Viro

TVORNICA ŠEĆERA d.d.

ANNUAL BUSINESS REPORT
2014

Virovitica, February 2015

CONTENTS

I INTRODUCTION/ ABOUT THE COMPANY

1.1 Introduction

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

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

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

Data relevant for the preparation of this report, were collected from the Company's departments of production, raw material supply, sales, finance, accounting and department of planning and analysis, where the report is actually prepared, as well as the data supplied by company VIRO - KOOPERACIJA d.o.o.

1.2 About the Company

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

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

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

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

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

During first quarter of 2006, the increase of the company core capital was completed, by money investments and distribution of A-shares to the public, through Zagreb stock market system: 346.667 new A-shares were issued, made out in the name, at HRK 100,00 par value each, in the total par value of HRK 34.666.700,00. Shares were sold at HRK 365,00 each, and fully subscribed and paid for. In such a way company collected HRK 126.533.455,00 in total. On March 17, 2006 the increase of the core capital was registered at the Commercial Court Bjelovar in the amount of HRK 34.666.700,00, so the total core capital reached HRK 138.666.700,00.

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

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

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

By decision of the General Assembly of August 29, 2014, company premises were changed, and the new headquarters address is Zagreb, Ulica grada Vukovara 269 g.

1.3 Management Bodies

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

By decision of the Company members of April 23, 2003

a) Appointed to Supervisory Board

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

b) Appointed to Management Board

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

By decision of Company members of May 17, 2004, appointed to Supervisory Board

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

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

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

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

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

By decision of the Factory Works Council of March 21, 2014 Damir Keleković was appointed to the Supervisory Board, instead of Krešimir Mostovac, as employees representative.

By decision of the Supervisory Board of July 1, 2014 Dražen Robić was appointred as the Member of the Management Board, instead of Ivan Škorić, who terminated Membership at his own request.

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

II RAW MATERIAL PROCUREMENT ANALYSES

Planned sugar beet sow area for 2014 was 8400 hectars. Contracting of sugar beet production started in September 2013.

Necessary raw materials (mineral fertilizers, seeds and plant protection chemicals) were provided on time and in sufficient quantities.

Total contracted area was 8304 hectars, and sown area 8375 hectars.

Sowing started on March 12 at Belje, Anabela and small family farms in Baranja.

Most of the area (95%), was sown in March, and till April 10 the majority of 99,6% was sown. Sprouting was quick, and sugar beet plants had a very good initial growing with satisfactory number of plants per hectare. Sowing was repeated on 22 hectare, namely 0,26% of the total of 8375 hectares sown area, and due to heavy rains in second decade of May, crops failed on 10 hectares. At the end there was 6215 hectares in Croatia, and 2150 hectares in Hungary, in total 8365 hectares.

An additional quantity of 400 hectares in Hungary, and 280 hectares in Croatia were contracted during September, so there were 9045 hectares in total to harvest.

There were 95000-110000 sugar beet plants per hectare on the whole area.

Approximately 30% of the area was treated against beet root weevil, mostly at the east part of the area.

Weed control was successful after two to three treatments, in spite of rainy April and May.

Agroclimatic conditions during vegetation season were not favourable for the growth of sugar beet.

Heavy rains during May, approx. three times more than necessary and more than multy-year average. Some fields were flooded in that period. July, August, September and October were also rainy above average. In the period from March 1 to November 30, there were over 1000 mm/m^2 , and the optimum for beet vegatation period is 550-600 mm/m^2 of rainfall.

During 2014 vegetation season, there was a very strong attack of leaf spot disease (*Cercospora beticola*) over the whole cultivation area. In September and October, due to Cercospora, complete leaf collapsed, and leaf retrovegetation (on some fields even twice), resulted in very low sugar beet polarisation.

Due to heavy rain by beginning of September, sugar beet harvesting and processing was delayed for seven days, namely harvesting started on September 8, and beet started to arrive to the factory on September 10.

Sugar campaign started on September 12, 2014.

Despite the rainy September and October, there was almost no stopping of harvesting. Stocks of harvested beet on the fields were enough for 3-5 days of processing. On three occasions during the campaign, cutting of beet was reduced to 5000 tons/ day, namely it was reduced for 20%, during 12 hours each time. All the other 105 days of the campaign, factory was working at maximum capacity.

The harvesting of sugar beet lasted until December 18. All the beet was delivered to the factory by December 27, 2014.

