

Appendix 1  
Reporting period:

01.01.2011

to

31.12.2011

Quarterly Financial Report - TFI-POD

Registration number (MB)

Identification number of subject (MBS)

Personal identification number (OIB)

Issuer company:

Postal code and place

Street and number

E-mail address:

Internet address:

Code and name of comune/town

Code and county name   Number of employees   
(at quarter end)

Consolidated statement  NKD/NWC code:

Subsidiaries subject to consolidation (according to IFRS):

	Registration number:

Book keeping service:

Contact person:   
(fill in only surname and name of contact person)

Phone number:  Fascimile:

E-mail address:

Surname and name:   
(authorised person for representation)

Disclosure documents:

1. Financial statements (balance sheet, profit and loss account, cash flow statement, statement of changes in shareholders' equity and notes to the financial statements)
2. Statement of responsible persons for preparation of financial statements
3. Report of the Management Board on position of the Company



A handwritten signature in blue ink, appearing to be "ZADRO ŽELJKO".

(signed by authorised person for representation)

## 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

Item	AOP code	Last year (net)	Current year (net)
1	2	3	4
<b>LIABILITIES AND CAPITAL</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	486.589.292	532.440.254
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>	0	0
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>	252.504.135	142.272.174
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>	215.861.365	350.998.386
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>	15.209.891	1.855.069
<b>F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	970.164.683	1.027.565.883
<b>G) OFF-BALANCE RECORDS</b>	<b>108</b>	10.746.168	10.852.530
<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.

Item	AOP code	Last year		Current year	
		Comulative	Quarterly	Comulative	Quarterly
1	2	3	4	5	6
<b>I. OPERATING REVENUE (112+113)</b>	<b>111</b>	717.047.754	216.963.039	872.654.576	291.079.012
1. Sales revenue	112	710.592.306	214.886.501	852.277.165	289.114.591
2. Other operating revenues	113	6.455.448	2.076.538	20.377.411	1.964.421
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	668.102.516	203.397.166	736.396.461	204.444.387
1. Changes in value of work in progress and finished products	115	74.627.318	-38.609.844	-94.723.355	-106.918.318
2. Material costs (117 to 119)	116	521.634.580	224.594.761	722.660.929	274.826.922
a) Raw material and material costs	117	339.450.381	193.438.564	543.869.035	244.914.953
b) Costs of goods sold	118	154.613.571	24.529.368	137.574.787	20.913.906
c) Other external costs	119	27.570.628	6.626.829	41.217.107	8.998.063
3. Staff costs (121 to 123)	120	27.882.314	8.483.512	28.965.340	9.271.738
a) Net salaries and wages	121	17.044.826	5.096.683	17.586.756	5.488.631
b) Cost for taxes and contributions from salaries	122	6.743.846	2.141.400	7.149.946	2.431.169
c) Contributions on gross salaries	123	4.093.642	1.245.429	4.228.638	1.351.938
4. Depreciation	124	29.730.993	7.542.954	34.312.381	9.648.264
5. Other costs	125	9.352.933	3.044.172	10.135.686	2.979.228
6. Impairment (127+128)	126	0	0	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	-1.658.389	35.045.480	14.636.553
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	11.797.786	3.305.117	4.647.860	1.852.985
1. Interest income, foreign exchange gains, dividends and similar income from related	132	627.955	501	12.246	6.679
2. Interest income, foreign exchange gains, dividends and similar income from non - related	133	11.169.731	3.304.516	4.635.614	1.846.306
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	100		
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	21.603.337	6.871.390	18.345.754	4.038.732
1. Interest expenses, foreign exchange losses, dividends and similar expenses from related	138			288.503	7.161
2. Interest expenses, foreign exchange losses, dividends and similar expenses from non -	139	21.603.008	6.871.389	17.469.031	3.907.853
3. Unrealized losses (expenses) on financial assets	140				
4. Other financial expenses	141	329	1	588.220	123.718
<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>	728.845.540	220.268.156	877.302.436	292.931.997
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	689.705.853	210.268.556	754.742.215	208.483.119
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	39.139.687	9.999.600	122.560.221	84.448.878
1. Profit before taxation (146-147)	149	39.139.687	9.999.600	122.560.221	84.448.878
2. Loss before taxation (147-146)	150	0	0	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>				
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	39.139.687	9.999.600	122.560.221	84.448.878
1. Profit for the period (149-151)	153	39.139.687	9.999.600	122.560.221	84.448.878
2. Loss for the period (151-148)	154	0	0	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>	39.139.687	9.999.600	122.560.221	84.448.878
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>	3.023.333	757.883	3.020.600	755.150
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	755.150	3.020.600	755.150
3. Profit or loss from reevaluation of financial assets available for sale	161	2.733	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>	3.023.333	757.883	3.020.600	755.150
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	42.163.020	10.757.483	125.580.821	85.204.028
<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	15.983.768	
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>19.417.378</b>	<b>57.338.365</b>
<b>A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>013</b>	<b>219.729.777</b>	<b>241.231.631</b>
<b>A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</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>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>C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>038</b>	<b>176.764.173</b>	<b>170.274.382</b>
<b>Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)</b>	<b>039</b>	<b>10.786.279</b>	
<b>Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)</b>	<b>040</b>		<b>23.243.121</b>
Cash and cash equivalents at the beginning of the period	041	39.130.611	49.916.889
Increase of cash and cash equivalents	042	10.786.279	
Decrease of cash and cash equivalents	043		23.243.121
Cash and cash equivalents at the end of the period	044	49.916.890	26.673.768

## STATEMENT OF CHANGES IN EQUITY

for the period **1.1.2011** do **31.12.2011**

Item 1	AOP code 2	Last year 3	Current year 4
1. Subscribed capital	001	249.600.060	249.600.060
2. Capital reserves	002	9.064.213	9.064.213
3. Reserves from profit	003	15.495.835	19.389.313
4. Retained earnings or accumulated loss	004	163.421.726	130.952.109
5. Profit or loss for the current year	005	42.163.020	122.560.221
6. Revaluation of long - term tangible assets	006	7.494.438	4.473.838
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008	-650.000	-3.599.500
9. Other revaluation	009		
<b>10. Total capital and reserves (AOP 001 do 009)</b>	<b>010</b>	486.589.292	532.440.254
11. Currency gains and losses arising from net investement in foreign operations	011		
12. Current and deferred taxes (part)	012		
13. Cash flow hedging	013		
14. Changes in accounting policy	014		
15. Correction of significant errors in prior period	015		
16. Other changes of capital	016		
<b>17. Total increase or decrease in capital (AOP 011 do 016)</b>	<b>017</b>	0	0
17 a. Attributed to equity holders of parent company	018		
17 b. Attributed to minority interest	019		

## Notes

THERE WERE NO ACCOUNTING POLICY CHANGES IN RELATION TO HTE ANNUAL FINANCIAL REPORT FOR YEAR 2010.