Viro tvornica šećera d.d. and its subsidiaries

Consolidated Financial Statements

For the Year Ended

31 December 2015

Together with Independent Auditor's Report

Contents

Responsibility for the consolidated financial statements

Pursuant to the Croatian Accounting Law, the Management Board is responsible for ensuring that consolidated financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which give a true and fair view of the state of affairs and results of Viro tvornica šećera d.d. ("Company") and its subsidiaries (jointly referred to as "the Group"), for that period.

After making enquiries, the Management Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the consolidated financial statements.

In preparing those financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the consolidated financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and must also ensure that the financial statements comply with the Croatian Accounting Law. The Management Board is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Management Board:

Željko Zadro, President of the Management Board

Viro
TVORNICA ŠEĆERA d.d.
ZAGREB 7

Viro tvornica šećera d.d.
Ulica grada Vukovara 269g
10000 Zagreb
Republic of Croatia
11 April 2016

Deloitte.

Deloitte d.o.o.
ZagrebTower
Radnička cesta 80
10 000 Zagreb
Croatia
TAX ID: 11686457780

Tel: +385 (0) 1 2351 900
Fax: +385 (0) 1 2351 999
www.deloitte.com/hr

Independent Auditor's Report

To the owners of Viro tvornica šećera d.d.

We have audited the consolidated financial statements of Viro tvornica šećera d.d. and its subsidiaries (jointly referred to as "the Group"), which comprise the consolidated statement of financial position at 31 December 2015, and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and notes to the consolidated financial statements.

Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated 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 Group'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 consolidated financial statements.

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

Independent Auditor's Report (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group at 31 December 2015, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Morana Mesarić

Branislav Vrtačnik,	**Morana Mesarić,**
President of the Board	**Certified Auditor**

Deloitte d.o.o.

Zagreb, 11 April 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

(All amounts are expressed in thousands of kunas)

	Notes	**2015**	**2014**
Sales	4.1	1,136,882	1,062,354
Other income	4.2	42,760	9,451
Total operating income		**1,179,642**	**1,071,805**
(Decrease) / increase in the value of work in progress and finished products		(205,390)	76,861
Cost of raw material and supplies	6	(478,733)	(909,015)
Cost of goods sold	7	(253,969)	(98,808)
Other external expenses	8	(58,974)	(73,163)
Depreciation and amortisation	14	(62,708)	(67,557)
Staff costs	9	(49,799)	(59,754)
Other expenses	10.1	(25,214)	(43,621)
Value adjustment	10.2	-	(71,123)
Other operating expenses	10.3	(15,077)	(26,803)
Total operating expenses		**(1,149,864)**	**(1,272,983)**
Profit / (loss) from operations		**29,778**	**(201,178)**
Financial income	11	13,600	11,408
Financial expenses	12	(40,858)	(39,691)
Net financial loss		**(27,258)**	**(28,283)**
Profit / (loss) before taxation		**2,520**	**(229,461)**
Income tax	13	-	-
Profit / (loss) for the year		**2,520**	**(229,461)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Reserve on revaluation of property, plant and equipment		-	1,222
Total comprehensive income / (loss) for the year		**2,520**	**(228,239)**
Profit / (loss) attributable to:			
Equity holders of the parent		**2.495**	**(229,470)**
Non-controlling interests		**25**	**9**
Total comprehensive income / (loss) attributable to:			
Equity holders		**2,495**	**(228,248)**
Non-controlling interests		**25**	**9**
Earnings / (loss) per share			
- Basic and diluted (in kunas and lipas)	23	**1.82**	**(165.48)**

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

(All amounts are expressed in thousands of kunas)

	Notes	At 31 December 2015	At 31 December 2014
ASSETS			
Non-current assets			
Goodwill	14.1	-	-
Intangible assets	14	1,008	1,343
Property, plant and equipment	14	525,094	567,934
Non-current financial assets	15	2,923	28,590
Long–term receivables		37	113
Total non-current assets		**529,062**	**597,980**
Current assets			
Inventories	16	413,956	632,644
Trade receivables and receivables from related companies	17	178,928	85,898
Receivables from the State and other institutions	18	29,187	78,332
Current financial assets	19	44,910	20,304
Other receivables		274	394
Cash and cash equivalents	20	36,849	43,319
Prepaid expenses and accrued income	21	14,121	13,524
Total current assets		**718,225**	**874,415**
TOTAL ASSETS		**1,247,287**	**1,472,395**

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

(All amounts are expressed in thousands of kunas)

	Notes	At 31 December 2015	At 31 December 2014
EQUITY AND LIABILITIES			
Equity			
Share capital	22.1	249,600	249,600
Retained earnings		139,720	139,472
Capital reserves	22.2	10,368	10,368
Reserves out of profit	22.2	56,393	56,386
Other reserves	22.2	(41,432)	(41,432)
Attributable to the equity holders of the parent		**414,649**	**414,394**
Non-controlling interests		6,677	6,156
Total equity		**421,326**	**420,550**
Provisions	31	**453**	**34,772**
Non-current liabilities			
Liabilities for loans, deposits and similar	24	1,590	2,051
Liabilities under borrowings and finance lease	24	320,335	195,748
Other non-current liabilities		153	229
Total non-current liabilities		**322,078**	**198,028**
Current liabilities			
Liabilities to related companies	29	150	232
Liabilities for loans, deposits and similar	24	2,541	4,142
Liabilities under borrowings and finance lease	24	201,237	297,906
Advances received	26	41,479	20,383
Trade payables	25	137,242	308,610
Other current liabilities	27	119,486	180,274
Accrued expenses and deferred income	28	1,295	7,498
Total current liabilities		**503,430**	**819,045**
TOTAL EQUITY AND LIABILITIES		**1,247,287**	**1,472,395**

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2015

(All amounts are expressed in thousands of kunas)

	Share capital	**Reserves**	**Revaluation reserves**	**Retained earnings**	**Non-controlling interests**	**Total**
Balance at 31 December 2013	**249,600**	**25,313**	**1,222**	**367,348**	**6,147**	**649,630**
Loss for the year	-	-	-	(229,470)	9	(229,461)
Transferred to retained earnings	-	-	(1,222)	1,222	-	-
Correction of reserves and retained earnings	-	9	-	372	-	381
Balance at 31 December 2014	**249,600**	**25,322**	**-**	**139,472**	**6,156**	**420,550**
Profit for the year	-	-	-	2,495	25	2,520
Reserves prescribed by law	-	7	-	-	(7)	**-**
Increase of non-controlling interest	-	-	-	-	503	503
Correction of retained earnings	-	-	-	(2,247)	-	**(2,247)**
Balance at 31 December 2015	**249,600**	**25,329**	**-**	**139,720**	**6,677**	**421,326**

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

(All amounts are expressed in thousands of kunas)

	2015	2014
Cash flows from operating activities		
Profit / (loss) for the year	2,520	(229,461)
Income tax expense	-	-
Depreciation and amortisation	62,708	67,557
Foreign exchange differences on loans, net	(1,506)	848
Interests expenses	24,491	22,592
Interests income	(2,209)	(2,914)
Net book value of disposed fixed assets	1,839	1,093
Decrease in provisions	(34,319)	(331)
Value adjustment of current assets (note 9, 10.2 and 19)	4,520	81,703
Permanent impairment of financial assets available for sale	301	-
Other non-cash adjustments	503	382
Operating profit before changes in working capital	**58,848**	**(58,531)**
Decrease / (increase) in inventories	218,688	(36,140)
(Increase) / decrease in trade receivables	(97,420)	75,323
Decrease / (increase) in other receivables	48,614	(25,955)
(Decrease) / increase in accrued expenses and deferred income	(6,203)	3,839
Increase / (decrease) in advances received	21,096	(48,956)
(Decrease) / increase in trade payables	(171,450)	13,491
Decrease in other liabilities	(57,562)	(33,205)
Cash generated from / (used in) operating activities	**14,611**	**(110,174)**
Income tax paid	(1,548)	(9,701)
Interests paid	(28,492)	(22,787)
Dividends paid	-	(1)
Net cash used in operating activities	**(15,429)**	**(142,663)**

(All amounts are expressed in thousands of kunas)

	2015	2014
Cash flows from investing activities		
Given loans and deposits	2,969	49,727
Purchases of property, plant, equipment and intangible assets	(21,372)	(12,521)
Net cash (used in) / generated from investing activities	**(18,403)**	**37,206**
Cash flows from financing activities		
Proceeds from borrowings	744,017	386,730
Repayment of borrowings	(716,655)	(390,916)
Net cash generated from / (used) in financing activities	**27,362**	**(4,186)**
Net decrease in cash and cash equivalents	**(6,470)**	**(109,643)**
Cash and cash equivalents at the beginning of the year	**43,319**	**152,962**
Cash and cash equivalents at the end of year	**36,849**	**43,319**

1. GENERAL INFORMATION

1.1 Introduction

Viro tvornica šećera d.d and its subsidiaries comprise the following entities: Viro tvornica šećera d.d., Zagreb, Ulica grada Vukovara 269g – the Parent and its subsidiaries Sladorana d.o.o., Slavonija Županja d.d., and Viro-kooperacija d.o.o.

Viro tvornica šećera d.d., was entered in the registry of the Commercial Court in Bjelovar on 23 July 2002. The founders of the company were EOS-Z d.o.o. Zagreb and Robić d.o.o., Velika Gorica. In 2005 the Company was transformed from a limited liability company into a public limited company. The Company's share capital amounts to HRK 249,600,060 (2014: HRK 249,600,060) and consists of 1,386,667 (2014: 1,386,667) ordinary bearer shares, with no par value.

