Viro tvornica šećera d.d.

Annual report
for the year ended
31 December 2018
together with Independent Auditor's Report

TVORNICA ŠEĆERA d.d.

ANNUAL REPORT

For the year 2018

Virovitica, April 2019

Page

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I. INTRODUCTION AND CORPORATE IDENTITY

1.1. Introductory notes

Pursuant to Article 21 of the Accounting Act, VIRO TVORNICA ŠEĆERA d.d. Zagreb (hereinafter: "the Company"), as a large entrepreneur, has the obligation to prepare and submit its annual report which is intended for the management and external stakeholders of the enterprise.

The report provides a complex and documented insight into the operations of the company, including all available non-financial and financial information, as well as performance indicators, based on the use of contemporary analytical and statistical methods which comply with applicable international accounting standards.

This Report constitutes, together with the statutory financial statements (Balance Sheet, Profit and Loss Account, Cash Flow Statement) and the notes thereto, a whole.

The Report has been prepared on the basis of data and information from the Production Department, the Sales Department, the Accounting Department, the Planning and Analysis Department, as the owners of the Report, as well as those obtained from VIRO-KOOPERACIJA d.o.o.

1.2. Corporate identity

Pursuant to Article 7 of the Contract on the Sale of Real Estate, In-process Materials, Spare Parts and Work in Progress dated 27 June 2002, EOS-Z d.o.o. from Zagreb and ROBIĆ d.o.o. from Velika Gorica, as the acquirers of the bankruptcy estate of TVORNICA ŠEĆERA VIROVITICA d.d., in bankruptcy, Virovitica, as the debtor-in-bankruptcy, committed to form a a new company by contributing the purchased real estate, movable property and other assets and continue the business activity of the debtor-in-bankruptcy.

As a result, VIRO, a Croatian production and trade limited liability company (društvo s ograničenom odgovornošću za proizvodnju i trgovinu) was established (hereinafter: "VIRO d.o.o.") on 19 July 2002, the date of entry into the registry of the Commercial Court in Bjelovar, with a registered (subscribed) capital in the amount of HRK 20,000.00 and EOS-Z d.o.o. and ROBIĆ d.o.o. as the founders with the respective initial capital contributions of 51 percent and 49 percent.

Following the full payment of the purchase price to the sellers of the property of the debtor-in-bankruptcy, EOS-Z d.o.o. and ROBIĆ d.o.o. transferred to VIRO d.o.o. the inventories of the in-process materials, spare parts and work in progress, which marked the actual start of the business activity of the new firm, and new indefinite-period employment contracts were signed with 264 employees on 10 September 2002.

Tangible fixed assets were transferred from EOS-Z d.o.o. and ROBIĆ d.o.o. to VIRO d.o.o. in 2003. In the same year, the share capital of the Company was increased to HRK 104,000,000.00.

Based on the Decision adopted in the General Shareholders' Meeting of 21 July 2005 and the entry into the registry of the Bjelovar Commercial Court of 1 September 2005, the Company was transformed from a Croatian limited liability company (d.o.o.) into a Croatian public limited company (dioničko društvo) and changed its name to VIRO TVORNICA ŠEĆERA, dioničko društvo za proizvodnju i trgovinu (abbreviated firm: "VIRO TVORNICA ŠEĆERA d.d."), with the business shares of HRK 104,000.000.00 being replaced by a total of 1,040,000 registered dematerialised ordinary A-series shares, with a nominal value of HRK 100.00 per share.

The share capital increase was finalised in the first quarter of 2006 by means of cash contributions and public offering of ordinary shares through the trading system of the Zagreb Stock Exchange. The total number of new shares issued was 346,667, all of them registered shares, with a nominal amount of HRK 100.00 each and a total nominal value of HRK 34,666,700.00. The shares were sold at a price of HRK 365.00 each, and the whole issue was subscribed and paid in. As a result, the Company collected a total of HRK 126,533.455.00. Pursuant to the Ruling of the Bjelovar Commercial Court of 17 March 2006, the increase was entered into the Court registry, along with the increase in the share capital by HRK 34,666,700.00, from HRK 104,000,000.00 to HRK 138,666,700.00.

Immediately after the completion of share capital increase process, the shares of the Company were listed on the official Zagreb Stock Exchange Market on 20 April 2006. Based on the Decision adopted by the Shareholders in the General Shareholders' Meeting of 30 August 2006, all the 1,386,667 shares, with a nominal amount of HRK 100.00 each, were replaced with no-par value shares, resulting in the share capital being divided into 1,386,667 registered ordinary shares with no par value.

Based on the Decision adopted by the Shareholders in the General Shareholders' Meeting of 14 December 2006, the Company's share capital was increased by HRK 110,933,360.00, representing a portion transferred from the capital gains and retained earnings, from HRK 138,666,700.00 to HRK 249,600,060.00. The share capital increase was effected without issuing any new shares, and the share capital was divided into 1,386,667 registered ordinary shares with no par value.

Based on the Decision of the Company Shareholders of 29 August 2014, the registered seat of the Company was changed to: Zagreb, Ulica grada Vukovara 269 g.

8.2. Corporate governance bodies

Since the founding of the Company (19 July 2002), Marinko Zadro and Dražen Robić were appointed to the Management Board. By the decision of the members of the Company dated 23.04.2003. in the Supervisory Board and the Management Board were appointed:

Supervisory Board:

1. Marinko Zadro, President
2. Željko Zadro, Deputy President
3. Dražen Robić, Member

Management Board:

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

By the decision of the members of the Company dated 17.05.2004. in the Supervisory Board were appointed:

1. Marinko Zadro, President
2. Boris Šimunović, Deputy President
3. Dražen Robić, Member
4. Danaja Debicki, Member
5. Krešimir Mostovac, Member

By decision of the General Assembly of the Company dated 30 August 2006 Marinko Papuga was appointed to the Supervisory Board, instead of Dana Debicki.

By the Decision of the Supervisory Board of the company dated 19 March 2008, the current Procurator Željko Zadro was elected instead of the previous three-member of the Management Board for the sole member of the Management, who took office on March 27 2008. By the decision of the General Assembly of the Company dated 12.04.2011. Ivan Mišetić was appointed in the Supervisory Board instead of Marinko Papuga.

By decision of the Supervisory Board dated 12 December 2011, member of Management Board was appointed for President of Management Board. Ivan Škorić was appointed for member of the Management Board .

By Decision of the Factory Works Council of 21 March 2014 instead of Krešimir Mostovac, the Supervisory Board appointed Damir Keleković as the employee representative.

By decision of the Supervisory Board of the company dated 1 July 2014 instead of Ivan Škorić, whose membership of the Management Board was terminated at his own request, Dražen Robić was appointed for member of the Management Board.

By the decision of the General Assembly of 29 August 2014 instead of Dražen Robić, Hrvoje Godinić was appointed to the Supervisory Board.

By the decision of the General Assembly of 30 August 2016 instead of Hrvoje Godinić, Svetlana Zadro was appointed to the Supervisory Board.

By the decision of the Supervisory Board of the company dated 23 September 2016 Darko Krstić and Ivo Rešić were appointed for the new members of the Management

Board instead of Dražen Robić, whose membership of the Management Board was terminated at his own request

With termination of employment in company on 6 December 2017, membership in Supervisory Board for Damir Keleković aldo terminates.

By decision of the Works Council of the Factory in the Supervisory Board was appointed Robert Barnaki, whose mandate begins on 02 January 2018.

II. SUGAR BEET CONTRACTS AND PURCHASES

The sugar beet purchases pipeline for the production year 2018 envisaged 6,531 hectares to be sown. The production contract negotiations started in September 2017. The in-process material for the sawing (mineral fertilisers, seeds, protective agents) were acquired on a timely basis and in sufficient quantities.

The area finally contractually agreed was 5,391 hectares, of which 4,667 were sawn. The contractually agreed area in Croatia was 3,691 hectares, of which 3,420 hectares were sawn, and in Hungary 1,504 hectares were contractually negotiated and 1,051 hectares were sawn.

After the low price sugar period in 2015 and 2016, sugar prices recorded a slight increase in the last quarter of 2017 and in the first half of 2018, and the contract price was reduced to 230 kn/t, resulting in a lower interest in sugar beet production for cca 2,000 hectares.

Sowing sugar beet began two weeks later than 2017 and that was 03.04.2018. year in dry conditions where soil preparation was made difficult. The sowing was done with good dynamics and ended on April 27th, 2018. The sowing was repeated to only 10 hectares due to excessive precipitation, ie the creation of the subterranean.

Native sugar beetle was made worse due to poorer preparation and drying time, and crop circuits ranged from 80,000 to 100,000 plants per hectare.

Sugar beet protection in 2018 against pests and weeds was successful while protection from illness in the eastern production area with adverse climatic conditions, above all high temperatures and droughts caused the development of beet rotation as well as increased attack on cycheria while on other production areas including Hungary and Slovenia, protection was less demanding and thus more successful. Only 20% of the total sown area was treated against the tail pipe, mainly in the eastern part of the raw material area (Belje).

The protection of sugar beet has also been successfully carried out so there are no major problems in root processing, despite a very difficult and demanding production year. Thus, from 3 to 4 treatments, during April and May, beet crops were successfully protected from weeds and enabled the average production yield and raw material that enabled undisturbed operation of the plant.

By setting up the meteorological stations and acquiring electronic microscopes, the course, intensity and development of cervar spheres is monitored and successfully suppressed. On the basis of detailed monitoring, the term of the first fungicide treatment was determined. The schedule of other treatments during the vegetation was also determined on the basis of detailed field monitoring and monitoring of sugar beet crops. In order to enable the efficacy of fungicide products in the long run, some new active substances have been introduced in the protection of sugar beet from cystospore, and with 3-4 treatments successfully suppressed the disease.

Agro-climatic conditions during the vegetation were unfavorable to the growth and development of sugar beet. The dry season and high temperature in the sowing and harvesting phase caused uneven start-up and reduced plant complexity. Benefits were those crops that had been sown earlier and had enough moisture to sprout and quickly root for the dry season it followed. The drought and high temperatures continued until the end of August when there was a significant rainfall (30-45 l / m2) for the sugar production area and this trend continued until the campaign ended. As pointed out, the sowing started somewhat later than the optimal deadline but with favorable temperature and a little moisture the nose was fast and intense. Such a crop when it gained more significant moisture continued with root growth and sugar storage, which in turn resulted in an average of both the quality and the amount of roots of beets.

The Sugar Beet Campaign began on September 23, and was taken to the factory on September 27, and was processed on September 28, 2018. September was favorable for the extracurricular campaign, in October it was only days-two with the precipitation, but in spite of this the campaign took place without interruption. Following the campaign until its completion, the campaign was conducted with the maximum cutting capacity and the production of beet sugar on a daily basis over 1,000 tonnes.

The production results were slightly weaker (about 60.00 t / ha) compared to the previous record year, but from the point of view of digestion it can be said that it was a year of long-term average. Digestion, compared to 2014 when it was 13.57%, then in 2015 from 14.20% compared to 2016. From 15.96% it increased to above 16.34% in 2017 and experienced a qualitative decline of 14.75% in 2018.
In the 2018 campaign, 256,196 tons of sugar beet was processed. The average yield was 58.41 t / ha, average digestion of 14.75% and impurity of 13.22%.

CONCLUSION:

The production in 2018 will remain unchanged, despite the extremely dry and very hot year of sugar beet growing, with average sugar beet yield of 58.41 t / ha, slightly lower digestion of 14.75% and slightly higher impurities compared to last year of 13.22%.

The protection of sugar beets from cerkospore was demanding due to adverse climatic conditions that dominated the whole vegetation with a large number of treatments where increased intensity of cystosporin infection occurred in the individual crop areas. Insect protection was intense both during and after the tear of the pipe and through the vegetation of the ears. The weed protection for the above production conditions was also demanding and complex and after the basic treatments that were carried out under dry conditions where their action was inefficient enough, corrective treatment had to be carried out in order for the crop to produce good production results.

III. RAW MATERIAL PROCESSING, SUGAR PRODUCTION AND SALES

3.1. Technological and production results of raw sugar processing

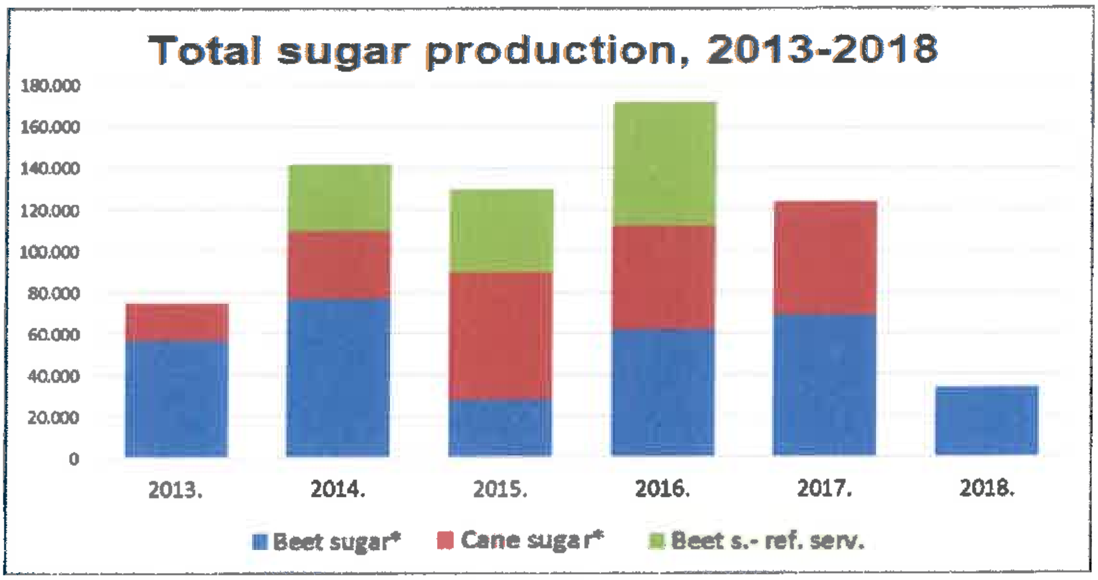
During 2018, there was no processing of imported raw shake sugar.

3.2. Results of Sugar Beet Processing Campaign

The sugar beet production campaign in 2018 started on September 29 and lasted until 19 November 2018, and a total of 256,196,143 t of sugar beet was processed.

Below is realized production of finished products:

Item No.	Product	Realized production 2017	Processing service outside of Croatia, 2017	Realized production 2018	Processing service outside of Croatia, 2018
1.	Sugar	68.977	-	34.145	-
2.	Molasses	17.667	-	12.912	-
3.	Dry sugar beet	17.747	-	12.004	-
4.	Pressed sugar beet	8.419	-	1.934	-



IV. REALIZATION OF PRODUCTS FOR 2018 YEAR

The total realization of sugar by type of packaging in 2018 is as follows:

TYPE	Quantity	Unit of measure
- sugar 50/1	52,316,300	kg
- sugar 1/1	12,826,184	kg
- sugar 25/1	16,391,625	kg
- sugar bulk - (liquid sugar)	3,799,397	kg
- sugar 1000/1	40,601,000	kg
- sugar 1100/1	7,854,000	kg
- sugar 1200/1	1,124,400	kg
- sugar 800/1	5,869,600	kg
- sugar bulk	25,332,527	kg
- sugar brown	6,113	kg
- sugar catering	34,418	kg
- industrial sugar - other	14,528	kg
TOTAL :	166.139.09 1	kg

The total realization of sugar in 2018, which includes the sale of merchandise goods, is lower by 19.93% compared to 2017, with realization on the domestic market by 36.68%, while in the market it is smaller for 5 , 80%. The main feature of the European and domestic market in 2018 is the drastic drop in sugar prices, and there are still frequent sales actions in the domestic market in the retail chains.

