



# GODIŠNJI IZVJEŠTAJ DUKAT GRUPA I – XII 2012.



Dukat Dairy Industry Inc., Marijana Čačića 9, 10 000 Zagreb, Croatia  
Court of Registration and Court Registration Number: Commercial Court in Zagreb, Reg. No. 0803676/0  
Company Transaction Account: 2560000-1101223933 Zsrebačka banka d.d. Patuljinska 2, Zagreb  
Tax Number: 14549/05, PIN: 25657713630, Capital: HRK 500 000 000 paid in full,  
3 000 000 shares issued by the nominal value of HRK 100,00 per share  
(Management Board): Thierry André Zurcher (Director)  
(Chairman of the Supervisory Board): Daniel Marie Jaouen

**Prilog 1.**

Razdoblje izvještavanja:

1.1.2012

do

31.12.2012

**Godišnji financijski izvještaj poduzetnika GFI-POD**

Matični broj (MB): 01454935

Matični broj subjekta (MBS): 080307619

Osobni identifikacijski broj (OIB): 25457712630

Tvrtka izdavatelj: DUKAT mliječna industrija dioničko društvo

Poštanski broj i mjesto: 10000 ZAGREB

Ulica i kućni broj: Marijana Čavića 9

Adresa e-pošte: branko.nikolic@dukat.hr

Internet adresa: www.dukat.hr

Šifra i naziv općine/grada: 133 ZAGREB

Šifra i naziv županije: 21 GRAD ZAGREB

Broj zaposlenih: 2.342

(krajem godine)

Konsolidirani izvještaj: DA

Šifra NKD-a: 1051

Tvrtke subjekata konsolidacije (prema MSFI):

Sjedište:

MB:

LA-LOG d.o.o.	ZAGREB
KIM d.o.o.	KARLOVAC
INMER - MLJEKARA d.o.o.	GRADAČAC, BIH
DUKAT MLJEKARA d.o.o.	GRADAČAC, BIH
SOMBOLED a.d.	SOMBOLED, SRBIJA
IDEAL ŠIPKA d.o.o.e.l.	BITOLA, MAKEDONIJA

Knjigovodstveni servis:

Osoba za kontakt: NIKOLIĆ BRANKO

(unosi se samo prezime i ime osobe za kontakt)

Telefon: 01 239 2269

Telefaksa: 01 239 2267

Adresa e-pošte: branko.nikolic@dukat.hr

Prezime i ime: THIERRY ANDRE ZURCHER

(osoba ovlaštene za zastupanje)

**Dokumentacija za objavu:**

1. Revidirani godišnji financijski izvještaji s revizorskim izvješćem s revizorskim izvješćem
2. Izvještaj posloводства
3. Izjava osoba odgovornih za sastavljanje godišnjeg izvještaja, u PDF formatu
4. Odluka nadležnog tijela (prijedlog) o utvrđivanju godišnjih financijskih izvještaja
5. Odluka o prijedlogu raspodjele dobiti ili pokrću gubitka

M.P.

  
Dukat d.d.  
Zagreb M. Čavića 9  
(potpis osobe ovlaštene za zastupanje) 4



**BILANCA**  
stanje na dan 31.12.2012.

Obveznik: DUKAT mliječna industrija d.d.			
Naziv pozicije	AOP oznaka	Prethodna godina (neto)	Tekuća godina (neto)
1	2	3	4
<b>A) POTRAŽIVANJA ZA UPISANI A NEUPLAĆENI KAPITAL</b>	<b>001</b>		
<b>B) DUGOTRAJNA IMOVINA (003+010+020+029+033)</b>	<b>002</b>	931.946.222	898.284.116
<b>I. NEMATERIJALNA IMOVINA (004 do 009)</b>	<b>003</b>	173.394.529	173.338.066
1. Izdaci za razvoj	004		
2. Koncesije, patenti, licencije, robne i uslužne marke, softver i ostala prava	005	2.362.273	1.940.195
3. Goodwill	006	170.984.136	171.114.285
4. Predujmovi za nabavu nematerijalne imovine	007		
5. Nematerijalna imovina u pripremi	008	48.120	283.586
6. Ostala nematerijalna imovina	009		
<b>II. MATERIJALNA IMOVINA (011 do 019)</b>	<b>010</b>	732.778.636	705.750.789
1. Zemljište	011	33.027.104	33.093.833
2. Građevinski objekti	012	288.309.550	300.835.207
3. Postrojenja i oprema	013	278.686.437	258.946.239
4. Alati, pogonski inventar i transportna imovina	014	75.084.355	75.460.895
5. Biološka imovina	015	643.098	644.396
6. Predujmovi za materijalnu imovinu	016	3.410.501	109.562
7. Materijalna imovina u pripremi	017	48.645.309	31.833.260
8. Ostala materijalna imovina	018	821.642	821.642
9. Ulaganje u nekretnine	019	4.150.640	4.065.755
<b>III. DUGOTRAJNA FINACIJSKA IMOVINA (021 do 028)</b>	<b>020</b>	24.869.257	18.270.461
1. Udjeli (dionice) kod povezanih poduzetnika	021		
2. Dani zajmovi povezanim poduzetnicima	022		
3. Sudjelujući interesi (udjeli)	023	1.354.799	1.388.813
4. Zajmovi dani poduzetnicima u kojima postoje sudjelujući interesi	024		
5. Ulaganja u vrijednosne papire	025		
6. Dani zajmovi, depoziti i slično	026	23.514.458	16.881.648
7. Ostala dugotrajna financijska imovina	027		
8. Ulaganja koja se obračunavaju metodom udjela	028		
<b>IV. POTRAŽIVANJA (030 do 032)</b>	<b>029</b>	0	0
1. Potraživanja od povezanih poduzetnika	030		
2. Potraživanja po osnovi prodaje na kredit	031		
3. Ostala potraživanja	032		
<b>V. ODGOĐENA POREZNA IMOVINA</b>	<b>033</b>	903.800	924.800
<b>C) KRATKOTRAJNA IMOVINA (035+043+050+058)</b>	<b>034</b>	852.272.550	904.934.941
<b>I. ZALIHE (036 do 042)</b>	<b>035</b>	194.104.209	204.832.307
1. Sirovine i materijal	036	78.509.930	86.311.426
2. Proizvodnja u tijeku	037	35.449.117	36.967.763
3. Gotovi proizvodi	038	50.900.183	47.024.512
4. Trgovačka roba	039	25.239.031	30.519.255
5. Predujmovi za zalihe	040	4.005.939	4.009.351
6. Dugotrajna imovina namijenjena prodaji	041		
7. Biološka imovina	042		
<b>II. POTRAŽIVANJA (044 do 049)</b>	<b>043</b>	586.766.143	623.015.872
1. Potraživanja od povezanih poduzetnika	044	3.069.418	4.633.673
2. Potraživanja od kupaca	045	554.580.114	583.657.730
3. Potraživanja od sudjelujućih poduzetnika	046		
4. Potraživanja od zaposlenika i članova poduzetnika	047	351.387	13.802
5. Potraživanja od države i drugih institucija	048	20.709.790	16.514.662
6. Ostala potraživanja	049	8.055.466	18.196.005
<b>III. KRATKOTRAJNA FINACIJSKA IMOVINA (051 do 057)</b>	<b>050</b>	16.017.486	12.493.834
1. Udjeli (dionice) kod povezanih poduzetnika	051		
2. Dani zajmovi povezanim poduzetnicima	052		
3. Sudjelujući interesi (udjeli)	053		
4. Zajmovi dani poduzetnicima u kojima postoje sudjelujući interesi	054		
5. Ulaganja u vrijednosne papire	055		
6. Dani zajmovi, depoziti i slično	056	15.122.672	11.206.468
7. Ostala financijska imovina	057	894.814	1.287.346
<b>IV. NOVAC U BANCI I BLAGAJNI</b>	<b>058</b>	55.384.721	64.592.928
<b>D) PLAĆENI TROŠKOVI BUDUĆEG RAZDOBLJA I OBRAČUNATI PRIHODI</b>	<b>059</b>	2.127.525	630.109
<b>E) UKUPNO AKTIVA (001+002+034+059)</b>	<b>060</b>	1.786.346.297	1.803.849.166
<b>F) IZVANBILANČNI ZAPISI</b>	<b>061</b>		



<b>PASIVA</b>			
<b>A) KAPITAL I REZERVE (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>1.178.009.330</b>	<b>1.278.840.641</b>
I. TEMELJNI (UPISANI) KAPITAL	063	300.000.000	300.000.000
II. KAPITALNE REZERVE	064		
III. REZERVE IZ DOBITI (066+067-068+069+070)	065	14.913.320	14.913.320
1. Zakonske rezerve	066	15.000.000	15.000.000
2. Rezerve za vlastite dionice	067		
3. Vlastite dionice i udjeli (odbitna stavka)	068	86.680	86.680
4. Statutarne rezerve	069		
5. Ostale rezerve	070		
IV. REVALORIZACIJSKE REZERVE	071		
V. ZADRŽANA DOBIT ILI PRENESENI GUBITAK (073-074)	072	746.709.209	852.326.278
1. Zadržana dobit	073	746.709.209	852.326.278
2. Prenešeni gubitak	074		
VI. DOBIT ILI GUBITAK POSLOVNE GODINE (076-077)	075	116.386.801	111.401.043
1. Dobit poslovne godine	076	116.386.801	111.401.043
2. Gubitak poslovne godine	077		
VII. MANJINSKI INTERES	078		
<b>B) REZERVIRANJA (080 do 082)</b>	<b>079</b>	<b>7.162.266</b>	<b>7.533.226</b>
1. Rezerviranja za mirovine, otpremnine i slične obveze	080	7.162.266	7.533.226
2. Rezerviranja za porezne obveze	081		
3. Druga rezerviranja	082		
<b>C) DUGOROČNE OBVEZE (084 do 092)</b>	<b>083</b>	<b>98.513.641</b>	<b>3.718.736</b>
1. Obveze prema povezanim poduzetnicima	084	90.366.040	0
2. Obveze za zajmove, depozite i slično	085	1.043.000	733.000
3. Obveze prema bankama i drugim financijskim institucijama	086	3.936.966	0
4. Obveze za predujmove	087		
5. Obveze prema dobavljačima	088		
6. Obveze po vrijednosnim papirima	089		
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	090		
8. Ostale dugoročne obveze	091	362.400	322.337
9. Odgođena porezna obveza	092	2.804.215	2.663.399
<b>D) KRATKOROČNE OBVEZE (094 do 105)</b>	<b>093</b>	<b>454.911.096</b>	<b>455.674.920</b>
1. Obveze prema povezanim poduzetnicima	094	44.362.427	35.701.665
2. Obveze za zajmove, depozite i slično	095	415.268	415.268
3. Obveze prema bankama i drugim financijskim institucijama	096	3.316.929	1.263.729
4. Obveze za predujmove	097		
5. Obveze prema dobavljačima	098	292.502.546	249.348.591
6. Obveze po vrijednosnim papirima	099		
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	100		
8. Obveze prema zaposlenicima	101	30.855.467	34.058.173
9. Obveze za poreze, doprinose i slična davanja	102	9.256.353	14.622.431
10. Obveze s osnove udjela u rezultatu	103	74.058	74.058
11. Obveze po osnovi dugotrajne imovine namijenjene prodaji	104		
12. Ostale kratkoročne obveze	105	74.128.046	120.191.005
<b>E) ODGOĐENO PLAĆANJE TROŠKOVA I PRIHOD BUDUĆEGA RAZDOBLJA</b>	<b>106</b>	<b>47.749.964</b>	<b>58.281.643</b>
<b>F) UKUPNO – PASIVA (062+079+083+093+106)</b>	<b>107</b>	<b>1.786.346.297</b>	<b>1.803.849.166</b>
<b>G) IZVANBILANČNI ZAPISI</b>	<b>108</b>		
<b>DODATAK BILANCI (popunjava poduzetnik koji sastavlja konsolidirani godišnji financijski izvještaj)</b>			
<b>A) KAPITAL I REZERVE</b>			
1. Pripisano imateljima kapitala matice	109	1.178.009.330	1.278.840.641
2. Pripisano manjinskom interesu	110		

Financijski izvještaj za 2023. godinu (popunjava poduzetnik koji sastavlja konsolidirani godišnji financijski izvještaj)

**RAČUN DOBITI I GUBITKA**  
u razdoblju 01.12.2012. do 31.12.2012.

Obveznik: DUKAT mliječna industrija d.d.			
Naziv pozicije	AOP oznaka	Prethodna godina	Tekuća godina
1	2	3	4
<b>I. POSLOVNI PRIHODI (112+113)</b>	<b>111</b>	2.470.227.084	2.476.511.753
1. Prihodi od prodaje	112	2.431.649.029	2.442.862.384
2. Ostali poslovni prihodi	113	38.577.155	33.649.369
<b>II. POSLOVNI RASHODI (115+116+120+124+125+126+129+130)</b>	<b>114</b>	2.313.769.885	2.332.270.830
1. Promjene vrijednosti zaliha proizvodnje u tijeku i gotovih proizvoda	115	-22.369.212	2.239.215
2. Materijalni troškovi (117 do 119)	116	1.888.420.165	1.880.715.718
a) Troškovi sirovina i materijala	117	1.388.655.849	1.353.428.148
b) Troškovi prodane robe	118	206.429.228	214.077.130
c) Ostali vanjski troškovi	119	293.335.089	313.210.440
3. Troškovi osoblja (121 do 123)	120	275.279.807	276.478.348
a) Neto plaće i nadnice	121	164.740.418	167.903.978
b) Troškovi poreza i doprinosa iz plaća	122	69.540.413	69.966.293
c) Doprinosi na plaće	123	40.998.976	38.608.077
4. Amortizacija	124	89.927.576	88.969.970
5. Ostali troškovi	125	73.017.135	72.209.343
6. Vrijednosno usklađivanje (127+128)	126	1.462.632	4.288.697
a) dugotrajne imovine (osim financijske imovine)	127		
b) kratkotrajne imovine (osim financijske imovine)	128	1.462.632	4.288.697
7. Rezerviranja	129	979.241	727.619
8. Ostali poslovni rashodi	130	7.052.540	6.641.920
<b>III. FINANCIJSKI PRIHODI (132 do 136)</b>	<b>131</b>	1.039.915	369.236
1. Kamate, tečajne razlike, dividende i slični prihodi iz odnosa s	132	44.400	234.134
2. Kamate, tečajne razlike, dividende, slični prihodi iz odnosa s	133	995.515	135.102
3. Dio prihoda od pridruženih poduzetnika i sudjelujućih interesa	134		
4. Nerealizirani dobiti (prihodi) od financijske imovine	135		
5. Ostali financijski prihodi	136		
<b>IV. FINANCIJSKI RASHODI (138 do 141)</b>	<b>137</b>	12.165.059	5.189.478
1. Kamate, tečajne razlike i drugi rashodi s povezanim poduzetnicima	138	11.754.185	4.647.826
2. Kamate, tečajne razlike i drugi rashodi iz odnosa s nepovezanim	139	410.874	541.652
3. Nerealizirani gubici (rashodi) od financijske imovine	140		
4. Ostali financijski rashodi	141		
<b>V. UDIO U DOBITI OD PRIDRUŽENIH PODUZETNIKA</b>	<b>142</b>		
<b>VI. UDIO U GUBITKU OD PRIDRUŽENIH PODUZETNIKA</b>	<b>143</b>		
<b>VII. IZVANREDNI - OSTALI PRIHODI</b>	<b>144</b>		
<b>VIII. IZVANREDNI - OSTALI RASHODI</b>	<b>145</b>		
<b>IX. UKUPNI PRIHODI (111+131+142 + 144)</b>	<b>146</b>	2.471.266.999	2.476.880.969
<b>X. UKUPNI RASHODI (114+137+143 + 145)</b>	<b>147</b>	2.325.934.944	2.337.460.308
<b>XI. DOBIT ILI GUBITAK PRIJE OPOREZIVANJA (146-147)</b>	<b>148</b>	145.332.055	139.420.661
1. Dobit prije oporezivanja (146-147)	149	145.332.055	139.420.661
2. Gubitak prije oporezivanja (147-146)	150	0	0
<b>XII. POREZ NA DOBIT</b>	<b>151</b>	28.945.254	28.019.638
<b>XIII. DOBIT ILI GUBITAK RAZDOBLJA (148-151)</b>	<b>152</b>	116.386.801	111.401.043
1. Dobit razdoblja (148-151)	153	116.386.801	111.401.043
2. Gubitak razdoblja (151-148)	154	0	0