In the 2014 campaign, 615.616 tons of sugar beet were processed in total, 427.357 tons from Croatia and 188.259 tons from Hungary. Average yield was 68,08 tons per hectare, average polarisation 13,57% and impurity 16,53%.

CONCLUSION

The characteristics of the campaign 2014 are the following:

- Sugar beet sowing was performed in the optimal period, average number of sugar plants per hectare 100000,
- Very rainy year with over 1000 mm/m^2 of rainfall in the vegetative period (very rainy second half of April, May, July, August, September and October),
- Due to unfavourable climatic conditions, very strong attack of cercospore in August and September, resulting in low average polarisation 13,57%, but high average yield of 68,08 t/hectare of sugar beet. Namely, it was the lowest average polarisation and highest yield of sugar beet since the beginning of the factory works. Such a development had a neutral effect on beet growers, but extremely negative on beet processors,
- Because of the limited capacity od the sugar beet stocking depot in the factory (only 6000 tons), on three occasions the cutting of sugar beet was reduced for 20% during 12 hours, i.e. 5000 tons per day. This problem gets even bigger in course of public holidays. Therefore it is necessary to increase the depot capacity in the factory up to 10000-12000 tons,
- Production of sugar per hectare amounted to a record of 8,5 tons, and would have been much higher if the polarisation was at least at the average level.

III PROCESSING AND PRODUCTION RESULTS ANALYSES

3.1 Raw sugar processing technology and production results

Processing of imported raw sugar took place in several turns during 2014.

The processing of own raw sugar took place between April 7 and 17, when the total of 13.333 tons were processed. During these 11 days 12.665,29 tons of white sugar were produced, at the average daily production of 1.212,09 tons.

The next turn took place at the same time with the sugar beet campaign, in the period October 13 to December 27, when 13.069,17 tons were processed and 12.115,12 tons of white sugar produced.

Besides, at Sladorana Županja, as service processing for VIRO, 9.019,70 tons of raw sugar were processed during November and December, and 8.244,01 tons of white sugar produced.

A service processing of raw sugar for Sladorana, Županja took place in two turns: April 17 to 24, when 10.557 tons were processed, and November 20 to December 25, when 5.834,39 tons were processed.

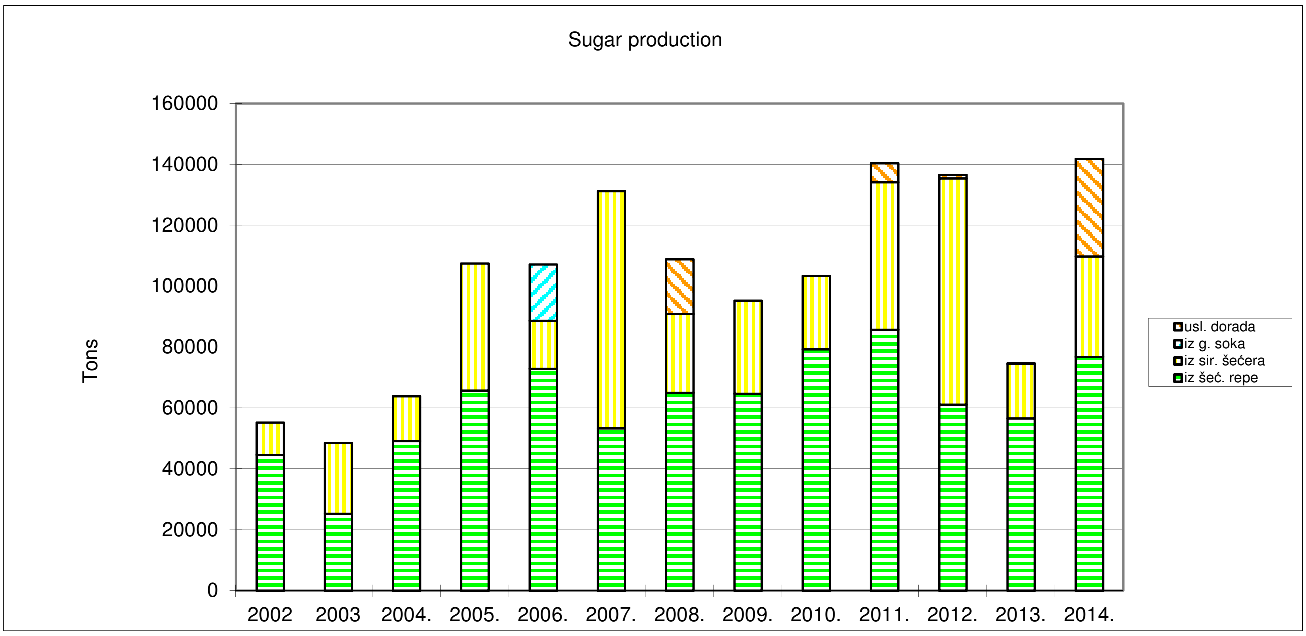
Item	Description of good		Unit	Quantity
1	Sugar	Own production	t	**33.024,417**
		Service production 1	t	10.028,160
		Service production 2	t	5.408,480
2	Molasses	Own production	t	**1.210,905**
		Service production 1	t	259,190
		Service production 2	t	233,376