V. CREDIT RISK, LIQUIDITY RISK AND CASH-FLOW RISK EXPOSURES

8.2. Financing and liquidity

In 2018 VIRO tvornica šećera d.d. ensured the funding for the current-year production and other business activities from the following sources:

- the sales generated from 48,971 tons of transient sugar stock, 6,276 tons of molasses and 2,201 tons of dry sugar beet;
- the sales generated from 24,462 tons of sugar, 10,963 tons of molasses and 8,927 tons of dry sugar beet produced in the current year;
- merchandise sales comprising 92,737 tons of purchased sugar
- deferred settlement of a part of liabilities to suppliers of security, overhaul and other services until the next campaign.

Current liabilities to suppliers in the total amount of HRK 614,266,846 were settled as follows:

Compensation	275,535,622	44,86%
Transfer	201,043,812	32,73%
FX money transfers	92,412,097	15,04%
Cession (assignment)	28,254,084	4,60%
Prepayment	12,904,504	2,10%
Advances FX money transfers	4,116,725	0,67%

Customers settled their liabilities in the total amount of HRK 668,816,893 as follows:

FX money transfers	232,036,044	34,69%
Transfer	208,084,400	31,11%
Compensation	116,999,543	17,49%
Advances FX money transfers	53,285,099	7,97%
Prepayment	28,005,513	4,19%
Cession (assignment)	22,351,106	3,34%
Promissory note	8,055,189	1,20%

5.2. Cash flow in 2018

(HRK)

ITEM	Amount
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before tax	-17.663.075
Adjustments	23.853.533
Amortization	23.853.533
I. Increase/ decrease in cash flow before changes in working capital	**6.190.458**
Changes in working capital:	-33.871.692
Increase/ decrease in current liabilities	-26.055.677
Increase/ decrease in current receivables	61.383.036
Increase/ decrease in inventories	36.089.805
Other increase/ decrease in working capital	-105.288.856
II. Cash from operating activities	**-27.681.234**
Cash paid for interest expenses	
Cash paid for corporate income tax	
A) NET CASH FLOW FROM OPERATING ACTIVITIES	**-27.681.234**
CASH FLOW FROM INVESTING ACTIVITIES	
Cash received from sale of non- current tangible and intangible assets	555.061
Cash received from sale of equity and debt instruments	
Cash received from interest	9.296.176
Cash received from dividends	75.390
Other cash received from investing activities	35.886.737
III. Total cash received from investing activities	**45.813.364**
Cash paid for purchases of non- current tangible and intangible assets	-5.059.667
Cash paid to acquire equity and debt instruments	
Other cash used in investing activities	-12.191.005
IV. Total cash paid in investing activities	**-17.250.672**
B) NET CASH FLOW FROM INVESTING ACTIVITIES	**28.562.692**
CASH FLOW FROM FINANCIAL ACTIVITIES	
Cash received on issue of equity and debt instruments	
Cash received from loan principal, given loans and other borrowings	304.946.725
Other cash received from financial activities	9.200.000
Total cash received from financial activities	**314.146.725**
Cash paid for loan principal, loans, other borrowings and debit instruments	-356.373.260
Cash paid for dividends	
Cash paid for financial lease	-798.048
Cash paid for purchases of own shares and decrease in share capital	-5.023.251
Other cash paid for financial activitites	-15.300.000

VI. Total cash paid in financial activities	**-377.494.559**
C) NET CASH FLOW FROM FINANCIAL ACTIVITIES	**-63.347.834**
Unrealized foreign exchange differences on cash and cash equivalents	
D) NET INCREASE/ DECREASE OF CASH FLOW	**-62.466.376**
E) CASH AND CASH EQUIVALENTS AT BEGINNIG OF PERIOD	**62.683.134**
F) CASH AND CASH EQUIVALENTS AT END OF PERIOD	**216.758**

5.3. Balance-sheet structure and movements - BALANCE SHEET as of 31 December 2018

For an overview of the financial position of the factory and an overview of the assets, capital, receivables and liabilities, below is Balance sheet with the structural view.

		31.12.2017		31.12.2018		
Item no.	ASSET ITEM	Amount in HRK	%	Amount in HRK	%	Indeks
1	2	3	4	5	6	7 (5:3)
A)	**NON CURRENT ASSETS(I+II+III+IV)**	**692,483,146**	**56,78**	**649,438,487**	**58,51**	**94**
I	Intangible assets	515,755	0,04	2,266,166	0,20	439
1.	Research and development expenses	0	0,00	0	0,00	
2.	Patents, licences, concessions and similar rights	515,755	0,04	2,266,166	0,20	439
II	Tangible assets	156,523,874	12,83	135,424,536	12,20	87
1.	Land and forests	5,548,592	0,45	5,548,592	0,50	100
2.	Buildings	62,595,526	5,13	59,336,370	5,35	95
3.	Plant and equipment	49,960,898	4,10	32,708,188	2,95	65
4.	Prepayments for tangible assets	34,254,275	2,81	33,816,284	3,05	99
5.	Tangible assets under development	2,230,095	0,18	2,230,095	0,20	100
6.	Other tangible assets	9,300	0,00	9,300	0,00	100
7.	Investment property	1,925,188	0,16	1,775,707	0,16	92
III	Financial assets	535,443,517	43,90	511,747,785	46,10	96
1.	Equity shares in related companies	419,833,409	34,42	424,406,807	38,23	101
2.	Loans to related companies	115,338,105	9,46	85,506,383	7,70	74
3.	Investment in securities	13,848	0,00	13,670	0,00	99
4.	Given loans, deposits and down payments	258,155	0,02	1,820,925	0,16	705
IV	Receivables	-	-	-	-	-
1.	Receivables in respect of credit sales	-	-	-	-	-
B)	**CURRENT ASSETS (V+VI+VII+VIII)**	**525,589,492**	**43,10**	**459,850,497**	**41,43**	**87**
V	Inventories	168,479,068	13,81	132,389,263	11,93	79
1.	Raw materials and supplies	15,746,983	1,29	86,116,520	7,76	547
2.	Finished products	125,761,431	10,31	33,585,691	3,03	27
3.	Merchandise	22,475,298	1,84	8,812,000	0,79	39
4.	Prepayments	4,495,356	0,37	3,875,052	0,35	86

VI	Receivables	135,261,230	11,09	73,878,194	6,66	55
1.	Receivables from related companies	45,106,773	3,70	36,568,429	3,29	81
2.	Trade receivables	80,332,841	6,59	27,291,561	2,46	34
3.	Receivables from employes	759	-	15	0,00	2
4.	Receivables from the State and other institutions	9,664,925	0,79	7,670,427	0,69	79
5.	Other receivables	155,932	0,01	2,347,762	0,21	1.506
VII	Financial assets	159,166,060	13,05	253,366,282	22,82	159
1.	Loans to related companies	152,546,575	12,51	244,945,825	22,07	161
2.	Securities	-	-	-	-	-
3.	Given loans, deposits and down payments	6,216,986	0,51	7,720,457	0,70	124
4.	Other financial assets	399,500	0,03	700,000	0,06	175
VIII	Cash in banks and in hands	62,683,134	5,14	216,758	0,02	0
C)	**Prepaid expenses and accrued income**	**1,503,946**	**0,12**	**760,923**	**0,07**	**51**
D)	**TOTAL ASSETS (A+B+C)**	**1,219,576,584**	**100,00**	**1,110,049,907**	**100,00**	**91**
E)	**OFF- BALANCE SHEET ITEMS**	**120,241,416**	**9,86**	**80,761,205**	**7,28**	**67**

Item no.	ASSET ITEM	31.12.2017 Amount in HRK	%	31.12.2018 Amount in HRK	%	Indeks
1	2	3	4	5	6	7 (5:3)
A)	**EQUITY**	**562,457,426**	**46,12**	**539,771,174**	**48,63**	**96**
			0,00		0,00	
1.	Subscribed capital	249,600,060	20,47	249,600,060	22,49	100
2.	Capital reserves	10,368,101	0,85	10,368,101	0,93	100
3.	Reserves out of profit	56,346,673	4,62	51,711,553	4,66	92
4.	Revaluation reserve	0	0,00	0	0,00	
5.	Retained profit	349,584,804	28,66	236,919,469	21,34	68
6.	Profit/ (loss) for the year	-103,442,212	-8,48	-17,663,075	-1,59	-
B)	**PROVISIONS**			**8,834,992**	**0,80**	-
1.	Other provisions			8,834,992	0,80	-
C)	**NON- CURRENT LIABILITIES**	**157643945**	**12,93**	**86354623**	**7,78**	**55**
			0,00		0,00	
1.	Liabilities for loans, deposits and similar	572633	0,05	208554	0,02	36

2.	Liabilities to bank and other financial institutions	157,071,312	12,88	86,146,069	7,76	55
D)	**CURRENT LIABILITIES**	**499,168,562**	**40,93**	**483,133,031**	**43,52**	**97**
1.	Liabilities to related companies	5,174,487	0,42	43,081	0,00	1
2.	Liabilities for loans, deposits and similar	12,999,841	1,07	6,462,091	0,58	50
3.	Liabilities to bank and other financial institutions	259,345,545	21,27	281,072,338	25,32	108
4.	Advances received	13,553,903	1,11	25,170,938	2,27	186
5.	Trade payables	162,866,590	13,35	167,748,686	15,11	103
6.	Liabilities to employees	1,427,626	0,12	1,554,340	0,14	109
7.	Taxes, contributions and similar payables	6,566,560	0,54	840,636	0,08	13
8.	Liabilities based on share in the result	30,963	0,00	30,963	0,00	100
9.	Other current liabilities	37,203,047	3,05	209,958	0,02	1
E)	**ACCRUED EXPENSES AND DEFERRED INCOME**	**306,651**	**0,03**	**791,079**	**0,07**	**258**
F)	**TOTAL EQUITY AND LIABILITIES (A+B+C+D+E)**	**1,219,576,584**	**100,00**	**1,110,049,907**	**100,00**	**91**
G)	**OFF- BALANCE SHEET ITEMS**	**120,241,416**	**9,86**	**80,761,205**	**7,28**	**67**

5.4. Capital investments in 2018

In 2018, the company realized the following investment by purpose:

Item no.	Investment purpose	Amount in HRK	Amount in EUR (1 EUR=7,42 Kn)	%
1.	Technology and plant maintenance	18,603,66	2,507,23	0,34
2.	Buildings	2,910,141,20	392,202,32	52,93
3.	Business premises	0,00	0,00	0,00
4.	Business premises and furnishings/ equipment	42,185,45	5,685,37	0,77
5.	Vehicles and personal cars	345,201,39	46,523,10	6,28
6.	Telecommunication and office equipment	43,848,87	5,909,55	0,80
7.	Other		0,00	0,00
	TOTAL (1 do 7):	**3,359,980,57**	**452,827,57**	**61,12**
				0,00
8.	Research and development	2,137,677,13	288,096,65	38,88
9.	Leasing- Factory equipment		0,00	0,00
	GRAND TOTAL (1 do 9):	**5,497,657,70**	**740,924,22**	**100,00**

VI. EMPLOYEES

The structure of the accrued working hours for 2018 is provided in the table below:

Item no.	Type of remuneration	Hours	%
	ACCRUED HOURS OF WORK (A+B)	429,617	100,00
A)	Regular working hours	429,617	100,00
B)	Overtime work	-	-
	STRUCTURE OF REGULAR WORKING HOURS (1 TO 6)	429,617	100,00
1.	Normal working hours	288,503	67,15
2.	Annual vacation	43,426	10,11
3.	National holidays	18,574	4,32
4.	Sick leave up to 42 days	4,858	1,13
5.	Sick leave in excess of 42 days	9,168	2,13
6.	Paid absences and days off	65,088	15,15

Based on the accrued working hours, the average number of employees for 2018, including seasonal workers, was 201,36.

The structure of the working hours for 2018 allows the identification of the nature of activities performed by the workers as well as the nature of absences, which are provided in the table below:

175,27	Work at the factory
26,38	Used annual vacation
11,28	Used paid national holidays
2,95	Sick leave up to 42 days
5,57	Sick leave in excess of 42 days
39,54	Paid absences and days off

The following is the presentation of the fluctuation of employees during the year (excluding seasonal workers), analysed by the level of qualifications:

Structure by level of qualifications	Balance at 31.12.2017.	New arrivals 2018. g.	Leavers 2018. g.	Balance at 31.12.2018.
University graduate degree	34	2	-	36
Univ. undergraduate degree	7		1	6
Secondary school certificate	112	7	5	114
Elementary school certificate	-	0	0	-
Highly- skilled workers	-	-	-	-
Skilled workers	13	0	1	12
Semi- skilled workers	2	0	0	2
Unskilled workers	10	0	1	9
TOTAL	178	9	8	179

VII. PROFIT AND LOSS ACCOUNT 1.1.2018- 31.12.2018

Item No.	Item description	2017	2018	Index 2018/2017
1.	Operating income	853,347,037	547,721,980	64
1.1.	Sales	847,561,040	527,681,037	62
1.2.	Other operating income	5,785,997	20,040,943	346
2.	Financial income	45,085,414	68,674,110	152
2.1.	Interest, FX differences and similar- related companies	8,405,018	13,693,907	163
2.2.	Interest, FX differences and similar- unrelated companies	13,296,539	7,830,281	59
2.3.	Unrealized gains (income) from financial assets	49,500	300,500	607
2.4.	Other financial income	23,334,357	46,849,422	201
I	**TOTAL INCOME (1+2)**	**898,432,451**	**616,396,090**	**69**
3.	Material expense	792,713,851	443,507,607	56
3.1.	Cost of raw material and supplies	445,959,970	110,021,200	25
3.2.	Cost of goods sold	299,118,195	295,196,809	99
3.3.	Other external expenses (service costs)	47,635,686	38,289,598	80
4.	Staff expenses	24,927,334	24,293,618	97
5.	Depreciation and impairment of non-current assets	26,285,861	23,853,533	91
6.	Other operating expenses (service cost)	11,454,071	6,210,291	54
7.	Value adjustment of current assets	43,734,351	10,759,251	25
8.	Provisions		1,945,949	-
9.	Other operating expenses	20,326,432	14,197,102	70
10.	Increase in inventories of finished products	-	-	-
11.	Decrease in the value of finished products	51,579,918	84,799,681	164
12.	OPERATING EXPENSES (3+4+5+6+7+8+9-10+11)	971,021,818	609,567,031	63
13.	Financial expenses	30,852,845	24,492,134	79
13.1.	Interest, FX differences and similar- related companies	3,833,794	3,165,211	83
13.2.	Interest, FX differences and similar- unrelated companies	25,605,471	21,326,922	83
13.3.	Unrealized gains (income) from financial assets	-	-	-
13.4.	Other financial expenses	1,413,580	-	-
II	**TOTAL EXPENSES (12+13)**	**1,001,874,663**	**634,059,165**	**63**
III	**PROFIT BEFORE TAX (I-II)**	**-103,442,212**	**-17,663,075**	-

IV	**PROFIT TAX**	**0**	**0**	
V	**PROFIT/ (LOSS) AFTER TAX (III-IV)**	**-103,442,212**	**-17,663,075**	-
13.	Other comprehensive profits	0	0	
VI	**SVEOBUHVATNA DOBIT (V + 13)**	**-103,442,212**	**-17,663,075**	-
VII	**EBIT**	**-80,819,784**	**-25,091,676**	-
VIII	**EBITDA**	**-54,533,923**	**-1,238,143**	-

Total expenditures of HRK 632.11 million were lower by 37 percent compared to the previous year. Material costs and costs of sold goods amounted to HRK 443.51 million, down 44 percent compared to 2017. Personnel costs were down by 3 percent, primarily due to a reduction in working hours. Depreciation costs amount to HRK 23.85 million and decreased by 9% compared to the previous year, the decrease was due to the depreciation of part of the equipment that was fully amortized. Financial expenses amount to HRK 24.49 million, down 21 percent from the previous year.