<b>DODATAK RDG-u (popunjava poduzetnik koji sastavlja konsolidirani godišnji financijski izvještaj)</b>			
<b>XIV. DOBIT ILI GUBITAK RAZDOBLJA</b>			
1. Pripisana imateljima kapitala matice	155	116.386.801	111.401.043
2. Pripisana manjinskom interesu	156		
<b>IZVJEŠTAJ O OSTALOJ SVEOBUHVAATNOJ DOBITI (popunjava poduzetnik obveznik primjene MSFI-a)</b>			
<b>I. DOBIT ILI GUBITAK RAZDOBLJA (= 152)</b>	<b>157</b>	<b>116.386.801</b>	<b>111.401.043</b>
<b>II. OSTALA SVEOBUHVAATNA DOBIT/GUBITAK PRIJE POREZA (159 do 165)</b>	<b>158</b>	<b>8.260.227</b>	<b>-10.769.730</b>
1. Tečajne razlike iz preračuna inozemnog poslovanja	159	8.260.227	-10.769.730
2. Promjene revalorizacijskih rezervi dugotrajne materijalne i	160		
3. Dobit ili gubitak s osnove ponovnog vrednovanja financijske	161		
4. Dobit ili gubitak s osnove učinkovite zaštite novčanog toka	162		
5. Dobit ili gubitak s osnove učinkovite zaštite neto ulaganja u inozemstvu	163		
6. Udio u ostaloj sveobuhvatnoj dobiti/gubitku pridruženih poduzetnika	164		
7. Aktuarski dobici/gubici po planovima definiranih primanja	165		
<b>III. POREZ NA OSTALU SVEOBUHVAATNU DOBIT RAZDOBLJA</b>	<b>166</b>		
<b>IV. NETO OSTALA SVEOBUHVAATNA DOBIT ILI GUBITAK</b>	<b>167</b>	<b>8.260.227</b>	<b>-10.769.730</b>
<b>V. SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA (157+167)</b>	<b>168</b>	<b>124.647.028</b>	<b>100.631.313</b>
<b>DODATAK Izvještaju o ostaloj sveobuhvatnoj dobiti (popunjava poduzetnik koji sastavlja konsolidirani godišnji financijski izvještaj)</b>			
<b>VI. SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA</b>			
1. Pripisana imateljima kapitala matice	169	124.647.028	100.631.313
2. Pripisana manjinskom interesu	170		



**IZVJEŠTAJ O NOVČANOM TIJEKU - Indirektna metoda**  
u razdoblju 01.12.2012 do 31.12.2012.

Obveznik: DUKAT mliječna industrija d.d.			
Naziv pozicije	AOP oznaka	Prethodna godina	Tekuća godina
1	2	3	4
<b>NOVČANI TIJEK OD POSLOVNIH AKTIVNOSTI</b>			
1. Dobit prije poreza	001	145.332.055	139.420.681
2. Amortizacija	002	89.927.576	88.999.970
3. Povećanje kratkoročnih obveza	003	11.492.501	31.098.559
4. Smanjenje kratkotrajnih potraživanja	004		
5. Smanjenje zaliha	005		
6. Ostalo povećanje novčanog tijeka	006	20.229.557	10.819.859
<b>I. Ukupno povećanje novčanog tijeka od poslovnih aktivnosti (001 do 006)</b>	<b>007</b>	<b>266.981.689</b>	<b>270.309.069</b>
1. Smanjenje kratkoročnih obveza	008		
2. Povećanje kratkotrajnih potraživanja	009	17.301.498	37.555.000
3. Povećanje zaliha	010	26.190.262	12.161.191
4. Ostalo smanjenje novčanog tijeka	011	32.887.709	35.848.224
<b>II. Ukupno smanjenje novčanog tijeka od poslovnih aktivnosti (008 do 011)</b>	<b>012</b>	<b>76.379.469</b>	<b>85.564.415</b>
<b>A1) NETO POVEĆANJE NOVČANOG TIJEKA OD POSLOVNIH</b>	<b>013</b>	<b>190.602.220</b>	<b>184.744.654</b>
<b>A2) NETO SMANJENJE NOVČANOG TIJEKA OD POSLOVNIH</b>	<b>014</b>	<b>0</b>	<b>0</b>
<b>NOVČANI TIJEK OD INVESTICIJSKIH AKTIVNOSTI</b>			
1. Novčani primici od prodaje dugotrajne materijalne i nematerijalne imovine	015	2.080.986	2.475.051
2. Novčani primici od prodaje vlasničkih i dužničkih instrumenata	016		
3. Novčani primici od kamata	017		
4. Novčani primici od dividendi	018		
5. Ostali novčani primici od investicijskih aktivnosti	019	79.457.874	86.419.446
<b>III. Ukupno novčani primici od investicijskih aktivnosti (015 do 019)</b>	<b>020</b>	<b>81.538.862</b>	<b>68.894.497</b>
1. Novčani izdaci za kupnju dugotrajne materijalne i nematerijalne imovine	021	109.758.176	73.328.058
2. Novčani izdaci za stjecanje vlasničkih i dužničkih financijskih instrumenata	022		
3. Ostali novčani izdaci od investicijskih aktivnosti	023	87.967.089	57.660.547
<b>IV. Ukupno novčani izdaci od investicijskih aktivnosti (021 do 023)</b>	<b>024</b>	<b>197.725.265</b>	<b>130.988.605</b>
<b>B1) NETO POVEĆANJE NOVČANOG TIJEKA OD INVESTICIJSKIH</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NETO SMANJENJE NOVČANOG TIJEKA OD INVESTICIJSKIH</b>	<b>026</b>	<b>116.186.403</b>	<b>62.094.108</b>
<b>NOVČANI TIJEK OD FINACIJSKIH AKTIVNOSTI</b>			
1. Novčani primici od izdavanja vlasničkih i dužničkih financijskih instrumenata	027		
2. Novčani primici od glavnice kredita, zadužnica, pozajmica i drugih posudbi	028	28.041.310	26.416.255
3. Ostali primici od financijskih aktivnosti	029		
<b>V. Ukupno novčani primici od financijskih aktivnosti (027 do 029)</b>	<b>030</b>	<b>28.041.310</b>	<b>26.416.255</b>
1. Novčani izdaci za otplatu glavnice kredita i obveznica	031	165.041.326	139.858.594
2. Novčani izdaci za isplatu dividendi	032		
3. Novčani izdaci za financijski najam	033		
4. Novčani izdaci za otkup vlastitih dionica	034		
5. Ostali novčani izdaci od financijskih aktivnosti	035		
<b>VI. Ukupno novčani izdaci od financijskih aktivnosti (031 do 035)</b>	<b>036</b>	<b>165.041.326</b>	<b>139.858.594</b>
<b>C1) NETO POVEĆANJE NOVČANOG TIJEKA OD FINACIJSKIH</b>	<b>037</b>	<b>0</b>	<b>0</b>
<b>C2) NETO SMANJENJE NOVČANOG TIJEKA OD FINACIJSKIH</b>	<b>038</b>	<b>137.000.016</b>	<b>113.442.339</b>
Ukupno povećanje novčanog tijeka (013 – 014 + 025 – 026 + 037 – 038)	039	0	9.208.207
Ukupno smanjenje novčanog tijeka (014 – 013 + 026 – 025 + 038 – 037)	040	62.584.199	0
Novac i novčani ekvivalenti na početku razdoblja	041	117.968.920	55.384.721
Povećanje novca i novčanih ekvivalenata	042		9.208.207
Smanjenje novca i novčanih ekvivalenata	043	62.584.199	
Novac i novčani ekvivalenti na kraju razdoblja	044	55.384.721	64.592.928

## IZVJEŠTAJ O PROMJENAMA KAPITALA

za razdoblje od 1.1.2012 do 31.12.2012

Naziv pozicije	AOP oznaka	Prethodna godina	Tekuća godina
1	2	3	4
1. Upisani kapital	001	300.000.000	300.000.000
2. Kapitalne rezerve	002		
3. Rezerve iz dobiti	003	12.845.269	12.845.269
4. Zadržana dobit ili preneseni gubitak	004	748.863.940	854.481.009
5. Dobit ili gubitak tekuće godine	005	116.386.801	111.401.043
6. Revalorizacija dugotrajne materijalne imovine	006		
7. Revalorizacija nematerijalne imovine	007		
8. Revalorizacija financijske imovine raspoložive za prodaju	008		
9. Ostala revalorizacija	009		
<b>10. Ukupno kapital i rezerve (AOP 001 do 009)</b>	<b>010</b>	<b>1.178.096.010</b>	<b>1.278.727.321</b>
11. Tečajne razlike s naslova neto ulaganja u inozemno poslovanje	011	8.260.227	-10.769.730
12. Tekući i odgođeni porezi (dio)	012		
13. Zaštita novčanog tijeka	013		
14. Promjene računovodstvenih politika	014		
15. Ispravak značajnih pogrešaka prethodnog razdoblja	015		
16. Ostale promjene kapitala	016	116.386.801	111.401.043
<b>17. Ukupno povećanje ili smanjenje kapitala (AOP 011 do 016)</b>	<b>017</b>	<b>124.647.028</b>	<b>100.631.313</b>
<b>17 a. Pripisano imateljima kapitala matice</b>	<b>018</b>	<b>124.647.028</b>	<b>100.631.313</b>
<b>17 b. Pripisano manjinskom interesu</b>	<b>019</b>		

Stavke koje umanjuju kapital upisuju se s negativnim predznakom

Podaci pod AOP oznakama 001 do 009 upisuju se kao stanje na datum bilance



**DUKAT GRUPA**  
**IZVJEŠĆE UPRAVE O FINANCIJSKOM POLOŽAJU**  
**I ANALIZA REZULTATA POSLOVANJA**  
**ZA RAZDOBLJE I-XII 2012.**

Poslovanje u 2012. godini obilježio je nastavak snažno negativnih trendova iz prethodnih razdoblja. Tako je 2012. godina četvrta godina zaredom u kojoj se bilježi usporen rast, odnosno pad neto dobiti.

U 2012. godini neto dobit iznosila je 111,4 milijuna kuna i manja je u odnosu na prošlu godinu za 4,3 posto, odnosno za 5,0 milijuna kuna.

Razlozi slabljenja uspješnosti poslovanja tvrtke pronalaze se na više razina: nastavak negativnih gospodarskih pokazatelja i jačanje opće nesigurnosti potrošača, pad kupovne moći potrošača i promjene potrošačkih navika s izravnim, negativnim utjecajem na strukturu prodaje i prihode od prodaje, smanjenje proizvođačkih cijena te rast ulaznih troškova. Nadalje, unatoč nastavku internih programa ušteda i optimizacije poslovnih procesa, nije se uspjela održati profitabilnost na razini lanjske.

Prihodi od prodaje iznose 2.442,9 milijuna kuna i veći su za 0,5 posto u odnosu na prošlogodišnje.

Prihodi od prodaje na domaćem tržištu, koji čine 66 posto ukupnih prihoda od prodaje, iznose 1.612,3 milijuna kuna te su u odnosu na prethodnu godinu manji za 1,5 posto.

Prihodi od prodaje na međunarodnim tržištima, koji čine 34 posto ukupnih prihoda od prodaje, povećani su za 4,5 posto i iznose 830,6 milijuna kuna. Najveći rast ostvaren je na tržištu Srbije.

Operativna dobit (EBIT) za razdoblje 2012. godine iznosila je 144,2 milijuna kuna i manja je za 7,8 posto u odnosu na operativnu dobit ostvarenu u istom razdoblju lani.

Vrijednost ulaganja u dugotrajnu imovinu u 2012. godini iznosila je 72,6 milijuna kuna, a najviše je investirano u proizvodne pogone u Hrvatskoj i Srbiji.

### 1. Prihodi

U razdoblju I-XII 2012. godine realizirani su poslovni prihodi u iznosu od 2.476,5 milijuna kuna i veći su za 0,3 posto u odnosu na prošlu godinu.

Prihodi od prodaje iznose 2.442,9 milijuna kuna i veći su za 0,5% od prošlogodišnjih.

Tržište	Siječanj - Prosinac				
	2011.	%	2012.	%	2012 / 2011
HRK mil.					
<b>Hrvatska</b>	<b>1.637,1</b>	67,3	<b>1.612,3</b>	66,0	-1,5%
<b>Međunarodna tržišta</b>	<b>794,6</b>	32,7	<b>830,6</b>	34,0	4,5%
<b>Prihodi od prodaje</b>	<b>2.431,6</b>	100,0	<b>2.442,9</b>	100,0	0,5%

### 1.1. Prihodi od prodaje proizvoda i usluga po tržištima

Prihodi od prodaje na domaćem tržištu, koji čine 66 posto ukupnih prihoda od prodaje, iznose 1.612,3 milijuna kuna te su u odnosu na prethodnu godinu smanjeni za 1,5 posto.

Prihodi od prodaje na međunarodnim tržištima povećani su za 4,5 posto na 830,6 milijuna kuna te čine 34 posto ukupnih prihoda od prodaje.

## 2. Profitabilnost

### Račun dobiti i gubitka

HRK mil.	I.-XII.		
	2011.	2012.	2012 /2011
Poslovni prihodi	2.470,2	2.476,5	0,3%
Poslovni rashodi	2.313,8	2.332,3	0,8%
<b>Operativna dobit - EBIT</b>	<b>156,5</b>	<b>144,2</b>	<b>-7,8%</b>
Financijski prihodi	1,0	0,4	-64,5%
Financijski rashodi	12,2	5,2	-57,3%
<b>Rezultat financiranja</b>	<b>-11,1</b>	<b>-4,8</b>	<b>-56,7%</b>
<b>Dobit prije poreza</b>	<b>145,3</b>	<b>139,4</b>	<b>-4,1%</b>
<b>Neto dobit</b>	<b>116,4</b>	<b>111,4</b>	<b>-4,3%</b>

Operativna dobit (EBIT) za razdoblje I-XII 2012. godine iznosi 144,2 milijuna kuna i manja je za 7,8 posto u odnosu na operativnu dobit ostvarenu u istom razdoblju lani.

Neto dobit iznosi 111,4 milijuna kuna i manja je u odnosu na prošlu godinu za 4,3 posto, odnosno za 5,0 milijuna kuna.

### 3. Ulaganja u dugotrajnu imovinu (CAPEX)

Vrijednost ulaganja u dugotrajnu imovinu u razdoblju I-XII 2012. godine iznosi 72,6 milijuna kuna, a najviše je investirano u proizvodne pogone u Hrvatskoj i Srbiji.