At the beginning of 2015 the Company changed headquarters, previously located in Virovitica, to Zagreb, Ulica grada Vukovara 269 G, registered at Commercial Court in Zagreb on January 20, 2015.

As of 31 December 2015 the company owns, as the sole shareholder of Sladorana d.o.o., Županja 100% (2014: 100%) of total net capital of the subsidiary. On 7 February 2014 the Company was transformed from a public limited company into a limited liability company.

In 2012 the Company established a subsidiary, VIRO-kooperacija d.o.o., with a paid-up capital in the amount of HRK 20 thousand, fully owned by the Company.

In 2013 the Company acquired shares in Slavonija Županja d.d. by a debt to equity swap and on 31 December 2015 it held 22,686 (2014: 22,686) ordinary B-series shares, which accounts for 17.58 percent of the subsidiary's net equity.
In 2013 Sladorana d.o.o. acquired additional shares in Slavonija nova d.d., by a debt-to-equity swap, as a result of which it acquired 16,396 ordinary B-series shares. Since Slavonija nova d.d. increased the share capital by issuing new shares, Sladorana d.o.o. held 67.05% shares of the company at 31 December 2015 (2014: 67.05% shares).

In 2015, Sladorana d.o.o. invested in Slavonija Županja d.d. a total of HRK 3,271 thousand pursuant to an agreement under which it committed to invest a total amount of HRK 10,000 thousand until 31 December 2015; hence, Sladorana has fulfilled all its obligations under the agreement. The Restructuring Centre acknowledged and accepted the investments made, and Central Clearing and Depository Company Inc. effected the share capital increase on 16 February 2016 when Sladorana increased its equity share in the subsidiary. At 31 December 2015 the investment is presented as a long-term amount receivable in Sladorana d.o.o.'s financial statements. Sladorana's total investment in the share capital increase amounts to HRK 17,299 thousand. On 16 Feburary 2016 Sladorana d.o.o. held 68.64 percent of the shares of Slavonija Županja d.d.

1.2 Principal activity

The principal activity of the Group comprises production of sugar, flour and spirits.

(All amounts are expressed in thousands of kunas)

1. GENERAL INFORMATION (CONTINUED)

1.3 Management Board

The members of the Company's Management Board at 31 December 2015 and 31 December 2014 are as follows:

1 Željko Zadro	*President of the Management Board*	
2 Ivan Škorić	*Member of the Management Board*	*Until 1 July 2014*
3 Dražen Robić	*Member of the Management Board*	*Since 1 July 2014*

1.4 Supervisory Board

Members of the Supervisory Board of the Parent at 31 December 2015 and 31 December 2014 are as follows:

1 Marinko Zadro	*President of the Supervisory Board*	
2 Boris Šimunović	*Deputy President of the Supervisory Board*	
3 Hrvoje Godinić	*Member of the Supervisory Board*	*Since 29 August 2014*
4 Ivan Mišetić	*Member of the Supervisory Board*	
5 Damir Keleković	*Member of the Supervisory Board*	*Since 21 March 2014*
6 Dražen Robić	*Member of the Supervisory Board*	*Until 1 July 2014*
7 Krešimir Mostovac	*Member of the Supervisory Board*	*Until 21 March 2014*

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

2.1 Initial application of new amendments to the existing standards and interpretation effective for the current reporting period

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015),
- **IFRIC 21 "Levies**" adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The adoption of these amendments to the existing standards and interpretation has not led to any material changes in the Group's financial statements.

2.2 Amendments to the existing Standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following amendments to the existing standards issued by IASB and adopted by the EU were in issue but not yet effective:

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016).

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (CONTINUED)

- **Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)”** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- **Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)”** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

2.3. New Standards and amendments to the existing Standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at date of issue of these financial statements (the effective dates stated below is for IFRS in full):

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 15 “Revenue from Contracts with Customers”** and further amendments (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded),

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

(All amounts are expressed in thousands of kunas)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of presentation and preparation of the financial statements

The Group maintains its accounting records in the Croatian language, in Croatian Kuna and in accordance with Croatian laws. The financial statements of the Group are prepared under the cost convention, except for financial assets which are carried at fair value, and in accordance with International Financial Reporting Standards as adopted by the European Union, and Croatian law.

The accompanying financial statements have been prepared under the going-concern assumption and accrual basis of accounting.

Estimates are based on the information available as at the date of the financial statements, and actual results could differ from those estimates.

At 31 December, the exchange rate of Croatian kuna against the euro (EUR) was as follows:

	EUR 1	USD 1
2015	7.635047	6.991801
2014	7.661471	6.302107

The consolidated financial statements of the Group represent aggregate amounts of assets, liabilities, capital and reserves of the Group as of 31 December 2015, and the results of its operations for the year then ended.

3.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2. Basis of consolidation (continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Goodwill

Goodwill arisen in a business combination is recognised at the cost of acquisition of the entity less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any gain or loss on remeasurement at fair value is included in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on the disposal.

3.4. Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow into the Group and when the amount of the revenue can be measured reliably. Sales are recognised upon delivery of goods and provision of services, net of taxes and discounts and when the related risks and benefits have passed onto the buyer. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rates.

3.5. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are included in profit or loss in the period in which they are incurred.

Borrowings 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 reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6. Foreign currency transactions

Transactions in foreign currencies are translated into Croatian kunas at the rates of exchange in effect at the dates of the transactions. Cash, receivables and payables denominated in foreign currencies are retranslated at the rates of exchange in effect at the date of the statement of financial position. Gains and losses arising on translation are included in the statement of profit or loss and other comprehensive income for the year.

3.7. Income tax expense

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by date of the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7. Income tax expense (continued)

The measurement of deferred tax liabilities and assets reflects the amount that the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.8. Property, plant and equipment

Property, plant and equipment are recognised initially at cost less accumulated depreciation. Cost of property, plant and equipment comprises purchase price, including import duties and non-refundable sales taxes and any directly attributable costs of bringing an asset to its working condition and location for its intended use.

Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Where it is obvious that expenses incurred resulted in increase of expected future economic benefits to be derived from the use of an item of tangible fixed assets in excess of the originally assessed standard performance of the asset, they are added to the carrying amount of the asset. Gains or losses on the retirement or disposal of tangible fixed assets are recognised as income and expense, respectively, in the period they occur. Depreciation commences on putting an asset into use. Depreciation is provided so as to write down the cost or revalued amount of an asset over the estimated useful life of the asset using the straight-line method as follows:

Type of assets	**Useful life (years)**	**Annual rate**
Buildings	20	5%
Vehicles	5	20%
Intangible assets, equipment, vehicles, machinery	4	25%
Computers, IT equipment, mobile phones and IT network equipment	2	50%
Other assets not specified above	10	10%

In 2015 there were no changes in the depreciation rates versus comparative period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable direct labour costs and those overhead costs that have been incurred in bringing inventories to their present location and condition.

Where the carrying amount of inventories is to be written down to their net realisable value, an allowance is recognised and charged to expenses for the year.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Small inventory includes items of tangible fixed assets with a useful life over one year, but the unit cost of which is below HRK 3,500 (2014: HRK 3,500).

3.10 Trade receivables and prepayments

Trade debtors and prepayments are carried at nominal amounts less an appropriate allowance for impairment for uncollectible amounts. Management provides for doubtful receivables based on a review of the overall ageing of all receivables and a specific review of significant individual amounts receivable. An allowance is recognised for amounts doubtful of collection and charged to expenses for the year.

3.11 Cash and cash equivalents

Cash comprises account balances with banks, cash in hand, deposits and securities at call or with maturities of less than three months.

3.12 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each date of the statement of financial position and adjusted to reflect the current best estimate. Where the effect of discounting is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as the discount rate. Where discounting is used, the reversal of such discounting in each year is recognised as a financial expense and the carrying amount of the provision increases in each year to reflect the passage of time.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Provisions (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the date of the statement of financial position, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3.13 Contingent liabilities

Contingent liabilities have not been recognised in these financial statements. They are not disclosed unless the possibility of outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but it is disclosed when the inflow of economic benefits becomes probable.

3.14 Events after the reporting period

Events after the end of the reporting period that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3.15 Financial instruments

Financial assets and financial liabilities included in the accompanying financial statements consist of cash and cash equivalents, marketable securities, trade and other receivables, trade and other payables, long-term receivables, loans, borrowings and investments. The details of the recognition and measurement of those items are presented in the corresponding policies.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Financial instruments (continued)

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability, and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan and trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

Changes in the carrying amount of the allowance account are recognised in profit or loss. Financial instruments are classified as assets, liabilities or equity instruments in accordance with applicable contracts. Interest, dividends, gains and losses on financial instruments classified as financial liabilities are recognised as income or expense when they arise. Financial assets and liabilities are offset when the Group has a legally enforceable right to set off the net amounts reported, or realise the asset and settle the liability simultaneously.

Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) given loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Financial instruments (continued)

Available-for-sale financial assets (continued)

Securities held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 40. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15. Financial instruments (continued)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Interest, dividends, gains and losses on financial instruments classified as financial liabilities are recognised as income or expense when they arise. Financial instruments are offset when the Company has a legally enforceable right to set off the net amounts reported, or realise the asset and settle the liability simultaneously.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Financial instruments (continued)

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.16 Government grants

Government grants are not recognized until the fulfilment of the conditions for obtaining government grants and the receipt of aid becomes certain. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises the costs the grants are intended to compensate as expenses. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non- current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Government grants (continued)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.
The benefit of a government grant approved at an interest rate below the market rate is accounted for as a government grant and disclosed as the difference between the funds received and the fair value of the loan on the basis of the prevailing market interest rates.

