



**TVORNICA ŠEĆERA d.d.**

**ANNUAL BUSINESS REPORT**  
**for 2011**

**Virovitica, February 2012**

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## I INTRODUCTION/ ABOUT THE COMPANY

### 1.1. Introduction

In accordance with Croatian law, VIRO Sugar Factory is obliged to prepare and submit an Annual Business Report, intended for the Company management and other interested parties.

Annual Business Report presents a complex and documented insight into Company's operations, with all necessary material and financial data, as well as business indicators, calculated on bases of modern analytical and statistical methods, and valid international financial reporting standards.

This Report, together with basic financial reports (Balance Sheet, Profit and Loss Account, Cash flows Statement) and Notes to the Financial Statements, make an integral report.

Data relevant for the preparation of this report, were collected from the Company's departments of production, raw material supply, sales, finance, accounting and department of planning and analysis, where the report is actually prepared.

### 1.2. About the Company

On June 27, 2002, based on the Article 7 of the Purchase contract, companies EOS-Z d.o.o., Zagreb and Robić d.o.o. Velika Gorica, purchased the company Tvornica šećera Virovitica in bankruptcy, its immovable, stocks of raw materials, spare parts and production in course, and engaged themselves to found a new company, invest all the purchased assets and continue the main activity of the factory in bankruptcy.

So, on July 19, 2002 a new company was founded, VIRO limited liability company, for production and trade (further on VIRO Ltd), registered at the Register of Business Entities at the Commercial Court Bjelovar, with subscribed core capital of HRK 20.000,00 and founders EOS-Z Ltd with 51% stake and Robić Ltd with 49% stake.

After settlement of the total purchase price with the sellers of the bankrupted company assets, on September 5, 2002, companies EOS-Z Ltd and Robić Ltd transferred to VIRO Ltd the stocks of raw material, spare parts and semi-final products, what was actually the real start of business activity for the new company. On September 10, 2002, new employment contracts were signed with 264 full time employees.

During 2003 transfer of long-term fixed assets from EOS-Z Ltd and Robić Ltd to VIRO Ltd took place. During the same period the new company was additionally capitalised, and the core capital was increased to HRK 104.000.000,00.

By decision of the Assembly of July 21, 2005, and after registration at the Register of Business Entities at the Commercial Court Bjelovar of September 1, 2005, company was transformed from limited liability to joint stock company, and the name was changed to VIRO SUGAR FACTORY, joint stock company for production and trade (abbr.: VIRO SUGAR FACTORY), and subscribed capital of HRK 104.000.000,00 was substituted with 1.040.000 A-shares, made out in the name, at HRK 100,00 par value each.

During first quarter of 2006, the increase of the company core capital was completed, by money investments and distribution of A-shares to the public, through Zagreb stock market system: 346.667 new A-shares were issued, made out in the name, at HRK 100,00 par

value each, in the total par value of HRK 34.666.700,00. Shares were sold at HRK 365,00 each, and fully subscribed and paid for. In such a way company collected HRK 126.533.455,00 in total. On March 17, 2006 the increase of the core capital was registered at the Commercial Court Bjelovar in the amount of HRK 34.666.700,00, so the total core capital reached HRK 138.666.700,00.

Once the process of capitalisation was successfully completed, on April 20, 2006 company stocks were officially listed on the Zagreb stock market.

By decision of the General Assembly of August 30, 2006, all 1.386.667 shares at par value of HRK 100,00 each, were substituted by shares without par value, in such a way company core capital was divided to 1.386.667 A-shares made out in the name, without par value.

By decision of the General Assembly of December 14, 2006, further increase of core capital was made, by transformation of a part of the capital gain, and a part of the retention profit, in the amount of HRK 110.933.360,00, so the total core capital reached HRK 249.600.060,00. The core capital increase was carried out without issuance of new shares, so the core capital is divided to 1.386.667 shares made out in the name, without par value.

### 1.3. Management Bodies

Effective July 19, 2002 when the Company was founded, Marinko Zadro and Dražen Robić were appointed to the Management Board.

By decision of the Company members of May 23, 2003

a) Appointed to Supervisory Board

1. Marinko Zadro, Chairman
2. Željko Zadro, Deputy Chairman
3. Dražen Robić, Member of the Board

b) Appointed to Management Board

1. Damir Barić, President of the Board
2. Ivan Duvnjak, Member of the Board
3. Ivan Tot, Member of the Board

By decision of Company members of June 17, 2005, appointed to Supervisory Board

1. Marinko Zadro, Chairman
2. Boris Šimunović, Deputy Chairman
3. Dražen Robić, Member of the Board
4. Danaja Debicki, Member of the Board
5. Krešimir Mostovac, Member of the Board

By decision of the General Assembly of August 30, 2007, instead of Danaja Debicki, Marinko Papuga was appointed to the Supervisory Board.

By decision of the Supervisory Board of March 19, 2008, instead of three Members of the Management Board, Željko Zadro, former authorised representative, was appointed as the sole Member of the Management Board, as from March 27, 2008.

By decision of the General Assembly of April 12, 2011, instead of Marinko Papuga, Ivan Mišetić was appointed to the Supervisory Board.

By decision of the Supervisory Board of December 12, 2011 Member of the Management Board Željko Zadro was appointed as the President of the Management Board and Ivan Škorić was appointed as the Member of the Management Board.

## II RAW MATERIAL PROCUREMENT ANALYSES

Contracting of sugar beet production started in September 2010. By the plan for 2011, forseen ackerage was 24.700 acre. Necessary fertilisers, seeds and plant protection chemicals were provided on time and in sufficient quantities.

For production 2011, contracted area in Croatia was 18.290 acres, and 18.090 acre were sown, and in Hungary 5.190 acre were contracted and sown. The total sown ackerage was 23.280 acre. The interest of farmers for sugar beet production was weaker in 2011 than in previous two years.

Sowing started on March 14 by Anabela, Belje, Poljofarmacija i Hibrid-Commerce.

Till the end of March 67% of the area was sown, and till April 10, 99% of the total ackerage. Sugar beet cropped up quickly, and had good initial growth and very good plant density per acre. Sowing was repeated on 106 acre, namely 0,45% of the total 23.280 acre sown, and only 2,5 acre failed. In total 23.278 acre of sugar beet remained for harvesting, 18.088 in Croatia and 5.190 in Hungary.

During August and September additional 815 acre were contracted with Kutjevo Jsc., 605 acre with PP Orahovica, and service processing of 50.000 tons of sugar beet from Hungary.

In total with additionally contracted 3.700 acre approximately, the harvesting ackerage reached the optimum of 26.970 acre, and the expected yield of 570.000 tons of sugar beet approximately.

Weather conditions during vegetation period were not favourable for sugar beet. Insufficient precipitation during March, April and May. Between January 1 and June 30, 2011 there were only 108,9 mm/ m2 precipitation on the site area, which is only 37,66% of the perennial average being 289,10 mm/ m2. Despite the drought sugar beet crops were in satisfactory condition. Thanks to heavy rainfall in the previous year and soil water reserve, sugar beet plants developed well.

The number of plants per acre was between 38.440 and 44.500 on almost all ackerage. During June and July there were 212,3 mm/ m2 precipitation on the site area. During August an exceptionally dry season deteriorated the treatment of crops, as well as root growth.

Sugar beet harvest campaign started on September 9, and reception into the Factory on September 11. Sugar beet processing started on September 12. Due to high temperatures in September and October, stocks of harvested beets were kept at the quantity hardly enough for two days of processing, in order to keep the beet quality; namely harvesting and reception dynamics was adjusted to meet both, optimal processing dynamics and usability of sugar from sugar beet.