#### 4. Financijski položaj

##### 4.1. Bilanca

mil. HRK	01.01. 2012	Udio %	31.12. 2012	Udio %	Stopa promjene
<b>DUGOTRAJNA IMOVINA</b>	931,9	52	898,3	50	-3,6%
<b>KRA TKOTRAJNA IMOVINA</b>	854,5	48	905,7	50	6,0%
Zalihe i predujmovi	194,1	11	204,8	11	5,5%
Potraživanja	588,9	33	623,6	35	5,9%
Novac i vrijednosni papiri	55,4	3	64,6	4	16,6%
Ostalo	16,1	1	12,6	1	-21,9%
<b>AKTIVA</b>	<b>1.786,4</b>	<b>100</b>	<b>1.803,9</b>	<b>100</b>	<b>1,0%</b>
<b>KAPITAL I REZERVE</b>	1.178,1	66	1.278,7	71	8,5%
<b>DUGOROČNO REZERVIRANJE</b>	7,2	0	7,5	0	5,2%
<b>DUGOROČNE OBVEZE</b>	98,5	6	3,7	0	-96,2%
<b>KRA TKOROČNE OBVEZE</b>	502,7	28	514,0	28	2,2%
Obveze prema dobavljačima	308,2	17	273,7	15	-11,2%
Obveze po kreditima	32,2	2	12,9	1	-60,0%
Ostalo	162,2	9	227,3	13	40,2%
<b>PASIVA</b>	<b>1.786,4</b>	<b>100</b>	<b>1.803,9</b>	<b>100</b>	<b>1,0%</b>

Vrijednost imovine Dukat Grupe na dan 31. prosinca 2012. godine iznosi 1.803,9 milijuna kuna te je u odnosu na 1. siječanj 2012. godine povećana za 17,5 milijuna kuna, odnosno 1,0 posto.

Kratkotrajna imovina na dan 31. prosinca 2012. godine povećana je za 51,2 milijuna kuna, odnosno 6,0 posto uslijed povećanja zaliha i predujmova te povećanja potraživanja, novca i vrijednosnih papira.

Ukupne obveze Dukat Grupe na dan 31. prosinca 2012. godine iznosile su 517,7 milijuna kuna te su u usporedbi s 1. siječnjem 2012. godine smanjene za 83,5 milijuna kuna, odnosno za 13,9 posto.

Dukat d.d.



**Thierry André Zurcher**  
direktor





Dukat d.d. dio je najveće svjetske inicijative društveno odgovornog poslovanja.

**IZJAVA OSOBA ODGOVORNIH ZA  
SASTAVLJANJE IZVJEŠĆA DRUŠTVA  
DUKAT D.D. SUKLADNO ČL. 403.  
ZAKONA O TRŽIŠTU KAPITALA (NN  
88/08, 146/08 i 74/09)**

Izjavljujemo da prema našem najboljem saznanju;

- Revidirani financijski izvještaji društva Dukat d.d. Zagreb i Dukat Grupe za razdoblje I – XII 2012.g. sastavljeni su uz primjenu odgovarajućih standarda financijskog izvještavanja, daju cjelovit i istinit prikaz imovine i obveza, gubitaka i dobitaka, financijskog položaja i poslovanja izdavatelja i društava uključenih u konsolidaciju kao cjeline;

- Izvješće Uprave o financijskom položaju i analiza rezultata Dukat d.d. Zagreb i Dukat Grupe za razdoblje I – XII 2012.g., sadrži istinit prikaz razvoja i rezultata poslovanja i položaja izdavatelja i društava uključenih u konsolidaciju, uz opis najznačajnijih rizika i neizvjesnosti kojima su izdavatelj i društva izloženi kao cjelina.

U Zagrebu, 12. travnja 2013.

**STATEMENT OF THE PERSONS  
RESPONSIBLE FOR PREPARING  
REPORTS OF DUKAT INC. ACCORDING  
TO THE ARTICLE 403 OF CAPITAL  
MARKET ACT (OFFICIAL GAZETTE NO.  
88/08, 146/08 and 74/09)**

We declare that according to our best knowledge;

- Audited, financial reports of Dukat Inc. Zagreb and Dukat Group for the period I – XII 2012 are prepared in accordance with applicable financial reporting standards, providing a complete and fair view of property and obligations, losses and gains, financial position and management of the issuer and the companies included in consolidation as a whole;

- Report of the Management Board on financial status and business results analysis for Dukat Inc. Zagreb and Dukat Group for the period I – XII 2012 contains a fair view of development, business results and position of the issuer and the companies included in consolidation, with a description of significant risks and uncertainties where the issuer and the companies are exposed as a whole.

In Zagreb, April 12<sup>th</sup> 2013.

**Direktor Dukat d.d./  
Director of Dukat Inc.**

**Thierry, André Zurcher**

**Izvršni direktor za financije i  
administraciju/ Executive Director for  
Administration and Finance**

**Alenka Malenica**



Dukat mliječna industrija d.d., Manjana Čavica 9, 10 000 Zagreb, Hrvatska  
Sud. upisa u trgovački registar i broj: Trgovački sud Zagreb, MBS 080307619.  
Transakcijski račun društva: 2360000-1101223933 Zagrebačka banka d.d., Paromlinska 2, Zagreb.  
Matični broj: 1454935, OIB: 25457712630, Iznos temeljnog kapitala 300.000.000 kn uplaćen u cijelosti.  
Izdano 3.000.000 dionica u nominalnom iznosu 100,00 kn po dionici.

Uprava: Thierry André Zurcher, direktor.  
Predsjednik Nadzornog odbora: Daniel Marie Jaouen.

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DUKAT MLIJEČNA INDUSTRIJA D.D. and DUKAT GROUP

Financial statements as at 31 December 2012  
together with independent auditors' report





**ERNST & YOUNG**

**Ernst & Young d.o.o.**  
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Račun / Account: 2402006-1100280716  
IBAN: HR3324020061100280716  
SWIFT: ESBCHR22

## **Independent Auditors' report**

**To the Management Board and Shareholders of Dukat mlječna Industrija d.d.:**

We have audited the accompanying consolidated financial statements of Dukat mlječna industrija d.d. ("Dukat d.d.", or "the Company") and its subsidiaries (together, the "Group") and separate financial statements of Dukat mlječna Industrija d.d. (together "the financial statements"), which comprise the consolidated and separate statement of financial position as at 31 December 2012 and the consolidated and separate statement of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information (as set out on pages 3 to 71).

### **Management Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion the financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2012 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Ernst & Young d.o.o.*

**Ernst & Young d.o.o.**  
Zagreb  
Republic of Croatia  
15 March 2013



**DUKAT GROUP**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

<i>(all amounts expressed in thousand of HRK)</i>	<b>Note</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Continuing operations</b>			
Revenues	6	2,462,592	2,446,128
Other income		12,666	22,704
Government subsidies		-	386
Changes in work-in-progress and finished goods		(2,239)	22,369
Costs of goods and services	7	(1,880,716)	(1,888,420)
Staff costs	8	(299,022)	(303,311)
Depreciation and amortization	15,16,17	(88,970)	(89,928)
Other operating costs	9	(61,324)	(54,455)
Other gains – net	10	1,254	984
<b>Operating profit</b>		<b>144,241</b>	<b>156,457</b>
<b>Finance costs – net</b>	11	<b>(4,820)</b>	<b>(11,125)</b>
<b>Profit before tax</b>		<b>139,421</b>	<b>145,332</b>
Income tax expense	12	(28,020)	(28,945)
<b>Net profit for the period</b>		<b>111,401</b>	<b>116,387</b>
<b>Attributable to:</b>			
Equity holders of Dukat d.d.		111,401	116,387
Non-controlling interests		-	-
		<b>111,401</b>	<b>116,387</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		(10,769)	8,260
<b>Total net comprehensive income for the period</b>		<b>100,632</b>	<b>124,647</b>
<b>Attributable to:</b>			
Equity holders of Dukat d.d.		100,632	124,647
Non-controlling interest		-	-
		<b>100,632</b>	<b>124,647</b>
<b>Earnings/(loss) per share (in HRK) – basic and diluted</b>	13	<b>37.13</b>	<b>38.80</b>

The notes on pages 13 to 71 are an integral part of these financial statements.

**DUKAT D. D.****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2012***(all amounts expressed in thousand of HRK)*

	<b>Note</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Continuing operations</b>			
Revenues	6	1,783,283	1,859,374
Other income		3,284	12,400
Changes in work-in-progress and finished goods		(3,079)	14,498
Costs of goods and services	7	(1,409,028)	(1,459,428)
Staff costs	8	(205,018)	(199,910)
Depreciation and amortization	15,16,17	(44,118)	(45,706)
Other operating costs	9	(27,808)	(25,437)
Other gains – net	10	554	43
<b>Operating profit</b>		<b>98,070</b>	<b>155,834</b>
<b>Finance costs – net</b>	11	<b>(4,417)</b>	<b>(10,828)</b>
<b>Profit before tax</b>		<b>93,653</b>	<b>145,006</b>
Income tax expense	12	(18,333)	(22,900)
<b>Net profit for the period</b>		<b>75,320</b>	<b>122,106</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total net comprehensive income for the period</b>		<b>75,320</b>	<b>122,106</b>

The notes on pages 13 to 71 are an integral part of these financial statements.

**DUKAT GROUP****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2012**

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*(all amounts expressed in thousand of HRK)*

	Note	31 December 2012	31 December 2011
<b>Non-current assets</b>			
Property, plant and equipment	15	701,575	725,217
Advances for property, plant and equipment	15	110	3,411
Investment property	16	4,066	4,151
Intangible assets	17	173,338	173,395
Financial assets		1,388	1,355
Deferred tax assets	12	925	904
Long-term loans receivable and advances	20	16,882	23,513
Total non-current assets		898,284	931,946
<b>Current assets</b>			
Inventories	21	200,823	190,098
Trade and other receivables	22	640,236	609,004
Cash and cash equivalents	23	64,593	55,385
Total current assets		905,652	854,487
<b>Total assets</b>		<b>1,803,936</b>	<b>1,786,433</b>

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The notes on pages 13 to 71 are an integral part of these financial statements.



**DUKAT GROUP****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2012**

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*(all amounts expressed in thousand of HRK)*

	<u>Note</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
<b>Shareholders' equity</b>			
Registered capital	24	300,000	300,000
Legal reserves	24	15,000	15,000
Cumulative translation reserves		(51,425)	(40,656)
Retained earnings		1,017,308	905,915
Other reserves		(2,155)	(2,163)
Total shareholders' equity		1,278,728	1,178,096
<b>Non-current liabilities</b>			
Borrowings	25	733	95,347
Provisions	26	7,533	7,163
Other non-current liabilities		322	362
Deferred tax liability		2,663	2,804
Total non-current liabilities		11,251	105,676
<b>Current liabilities</b>			
Borrowings	25	12,892	32,242
Trade payables	27	273,732	308,249
Provisions	26	8,735	9,234
Income tax payable		1,567	4,021
Accruals and other payables	28	217,031	148,915
Total current liabilities		513,957	502,661
Total liabilities		525,208	608,337
Total shareholders' equity and liabilities		1,803,936	1,786,433

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The notes on pages 13 to 71 are an integral part of these financial statements.

**DUKAT D.D.**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2012**

<i>(all amounts expressed in thousand of HRK)</i>	Note	31 December 2012	31 December 2011
<b>Non-current assets</b>			
Property, plant and equipment	15	327,213	335,463
Advances for property, plant and equipment	15	-	1,035
Investment property	16	473	507
Intangible assets	17	1,652	1,177
Investments in subsidiaries	18	578,270	550,479
Financial assets		178	139
Deferred tax assets	12	925	904
Long-term loans receivable and advances	20	2,420	9,217
<b>Total non-current assets</b>		<b>911,131</b>	<b>898,921</b>
<b>Current assets</b>			
Inventories	21	126,113	120,894
Trade and other receivables	22	454,193	463,581
Cash and cash equivalents	23	33,413	21,105
<b>Total current assets</b>		<b>613,719</b>	<b>605,580</b>
<b>Total assets</b>		<b>1,524,850</b>	<b>1,504,501</b>

The notes on pages 13 to 71 are an integral part of these financial statements.

**DUKAT D.D.****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2012**

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<i>(all amounts expressed in thousand of HRK)</i>	<u>Note</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
<b>Shareholders' equity</b>			
Registered capital	24	300,000	300,000
Legal reserves	24	15,000	15,000
Retained earnings		781,046	705,726
Total shareholders' equity		1,096,046	1,020,726
<b>Non-current liabilities</b>			
Borrowings	25	733	91,408
Provisions	26	4,624	4,519
Other non-current liabilities		323	362
Total non-current liabilities		5,680	96,289
<b>Current liabilities</b>			
Borrowings	25	11,628	28,926
Trade payables	27	223,133	227,977
Provisions	26	5,912	5,795
Accruals and other payables	28	182,451	124,788
Total current liabilities		423,124	387,486
Total liabilities		428,804	483,775
<b>Total shareholders' equity and liabilities</b>		<u>1,524,850</u>	<u>1,504,501</u>

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The notes on pages 13 to 71 are an integral part of these financial statements.



DUKAT GROUP

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

<i>(all amounts expressed in thousands of HRK)</i>	Attributable to the equity holders of the parent					Total Equity
	Share Capital	Legal Reserves	Other Reserves	Cumulative Translation Reserves	Retained Earnings	
Balance at 1 January 2011	300,000	15,000	(2,163)	(48,916)	789,528	1,053,449
Net profit for the period	-	-	-	-	116,387	116,387
Other comprehensive income	-	-	-	8,260	-	8,260
Total comprehensive income	-	-	-	8,260	116,379	124,647
Acquisition of non-controlling interests	-	-	-	-	-	-
Balance at 31 December 2011	300,000	15,000	(2,163)	(40,656)	905,915	1,178,096
Balance at 1 January 2012	300,000	15,000	(2,163)	(40,656)	905,915	1,178,096
Net profit of the period	-	-	-	-	111,401	111,401
Other comprehensive income	-	-	-	(10,769)	-	(10,769)
Transfers	-	-	8	-	(8)	-
Total comprehensive income	-	-	8	(10,769)	111,393	100,632
Balance at 31 December 2012	300,000	15,000	(2,155)	(51,425)	1,017,308	1,278,728

The notes on pages 13 to 71 are an integral part of these financial statements.

DUKAT d.d.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

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*(all amounts expressed in thousands of HRK)*

	<u>Share Capital</u>	<u>Legal Reserves</u>	<u>Other Reserves</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
Balance at 1 January 2011	300,000	15,000	86	583,534	898,620
Net comprehensive income for the period	-	-	-	122,106	122,106
Balance at 31 December 2011	300,000	15,000	86	705,640	1,020,726
Balance at 1 January 2012	300,000	15,000	86	705,640	1,020,726
Net comprehensive income for the period	-	-	-	75,320	75,320
Balance at 31 December 2012	300,000	15,000	86	780,960	1,096,046

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The notes on pages 13 to 71 are an integral part of these financial statements.