VIII. KEY EFFICIENCY RATIOS

8.2. Asset and leverage ratios

Item No.	Description	Unit of measurement	2017	2018	Index 2018/2017
1.	Current assets	000 HRK	525,589,49	459,850,50	87
1.1.	Own assets	000 HRK	26,420,93	-23,282,53	-88
1.2.	Liabilities (current liabilities)	000 HRK	499,168,56	483,133,03	97
2.	Non- current asset	000 HRK	692,483,15	649,438,49	94
2.1.	Own assets	000 HRK	534,839,20	563,083,86	105
		000 HRK	77,23	86,70	
2.2.	Liabilities (long- term liabilities)	000 HRK	157,643,95	86,354,62	55
		000 HRK	22,77	13,30	
3.	Prepaid expenses	000 HRK	1,503,95	760,92	51
3.1.	Own assets	000 HRK	1,503,95	760,92	51
		000 HRK	100,00	100,00	
4.	Shareholder's deficit	000 HRK	-	-	
5.	Total asset	000 HRK	1,219,576,58	1,110,049,91	91
5.1.	Shareholder's equity (1.1.+2.1.+3.1.)	000 HRK	562,764,08	540,562,25	96
		%	46,14	48,70	
5.2.	Debt - short -term and long- term liabilities and shareholder's deficit (1.2.+2.2.+4)	000 HRK	656,812,51	569,487,65	87
		%	53,86	51,30	

8.2. Efficiency and profitability ratios

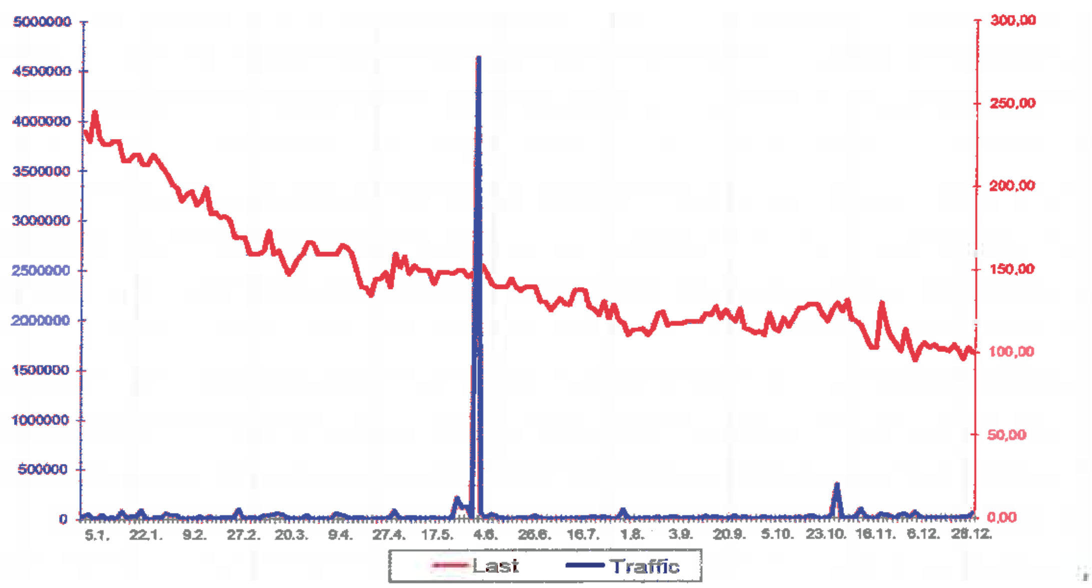
Item No.	Ratio	2017	2018	Index 2018/2017
	a) Activity ratios			
1.	Total asset turnover ratio	0,54	0,53	98
2.	Current asset turnover ratio	1,27	1,11	88
3.	Days working capital	284	324	114
4.	Trade receivables			
	- turnover ratio	4,21	5,58	132
	- day sales outstanding	85	64	75
	b) Profitability			
5.	Net profit margin	5,21	-2,87	-
6.	Gross profit margin (operating profit margin)	7,01	-4,76	-
7.	EBITDA margin	11,13	-0,23	-
8.	Return on Assets (ROA)	2,62	-1,59	-
9.	Return on Equity (ROE)	5,59	-3,27	-
10.	Net profit per employee, in HRK	193.501,83	-85.845,07	-

IX. OWNERSHIP STUCTURE AND TRADING WITH COMPANY'S SHARES

Item No.	Shareholder	Number of shares	Structure %
1.	EOS-Z D.O.O. (1/1)	466,500	33,64
2.	ROBIĆ D.O.O. (1/1)	308,302	22,23
3.	CRISTAL FINANCIERE (1/1)	235,734	17,00
4.	OTP BANKA D.D./ AZ OMF KATEGORIJE B (1/1)	137,055	9,88
5.	VIRO TVORNICA ŠEĆERA D.D. (1/1)	33,108	2,39
6.	ERSTE & STEIERMARKISCHE BANK D.D./CSC	31,496	2,27
7.	ZAGREBAČKA BANKA D.D./ AZ PROFIT OTVORENI DOBROVOLJNI MIROVINSKI FOND (1/1)	25,449	1,84
8.	HPB D.D. (1/1)	23,257	1,68
9.	ADDIKO BANK D.D./ RAIFFEISEN OMF KATEGORIJE B (1/1)	12,765	0,92
10.	OSTALI ULAGAČI I MALI DIONIČARI	113,001	8,15
			0,00
	GRAND TOTAL (1 DO 10):	1,386,667	100,00

At the end of 2018, the Company owns 33,108 own shares or 2.39% of the total number.

At the end of 2018 the share price was HRK 100.00, while the share turnover amounted to HRK 8,606,640.00. On the last day of the reporting period, market capitalization amounted to HRK 138.67 million.



X. ENVIRONMENTAL PROTECTION

Viro tvornica šećera is a large consumer of natural gas, the key source of energy in the sugar production. In the sugar beet and raw cane sugar processing campaigns in 2018 a total of 9,702,560 Nm^3 of natural gas were consumed.
Air emissions arise at the power plant as a result of natural gas combustion and also from the lime kilns in coke combustion and lime production processes. The emissions are monitored on an annual basis by a certified laboratory and are within the prescribed value ranges, as well as by reference to the Greenhouse Gas Monitoring Plan provided to the Agency and the Ministry of Environment. According to a new resolution, issued as part of the greenhouse gas emission license, lime production emissions are excluded.

The second air emission relates to the emission of solid particles from the beet drying process, together with gas emissions occurring as a result of the natural gas combustion during the drying process, and all the values at this source are also monitored by certified companies. The measured values are within permissible ranges and the measured data have been provided to the Agency and the Ministry.

The factory has its own waste water (anaerobic and aerobic) treatment plant for both own effluents (collected rainfall and process waters) and those of the City of Virovitica.

To reduce the fresh water levels required at certain sugar production stages, water used during the unloading and washing beet at the factory as well as water used in the circular water cooling systems is reclaimed. In this way, Viro achieves significant fresh water savings.

The sugar factory has its own process water production plant, which is also used to generate electricity (a co-generation plant) to cover the factory's own needs. Occasionally, surplus electricity arises in the production process which is then distributed to the power supply grid in the quantities and at prices agreed with the electricity distribution company in charge for the area.

The factory generates hazardous and non-hazardous waste, and both are reported to the Environmental Protection Agency using prescribed reporting forms.

All waste types are collected by certified companies specialised for the disposal of waste in accordance with prescribed guidelines. The production, storage and ex-factory transport documentation has been prepared in accordance with the Waste Act and other rulebooks regulating this area.
Since 2013 Viro d.d. has been part of the Emission Trading System.Viro d.d. has environmental permits and ISO 14001: 2015.

XI. FUTURE DEVELOPMENT OF COMPANY

On December 28, 2018, the sugar factory Osijek d.o.o., the sugar factory of d.d. and Sladorana d.o.o. have signed a contract based on which they will combine their production capacities, knowledge and business experience and jointly establish a new trading company that will perform the activities of combined production and sales of sugar under the brand name "Croatia
sugar industry ".

The main goal of unification of the Croatian sugar industry is to create a larger and more efficient business system which, under the conditions of increased liberalization and increased competition in the European market after the abolition of production constraints, can compete competitively with regional and other European and global market participants on a sugar market the Croatian sugar industry also operates.

The transaction is conceived in such a way that the aforementioned companies transfer their production units related to the production of sugar, at estimated values, to a newly-established company that would continue with further sugar production and placement activities. The assets of the parent company would retain part of their assets and operations that are not related to the production of sugar.

On March 25, 2019, the company of sugar factory Osijek d.o.o., the sugar factory of d.d. and Sladorana d.o.o. received notification from the Competition Agency that it was found that the proposed concentration of the said undertakings, based on a contract signed on 28 December 2018, was deemed to be permissible.

The only prerequisite for the transaction was the approval of the founding assembly, which the assemblies were convened for May 2019, and it is expected that the process of unification will be completed by the end of June 2019, assuming the decision by the relevant assemblies.

CORPORATE GOVERNANCE STATEMENT

As the shares of Viro tvornica šećera d.d. are listed on the regulated Zagreb Stock Exchange market, the Company applies the valid version of the Code of Corporate Governance of the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange (www.zse.hr). Pursuant to the positive laws and the Code of Corporate Governance, Viro tvornica šećera completed the Annual Questionnaire for 2018, which is an inseparable part of the Code of Corporate Governance and provides details about the corporate governance practice at the Company or any departures from the Code of Corporate Governance, along with the related explanations. This Corporate Governance Code Statement is an inseparable part of the Company's Annual Report for 2018 and is publicly available at the Company's web site (www.secerana.hr) and the official website of the Zagreb Stock Exchange (www.zse.hr).

The appointment and revocation of the members of the Company's Management Board and the election of the Company's Supervisory Board members are governed by the Company's Articles of Association and are fully compliant with the Companies Act. Thus, four Supervisory Board members are elected by the Company's Shareholders' Assembly, and the fifth member is appointed by the Company employees. Neither shareholder is entitled to appoint a member of the Supervisory Board directly. The Management Board of the Company is appointed by the Company's Supervisory Board.

The Company's Articles of Association contain a provision about the so-called authorised share capital, under which the Management Board of the Company may, with the consent of the Company's Supervisory Board, adopt a decision to increase the share capital by maximum HRK 124,800,030.00. The authorisation expires on 20 January 2020.

The powers of the General Assembly, the rules of procedure of the Assembly and the rights of the shareholders are regulated by the Company's Articles of Association, which are publicly available and prepared in accordance with the Companies Act. The shareholders' rights are not restricted in any way, and each share entitles to one vote in the General Meeting of the Company's Shareholders. Using the option provided in Article 279(2) of the Companies Act, the Articles of Association specify that attendance at a General Meeting should be announced six days in advance, as clearly indicated in each invitation to the general meeting, to which the appropriate statement of confirmation is attached and delivered to each individual shareholder.

Diversity Policy: the members of the Company's Management and Supervisory Boards are experts of various profiles, which achieves the balance and stability required to meet the business challenges. Thus, university graduate economists and a master of biotechnology sciences are on the Company's Management Board, while the Supervisory Board consists of a university graduate economist, a university graduate of laws as well as university graduate technology engineers with a considerable experience in food industry. The resumes (CVs) of all the members of the Management and Supervisory Boards are publicly available at the Company's website.

CODE OF CORPORATE GOVERNANCE

ANNUAL QUESTIONNAIRE

All questions contained in this questionnaire relate to the period of one business year to which also the annual financial statements relate.

BASIC DANA ABOUT THE COMPANY:		VIRO TVORNICA ŠEĆERA d.d.
CONTACT PERSON AND PHONE NUMBER:		KORNELIJA ELJUGA, 033/840-101
FILLING DATE OF QUESTIONNAIRE:		28.03.2019.

All questions contained in this questionnaire refer to the one-year period to which the annual financial statements refer.

For the questions that are contained in the questionnaire, it is necessary to write the reasoning only if the question is explicitly requested.

The answers in the questionnaire are evaluated at a certain percentage, which is expressed at the beginning of each chapter.

DEDICATION TO PRINCIPLES OF CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

Answers to this set of questions carry 20% of the overall indicator of corporate compliance with the Corporate Governance Code.

Question no.	Question	Answer YES/NO	Explanation
1	Has the Company adopted the use of the Code of Corporate Governance from Zagreb stock exchange?	Yes	
2	Has the Company prepared its own Code of Corporate Governance?	No	
3	Are there corporate governance code principles adopted as part of the Company's internal policies?	Yes	
4	Does the Group disclose in its annual financial statements its compliance with corporate governance principles?	Yes	

SHAREHOLDERS AND GENERAL ASSEMBLY

Answers to this set of questions carry 30% of the overall indicator of corporate compliance with the Corporate Governance Code.

Question no.	Question	Answer YES/NO	Explanation
5	Is the Group in a cross-shareholding relationship with another company/other companies? (If yes, please explain.)	No	
6	Does each share of the Group have one voting right? (If not, please explain).	Yes	
7	Are all shareholders treated equally? (If yes, please explain.)	No	
8	Has the procedure for issuing power of attorney for voting at the general assembly been fully simplified and free of any strict formal requirements? (If not, please explain.)	Yes	
9	Has the Group ensured that the shareholders who, for whatever reason, are not able to vote at the assembly in person have proxies who are obliged to vote in accordance with instructions received from the shareholders, at no extra cost for those shareholders? (If not, please explain).	No	*There were no such requests.*
10	Were the management board or the board of directors of the company when determining the meeting to determine the date by which the state in the stock register that will be applicable for the exercise of the voting rights in the shareholders' meeting is determined in such a way that the date before the meeting is held may be no more than six days before the Assembly? (if not, explain)	Yes	

CODE OF CORPORATE GOVERNANCE

ANNUAL QUESTIONNAIRE

All questions contained in this questionnaire relate to the period of one business year to which also the annual financial statements relate.

	11	Were the agenda of the assembly, as well as all relevant data and documentation with explanations relating to the agenda, announced on the website of the Group and put at the disposal of shareholders on the Group's premises as of the date of the first publication of the agenda? (If not, please explain.)	Yes			
	12	Does the decision on dividend payment or advance dividend payment include the date on which shareholders are entitled to receive dividend payment and the date or period when the dividend will be paid? (If not, please explain.)	Yes			
	13	Is the date of dividend payment or advance dividend payment set to be not later than 30 days after the day on which the decision was made? (If not, please explain.)	Yes			
	14	Were any shareholders favoured while receiving their dividends or advance dividends? (If yes, please explain.)	No			
	15	Are the shareholders allowed to participate and to vote at the general assembly of the Group using modern communication technology? (If not, please explain.)	No	*There were no such requests from the shareholders.*		
	16	Have the conditions been defined for participating at the general assembly by voting through proxy (irrespective of whether this is permitted pursuant to the law and articles of association), such as registration for participation in advance, certification of powers of attorney? (If yes, please explain.)	Yes	*Pursuant to the Articles of Association and the Companies Act, the shareholders have to announce their attendance to a General Shareholders' Meeting six days in advance of the meeting.*		
	17	Did the management of the Group made any information about potential claims challenging the decisions publicly available? (If not, please explain.)	Yes			
	18	Did the management of the Group made any information about potential claims challenging the decisions publicly available? (If not, please explain.)	No	*No such claims have been initiated so far.*		
MANAGING AND SUPERVISORY BODIES						

Responsibility for the separate financial statements

Pursuant to the Accounting Act of the Republic of Croatia, the Management Board of Viro tvornica šećera d.d. ("the Company") is responsible for ensuring that separate financial statements are prepared for each financial year in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union (the EU), which give a true and fair view of the Company's financial position and the results of its operations for that year.