During the campaign 2011, a total of 546.608 tons of sugar beet were processed.

Average yield per acre was 21,53 tons of sugar beet, average polarisation 16,30 and impurity 10,50%.

Service processing at Sladorana Jsc., Županja reached 41.503 tons of sugar beet from 1.572 acres.

### CONCLUSION:

Agro-climatic conditions during 2011 were not favourable, due to the drought in March, April, May, August, September and October. Continual lack of precipitations was present during these months. The perennial average for Virovitica area is 815,5 mm/m2, and in productional 2011 we had only 524,1 mm/m2, namely a shortage of 291,4 mm/2. At average conditions sugar beet yield would have reached over 24 tons per acre.

Thanks to modern technology applied in production of sugar beet, the achieved results were very good in spite of the drought. Positive changes are evident in production per unit area.

Fertilization was done in accordance to soil analyses.

New varieties of sugar beet seeds are used for sowing, developed by new seed technologies: EPD, 3 D PLUS, Start Up, EnergHILL.

Crop protection is done entirely by pesticides (herbicides, fungicides, insecticides) registered in the EU, at prescribed doses and best application periods for control of weed, pest and infections.

Significant resources have been invested into new modern farming machinery, mostly combines and cleaners.

During the last few years, as operation results show, there is an evident trend of increasing production of suger per acre. The results and

## III PROCESSING AND PRODUCTION RESULTS ANALYSES

### 3.1. Raw sugar processing technology and production results

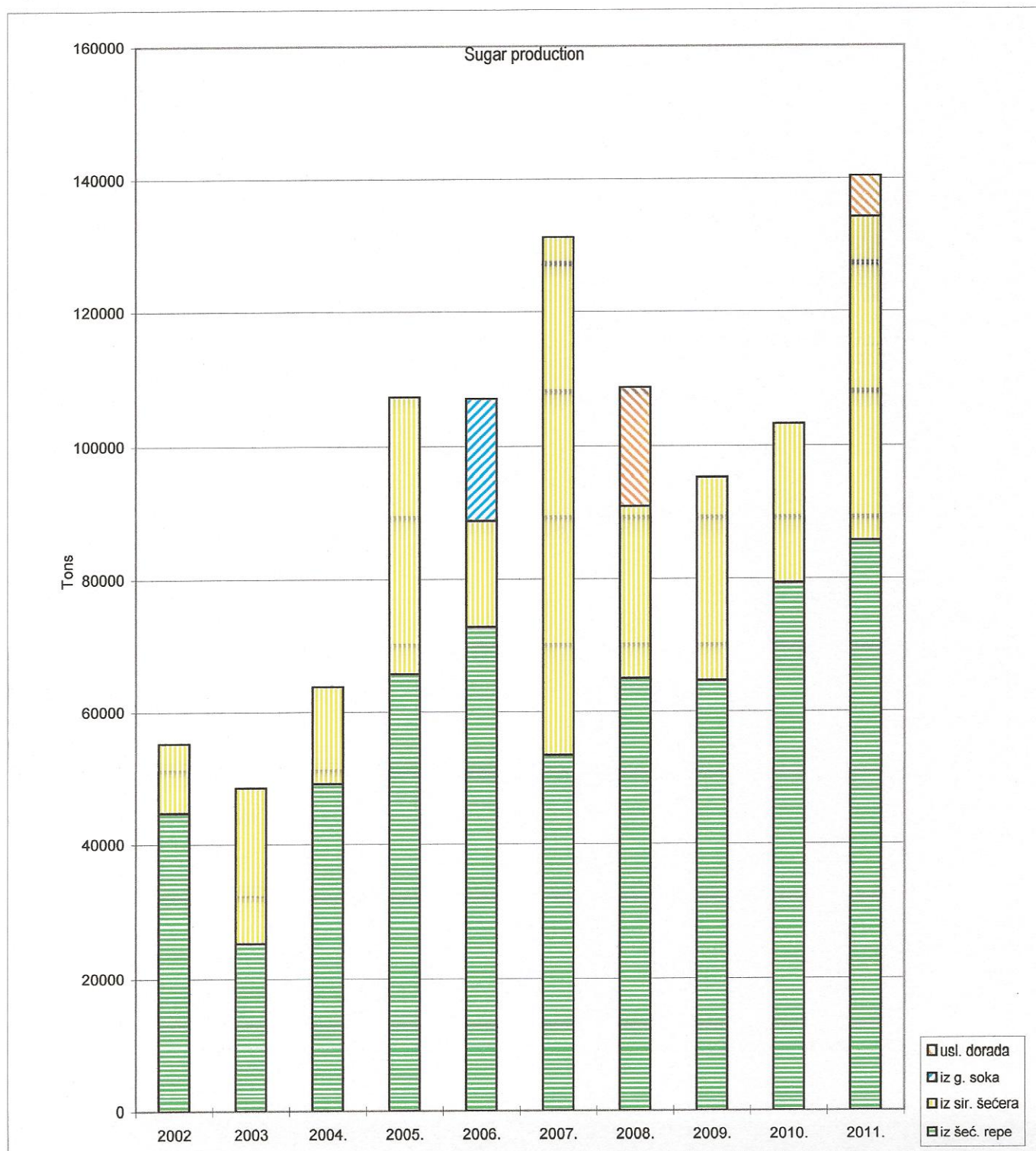
The total of 51.296,61 tons of imported raw sugar were processed in the period April 4 to May 21. In that 47 days period, 48.484,94 tons of sugar were produced, at an average daily rate of 1.093,67 ton and at 94,52% usability of raw sugar.

Item	PRODUCT	Unit	Realization
1	Sugar	t	48.484,94
2	Molasses	t	2.645,91

### 3.2. Sugar beet processing campaign results

Sugar beet campaign 2011 started on September 12, and ended on December 14, 2011.

Item	PRODUCT	Unit	Realization 2010	Realization 2011	Service realiz. 2011
1	Sugar	t	79.368,50	85.712,00	6.225,51
2	Molasses	t	20.273,00	23.111,00	1.452,00
3	Dry pulp	t	28.942,00	24.500,00	1.651,00



## IV SALES ANALYSES FOR 2011

Total sales of sugar with regard to packing units is the following:

Sugar 50/1	45.830.000 kg
Sugar 25/1	-
Sugar 1/1	26.316.415 kg
Not packed (liquid sugar)	6.195.594 kg
Big bags per 1200 kg each	22.684.800 kg
Sugar 1000/1	5.020.000 kg
Sugar not packed	26.648.410 kg
Other industrial sugar	456.310 kg
<b>TOTAL:</b>	<b>133.151.529 kg</b>

Total sales in 2011 are by 9% lower compared to the previous year. Decrease in exports to the EU market is the main reason: exports of sugar were by 15% lower compared to the previous year, while the domestic sales of sugar were decreased by 3%.

## V FINANCIAL STATE, CASH FLOW AND BALANCE SHEET ANALYSES

5.1. Financing and liquidity issues

Current production and other business activities in 2011, VIRO Sugar Factory financed through:

- Sales of transitional stocks of 27.610 tons of sugar, 6.827 tons of molasses and 12.770 tons of dry pulp
- Sales of 48.485 tons of sugar, 2.646 tons of molasses produced of raw sugar
- Sales of 56.585 tons of sugar, 8.429 tons of molasses and 4,471 tons of dry pulp produced of sugar beet
- Sales of 472 tons of sugar bought on the market and
- Postponement of most of the trade payables (protection, overhaul and others) till the new campaign.