**DUKAT GROUP****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2012***(all amounts expressed in thousand of HRK)*

	<u>2012</u>	<u>2011</u>
<b>Cash from operating activities:</b>		
Cash generated from operations (Note 29)	216,873	222,073
Income tax paid	(27,406)	(25,439)
Interest paid	(4,723)	(6,032)
<b>Cash from operating activities</b>	<b>184,744</b>	<b>190,602</b>
<b>Cash from investing activities:</b>		
Purchases of tangible and intangible assets	(73,328)	(109,758)
Proceeds from sale of tangible assets	2,476	2,081
Long-term loans granted	(1,892)	(21,323)
Repayments of long-term loans receivable	8,968	13,285
Short-term loans granted and deposits	(55,768)	(66,644)
Repayments of short-term loans granted	57,450	66,173
<b>Cash from investing activities</b>	<b>(62,094)</b>	<b>(116,186)</b>
<b>Cash from financing activities:</b>		
Proceeds from long-term debt issued	-	28,041
Repayments of long-term debt	(113,676)	(165,041)
Proceeds from short-term debt issued	26,416	-
Repayments of short-term debt	(26,182)	-
<b>Cash from financing activities</b>	<b>(113,442)</b>	<b>(137,000)</b>
<b>Net (decrease)/increase in cash</b>	<b>9,208</b>	<b>(62,584)</b>
Cash and cash equivalents, beginning of year	55,385	117,969
Cash and cash equivalents, end of year	64,593	55,385

The notes on pages 13 to 71 are an integral part of these financial statements.



**DUKAT D.D.****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2012***(all amounts expressed in thousand of HRK)*

	<u>2012</u>	<u>2011</u>
<b>Cash from operating activities:</b>		
Cash generated from operations (Note 29)	143,528	138,841
Income tax paid	(14,600)	(22,112)
Interest paid	(4,865)	(6,032)
<b>Cash from operating activities</b>	<b>124,063</b>	<b>110,697</b>
<b>Cash from investing activities:</b>		
Purchases of tangible and intangible assets	(36,319)	(42,752)
Proceeds from sale of tangible assets	872	844
Capital contribution in subsidiaries	(27,791)	(24,675)
Purchase of non-controlling interest	-	-
Long-term loans granted	(898)	(26,997)
Repayments of long-term loans receivable	17,535	20,651
Short-term loans granted and deposits	(60,530)	(69,999)
Repayments of short-term loans granted	91,767	72,185
Dividends paid / received (Note 14)	11,232	37,402
<b>Cash from investing activities</b>	<b>(4,132)</b>	<b>(33,341)</b>
<b>Cash from financing activities:</b>		
Proceeds from long-term debt issued	-	28,041
Repayments of long-term debt	(107,857)	(162,607)
Proceeds from short-term debt issued	26,416	-
Repayments of short-term debt	(26,182)	-
<b>Cash from financing activities</b>	<b>(107,623)</b>	<b>(134,566)</b>
<b>Net (decrease)/increase in cash</b>	<b>12,308</b>	<b>(57,210)</b>
Cash and cash equivalents, beginning of year	21,105	78,315
Cash and cash equivalents, end of year	33,413	21,105

The notes on pages 13 to 71 are an integral part of these financial statements.

## DUKAT D.D. AND DUKAT GROUP

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2012

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#### NOTE 1 – GENERAL INFORMATION

DUKAT d.d. (the "Company" or "DUKAT") is a company registered under the laws and jurisdictions of the Republic of Croatia. The Company is domiciled in Zagreb. The address of its registered office is Marijana Čavića 9, Zagreb.

The Company's primary activities are processing of milk products and dairy products (including cheeses, cottage cheese, fermented and pasteurised products).

The DUKAT Group (the "Group") in 2012 consisted of the parent company, DUKAT d.d., Zagreb and 12 subsidiaries (2011: 11 subsidiaries) located in Croatia, Slovenia, Bosnia and Herzegovina, Serbia, Macedonia, Kosovo and Hungary. A list of subsidiaries is disclosed in Note 18.

Other activities of the Group include wholesale and retail trade, repair and maintenance of vehicles and the transportation of goods.

At 31 December 2012, the main shareholder of the Group was BSA International SA Bruxelles who owned 93.69% (2011: 93.69%) of the Company's shares, while the remaining 6.31% (2011: 6.31%) of the shares were widely held. Ultimate parent of the Company and of the Group is BSA International SA Bruxelles.

As at 31 December 2012, the Company's shares were listed on the regular market on the Zagreb Stock Exchange.

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. All policies applicable to the Group are also applicable to the Company, unless otherwise stated.

##### 2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) under the historical cost convention, except for financial assets held at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

- *IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets;*
- *IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters*
- *IFRS 7 Financial Instruments : Disclosures - Enhanced Derecognition Disclosure Requirements.*

The adoption of the standards or interpretations is described below:

*IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets*

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and there has been no effect on the Group's financial position, performance or its disclosures.

*IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters*

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact to the Group.

*IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.



DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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Changes in accounting policies (continued)

**Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

*IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first annual report after becoming effective.

*IAS 19 Employee Benefits (Revised)*

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The Group does not expect that the amendment will have an impact on its financial position or results.

*IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)*

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

*IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Changes in accounting policies (continued)**

*IFRS 1 Government Loans – Amendments to IFRS 1*

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Group.

*IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

*IFRS 9 Financial Instruments: Classification and Measurement*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

*IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements*

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.



**Changes in accounting policies (continued)**

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group.

This standard becomes effective for annual periods beginning on or after 1 January 2013.

*IFRS 11 Joint Arrangements*

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after 1 January 2013.

*IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

*IFRS 13 Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

*IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine*

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after 1 January 2013. The new interpretation will not have an impact on the Group.



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Changes in accounting policies and disclosures (continued)**

**Improvements to IFRS – May 2012**

These improvements will not have an impact on the Group, but include:

*IFRS 1 First-time Adoption of International Financial Reporting Standards*

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

*IAS 1 Presentation of Financial Statements*

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

*IAS 16 Property Plant and Equipment*

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

*IAS 32 Financial Instruments, Presentation*

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

*IAS 34 Interim Financial Reporting*

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

**2.2 Consolidation**

*(a) Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group (acquisition date). They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The date of exchange is the acquisition date where a business combination is achieved in a single transaction, and is the date of each share purchase where a business combination is achieved in stages by successive share purchases. Acquisition costs incurred are recognized in the statement of comprehensive income in the period in which they occurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated in consolidation. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

*(b) Transactions with non-controlling interests*

Purchases and disposals of non-controlling interests might result in gains and losses for the Group that are recorded as equity transactions.

**2.3 Investment in subsidiaries**

In the non-consolidated financial statements, the Company records investments in subsidiaries at cost, less any impairment.

**2.4 Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and c) for which discrete financial information is available.



## DUKAT D.D. AND DUKAT GROUP

### NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.5 Foreign currencies

###### *(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Croatian kuna (HRK), which is the Company's functional and presentation currency.

###### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

###### *(c) Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to 'Cumulative translation reserves' within shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

##### 2.6 Property, plant and equipment

Property, plant and equipment is included in the balance sheet at historical cost less accumulated depreciation and provision for impairment, where required. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.



DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment (continued)

Annual depreciation rates are as follows:

	Number of work shifts		
	One	Two	Three
Buildings	2.0%-10.0%	2.5%-12.5%	3.0%-15.0%
Machinery and equipment	5.0%-20.0%	6.3%-25.0%	7.5%-30.0%
Transportation vehicles	16.67%-25.0%	20.84%-31.25%	25.0%-37.5%
Others	10.0%-20.0%	12.5%-25.0%	15.0%-30.0%

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in 'other operating expenses' in the income statement.

2.7 Investment properties

Investment property, principally comprising office buildings and land, is held for long-term rental yields or appreciation and is not occupied by the Group. Investment property is treated as a long-term investment unless it is intended to be sold in the next year and a buyer has been identified in which case it is classified within current assets.

Investment property is carried at historical cost less accumulated depreciation. Depreciation for buildings is calculated using the straight-line method to allocate cost over the estimated useful life (10 to 50 years).

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with it will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.8 Intangible assets**

*(a) Goodwill*

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose (Note 2.9).

*(b) Trademarks, patents and licenses*

Acquired trademarks, patents and licenses are shown at historical cost. Trademarks, patents and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks, patents and licenses over their estimated useful lives (5 years).

*(c) Computer software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5 years). Direct costs (mainly software development employee costs) associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets.

**2.9 Impairment of non-financial assets**

Intangible assets that have an indefinite useful life (such as goodwill) are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.



DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets

The Group classifies its financial assets in the following two categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*(a) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within line item 'other losses/gains' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of line item 'other losses/gains' when the Company's right to receive payment is established.

*(b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are carried at amortized cost using the effective interest method.

Regular purchases and sales of investments are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions and references to other instruments that are substantially the same, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of given loans and receivables is described in Note 2.16.



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**2.11 Derivative financial instruments**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of such derivatives is recognized immediately in the income statement within 'other gains – net'.

**2.12 Non-current assets classified as held for sale**

A disposal group is assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition.

Non-current assets or a disposal group (which may include both non-current and current assets) is classified in the statement of financial position as 'Non-current assets held for sale' if the carrying amount will be recovered principally through a sale transaction within twelve months after the balance sheet date rather than through continuing use. Non-current assets or a disposal group classified as held for sale in the current period's statement of financial position is not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period. Liabilities directly associated with the disposal group that will be transferred in the disposal transaction are reclassified and presented separately in the statement of financial position.

Non-current assets or a disposal group held for sale as a whole is measured at the lower of the carrying amount and fair value less costs to sell. Held for sale property, plant and equipment, investment properties and intangible assets are not depreciated or amortized.

**2.13 Discontinued operations**

A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.



NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**2.14 Leases**

The Group leases certain property, plant and equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of fair value of the leased property or the present value of minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the balance outstanding. The interest element of the finance costs is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the significant portion of risks and rewards of ownership are not retained by the Group are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

**2.15 Inventories**

Inventories of raw materials, spare parts & trade goods are stated at the lower of cost, determined using the weighted average method, or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The cost of work-in-process and finished goods comprise raw materials, direct laborer, other direct costs and related production overheads (based on normal operating capacity).

Small inventory and tools are expensed when put into use.

**2.16 Trade and loan receivables**

Trade and loan receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement within 'other operating expenses'.

Past due receivables are value adjusted according to the accounting policies: receivables over 180 days are 50% value adjusted, receivables over 360 days are adjusted in total amount and sued debtors are completely value adjusted. Individually significant receivables are assessed on individual basis and value adjusted in the moment when there is evidence of their non-recoverability.

**2.17 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less.



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.18 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Group purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

**2.19 Loans**

Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs, which include interest and other costs incurred in connection with the borrowing of funds, including exchange differences arising from foreign currency borrowings, are expensed in the period in which they are incurred, except those directly attributable to the acquisition, construction or production of qualifying assets which are capitalized.

Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**2.20 Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

**2.21 Value added tax (VAT)**

The Tax Authorities require the settlement of VAT on a net basis. VAT related to sales and purchases is recognized and disclosed in the balance sheet on a net basis. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.



**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.22 Employee benefits**

*(a) Pension obligations and post-employment benefits*

In the normal course of business through salary deductions, the Company makes payments to mandatory pension funds on behalf of its employees as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Group does not have any other pension scheme and consequently, has no other obligations in respect of employee pensions. In addition, the Group is not obliged to provide any other post-employment benefits.

*(b) Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

*(c) Long-term employee benefits*

The Group recognizes a liability for long-term employee benefits (jubilee awards and regular retirement) evenly over the period the benefit is earned based on actual years of service. The long-term employee benefit liability includes assumptions of the likely number of staff to whom the benefit will be payable, estimated benefit cost and the discount rate.

*(d) Short-term employee benefits*

The Group recognizes a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. In addition, the Group recognizes a liability for accumulated compensated absences based on unused vacation days at the balance sheet date.

**2.23 Provisions**

Provisions for legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.23 Provisions (continued)**

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

**2.24 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

The Group has made an assessment of its sales agreements according to the specified criteria and has concluded that it is acting as a principal in majority of the contracts.

*(a) Sales of goods*

Sales of goods are recognized when the Group has delivered the products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of loss has been transferred to the customer and the customer has accepted the products in accordance with the contract terms.

Products are sold with volume discounts and customers have a right to return faulty products. Sales are recorded based on the price specific in the sales contracts, net of estimated volume discounts and returns. Accumulated experience is used to estimate the discounts and returns. The volume discounts are assessed based on anticipated annual sales.

*(b) Sales of services*

A subsidiary of the Group provides transportation services to retailers and manufacturers of foodstuffs and packaging material. Revenue from these services is recognized in the period the services are provided, based on services provided up to a certain point as a percentage of the total services provided, by kilometers travelled and quantities transported.

*(c) Interest income*

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(d) Dividend income*

Dividend income is recognized when the right to receive payment is established.

**2.25 Government subsidies**

Government subsidies are recognized at their fair value when there is reasonable assurance that the subsidy will be received and the Group will comply with all related conditions. Income from government subsidies is recognized in the period necessary to match them with costs that are intended to be compensated.

**2.26 Non-cash settlements**

A portion of receivables and payables are settled by mutual cancellations or through a chain of settlements involving several companies. Sales and purchases that are settled in this manner are recognized based on their fair value. These transactions have been excluded from the cash flow statement.

**2.27 Dividend distribution**

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

**2.28 Operating profit**

Operating profit is defined as the result before income taxes, finance items and result of discounted operations. Finance items comprise interest expense on loans, gains and losses on sale of available for sale financial instruments and foreign exchange gains and losses on non operating monetary assets and liabilities denominated in foreign currency.

DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 3 – FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow interest rate risk. Overall risk management in respect of these risks is carried out by the Group's treasury and credit department.

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Group foreign sales revenue is denominated mainly in Euros. Most of the Group's long-term and short-term debt is also tied to the Euro. Moreover, the Group has investments in foreign subsidiaries (in Slovenia, Bosnia and Herzegovina, Serbia, Macedonia, Kosovo and Hungary) and their net assets have an exposure to foreign exchange risk.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Group's and the Company's profit before tax:

	Increase/decrease in Euro rate	GROUP Effect on profit before tax HRK '000	COMPANY Effect on profit before tax HRK '000
2012	1%	(517)	(128)
	-1%	517	128
2011	1%	(1,482)	(902)
	-1%	1,482	902

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates against HRK of the Group's other comprehensive income:

Currency	Increase/decrease in FX rate	2012 Effect on other comprehensive income HRK '000	2011 Effect on other comprehensive income HRK '000
EUR	1%	147	129
	-1%	(147)	(129)
BAM	1%	753	788
	-1%	(753)	(788)



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)**

Currency	Increase/decrease in FX rate	2012 Effect on other comprehensive income	2011 Effect on other comprehensive income
<b>RSD</b>	1%	1,480	1,434
	-1%	(1,480)	(1,434)
<b>MKD</b>	1%	568	359
	-1%	(568)	(359)

*(b) Credit risk*

The Group's credit risk relates to key customers. As at 31 December 2012, the top five customers comprise 49.53% out of total trade receivables for the Group and 55.23% out of total trade receivables for the Company (2011: 34.49% for the Group and 48.74% for the Company). The Group has no pledges over customers assets.

Estimated maximal exposure to credit risk for the Group at Statement of financial position date amounts HRK 721,711 thousand (31 December 2011: HRK 687,902 thousand), and for the Company HRK 687,902 thousand (31 December 2011: HRK 493,903 thousand). Maximal exposure to credit risk is represented in the amount of total receivables, cash and cash equivalents, long-term loans receivables and advances.

However, the Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and within predetermined credit limits. Credit risk with respect to loan receivables is limited due to the insignificant amounts involved and to their dispersion among a number of dairy farmers and Group employees. The Group has policies that limit the amount of credit exposure to any financial institution.