After making appropriate enquiries, the Management Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to prepare the separate financial statements under the going-concern principle.

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

- selecting and then consistently applying appropriate accounting policies;
- making reasonable and prudent judgements and estimates;
- following applicable accounting standards, subject to disclosure and explanation of any material departures in the financial statements; and
- preparing the separate financial statements under the going-concern assumption unless it is inappropriate to assume that the Company will continue as a going concern.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Company and must also ensure that the financial statements comply with the Accounting Act.

The Management Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Management Board by:

Darko Krstić, Member of the Board

Ivo Rešić, Member of the Board

Viro tvornica šećera d.d.

Ulica grada Vukovara 269g

10000 Zagreb

Republic of Croatia

29 April 2019

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Viro tvornica šećera d.d.

Qualified opinion

We have audited separate financial statements of Viro d.d. (the "Company"), which comprise separate statement of financial position as at 31 December 2018, and separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matter described in the *Basis for qualified opinion* paragraph, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company at 31 December 2018, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by the European Union (IFRSs).

Basis for qualified opinion

As noted in note 15 of the financial statements, the Company has recognized an investment in its subsidiary Sladorana in the amount of HRK 407,187 thousand and Slavonija Županja d.d. in the amount of HRK 11,343 thousand. At 31 December 2018 the Company did not assess the recoverability of the carrying amount of the investment in accordance with IAS 36 "Impairment of Assets". As a result, we are not able to determine the potential effect of this matter on the accompanying separate financial statements.

We conducted our audit in accordance with the Audit Act and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Emphasis of matter

Recoverability of receivables from related party Sladorana tvornica šećera d.o.o.

We draw attention to the notes 3.1 and 30 of the financial statements in which it is stated that on 31 December 2018 the Company has account receivables and loan receivables from related party Sladorana tvornica šećera d.o.o. in total amount of HRK 287,589 thousand which are planned to be settled in accordance with the plan of the Company as described in the abovementioned note. In accordance with the estimate of Company's Management board Sladorana tvornica šećera d.o.o. is able to settle its liabilities towards the Company.

Emphasis of matter related to going concern

Attention is drawn to note 3.1. in the separate financial statements in which future plans of the Company are noted, and it is stated that the Company has a short-term assets of HRK 461 million as at 31 December 2018 and has short-term liabilities of HRK 484 million, which exceeds short-term assets by HRK 23 million. Short-term liabilities include short-term borrowings and finance leases amounting to HRK 288 million as noted in Note 25 to financial statements for which there are fixed assets as described in the said note. These events or circumstances, with other questions, indicate the existence of uncertainty that may cause suspicion of the Company's ability to continue its time with unlimited business. Our opinion has not been modified in this regard.

Issuing of consolidated financial statements

The Company has prepared consolidated financial statements for Viro tvornica šećera d.d. and its subsidiaries dated 29 April 2019 and for better understanding of a Group as a whole, users of financial statements need to read consolidated financial statements, in relation to these separate financial statements. Our opinion has not been modified in this regard.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of separate financial statements of the current period. These matters were addressed in the context of our audit of separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***
Valuation of inventories *Please refer to Note 17 to the separate financial statements*	
At 31 December 2018 the Company recognised inventories in the amount of HRK 132,389 thousand, which consist of finished, products, merchandise, raw material and supplies and prepayments for inventories. Out of the total value of inventories, HRK 44,354 thousand relates to stocks of finished sugar products. The Company has no production in progress on 31 December 2018. There is a risk that inventories are not recorded in accordance with International accounting standard 2 "Inventories", i.e. that inventories are stated at the lower of production cost or net realisable value. The production cost consists of all production costs incurred in producing the products and includes direct materials, direct labour costs and those overhead costs that have been incurred in bringing inventories to their present location and condition. The Group applies a traditional production cost method which includes direct labor and material costs and general cost of production per cost bearer.	Our audit approach included substantive procedures, which are the following: • We have reviewed the stock-count reports prepared on the inventory counts performed at warehouses at the end of the financial year and compared the balances with the balances in the Company's books. • We have tested the net realisable value of products and compared it with the production cost in order to satisfy ourselves that the products are recognised at the lower of the production cost or net realisable value. • We have reviewed the production calculation method and the allocation of all overhead costs to the products.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. With respect to the Management Report, which is included in the Annual Report, we have also performed the procedures prescribed by the Accounting Act. These procedures include examining whether the Management Report includes required disclosures as set out in Article 21 of the Accounting Act and whether the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

Based on the procedures performed during our audit, to the extent we are able to assess it, we report that:

1. Information included in the other information is, in all material respects, consistent with the attached financial statements.
2. Management Report has been prepared, in all material respects, in accordance with the Article 21 of the Accounting Act,
3. Corporate Governance Statement has been prepared, in all material aspects, in accordance with the Article 22, paragraph 1, points 3 and 4 of the Accounting Act, and includes also the information from Article 22, paragraph 1, point 2, 5, 6 and 7 of that Act.

As previously noted in paragraph basis for qualified opinion we have not been able to collect adequate proof for the recoverability of the carrying amount of an investment in its subsidiary Sladorana in the amount of HRK 407,187 thousand and Slavonija Županja d.d. in the amount of HRK 11,343 thousand as of 31 December 2018. In accordance with the above we have not been able to conclude for other information whether they are or are not materially misstated.

Except for the effect of the matter described in the *Basis for qualified opinion* paragraph and based on the knowledge and understanding of the Company and its environment, which we gained during our audit of the financial statements, we have not identified material misstatements in the other information

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Responsibilities of the Management Board for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other reporting obligations as required by Regulation (EU) No. 537/2014 of the European Parliament and the Council and the Audit Act

We were appointed as the statutory auditor of the Company by the shareholders on General Shareholders' Meeting held on 30 August 2018 to perform audit of accompanying financial statements. Our total uninterrupted engagement has lasted 8 years and covers period 31 December 2011 to 31 December 2018

We confirm that:

- our audit opinion on the accompanying financial statements is consistent with the additional report issued to the Audit Committee of the Company on 29 April 2019 in accordance with the Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council;
- no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided.

There are no services, in addition to the statutory audit, which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

The engagement partner on the audit resulting in this independent auditor's report is Marina Tonžetić.

Marina Tonžetić
Member of the Managing Board and certified auditor

Deloitte d.o.o.

29 April 2019
Radnička cesta 80,
10 000 Zagreb,
Croatia

Separate statement of comprehensive income

For the year ended 31 December 2018

(All amounts are expressed in thousands of HRK)

	Notes	2018	2017
Sales	4.1	527,681	847,561
Other income	4.2	20,041	5,786
Total operating income		**547,722**	**853,347**
(Decrease) / increase in the value of work in progress and finished products		(84,800)	(51,580)
Cost of raw material and supplies	6	(110,021)	(445,960)
Cost of goods sold	7	(295,197)	(299,118)
Other external charges	8	(38,290)	(47,636)
Depreciation and amortisation	14	(23,853)	(26,286)
Staff costs	9	(24,294)	(24,927)
Other expenses	10.1	(6,210)	(11,454)
Inventory value adjustment	10.2	(10,759)	(43,734)
Other operating expenses	10.3	(16,143)	(20,326)
Total operating expenses		**(609,567)**	**(971,021)**
(Loss) / profit from operations		**(61,845)**	**(117,674)**
Financial income	11	68,674	45,085
Financial expenses	12	(24,492)	(30,853)
Net financial loss		**44,182**	**14,232**
(Loss) / profit before taxation		**(17,663)**	**(103,442)**
Income tax	13	-	-
(Loss) / profit for the year		**(17,663)**	**(103,442)**
Other comprehensive income			
Items not reclassified subsequently to profit or loss			
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		**(17,663)**	**(103,442)**
(Loss) / earnings per share			
– basic and diluted (in kunas and lipas)	24	**(12.74)**	**(74.60)**

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

Separate statement of financial position

At 31 December 2018

(All amounts are expressed in thousands of HRK)

	Notes	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Intangible assets	14	2,266	516
Property, plant and equipment	14	135,425	156,524
Investments in subsidiaries	15	423,507	418,933
Non-current financial assets	16	88,241	116,510
Total non-current assets		**649,439**	**692,483**
Current assets			
Inventories	17	132,389	168,479
Trade receivables and receivables from related companies	18	63,860	125,440
Receivables from the State and other institutions	19	7,670	9,665
Current financial assets	20	253,366	159,166
Other receivables		2,348	157
Cash and cash equivalents	21	217	62,683
Prepaid expenses and accrued income	22	761	1,504
Total current assets		**460,611**	**527,094**
TOTAL ASSETS		**1,110,050**	**1,219,577**

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

Separate statement of financial position (continued)

At 31 December 2018

(All amounts are expressed in thousands of HRK)

	Notes	31 December 2018	31 December 2017
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23.1	249,600	249,600
Retained earnings		219,256	246,143
Capital reserves	23.2	10,368	10,368
Reserves out of profit	23.2	51,712	56,347
Total equity		**530,936**	**562,458**
Provisions		**8,835**	**-**
Non-current liabilities			
Loans payable and borrowings	25	86,355	157,644
Total non-current liabilities		**86,355**	**157,644**
Current liabilities			
Liabilities to related companies	30	43	5,174
Loans payable and borrowings	25	287,534	272,345
Advances received	27	25,171	13,554
Trade payables	26	167,749	162,867
Other current liabilities	28	2,636	45,228
Accrued expenses and deferred income	29	791	307
Total current liabilities		**483,924**	**499,475**
TOTAL EQUITY AND LIABILITIES		**1,110,050**	**1,219,577**

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

(All amounts are expressed in thousands of HRK)

	Share capital	Capital reserves	Reserves out of profit	Retained earnings	Total
Balance at 1 January 2017	**249,600**	**10,368**	**56,347**	**349,584**	**665,899**
Loss for the year	-	-	-	(103,442)	(103,442)
Total comprehensive loss	**-**	**-**	**-**	**(103,442)**	**(103,442)**
Balance at 31 December 2017	**249,600**	**10,368**	**56,347**	**246,142**	**562,457**
Loss for the year	-	-	-	(17,663)	(17,663)
Total comprehensive loss	**-**	**-**	**-**	**(17,663)**	**(17,663)**
Impact of innitial IFRS 9 application (Note 2b)	-	-	-	(9,223)	(9,223)
Treasury shares	-	-	(4,635)	-	(4,635)
Balance at 31 December 2018	**249,600**	**10,368**	**51,712**	**219,256**	**530,936**

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

Separate statement of cash flows

For the year ended 31 December 2018

(All amounts are expressed in thousands of HRK)

	Note	2018	2017
Cash flows from operating activities			
(Loss) / profit for the year		(17,663)	(103,442)
Depreciation and amortisation	14	23,853	26,286
Foreign exchange differences per loans, net	12	(1,474)	1,805
Interest expense	12	15,938	12,793
Interest income	11	(13,299)	(6,308)
Net book value of disposed fixed assets	14	1,162	2,786
Value adjustment of current assets, net		5,546	480
Operating cash flows before changes in working capital		**14,063**	**(65,600)**
Decrease / (increase) in inventories	17	36,090	266,463
Decrease / (increase) in trade receivables	18	55,645	8,953
Decrease / (increase) in other receivables		(196)	39,717
Decrease / (increase) in advances received	27	11,617	12,251
(Decrease) / increase in trade payables	26	(249)	(176,416)
Decrease in other liabilities		(42,108)	(27,827)
Increase / (decrease) in prepaid expenses	22	743	3,998
Cash generated from operations		**75,605**	**61,539**
Income taxes paid			
Interest paid	13	(24,447)	(12,049)
Net cash generated from operating activities		**51,158**	**49,490**
Cash flows from investing activities			
Given loans and deposits, net		(52.632)	(92,083)
Expenses for the establishment of subsidiaries		(4.574)	(383)
Purchases of property, plant and equipment, and intangible assets		(5.666)	(5,985)
Net cash (used in) investing activities		**(62.466)**	**(98,451)**
Cash flows from financing activities			
Redemption of treasury shares		(4.635)	-
Proceeds from borrowings		304.945	302,556
Repayments of borrowings		(351.062)	(213,323)
Net cash generated / (used in) from financing activities		**(50.752)**	**89,233**
Net increase / (decrease) in cash and cash equivalents		**(62.466)**	**40,272**
Cash and cash equivalents at the beginning of the year		**62.683**	**22,411**
Cash and cash equivalents at the end of the year		**217**	**62,683**

(All amounts are expressed in thousands of HRK)

1. GENERAL INFORMATION

1.1 Introduction

Viro tvornica šećera d.d., Zagreb, Ulica grada Vukovara 269g, 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. from Zagreb and Robić d.o.o. from Velika Gorica. In 2005 the Company was transformed from a limited liability company into a public limited company. The share capital of the Company amounts to HRK 249,600,060 (2017: HRK 249,600,060), divided into 1,386,667 (2017: 1,386,667) registered ordinary shares with no par value.

In early 2015 the Company changed its registered seat from Virovitica to Zagreb, Ulica grada Vukovara 269 G, which was entered into the register of the Commercial Court in Zagreb on 20 January 2015.

The Company has acquired and holds 3,306,002 (2017: 3,306,002) ordinary shares of Sladorana d.d., Županja, representing 100 % (2017: 100 %) of the equity of the subsidiary. On 7 February 2014 the company was transformed from a public limited company into a limited liability company.

In 2013 the Company acquired and held 22,686 B-series shares of Slavonija nova d.d., Županja, representing 16.72 % of the subsidiary's total net capital. On 15 January 2014 the company was renamed to Slavonija Županja d.d.

In 2017, the Company established the company VIRO BH d.o.o., Grude, Bosnia and Herzegovina and paid a share capital of 51 thousand euros. The Company is 100% owned by VIRO BH d.o.o.

1.2 Principal activity

The Company's principal activity is sugar production.

1.3 Management Board of the Company

At 31 December 2018 the members of Management Board are the following:

1. Željko Zadro	*President of the Board*
2. Darko Krstić	*Member of Management Board*
3. Ivo Rešić	*Member of Management Board*

1.4 Supervisory Board

At 31 December 2018 the members of Supervisory Board are the following:

1. Marinko Zadro	*President of the Supervisory Board*	
2. Boris Šimunović	*Deputy President of the Supervisory Board*	
3. Ivan Mišetić	*Member of Supervisory Board*	
4. Robert Barnaki	*Member of Supervisory Board*	*Since 02 01 2018*
5. Svetlana Zadro	*Member of Supervisory Board*	

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

Initial application of new amendments to the existing standards 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:

- **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 "Revenue from Contracts with Customers"** and amendments to IFRS 15 "Effective date of IFRS 15" - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions – adopted by the EU on 26 February 2018 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),
- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018).
- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property – adopted by the EU on 14 March 2018 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014 -2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **IFRS 22 "Foreign Currency Transactions and Advance Consideration"** – adopted by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018).

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

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

Initial application of new amendments to the existing standards effective for the current reporting period (continued)

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow a company not to restate comparatives. Company has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures about 2018 and to the comparative period.

IFRS 9 introduced new requirements for:
1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

Details of these new requirements as well as their impact on the company's consolidated financial statements are described below.
The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:
- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

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

Initial application of new amendments to the existing standards effective for the current reporting period (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

(a) Classification and measurement of financial assets (continued)

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. See (b) below.

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:

According to analysis , the Company concluded that given loans do not contain clauses that would lead to fall of agreed flow of money. Given loans are agreed with invariable interest rate that reflects time value of money. According to above, there are no loans that would be measured according to fair value through profit or loss. More accurately, according to procedures, the Company measures all its financial assets according to

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

Initial application of new amendments to the existing standards effective for the current reporting period (continued)

amortisation costs.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortised cost or at FVTOCI,

(2) Lease receivables,

(3) Trade receivables and contract assets, and

(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances. The Company applies simplified approach on trade receivables.