Settlement of current obligations towards suppliers, in the total amount of HRK 660.609.557,43 has been carried out as follows:

- Wire transfer	367.560.699,44	40,67%
- Advance payment	98.775.111,75	10,93%
- Compensation	164.074.392,85	18,15%
- Cession and assignment	17.755.633,04	1,96%
- Foreign remittance	245.726.129,29	27,19%
- Advance foreign remittance	9.895.091,06	1,09%

Buyers settled their obligations in the total amount of HRK 1.007.209.609,84 as follows:

- Wire transfer	280.328.556,26	27,83%
- Advance payment	16.573.502,79	1,65%
- Compensation	204.030.606,56	20,26%
- Cession and assignment	19.098.405,37	1,90%
- Bill of exchange	176.017.827,02	17,48%
- Foreign remittance	235.090.456,60	23,34%
- Advance foreign remitt.	76.070.315,24	7,55%

## 5.2. Cash flow in 2011

ITEM	HRK AMOUNT
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit before taxation	122.560.221
Amortisation	34.312.381
Increase of current liabilities	118.979.735
Decrease of current receivables	22.717.659
Decrease of stocks	
Other increase of cash flow	
<b>I. Total increase of cash flow from operating activities</b>	<b>298.569.996</b>
Decrease of current liabilities	
Increase of current receivables	
Stocks increase	32.408.919
Other decrease of cash flow	24.929.446
<b>II. Total decrease of cash flow from operating activities</b>	<b>57.338.365</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>241.231.631</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	
Proceeds from sale of long-term fixed and intangible assets	1.530.367
Proceeds from sales of equity and debt financial instruments	
Proceeds from interests	1.593.876
Proceeds from dividends	
Other proceeds from investment activities	41.924
<b>III. Total proceeds from investment activities</b>	<b>3.166.167</b>
Acquisition of long-term fixed and intangible assets	31.754.969
Acquisition of equity and debt financial instruments	
Other expenses for investment activities	65.611.568
<b>IV. Total expenses for investment activities</b>	<b>97.366.537</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES</b>	
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>94.200.370</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	
Proceeds from sales of equity and debt financial instruments	
Proceeds from credit principals, due bills, borrowings and others	230.854.714
Other proceeds from financial activities	1.194.232
<b>V. Total proceeds from financial activities</b>	<b>232.048.946</b>
Expenses for credit principals and bonds instalments	318.196.219
Expenses for dividends	49.556.935
Expenses for financial leasing	7.417.850
Redemption of own shares	26.106.522
Other expenses for financial activities	1.045.802
<b>VI. Total expenses for financial activities</b>	<b>402.323.328</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES</b>	
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>170.274.382</b>
<b>Total increase of cash flow</b>	
<b>Total decrease of cash flow</b>	<b>23.243.121</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>49.916.889</b>
<b>Increase of cash and cash equivalents</b>	
<b>Decrease of cash and cash equivalents</b>	<b>23.243.121</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>26.673.768</b>



## 5.3. Statement structure analyses

For consideration of Company's financial position, and its assets, capital, receivables and liabilities, please find below a structural Statement:

**STATEMENT**  
as per 31/12/2011

HRK

Item	DESCRIPTION	31.12.2010		31.12.2011		Index 7 (5/3)
		Amount	%	Amount	%	
1	2	3	4	5	6	
<b>ASSETS</b>						
A)	<b>LONG-TERM ASSETS (I+II+III+IV)</b>	509.611.901	52,53	569.899.534	55,46	112
I	Intangible assets (1 to 2)	825.820	0,09	531.083	0,05	64
1	Research and development expenses	368.866	0,04	518.268	0,05	141
2	Patents, licences, concessions and similar rights	456.954	0,05	12.815	0,00	3
II	Tangible assets (3 to 9)	276.594.386	28,51	272.801.344	26,55	99
3	Land and forests	3.685.749	0,38	3.685.749	0,36	100
4	Buildings	83.831.465	8,64	81.588.110	7,94	97
5	Plants and equipments	177.235.263	18,27	160.293.587	15,60	90
6	Prepayments for tangible assets	2.874.452	0,30	2.587.429	0,25	90
7	Tangible assets in progress	7.660.859	0,79	23.411.903	2,28	306
8	Residential buildings and dwellings	9.300	0,00	9.300	0,00	100
9	Other tangible assets	1.297.298	0,13	1225266	0,12	94
III	Financial assets (10 to 12)	232.124.907	23,93	296.542.243	28,86	128
10	Shares in affiliated companies	220.050.139	22,68	285.332.803	27,77	130
11	Loans, deposits and guarantees	12.074.768	1,24	11.209.440	1,09	93
IV	Receivables	66.788	0,01	24.864	0,00	37
12	Receivables from sales on credit	66.788	0,01	24.864	0,00	37
B)	<b>CURRENT ASSETS (V+VI+VII+VIII)</b>	459.415.018	47,35	455.543.559	44,33	99
V	Stocks (13 to 16)	179.545.466	18,51	211.954.385	20,63	118
13	Raw material and consumables	23.353.642	2,41	20.391.554	1,98	87
14	Trading goods	80.127.199	8,26	175331477	17,0628	219
15	Final products	60.161.254	6,20	2.869.607	0,28	5
16	Prepayments	15.903.371	1,64	13.361.747	1,30	84
VI	Receivables (17 to 21)	154.135.955	15,89	131.418.296	12,79	85
17	Receivables from affiliated companies	31.702.076	3,27	23.314.628	2,27	74
18	Trade receivables	88.550.478	9,13	78.898.405	7,68	89
19	Receivables from employees	266	0,00	-	-	-
20	Receivables from state and other institutions	33.878.734	3,49	29.020.842	2,82	86
21	Other receivables	4.401	0,00	184.420	0,02	4.185
VII	Financial assets (22 to 24)	75.816.708	7,81	85.497.110	8,32	113
22	Loans to affiliated companies	-	-	1.506.678	0,15	-
23	Securities	16.720.660	1,72	39.779.361	3,87	238
24	Loans, deposits and guarantees	59.096.048	6,09	44.211.071	4,30	75
VIII	Cash at bank and in hand	49.916.889	5,15	26.673.768	2,60	53
C)	<b>PREPAID EXPENSES AND ACCRUED INCOME</b>	1.137.763	0,12	2.122.790	0,21	187
D)	<b>LOSS ABOVE CAPITAL LEVEL</b>	-	-	-	-	-
E)	<b>TOTAL ASSETS (A+B+C+D)</b>	970.164.683	100,00	1.027.565.883	100,00	106
F)	<b>OFF STATEMENT ITEMS</b>	10.745.168	1,11	10.852.530	1,06	101