*(c) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet all obligations. The Group aims to maintain flexibility in funding by keeping committed credit lines available. The treasury department regularly monitors available cash resources.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2012 based on contractual payments:

<i>HRK thousand</i>	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>31 December 2012</b>					
Long term loans (based on original maturity)	113	11,515	733	-	12,361
Short term loans (based on original maturity)	-	1,264	-	-	1,264
Loans interest payable	156	-	-	-	156
Other liabilities	193,080	25,840	-	-	218,920
Trade payables	273,732	-	-	-	273,732
	<b>467,081</b>	<b>38,619</b>	<b>733</b>	<b>-</b>	<b>506,433</b>

DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

<i>HRK thousand</i>	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>31 December 2011</b>					
Long term loans (based on original maturity)	199	30,782	95,347	-	126,328
Short term loans (based on original maturity)	-	1,261	-	-	1,261
Loans interest payable	403	5,876	4,757	-	11,036
Other liabilities	149,271	3,665	362	-	153,298
Trade payables	300,933	7,316	-	-	308,249
	<b>450,806</b>	<b>48,900</b>	<b>100,466</b>	<b>-</b>	<b>600,172</b>

The table below summarizes the maturity profile of the Company's financial liabilities at 31 December 2012 based on contractual payments:

<i>HRK thousand</i>	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>31 December 2012</b>					
Long term loans (based on original maturity)	113	11,515	733	-	12,361
Other liabilities	157,607	25,165	-	-	182,772
Loans interest payable	156	-	-	-	156
Trade payables	223,133	-	-	-	223,133
	<b>381,009</b>	<b>36,680</b>	<b>733</b>	<b>-</b>	<b>418,422</b>
<b>31 December 2011</b>					
Long term loans (based on original maturity)	113	28,813	91,408	-	120,334
Other liabilities	121,123	3,665	362	-	125,150
Loans interest payable	402	5,683	4,581	-	10,666
Trade payables	219,194	8,783	-	-	227,977
	<b>340,832</b>	<b>46,944</b>	<b>96,351</b>	<b>-</b>	<b>484,127</b>

(d) Cash flow risk and risk of change in interest rate

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed interest rates expose the Group to risk of change of fair value of borrowings due to the change of market interest rate. The biggest part of the Group's borrowings bear fixed interest rate.



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)**

**3.2 Fair value estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Quoted market prices for similar instruments are used for long-term debt. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The carrying value of borrowing which bear fixed interest rate approximate their fair value.

**3.3 Capital management**

The primary objective of the Group's and Company's capital management is to ensure that it support its business and maximize shareholder value. The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011. The capital as being managed by the Group consists of equity attributable to shareholders, comprising issued capital, other reserves, retained earnings and long term and short term borrowings as presented in the Statement of financial position. The Group monitors capital using a gearing ratio (debt to equity), which is net indebtedness divided by average equity. The Group includes within net debt, interest bearing loans and borrowings less cash and cash equivalents. Such gearing ratio for 2012 amounts to 4.0% (2011: 6.3%).

The Group has certain loans based on which it has to maintain specific financial covenants (see Note 25).

DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES

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3.4 Significant estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*(a) Impairment testing of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use and fair value less cost to sell calculations. These calculations require the use of estimates (Note 19).

*(b) Legal claims and disputes*

Provisions for legal claims and disputes are recorded based on management's estimate of probable losses after consultation with legal counsel. It is reasonably possible that future litigation outcomes will be different from management assumptions of probable losses (Note 26).

*(c) Other long-term employee benefits*

In line with the collective bargaining agreement, the Group provides jubilee awards to employees. For the present value calculation of these benefits, the Group estimates employee turnover based on past trends and determines the appropriate discount rate based on current market conditions. Were the discount rate and employee turnover used to differ by 10% from management estimates, the carrying amount of the related liability would not be significantly different from that recorded and presented in note 26.

*(d) Impairment of receivables*

As it is stated in Note 22, the Group has recognised an impairment of trade receivables, that is based on estimated collection probability. Collectibility of receivables is based on: customer's status (e.g. customers with blocked bank accounts, customers against whom legal procedures have been initiated), ageing structure of receivables, stage of litigation procedure and based on security instruments available to the Group (e.g. bill of exchanges).

*(e) Impairment of subsidiaries*

The Company has investments in subsidiaries as presented in note 18. The Company monitors the results of its subsidiaries and whether those results indicate and existence of impairment indicators. If impairment indicators are spotted, the Company tests whether investment in particular subsidiary has suffered any impairment.



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 5 – SEGMENT INFORMATION**

**Operating segments**

The Group is organized in two main segments as observed by the Management:

1. Manufacture and sale of dairy products (including milk, fermented products, spreads and desserts)
2. Transportation services

The segment results for the year ended 31 December 2012 are as follows:

<i>In thousand of HRK</i>	<b>Dairy</b>	<b>Transport</b>	<b>Total Group</b>
Gross segment sales	3,016,205	160,784	3,176,989
Inter-segment sales	(667,143)	(34,588)	(701,731)
<b>Sales from external customers</b>	<b>2,349,062</b>	<b>126,196</b>	<b>2,475,258</b>
Operating profit	137,825	6,416	144,241
Finance costs-net	(4,789)	(31)	(4,820)
<b>Profit before income tax</b>	<b>133,036</b>	<b>6,385</b>	<b>139,421</b>
Income tax expense	(26,683)	(1,337)	(28,020)
<b>Profit for the year</b>	<b>106,353</b>	<b>5,048</b>	<b>111,401</b>

The segment results for the year ended 31 December 2011 are as follows:

<i>In thousand of HRK</i>	<b>Dairy</b>	<b>Transp.</b>	<b>Total Group</b>
Gross segment sales	3,034,859	154,056	3,188,915
Inter-segment sales	(686,051)	(34,031)	(720,082)
<b>Sales</b>	<b>2,348,808</b>	<b>120,025</b>	<b>2,468,833</b>
Operating profit	151,953	4,504	156,457
Finance costs-net	(11,125)	-	(11,125)
<b>Profit before income tax</b>	<b>140,828</b>	<b>4,504</b>	<b>145,332</b>
Income tax expense	(27,982)	(963)	(28,945)
<b>Profit for the year</b>	<b>112,846</b>	<b>3,541</b>	<b>116,387</b>

The transactions between the reporting segments are accounted for according to the issued invoices for sold goods and services.

Interest income of Dairy segment in 2012 amounts to HRK 2,531 thousand (2011: HRK 3,223 thousand), while interest income of Transportation segment amounts to HRK 15 thousand (2011: HRK 142 thousand). Interest expense of Dairy segment in 2012 amounts to HRK 5,577 thousand (2011: HRK 7,971 thousand) while interest expense of Transportation segment amounted to HRK 0 thousand (2011: HRK 0 thousand).

**DUKAT D.D. AND DUKAT GROUP****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2012****NOTE 5 – SEGMENT INFORMATION (continued)**

Other segment items included in the profit and loss statement for the year ended 31 December 2012 are as follows:

<i>In thousand of HRK</i>	<u>Dairy</u>	<u>Transportation</u>	<u>Total Group</u>
Depreciation	79,475	8,299	87,774
Amortization	1,196	-	1,196
Bad debt provision (net)	4,021	199	4,220

Other segment items included in the profit and loss statement for the year ended 31 December 2011 are as follows:

<i>In thousand of HRK</i>	<u>Dairy</u>	<u>Transportation</u>	<u>Total Group</u>
Depreciation	79,253	9,188	88,441
Amortization	1,485	2	1,487
Bad debt provision	1,138	88	1,226

The segment assets and liabilities at 31 December 2012 and capital expenditure for the year then ended are as follows:

<i>In thousand of HRK</i>	<u>Dairy</u>	<u>Transportation</u>	<u>Total Group</u>
<b>Assets</b>			
Tangible and intangible assets & investment property	846,773	32,206	878,979
Inventories	199,631	1,192	200,823
Other assets	643,804	80,330	724,134
<b>Total assets</b>	<b>1,690,208</b>	<b>113,728</b>	<b>1,803,936</b>
<b>Liabilities</b>	<b>485,278</b>	<b>39,930</b>	<b>525,208</b>
<b>Capital expenditure</b>	<b>70,147</b>	<b>3,129</b>	<b>73,276</b>

Capital expenditure comprises additions to property, plant and equipment and intangible assets as well as investment property (Notes 15, 16 and 17).



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 5 – SEGMENT INFORMATION (continued)**

The segment assets and liabilities at 31 December 2011 and capital expenditure for the year then ended are as follows:

<i>In thousand of HRK</i>	<u>Dairy</u>	<u>Transportation</u>	<u>Total Group</u>
<b>Assets</b>			
Tangible and intangible assets & investment property	865,324	37,439	902,763
Inventories	188,726	1,372	190,098
Other assets	640,965	52,607	693,572
<b>Total assets</b>	<b>1,695,015</b>	<b>91,418</b>	<b>1,786,433</b>
<b>Liabilities</b>	<b>585,669</b>	<b>22,668</b>	<b>608,337</b>
<b>Capital expenditure</b>	<b>101,007</b>	<b>8,810</b>	<b>109,817</b>

***Geographical information***

The Group's two business segments operate in five main geographical areas. Sales among geographical segments are allocated based on the country in which the related party is located.

	<u>2012</u>	<u>2011</u>
<b>Sales</b>	<i>In thousand of HRK</i>	
Croatia	1,692,961	1,720,253
Bosnia and Herzegovina	246,442	238,985
Serbia	333,281	307,246
Slovenia	85,000	81,868
Macedonia	91,847	94,461
Kosovo	25,727	26,020
<b>Total</b>	<b>2,475,258</b>	<b>2,468,833</b>

**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 5 – SEGMENT INFORMATION (continued)**

The tangible and intangible assets are allocated to geographical segments according to the locations of the subsidiaries as follows:

	<u>2012</u>	<u>2011</u>
<b>Tangible and intangible fixed assets</b>	<i>in thousand of HRK</i>	
Croatia	705,979	630,629
Bosnia and Herzegovina	34,549	66,434
Serbia	96,061	104,937
Slovenia	603	2,674
Macedonia	41,706	98,089
Other	81	-
<b>Total</b>	<u>878,979</u>	<u>902,763</u>

The majority of Group's assets are located in Croatia (HRK 1,370,039 thousand), Serbia (HRK 202,890 thousand) and Bosnia and Herzegovina (HRK 109,601 thousand) as of 31 December 2012. The majority of Group's assets are located in Croatia (HRK 1,157,814 thousand), Serbia (HRK 207,920 thousand) and Bosnia and Herzegovina (HRK 120,818 thousand) as of 31 December 2011.

Capital expenditures between the countries are showed below:

	<u>2012</u>	<u>2011</u>
<b>Capital expenditures by countries</b>	<i>in thousand of HRK</i>	
Croatia	49,618	83,159
Bosnia and Herzegovina	6,298	5,175
Serbia	15,871	17,236
Slovenia	224	396
Macedonia	1,265	3,851
<b>Total</b>	<u>73,276</u>	<u>109,817</u>

There is one external customer in the Dairy segment from whom the realized revenue is higher than 10% of the sales revenues of the Company and of the Group. The revenue from the customer amounts to HRK 304,388 thousand (2011: HRK 296,386 thousand) and accounts for 17.0% (2011: 15.8%) of the sales revenue of the Company and 12.4% (2011: 12.1%) of the sales revenue of the Group.



**DUKAT D.D. AND DUKAT GROUP****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2012****NOTE 6 – REVENUES****DUKAT GROUP**

<i>In thousand of HRK</i>	<u>2012</u>	<u>2011</u>
<b>Sales of products &amp; services</b>		
Sale of own products	2,024,533	2,021,826
- Domestic sales	1,289,035	1,321,831
- Foreign sales	735,498	699,995
Sale of trade goods	187,403	179,346
Sale of services	144,292	140,043
Sale of materials	84,551	88,468
Other sales	2,083	1,967
	<b>2,442,862</b>	<b>2,431,650</b>
<b>Other operating revenues</b>		
Interest income	2,546	3,365
Other	17,184	11,113
	<b>19,730</b>	<b>14,478</b>
	<u><b>2,462,592</b></u>	<u><b>2,446,128</b></u>

**DUKAT d.d.**

<i>In thousand of HRK</i>	<u>2012</u>	<u>2011</u>
<b>Sales of products &amp; services</b>		
Sale of own products	1,199,574	1,286,193
- Domestic sales	1,015,154	1,078,344
- Foreign sales	184,420	207,849
Sale of trade goods	348,235	319,790
Sale of materials	195,966	191,589
Other sales	1,884	1,764
	<b>1,745,659</b>	<b>1,799,336</b>
<b>Other operating revenues</b>		
Interest income	2,946	4,388
Dividend income (Note 14)	11,232	37,402
Other	23,446	18,248
	<b>37,624</b>	<b>60,038</b>
	<u><b>1,783,283</b></u>	<u><b>1,859,374</b></u>

DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 7 – COST OF GOODS AND SERVICES SOLD

DUKAT GROUP

<i>In thousand of HRK</i>	<b>2012</b>	<b>2011</b>
<b>Materials</b>		
Raw materials, spare parts and consumables	1,233,787	1,276,056
Energy and other costs	119,641	112,600
<b>Cost of materials</b>	<b>1,353,428</b>	<b>1,388,656</b>
<b>Services</b>		
Transportation	77,555	77,450
Repairs and maintenance	31,538	32,497
Advertising, promotion & market research	107,886	94,713
Rent/lease /i/	14,214	15,927
Professional fees	12,210	6,398
Municipal & security costs	18,053	16,446
Other	51,754	49,904
<b>Cost of services</b>	<b>313,210</b>	<b>293,335</b>
Cost of materials sold	66,393	70,131
Cost of trade goods sold	147,685	136,298
<b>Total goods and service costs</b>	<b>1,880,716</b>	<b>1,888,420</b>

/i/ Rent/lease expenses mainly relate to the lease of SAP licenses, lease of warehouse and operating premises and the lease of vehicles in the period from 3 to 10 years according to operating lease contract terms. Out of rent/lease expenses presented in above table, an amount of HRK 5,565 thousand (2011: HRK 2,107 thousand) has been recognized as a minimum lease payment.



**DUKAT D.D. AND DUKAT GROUP****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2012****NOTE 7 – COST OF GOODS AND SERVICES SOLD (continued)****DUKAT d.d.**

<i>In thousand of HRK</i>	<u>2012</u>	<u>2011</u>
<b>Materials</b>		
Raw materials, spare parts and consumables	695,810	790,456
Energy and other costs	48,470	47,252
Cost of materials	<u>744,280</u>	<u>837,708</u>
<b>Services</b>		
Transportation	36,859	38,260
Repairs and maintenance	21,500	22,755
Advertising, promotion & market research	85,256	71,827
Rent/lease /i/	8,868	9,628
Professional fees	9,504	3,708
Municipal & security costs	12,813	12,530
Other	21,270	22,745
Cost of services	<u>196,070</u>	<u>181,453</u>
Cost of materials sold	181,622	176,972
Cost of trade goods sold	<u>287,056</u>	<u>263,295</u>
Total goods and service costs	<u>1,409,028</u>	<u>1,459,428</u>

/i/ Rent/lease expenses mainly relate to the lease of SAP licenses, lease of warehouse and operating premises and the lease of vehicles in the period from 3 to 10 years according to operating lease contract terms. Out of rent/lease expenses presented in above table, amount of HRK 1,129 thousand (2011: HRK 1,387 thousand) has been recognized as a minimum lease payment.