3.17 Operating segment reporting

The Group identifies operating segments on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Details about the operating segments of the Group are disclosed in Note 5 to the consolidated financial statements.

3.18 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company’s and the Group's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Areas of estimation include, but are not limited to, depreciation periods and residual values of property, plant and equipment, and of intangible assets, value adjustment of inventories, impairment of receivables, provisions for legal actions and provisions made in accordance with actuarial calculations. The key areas of estimation in applying the Company’s and the Group's accounting policies that had a most significant impact on the amounts recognized in the financial statements were as follows:

Useful life of property, plant and equipment and intangible assets

As described in the Note 3.7, the Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period. Property, plant and equipment and intangible assets are recognised initially at cost, less accumulated depreciation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment allowance on trade receivables

Management provides for doubtful receivables based on a review of the overall ageing of all receivables and a specific review of significant individual amounts receivable.

The allowance for amounts doubtful of collection is charged to the statement of profit or loss and other comprehensive income for the year.

Consequences of certain legal actions

The Parent and its subsidiaries are involved in legal actions and proceedings, which have arisen from the regular course of their operations. The management makes estimates when the probable outcome of a legal action has been assessed, and the provisions are recognised on a consistent basis (see Note 31).

Impairment allowance on inventories

As described in Note 3.8, the Company reviews the carrying amounts of its inventories and recognises impairment on inventories, if appropriate, at every reporting date. Inventories are stated at the lower of cost and net realisable value.

Where inventories have to be reduced to the net realisable value, the related impairment is charged to expenses for the year.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.19. Comparative information

Where necessary, comparative information is reclassified to conform to the current year's presentation.

In 2014, Other external charges and Other expenses were increased and decreased respectively by HRK 3,024 thousand relating to waters protection and management fees for the purpose of comparability with the current year's positions.

In addition, the Group adjusted the balance of retained earnings by a charge of HRK 2,438 thousand as a result of a tax decision regarding HRK 1,965 thousand kunas of underpaid corporate income tax, HRK 66 thousand of underpaid value-added tax and HRK 407 thousand of interest from the prior year.

The Managing Board assessed the adjustment as not material for the financial statements; hence, the comparable periods were not been restated, but rather the effect of the change was charged directly to the 2015 balance of retained earnings.

(All amounts are expressed in thousands of kunas)

4. SALES AND OTHER INCOME

4.1 Sales

	2015	2014
Domestic sales	606,006	385,509
Foreign sales	530,876	676,845
	1,136,882	**1,062,354**

4.2 Other income

	2015	2014
Income from reversal of long-term provisions (note 31)	34,319	-
Subsequently approved rebates	2,562	633
Subsequent collection of written-off receivables	1,660	621
Surplus	1,426	1,416
Damages collected	839	2,572
Material sales	201	2,186
Income from scrap transferred to inventories	123	282
Gain on disposal of property, plant and equipment	-	173
Other income	1,630	1,568
	42,760	**9,451**

5. SEGMENT INFORMATION

The operating segments were determined based on the similarity in the nature of individual product groups Three operating segments were identified: sugar, flour and other.

The operating segments are included in internal reports. The internal reports are regularly reviewed by the Management Board in order to assess the performance of the segments and to make business decisions.

(All amounts are expressed in thousands of kunas)

5. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

Set out below is a breakdown of revenue and results of the Group by its reporting segments presented in accordance with IFRS 8 Business segments. The presented sales comprise sales to third parties.

	Segment revenue	
	2015	**2014**
Sugar	916,656	867,662
Flour	46,042	57,625
Other	216,944	146,518
	1,179,642	**1,071,805**

	Segment expenses		Segment profit / (loss)	
	2015	**2014**	**2015**	**2014**
Sugar	893,517	1,030,522	23,139	(162,860)
Flour	44,028	55,777	2,014	1,848
Other	212,319	186,684	4,625	(40,166)
	1,149,864	**1,272,983**	**29,778**	**(201,178)**

	2015	**2014**
Operating profit / (loss) of the segment	29,778	(201,178)
Financial income	13,600	11,408
Financial expenses	(40,858)	(39,691)
Profit / (loss) before tax	**2,520**	**(229,461)**

The “sugar” Segment comprises sugar production.

The “flour” Segment comprises production of flour and bakery products.

The “other” Segment comprises production of molasses, noodles and spirits.

The accounting policies of the reportable segments are identical to those of the Group, which are set out in Note 3. Segment profit represents the profit earned by each segment without allocation of financial income and expenses and provisions, and it is the measure reported to the chief executive officer for the purposes of resource allocation and assessment of segment performance.

(All amounts are expressed in thousands of kunas)

5. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	31/12/2015	31/12/2014
Segment assets		
Sugar	939,479	1,149,085
Flour	113,765	132,098
Other	146,210	142,318
Total segment assets	**1,199,454**	**1,423,501**
Unallocated	47,833	48,894
Total assets	**1,247,287**	**1,472,395**

	31/12/2015	31/12/2014
Segment liabilities		
Sugar	641,417	821,006
Flour	50,428	60,112
Other	133,663	135,955
Total segment liabilities	**825,508**	**1,017,073**
Unallocated	453	34,772
Total liabilities	**825,961**	**1,051,845**

For the purposes of monitoring segment performance, all assets other than non-current and current financial assets (Notes 15 and 19).

All liabilities are allocated to the segments other than provisions. Liabilities are allocated to reportable segments in proportion to segment asset.

(All amounts are expressed in thousands of kunas)

5. SEGMENT INFORMATION (CONTINUED)

Other segment information

	Depreciation and amortisation		**Additions**	
	2015	**2014**	**2015**	**2014**
Sugar	47,189	54,722	14,042	11,488
Flour	3,210	3,326	3,369	311
Other	12,309	9,509	3,961	2,384
Total	**62,708**	**67,557**	**21,372**	**14,183**

Geographical information

The Group operates in three main geographical areas serving as the basis for sales reporting, whereas all non-current assets are on the Croatian market.

	Revenue from external customers	
	2015	**2014**
Croatian market	606,006	385,509
EU market	502,373	497,470
Other	28,503	179,375
Total	**1,136,882**	**1,062,354**

Information about major customers

Included in the sales in the amount of HRK 1,136,882 thousand (2014: HRK 1,062,354 thousand) are sales of HRK 382,860 thousand (2014: HRK 205,134 thousand) generated from the major customer of the Group.

(All amounts are expressed in thousands of kunas)

6. COST OF RAW MATERIAL AND SUPPLIES

	2015	2014
Raw material and supplies	403,911	777,976
Energy	63,832	120,098
Spare parts	10,236	10,208
Expensed small items	749	731
Other material costs	5	2
	478,733	**909,015**

7. COST OF GOODS SOLD

Cost of goods sold in the amount of HRK 253,969 thousand (2014: 98,808 thousand) represent expenses to the extent of costs of goods sold, i.e. goods delivered by the Parent and its subsidiaries during the reporting year to customers outside the Group.

8. OTHER EXTERNAL CHARGES

	2015	2014
Transportation	12,596	17,734
Maintenance	10,570	13,460
Outsourced service costs	7,543	7,405
Rentals and leases	5,715	7,572
Municipal utility service fees	4,700	4,815
Bank and payment operation charges	4,560	5,969
Insurance premiums	3,856	7,529
Intellectual services	3,573	3,068
Data processing and software maintenance	984	958
Other services	4,877	4,653
	58,974	**73,163**

(All amounts are expressed in thousands of kunas)

9. STAFF COSTS

	2015	2014
Net wages and salaries	30,940	36,225
Taxes and contributions out of salaries	11,579	15,059
Contributions on salaries	7,280	8,470
	49,799	**59,754**

At 31 December 2015, there were 462 persons employed at the Group (31 December 2014: 469 employees). At 31 December 2015 the average number of employees was 455 (31 December 2014: 514 employees).

10. OTHER COSTS AND OPERATING EXPENSES

10.1 Other costs

	2015	2014
Production quota fees	11,510	11,467
Mandatory fees, contributions and membership fees	3,135	4,190
Jubilee awards, gifts and support to employees	2,760	3,078
Transportation (employees)	2,489	2,911
Fees to Supervisory board members, Management board members and other income	1,920	2,571
Entertainment	1,669	1,199
Professional education and literature	94	473
Retirement / termination benefits	36	15,745
Other	1,601	1,987
	25,214	**43,621**

10.2 Value adjustment

Value adjustment of inventories in the amount of HRK 71,123 was recognised in 2014 as the realisable value of sugar on stock was below the cost of the inventories. In year 2015, there was no such adjustment.

(All amounts are expressed in thousands of kunas)

10. OTHER COSTS AND OPERATING EXPENSES (CONTINUED)

10.3 Other operating expenses

	2015	**2014**
Value adjustment and write off of receivables	4,520	10,627
Deficit	3,236	882
Subsequently granted discounts	2,450	6,114
Donations	1,007	1,057
Cost of raw material and supplies sold	784	2,347
Other	3,080	5,776
	15,077	**26,803**

Impairment and write-off of receivables for the year 2015 in the amount of HRK 4,520 thousand (2014: HRK 10,627 thousand) comprise the following: value adjustment of trade receivables in the amount of HRK 3,854 thousand (2014: HRK 9,016 thousand), direct write off of trade receivables in the amount od HRK 653 thousand (2014: HRK 0 thousand), value adjustment and write-off of loan receivables in the amount of HRK 0 thousand (2014: HRK 1,566 thousand), and write-off of other assets in the amount of HRK 13 thousand (2014: HRK 45 thousand).