HRK

Item	DESCRIPTION	31.12.2010		31.12.2011		Index
		Amount	%	Amount	%	
1	2	3	4	5	6	7 (5/3)
<b>LIABILITIES</b>						
A)	CAPITAL AND RESERVES (1+2+3+4+5+6)	486.589.292	50,16	532.440.254	51,82	109
1	Subscribed capital	249.600.060	25,73	249.600.060	24,29	100
2	Capital gains	9.064.213	0,93	9.064.213	0,88	100
3	Revaluation reserve	15.495.835	1,60	19389313	1,88692	125
4	Reserve	6.844.438	0,71	874.338	0,09	13
5	Retained earning	163.421.726	16,84	130.952.109	12,74	80
6	Profit for the year	42.163.020	4,35	122.560.221	11,93	291
B)	LONG-TERM LIABILITIES (7 to 8)	252.504.135	26,03	142.272.174	13,85	56
7	Liabilities for loans	2.204.010	0,23	16.985.496	1,65	771
8	Liabilities to credit institutions	250.300.125	25,80	125.286.678	12,19	50
C)	CURRENT LIABILITIES (9 to 17)	215.861.365	22,25	350.998.386	34,16	163
9	Liabilities to affiliated companies	56.343.792	5,81	9.040.876	0,88	16
10	Liabilities based on loans	1.118.745	0,12	5.198.874	0,51	465
11	Liabilities to credit institutions	53.428.183	5,51	65.505.340	6,37	123
12	Liabilities to advancements, deposits and guaranties	528.903	0,05	154.321.367	15,02	-
13	Liabilities to suppliers	101.294.701	10,44	111.464.083	10,85	110
14	Liabilities to employees	1.599.716	0,16	1.897.442	0,18	119
15	Taxes, contributions and fees liabilities	900.965	0,09	1.906.090	0,19	212
16	Liabilities based on shares of result	11.874	0,00	11.874	0,00	100
17	Other current liabilities	634.486	0,07	1.652.440	0,16	260
D)	DEFERRED EXPENSES AND DEFERRED INCOME	15.209.891	1,57	1.855.069	0,18	12
E)	TOTAL LIABILITIES (A+B+C)	970.164.683	100,00	1.027.565.883	100,00	106
F)	OFF STATEMENT ITEMS	10.745.168	1,11	10.852.530	1,06	101

#### 5.4. Investments in 2010

During 2010, Company have made following investments, stated by allotments:

Item	ALLOTMENT	Amount in HRK	Amount in EURO (1 EURO=7,5 HRK)	%
1	Investment into technology and equipment maintenance	9.799.969,76	1.306.662,63	29,94
2	Investment in buildings	2.946.385,21	392.851,36	9,00
3	Transport means and passenger cars	189.269,58	25.235,94	0,58
4	Telecommunication means and office equipment	129.542,74	17.272,37	0,40
5	Other	155.766,51	20.768,87	0,48
TOTAL (1 to 5)		13.220.933,80	1.762.791,17	40,39
6	Leasing investments into farm machinery	11.195.337,42	1.492.711,66	34,20
7	Leasing investments into Factory equipment	8.317.519,07	1.109.002,54	25,41
TOTAL LEASING (6 to 7):		19.512.856,49	2.601.714,20	59,61
TOTAL (1 to 7):		32.733.790,29	4.364.505,37	100,00

From the above review, it is evident that 55,35% of EURO 4,364.505,37 total investment, was allocated to investment into technology and equipment maintenance.

## VI EMPLOYEES

Next review shows the structure of calculated working hours for 2011:

Item	TYPES OF FEES	Hours	%
	CALCULATED WORKING HOURS (A+B)	519.569	100,00
A)	Normal hours of work	519.334	99,95
B)	Overtime	235	0,05
	STRUCTURE OF NORMAL HOURS (1 to 6)	519.334	99,95
1	Working hours	390.184	75,10
2	Annual vacation	67.440	12,98
3	State holiday	18.781	3,61
4	Sick leave up to 42 days	5.100	0,98
5	Sick leave over 42 days	11.600	2,23
6	Paid absences and days off	26.229	5,05

Based on the calculated working hours, during 2011 there were in average 249,79 employees, including seasonal workers.

During 2011, the average worker spent his days by following structure:

195,33 days of work  
 33,75 days of annual vacancy  
 9,44 days of paid state holidays  
 2,55 days of sick leave up to 42 days  
 5,80 days of sick leave over 42 days  
 13,13 days of paid absences and days off

Next table shows the fluctuations in the number of employees during the year (without seasonal workers) by qualification structure:

Qualification structure	Situation per 31/12/2010	Went during 2011	Gone during 2011	Situation per 31/12/2011
University degree	32	6	1	37
Associate degree	7		2	5
Secondary qualification	96	8	3	101
Lower qualification				
Operative	2			2
Skilled worker	62		1	61
Semi-skilled worker	4			4
Low-skilled worker	22		2	20
TOTAL	225	14	9	230

## VII PROFIT AND LOSS ACCOUNT FOR 2010

Item	Description	2010	2011	Index 2011/2010
1.	Operating incomes	717.047.754	872.654.576	122
1.1.	Sales revenue	710.592.306	852.277.165	120
1.2.	Other operating incomes	6.455.448	20.377.411	316
2.	Financial incomes	11.797.786	4.647.860	39
2.1.	Incomes related to dependant corporates	627.955	12.246	2
2.2.	Incomes related to independent corporates	11.169.731	4.635.614	42
2.3.	Other financial incomes	100	-	-
I	TOTAL INCOME (1+2)	728.845.540	877.302.436	120
4.	Material costs	521.634.580	722.660.929	139
4.1.	Cost of raw material and consumables	339.450.381	543.869.035	160
4.2.	Cost of goods sold	154.613.571	137.574.787	89
4.3.	Other service costs	27.570.628	41.217.107	149
5.	Staff costs	27.882.314	28.965.340	104
6.	Amortisation and value adjustment of long term assets	29.730.993	34.312.381	115
7.	Other operating costs	9.352.933	10.135.686	108
8.	Other operational costs	4.874.378	35.045.480	719
9.	Finished products stock value increase		94.723.355	-
10.	Finished products stock value decrease	74.627.318		-
11.	OPERATING EXPENSES (4+5+6+7-8+9+10)	668.102.517	736.396.461	110
12.	Financial expenses	21.603.337	18.345.754	85
12.1.	Expenses related to dependant corporates		288.503	-
12.2.	Expenses related to independent corporates	21.603.008	17.469.031	81
12.3.	Other financial expenses	329	588.220	-
II	TOTAL EXPENSES (11+12)	689.705.854	754.742.215	109
III	PROFIT OF THE YEAR (I-II)	39.139.687	122.560.221	313
IV	PROFIT TAX EXPENSE			
V	NET PROFIT (III-IV)	39.139.687	122.560.221	313
13.	Other comprehensive income	3.023.333	3.020.600	100
VI	COMPREHENSIVE INCOME (V+13)	42.163.020	125.580.821	298
VII	EBIT	48.945.237	136.258.115	278
VIII	EBITDA	78.676.230	170.570.496	217

EBTDA - Earnings before interest, taxes, depreciation and amortization for 2011 amounts to HRK 170,57 million, while in the previous year it was HRK 78,68 million, which is an increase of 117%.

Realised comprehensive income of the observed period in the amount of HRK 125,58 million is several times higher compared to the previous year, primarily due to considerable increase of production and sales of sugar.

Achievement of these financial indicators of operations is the result of multi-year investments into modernization of production equipment and increase of installed processing capacity, followed by considerable reduction of cost per unit of product.

Achieved total income of HRK 877,3 million is by 20% higher compared to the previous year. Exports sale share of the income is increased from 27,10% to 38,22%, while the domestic sales share is reduced from 69,84% to 61,49.

Total expenses realised in the amount of HRK 754,74 million are by 9,43% higher compared to the previous year.

Material costs and costs of sold goods amount to HRK 722,66 million, and are by 38,54 % higher than in 2010.

Staff costs are increased by 3,88% because of increased working hours.

Amortization costs reached HRK 34,31 million, and are by 15,41% higher compared to the previous year. The increase of amortization costs was due to amortization of newly purchased equipment.