3.2 Sugar beet processing campaign results

Sugar beet 2014 campaign started on September 12 and lasted till December 27, 2014, and a total of 615.615,96 tons of sugar beet were processed.

In addition, a service processing for VIRO of 216.967,43 tons of sugar beet took place in EU countries during the year, and 31.958 t of white sugar were produced. It was out of quota system production, entirely sold out of the EU.

Item	Description of goods	Unit	Produced 2013	Produced 2014	Service qty out of Croatia
1	Sugar	t	56.584,750	76.835,097	31.958,00
2	Molasses	t	14.002,277	24.134,624	
3	Dry pulp	t	17.164,000	26.006,000	
4	Pressed pulp	t	17.625,560	13.313,550	



IV SALES ANALYSES FOR 2014

Total sales of sugar per packing units in 2014 is the following:

- sugar 50/1	22.264.150 kg
- sugar 25/1	12.179.725 kg
- sugar 1/1	15.110.762 kg
- liquide sugar	5.246.415 kg
- big bags 1200 kg	997.600 kg
- sugar 1000/1	10.270.500 kg
- sugar in bulk	55.776.736 kg
- sugar 800/1	2.157.400 kg
- sugar 900/1	128.700 kg
- industrial sugar - other	56.850 kg
TOTAL	124.188.838 kg

Total sales of sugar in 2014 were by 39,04% higher compared to 2013; sales on domestic market is reduced by 34,9%, while exports increased by 206,66%. The main reason for the reduction on the domestic market is competition from EU countries at substantially lower prices. Increased export is the result of the Annex to the three-year contract with Považsky cukor a.s. Trenčinska Tepla, and exports of sugar out of the quotas system. The main characteristic of the market in 2014 was a substantially bigger offer of sugar at extremely low prices, and continuous fall in prices of sugar on EU market during the whole year.

V CREDIT RISK EXPOSURE, LIQUIDITY AND CASH FLOW RISK

5.1 Financing and liquidity issues

Current production and other business activities in 2014, VIRO Sugar factory financed through:

- Sales of transitional stocks of 34.240 tons of sugar, and 2.891 tons of molasses,
- Sales of 76.858 tons of sugar, 17.252 tons of molasses, 6.403 tons of dry pulp, and 13.314 tons of pressed pulp from processing of sugar beet and raw sugar,
- Sales of 13.091 tons of sugar and 69 tons of molasses bought on the market,
- Postponement of trade payables (protection, overhaul, and others) till the new campaign.

Settlement of current obligations towards suppliers in the total amount of HRK 723.535.024,15 have been carried out as follows:

- Wire transfer	270.925.157,35	37,44%
- Advance payment	88.380.953,22	12,22%
- Compensation	264.735.339,75	36,59%
- Cession and assignment	4.117.500,00	0,57%
- Bill of Exchange		
- Foreign remittance	81.093.141,24	11,21%
- Advance foreign remittance	14.282.932,59	1,97%

Buyers settled their obligations in the total amount of HRK 705.111.009,92 as follows:

- Wire transfer	103.328.419,48	14,65%
- Advance payment	13.250.973,27	1,88%
- Compensation	216.622.494,73	30,72%
- Cession and assignment	6.510.454,90	0,92%
- Bill of Exchange	110.642.131,21	15,69%
- Foreign remittance	112.395.666,40	15,94%
- Advance foreign remittance	142.360.869,93	20,19%