Impact of IFRS 9:

	(i)	**(ii)**	**(iii)**	**(iv) = (i) + (ii) + (iii)**	**(v) = (iii)**
in thousands HRK	**IAS 39 1.1.2018. book value**	**Reclassifications**	**Re-measurement**	**IFRS 9 book value**	**Influence in retained earnings**
Financial asset					
Amortized cost	-	-	5,686	5,686	5,686
Trade receivables	-	-	3,537	3,537	3,537
Total			**9,223**	**9,223**	**9,223**

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

Initial application of new amendments to the existing standards effective for the current reporting period (continued)

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

- Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

- The Company has no financial liabilities that are measured at fair value through profit or loss.

Standards and 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 new standards issued by IASB and adopted by the EU are not yet effective:

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The Company has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. The Management Board predicts that the application of IFRS 16 in the future will not materially affect the amounts reported on the Company's assets and liabilities. However, the effect of applying IFRS 16 can not be estimated realistically until an exhaustive review has been completed. The Company does not expect that amendments of standards IFRS 9 and IFRIC 23 will have any material effect on financial reports of the Company in first period of application.

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

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 for the following new standards, amendments to the existing standards and new interpretation, which were not endorsed for use in EU as at 21 February 2019 (the effective dates stated below is for IFRS in full):

- **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 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 3 "Business Combinations"** - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period).
- **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 deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Material (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on or after 1 January 2020).

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

New Standards and amendments to the existing Standards issued by IASB but not yet adopted by the EU (continued)

The Company 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 Company in the period of initial application. Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement" would not significantly impact the financial statements, if applied as at the balance sheet date.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of the financial statement presentation and preparation

The Company maintains its accounting records in the Croatian language, in Croatian kunas and in accordance with Croatian laws. The financial statements of the Company are prepared on the cost basis, except for financial assets carried at fair value in accordance with International Financial Reporting Standards, as adopted by the European Union, and Croatian laws.

The financial statements are prepared under the going-concern assumption and on the accrual basis of accounting.

The Management Board believes that the Company will be able to finance it's needs in 2018 in accordance with it's business plans. A key event that will mark 2019, and further business activities, is merging two production units of sugar into one system, or one company. This will be done by merging Sladorana d.o.o. to Viro d.d. This merger will lead to significant savings, and to unify certain business functions, with production capacities that will be optimally used in both locations at both present production plants. Given the considerably reduced sugar prices after the abolition of production quotas in all EU countries and given the existence of large production surpluses in the common market, in the context of the high global supply and global surplus, further efforts should be made in the corrections, means reducing basic raw material prices to ensure survival on the market. The Company's management in business continuity refers to the circumstances, and makes decisions in accordance with the above-mentioned plans and strategy of the Company and the Group.

At December 31, 2018, the Company has 461 million kunas short-term assets with short-term liabilities of HRK 484 million, which exceeded short-term assets by HRK 23 million.

Most of the liabilities to banks, including due and unpaid debt, will be restructured through business synergies of all sugar companies, where intense negotiations with commercial banks are conducted and to the greatest extent are mutually agreed. These obligations will be transferred through the merger model to the new company with the corresponding multi-annual repayment plan. All other liabilities to financial institutions that are appropriately collateralised will be settled on time and in accordance with agreed arrangements. Concidering the stated, we do not expect the enforcement of property foreclosure.

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

(All amounts are expressed in thousands of HRK)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of the financial statement presentation and preparation (continued)

At 31 December, the exchange rates of the Croatian kuna against the euro and the US dollar were as follows:

	EUR 1	USD 1
2018	7.417575	6.469192
2017	7.513648	6.269733

The financial statements of the Company represent aggregate amounts of assets, liabilities, capital and reserves of the Company as of 31 December 2018, and the results of operations for the year then ended.

3.2 Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow into the Company and when the amount of the revenue can be measured reliably. Sales are recognised 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.

3.3 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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.4 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.

3.5 Income tax

The current tax liability 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 never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are also not recognised on temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company 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 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or 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 the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Income tax (continued)

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.

3.6 Property, plant and equipment

Property, plant and equipment are recognised initially at cost less accumulated depreciation. The cost of comprises the purchase price of an item of property, plant and equipment, import duties and non-refundable sales taxes and any directly attributable costs of bringing the item 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 an increase of expected future economic benefits to be derived from the use of an item of property, plant and equipment beyond 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 fixed assets are recognized as income or expense for the period in which they arise. Depreciation commences on putting an asset into use. Depreciation is provided so as to write down the cost or revalued amount of an asset other than land, property, plant and equipment under development over the estimated useful life of the asset using the straight-line method as follows:

Type of assets	Useful life	Annual rate
Buildings	20 years	5%
Personal cars	5 years	20%
Intangible assets, equipment, vehicles (other than personal cars), machinery	4 years	25%
Computers, IT equipment, cell phones and network equipment	2 years	50%
Other assets not specified above	10 years	10%

In 2018 the depreciation/amortisation rates did not change from those applied in the comparative period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 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 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.

3.8 Trade receivables and prepayments

Trade receivables 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. The allowance for amounts doubtful of collection is charged to expenses for the year.

3.9 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Provisions

Provisions are recognized when the Company 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 balance sheet date 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.

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 Company 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 costs directly associated with the restructuring, which are those that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Contingent liabilities

Contingent liabilities are not recognised in financial statements. They are 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.

3.12 Events after the reporting date

Events subsequent to the reporting date that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

3.13 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.

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

Financial assets and financial liabilities are measured initially at fair value. On initial recognition, transaction costs directly attributable to the acquisition or issue of a financial asset and a financial liability (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 asset or financial liability, as appropriate. Transaction costs directly associated with an acquisition of a financial asset or a financial liability at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial assets

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- *the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and*
- *the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial assets (continued)

(i) Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

(ii) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial assets (continued)

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(iii) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 360 days past due.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

However, the Company does not currently use simplification of low credit risk when assessing a significant increase in credit risk. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial assets (continued)

(iv) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 360 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(v) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(vi) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Financial assets (continued)

(vii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For estimations of PD and LGD parameters, the Company relies on publications of external investment rating agencies.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company 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 Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Furthermore, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss, except for equity instruments for which FVTOCI option is selected.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Financial assets (continued)

(vii) Measurement and recognition of expected credit losses (continued)

Loans and receivables

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of 100% against all receivables over 360 days past due because historical experience has indicated that these receivables are generally not recoverable

There has been no change in the estimation techniques or significant assumptions made during the current reporting period .

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

3.15. Financial liabilities and equity instruments issued by the Company

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The Company measures all financial liabilities at amortized cost

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.The effective interest rate method is the method of calculating the amortized cost of the financial liability and the allocation of interest expense over the relevant period.

The effective interest rate method is the rate that accurately discounts the estimated future cash payments (including any fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the financial obligation or, where appropriate, a shorter period , to the amortized cost of financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Financial liabilities and equity instruments issued by the Company (continued)

Classification in liabilities or equity

Debt and equity instruments are classified either as financial liabilities or equity, in accordance with the substance of the contract.

Financial liabilities

Other financial liabilities, including borrowings and loans, and bonds, are initially measured at fair value less transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, whereby interest expense is recognized on the basis of effective yield.

The effective interest method is a method for calculating the amortized cost of financial liabilities and interest expense allocations over the relevant period. Effective interest rate is the rate at which the estimated future cash outflows are discounted over the expected life of the financial liability or a shorter period if applicable.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

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 Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company 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.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company 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 Company identifies operating segments on the basis of internal reports about components of the Company 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 Company are disclosed in Note 5 to the separate financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the Management Board is 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, and litigation provisions. The key areas of estimation in applying the Company'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

As described in the Note 3.6, the Company reviews the estimated useful lives of property, plant and equipment as well as of intangible assets at the end of each annual reporting period. Property, plant and equipment as well as intangible assets are recognised at cost less accumulated depreciation, i.e. amortisation.

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 Company is involved in legal actions which have arisen from the regular course of its operations. The Management Board makes estimates when the probable outcome of a legal action has been assessed, and the provisions are recognised on a consistent basis.

(All amounts are expressed in thousands of HRK)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Impairment allowance on inventories

As described in Note 3.7, the Company reviews, at each reporting date, the carrying amounts of its inventories and recognises impairment if appropriate.

Inventories are stated at cost or net expected sales value that can be realized, depending on what is lower.

4. SALES AND OTHER INCOME

4.1 Sales

	2018	2017
Foreign sales	276,219	393,587
Domestic sales	251,462	453,974
	527,681	**847,561**

Decrease in sales revenue refers to a significant decrease in realization of finished goods and merchandise goods and fall in market prices.

4.2 Other income

	2018		2017
Income from subsequent collection of receivables previously provided against or written off	6,190		887
Subsequently approved discounts	4,154	**513**	1,486
Surplus	3,438		1,404
Revenue from termination of long- term provisions	2,334		-
Income from sales of long- term assets	1,864		199
Unrealized income	1,796		-
Raw material and supplies sales	204		480
Income from previous year	26		547
Other income	35		783
	20,041		**5,786**

(All amounts are expressed in thousands of HRK)

5. SEGMENT INFORMATION

The operating segments were determined based on the similarity in the nature of individual product groups. Two operating segments were identified: "Sugar" and "Molasses and Dry Beet".

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.

Segment revenue and results

Set out below is a breakdown of revenue and results of the Company by its reporting segments presented in accordance with IFRS 8 "Operating Segments". The presented sales comprise sales to buyers.

	Segment revenue	
	2018	**2017**
Sugar	439,257	750,649
Molasses and dry beet	108,465	102,698
	547,722	**853,347**

	Segment expenses		**Segment (loss) / profit**	
	2018	**2017**	**2018**	**2017**
Sugar	489,032	854,162	(49,775)	(103,513)
Molasses and dry beet	118,589	116,859	(12,070)	(14,161)
	607,621	**971,021**	**(61,845)**	**(117,674)**

	2018	**2017**
Operating profit / (loss)	(61,845)	(117,674)
Financial income	68,674	45,085
Financial expenses	(24,49)	(30,853)
Profit / (loss) before tax	**(17,663)**	**(103,442)**

The Sugar segment comprises sugar production.

The Molasses and Dry Beet segment comprises the production of molasses and dry beet.

(All amounts are expressed in thousands of HRK)

5. SEGMENT INFORMATION (CONTINUED)

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

Segment assets and liabilities

	31.12.2018	31.12.2017
Segment assets		
Sugar	277,615	461,790
Molasses and dry beet	67,321	63,178
Total segment assets	**344,936**	**524,968**
Unallocated	765,114	694,609
Total assets	**1,110,050**	**1,219,577**

	31.12.2018	31.12.2017
Segment liabilities		
Sugar	458,978	578,037
Molasses and dry beet	111,301	79,082
Total segment liabilities	**570,279**	**657,119**
Unallocated	-	-
Total liabilities	**570,279**	**657,119**

For the purposes of monitoring segment performance, all assets other than non-current and current financial assets (investments in subsidiaries, long-term financial assets and given loans and deposits – see Notes 15, 16 and 20, respectively) have been allocated to the segments.

All liabilities are allocated to the segments. Liabilities are allocated to reportable segments in proportion to segment assets.

(All amounts are expressed in thousands of HRK)

5. SEGMENT INFORMATION (CONTINUED)

Other segment information

	Depreciation and amortisation		Additions	
	2018	2017	2018	2017
Sugar	19,198	23,123	4,560	5,266
Molasses and dry beet	4,655	3,163	1,106	720
Total	**23,853**	**26,286**	**5,666**	**5,986**

Geographical information

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

	Sales	
	2018	2017
Croatian market	268,881	459,648
EU market	158,672	206,137
Others	117,835	187,562
Total	**545,388**	**853,347**

Information about major customers

Included in the sales in the amount of HRK 547,722 thousand (2017: HRK 853,347 thousand) are sales of HRK 45,820 thousand (2017: HRK 313,050 thousand) generated from the Company's major customer.

(All amounts are expressed in thousands of HRK)

6. COST OF RAW MATERIAL AND SUPPLIES

	2018	2017
Raw material and supplies	88,549	404,235
Energy	19,086	34,404
Spare parts	2,103	6,863
Small inventory	281	454
Other material costs	2	4
	110,021	**445,960**

The significant decrease in the cost of raw material and supplies in 2018 is a result of no being raw sugar processing and reduction of processing sugar beet compared with 2017.

7. COST OF GOODS SOLD

Costs of goods sold in the amount of HRK 295,197 thousand (2017: HRK 299,118 thousand) represents expenses incurred on the cost of goods delivered and sold to the customers during the reporting year.

8. OTHER EXTERNAL CHARGES

	2018	2017
Transportation	18,390	22,250
Maintenance	3,207	6,453
Rental and lease expenses	2,886	3,261
Bank and payment operation charges	2,715	3,034
Intellectual services	1,890	2,036
External staff services	1,711	3,198
Insurance premiums	1,381	1,429
Handling costs	1,171	845
Municipal utility fees and charges	1,086	1,056
Intermediation services	832	852
Postal, telephone and telecommunication services	638	652
Data processing services	578	507
Advertising, advertising and trade services	453	363
Market research services	215	140
Other services	1,137	1,560
	38,290	**47,636**

(All amounts are expressed in thousands of HRK)

9. STAFF COSTS

	2018	2017
Net wages and salaries	15,246	15,630
Taxes and contributions out of salaries	5,695	5,792
Contributions on salaries	3,353	3,505
	24,294	**24,927**

At 31 December 2018, the Company had 210 employees (31 December 2017: 206 employees).

10. OTHER COSTS AND OPERATING EXPENSES

10.1 Other costs

	2018	2017
Awards and gifts to employees	1,542	1,278
Regulated benefits, contributions and membership fees	1,355	5,451
Employees' transportation costs	1,001	1,090
Hospitality and entertainment	750	1,055
Employee benefits (per diems, accommodation, support)	620	552
Fees to Supervisory Board members	334	358
Retirement / termination benefits	112	1,120
Professional education and literature	96	218
Other taxes and fees to the fund	72	12
Fieldwork allowance	28	36
Others	300	284
	6,210	**11,454**

(All amounts are expressed in thousands of HRK)

10. OTHER COSTS AND OPERATING EXPENSES (CONTINUED)

10.2 Impairment of inventory

Impairment in the amount of HRK 10,759 thousand refers to the value adjustment of inventories since the value of inventory of sugar that can be realized in the market value is lower than the cost of inventories.

10.3 Other operating expenses

	2018	2017
Written-off receivables	7,662	13,639
Subsequently identified expenses	3,237	1,659
Provisions for expected credit losses for loans in accordance with IFRS 9	1,946	-
Fines, penalties, damages	1,717	126
Donations	630	880
Subsequently approved discounts	410	484
Cost of raw material and goods sold	204	457
Deficits	192	485
Written –off inventory	-	2,480
Others	145	116
	16,143	**20.326**

Subsequently identified expenses from prior years in the amount of HRK 3,237 thousand (2017: HRK 1,659 thousand) comprise: HRK 2,923 thousand refers to the difference in the price of sugar from 2017 to a buyer from Jordan, HRK 131 thousand refers to the difference in the price of sugar beet from 2017, HRK 19 thousand refers to a customer's complaint for noodle in 2017, HRK 45 thousand refers to a fee for water from 2017 and HRK 119 thousand represent other expenses from the prior year.

Write-off of receivables for the year 2018 in the amount of HRK 7,662 thousand comprise the following: write-off of trade receivables in the amount of HRK 5,935 thousand and write-off of receivables for given loans in the amount of HRK 1,677 thousand and write-off of receivables for advances to suppliers in the amount of HRK 50 thousand.

Receivables written off in 2017 in the amount of HRK 13,639 thousand comprise the following: write-off of trade receivables in the amount of HRK 5,068 thousand and write-off of receivables for given loans in the amount of HRK 8,571 thousand.