Financial expenses amount to HRK 18,35 million, and are by 15,08% lower compared to the previous year.

## VIII KEY INDICATORS OF BUSINESS EFFICIENCY

### 8.1. Indicators of liquidity and financial stability

For the analysis of liquidity and financial stability as per 31/12/2011, following indicators are presented:

Item	INDICATOR	Standard value	2010	2011	Index	
					5:4	5:3
1	2	3	4	5	6	7
<u>a) Liquidity</u>						
1	Instant liquidity ratio	-	0,23	0,08	33	
2	Quick ratio	>1	0,95	0,45	48	48
3	Current ratio	>2	2,13	1,30	61	65
<u>b) Financial stability</u>						
	- Net working capital in 000 HRK	-	243.553.653,00	104.545.173,00	43	-
4	- Share of net working capital in financing of current assets, %	>50	53,01	22,95	43	46
5	Financial security	>1	1,07	0,86	80	86
6	Degree of self-financing, %	>100	70,61	68,10	96	68
7	Long-term assets/ long-term sources, %	>100	145,03	118,39	82	118

Indicators of financial stability show to the degree of indebtedness, and the following financing of assets:

Item	DESCRIPTION	Unit	2010	2011	000 HRK
					Index 2011/2010
1.	Current assets	000 HRK	459.415,02	455.543,56	99
1.1.	Own funds	000 HRK	195.889,77	245.750,73	125
1.2.	Borrowed assets (current liabilities)	000 HRK %	263.525,25 100,00	209.792,83 100,00	80
2.	Long-term assets	000 HRK	509.611,90	569.899,53	112
2.1.	Own funds	000 HRK %	289.561,76 56,82	284.566,73 49,93	98
2.2.	Borrowed assets	000 HRK %	220.050,14 43,18	285.332,80 50,07	130
3.	Prepaid expenses	000 HRK	1.137,76	2.122,79	187
3.1.	Own funds	000 HRK %	1.137,76 100,00	2.122,79 100,00	187
4.	Loss above capital level	000 HRK			
5.	Total assets	000 HRK	970.164,68	1.027.565,88	106
5.1.	Total own capital (1.1+2.1+3.1)	000 HRK %	486.589,29 50,16	532.440,25 51,82	109
5.2.	Borrowed assets-current and long-term liabilities-loss above capital (1.2+2.2+4)	000 HRK %	483.575,39 49,84	495.125,63 48,18	102

The above table shows the total assets degree of indebtedness of 48,18%.

## 8.2. Indicators of assets activity and profitability

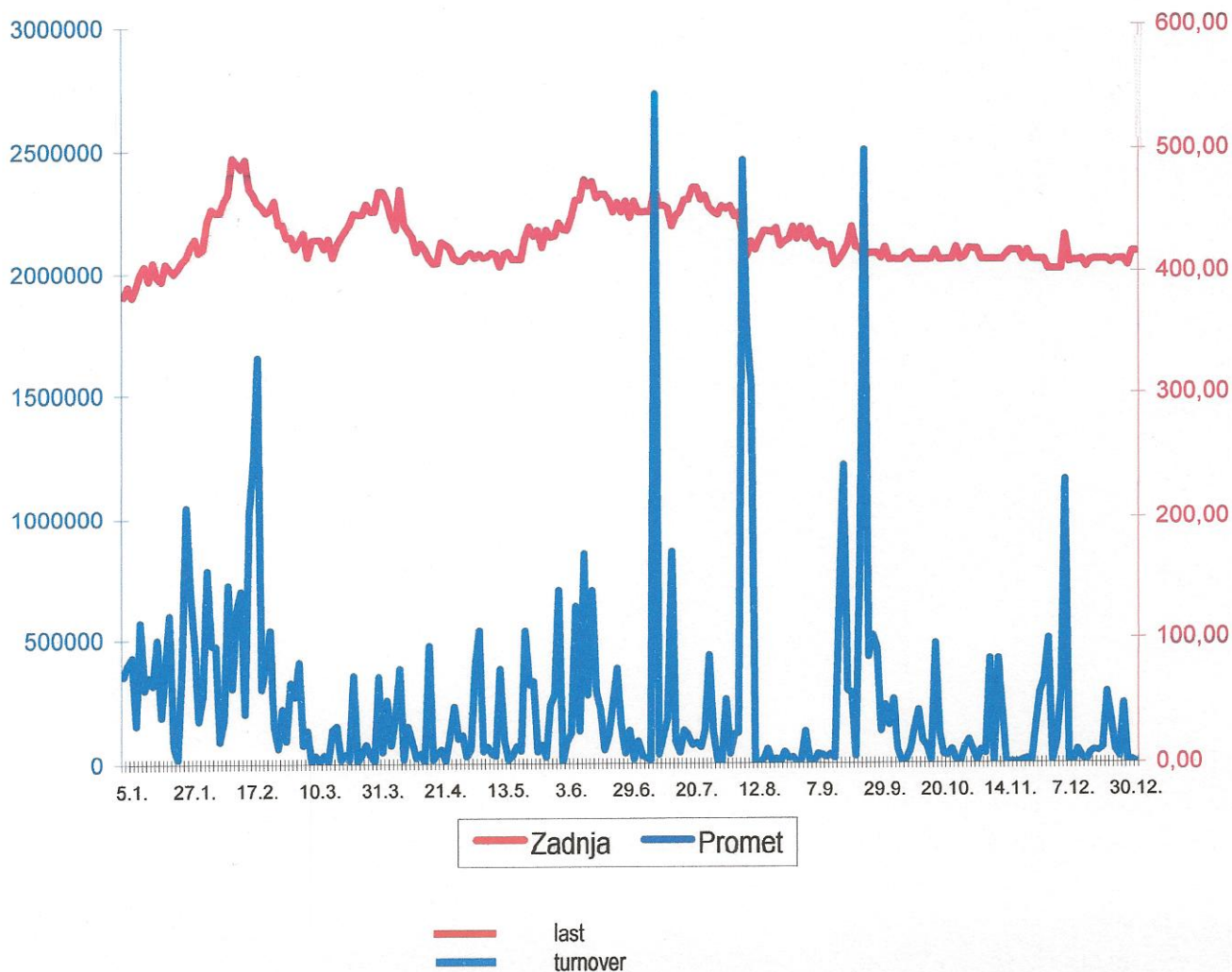
Item	INDICATOR	2010	2011	Index 2011/2010
<b>a) Assets activity</b>				
1.	Total assets turnover ratio	0,74	0,73	99
2.	Current assets turnover ratio	1,49	1,56	104
3.	Current assets binding period (days)	241	231	96
4.	Trade receivables			
	- Turnover ratio	5,77	6,38	111
	- Collection period (days)	62	56	90
<b>b) Profitability</b>				
5.	Net profit margin	5,37	13,97	260
6.	Gross profit margin (operating)	6,83	15,61	229
7.	EBITDA margin	10,97	19,55	178
8.	ROA	4,03	11,93	296
9.	ROE	8,04	23,02	286
10.	Net profit per employee	170.275,57	502.739,98	295

