57.684.542
2. Loss before taxation (147-146)	150	0	0
XII. PROFIT TAX	151	34.246	6.173.564
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	20.742.561	51.510.978
1. PROFIT FOR THE PERIOD (149-151)	153	20.742.561	51.510.978
2. LOSS FOR THE PERIOD (151-148)	154	0	0

3.2. Profit and loss account - continue

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)			
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAXATION (159 up to 165)	158	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
V. OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD (157+167)	168	0	0
ADDENDUM TO Report for other comprehensive income (filled in by the entrepreneur compiling the consolidated annual			
VI. OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD			
1. Attributable to equity holders	169		
2. Attributable to minority interests	170		

3.3. Cash flow (indirect method)

CASH FLOW REPORT – Indirect method			
in period from 01.01.2011. till 31.12.2011.			
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	20.776.807	57.684.542
2. Depreciation	002	41.073.153	39.613.368
3. Increase of current liabilities	003	55.039.248	12.254.383
4. Decrease of current receivables	004	27.791.791	
5. Decrease in stocks	005	131.667	2.236.858
6. Other increase of cash flow	006	1.992.529	
I. Total increase of cash flow from operating activities (001 - 006)	007	146.805.195	111.789.151
1. Decrease of current liabilities	008		
2. Increase of current receivables	009		23.527.044
3. Increase in stocks	010		
4. Other decrease of cash flow	011	666.451	11.178
II. Total decrease of cash flow from operating activities (008 – 011)	012	666.451	23.538.222
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	013	146.138.744	88.250.929
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	8.595.344	
2. Cash inflows from sale of ownership and debt instruments	016		12.075.000
3. Cash inflows from interest	017	9.479.291	
4. Cash inflows from dividends	018		17.007.211
5. Other cash inflows from investment activities	019		
III. Total cash inflows from investment activities (015-019)	020	18.074.635	29.082.211
1. Cash expenditures for purchase of fixed tangible and intangible assets	021	62.062.549	20.387.240
2. Cash expenditures for acquisition of ownership and debt instruments	022	34.222.399	19.025
3. Other cash expenditures from investment activities	023		
IV. Total cash expenditures from investment activities (021-023)	024	96.284.948	20.406.265
B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (020-024)	025	0	8.675.946
B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (024-020)	026	78.210.313	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	25.222.243	16.157.734
3. Other inflows from financial activities	029		
V. Total cash inflows from financial activities (027-029)	030	25.222.243	16.157.734
1. Cash expenditures for the payment of credit principal and debentures	031	31.408.408	
2. Cash expenditures for the payment of dividends	032	5.837.295	30.187.327
3. Cash expenditures for financial lease	033	28.564.380	
4. Cash expenditures for repurchase of own shares	034		
5. Other cash expenditures from financial activities	035	29.584.293	84.931.032
VI. Total cash expenditures from financial activities (031-035)	036	95.394.376	115.118.359
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	70.172.133	98.960.625
Total cash flow increase (013-014+025-026+037-038)	039	0	0
Total cash flow decrease (014-013+026-025+038-037)	040	2.243.702	2.033.750
Cash and cash equivalents at the beginning of the period	041	5.472.575	3.228.873
Cash and cash equivalents increase	042		
Cash and cash equivalents decrease	043	2.243.702	2.033.750
Cash and cash equivalents at the end of the period	044	3.228.873	1.195.123

3.4. Report to changes on capital

REPORT ON CHANGES TO CAPITAL			
for period	1.1.2011	till	31.12.2011
Taxpayer: AD PLASTIK d.d.			
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	183.075.797
3. Reserves from profit	003	16.171.699	6.288.148
4. Retained profit or loss carried over	004		
5. Current year profit or loss	005	20.742.561	51.510.978
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	10.185.354
10. Total capital and reserves (AOP 001-009)	010	648.297.174	671.018.677
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.			

3.5. Notes with financial reports for the Parent company

Balance sheet:

- Total loans to affiliates, subsidiaries and other companies increased by kuna 63.7 million while financial deposits decreased by kuna 20.8 million.
- Receivables from related entrepreneurs are lower due to faster collection from the end customer.
- Item Paid expenses of the future period and accrued income includes accrued value of tools production for the specific customer.
- Due to the significant investments long-term loans increased with simultaneous reduction of short-term loans.
- Liabilities for advances include costs of tools production that are fully covered by income from the tools.

Profit and loss account

- Financial income contain dividends of related subsidiaries and affiliates in amount of 26,8 MKn.
- Other costs are higher due to rising costs of tools production for the known buyer of tools that are covered by revenues.

4. Statement of the person responsible for drafting the financial report

According to my best knowledge:

1. Unaudited financial reports of Group AD Plastik and AD Plastik Inc. Solin, for the period from January 1st till December 31st were implemented with corresponding reporting standards, giving complete and truthful overview of the assets, liabilities, profit and loss, financial status and operations of the issuer and the companies that 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.
3. Since the process of auditing the financial statements of Group AD Plastik is still in progress submitted data are not final.

Head of accounting department

Board member for finance, accounting and controlling

Marica Jakelić

Katija Klepo