(All amounts are expressed in thousands of HRK)

11. FINANCIAL INCOME

	2018	2017
Realized gains from sale of financial asset	46,849	22,608
Interest income – related parties	12,575	5,946
Foreign exchange gains	7,031	12,857
Foreign exchange gains – related companies	1,118	2,459
Interest income – unrelated companies	724	362
Unrealised gains on financial assets	301	49
Other financial income	76	804
	68,674	**45,085**

12. FINANCIAL EXPENSES

	2018	2017
Interest expense - unrelated companies	15,855	12,801
Foreign exchange losses	3,593	11,686
Foreign exchange losses – related companies	3,082	3,662
Charges on bank loans	1,878	1,119
Interest form related parties	83	172
Realized loss from sale of financial asset	-	1,413
	24,492	**30,853**

(All amounts are expressed in thousands of HRK)

13. INCOME TAX

In 2018 the Company generated a loss in the amount of HRK 17,663 thousand and a tax loss in the amount of HRK 4,614 thousand. The tax losses brought forward amount to HRK 62,142 thousand, therefore, the Company has no income tax liability.

The reconciliation between accounting results and the result for taxation purposes are set out below:

	2018	2017
Profit / (loss) before taxation	**(17,663)**	**(103,442)**
Income tax - 18%	(3,179)	(18,620)
Effect of tax non-deductible expenses and non-taxable income	2,419	10,517
Effect of unrecognised deferred tax assets arising from tax losses	760	(8,103)
Income tax	-	-

The tax rate applicable to taxable profit in the Republic of Croatia is 18 % (2017: 18 %).

Tax losses available for carry forward are analysed below:

Available for carry forward until:	Tax loss	Amount not recognised as deferred tax asset
2020	62,142	11,186
2022	4,614	830
	66,756	12,016

No deferred tax assets have been recognised in the separate statement of the 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 local regulations, the tax authorities may at any time inspect the Company's books and records within 3 years subsequent to the year in which the tax liability is reported, and may impose additional tax assessments and penalties.

(All amounts are expressed in thousands of HRK)

14. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

	Intangible assets	Land	Buildings	Plant and equipment	Works of fine art	Assets under development	Other tangible assets	Total
Cost								
Balance at 31 December 2016	**3,434**	**5,549**	**122,422**	**313,857**	**9**	**37,863**	**2,990**	**486,124**
Additions	481	-	413	3,800	-	1,292	-	5,986
Disposals, retirements,	-	-	(50)	(1,141)	-	(2,671)	-	(3,862)
Balance at 31 December 2017	**3,915**	**5,549**	**122,785**	**316,516**	**9**	**36,484**	**2,990**	**488,248**
Additions	2,137	-	2,910	450	-	169	-	5,666
Disposals,retirements, shortage	-	-	-	(9,888)	-	(607)	-	(10,495)
Balance at 31 December 2018	**6,052**	**5,549**	**125,695**	**307,078**	**9**	**36,046**	**2,990**	**483,419**

Intangible assets consist of computer software and licences.

(All amounts are expressed in thousands of HRK)

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

	Intangible assets	Land	Buildings	Plant and equipment	Works of fine art	Assets under development	Other tangible assets	Total
Accumulated depreciation/amortisation								
Balance at 31 December 2016	**3,298**	-	**54,081**	**247,703**	-	-	**915**	**305,997**
Depreciation	101	-	6,127	19,908		-	150	26,286
Disposals, retirements, shortage	-	-	(18)	(1,057)	-	-	-	(1,075)
Balance at 31 December 2017	**3,399**	-	**60,190**	**266,554**	-	-	**1,065**	**331,208**
Depreciation	387	-	6,169	17,148	-	-	149	23,853
Disposals, retirements, shortage	-	-	-	(9,333)	-	-	-	(9,333)
Balance at 31 December 2018	**3,786**	-	**66,359**	**274,369**	-	-	**1,214**	**345,728**
NET BOOK VALUE								
At 31 December 2018	**2,266**	**5,549**	**59,336**	**32,709**	**9**	**36,046**	**1,776**	**137,691**
At 31 December 2017	**516**	**5,549**	**62,595**	**49,962**	**9**	**36,485**	**1,925**	**157,040**

The pledged asset refers to construction objects with a net book value of HRK 180,593 thousand (31 December 2017: HRK 197,466 thousand), land worth 32,971 thousand (31 December 2017: HRK 32,971 thousand) and whose carrying amount is HRK 80,117 thousand (31 December 2017: HRK 105,537 thousand).

(All amounts are expressed in thousands of HRK)

15. INVESTMENTS IN SUBSIDIARIES

	Principal activity	31.12.2018	Ownership interest (%)	31.12.2017	Ownership interest (%)
Sladorana d.o.o.	Sugar production	407,187	100,00	407,187	100,00
Slavonija Županja d.d.	Processing and trade of grains	11,343	16,72	11,343	16,72
PD Gradina doo	Poljopr. proizvodnja	4,457	31,79	-	-
VIRO BH d.o.o.	Agents involved in the trade of various products	379	100.00	383	100,00
VIRO – kooperacija d.o.o.	Storage of goods, laboratory analysis of samples	20	100,00	20	100,00
		423,507		**418,933**	

Company VIRO BIH d.o.o. was registered at the Municipal Court in Siroki Brijeg, Bosnia and Herzegovina with a 100% equity share on 30.05.2017.

NON-CURRENT FINANCIAL ASSETS

	31.12.2018	31.12.2017
Loans given to a subsidiary	86,406	115,338
Financial assets at fair value through other comprehensive income	232	914
Given deposits, loans and down payments	1,603	258
	88,241	**116,510**

Loans to a subsidiary in the amount of HRK 86,406 thousand (31 December 2017: HRK 115,338 thousand) relate to loans given to Sladorana d.o.o. in the amount of HRK 82,156 thousand. A loan was raised at Raiffeisen bank for the purpose of repayment of loans to other banks taken for Viro tvornica šećera d.d. and Sladorana d.o.o., which Sladorana d.o.o. repays as it falls due, and given loan to PD Gradina in the amount of HRK 3,350 thousand

Given deposits, loans and down payments in the amount of HRK 1,603 thousand (31 December 2017: HRK 258 thousand) comprise the following: given long-term loans to Autoprijevoznik Robert Romić in the amount of HRK 1,523 thousand (31 December 2017: HRK 0 thousand) and Koprivanac Žaklini HRK 80 thousand (31 December 2017: HRK 77 thousand).

(All amounts are expressed in thousands of HRK)

16. INVENTORIES

	31 December 2018	31 December 2017
Raw material and supplies	86,116	15,747
Finished products	44,354	163,830
Merchandise	9,115	28,465
Prepayments for inventories	3,875	4,495
Impairment allowance on inventories	(11,071)	(44,058)
	132,389	**168,479**

At 31 December 2018, the prepayments for inventories comprise advances made for the delivery of goods to Izo-paneli d.o.o., in the amount of HRK 680 thousand, PD Gradina, in the amount of HRK 1,202 thousand, APA-TEC in the amount of HRK 1,098 thousand, EP-ING d.o.o., in the amount of HRK 507 thousand, INA – Industrija nafte d.d. in the amount of HRK 384 thousand, Šela proizvodnja d.o.o.in the amount of HRK 262 thousand and other companies in the amount of HRK 422 thousand.

17. TRADE RECEIVABLES AND RECEIVABLES FROM RELATED COMPANIES

Structure of trade receivables:

	31.12.2018	31.12.2017
Receivables from related companies (Note 30)	36,593	45,133
Domestic trade receivables	23,580	75,980
Foreign trade receivables	17,661	16,818
Impairment allowance on trade receivables	(13,974)	(12,491)
	63,860	**125,440**

Maturity analysis of receivables not impaired

	31,12,2018	31,12,2017
Not yet due	13,253	52,492
0-90 days past due	32,252	53,054
90-120 days past due	1,910	586
Over 120 days past due	16,445	19,308
	63,860	**125,440**

(All amounts are expressed in thousands of HRK)

18. TRADE RECEIVABLES AND RECEIVABLES FROM RELATED COMPANIES (CONTINUED)

Movements in impairment allowance for doubtful accounts

	2018	2017
Balance at 1 January	**12,491**	**8,034**
New allowances recognised (Note 10,3)	5,935	5,068
Collection of previously impaired receivables	(4,452)	(611)
Balance at 31 December	13,974	12,491

All the receivables provided against were past due beyond 120 days.

19. RECEIVABLES FROM THE STATE AND OTHER INSTITUTIONS

	31.12.2018	31.12.2017
VAT receivable	7,544	8,039
Other amounts due from the state	126	1,626
	7,670	9,665

(All amounts are expressed in thousands of HRK)

20. CURRENT FINANCIAL ASSETS

	31.12.2018	31.12.2017
Given loans to related companies	246,623	152,547
Given loans	6,037	6,214
Investments in securities and deposits	700	399
Given deposits	6	6
	253,366	159,166

An overview of the given loans at 31 December 2018 is provided in the table below:

Legal persons	Interest rate	31.12.2018	31.12.2017
Žeza d.o.o.	6%	7,006	3,876
Fortis factoring d.o.o.	-	3,700	3,700
Dubrovački podrumi d.d.	-	2,957	2,957
Robić promet d.o.o.	5.5%	1,984	4,095
Medion savjetovanje d.o.o.	-	554	554
Infinitum factoring d.o.o.	-	500	500
Konzum d.d.	-	394	394
T.T. d.o.o., Split	-	151	151
Visus d.o.o	-	143	143
Tenika-metal d.o.o.	6%	60	100
Poljoprivredno dobro Gradina d.o.o.	-	-	1,710
Others	6%	355	268
Impairment allowance		(12,033)	(12.638)
Total loans to legal persons		5,771	5,910
Natural persons			
Others	5%-6%	643	681
Impairment allowance		(377)	(377)
Total loans to natural persons		266	304
Total given loans		6,037	6,214

In 2018 the Company recognised impairment allowance on given loans in the amount of HRK 1,677 thousand (31. December 2017: HRK 8,571 thousand).

(All amounts are expressed in thousands of HRK)

21. CASH AND CASH EQUIVALENTS

	31.12.2018	31.12.2017
Giro account balance	216	62,309
Foreign currency account balance	1	374
	217	62,683

22. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses in the amount of HRK 761 thousand (31 December 2017: HRK 1,504 thousand) comprise a pre-paid warehouse agreement in Borovo in the amount of HRK 0 thousand (31 December 2017: HRK 825 thousand), prepaid interest on leases in the amount of HRK 2 thousand (31 December 2017: HRK 21 thousand), accrued fees for issued loans in the amount of HRK 693 thousand (31 December 2017: HRK 644 thousand), as well as other prepaid expenses and accrued income in the amount of HRK 66 thousand (31 December 2017: HRK 14 thousand).

23. SHARE CAPITAL AND RESERVES

23.1 Share capital

At 31 December 2018 the share capital amounts to HRK 249,600 thousand and consists of 1,386,667 shares (31 December 2017: HRK 249,600 thousand, consisting of 1,386,667 shares).

The ownership structure is set out below:

	Number of shares		Ownership in %	
	2018	2017	2018	2017
EOS-Z d.o.o	466,500	466,500	33.64	33.64
Robić d.o.o.	308,302	308,302	22.23	22.23
Cristal financiere, France	235,734	235,734	17.00	17.00
OTP Banka / AZ OMF	137,055	-	9.88	-
Splitska banka d.d. / AZ OMF	-	137,055	-	9.88
VIRO Tvornica šećera d.d.	33,108	-	2.39	-
Addiko bank d.d. / PBZ OMF	-	33,108	-	2.39
Erste & steiermarkische bank d.d./csc	31,496	32,201	2.27	2.32
Zagrebačka banka d.d./ AZ Profit DMF	25,449	25,449	1.84	1.84
HPB d.d.	23,257	23,257	1.68	1.68
Others	125,766	125,061	9.07	9.02
	1,386,667	1,386,667	100.00	100.00

(All amounts are expressed in thousands of HRK)

23. SHARE CAPITAL AND RESERVES

23.2 Reserves

	2018	2017
Legal reserves	12,480	12,480
Capital reserves	10,368	10,368
Reserves for own shares	39,232	43,867
	62,080	**66,715**

24. LOSS PER SHARE

Basic and diluted earnings per share

Basic loss per share are determined, by dividing the Company's net loss by the weighted average number of ordinary shares outstanding during the year, excluding the weighted average number of ordinary shares redeemed and held by the Company as treasury shares.

	2018	2017
Loss for the year attributable to the shareholders of the Company (in HRK'000)	(17,663)	(103,442)
Weighted average number of ordinary shares used in the calculation of the basic earnings per share:	1,386,667	1,386,667
Basic loss per share (in kunas and lipas)	**(12,74)**	**(74.60)**

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

(All amounts are expressed in thousands of HRK)

25. LIABILITIES UNDER BORROWINGS AND FINANCIAL LEASES

	31.12.2018	31.12.2017
Long-term borrowings		
Bank loans	86,146	157,071
Finance lease obligations	-	156
Other creditors	209	417
	86,355	157,644
Short-term borrowings		
Bank loans	212,155	172,084
Banks – current portion of long term loans (due within 1 year)	68,917	87,261
Financial loan	6,100	12,200
Finance lease – current portion of long-term finance leases (due within 1 year)	362	800
	287,534	272,345
Total	373,889	429,989

Bank borrowings in the amount of HRK 367,218 thousand (31 December 2017: HRK 416,416 thousand) are secured by registered lien on the Company's properties and equipment.

Debentures have been provided as security instruments for finance leases in the amount of HRK 362 thousand (31 December 2017: HRK 956 thousand).

The financial loan in the amount of HRK 6,100 thousand (31 December 2017: HRK 12,200 thousand) represents an amount owed to Konzum d.d. n the amount of HRK 4,200 thousand (31 December 2017: HRK 4,200 thousand) and liabilities towards Hospitalija trgovina d.o.o. in the amount of HRK 1,900 thousand (31 December 2017: HRK 8,000 thousand).

Movements in received bank loans are presented below:

	2018	2017
Balance at 1 January	416,416	329,388
New loans raised	304,945	302,556
Amounts repaid	(351,062)	(213,323)
Exchange differences	(3,081)	(2,205)
Balance at 31 December	367,218	416,416

(All amounts are expressed in thousands of HRK)

25. LIABILITIES UNDER BORROWINGS AND FINANCIAL LEASES (CONTINUED)

Creditor	Maturity	Interest rate	Currency	31.12.2018
Long-term borrowings				
Raiffeisenbank Austria d.d.	31.03.2021	4%	EUR	155,063
Short-term borrowings				
HBOR	15.04.2019	3%	EUR	74,176
PBZ	31.10.2018	5%+yield of treas.b.	HRK	33,379
PBZ	31.10.2018	5%+ yield of treas.b.	HRK	31,317
Kentbank d.d.	19.03.2019	3.5%	HRK	30,000
PBZ	31.10.2018	5%+ yield of treas.b.	HRK	20,000
PBZ	31.10.2018	5%+ yield of treas.b.	HRK	14,000
Erste&Steiermarkische Bank	31.12.2018	4,9%	HRK	9,283
Total short-term and long-term borrowings				**367,218**

Creditor	Maturity	Interest raterate	Currency	31.12.2017
Long-term borrowings				
Raiffeisenbank Austria d.d.	31.03.2021	4%	EUR	244,333
Short-term borrowings				
Addiko bank	16.04.2018	4.95%	HRK	35,000
PBZ	24.04.2018	5%+ yield of treas.b.	HRK	34,600
Zagrebačka banka d.d.	30.06.2018	4%	HRK	32,159
PBZ	24.04.2018	5%+ yield of treas.b.	HRK	22,800
Zagrebačka banka d.d.	30.06.2018	3.5%	HRK	16,524
PBZ	12.05.2018	5%+ yield of treas.b.	HRK	11,000
Kentbank d.d.	14.03.2018	4.9%	HRK	10,000
PBZ	12.10.2018	5%+ yield of treas.b.	HRK	8,000
Kentbank d.d.	14.03.2018	4,9%	HRK	2,000
Total short-term and long-term borrowings				**416,416**

(All amounts are expressed in thousands of HRK)

25. LIABILITIES UNDER BORROWINGS AND FINANCIAL LEASES (CONTINUED)

Present value of minimum finance lease payments

	Minimum lease payments		Finance charges		Present value of minimum lease payments	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Up to 1 year	362	800	2	19	360	781
From two to five years	-	156	-	2	-	154
	362	**956**	**-**	**21**	**360**	**935**
Less future finance charges	**2**	**21**			-	-
Present value of minimum lease payments	**360**	**935**			**360**	**935**

26. TRADE PAYABLES

	31.12.2018	31.12.2017
Domestic trade payables	82,362	126,776
Foreign trade payables	85,387	36,091
	167,749	**162,867**

27. ADVANCES RECEIVED

At 31 December 2018 advances received amount to HRK 25,171 thousand (31 December 2017: HRK 13,554 thousand) and relate to advance payments made by foreign and domestic enterprises for sugar.