**DUKAT D.D. AND DUKAT GROUP****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2012****NOTE 8 – STAFF COSTS****DUKAT GROUP**

<i>In thousand of HRK</i>	<u>2012</u>	<u>2011</u>
Wages and salaries	167,904	164,741
Contributions and taxes /i/	108,574	110,539
Severance costs /ii/	3,556	8,716
Other employee benefits /iii/	18,988	19,315
	<u>299,022</u>	<u>303,311</u>

**DUKAT d.d.**

<i>In thousand of HRK</i>	<u>2012</u>	<u>2011</u>
Wages and salaries	115,140	109,854
Contributions and taxes /i/	75,862	76,845
Severance costs /ii/	2,549	1,450
Other employee benefits /iii/	11,467	11,761
	<u>205,018</u>	<u>199,910</u>

/i/ Contributions for pensions that the Group paid to mandatory pension funds for 2012 amounted to 46,230 HRK thousand. The Company paid to mandatory pension for 2012 amount of 30,152 HRK thousand. Contributions for pensions that the Group paid to mandatory pension funds for 2011 amounted to 42,871 HRK thousand. The Company paid to mandatory pension for 2011 amount of 29,416 HRK thousand.

/ii/ Severance costs relate to termination benefits of those employees made redundant during the period and to employees whose employment contracts were terminated for other reasons.

/iii/ Other employee benefits consist of gifts to employees, jubilee awards and other benefits.

The number of persons employed by the Group and the Company at 31 December 2012 was 2,342 and 1,361 respectively (31 December 2011: 2,320 and 1,330).



**DUKAT D.D. AND DUKAT GROUP****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2012****NOTE 9 – OTHER OPERATING COSTS****DUKAT GROUP***In thousand of HRK*

	<u>2012</u>	<u>2011</u>
Environmental taxes/fees	6,151	7,024
Travel expense and daily allowances	13,574	13,902
Insurance premiums	8,253	8,528
Provision for impairment of receivables net	4,220	1,226
Write-off of raw materials	1,436	1,218
Contributions & membership fees	2,131	2,623
Entertainment	3,997	3,545
Bank charges	1,281	1,502
Training cost	1,793	1,588
Other operating costs	18,488	13,299
	<u>61,324</u>	<u>54,455</u>

**DUKAT d.d.***In thousand of HRK*

	<u>2012</u>	<u>2011</u>
Environmental taxes/fees	5,542	6,554
Insurance premiums	3,815	4,019
Travel expense and daily allowances	3,834	4,093
Contributions & membership fees	1,099	1,551
Provision for impairment of receivables	451	-
Entertainment	1,387	1,353
Write-off of raw materials	311	669
Training cost	1,205	1,212
Bank charges	534	678
Other operating costs	9,630	5,308
	<u>27,808</u>	<u>25,437</u>

**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 10 – OTHER GAINS – NET**

**DUKAT GROUP**

*In thousand of HRK*

	<u>2012</u>	<u>2011</u>
Gains on sale of non-current assets	2,109	1,417
Fair value gains/(losses) on financial assets	-	(25)
Net foreign exchange gains /(losses) related to operating activities	(855)	(408)
	<u>1,254</u>	<u>984</u>

**DUKAT d.d.**

*In thousand of HRK*

	<u>2012</u>	<u>2011</u>
Gains/(losses) on sale and disposal of non-current assets	663	151
Fair value losses on financial assets	-	-
Net foreign exchange gains /(losses) related to operating activities	(109)	(108)
	<u>554</u>	<u>43</u>



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 11 – FINANCE COSTS - NET**

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**DUKAT GROUP**

*In thousand of HRK*

	<u>2012</u>	<u>2011</u>
Foreign exchange gains	370	1,040
Foreign exchange losses	(27)	(4,194)
Interest expense	(5,163)	(7,971)
	<u>(4,820)</u>	<u>(11,125)</u>

**DUKAT d.d.**

*In thousand of HRK*

	<u>2012</u>	<u>2011</u>
Foreign exchange gains	604	929
Foreign exchange losses		(4,027)
Interest expense	(5,021)	(7,730)
	<u>(4,417)</u>	<u>(10,828)</u>

**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 12 – INCOME TAX**

	<b>DUKAT GROUP</b>		<b>DUKAT d.d.</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
Current tax	28,181	29,116	18,354	22,930
Deferred tax	(161)	(171)	(21)	(30)
	<b>28,020</b>	<b>28,945</b>	<b>18,333</b>	<b>22,900</b>

Deferred tax assets for Group in 2012 arise from temporary differences in respect of long-term provisions. Deferred tax liabilities for Group arise from temporary differences related to acquired net assets of KIM Mljekara Karlovac and are recognized on the basis of difference between the carrying value of net assets of KIM Mljekara Karlovac and the fair values recognized on initial purchase price allocation.

A reconciliation of tax expense of the Group and the Company per income statement and taxation at the statutory rate is detailed in the table below:

	<b>DUKAT GROUP</b>		<b>DUKAT d.d.</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
<b>Profit before tax</b>	<b>139,421</b>	<b>145,332</b>	<b>93,653</b>	<b>145,006</b>
Tax calculated at domestic tax rates applicable to each country	25,081	36,052	18,731	29,001
Non taxable income	(643)	(7,730)	(2,869)	(7,940)
Loss carry forward used	-	(197)	-	-
Expenses not deductible for tax purposes	3,582	820	2,471	1,839
<b>Tax expense</b>	<b>28,020</b>	<b>28,945</b>	<b>18,333</b>	<b>22,900</b>
<b>Effective tax rate</b>	<b>20.10%</b>	<b>20.03%</b>	<b>19.58%</b>	<b>15.79%</b>

The weighted average applicable tax rate for the Group was 20.10 % (2011: 20.03%), while the Company applies the statutory rate of 20% (2011: 20%).

The Croatian tax authorities have not carried out a full-scope tax audit of the Company's income tax and VAT returns since 2006. In accordance with local regulations, the tax authorities may at any time inspect the Company's books and records within 3 years subsequent to the year in which the tax liability is reported, and may impose additional tax assessments and penalties. Similar regulations exist for other Group subsidiaries. The Group's management is not aware of any circumstances, which may give rise to a potential material liability in this respect.



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 13 – EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

**DUKAT GROUP**

	<u>2012</u>	<u>2011</u>
Net profit from operations ( <i>in thousand of HRK</i> )	111,401	116,387
Weighted average number of ordinary shares	3,000,000	3,000,000
Basic earnings per share ( <i>HRK per share</i> )	<u>37.13</u>	<u>38.80</u>

Diluted earnings per share have not been calculated since there are no outstanding dilutive potential ordinary shares.

**NOTE 14 – DIVIDENDS PER SHARE**

During 2012 and 2011, there were no dividends declared or paid out to shareholders.

The Company has in 2012 received dividends from subsidiaries in amount of HRK 11,232 thousand. The Company has in 2011 received dividends from subsidiaries in amount of HRK 37,402 thousand.

DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

DUKAT GROUP	Land	Buildings	Machinery, Tools and Equipment	Transportation Vehicles	Investments in Progress	Total
<i>In thousand of HRK</i>						
<b>At 31 December 2010</b>						
Cost	32,897	544,048	1,090,507	180,445	31,195	1,879,092
Accumulated depreciation	-	(270,177)	(776,443)	(131,068)	-	(1,177,688)
<b>Net book amount</b>	<b>32,897</b>	<b>273,871</b>	<b>314,064</b>	<b>49,377</b>	<b>31,195</b>	<b>701,404</b>
<b>Year ended 31 December 2011</b>						
Opening net book amount	32,897	273,871	314,064	49,377	31,195	701,404
Additions/Transfers	-	26,940	40,611	24,453	17,595	109,599
Effect of changes in foreign exchange rates	130	1,255	2,002	261	458	4,106
Disposals	-	(61)	(131)	(747)	(603)	(1,542)
Depreciation charge	-	(13,696)	(56,270)	(18,384)	-	(88,350)
<b>Closing net book amount</b>	<b>33,027</b>	<b>288,309</b>	<b>300,276</b>	<b>54,960</b>	<b>48,645</b>	<b>725,217</b>
<b>At 31 December 2011</b>						
Cost	33,027	569,586	1,115,666	194,615	48,645	1,961,539
Accumulated depreciation	-	(281,277)	(815,390)	(139,655)	-	(1,236,322)
<b>Net book amount</b>	<b>33,027</b>	<b>288,309</b>	<b>300,276</b>	<b>54,960</b>	<b>48,645</b>	<b>725,217</b>



DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

DUKAT GROUP	Land	Buildings	Machinery, Tools and Equipment	Transportation Vehicles	Investments in Progress	Total
<i>In thousand of HRK</i>						
<b>At 31 December 2011</b>						
Cost	33,027	569,586	1,115,666	194,615	48,645	1,961,539
Accumulated depreciation	-	(281,277)	(815,390)	(139,655)	-	(1,236,322)
<b>Net book amount</b>	<b>33,027</b>	<b>288,309</b>	<b>300,276</b>	<b>54,960</b>	<b>48,645</b>	<b>725,217</b>
<b>Year ended 31 December 2012</b>						
Opening net book amount	33,027	288,309	300,276	54,960	48,645	725,217
Additions/transfers		28,643	38,088	21,252	(15,760)	72,223
Effect of changes in foreign exchange rates	7	(2,619)	(3,555)	(480)	(1,052)	(7,699)
Disposals	-	(7)	(112)	(370)	-	(489)
Depreciation charge	-	(13,491)	(55,208)	(18,978)	-	(87,677)
<b>Closing net book amount</b>	<b>33,034</b>	<b>300,835</b>	<b>279,489</b>	<b>56,384</b>	<b>31,833</b>	<b>701,575</b>
<b>At 31 December 2012</b>						
Cost	33,034	593,836	1,130,176	199,584	31,833	1,988,463
Accumulated depreciation	-	(293,001)	(850,687)	(143,200)	-	(1,286,888)
<b>Net book amount</b>	<b>33,034</b>	<b>300,835</b>	<b>279,489</b>	<b>56,384</b>	<b>31,833</b>	<b>701,575</b>

Tangible assets with a net book value of HRK 0 thousand at 31 December 2012 (31 December 2011: HRK 2,429 thousand) have been pledged as security for long-term loans. Advances paid for assets under construction amounted to HRK 110 thousand at 31 December 2012 (31 December 2011: HRK 3,411 thousand).

DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

DUKAT d.d .	Land	Buildings	Machinery, Tools and Equipment	Transportation Vehicles	Investments in Progress	Total
<i>In thousand of HRK</i>						
<b>Year ended 31 December 2011</b>						
Opening net book amount	14,131	159,093	143,069	13,219	8,909	338,421
Additions/Transfers	-	1,989	11,359	8,570	20,686	42,604
Disposals	-	(40)	(40)	(8)	(603)	(691)
Depreciation charge	-	(8,789)	(31,130)	(4,952)	-	(44,871)
Closing net book amount	14,131	152,253	123,258	16,829	28,992	335,463
<b>At 31 December 2011</b>						
Cost	14,131	403,414	810,105	72,303	28,992	1,328,945
Accumulated depreciation	-	(251,161)	(686,847)	(55,474)	-	(993,482)
Net book amount	14,131	152,253	123,258	16,829	28,992	335,463
<b>Year ended 31 December 2012</b>						
Opening net book amount	14,131	152,253	123,258	16,829	28,992	335,463
Additions/Transfers	-	25,568	23,194	10,461	(23,756)	35,467
Disposals	-	(7)	(115)	(87)	-	(209)
Depreciation charge	-	(8,137)	(29,325)	(6,046)	-	(43,508)
Closing net book amount	14,131	169,677	117,012	21,157	5,236	327,213
<b>At 31 December 2012</b>						
Cost	14,131	427,964	822,911	74,376	5,236	1,344,618
Accumulated depreciation	-	(258,287)	(705,899)	(53,219)	-	(1,017,405)
Net book amount	14,131	169,677	117,012	21,157	5,236	327,213

Tangible assets of the Company at 31 December 2012 and 2011 are not pledged as security for long-term loans.

Advances paid for assets under construction amounted to HRK 0 thousand at 31 December 2012 (31 December 2011: HRK 1,035 thousand).



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 16 – INVESTMENT PROPERTY**

*In thousand of HRK*

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<b>DUKAT GROUP</b>			
<b>Year ended 31 December 2011</b>			
Opening net book amount	41	4,130	4,171
Effect of changes in foreign exchange rates	-	72	72
Depreciation charge	-	(92)	(92)
Closing net book amount	<u>41</u>	<u>4,110</u>	<u>4,151</u>
<b>At 31 December 2011</b>			
Cost	41	5,277	5,318
Accumulated depreciation	-	(1,167)	(1,167)
Net book amount	<u>41</u>	<u>4,110</u>	<u>4,151</u>
<b>Year ended 31 December 2012</b>			
Opening net book amount	41	4,110	4,151
Effect of changes in foreign exchange rates	-	7	7
Depreciation charge	-	(92)	(92)
Closing net book amount	<u>41</u>	<u>4,025</u>	<u>4,066</u>
<b>At 31 December 2012</b>			
Cost	41	5,285	5,326
Accumulated depreciation	-	(1,260)	(1,260)
Net book amount	<u>41</u>	<u>4,025</u>	<u>4,066</u>

Based on management estimates, the fair values of investment properties of the Group were approximately HRK 1.2 million higher than their book values as at 31 December 2012 (2011: HRK 1.2 million higher than their book values).

**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 16 – INVESTMENT PROPERTY (continued)**

<i>In thousand of HRK</i>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<b>DUKAT d.d.</b>			
<b>Year ended 31 December 2011</b>			
Opening net book amount	41	500	541
Depreciation charge	-	(34)	(34)
Closing net book amount	<u>41</u>	<u>466</u>	<u>507</u>
<b>At 31 December 2011</b>			
Cost	41	1,406	1,447
Accumulated depreciation	-	(940)	(940)
Net book amount	<u>41</u>	<u>466</u>	<u>507</u>
<b>Year ended 31 December 2012</b>			
Opening net book amount	41	466	507
Depreciation charge	-	(34)	(34)
Closing net book amount	<u>41</u>	<u>432</u>	<u>473</u>
<b>At 31 December 2012</b>			
Cost	41	1,406	1,447
Accumulated depreciation	-	(974)	(974)
Net book amount	<u>41</u>	<u>432</u>	<u>473</u>

Based on management estimates, the fair values of investment properties of the Company were approximately HRK 1 million higher than their book values as at 31 December 2012 (31 December 2011: HRK 1 million higher than their book values).



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 17 – INTANGIBLE ASSETS**

<i>In thousand of HRK</i>	<b>Goodwill</b>	<b>Brands, patents, and licences</b>	<b>Software and other intangibles</b>	<b>Investments in progress</b>	<b>Total</b>
<b>DUKAT GROUP</b>					
<b>Year ended 31 December 2011</b>					
Opening net book amount	169,271	850	2,723	48	172,892
Additions/Transfers	-	123	95	-	218
Effect of changes in foreign exchange rates	1,713	-	58	-	1,771
Depreciation charge	-	(318)	(1,168)	-	(1,486)
Closing net book amount	<u>170,984</u>	<u>655</u>	<u>1,708</u>	<u>48</u>	<u>173,395</u>
<b>At 31 December 2011</b>					
Cost	170,984	7,893	38,329	48	217,254
Accumulated amortisation	-	(7,238)	(36,621)	-	(43,859)
Net book amount	<u>170,984</u>	<u>655</u>	<u>1,708</u>	<u>48</u>	<u>173,395</u>
<b>Year ended 31 December 2012</b>					
Opening net book amount	170,984	655	1,708	48	173,395
Additions/Transfers	-	34	834	236	1,104
Effect of changes in foreign exchange rates	130	-	(90)	-	40
Depreciation charge	-	(266)	(935)	-	(1,201)
Closing net book amount	<u>171,114</u>	<u>423</u>	<u>1,517</u>	<u>284</u>	<u>173,338</u>
<b>At 31 December 2012</b>					
Cost	171,114	7,927	38,095	284	217,420
Accumulated amortisation	-	(7,504)	(36,578)	-	(44,082)
Net book amount	<u>171,114</u>	<u>423</u>	<u>1,517</u>	<u>284</u>	<u>173,338</u>

As at 31 December 2012, the net book value of software amounts to HRK 1,449 thousand (31 December 2011: HRK 1,477 thousand), while the remaining amount relates to other intangible assets.