(All amounts are expressed in thousands of kunas)

11. FINANCIAL INCOME

	2015	2014
Foreign exchange gains	10,140	8,322
Interest income	2,209	2,914
Income related to discounted bills of exchange	804	78
Unrealised gains on disposal of financial assets	312	24
Other financial income	135	70
	13,600	**11,408**

12. FINANCIAL EXPENSES

	2015	2014
Interest expense - unrelated companies	24,491	22,592
Foreign exchange losses	9,204	8,383
Charges on bank loans	2,307	-
Impairment of financial assets	311	-
Other financial expenses	4,545	8,716
	40,858	**39,691**

Other financial expenses for the year 2015 in the amount of HRK 4,545 thousand (2014: HRK 8,716 thousand) include a discount on the bills of exchange in the amount of HRK 3,916 thousand (2014: HRK 7,966 thousand) and other financial expenses in the amount of HRK 629 thousand (2014: HRK 750 thousand).

(All amounts are expressed in thousands of kunas)

13. INCOME TAX

The Group is not subject to corporate income tax, as opposed to its members.

	2015	2014
Current tax	-	-
Deferred tax	-	-
Total	**-**	**-**

At 31 December 2015, the Group reported a net profit i.e. profit after tax for the period in the amount of HRK 2,520 thousand (31 December 2014: HRK loss in the amount 229,461 thousand). The reconciliation between the accounting profit and taxable profits is set out below:

	2015	2014
Profit / (loss) before taxation	**2,520**	**(229,461)**
Income tax – 20%	504	(45,892)
Effect of non-deductible income and expense items	(12,908)	17,255
Effect of unrecognized deferred tax asset arising from tax losses	12,404	28,637
Income tax	**-**	**-**

The tax rate applicable to taxable profit in the Republic of Croatia is 20% (2014: 20%).

Review of tax losses available for carry forward are as follows:

Available for carry forward until:	**Tax loss**	**Amount of unrecognized deferred tax asset**
2016	16,180	3,236
2017	12,318	2,464
2018	11.146	2,229
2019	147.512	29,502
2020	59.345	11,869
TOTAL	**246.501**	**49,300**

No deferred tax assets have been recognised in the consolidated statement of financial position in respect of unused tax losses carried forward because the availability of sufficient taxable profit in the future that would allow those assets to be utilised is not certain.

In accordance with the tax legislation, the tax authorities may at any time inspect the books and records of the Group entities within 3 years subsequent to the year in which the tax liability is reported, and may impose additional tax liabilities and penalties.

(All amounts are expressed in thousands of kunas)

13. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

	Intangible assets	Land	Buildings	Plant and equipment	Works of fine arts	Assets under development	Other tangible assets	Total
Cost								
Balance at 1 January 2014	**12,770**	**38,529**	**469,441**	**996,860**	**45**	**7,669**	**2,990**	**1,528,304**
Additions	163	-	756	2,719	-	10,545	-	14,183
Disposals, shortage	(45)	-	(365)	(9,647)	-	-	-	(10,057)
Assets put into use	-	-	224	9,595	-	(9,819)	-	-
Balance at 31 December 2014	**12,888**	**38,529**	**470,056**	**999,527**	**45**	**8,395**	**2,990**	**1,532,430**
Additions	43	70	2,527	8,437	-	10,295	-	21,372
Disposals, shortage	(59)	(58)	(939)	(4,197)	-	-	-	(5,253)
Assets put into use	-	-	1,411	6,490	-	(7,901)	-	-
Balance at 31 December 2015	**12,872**	**38,541**	**473,055**	**1,010,257**	**45**	**10,789**	**2,990**	**1,548,549**

Intangible assets mainly refer to computer software and licences.

(All amounts are expressed in thousands of kunas)

14. INTANGIBLE ASSETS AND RPOPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Intangible assets	Land	Buildings	Plant and equipment	Works of fine arts	Assets under development	Other tangible assets	Total
Accumulated depreciation/amortisation								
Balance at 1 January 2014	**11,086**	**-**	**207,809**	**685,198**	**-**	**-**	**467**	**904,560**
Charge for the year	459	-	13,670	53,279	-	-	149	67,557
Disposals, shortage	-	-	(365)	(8,599)	-	-	-	(8,964)
Balance at 31 December 2014	**11,545**	**-**	**221,114**	**729,878**	**-**	**-**	**616**	**963,153**
Charge for the year	319	-	13,799	48,440	-	-	150	62,708
Disposals, retirements, shortage	-	-	(62)	(3,352)	-	-	-	(3,414)
Balance at 31 December 2015	**11,864**	**-**	**234,851**	**774,966**	**-**	**-**	**766**	**1,022,447**
Net book values								
At 31 December 2015	**1,008**	**38,541**	**238,204**	**235,291**	**45**	**10,789**	**2,224**	**526,102**
At 31 December 2014	**1,343**	**38,529**	**248,942**	**269,649**	**45**	**8,395**	**2,374**	**569,277**

(All amounts are expressed in thousands of kunas)

15. NON-CURRENT FINANCIAL ASSETS

	At 31 December 2015	At 31 December 2014
Given deposits, loans and down payments	642	26,013
Financial assets available for sale	2,221	2,522
Investments in securities	60	55
	2,923	**28,590**

Given deposits, loans and down payments in the amount of HRK 642 thousand (31 December 2014: HRK 26,013 thousand) comprise loans to the employees of Sladorana d.o.o. for purchase of shares in the amount of HRK 120 thousand (31 December 2014: HRK 120 thousand), loans to Grudska pivovara d.o.o., Grude in the amount of HRK 0 thousand (31 December 2014: HRK 25,011 thousand), Trstenjak Duško in the amount of HRK 0 thousand (31 December 2014: HRK 200 thousand), Kaladić Milan in the amount of HRK 175 thousand (31 December 2014: HRK 345 thousand), Bilandžija Damir in the amount of HRK 30 thousand (31 December 2014: HRK 0 thousand) and down payments for operating lease arrangements in the amount of HRK 317 thousand (31 December 2014: HRK 337 thousand).

Participating interests represent equity interests allowing control of up to 20 percent and comprise the following:

	At 31 December 2015	At 31 December 2014
Sense savjetovanje d.o.o.	1,500	1,500
Tesla štedna banka d.d.	519	830
PBZ d.d. Zagreb	124	114
Hrvatski radio Županja	78	78
	2,221	**2,522**

In 2015 the Group recognised impairment of its investment in Tesla štedna banka in the amount of HRK 311 thousand.

(All amounts are expressed in thousands of kunas)

16. INVENTORIES

	At 31 December 2015	At 31 December 2014
Finished products	251,566	555,780
Merchandise	80,796	32,428
Prepayments for inventories	44,381	61,968
Raw material and supplies	37,569	53,591
Impairment allowance of inventories (Note 10.2)	(356)	(71,123)
	413,956	**632,644**

17. TRADE RECEIVABLES

At 31 December 2015, trade receivables amounted to HRK 178,928 thousand (31 December 2014: HRK 85,898 thousand).

The structure of receivables is as follows:

	At 31 December 2015	At 31 December 2014
Domestic trade receivables	178,323	84,639
Foreign trade receivables	21,965	20,846
Receivables from related companies	744	157
Impairment allowance on trade receivables	(22,104)	(19,744)
	178,928	**85,898**

Maturity analysis of receivables not impaired:

	At 31 December 2015	At 31 December 2014
Not yet due	108,504	25,684
0-90 days	46,964	37,408
90-120 days	4,574	10,510
Over 120 days	18,886	12,296
	178,928	**85,898**

(All amounts are expressed in thousands of kunas)

17. TRADE RECEIVABLES (CONTINUED)

Movements in impairment allowance for doubtful accounts

	2015	2014
Balance at 1 January	19,744	11,190
New allowances (Note 10.3)	3,854	9,016
Recovery of receivables previously provided against	(419)	(333)
Written-off receivables	(1,075)	(129)
Balance at 31 December	**22,104**	**19,744**

All receivables provided against were past due beyond 120 days.

18. RECEIVABLES FROM THE STATE AND OTHER INSTITUTIONS

	At 31 December 2015	At 31 December 2014
VAT receivable	27,579	71,019
Other amounts due from the state	1,608	7,313
	29,187	**78,332**

19. CURRENT FINANCIAL ASSETS

	At 31 December 2015	At 31 December 2014
Given loans	36,903	12,171
Received bills of exchange and other securities	7,769	7,895
Given deposits	238	238
	44,910	**20,304**

(All amounts are expressed in thousands of kunas)

19. CURRENT FINANCIAL ASSETS (CONTINUED)

An overview of given loans at 31 December 2015 and 31 December 2014 is provided in the table below:

	Interest rate	31 December 2015	31 December 2014
Legal persons			
Grudska pivovara d.o.o.	6%	30,199	-
Dubrovački podrumi d.d.	6%	2,957	2,830
Poljoprivredno dobro Gradina d.o.o.	7%	1,378	841
Žeza d.o.o	7%	1,027	-
Fortis factoring d.o.o.	-	1,000	-
Cvitković d.o.o.	7%	685	685
Podravska banka d.d.	-	630	-
T.T. d.o.o., Split	-	151	151
Visus d.o.o.	8%	143	1,141
Invictus ulaganja d.o.o.	-	100	3,140
Diba d.o.o.	-	-	5,500
Ipsumco d.o.o.	-	-	750
Others	6%-9%	1,698	1,047
Total legal persons		**39,968**	**16,085**
Individuals	3%-7%	**1,107**	**1,256**
Total given loans		**41,075**	**17,341**
Value adjustment		(4,172)	(5,170)
Total given loans		**36,903**	**12,171**

During the year, the Group recovered HRK 998 thousand of a previously impaired loan receivable from Visus d.o.o.