## IX OWNERSHIP AND TRADING OF COMPANY SHARES

Item	SHAREHOLDER	Number of shares	Structure in %
1	EOS-Z D.O.O. (1/1)	465.483	33,57
2	ROBIĆ D.O.O. (1/1)	416.100	30,01
3	SOCIETE GENERALE-SPLITSKA BANKA D.D./ AZ OMF (1/1)	88.811	6,40
4	VIRO TVORNICA ŠEĆERA D.D. (1/1)	84.836	6,12
5	HYPO ALPE-ADRIA-BANK D.D./ PBZ CROATIA OSIGURANJE OMF (1/1)	42.181	3,04
6	ZADRO MARINKO (1/1)	34.417	2,48
7	HYPO ALPE-ADRIA-BANK D.D./ RAIFFEISEN OMF (1/1)	26.103	1,88
8	HRVATSKA POŠTANSKA BANKA D.D. (1/1)	23.257	1,68
9	SOCIETE GENERALE-SPLITSKA BANKA D.D./ AZ PROFIT DMF (1/1)	10.256	0,74
10	SOCIETE GENERALE-SPLITSKA BANKA D.D./ ERSTE PLAVI OMF (1/1)	10.033	0,72
11	ČORIĆ DANKO (1/1)	8.300	0,60
12	HRVATSKA POŠTANSKA BANKA D.D./ CLIENTS SUMMARY ACCOUNT	8.255	0,60
13	PBZ D.D. (1/1)	6.880	0,50
14	OTHER INVESTORS AND SMALL SHAREHOLDERS	161.755	11,66
TOTAL (1 to 14):		1.386.667	100,00

During 2011, Company purchased 55.186 own shares, so by 31/12/2011 the total number of own shares was 84.836 which is 6,12% of equity.

At the end of 2011, the stock market price was HRK 415,91 each, and the financial transactions turnover reached HRK 58.950.240,19. Market capitalization in the amount of HRK 576,8 million was achieved in the reported period, and profit amounted to HRK 90,56 per stock.



## X ENVIRONMENTAL PROTECTION

Viro Sugar Factory is a big consumer of natural gas, being the main energy source for the production of sugar. During 2011 for both sugar beet and raw sugar campaigns natural gas consumption reached in total 22.825.617 Nm<sup>3</sup>.

The consumption of natural gas is gradually reduced over the years, due to the reconstruction of production plant and modernization of equipment made during 2009, 2010 and 2011, and thus the emissions to the atmosphere.

Combustion of natural gas in the power plant and combustion of coke in the lime-kiln are the sources of CO<sub>2</sub> emissions to the atmosphere. The level of emission is inspected yearly by an authorized laboratory, and is below prescribed limit, as well as by the Agency and the Ministry of Environmental Protection. Emission of solid particles produced during beet pulp drying process, as well as gases produced by combustion of natural gas in the beet drier, are the second emission being monitored by the authorized company. Test results are within prescribed limits and are submitted to the Agency and the Ministry of Environmental Protection.

Viro Sugar Factory has its own water treatment plant (aerobic and anaerobic section), for treatment of its own waste water (from the process and rainfall waters), as well as municipal waste water from town of Virovitica.

In order to reduce fresh water consumption in various stages of sugar production, water for beet unloading and washing in the factory is recycled, as well as the cooling system water. In this way, considerable amount of fresh water is saved.

Viro has its own boiler house for production of steam necessary for the process, producing at the same time el. energy (co-generation) for own consumption. Periodical surpluses of el. energy are sold to the net, at quantities and prices agreed with the local el. energy distribution company.

During operations of the sugar factory, dangerous and non-dangerous waste is produced, and reported on the prescribed forms to the Environment Protection Agency.

In accordance to law prescriptions, authorized companies specialized for the disposal of waste materials collect all kinds of waste materials from the factory. Records about production, storage and disposal are kept in the factory, in accordance to all regulations on this subject.

Viro Sugar Factory submitted the Analyses about harmonisation with IPPC directive to the Ministry of Environmental Protection for verification. Viro Sugar Factory is certified by ISO 9001, ISO 22000 and ISO 14001.



## XI FUTURE DEVELOPMENT OF THE COMPANY

Future development and operational plan is based on following areas:

- Sugar production and sales plan, and
- Investment plan

Investment plan for 2012 is still based on the increase of the daily production up to 1.400 tons of sugar, which is already achieved during raw sugar campaign, where the whole production process is completely automatised, as intended.

Total production of 122.000 tons of sugar planned for 2012 is composed of 47.500 tons of refined cane raw sugar intended exclusively for the local market and 74.500 tons of beet sugar intended mostly for export to the EU market.

The total investment fund planned for this year will be allocated to following items:

- Annual reparation of productional equipment
- Installation of sugar packing equipment (25 and 50 kg units)
- Replacement of the Steamblock boiler by a new one (or fitting the existing one with a new ECO plus control system)
- New control system for boiler 2.

#### Beet production

By the production and finance plan for 2012, contracting of beet production on 24.710 acres which means processing of more than 550.000 tons of sugar beet, and production of more than 74.500 tons of white sugar, 20.000 tons of molasses and 25.000 tons of dry pulp.

We would like to mention that the planned acreage is already completely contracted and with optimal weather conditions we can expect very good production and financial results in 2012.

President of the Management Board  
Željko Zadro, B. Com.

**ENCLOSURE 1**

Reporting period:

1 January 2011

to

31 December 2011

**Annual Financial Report-GFI-POD**

Tax Number (MB): 01650971

Registration Number (MBS): 010049135

Personal Identification  
Number (OIB): 04525204420

Issuer: VIRO TVORNICA ŠEĆERA d.d.

Postal Code and Location: 33000

VIROVITICA

Street and number: MATIJE GUPCA 254

e-mail address: viro@secerana.hr

Internet address: www.secerana.hr

and name for municipality/city: 491 VIROVITICA

Code and name for county: 10 VIROVITIČKO-PODRAVSKA

Number of employees  
(at the year's end): 250

Consolidated Report: NO

Business activity code: 1081

Entities in consolidation (according to IFRS)

Registered seat:

Tax number (MB):


Book-keeping firm:

Contact person: ZDENKA SMOJVER

(unosi se samo prezime i ime osobe za kontakt)

Telephone: 033840100

Telefaks: 033840103

e-mail address: racunovodstvo-viro@secerana.hr

Surname and name: ŽELJKO ZADRO

(osoba ovlaštene za zastupanje)

Documents for publication

1. Revised Annual Financial Statements
2. Statements for persons responsible for composing financial statements
3. Management report



 A handwritten signature in blue ink, appearing to be 'Z. Zadro', written over a horizontal line.
 

(signature of authorized person)