(All amounts are expressed in thousands of HRK)

28. OTHER CURRENT LIABILITIES

	31 December 2018	31 December 2017
Liabilities to employees	1,554	1,428
Taxes, contributions and similar duties payable	841	6,566
Liabilities in respect of the share in the result	31	31
Liabilities in respect of issued bills of exchange	-	33,774
Other current liabilities	210	3,429
	2,636	**45,228**

29. ACCRUED EXPENSES AND DEFERRED INCOME

	31 December 2018	31 December 2017
Interest expense	476	-
Accrued direct sugar beet costs	216	200
Other accrued expenses	99	107
	791	**307**

30. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its related parties are disclosed below.

Trading transactions

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

Operating income

	Sales		Other income	
	2018	2017	2018	2017
VIRO BH d.o.o.	28,736	15,004	-	-
SLADORANA d.o.o.	14,026	19,324	204	118
SLAVONIJA ŽUPANJA d.d.	5,222	959	-	-
OŠTRC PROMET d.o.o.	1,107	3,491	-	-
PD GRADINA	657	-	-	-
GRUDSKA PIVOVARA d.o.o.	458	271	-	-
	50,206	**39,049**	**204**	**118**

(All amounts are expressed in thousands of HRK)

30. RELATED-PARTY TRANSACTIONS (CONTINUED)

Operating expenses

	Selling expenses		Other expenses	
	2018	**2017**	**2018**	**2017**
VIRO BH d.o.o.	39,390	14,123	-	-
SLADORANA d.o.o.	13,972	18,041	202	92
SLAVONIJA ŽUPANJA d.d.	5,465	975	-	-
OŠTRC PROMET d.o.o.	1,021	3,460	-	-
PD GRADINA	576	-	-	-
GRUDSKA PIVOVARA d.o.o.	452	258	-	-
	60,876	**36,857**	**202**	**92**

Finance income and expenses

	Financial income		Financial expenses	
	2018	**2017**	**2018**	**2017**
SLADORANA d.o.o.	12,765	7,614	2,342	2,956
ROBIĆ d.o.o.	539	149	-	-
GRUDSKA PIVOVARA d.o.o.	204	488	642	689
VIRO BH d.o.o..	96	14	99	17
PD GRADINA	90	-	-	-
SLAVONIJA ŽUPANJA d.d.	-	140	82	172
	13,694	**8,405**	**3,165**	**3,834**

(All amounts are expressed in thousands of HRK)

30. RELATED-PARTY TRANSACTIONS (CONTINUED)

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

	Amounts owed by related parties		Amounts owed to related parties	
	2018	**2017**	**2018**	**2017**
VIRO BH d.o.o.	17,996	4,356	-	-
SLADORANA d.o.o.	13,223	39,507	-	-
PD GRADINA	1,977	-	-	-
OŠTRC PROMET d.o.o..	1,490	1,240	-	-
SLAVONIJA ŽUPANJA d.d.	979	-	-	4
OŠTRC d.o.o.	469	30	-	-
GRUDSKA PIVOVARA d.o.o.	459	-	-	-
DALMACIJAVINO SPLIT doo	-	-	43	2
	36,593	45,133	43	6

Loans to related parties:

	Receivables for given loans		Borrowings	
	2018	**2017**	**2018**	**2017**
SLADORANA d.o.o.	274,366	262,099	-	-
SLAVONIJA ŽUPANJA d.d.	40,770	6	-	5.169
ROBIĆ d.o.o.	11,938	4,099	-	-
PD GRADINA	3,375	-	-	-
VIRO-KOOPERACIJA d.o.o.	1,677	1,677	-	-
VIRO BH d.o.o.	4	4	-	-
	332,130	267,885	-	5,169

Remuneration paid to key management personnel:

	2018	**2017**
Salaries	2,994	2,545
Others	347	320
	3,341	2,865

After the transaction with Croatian Sugar Industry (note 34), the company Viro tvornica šećera d.d. will join Sladorana d.o.o. This merger will consolidate the mutual claims and liabilities of the companies, and the same after the merger will not exist.

(All amounts are expressed in thousands of HRK)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management

The Company 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 Company's overall strategy has remained unchanged since 2012.

The capital of the Company consists of the net debt (which includes received loans and borrowings disclosed in Note 25 less cash and cash equivalents) and shareholders' equity (comprising the registered capital, reserves and retained earnings).

The Treasury of the Company reviews the capital structure of the Company on a regular basis. 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 year end was as follows:

Gearing ratio

(i) Debt consists of short-term and long-term borrowings, as disclosed in Note 25.

(ii) Equity consists of the share capital, retained earnings, including the loss or profit for the year, as

	2018	**2017**
Debt (i)	**373,889**	**429,989**
Cash and cash equivalents	(217)	(62,683)
Net debt	**373,672**	**368,306**
Equity (ii)	539,771	562,458
Net debt-to-equity ratio	69,23	65.30

well as reserves.

(All amounts are expressed in thousands of HRK)

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Categories of financial instruments

	31 December 2018	31 December 2017
Financial assets		
Non-current financial assets	88,241	116,510
Receivables from related companies	36,568	45,107
Trade receivables	27,292	80,333
Current financial assets	253,366	159,166
Other receivables	2,348	157
Cash and cash equivalents	217	62,683
Prepaid expenses and accrued income	761	1,504
	408,793	**465,460**
Financial liabilities		
Loans payable and borrowings	86,355	157,644
Liabilities to related companies	43	5,174
Loans payable and borrowings	287,534	272,345
Advances received	25,171	13,554
Trade payables	167,749	162,867
Other current liabilities	1,795	38,662
Accrued expenses and deferred income	791	307
	569,438	**650,553**

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

(All amounts are expressed in thousands of HRK)

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management objectives

The Company's Treasury function 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 Company through internal risk reports which analyse exposures by degree and magnitude of risks.

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

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

Market risk

The Company's activities expose it primarily to the financial risks arising from movements in sugar prices and raw material required for its production (sugar beet and sugar cane). The Company is also exposed to the risk of fluctuations in foreign exchange and interest rates, which are described in more detail below.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, it is exposed to fluctuations in foreign exchange rates.

The carrying amounts of the Company's foreign-currency denominated monetary assets and monetary liabilities at the end of the reporting period are provided in the table below:

	Liabilities		**Assets**	
	2018	**2017**	**2018**	**2017**
European Union (EUR)	248,918	302,071	194,601	174,315
USD	-	-	2,524	5,956

(All amounts are expressed in thousands of HRK)

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Foreign currency risk management (continued)

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuations in the exchange rate of the Croatian kuna against the euro (EUR) and the US dollar (USD) 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 analyses the Company's sensitivity to a ten-percent (10%) change in the exchange rate of the Croatian kuna against the relevant foreign currency. Ten percent (10 %) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in the 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 Company denominated in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit or 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 or equity, and the balances below would be negative.

	EUR impact		USD impact	
	2018	**2017**	**2018**	**2017**
Profit or loss	(5,432)	(12,776))	252	596

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) as well as trade payables denominated in the US dollar (USD).

Interest rate risk management

The Company is exposed to interest rate risk, as it borrows funds at fixed and variable interest rates. The Company manages the interest rate risk by maintaining adequate proportion of fixed-rate and variable-rate loans. The Company'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 HRK)

31. 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. The following analysis of the sensitivity to variable rate liabilities has been prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase/decrease 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 Company's loss for the year 2018 would be lower by HRK 797 thousand (2017: loss higher/lower by HRK 649 thousand). This is mainly attributable to the Company's exposure to interest rates on its variable-rate debt.

Credit risk management

Credit risk is the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from default. The Company monitors its exposure to, and the creditworthiness of its counterparties on an on-going basis, and spreads the total value of the concluded transactions over accepted clients. Credit exposure is managed by setting limits to customers.

Credit analysis involves assessing the financial position of the debtor and, where appropriate, insurance coverage is sought for credit guarantees.

The most significant credit risk concentrations arising from the Company's key customers are analysed below:

	Receivables	
	31 December 2018	**31 December 2017**
Customer A	*17,996*	*39,507*
Customer B	*12,962*	*11,646*
Customer C	*4,173*	*11,609*
Customer D	*3,438*	*6,974*
Customer E	*1,976*	*5,956*
	40,545	***75,692***

(All amounts are expressed in thousands of HRK)

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk management (continued)

Collateral held as security

The Company usually seeks from its customers to furnish bank guarantees, debentures and bills of exchange as instruments of collateral.

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 Company 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 remaining contractual maturities of the Company's 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 Company can be required to pay. The tables includes both principal and interest cash outflows. The undiscounted cash outflows on interest at variable rates was derived from interest rate curves at the end of the reporting period. The contractual maturity is defined as the earliest date on which the Company can be required to make the payment.

	Weighted average effective interest rate	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
2018						
Non-interest bearing liabilities		123,334	3,478	73,146	209	200,167
Interest bearing	5.12%	7,625	55,441	228,402	88,757	380,225
		130,959	**58,919**	**301,548**	**88,966**	**580,392**
2017						
Non-interest bearing liabilities		180,239	39,355	209	417	220,220
Interest bearing	4.76%	26,352	57,133	195,820	170,166	449,471
		206,591	**96,488**	**196,029**	**170,583**	**669,691**

(All amounts are expressed in thousands of HRK)

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk management (continued)

The following tables details the Company's remaining contractual maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial receivables based on the earliest date on which the Company 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
2018						
Non-interest bearing assets		59,438	3,955	4,258	1,372	69,023
Interest-bearing assets	5.54%	6,077	37,791	262,416	50,150	356,434
		65,515	**41,746**	**266,674**	**51,522**	**425,457**
2017						
Non-interest bearing assets		162,030	14,624	13,093	1,356	191,103
Interest-bearing assets	5.90%	8,035	11,457	189,043	82,958	291,493
		170,065	**26,081**	**202,136**	**84,314**	**482,596**

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 that are traded on active liquid markets is determined by reference to quoted market prices;
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are 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 2018, the carrying amounts of cash, receivables, short-term deposits, receivables, short-term liabilities, accrued expenses, short-term borrowings and other financial instruments approximate their fair values due to the short-term nature of these assets and liabilities.

(All amounts are expressed in thousands of HRK)

31. 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 the prices) and,

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

31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income	700	232	-	932
Total	700	232	-	932

31 December 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income	399	914	-	1,313
Total	399	914	-	1,313

(All amounts are expressed in thousands of HRK)

32. OPERATING LEASES

The Company as lessee

Operating lease arrangements

Operating lease agreements comprise leases of personal cars over a term of five years. The Company does not have an option to purchase the leased asset at the expiry of the lease periods.

Lease payments recognised as expenses

	2018	2017
Minimum lease payments	131	63

Irrevocable commitments under operating leases

	2018	2017
Up to 1 year	213	118
From 2 year to 5 years	647	402
	860	**520**

33. SUBSEQUENT EVENTS

On December 28, 2018, Tvornica šećera Osijek d.o.o., Viro tvornica šećera d.d. and Sladorana d.o.o. have signed a contract based on which they will combine their production capacities, knowledge and business experience and jointly establish a new trading company that will carry out the activities of combined production and sales of sugar in the market under the title „Hrvatska industrija šećera".

The main goal of unification of the croatian sugar industry is to create a larger and more efficient business system which, under the conditions of increased liberalization and increased competition in the European market after the abolition of production constraints, can compete competitively with regional and other European and global market participants on a sugar market the Croatian sugar industry also operates.

The transaction is conceived in such a way that the above mentioned companies transfer their production units to the production of sugar to a newly-formed company that would continue with further production and placement of sugar. The parent company would retain part of its assets and operations that are not related to the production of sugar.

32. SUBSEQUENT EVENTS (CONTINUED)

On March 25. 2019. Tvornica šećera Osijek d o o Viro tvornica šećera d d and Sladorana d o o received notification from the Agency for the Protection of Market Competition that it was found that a concentration on entrepreneurs that was proposed based on a contract signed on 28 December 2018 is allowed

The only prerequisite for the transaction was the approval of the founding assembly. which the assemblies were convened in May 2019. and it is expected that the process of unification will be completed by the end of June 2019. assuming acceptance of the decision by the relevant assemblies

33. MANAGEMENT AUTHORISATION OF THE FINANCIAL STATEMENTS FOR ISSUE

These financial statements were approved by the Management Board and authorised for issue on 29 April 2019

Signed on behalf of the Management Board on 29 April 2019 by.

Željko Zadro

President of the Board

Viro
TVORNICA ŠEĆERA d.d. 7
ZAGREB

Darko Krstić. Member of the Board

Ivo Rešić Member of the Board

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

STATEMENT OF PERSON RESPONSIBLE FOR PRODUCTION OF THE ANNUAL FINANCIAL REPORT FOR 1Y 2018

With this statement, in compliance with article 403, paragraph 2 of the Law on capital market, I state that to the best of our knowledge

- the set of revised financial reports of VIRO TVORNICA ŠEĆERA d.d., Zagreb for 1Y 2018, 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 company.

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

In Zagreb, on April 29, 2019

RESPONSIBLE PERSON

Viro TVORNICA ŠEĆERA d.d. 4 ZAGREB

PRESIDENT OF THE MANAGEMENT BOARD:

Željko Zadro, dipl.oec

Darko Krstić, Member of the Management Board

Ivo Rešić, Member of the Management Board

ISSUER'S GENERAL DATA

Reporting period:	**1.1.2018**	to	**31.12.2018**
Year:	**2018**		

Annual financial statements

gistration number (MB):	**01650971**	Issuer's home Member State code:	**HR**
Entity's registration number (MBS):	**010049135**		
Personal identification number (OIB):	**04525204420**	LEI:	**5493006LGN8RLWC2UL05**
Institution code:	**1569**		
Name of the issuer:	**VIRO TVORNICA ŠEĆERA d.d.**		
Postcode and town:	**10000**		**ZAGREB**
reet and house number:	**ULICA GRADA VUKOVARA 269 g**		
E-mail address:	viro@secerana.hr		
Web address:	www.secerana.hr		
Number of employees (end of the reporting	**210**		
Consolidated report:	**KN**	(KN-not consolidated/KD-consolidated)	
Audited:	**RN**	(RN-not audited/RD-audited)	

Names of subsidiaries (according to IFRS)	Registered office:	MB:

Bookkeeping firm:	**No**	(Yes/No)	(name of the bookkeeping firm)
Contact person:	**ZDENKA SMOJVER** (only name and surname of the contact person)		
Telephone:	**033 840 122**		
E-mail address:	racunovodstvo-viro@secerana.hr		
Audit firm:	(name of the audit firm)		
Certified auditor:	(name and surname)		

BALANCE SHEET
balance as at 31.12.2018

in HRK

Submitter: VIRO TVORNICA ŠEĆERA d.d.