The loan to Grudska pivovara d.o.o. is secured by a registered mortgage on the real estate and movable property of the loan debtor appraised at HRK 82,090 thousand.

(All amounts are expressed in thousands of kunas)

20. CASH AND CASH EQUIVALENTS

	At 31 December 2015	At 31 December 2014
Foreign currency account balance	29,179	28,297
Gyro account balance	7,668	15,022
Cash in hand	2	-
	36,849	**43,319**

21. PREPAID EXPENSES AND ACCRUED INCOME

	At 31 December 2015	At 31 December 2014
Prepaid production quota fee	8,625	8,635
Accrued incentives – HŽ Cargo	2,349	1,896
Accrued loan fees and interest	2,093	998
Accrued interest on leasing	350	868
Other prepaid expenses	704	1,127
	14,121	**13,524**

(All amounts are expressed in thousands of kunas)

22. SHARE CAPITAL AND RESERVES

22.1 Share capital

At 31 December 2015 the share capital amounts to HRK 249,600 thousand and consists of 1,386,667 shares (31 December 2014: HRK 249,600 thousand, consisting of 1,386,667 shares).

The ownership structure of the Company is set out below:

	Number of shares		**Ownership in %**	
	2015	**2014**	**2015**	**2014**
EOS-Z d.o.o.	466.500	466.500	33,64%	33,64%
Robić d.o.o.	416.100	416.100	30,01%	30,01%
Societe Generale Splitska banka d.d. / AZ OMF	137.055	137.055	9,88%	9,88%
Primorska banka d.d. Rijeka	127.936	-	9,23%	-
Zadro Marinko	-	127.936	-	9,23%
Hypo Alpe Adria Bank d.d. / PBZ Croatia Osiguranje OMF	43.044	43.044	3,10%	3,10%
Zagrebačka banka d.d. / AZ Profit DMF	25.842	-	1,86%	-
Societe Generale Splitska banka d.d. / AZ PROFIT DMF	-	25.842	-	1,86%
Hypo Alpe Adria Bank d.d. / Raiffeisen OMF	25.303	25.803	1,82%	1,86%
Hrvatska poštanska banka d.d.	23.257	23.257	1,68%	1,68%
Erste&Steiermarkischebank d.d. / CSC	22.293	16.383	1,61%	1,18%
Societe Generale Splitska banka d.d. / ERSTE PLAVI OMF	10.033	10.033	0,72%	0,72%
Ostali	89.304	94.714	6,44%	6,84%
	1,386,667	**1,386,667**	**100.00%**	**100.00%**

(All amounts are expressed in thousands of kunas)

22. SHARE CEPITAL AND RESERVES

22.2 Reserves

	At 31 December 2015	At 31 December 2014
Legal reserves	12,521	12,514
Capital reserves	10,368	10,368
Reserves for own shares	43,867	43,867
Other reserves	(41,432)	(41,432)
Other reserves out of profit	5	5
	25,329	**25,322**

In 2012 the Parent purchased additional shares of Sladorana d.d., as a result of which it held a 100-percent equity share in that subsidiary at 31 December 2012. The increase in 2012 was recognised after the Parent had already acquired the control over the subsidiary in prior periods. Since the consideration paid to acquire the additional shares was higher than the net asset value of Sladorana d.d., the difference of HRK 41,432 thousand was charged to Other reserves within equity.

23. EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings / (loss) per share

Basic earnings / (loss) per share are determined, by dividing the Group's net profit / (loss) by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares redeemed and held by the Group as treasury shares.

	2015	2014
Net profit / (loss) attributable to the shareholders (in HRK'000)	2,520	(229,470)
Weighted average number of shares used for calculating basic (loss) / earnings per share	1,386,667	1,386,667
Basic earnings / (loss) per share (in kunas and lipas):	**1.82**	**(165.48)**

Diluted earnings / (loss) per share are equal to basic earnings / (loss) per share, as there is no basis for adjusting the weighted average number of ordinary shares.

(All amounts are expressed in thousands of kunas)

24. LIABILITIES UNDER BORROWINGS AND FINANCE LEASES

	At 31 December 2015	At 31 December 2014
Long-term borrowings		
Bank borrowings	316,992	186,295
Financial lease obligations	3,343	9,453
Financial lease loans	1,590	2,051
	321,925	**197,799**
Short-term borrowings		
Bank borrowings	139,781	251,111
Bank borrowings – current portion of long-term loans	55,401	39,610
Financial lease obligations	6,055	7,185
Financial loans	2,541	4,142
	203,778	**302,048**
Total	**525,703**	**499,847**

Bank borrowings in the amount of HRK 512,174 thousand (31 December 2014: HRK 477,016 thousand) are secured by lien on land, buildings and equipment of the Group. Debentures have been furnished as instruments of collateral for a finance lease in the amount of HRK 9,398 thousand (2014: HRK 16,638 thousand).

Financial loans in the amount of HRK 4,131 thousand relates mainly to a liability towards Konzum d.d. in the amount of HRK 2,080 thousand and a liability to the Environmental Protection and Energy Efficiency Fund in the amount of HRK 2,051 thousand.

Movements in the bank borrowings were as follows:

	2015	2014
Balance at 1 January	**477,016**	**471,993**
New bank loans raised	744,017	382,590
Amounts repaid	(707,353)	(378,415)
Exchange differences	(1,506)	848
Balance at 31 December	**512,174**	**477,016**

(All amounts are expressed in thousands of kunas)

24. LIABILITIES UNDER BORROWINGS AND FINANCIAL LEASES (CONTINUED)

An overview of bank borrowings (maturities, interest rates, balances and currencies) is provided below:

Creditor	Ultimate repayment date	Interest rate	Currency	31/12/2015	31/12/2014
Long-term					
Raiffeisenbank Austria d.d.	31.03.2021.	4,00%	EUR	354,687	-
Raiffeisenbank d.d.	22.05.2020.	5,20%	EUR	-	206,050
HBOR	28.02.2023.	4,00%	EUR	17,648	19,855
Short-term					
Kentbank d.d.	30.04.2017.	6,00%	HRK	10,000	-
Kentbank d.d.	30.04.2016.	6,00%	HRK	3,400	10,000
Raiffeisenbank Austria d.d.	10.10.2015.	4,90%	EUR	-	34,477
Splitska banka d.d.	01.05.2015.	4,00%	HRK	-	32,500
Raiffeisenbank Austria d.d.	04.06.2015.	5,11%	EUR	-	12,258
Privredna banka d.d.	31.10.2016.	5,40%	HRK	4,100	-
Privredna banka d.d.	31.10.2016.	5,40%	HRK	20,000	-
Privredna banka d.d.	31.10.2016.	5,40%	HRK	72,000	-
Raiffeisenbank Austria d.d.	10.10.2015.	4,92%	EUR	-	36,009
Raiffeisenbank Austria d.d.	31.10.2015.	4,90%	EUR	-	26,049
Privredna banka d.d.	30.06.2015.	5,90%	HRK	-	22,000
Privredna banka d.d.	31.01.2015.	6,10%	HRK	-	20,000
Privredna banka d.d.	03.06.2015.	6,10%	HRK	-	4,000
Splitska banka d.d.	04.05.2015.	4,00%	HRK	-	17,000
OTP banka d.d.	01.06.2016.	4,50%	EUR	20,615	-
OTP banka d.d.	01.07.2016.	5,18%	HRK	9,545	-
Splitska banka d.d.	01.06.2015.	4,00%	HRK	-	25,000
Splitska banka d.d.	01.06.2015.	4,00%	HRK	-	6,818
Splitska banka d.d.	01.09.2015.	4,00%	HRK	-	5,000
Loan interest payable				179	**-**
Total short-term and long-term borrowings				**512,174**	**477,016**

(All amounts are expressed in thousands of kunas)

24. LIABILITIES UNDER BORROWINGS AND FINANCIAL LEASES (CONTINUED)

	Minimum lease payments		Finance charges		Present value of minimum lease payments	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Not later than 1 year	6,071	7,226	252	527	5,819	6,699
Payable from two to five years	3,343	9,472	98	361	3,245	9,111
Payable after five years	-	-	-	-	-	-
	9,414	**16,698**	**350**	**888**	**9,064**	**15,810**
Less: future finance charges	**(350)**	**(888)**				**-**
Present value of minimum lease payments	**9,064**	**15,810**			**9,064**	**15,810**

25. TRADE PAYABLES

	At 31 December 2015	**At 31 December 2014**
Domestic trade payables	85,102	112,473
Foreign trade payables	52,140	196,137
	137,242	**308,610**

26. ADVANCES RECEIVED

At 31 December 2015, advances received amounted to HRK 41,479 thousand (31 December 2014: HRK 20,383 thousand) and comprise amounts advanced by entities for purchases of sugar.