## BALANCE SHEET

as at

31.12.2011

Item	AOP code	Last year (net)	Current year (net)
1	2	3	4
<b>ASSETS</b>			
<b>A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL</b>	<b>001</b>		
<b>B) LONG-TERM ASSETS (003+010+020+029+033)</b>	<b>002</b>	509.611.901	569.899.534
<b>I. INTANGIBLE ASSETS (004 to 009)</b>	<b>003</b>	825.820	531.083
1. Assets development	<b>004</b>	368.866	518.268
2. Concessions, patents, licences fees, trade and service marks, software and other rights	<b>005</b>	456.954	12.815
3. Goodwill	<b>006</b>		
4. Prepayments for purchase of intangible assets	<b>007</b>		
5. Intangible assets in preparation	<b>008</b>		
6. Other intangible assets	<b>009</b>		
<b>II. TANGIBLE ASSETS (011 to 019)</b>	<b>010</b>	276.594.386	272.801.344
1. Land	<b>011</b>	3.685.749	3.685.749
2. Buildings	<b>012</b>	83.831.465	81.588.110
3. Plant and equipment	<b>013</b>	177.235.263	160.293.587
4. Tools, facility inventory and transport assets	<b>014</b>		
5. Biological assets	<b>015</b>		
6. Prepayments for tangible assets	<b>016</b>	2.874.452	2.587.429
7. Tangible assets in progress	<b>017</b>	7.660.859	23.411.903
8. Other tangible assets	<b>018</b>	9.300	9.300
9. Investments in buildings	<b>019</b>	1.297.298	1.225.266
<b>III. LONG-TERM FINANCIAL ASSETS (021 to 028)</b>	<b>020</b>	232.124.907	296.542.243
1. Investments (shares) with related parties	<b>021</b>	220.050.139	285.332.803
2. Loans given to related parties	<b>022</b>		
3. Participating interest (shares)	<b>023</b>		
4. Loans to entrepreneurs in whom the entity holds participating interests	<b>024</b>		
5. Investments in securities	<b>025</b>		
6. Loans, deposits and similar assets	<b>026</b>	12.074.768	11.209.440
7. Other long - term financial assets	<b>027</b>		
8. Investments accounted by equity method	<b>028</b>		
<b>IV. RECEIVABLES (030 to 032)</b>	<b>029</b>	66.788	24.864
1. Receivables from related parties	<b>030</b>		
2. Receivables from based on trade loans	<b>031</b>	66.788	24.864
3. Other receivables	<b>032</b>		
<b>V. DEFERRED TAX ASSETS</b>	<b>033</b>		
<b>C) SHORT TERM ASSETS (035+043+050+058)</b>	<b>034</b>	459.415.019	455.543.559
<b>I. INVENTORIES (036 to 042)</b>	<b>035</b>	179.545.466	211.954.385
1. Raw-material and supplies	<b>036</b>	23.353.642	20.391.554
2. Work in progress	<b>037</b>		
3. Finished goods	<b>038</b>	80.127.199	175.331.477
4. Merchandise	<b>039</b>	60.161.254	2.869.607
5. Prepayments for inventories	<b>040</b>	15.903.371	13.361.747
6. Long - term assets held for sales	<b>041</b>		
7. Biological assets	<b>042</b>		
<b>II. RECEIVABLES (044 to 049)</b>	<b>043</b>	154.135.955	131.418.296
1. Receivables from related parties	<b>044</b>	31.702.076	23.314.628
2. Accounts receivable	<b>045</b>	88.550.478	78.898.405
3. Receivables from participating parties	<b>046</b>		
4. Receivables from employees and members of related parties	<b>047</b>	266	
5. Receivables from government and other institutions	<b>048</b>	33.878.734	29.020.843
6. Other receivables	<b>049</b>	4.401	184.420
<b>III. SHORT TERM FINANCIAL ASSETS (051 to 057)</b>	<b>050</b>	75.816.709	85.497.110
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>		1.506.678
3. Participating interests (shares)	<b>053</b>		
4. Loans to entrepreneurs in whom the entity holds participating interests	<b>054</b>		
5. Investments in securities	<b>055</b>	16.720.661	39.779.361
6. Loans, deposits, etc.	<b>056</b>	59.096.048	44.211.071
7. Other financial assets	<b>057</b>		
<b>IV. CASH AT BANK AND IN CASHIER</b>	<b>058</b>	49.916.889	26.673.768
<b>D) PREPAID EXPENSES AND ACCRUED REVENUE</b>	<b>059</b>	1.137.763	2.122.790
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	970.164.683	1.027.565.883
<b>F) OFF-BALANCE RECORDS</b>	<b>061</b>	10.745.168	10.852.530

<b>LIABILITIES AND CAPITAL</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>486.589.292</b>	<b>532.440.254</b>
I. SUBSCRIBED CAPITAL	<b>063</b>	249.600.060	249.600.060
II. CAPITAL RESERVES	<b>064</b>	9.064.213	9.064.213
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	15.495.835	19.389.313
1. Reserves prescribed by law	<b>066</b>	12.480.003	12.480.003
2. Reserves for treasury shares	<b>067</b>	13.866.670	43.866.670
3. Treasury stocks and shares (deduction)	<b>068</b>	10.850.838	36.957.360
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>	6.844.438	874.338
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	163.421.726	130.952.109
1. Retained earnings	<b>073</b>	163.421.726	130.952.109
2. Accumulated loss	<b>074</b>		
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	42.163.020	122.560.221
1. Profit for the current year	<b>076</b>	42.163.020	122.560.221
2. Loss for the current year	<b>077</b>		
IX. MINORITY INTERESTS	<b>078</b>		
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	<b>0</b>	<b>0</b>
1. Provisions for pensions, severance pay, and similar liabilities	<b>080</b>		
2. Reserves for tax liabilities	<b>081</b>		
3. Other reserves	<b>082</b>		
<b>C) LONG - TERM LIABILITIES (084 to 092)</b>	<b>083</b>	<b>252.504.135</b>	<b>142.272.174</b>
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits etc.	<b>085</b>	2.204.010	16.985.496
3. Liabilities to banks and other financial institutions	<b>086</b>	250.300.125	125.286.678
4. Liabilities for received prepayments	<b>087</b>		
5. Accounts payable	<b>088</b>		
6. Liabilities arising from debt securities	<b>089</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>090</b>		
8. Other long-term liabilities	<b>091</b>		
9. Deferred tax liability	<b>092</b>		
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	<b>215.861.365</b>	<b>350.998.386</b>
1. Liabilities to related parties	<b>094</b>	56.343.792	9.040.876
2. Liabilities for loans, deposits etc.	<b>095</b>	1.118.745	5.198.874
3. Liabilities to banks and other financial institutions	<b>096</b>	53.428.183	65.505.340
4. Liabilities for received prepayments	<b>097</b>	528.903	154.321.367
5. Accounts payable	<b>098</b>	101.294.701	111.464.083
6. Liabilities arising from debt securities	<b>099</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>		
8. Liabilities to employees	<b>101</b>	1.599.716	1.897.442
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	900.965	1.906.090
10. Liabilities to share - holders	<b>103</b>	11.874	11.874
11. Liabilities for long-term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	634.486	1.652.440
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	<b>15.209.891</b>	<b>1.855.069</b>
<b>F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>970.164.683</b>	<b>1.027.565.883</b>
<b>G) OFF-BALANCE RECORDS</b>	<b>108</b>	<b>10.746.168</b>	<b>10.852.530</b>
<b>APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report)</b>			
<b>CAPITAL AND RESERVES</b>			
1. Attributed to equity holders of parent company	<b>109</b>		
2. Attributed to minority interest	<b>110</b>		