**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 17 – INTANGIBLE ASSETS (continued)**

<i>In thousand of HRK</i>	<b>Patents and licenses</b>	<b>Software and other intangibles</b>	<b>Investments in progress</b>	<b>Total</b>
<b>DUKAT d.d.</b>				
<b>Year ended 31 December 2011</b>				
Opening net book amount	850	933	48	1,831
Additions/Transfers	117	30	-	147
Depreciation charge	(317)	(484)	-	(801)
Closing net book amount	<u>650</u>	<u>479</u>	<u>48</u>	<u>1,177</u>
<b>At 31 December 2011</b>				
Cost	7,887	34,261	48	42,196
Accumulated amortisation	(7,237)	(33,782)	-	(41,019)
<b>Net book amount</b>	<u>650</u>	<u>479</u>	<u>48</u>	<u>1,177</u>
<b>Year ended 31 December 2012</b>				
Opening net book amount	650	479	48	1,177
Additions/Transfers	33	783	235	1,051
Depreciation charge	(265)	(311)	-	(576)
Closing net book amount	<u>418</u>	<u>951</u>	<u>283</u>	<u>1,652</u>
<b>At 31 December 2012</b>				
Cost	7,920	35,044	283	43,247
Accumulated amortization	(7,502)	(34,093)	-	(41,595)
<b>Net book amount</b>	<u>418</u>	<u>951</u>	<u>283</u>	<u>1,652</u>

As at 31 December 2012, the net book value of software amounts to HRK 884 thousand (31 December 2011: HRK 307 thousand), while the remaining amount relates to other intangible assets.



**DUKAT D.D. AND DUKAT GROUP****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 18 – INVESTMENTS IN SUBSIDIARIES**

The holdings of the Company in each of its subsidiaries at 31 December 2012 were as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Principal activity</u>
Dukat S d.o.o., Ljubljana	Slovenia	wholesale and retail trade
LA LOG d.o.o., Zagreb	Croatia	transport and distribution services
KIM MLJEKARA KARLOVAC d.o.o.	Croatia	production of dairy products
DUKAT d.o.o., Gradačac	Bosnia and Herzegovina	wholesale and retail trade
Somboled d.o.o., Somboled	Republic of Serbia	production of dairy products
Lura d.o.o., Beograd	Republic of Serbia	wholesale trade
LURA Magyarorszag Vagyonkez	Hungary	holding company
LACTALIS Priština	Kosovo	wholesale trade
IDEAL ŠIPKA, BITOLA	Macedonia	production of dairy products
Dukat doel, Skopje	Macedonia	wholesale trade
INMER – Mljekara d.o.o., Gradačac	Bosnia and Herzegovina	production of dairy products
B.P.A.C. Auto d.o.o., Zagreb	Croatia	services

**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 18 – INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

Carrying values of investment in subsidiaries in the Company's separate financial statements at 31 December 2012 were as follows:

<u>Name of subsidiary</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
Dukat S d.o.o., Ljubljana	5,000	5,000
LA LOG d.o.o., Zagreb	49,080	80,000
DUKAT d.o.o., Gradačac	2,512	2,512
Somboled d.o.o., Somboled	151,758	151,758
Lura d.o.o., Beograd	299	299
LURA Magyarorsczag Vagyonkez	1	1
Dukat dooel, Skopje	37	37
INMER – Mljekara d.o.o., Gradačac	43,217	43,216
KIM Karlovac	186,996	186,996
Ideal Šipka Bitola	108,432	80,642
B.P.A.C. Auto d.o.o.	30,920	-
Lactalis Priština	18	18
<b>Total</b>	<b>578,270</b>	<b>550,479</b>

During 2011 the Company made capital contribution into KIM in cash in amount of HRK 24,645 thousand.

In October 2012 the Company made capital contribution into Ideal Šipka in cash in amount of HRH 27,790 thousand.

In December 2012 the Company established the new company B.P.A.C. Auto by division and transfer of LA LOG assets in amount of HRK 36,800 thousand. The company founded with the purpose of purchase, maintaining and disposal of Croatian vehicles.

The Company wholly owns all subsidiaries as at 31 December 2012.

The Company has on 15 March 2013 acquired 50.3% of shares in company Ljubljanske mlekarne d.d., leader on dairy market in Slovenia. Due to short period for preparation the Company is not able to disclose other disclosures required by IFRS 3 related to this business combination.



DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 19 – IMPAIRMENT TESTS FOR GOODWILL

For the purpose of performing the impairment tests the goodwill acquired through business combinations has been allocated to the following cash generating units ("CGU"):

	LA LOG	Inmer	Somboled	KIM Mijekara Karlovac	Ideal Šipka
<i>HRK thousand</i>					
Carrying value of goodwill	50,981	32,475	3,200	28,850	53,528
Discount rate	9.34%	12.60%	15.34%	9.97%	11.25%
Compound Annual Growth Rate for revenues in period 2013-2015	2%	7%	8%	3%	10%
Growth rate	4%	4%	4%	4%	4%

The recoverable amount of each cash generating unit has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a three-year period. Growth rates used in the model correspond to long-term average growth rates for the dairy industry and transportation.

**The calculation of value in use is most sensitive to the following assumptions:**

- expected market share,
- prices of raw materials for products and services sold,
- discount rates,
- growth rates used to extrapolate cash flows beyond the budget period.

The expected market share assumption is important because, by using it, management assesses how the units' market share, relative to their competitors, might change over the budget period. Management estimates that market share for the units will be stable over the budget period.

The prices of raw materials for products and services sold have been determined on the basis of price movements from previous periods and on the basis of prices valid at the end of 2012.

Discount rates reflect the current market assessment of the risks and was estimated based on the average percentage of a weighted average cost of capital for the industry further adjusted for any risk specific to CGU.

**DUKAT D.D. AND DUKAT GROUP****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 19 – IMPAIRMENT TESTS FOR GOODWILL (continued)*****Sensitivity to changes in assumptions:***

For the CGUs subject to impairment testing, there are reasonably possible changes in key assumptions which could cause the recoverable amounts of the units to be below their carrying values. The actual recoverable amounts of CGUs exceed their carrying amount as follows:

Cash generating unit	Recoverable amount higher than carrying amount for:	HRK thousand
LA LOG		4,064
Inmer	Recoverable amount approximates carrying value	
Somboled		55,564
KIM		3,668
Ideal Šipka		1,181

A reduction of 10% in budgeted EBITDA used would give a value in use higher/lower than the carrying value as follows:

Cash generating unit	Recoverable amount in comparison to carrying value:	HRK thousand
LA LOG	Lower for	29,522
Inmer	Lower for	12,251
Somboled	Higher for	17,156
KIM	Lower for	43,986
Ideal Šipka	Lower for	14,521

An increase in the discount rate used of 1% would give a value in use higher/lower than the carrying value as follows:

Cash generating unit	Recoverable amount in comparison to carrying value:	HRK thousand
LA LOG	Lower for	7,005
Inmer	Lower for	6,598
Somboled	Higher for	41,491
KIM	Lower for	19,818
Ideal Šipka	Lower for	8,696



DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 20 -- LONG-TERM LOANS RECEIVABLES AND ADVANCES

	DUKAT GROUP		DUKAT d.d.	
	2012	2011	2012	2011
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
Loans to Group companies	-	-	-	12,492
Loans to dairy producers	16,793	24,214	5,442	9,499
Loans to employees	569	633	569	633
Advances and deposits	4,207	5,545	-	-
	21,569	30,392	6,011	22,624
Current portion of loans receivable	(4,687)	(6,879)	(3,591)	(13,407)
	<u>16,882</u>	<u>23,513</u>	<u>2,420</u>	<u>9,217</u>

The Group grants loans to dairy producers in various forms (mainly through purchase of cattle). Under the related agreements, the dairy producers will repay the loans by delivering a specified amount of milk over a period of one to three years.

The fair value of long-term loans approximates the carrying amounts since the implied interest rate to dairy producers reflects market rates.

NOTE 21 -- INVENTORIES

	DUKAT GROUP		DUKAT d.d.	
	2012	2011	2012	2011
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
Raw materials	74,361	51,210	52,150	30,839
Spare parts and small inventory	11,951	27,300	3,851	20,525
Work in progress	36,967	35,449	25,667	25,219
Finished goods	47,025	50,900	29,343	32,871
Trade goods	30,519	25,239	15,102	11,440
	<u>200,823</u>	<u>190,098</u>	<u>126,113</u>	<u>120,894</u>

The amount of write off of inventories recognized in profit and loss statement for the Group amounts to HRK 2,938 thousand (in 2011: HRK 1,454 thousand) and for the Company HRK 311 thousand (2011: HRK 701 thousand) which is recognized in cost of sales.

DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 22 – TRADE AND OTHER RECEIVABLES

	DUKAT GROUP		DUKAT d.d.	
	2012	2011	2012	2011
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
Receivables from customers in Croatia	556,398	523,119	514,418	480,878
Receivables from customers outside of Croatia	192,286	192,144	41,808	37,341
Provision for impairment	(160,393)	(157,613)	(126,316)	(123,596)
	588,291	557,650	429,910	394,623
Current portion of long-term receivables (Note 20)	4,687	6,879	3,591	13,407
Loans to dairy producers and related companies	6,520	8,243	4,883	36,090
Receivable from state	256	787	256	438
VAT receivable	2,720	8,996	2,720	3,445
Advances	4,009	4,006	1,097	2,154
Receivable from employees	14	351	14	28
Other receivables	33,739	22,092	11,722	13,396
	<u>640,236</u>	<u>609,004</u>	<u>454,193</u>	<u>463,581</u>

The Group grants loans to dairy producers for the purchase of raw materials and supplies for milk production (food additives, seeds and fertilizers). Dairy producers will repay the loans by delivering specified quantities of milk over periods up to one year.

Trade receivables include amounts of HRK 113,035 thousand as at 31 December 2012 and HRK 62,115 thousand as at 31 December 2011 which relate to sold (with recourse) receivables from bills of exchange which were paid by the factoring companies till the balance sheet dates to the Company based on tripartite agreements between the Company, some customers and factoring companies. The Company has sold these bills of exchange to the factoring companies in order to collect due receivables from its customers. The related bills of exchange were as at 31 December not due for payment from their issuers (i.e. from the Company's customers) . The related amounts are included in the position Accruals and other payables presented in note 28.



DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 22 – TRADE AND OTHER RECEIVABLES (continued)

As at 31 December, the aging analysis of trade receivables of the Group is as follows:

	TOTAL	Neither past due nor impaired	Past due but not impaired				
			< 30 days	31-60 days	61-90 days	91-120 days	> 120 days
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
2012	588,291	442,700	92,862	20,663	8,115	6,674	17,277
2011	557,650	385,046	106,944	25,592	10,821	10,855	18,392

As at 31 December, the aging analysis of trade receivables of the Company is as follows:

	TOTAL	Neither past due nor impaired	Past due but not impaired				
			< 30 days	31-60 days	61-90 days	91-120 days	> 120 days
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
2012	429,910	334,947	69,345	14,217	4,991	3,790	2,620
2011	394,623	302,135	66,888	13,122	5,153	5,521	1,804

Movements in the provision for impairment of receivables for the Group were as follows:

	2012 HRK '000	2011 HRK '000
At 1 January	157,613	165,694
Charge for the year	3,957	3,219
Value adjustment of interest - without effect on profit and loss statement	2,299	3,729
Reversals	(1,245)	(3,293)
Amounts written off	(878)	(11,736)
Effect of changes in foreign exchange rates	(1,353)	-
<b>At 31 December</b>	<b>160,393</b>	<b>157,613</b>

Movements in the provision for impairment of receivables for the Company were as follows:

	2012 HRK '000	2011 HRK '000
At 1 January	123,596	125,306
Charge for the year	1,546	1,894
Value adjustment of interest - without effect on profit and loss statement	2,300	3,729
Reversals	(947)	(2,860)
Amounts written off	(179)	(4,473)
<b>At 31 December</b>	<b>126,316</b>	<b>123,596</b>

The individual value adjustment of receivables recognized by the Group in 2012 amounted to HRK 1,206 thousand (2011: 1,521 thousand). The Company has recognized HRK 1,015 thousand of individual value adjustment of receivable in 2012 (2011: 904 thousand).

**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 23 – CASH AND CASH EQUIVALENTS**

	<b>DUKAT GROUP</b>		<b>DUKAT d.d.</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
Bank accounts and petty cash	64,593	55,385	33,413	21,105
	<b>64,593</b>	<b>55,385</b>	<b>33,413</b>	<b>21,105</b>

Based on excess cash availability, the Group and the Company place short-term deposits (with original maturities within 3 months) with various local banks to earn additional interest income.

**NOTE 24 – CAPITAL AND RESERVES**

**Share capital**

The share capital of the Company consists of 3,000,000 ordinary shares with a nominal value of HRK 100 per share. All issued shares are fully paid.

**Legal reserves**

Legal reserves are maintained at five percent of the Company's share capital as required by the Croatian Company Law. Legal reserves are non-distributable.



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 25 – BORROWINGS**

	<b>DUKAT GROUP</b>		<b>DUKAT d.d.</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
<b>Long-term loans</b>				
Loan from Lactalis Group	11,318	118,981	11,318	118,981
Loans from banks/ other institutions	1,043	7,347	1,043	1,353
	<b>12,361</b>	<b>126,328</b>	<b>12,361</b>	<b>120,334</b>
Short term portion of long term loans	(11,628)	(30,981)	(11,628)	(28,926)
<b>Total long term loans</b>	<b>733</b>	<b>95,347</b>	<b>733</b>	<b>91,408</b>
<b>Short-term loans</b>				
Loans from suppliers	1,264	1,261	-	-
	<b>1,264</b>	<b>1,261</b>	<b>-</b>	<b>-</b>
Short term portion of long term loans	11,628	30,981	11,628	28,926
<b>Total short term loans</b>	<b>12,892</b>	<b>32,242</b>	<b>11,628</b>	<b>28,926</b>
<b>Total loans</b>	<b>13,625</b>	<b>127,589</b>	<b>12,361</b>	<b>120,334</b>

The loans are secured by bills of exchange and promissory notes. Under the terms of loan agreements concluded between the Group and various banks, the Group is obliged to maintain specific financial covenants including: EBIT, debt coverage, net debt to EBITDA ratio and tangible net worth. At 31 December 2012, the Group fulfils all the covenant conditions.

Received loans bear an average interest of 4.15% p.a.