(All amounts are expressed in thousands of kunas)

27. OTHER CURRENT LIABILITIES

	At 31 December 2015	At 31 December 2014
Liabilities for issued bills of exchange	92,449	158,973
Taxes, contributions and similar duties payable	11,845	1,887
Production quota fees payable	11,501	11,513
Amounts due to employees	2,944	3,183
Liabilities in respect of securities	32	32
Other current liabilities	715	4,686
	119,486	**180,274**

The liabilities for issued bills of exchange represent amounts payable to suppliers of sugar beet, protective substances, and other liabilities, as follows:

	At 31 December 2015	At 31 December 2014
Belje d.d., Darda	36,697	51,808
Agrokor d.d.,, Zagreb	20,000	-
Factoring firms – discounted bills of exchange	15,156	63,666
Vupik d.d.	10,366	23,749
PIK Vinkovci d.d.	10,230	14,250
Diba d.o.o., Suhopolje	-	5,500
	92,449	**158,973**

28. ACCRUED EXPENSES AND DEFERRED INCOME

	At 31 December 2015	At 31 December 2014
Accrued direct sugar beet costs	487	1,270
Accrued expenses – retirement benefits	-	2,573
Deferred income Ministary of Economy	-	1,935
Accrued discounts - not yet billed	-	1,021
Accrued water protection and use fees, concession fee	-	136
Other accrued expenses	808	563
	1,295	**7,498**

(All amounts are expressed in thousands of kunas)

29. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading transactions

Transactions entered into by and between the Group and its related parties during the year are as follows:

Operating income

	Sales		Other income	
	2015	**2014**	**2015**	**2014**
OŠTRC d.o.o.	945	813	7	-
	945	**813**	**7**	**-**

Operating expenses

	Selling expenses		Other expenses	
	2015	**2014**	**2015**	**2014**
OŠTRC d.o.o.	618	420	6	-
	618	**420**	**6**	**-**

Financial income and expenses

	Financial income		Financial expenses	
	2015	**2014**	**2015**	**2014**
ROBIĆ PROMET d.o.o.	-	4	-	-
GRUDSKA PIVOVARA d.o.o.	1,491	1,193	-	-
	1,491	**1,197**	**-**	**-**

(All amounts are expressed in thousands of kunas)

29. RELATED-PARTY TRANSACTIONS (CONTINUED)

Outstanding balances from trading transactions at the end of the reporting period:

	Amounts owed by related companies		Amounts owed to related parties	
	2015	**2014**	**2015**	**2014**
ROBIĆ d.o.o. / ROBIĆ PROMET d.o.o.	-	-	150	232
OŠTRC d.o.o.	744	157	-	-
	744	**157**	**150**	**232**

	Loans given to related parties	
	2015.	**2014.**
GRUDSKA PIVOVARA d.o.o.	30,199	25,011
	30,199	**25,011**

Remuneration paid to key management personnel:

	2015	**2014**
Salaries	5,184	5,946
Other	861	1,295
	6,045	**7,241**

(All amounts are expressed in thousands of kunas)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy has remained unchanged since 2014.

The Group's capital consists of debt, which includes borrowings disclosed in Note 24, less cash and cash equivalents (the so-called net debt), and shareholders' equity, which comprises share capital, reserves and retained earnings.

The Treasury of the Group reviews the capital structure of the Group. As part of this review, the Treasury considers the cost of capital and the risks associated with each class of capital. The gearing ratio at the reporting date was as follows:

Gearing ratio

	2015	**2014**
Debt (i)	**525,703**	**499,847**
Cash and cash equivalents	(36,849)	(43,319)
Net debt	**488,854**	**456,528**
Equity (ii)	421,326	420,550
Net debt-to-equity ratio (in %)	116.03%	108.55%

(i) Debt consists of long- and short-term borrowings, as described in Note 24.

(ii) Equity consists of share capital, reserves and retained earnings.

(All amounts are expressed in thousands of kunas)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Categories of financial instruments

	At 31 December 2015	At 31 December 2014
Financial assets		
Non-current financial assets	2,923	28,590
Non-current receivables	37	113
Receivables from related companies	744	157
Trade receivables	178,184	85,741
Current financial assets	44,910	20,304
Other receivables	274	394
Cash and cash equivalents	36,849	43,319
Prepaid expenses and accrued income	5,496	4,889
	269,417	**183,507**
Financial liabilities		
Long-term financial loans	1,590	2,051
Long-term borrowings and finance lease obligations	320,335	195,748
Other non-current liabilities	153	229
Liabilities to related companies	150	232
Financial loans payable	2,541	4,142
Short-term borrowings and financial lease obligations	201,237	297,906
Advances received	41,479	20,383
Trade payables	137,242	308,610
Other current liabilities	96,141	166,874
Accrued expenses and deferred income	1,295	7,498
	802,163	**1,003,673**

The carrying amount reflected above represents the Group’s maximum exposure to credit risk for such loans and receivables.

(All amounts are expressed in thousands of kunas)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management objectives

The Treasury function of the Group provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks.

These risks include market risk (including currency risk and price risk), credit risk, liquidity risk and interest rate risk.

The Group seeks to minimise the effects of these risks. The Group does not enter into, or trade in financial instruments, including derivative financial instruments, for speculative purposes. The Treasury function periodically reports to the Group's management on the risk exposures.

Market risk

The Group's activities expose it primarily to the financial risks of movement in prices of sugar, flour and prices of raw materials needed for their production (sugar cane, sugar beet and wheat). The Group is also exposed to risks of changes in foreign currency exchange rates and interest rates, as disclosed below.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.
The carrying amounts of the Group's foreign-currency denominated monetary assets and liabilities at the reporting date are provided in the table below:

	Liabilities		Assets	
	2015	**2014**	**2015**	**2014**
European Union (EUR)	529,105	585,525	166,075	161,288
USD	32	-	2,442	2,751

(All amounts are expressed in thousands of kunas)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Foreign currency risk management

Foreign currency sensitivity analysis

The Group is mainly exposed to the fluctuations in the exchange rate of the Croatian kuna against the euro and the US dollar because these are the currencies in which the majority of sugar sales (EUR) and purchases of raw sugar (USD) on international markets are carried out.

The following table details the Group's sensitivity to a ten-percent (10%) change of the Croatian kuna against the relevant currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to the Management Board and represents the Board's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for the 10-percent change in the relevant foreign exchange rate. The sensitivity analysis includes external borrowings, as well as loans to foreign operations of the Group denominated in a currency that is not the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the Croatian kuna strengthens 10 percent against the relevant currency. For a 10-percent weakening of the Croatian kuna against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	EUR impact		USD impact	
	2015	**2014**	**2015**	**2014**
Profit	36,403	42,424	241	275

The exposure to the 10-percent change for the relevant currencies is mainly related to the balance of borrowings, trade payables and receivables from related companies denominated in euro (EUR) and the balance of trade payables denominated in US dollars (USD).

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group's exposures to interest rates on its financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(All amounts are expressed in thousands of kunas)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate risk management (continued)

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

- Loss / profit for the year ended 31 December 2015 would decrease/increase by HRK 1,225 thousand (2014: decrease / increase by HRK 1,130 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates has increased during the current year mainly due to the addition in variable rate debt instruments.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counter parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from default. The exposure of the Group and the credit ratings of its counterparties are continuously monitored, and the total value of transactions entered into is spread across accepted customers. Credit exposure is managed by setting limits to customers.

Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The credit risk concentration arising from the Group's major customers is as follows:

	Receivables	
	31 December 2015.	**31 December 2014.**
Customer A	66.648	-
Customer B	8.262	5.155
Customer C	6.234	5.485
Customer D	5.771	5.252
Customer E	4.412	2.860
	91.327	**18.752**

(All amounts are expressed in thousands of kunas)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk management (continued)

Collateral held as security

The Group commonly accepts bank guarantees, debentures and bills of exchange of its customers.

Liquidity risk management

Prudent liquidity management implies maintaining sufficient levels of cash, obtaining adequate funding using credit lines and facilities and the ability to settle the liabilities on a timely basis. It also involves matching the maturities of liabilities and maintaining appropriate levels of liquid assets. Ultimate responsibility for liquidity risk management rests with the Management Board. The Group manages its liquidity by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The cash flow forecasts are prepared on a monthly basis (by day) and departures are monitored daily.

Liquidity and interest rate risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both principal and interest cash flows. The discounted cash outflow on interest at variable rates has been derived from interest rate curves at the end of the reporting period. The contractual maturity has been defined as the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
2015						
Non-interest bearing liabilities		112,992	115,138	53,025	1,743	282,898
Interest bearing liabilities	4.61%	10,690	18,131	138,925	403,339	571,085
		123,682	**133,269**	**191,950**	**405,082**	**853,983**
2014						
Non-interest bearing liabilities		208,936	139,762	124,471	34,589	507,758
Interest bearing liabilities	4.76%	31,832	61,044	222,067	222,739	537,682
		240,768	**200,806**	**346,538**	**257,328**	**1,045,440**

(All amounts are expressed in thousands of kunas)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk management (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial assets based on the earliest date on which the Group can require payment.

	Weighted average effective interest rate	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
2015						
Non-interest bearing assets		111,089	88,711	30,098	2,284	232,132
Interest bearing assets	6.57%	2,769	1,607	35,005	123	39,504
		113,858	**90,318**	**65,103**	**2,407**	**271,686**
2014						
Non-interest bearing assets		85,593	23,554	33,496	1,961	144,604
Interest bearing assets	7.09%	4,676	693	10,110	27,723	43,302
		90,269	**24,247**	**43,606**	**29,684**	**187,806**

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;

At 31 December 2015, the carrying amounts of cash, short-term deposits, receivables and short-term liabilities, accrued expenses, short-term loans and other financial instruments approximate their fair values due to the short-term maturity of these financial instruments.