**PROFIT AND LOSS ACCOUNT**  
for the period 01.01.2011. do 31.12.2011.

**VIRO TVORNICA ŠEĆERA d.d.**

Item	AOP code	Last year	Current year
1	2	3	4
<b>I. OPERATING REVENUE (112+113)</b>	<b>111</b>	<b>717.047.754</b>	<b>872.654.576</b>
1. Sales revenue	112	710.592.306	852.277.165
2. Other operating revenues	113	6.455.448	20.377.411
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>668.102.516</b>	<b>736.396.461</b>
1. Changes in value of work in progress and finished products	115	74.627.318	-94.723.355
2. Material costs (117 to 119)	116	521.634.580	722.660.929
a) Raw material and material costs	117	339.450.381	543.869.035
b) Costs of goods sold	118	154.613.571	137.574.787
c) Other external costs	119	27.570.628	41.217.107
3. Staff costs (121 to 123)	120	27.882.314	28.965.340
a) Net salaries and wages	121	17.044.826	17.586.756
b) Cost for taxes and contributions from salaries	122	6.743.846	7.149.946
c) Contributions on gross salaries	123	4.093.642	4.228.638
4. Depreciation	124	29.730.993	34.312.381
5. Other costs	125	9.352.933	10.135.686
6. Impairment (127+128)	126	0	0
a) Impairment of long-term assets (financial assets excluded)	127		
b) Impairment of short-term assets (financial assets excluded)	128		
7. Provisions	129		
8. Other operating costs	130	4.874.378	35.045.480
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	<b>11.797.786</b>	<b>4.647.860</b>
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132	627.955	12.246
2. Interest income, foreign exchange gains, dividends and similar income from non -	133	11.169.731	4.635.614
3. Share in income from affiliated entrepreneurs and participating interests	134		
4. Unrealized gains (income) from financial assets	135		
5. Other financial income	136	100	
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	<b>21.603.337</b>	<b>18.345.754</b>
1. Interest expenses, foreign exchange losses, dividends and similar expenses from related parties	138		288.503
2. Interest expenses, foreign exchange losses, dividends and similar expenses from non -	139	21.603.008	17.469.031
3. Unrealized losses (expenses) on financial assets	140		
4. Other financial expenses	141	329	588.220
<b>V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS</b>	<b>142</b>		
<b>VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS</b>	<b>143</b>		
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>		
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>		
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	<b>728.845.540</b>	<b>877.302.436</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>689.705.853</b>	<b>754.742.215</b>
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	<b>39.139.687</b>	<b>122.560.221</b>
1. Profit before taxation (146-147)	149	39.139.687	122.560.221
2. Loss before taxation (147-146)	150	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>		
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>39.139.687</b>	<b>122.560.221</b>
1. Profit for the period (149-151)	153	39.139.687	122.560.221
2. Loss for the period (151-148)	154	0	0
<b>APPENDIX to P&amp;L account (to be filled in by entrepreneur that prepares consolidated financial report)</b>			
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>			
1. Attributed to equity holders of parent company	155		
2. Attributed to minority interest	156		
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)</b>			
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	<b>39.139.687</b>	<b>122.560.221</b>
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>	<b>3.023.333</b>	<b>3.020.600</b>
1. Exchange differences on translation of foreign operations	159		
2. Movements in revaluation reserves of long-term tangible and intangible assets	160	3.020.600	3.020.600
3. Profit or loss from reevaluation of financial assets available for sale	161	2.733	
4. Gains or losses on efficient cash flow hedging	162		
5. Gains or losses on efficient hedge of a net investment in foreign countries	163		
6. Share in other comprehensive income / loss of associated companies	164		
7. Actuarial gains / losses on defined benefit plans	165		
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>		
<b>IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	<b>3.023.333</b>	<b>3.020.600</b>
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	<b>42.163.020</b>	<b>125.580.821</b>
<b>APPENDIX to Statement of other comprehensive income (to be filled in by entrepreneur that prepares consolidated financial report)</b>			
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>			
1. Attributed to equity holders of parent company	169		
2. Attributed to minority interest	170		

## STATEMENT OF CASH FLOWS - INDIRECT METHOD

for the period 1.1.2011 do 31.12.2011

Item	AOP code	Last year	Current year
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	42.163.020	122.560.221
2. Depreciation	002	29.730.993	34.312.381
3. Increase in short term liabilities	003	94.760.323	118.979.735
4. Decrease in short term receivables	004		22.717.659
5. Decrease in inventories	005	12.277.310	
6. Other increase in cash flow	006	60.215.509	
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>239.147.155</b>	<b>298.569.996</b>
1. Decrease in short term liabilities	008		
2. Increase in short term receivables	009	15.983.769	
3. Increase in inventories	010		32.408.919
4. Other decrease in cash flow	011	3.433.610	24.929.446
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>19.417.379</b>	<b>57.338.365</b>
<b>A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>013</b>	<b>219.729.776</b>	<b>241.231.631</b>
<b>A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>	<b>0</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash inflows from sales of long-term tangible and intangible assets	015	209.252	1.530.367
2. Cash inflows from sales of equity and debt instruments	016		
3. Interests receipts	017	3.433.510	1.593.876
4. Dividend receipts	018	100	
5. Other cash inflows from investing activities	019	237.107	41.924
<b>III. Total cash inflows from investing activities (015 to 019)</b>	<b>020</b>	<b>3.879.969</b>	<b>3.166.167</b>
1. Cash outflow for purchase of long-term tangible and intangible assets	021	36.040.921	31.754.969
2. Cash outflow for acquisition of equity and debt financial instruments	022		
3. Other cash outflow for investing activities	023	18.373	65.611.568
<b>IV. Total cash outflow for investing activities (021 do 023)</b>	<b>024</b>	<b>36.059.294</b>	<b>97.366.537</b>
<b>B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>026</b>	<b>32.179.325</b>	<b>94.200.370</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
1. Cash inflow from issuing property and debt financial instruments	027		
2. Proceeds from the credit principal, promissory notes, borrowings and other loans	028	54.950.000	230.854.714
3. Other proceeds from financial activities	029		1.194.232
<b>V. Total cash inflows from financial activities (027 to 029)</b>	<b>030</b>	<b>54.950.000</b>	<b>232.048.946</b>
1. Cash outflow for repayment of credit principal and bonds	031	214.558.898	318.196.219
2. Cash outflow for dividends paid	032		49.556.935
3. Cash outflow for financial lease	033	968.261	7.417.850
4. Cash outflow for purchase of treasury shares	034	6.473.530	26.106.522
5. Other cash outflow for financial activities	035	9.713.484	1.045.802
<b>VI. Total cash outflow for financial activities (031 to 035)</b>	<b>036</b>	<b>231.714.173</b>	<b>402.323.328</b>
<b>C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>037</b>	<b>0</b>	<b>0</b>
<b>C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>038</b>	<b>176.764.173</b>	<b>170.274.382</b>
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	10.786.278	0
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	23.243.121
Cash and cash equivalents at the beginning of the period	041	39.130.611	49.916.889
Increase of cash and cash equivalents	042	10.786.278	0
Decrease of cash and cash equivalents	043	0	23.243.121
Cash and cash equivalents at the end of the period	044	49.916.889	26.673.768

## CHANGE IN CAPITAL STATEMENT

for the period from 1.1.2010 to 31.12.2010

Item	EDP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	249.600.060	249.600.060
2. Capital reserves	002	9.064.213	9.064.213
3. Profit reserves	003	15.495.835	19.389.313
4. Retained profit or loss carried forward	004	163.421.726	130.952.109
5. Profit or loss of the current year	005	42.163.020	122.560.221
6. Revaluation of fixed tangible assets	006	7.494.438	4.473.838
7. Revaluation of intangible assets	007		
8. Revaluation of financial property available for sale	008	-650.000	-3.599.500
9. Other revaluation	009		
<b>10. Total capital and reserves (EDP 001 through 009)</b>	<b>010</b>	486.589.292	532.440.254
11. Foreign exchange differences from net investments in foreign operations	011		
12. Current and deferred taxes (part)	012		
13. Cash flow protection	013		
14. Changes in accounting policies	014		
15. Correction of significant mistakes from the previous period	015		
16. Other equity changes	016		
<b>17. Total increase or decrease of capital (EDP 011 through 016)</b>	<b>017</b>	0	0
17 a. Assigned to holders of parent company's capital	018		
17 b. Assigned to minority interest	019		

Items decreasing capital are entered as negative values. Data under EDP 001 through 009 are entered as status on the date of balance.