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	692.483.146	649.438.487
I INTANGIBLE ASSETS (ADP 004 to 009)	003	515.755	2.266.166
1 Research and development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005	515.755	2.266.166
3 Goodwill	006		
4 Advance payments for purchase of intangible assets	007		
5 Intangible assets in preparation	008		
6 Other intangible assets	009		
II TANGIBLE ASSETS (ADP 011 to 019)	010	156.523.874	135.424.536
1 Land	011	5.548.592	5.548.592
2 Buildings	012	62.595.526	59.336.370
3 Plant and equipment	013	49.960.898	32.708.188
4 Tools, working inventory and transportation assets	014		
5 Biological assets	015		
6 Advance payments for purchase of tangible assets	016	34.254.275	33.816.284
7 Tangible assets in preparation	017	2.230.095	2.230.095
8 Other tangible assets	018	9.300	9.300
9 Investment property	019	1.925.188	1.775.707
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	535.443.517	511.747.785
1 Investments in holdings (shares) of undertakings within the group	021	419.833.409	424.406.807
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits, etc. to undertakings within the group	023	115.338.105	85.506.383
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024		
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026		
7 Investments in securities	027	13.848	13.670
8 Loans, deposits, etc. given	028	258.155	1.820.925
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030		
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
V. Deferred tax assets	036		
C) CURRENT ASSETS (ADP 038+046+053+063)	037	525.589.492	459.850.497
I INVENTORIES (ADP 039 to 045)	038	168.479.067	132.389.263
1 Raw materials	039	15.746.982	86.116.520
2 Work in progress	040		
3 Finished goods	041	125.761.431	33.585.691
4 Merchandise	042	22.475.298	8.812.000
5 Advance payments for inventories	043	4.495.356	3.875.052
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	135.261.230	73.878.194
1 Receivables from undertakings within the group	047	45.106.773	36.568.429
2 Receivables from companies linked by virtue of participating interest	048		
3 Customer receivables	049	80.332.841	27.291.561

4 Receivables from employees and members of the undertaking	050	759	15
5 Receivables from government and other institutions	051	9.664.925	7.670.427
6 Other receivables	052	155.932	2.347.762
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	159.166.061	253.366.282
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056	152.546.575	244.945.825
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057		
5 Investment in other securities of companies linked by virtue of participating interest	058		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061	6.219.986	7.720.457
9 Other financial assets	062	399.500	700.000
IV CASH AT BANK AND IN HAND	063	62.683.134	216.758
D) PREPAID EXPENSES AND ACCRUED INCOME	064	1.503.946	760.923
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1.219.576.584	1.110.049.907
OFF-BALANCE SHEET ITEMS	066	120.241.416	80.761.205
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	562.457.426	530.936.108
I. INITIAL (SUBSCRIBED) CAPITAL	068	249.600.060	249.600.060
II CAPITAL RESERVES	069	10.368.101	10.368.101
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	56.346.673	51.711.553
1 Legal reserves	071	12.480.003	12.480.003
2 Reserves for treasury shares	072	43.866.670	39.231.550
3 Treasury shares and holdings (deductible item)	073		
4 Statutory reserves	074		
5 Other reserves	075		
IV REVALUATION RESERVES	076		
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Fair value of financial assets available for sale	078		
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	349.584.804	236.919.469
1 Retained profit	082	349.584.804	236.919.469
2 Loss brought forward	083		
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	-103.442.212	-17.663.075
1 Profit for the business year	085		
2 Loss for the business year	086	103.442.212	17.663.075
VIII MINORITY (NON-CONTROLLING) INTEREST	087		
B) PROVISIONS (ADP 089 to 094)	088	0	8.834.992
1 Provisions for pensions, termination benefits and similar obligations	089		
2 Provisions for tax liabilities	090		
3 Provisions for ongoing legal cases	091		
4 Provisions for renewal of natural resources	092		
5 Provisions for warranty obligations	093		
6 Other provisions	094		8.834.992
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	157.643.945	86.354.623
1 Liabilities towards undertakings within the group	096		
2 Liabilities for loans, deposits, etc. to companies within the group	097		
3 Liabilities towards companies linked by virtue of participating interest	098		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	099		
5 Liabilities for loans, deposits etc.	100	572.633	208.554
6 Liabilities towards banks and other financial institutions	101	157.071.312	86.146.069
7 Liabilities for advance payments	102		
8 Liabilities towards suppliers	103		
9 Liabilities for securities	104		
10 Other long-term liabilities	105		

11 Deferred tax liability	**106**		
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	**107**	499.168.562	483.133.105
1 Liabilities towards undertakings within the group	**108**	5.174.487	43.081
2 Liabilities for loans, deposits, etc. to companies within the group	**109**		
3 Liabilities towards companies linked by virtue of participating interest	**110**		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	**111**		
5 Liabilities for loans, deposits etc.	**112**	12.999.841	6.462.091
6 Liabilities towards banks and other financial institutions	**113**	259.345.545	281.072.338
7 Liabilities for advance payments	**114**	13.553.903	25.170.938
8 Liabilities towards suppliers	**115**	162.866.590	167.748.686
9 Liabilities for securities	**116**		
10 Liabilities towards employees	**117**	1.427.626	1.554.340
11 Taxes, contributions and similar liabilities	**118**	6.566.560	840.710
12 Liabilities arising from the share in the result	**119**	30.963	30.963
13 Liabilities arising from fixed assets held for sale	**120**		
14 Other short-term liabilities	**121**	37.203.047	209.958
E) ACCRUALS AND DEFERRED INCOME	**122**	306.651	791.079
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	**123**	1.219.576.584	1.110.049.907
G) OFF-BALANCE SHEET ITEMS	**124**	120.241.416	80.761.205

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2018 to 31.12.2018

in HRK

Submitter: VIRO TVORNICA ŠEĆERA d.d.

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (ADP 126 to 130)	125	853.347.037	547.721.980
1 Income from sales with undertakings within the group	126	39.049.213	50.205.871
2 Income from sales (outside group)	127	808.342.856	477.419.070
3 Income from the use of own products, goods and services	128	168.971	56.096
4 Other operating income with undertakings within the group	129		200.947
5 Other operating income (outside the group)	130	5.785.997	19.839.996
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	971.021.818	609.567.032
1 Changes in inventories of work in progress and finished goods	132	51.579.918	84.799.681
2 Material costs (ADP 134 to 136)	133	792.713.851	443.507.607
a) Costs of raw material	134	445.959.970	110.021.200
b) Costs of goods sold	135	299.118.195	295.196.809
c) Other external costs	136	47.635.686	38.289.598
3 Staff costs (ADP 138 to 140)	137	24.927.334	24.293.618
a) Net salaries and wages	138	15.630.214	15.245.560
b) Tax and contributions from salaries expenses	139	5.792.476	5.695.085
c) Contributions on salaries	140	3.504.644	3.352.973
4 Depreciation	141	26.285.861	23.853.533
5 Other expenses	142	11.454.071	6.210.291
6 Value adjustments (ADP 144+145)	143	43.734.351	10.759.251
a) fixed assets other than financial assets	144		
b) current assets other than financial assets	145	43.734.351	10.759.251
7 Provisions (ADP 147 to 152)	146	0	1.945.949
a) Provisions for pensions, termination benefits and similar obligations	147		
b) Provisions for tax liabilities	148		
c) Provisions for ongoing legal cases	149		
d) Provisions for renewal of natural resources	150		
e) Provisions for warranty obligations	151		
f) Other provisions	152		1.945.949
8 Other operating expenses	153	20.326.432	14.197.102
III FINANCIAL INCOME (ADP 155 to 164)	154	45.085.414	68.674.110
1 Income from investments in holdings (shares) of undertakings within the group	155		
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	156		
3 Income from other long-term financial investment and loans granted to undertakings within the group	157		
4 Other interest income from operations with undertakings within the group	158	5.946.259	12.576.189
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	2.458.758	1.117.718
6 Income from other long-term financial investments and loans	160		
7 Other interest income	161	362.683	723.691
8 Exchange rate differences and other financial income	162	12.856.529	7.031.200
9 Unrealised gains (income) from financial assets	163	49.500	300.500
10 Other financial income	164	23.411.685	46.924.812
IV FINANCIAL EXPENDITURE (ADP 166 to 172)	165	30.852.845	24.492.133
1 Interest expenses and similar expenses with undertakings within the group	166	171.975	82.639
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	3.661.819	3.082.572
3 Interest expenses and similar expenses	168	12.801.025	15.854.716
4 Exchange rate differences and other expenses	169	11.685.703	3.593.433
5 Unrealised losses (expenses) from financial assets	170		
6 Value adjustments of financial assets (net)	171		
7 Other financial expenses	172	2.532.323	1.878.773
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	173		

VI SHARE IN PROFIT FROM JOINT VENTURES	174		
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175		
VIII SHARE IN LOSS OF JOINT VENTURES	176		
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	898.432.451	616.396.090
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	1.001.874.663	634.059.165
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	-103.442.212	-17.663.075
1 Pre-tax profit (ADP 177-178)	180	0	0
2 Pre-tax loss (ADP 178-177)	181	-103.442.212	-17.663.075
XII INCOME TAX	182		
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	-103.442.212	-17.663.075
1 Profit for the period (ADP 179-182)	184	0	0
2 Loss for the period (ADP 182-179)	185	-103.442.212	-17.663.075
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	186	0	0
1 Pre-tax profit from discontinued operations	187		
2 Pre-tax loss on discontinued operations	188		
XV INCOME TAX OF DISCONTINUED OPERATIONS	189		
1 Discontinued operations profit for the period (ADP 186-189)	190		
2 Discontinued operations loss for the period (ADP 189-186)	191		
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192		
1 Pre-tax profit (ADP 192)	193		
2 Pre-tax loss (ADP 192)	194		
XVII INCOME TAX (ADP 182+189)	195		
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196		
1 Profit for the period (ADP 192-195)	197		
2 Loss for the period (ADP 195-192)	198		
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	0	0
1 Attributable to owners of the parent	200		
2 Attributable to minority (non-controlling) interest	201		
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	202	-103.442.212	-17.663.075
II OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAX (ADP 204 to 211)	203	0	0
1 Exchange rate differences from translation of foreign operations	204		
2 Changes in revaluation reserves of fixed tangible and intangible assets	205		
3 Profit or loss arising from re-evaluation of financial assets available for sale	206		
4 Profit or loss arising from effective cash flow hedging	207		
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208		
6 Share in other comprehensive income/loss of companies linked by virtue of participating interest	209		
7 Actuarial gains/losses on defined remuneration plans	210		
8 Other changes in equity unrelated to owners	211		
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212		
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	-103.442.212	-17.663.075
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	0	0
1 Attributable to owners of the parent	216		
2 Attributable to minority (non-controlling) interest	217		

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2018 . to 31.12.2018.

in HRK

Submitter: VIRO TVORNICA ŠEĆERA d.d.

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	-103.442.212	-17.663.075
2 Adjustments (ADP 003 to 010):	002	26.285.861	23.853.533
a) Depreciation	003	26.285.861	23.853.533
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004		
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006		
e) Interest expenses	007		
f) Provisions	008		
g) Exchange rate differences (unrealised)	009		
h) Other adjustments for non-cash transactions and unrealised gains and losses	010		
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	-77.156.351	6.190.458
3 Changes in the working capital (ADP 013 to 016)	012	-16.241.164	-33.871.692
a) Increase or decrease in short-term liabilities	013	-197.286.293	-26.055.677
b) Increase or decrease in short-term receivables	014	49.151.393	61.383.036
c) Increase or decrease in inventories	015	266.462.606	36.089.805
d) Other increase or decrease in the working capital	016	-134.568.870	-105.288.856
II Cash from operations (ADP 011+012)	017	-93.397.515	-27.681.234
4 Interest paid	018		
5 Income tax paid	019		
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-93.397.515	-27.681.234
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	116.182	555.061
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023	3.913.878	9.296.176
4 Dividends received	024	77.328	75.390
5 Cash receipts from repayment of loans and deposits	025		
6 Other cash receipts from investment activities	026	39.199.285	35.886.737
III Total cash receipts from investment activities (ADP 021 to 026)	027	43.306.673	45.813.364
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-3.314.904	-5.059.667
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030		
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	-5.495.673	-12.191.005
IV Total cash payments from investment activities (ADP 028 to 032)	033	-8.810.577	-17.250.672
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	34.496.096	28.562.692
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	319.727.993	304.946.725
4 Other cash receipts from financing activities	038	8.000.000	9.200.000
V Total cash receipts from financing activities (ADP 035 to 038)	039	327.727.993	314.146.725
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-225.326.141	-356.373.260
2 Dividends paid	041		
3 Cash payments for finance lease	042	-2.728.635	-798.048

4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	**043**		-5.023.251
5 Other cash payments from financing activities	**044**	-500.000	-15.300.000
VI Total cash payments from financing activities (ADP 040 to 044)	**045**	-228.554.776	-377.494.559
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	**046**	99.173.217	-63.347.834
1 Unrealised exchange rate differences in cash and cash equivalents	**047**		
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	**048**	40.271.798	-62.466.376
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**049**	22.411.336	62.683.134
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD(ADP 048+049)	**050**	62.683.134	216.758

STATEMENT OF CHANGES IN EQUITY
for the period from 1.1.2018 to 31.12.2018

in HRK

Item	ADP code	Attributable to owners of the parent															
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)
Previous period																	
1 Balance on the first day of the previous business year	01														0		0
2 Changes in accounting policies	02														0		0
3 Correction of errors	03														0		0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0		0		0
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0		0	0	0	0	0	0	0		0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0		0	0	0			0		0
8 Profit or loss arising from re-evaluation of financial assets available for sale	08	0	0	0	0	0	0	0	0		0	0			0		0
9 Gains or losses on efficient cash flow hedging	09	0	0	0	0	0	0	0	0	0		0			0		0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0				0		0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11	0	0	0	0	0	0								0		0
12 Actuarial gains/losses on defined benefit plans	12	0	0	0	0	0	0								0		0
13 Other changes in equity unrelated to owners	13														0		0
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0								0		0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15														0		0
16 Increase of initial (subscribed) capital by reinvesting profit	16														0		0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17														0		0
18 Redemption of treasury shares/holdings	18														0		0
19 Payment of share in profit/dividend	19														0		0
20 Other distribution to owners	20														0		0
21 Transfer to reserves by annual schedule	21														0		0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22														0		0
23 Balance on the last day of the previous business year reporting period (ADP 04 to 22)	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current period																	
1 Balance on the first day of the current business year	27														0		0
2 Changes in accounting policies	28														0		0
3 Correction of errors	29														0		0
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0		0		0
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0		0	0	0	0	0	0	0		0
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0		0	0	0			0		0
8 Profit or loss arising from re-evaluation of financial assets available for sale	34	0	0	0	0	0	0	0	0		0	0			0		0
9 Gains or losses on efficient cash flow hedging	35	0	0	0	0	0	0	0	0	0		0			0		0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0				0		0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	37	0	0	0	0	0	0								0		0
12 Actuarial gains/losses on defined remuneration plans	38	0	0	0	0	0	0								0		0
13 Other changes in equity unrelated to owners	39														0		0
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0								0		0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41														0		0
16 Increase of initial (subscribed) capital by reinvesting profit	42														0		0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43														0		0
18 Redemption of treasury shares/holdings	44														0		0
19 Payment of share in profit/dividend	45														0		0
20 Other distribution to owners	46														0		0
21 Transfer to reserves by annual schedule	47														0		0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48														0		0
23 Balance on the last day of the current business year reporting period (ADP 30 to 48)	49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)	51	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0