(All amounts are expressed in thousands of kunas)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value of financial instruments (continued)

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that is not based on observable market data (unobservable inputs).

At 31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets available for sale	124	-	2,097	**2,221**
Total	**124**	**-**	**2,097**	**2,221**

At 31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets available for sale	114	-	2,408	**2,522**
Total	**114**	**-**	**2,408**	**2,522**

(All amounts are expressed in thousands of kunas)

31. PROVISIONS

The total balance of non-current provisions relates to legal actions in progress. Movements in the provisions are presented below:

	2015	**2014**
Balance at 1 January	34,772	35,103
New provisions	-	-
Utilised / cancelled provision	(34,319)	(331)
Balance at 31 December	**453**	**34,772**

The Group reversed provisions for the most significant legal action, case file no P-561/13 (previously P-768/12, and originally P-528/03), which was finally concluded based on a judgment no Pž-3105/2014 of the Commercial Court in Zagreb rejecting the entire claim. In a lawsuit initiated by NLB, as the plaintiff, against Sladorana on the grounds of the alleged piercing of corporate veil,in the Granal case, claiming that, as a result of 'abuse in business' the future bankruptcy estate of Granal has deteriorated for which the Defendant is to be held liable in the amount of HRK 40 million.

In prior periods, Sladorana d.d. made a total provision of HRK 50 million based on the then assessed likelihood of loosing the case. The entire case is still in progress and comprises several separate lawsuits ruled so far in favour if Sladorana. However, for procedural grounds, they have been sent repeatedly for retrial. The plaintiff has initiated review proceedings regarding the judgements (on 23 March 2015 for the case file no P-561/13 and on 25 March 2015 for the case file no P-462/12), and the cases are now pending at the High Court of the Republic of Croatia.

32. CONTINGENT LIABILITIES AND COMMITMENTS

At 31 December 2015 contractual commitments and contingent liabilities of the Group relate to issued debentures in the total amount of HRK 1,836,575 thousand (31 December 2014: HRK 1,423,871 thousand), issued guarantees in the amount of HRK 159,465 thousand (31 December 2014: HRK 250,777 thousand) and issued letters of credit in the amount of HRK 69,458 thousand (31 December 2014: HRK 76,919 thousand) which maturity date is on 26 February. The agreed maturity dates for issued guarantees fall in the period from 31 January 2016 until 30 June 2017.

(All amounts are expressed in thousands of kunas)

33. OPERATING LEASES

The Group as lessee

Operating lease agreements

Operating lease agreements comprise leases of personal cars over a term of five years. The Group has no option to purchase the leased assets upon the expiry of the lease term.

Lease payments recognised as an expense

	2015	2014
Minimum lease payments	670	773

Non-cancellable operating lease commitments

	2015	2014
Not later than 1 year	257	681
1-5 years	103	367
	360	**1,048**

34. MANAGEMENT AUTHORISATION OF THE ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were adopted by the Management Board and authorized for issue on 11 April 2016.

Signed on behalf of the Management Board on 11 April 2016 by:

Željko Zadro

President of the Management Board

Viro
TVORNICA ŠEĆERA d.d. 7
ZAGREB

TVORNICA ŠEĆERA d.d.
ZAGREB, ULICA GRADA VUKOVARA 269 G

STATEMENT OF PERSON RESPONSIBLE FOR PRODUCTION OF THE CONSOLIDATED REPORT FOR 2015

With this statement, in compliance with article 403 of the Law on capital market, I state that to the best of our knowledge

- the set of consolidated financial reports of VIRO TVORNICA ŠEĆERA d.d., Zagreb and its subsidiaries for the period I-XII 2015, produced by applying International standards of financial reporting and in compliance with the Croatian Law on Accounting, provides an integral and true overview of assets and liabilities, loss and profit, financial position and operations of the Group.

- The Management report contains a true overview of business results and position of the Group, with a description of the most significant risks and uncertanties to which the Group is exposed.

In Zagreb, on April 11, 2016

RESPONSIBLE PERSON

PRESIDENT OF THE
MANAGEMENT BOARD:

Željko Zadro, dipl.oec.

Viro
TVORNICA ŠEĆERA d.d.
ZAGREB
1

ENCLOSURE 1

Reporting period: 1 January 2015 to 31 December 2015

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: 10000 ZAGREB

Street and number: ULICA GRADA VUKOVARA 269 G

e-mail address: info@secerana.hr

Internet address: www.secerana.hr

and name for municipality/city 133 ZAGREB

Code and name for county 21 GRAD ZAGREB

Number of employees (at the year's end) 462

Consolidated Report YES

Business activity code: 1081

Entities in consolidation (according to IFRS)	Registered seat:	Tax number (MB):
SLADORANA d.o.o.	ŠEĆERANA 63, ŽUPANJA	03307484
SLAVONIJA ŽUPANJA d.d.	J.J.STROSSMAYERA 65, ŽUPANJA	01841009
VIRO-KOOPERACIJA d.o.o.	ŠEĆERANA 63, ŽUPANJA	02835398

Book-keeping firm

Contact person DRAGIĆ NEVENA
(unosi se samo prezime i ime osobe za kontakt)

Telephone 033840117

Telefaks: 033840103

e-mail address nevena.dragic@secerana.hr

Surname and name ZADRO ŽELJKO
(osoba ovlaštene za zastupanje)

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

M.P. Viro TVORNICA ŠEĆERA d.d. ZAGREB

(signature of authorized person)

BALANCE SHEET

as at 31.12.2015

Item	AOP code	Last year (net)	Current year (net)
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) LONG-TERM ASSETS (003+010+020+029+033)	002	597.980.241	529.062.517
I. INTANGIBLE ASSETS (004 to 009)	003	1.342.748	1.008.224
1. Assets development	004		
2. Concessions, patents, licences fees, trade and service marks, software and other rights	005	1.242.748	1.008.224
3. Goodwill	006		
4. Prepayments for purchase of intangible assets	007		
5. Intangible assets in preparation	008	100.000	
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	567.933.628	525.093.960
1. Land	011	38.528.588	38.540.921
2. Buildings	012	248.942.326	238.204.927
3. Plant and equipment	013	266.778.858	231.922.597
4. Tools, facility inventory and transport assets	014	2.870.003	3.368.260
5. Biological assets	015		
6. Prepayments for tangible assets	016		307.627
7. Tangible assets in progress	017	8.395.322	10.480.578
8. Other tangible assets	018	44.900	44.900
9. Investments in buildings	019	2.373.631	2.224.150
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	28.590.276	2.923.012
1. Investments (shares) with related parties	021	900.000	900.000
2. Loans given to related parties	022		
3. Participating interest (shares)	023	1.622.029	1.320.983
4. Loans to entrepreneurs in whom the entity holds participating interests	024		
5. Investments in securities	025	55.003	60.173
6. Loans, deposits and similar assets	026	26.013.244	641.856
7. Other long - term financial assets	027		
8. Investments accounted by equity method	028		
IV. RECEIVABLES (030 to 032)	029	113.589	37.321
1.Receivables from related parties	030		
2. Receivables from based on trade loans	031		
3. Other receivables	032	113.589	37.321
V. DEFERRED TAX ASSETS	033		
C) SHORT TERM ASSETS (035+043+050+058)	034	860.890.873	704.103.328
I. INVENTORIES (036 to 042)	035	632.643.781	413.955.438
1. Raw-material and supplies	036	53.591.410	37.569.067
2. Work in progress	037		
3. Finished goods	038	484.992.866	251.210.014
4. Merchandise	039	32.091.542	80.795.687
5. Prepayments for inventories	040	61.967.963	44.380.670
6. Long - term assets held for sales	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	164.623.705	208.388.541
1. Receivables from related parties	044	274.357	743.933
2. Accounts receivable	045	85.740.610	178.183.726
3. Receivables from participating parties	046		
4. Receivables from employees and members of related parties	047	8.966	6.387
5. Receivables from government and other institutions	048	78.331.696	29.187.271
6. Other receivables	049	268.076	267.224
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	20.303.808	44.910.145
1. Shares (stocks) in related parties	051		
2. Loans given to related parties	052		
3. Participating interests (shares)	053		
4. Loans to entrepreneurs in whom the entity holds participating interests	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	12.408.720	37.141.162
7. Other financial assets	057	7.895.088	7.768.983
IV. CASH AT BANK AND IN CASHIER	058	43.319.579	36.849.204
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	13.523.976	14.121.337
E) TOTAL ASSETS (001+002+034+059)	060	1.472.395.090	1.247.287.182
F) OFF-BALANCE RECORDS	061	1.742.417.196	2.236.261.172