The maturity of long-term borrowings and financial loans is as follows:

	<b>DUKAT GROUP</b>		<b>DUKAT d.d.</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
Up to 1 year (current portion)	11,628	30,981	11,628	28,926
Between 1 and 5 years	733	95,347	733	91,408
Over 5 years	-	-	-	-
	<b>12,361</b>	<b>126,328</b>	<b>12,361</b>	<b>120,334</b>

**DUKAT D.D. AND DUKAT GROUP****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2012****NOTE 25 – BORROWINGS (continued)**

The exposure of the Group's and Company's loans to interest rate changes based on interest rates reset dates at the balance sheet date are as follows (the remaining loans are stated at fixed rates):

	<b>DUKAT GROUP</b>		<b>DUKAT d.d.</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
3 months	-	-	-	-
6 months	-	7,747	-	-
	-	7,747	-	-

The Group's and Company's loans are denominated in the following currencies (foreign currency loans and loans tied to foreign currency clauses):

	<b>DUKAT GROUP</b>		<b>DUKAT d.d.</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
EUR	11,318	124,889	11,318	118,981
Other	2,307	2,700	1,043	-
	13,625	127,589	12,361	118,981

The book value of the Group's and Company's long-term loans approximates fair value, as contracted interest rates approximate current market interest rates.



DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 26 – PROVISIONS

DUKAT GROUP

<i>In thousand of HRK</i>	Severance	Employee benefits	Legal claims	Total
At 31 December 2011	2,574	7,163	6,660	16,397
Additional provisions	1,106	609	1,177	2,892
Utilised during the year	(1,680)	(239)	(1,102)	(3,021)
At 31 December 2012	2,000	7,533	6,735	16,268

DUKAT d.d.

<i>In thousand of HRK</i>	Severance	Employee benefits	Legal claims	Total
At 31 December 2011	1,430	4,519	4,365	10,314
Additional provisions	1,067	175	756	1,998
Utilised/credited to income during the year	(604)	(70)	(1,102)	(1,776)
At 31 December 2012	1,893	4,624	4,019	10,536

**Severance**

The provision for severances relates to the Group restructuring plan for those employees that will be made redundant and to employees whose employment contracts will be terminated.

**Legal claims**

In the course of ordinary business the Group is involved in a number of legal disputes for and against the Group.

Against the Group a counterclaim was filed by a customer (RICK EIS d.o.o.) for damages and lost profits (in the amount of 21.5 million HRK). After considering legal advice, management believes that the counterclaim is unfounded and has recorded no provision to cover potential risks.

Management believes no material losses will arise upon the settlement of any of the cases beyond the amounts provided at 31 December 2012.

**DUKAT D.D. AND DUKAT GROUP****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2012****NOTE 26 – PROVISIONS (continued)****Employee benefits**

This provision relates to estimated long-term employee benefits (jubilee payments and retirement benefits) as defined in the collective union agreement.

In the following table a division between current and non-current provisions is stated.

	<b>DUKAT GROUP</b>		<b>DUKAT d.d.</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
Non-current provisions	7,533	7,163	4,624	4,519
Current provisions	8,735	9,234	5,912	5,795
	<b>16,268</b>	<b>16,397</b>	<b>10,536</b>	<b>10,314</b>

**NOTE 27 – TRADE PAYABLES**

	<b>DUKAT GROUP</b>		<b>DUKAT d.d.</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
Payables to suppliers in Croatia	215,373	191,737	172,145	198,801
Payables to suppliers outside of Croatia	58,359	116,512	50,988	29,176
	<b>273,732</b>	<b>308,249</b>	<b>223,133</b>	<b>227,977</b>



DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 28 – ACCRUALS AND OTHER PAYABLES

	DUKAT GROUP		DUKAT d.d.	
	2012	2011	2012	2011
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
Liability toward factoring companies	113,035	62,115	112,360	62,115
Wages payable	28,029	21,120	18,313	13,806
Taxes on wages / contributions payable	13,618	9,750	6,029	6,500
Customs taxes and duties	2,388	2,701	2,388	2,701
Advances/deposits from customers	105	106	105	105
Interest payable	156	1,728	156	1,698
Rebates liability	28,209	26,746	23,026	20,729
Environmental fee payable	4,049	4,492	4,049	4,390
Other accruals and payables	27,442	20,157	16,025	12,744
	<b>217,031</b>	<b>148,915</b>	<b>182,451</b>	<b>124,788</b>

Liabilities toward factoring companies were accrued based on tripartite agreements between the Company, some customers and factoring companies, related to collection of due receivables from customers. The presented amounts are related to bills of exchange issued by certain customers which were not due for payment until 31 December by their issuers and which were sold (with recourse) to the factoring companies.

The related amounts are included in trade receivables (note 22).

DUKAT D.D. AND DUKAT GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 29 – CASH GENERATED FROM OPERATING ACTIVITIES

<i>In thousand of HRK</i>	Note	DUKAT GROUP		DUKAT d.d.	
		2012	2011	2012	2011
Net profit		111,401	116,387	75,320	122,106
Depreciation and amortisation	15, 16, 17	88,970	89,928	44,118	45,706
Write-off of raw materials	9	1,436	1,218	311	669
Value adjustment of inventories		(1,502)	-	-	-
Provision for impairment of receivables	9	4,220	3,639	1,526	1,853
Foreign exchange (gains) / losses		(68)	4,245	(613)	3,167
Financial assets impairment		-	23	-	-
Gain on sale of fixed assets	10	(2,109)	(1,417)	(663)	(152)
Interest and income tax expense		33,183	36,917	23,401	30,725
Other non-cash items		(40)	3,131	1	-
Total items not affecting operating cash		124,090	137,684	68,081	81,968
<b>Changes in working capital:</b>					
Decrease/(increase) in inventories		(12,161)	(26,190)	(5,530)	(14,058)
(Increase)/decrease in trade and other receivables		(37,555)	(17,301)	(45,499)	(102,082)
Increase/(decrease) in trade payables		(33,179)	29,722	(2,752)	68,154
Increase/(decrease) in accruals and other payables		64,277	(18,229)	53,908	(17,247)
Changes in working capital		(18,618)	(31,998)	127	(65,233)
<b>Cash generated from operating activities</b>		<b>216,873</b>	<b>222,073</b>	<b>143,528</b>	<b>138,841</b>

In the cash flow statement, proceeds from sale and disposal of fixed assets comprise of:

	DUKAT GROUP		DUKAT d.d.	
	2012	2011	2012	2011
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
Net book value of sold and disposed assets	366	631	209	692
Gain on sale and disposal of fixed assets	2,109	1,417	663	151
Proceeds from sale of fixed assets	<b>2,475</b>	<b>2,048</b>	<b>872</b>	<b>843</b>

**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 30 – COMMITMENTS**

**Operating lease commitments**

The Group has entered into commercial leases on certain motor vehicles. These leases have an average life of between 3 and 5 years with no renewal option included in contracts.

In addition, the Group has operating lease contracts related to rent of warehouses which last over indefinite period and have a cancellation period of one year.

Furthermore, the Group has operating lease contracts for the use of SAP licenses. The period of these contracts is 5 years, without cancellation period.

Future minimum lease payments under operating leases for the Group as at 31 December are as follows:

	<u>2012</u>	<u>2011</u>
<i>In thousand of HRK</i>		
Within 1 year	6,459	5,565
After 1 year but not more than 5 years	3,858	6,037
	<u>10,317</u>	<u>11,602</u>

Future minimum lease payments under operating leases for the Company as at 31 December are as follows:

	<u>2012</u>	<u>2011</u>
<i>In thousand of HRK</i>		
Within 1 year	3,849	1,129
After 1 year but not more than 5 years	2,369	2,869
	<u>6,218</u>	<u>3,998</u>

**Capital commitments**

In 2012, capital expenditures for property, plant and equipment contracted for but not recognized in the financial statements amounted to HRK 6.4 million for the Company (2011: HRK 18.2 million) and HRK 15.2 million for the Group (2011: HRK 26.7 million) at the balance sheet date.

**Other commitments**

Based on the strategic contract signed with the Croatian Privatization Fund and related to the acquisition of KIM Mljekara Karlovac d.o.o., the Company has committed itself to investments over a 4 year period (2009-2013) in the total amount of HRK 143 million.

The company has already fulfilled this commitment.



**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 31 – RELATED PARTY TRANSACTIONS**

Dukat Group has loan with its parent Group Lactalis in the amount of HRK 11,318 thousand at 31 December 2012 (31 December 2011: HRK 118,981 thousand). Loan is denominated in Euro.

In the ordinary course of business, the Company carries out activities with other entities within the DUKAT Group. The following transactions were carried out between the Company and other Dukat Group entities:

	<u>2012</u>	<u>2011</u>
	<i>In thousand of HRK</i>	
Sales of goods and services	294,399	298,215
Purchases of goods and services	(233,507)	(227,832)
	<u>60,892</u>	<u>70,383</u>

The year-end balances resulting from transactions between the Company and other Dukat Group entities are as follows:

	<u>2012</u>	<u>2011</u>
	<i>In thousand of HRK</i>	
Long-term loan receivables (Note 20)	-	12,492
Trade and other receivables	49,868	84,106
Trade and other payables	55,932	41,116

In the ordinary course of business, the Company carried out activities with other entities within the Lactalis Group (out of Dukat Group):

	<u>2012</u>	<u>2011</u>
	<i>In thousand of HRK</i>	
Sales of goods and services	5,689	12,643
Purchases of goods and services	(64,058)	(57,637)
Interest expense	(4,963)	(7,692)
	<u>(63,332)</u>	<u>(52,686)</u>

In the ordinary course of business, the Group carried out activities with other entities within the Lactalis Group (out of Dukat Group):

	<u>2012</u>	<u>2011</u>
	<i>In thousand of HRK</i>	
Sales of goods and services	29,134	15,044
Purchases of goods and services	(102,779)	(94,647)
Interest expense	(4,963)	(7,692)
	<u>(78,608)</u>	<u>(87,295)</u>

**DUKAT D.D. AND DUKAT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 31 – RELATED PARTY TRANSACTIONS (continued)**

The year-end balances resulting from transactions between the Company and the members of Lactalis Group (out of Dukat Group) are as follows:

	<u>2012</u>	<u>2011</u>
	<i>In thousand of HRK</i>	
Trade and other receivables	1,692	1,202
Loan liabilities	11,318	118,981
Trade and other payables	15,500	7,818

The year-end balances resulting from transactions between the Group and the members of Lactalis Group (out of Dukat Group) are as follows:

	<u>2012</u>	<u>2011</u>
	<i>In thousand of HRK</i>	
Trade and other receivables	4,634	3,069
Loan liabilities	11,318	118,981
Trade and other payables	24,383	15,747

Key management compensation was as follows:

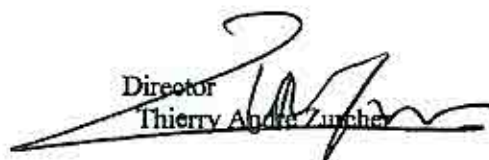
	<u>DUKAT GROUP</u>		<u>DUKAT d.d.</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<i>In thousand of HRK</i>		<i>In thousand of HRK</i>	
Salaries and fees	38,066	40,865	29,741	32,141
Severance costs	159	282	8	282
Other employee benefits	470	1,395	143	1,122
	<u>38,695</u>	<u>42,542</u>	<u>29,892</u>	<u>33,545</u>

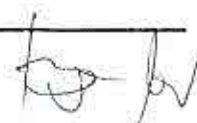
Key management consists of 59 members of the Supervisory Board, Board of Directors of the Company, general directors of each Group entity and non-executive directors / managers (2011: 59).

**NOTE 32 – SUBSEQUENT EVENTS**


The financial statements set out on 4 to 71 were approved by the Management Board on 15 March 2013. These financial statements are subject to approval of the Supervisory Board as required by the Croatian Company Act.

The Company has on 15 March 2013 acquired 50.3% of shares in company Ljubljanske mlekarne d.d., leader on dairy market in Slovenia.

  
 Director  
 Thierry André Zucher






UPRAVA	MANAGEMENT BOARD
Temeljem odredbe članka 30. Statuta DUKATA d.d., kao jedini član Uprave – direktor Dukat d.d., dana 12. travnja 2013. godine donosim sljedeću	On the basis of Article 30 of the Articles of Association of DUKAT Inc., on April 12 <sup>th</sup> 2013, as a sole member of Management Board – director of DUKAT Inc., herewith I adopt the following
<b>ODLUKU</b> Br. 56 – 02 – 2013	<b>DECISION</b> No. 56 – 02 – 2013
<b>I</b>	<b>I</b>
Uprava predlaže da odluka o raspodjeli dobiti nakon oporezivanja za 2012. godinu glasi, kako slijedi:	Management Board proposes decision on the allocation of profit after tax for 2012, as follows:
„Dobit DUKAT d.d. Zagreb nakon oporezivanja za 2012. godinu iznosi 75.320.240,97 kuna.	"Dukat Inc. Zagreb net profit taxes 2012 amounts HRK 75.320.240, 97.
Dobit DUKAT d.d. Zagreb nakon oporezivanja za 2012. godinu u ukupnom iznosu od 75.320.240,97 kuna raspoređuje se u zadržanu dobit.	Dukat Inc. Zagreb net profit in 2012 after taxes in amount of HRK 75.320.240, 97 is allocated to retained profit.
Utvrđuje se da su zakonske rezerve unijete ranije i iznose 15.000.000 kn."	Dukat Inc. Zagreb legal reserves have already been entered and amount to HRK 15.000.000."
<b>II</b>	<b>II</b>
Ova odluka će biti prosljeđena Nadzornom odboru na prihvaćanje.	This decision will be forwarded to the Supervisory Board to its consent.
<b>III</b>	<b>III</b>
Ova odluka stupa na snagu danom donošenja.	This Decision shall take effect on the day of its adoption.
<b>DUKAT d.d. / DUKAT Inc.</b>	
 <b>THIERRY, ANDRÉ ZURCHER</b> direktor / director	
<u>Dostaviti</u> <input type="checkbox"/> Nadzorni odbor <input type="checkbox"/> Pismohrana	<u>Deliver to</u> <input type="checkbox"/> Supervisory Board <input type="checkbox"/> Archive





<b>UPRAVA</b>	<b>MANAGEMENT BOARD</b>
<p>Temeljem odredbe članka 30. Statuta DUKATA d.d., kao jedini član Uprave – direktor Dukat d.d., dana 12. travnja 2013. godine donosim sljedeću</p>	<p>On the basis of Article 30 of the Articles of Association of DUKAT Inc., on April 12<sup>th</sup> 2013, as a sole member of Management Board – director of DUKAT Inc., herewith I adopt the following</p>
<p><b>ODLUKU</b> Br. 56 – 03 – 2013</p>	<p><b>DECISION</b> No. 56 – 03 – 2013</p>
<p><b>I</b></p> <p>Usvaja se Revidirani konsolidirani financijski izvještaj za DUKAT d.d. i DUKAT Grupu za 2012., prema tekstu koji se nalazi u privitku ove odluke i čini njezin sastavni dio.</p>	<p><b>I</b></p> <p>The Audited Financial Statements of DUKAT Inc. and DUKAT Group for 2012 is herewith approved in the text as enclosed and constituting an integral part of this Decision.</p>
<p><b>II</b></p> <p>Ova odluka stupa na snagu danom donošenja.</p>	<p><b>II</b></p> <p>This Decision shall take effect on the day of its adoption.</p>
<p><b>DUKAT d.d. / DUKAT Inc.</b></p>  <p><b>THIERRY, ANDRÉ ZURCHER</b> direktor / director</p>	
<p><u>Dostaviti</u></p> <p><input type="checkbox"/> Nadzorni odbor</p> <p><input type="checkbox"/> Pismohrana</p>	<p><u>Deliver to</u></p> <p><input type="checkbox"/> Supervisory Board</p> <p><input type="checkbox"/> Archive</p>