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	420.549.897	421.326.312
I. SUBSCRIBED CAPITAL	063	249.600.060	249.600.060
II. CAPITAL RESERVES	064	10.368.101	10.368.101
III.RESERVES FROM PROFIT (066+067-068+069+070)	065	56.386.226	56.393.357
1. Reserves prescribed by low	066	12.514.497	12.520.931
2. Reserves for treasury shares	067	43.866.670	43.866.670
3. Treasury stocks and shares (deduction)	068		
4. Statutory reserves	069		
5. Other reserves	070	5.059	5.756
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	327.510.245	95.792.725
1. Retained earnings	073	327.510.245	95.792.725
2. Accumulated loss	074		
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	-229.470.611	2.494.952
1. Profit for the current year	076		2.494.952
2. Loss for the current year	077	229.470.611	
IX. MINORITY INTERESTS	078	6.155.876	6.677.117
B) PROVISIONS (080 to 082)	079	34.772.094	453.209
1. Provisions for pensions, severance pay, and similar liabilities	080		
2. Reserves for tax liabilities	081		
3. Other reserves	082	34.772.094	453.209
C) LONG - TERM LIABILITIES (084 to 092)	083	198.028.109	322.078.301
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085	11.503.287	4.932.877
3. Liabilities to banks and other financial institutions	086	186.295.390	316.992.469
4. Liabilities for received prepayments	087		
5. Accounts payable	088		
6. Liabilities arising from debt securities	089		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090		
8. Other long-term liabilities	091	229.432	152.955
9. Deferred tax liability	092		
D) SHORT - TERM LIABILITIES (094 to 105)	093	811.547.418	502.133.908
1. Liabilities to related parties	094	231.947	150.000
2. Liabilities for loans, deposits etc.	095	11.326.614	8.595.581
3. Liabilities to banks and other financial institutions	096	290.721.283	195.181.628
4. Liabilities for received prepayments	097	20.383.396	41.478.736
5. Accounts payable	098	308.609.784	137.241.601
6. Liabilities arising from debt securities	099		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		
8. Liabilities to employees	101	3.183.178	2.943.764
9. Liabilities for taxes, contributions and similar fees	102	1.887.139	11.844.700
10. Liabilities to share - holders	103	31.703	31.703
11. Liabilities for long-term assets held for sale	104		
12. Other short - term liabilities	105	175.172.374	104.666.195
E) DEFFERED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE	106	7.497.572	1.295.452
F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)	107	1.472.395.090	1.247.287.182
G) OFF-BALANCE RECORDS	108	1.742.417.196	2.236.261.172
APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report)			
CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	109	414.394.021	414.649.195
2. Attributed to minority interest	110	6.155.876	6.677.117

PROFIT AND LOSS ACCOUNT

for the period 01.01.2015. do 31.12.2015.

VIRO TVORNICA ŠEĆERA d.d.

Item	AOP code	Last year	Current year
1	2	3	4
I. OPERATING REVENUE (112+113)	111	1.071.804.982	1.179.641.843
1. Sales revenue	112	1.062.354.004	1.136.881.950
2. Other operating revenues	113	9.450.978	42.759.893
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	1.272.983.122	1.149.864.240
1. Changes in value of work in progress and finished products	115	-76.861.072	205.389.801
2. Material costs (117 to 119)	116	1.084.009.715	791.675.974
a) Raw material and material costs	117	909.015.056	478.732.536
b) Costs of goods sold	118	98.808.016	253.968.915
c) Other external costs	119	76.186.643	58.974.523
3. Staff costs (121 to 123)	120	59.754.563	49.798.617
a) Net salaries and wages	121	36.224.639	30.939.647
b) Cost for taxes and contributions from salaries	122	15.059.289	11.579.217
c) Contributions on gross salaries	123	8.470.635	7.279.753
4. Depreciation	124	67.557.093	62.708.059
5. Other costs	125	40.597.254	25.214.214
6. Impairment (127+128)	126	77.045.946	0
a) Impairment of long-term assets (financial assets excluded)	127		
b) Impairment of short - term assets (financial assets excluded)	128	77.045.946	
7. Provisions	129		
8. Other operating costs	130	20.879.623	15.077.575
III. FINANCIAL INCOME (132 to 136)	131	11.408.312	13.600.146
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132	3.714	
2. Interest income, foreign exchange gains, dividends and similar income from non -	133	11.234.127	12.391.974
3. Share in income from affiliated entrepreneurs and participating interests	134		
4. Unrealized gains (income) from financial assets	135	23.596	311.854
5. Other financial income	136	146.875	896.318
IV. FINANCIAL EXPENSES (138 do 141)	137	39.691.501	40.857.884
1. Interest expenses, foreign exchange losses, dividends and similar expenses from related parties	138		
2. Interest expenses, foreign exchange losses, dividends and similar expenses from non -	139	30.974.437	36.002.068
3. Unrealized losses (expenses) on financial assets	140	349.000	311.400
4. Other financial expenses	141	8.368.064	4.544.416
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142		
VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143		
VII. EXTRAORDINARY - OTHER INCOME	144		
VIII. EXTRAORDINARY - OTHER EXPENSES	145		
IX. TOTAL INCOME (111+131+142 + 144)	146	1.083.213.294	1.193.241.989
X. TOTAL EXPENSES (114+137+143 + 145)	147	1.312.674.623	1.190.722.124
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	-229.461.329	2.519.865
1. Profit before taxation (146-147)	149	0	2.519.865
2. Loss before taxation (147-146)	150	229.461.329	0
XII. PROFIT TAX	151	0	0
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-229.461.329	2.519.865
1. Profit for the period (149-151)	153	0	2.519.865
2. Loss for the period (151-148)	154	229.461.329	0
APPENDIX to P&L account (to be filled in by entrepreneur that prepares consolidated financial report)			
XIV. PROFIT OR LOSS FOR THE PERIOD			
1. Attributed to equity holders of parent company	155	-229.470.611	2.494.952
2. Attributed to minority interest	156	9.282	24.913
STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)			
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	**-229.461.329**	**2.519.865**
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)	158	**1.222.294**	**0**
1. Exchange differences on translation of foreign operations	159		
2. Movements in revaluation reserves of long - term tangible and intangible assets	160	1.222.294	
3. Profit or loss from reevaluation of financial assets available for sale	161		
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		
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166		
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)	167	**1.222.294**	**0**
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	**-228.239.035**	**2.519.865**
APPENDIX to Statement of other comprenhensive income (to be filled in by entrepreneur that prepares consolidated financial report)			
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD			
1. Attributed to equity holders of parent company	169	-228.248.317	2.494.952
2. Attributed to minority interest	170	9.282	24.913

STATEMENT OF CASH FLOWS - INDIRECT METHOD

for the period 01.01.2015 do 31.12.2015

Item	AOP code	Last year	Current year
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	-229.461.329	2.519.865
2. Depreciation	002	67.557.093	62.708.059
3. Increase in short term liabilities	003	4.270.580	
4. Decrease in short term receivables	004	47.992.297	
5. Decrease in inventories	005	126.294.213	219.939.622
6. Other increase in cash flow	006	56.282.818	12.448.887
I. Total increase in cash flow from operating activities (001 to 006)	007	72.935.672	297.616.433
1. Decrease in short term liabilities	008	59.614.642	299.466.366
2. Increase in short term receivables	009		80.454.944
3. Increase in inventories	010	90.938.389	
4. Other decrease in cash flow	011	9.538.189	6.339.124
II. Total decrease in cash flow from operating activities (008 to 011)	012	160.091.220	386.260.434
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES	013	0	0
A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES	014	87.155.548	88.644.001
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash inflows from sales of long-term tangible and intangible assets	015	653.220	1.117.012
2. Cash inflows from sales of equity and debt instruments	016		
3. Interests receipts	017	8.498.625	2.683.636
4. Dividend receipts	018		40.596
5. Other cash inflows from investing activities	019	18.725.710	47.991.001
III. Total cash inflows from investing activities (015 to 019)	020	27.877.555	51.832.245
1. Cash outflow for purchase of long-term tangible and intangible assets	021	13.777.080	19.072.910
2. Cash outflow for acquisition of equity and debt financial instruments	022		
3. Other cash outflow for investing activities	023	11.394.817	36.288.473
IV. Total cash outflow for investing activities (021 do 023)	024	25.171.897	55.361.383
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	2.705.658	0
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES	026	0	3.529.138
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash inflow from issuing property and debt financial instruments	027		
2. Proceeds from the credit principal, promissory notes, borrowings and other loans	028	188.443.149	856.044.582
3. Other proceeds from financial activities	029	354.145.554	378.486.323
V. Total cash inflows from financial activities (027 to 029)	030	542.588.703	1.234.530.905
1. Cash outflow for repayment of credit principal and bonds	031	208.391.690	735.573.166
2. Cash outflow for dividends paid	032		
3. Cash outflow for financial lease	033	7.057.450	6.627.929
4. Cash outflow for purchase of treasury shares	034		
5. Other cash outflow for financial activities	035	352.331.936	406.627.046
VI. Total cash outflow for financial activities (031 to 035)	036	567.781.076	1.148.828.141
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES	037	0	85.702.764
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES	038	25.192.373	0
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	0
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	109.642.263	6.470.375
Cash and cash equivalents at the beginning of the period	041	152.961.842	43.319.579
Increase of cash and cash equivalents	042	0	0
Decrease of cash and cash equivalents	043	109.642.263	6.470.375
Cash and cash equivalents at the end of the period	044	43.319.579	36.849.204

CHANGE IN CAPITAL STATEMENT

for the period from 1.1.2015 to 31.12.2015

Item	EDP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	249.600.060	249.600.060
2. Capital reserves	002	10.368.101	10.368.101
3. Profit reserves	003	56.386.226	56.393.357
4. Retained profit or loss carried forward	004	327.510.245	95.792.725
5. Profit or loss of the current year	005	-229.470.611	2.494.952
6. Revaluation of fixed tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial property available for sale	008		
9. 9. Other revaluation	009		
10. Total capital and reserves (EDP 001 through 009)	**010**	**414.394.021**	**414.649.195**
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		
17. Total increase or decrease of capital (EDP 011 through 016)	**017**	0	0
17 a. Assigned to holders of parent company's capital	018	414.394.021	414.649.195
17 b. Assigned to minority interest	019	6.155.876	6.677.117

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