5.2 Cash flow in 2014

HRK

Item	AMOUNT
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	-61.526.062
Amortisation	34.294.646
Increase of current liabilities	10.569.371
Decrease of current receivables	10.837.902
Decrease of stocks	
Other increase of cash flow	42.020.727
I Total increase of cash flow from operating activities	**36.196.584**
Decrease of current liabilities	
Increase of current receivables	
Stocks increase	85.647.689
Other decrease of cash flow	9.276.078
II Total decrease of cash flow from operating activities	**94.923.767**
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	**58.727.183**
CASH FLOW FROM INVESTMENT ACTIVITIES	
Proceeds from sale of long-term fixed and intangible assets	653.220
Proceeds from sales of equity and debt financial instruments	
Proceeds from interests	8.498.625
Proceeds from dividends	
Other proceeds from investment activities	34.642.095
III Total proceeds from investment activities	**43.793.940**
Acquisition of long-term fixed and intangible assets	4.964.434
Acquisition of equity and debt financial instruments	
Other expenses for investment activities	11.394.817
IV Total expenses for investment activities	**16.359.251**
B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	**27.434.689**
B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	
CASH FLOW FROM FINANCIAL ACTIVITIES	
Proceeds from sales of equity and debt financial instruments	
Proceeds from credit principals, due bills, borrowings and others	99.282.156
Other proceeds from financial activities	354.000.000
V Total proceeds from financial activities	**453.282.156**
Expenses for credit principals and bonds instalments	191.618.660
Expenses for dividends	
Expenses for financial leasing	7.057.450
Redemption of own shares	
Other expenses for financial activities	352.010.000
VI Total expenses for financial activities	**550.686.110**
C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	
C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	**97.403.954**
Total increase of cash flow	
Total decrease of cash flow	**128.696.448**
Cash and cash equivalents at the beginning of the year	**143.796.724**
Increase of cash and cash equivalents	
Decrease of cash and cash equivalents	**128.696.448**
Cash and cash equivalents at the end of the year	**15.100.276**

5.3 Statement structure analyses

For consideration of Company´s financial position, and its assets, capital, receivables and liabilities, see the structural Statement below.

STATEMENT

as per 31/12/2014

HRK

Item	DESCRIPTION	31.12.2013 Amount	%	31.12.2014 Amount	%	Indeks
1	2	3	4	5	6	7 (5/3)
A)	LONG-TERM ASSETS (I+II+III+IV)	775.985.064	56,24	722.754.354	58,55	93
I	Intangible assets	316.235	0,02	107.764	0,01	34
1	Research and development expenses	195.493	0,01			-
2	Patents, licences, concessions and similar rights	120.742	0,01	107.764	0,01	89
II	Tangible assets	215.793.031	15,64	186.018.070	15,07	86
1	Land and forests	5.548.592	0,40	5.548.592	0,45	100
2	Buildings	82.190.900	5,96	76.745.263	6,22	93
3	Plants and equipments	121.912.660	8,83	98.044.216	7,94	80
4	Prepayments for tangible assets	562.042	0,04			-
5	Tangible assets in progress	3.046.425	0,22	3.297.068	0,27	108
6	Other tangible assets	9.300	0,00	9.300	0,00	100
7	Real estate investments	2.523.112	0,18	2.373.631	0,19	94
III	Financial assets	559.875.798	40,57	536.628.520	43,48	96
1	Shares in affiliated companies	419.450.043	30,40	419.450.043	33,98	100
2	Loans to affiliated companies	107.437.102	7,79	91.163.404	7,39	-
3	Securities investments			1.829	0,00	-
4	Loans, deposits and guarantees	32.988.653	2,39	26.013.244	2,11	79
IV	Receivables					
1	Receivables from sales on credit					
B)	CURRENT ASSETS (V+VI+VII+VIII)	597.160.584	43,28	504.045.177	40,84	84
V	Stocks	242.757.915	17,59	328.405.604	26,61	135
1	Raw material and consumables	58.277.961	4,22	24.346.161	1,97	42
2	Final products	142.138.156	10,30	242.054.551	19,61	170
3	Trade goods	38.981.065	2,82	4.512.584	0,37	12
4	Prepayments	3.360.733	0,24	57.492.308	4,66	1.711
VI	Receivables	113.893.822	8,25	103.055.920	8,35	90
1	Receivables from affiliated companies	18.580.617	1,35	23.148.850	1,88	125
2	Trade receivables	77.165.193	5,59	39.032.135	3,16	51
3	Receivables from employees	1.838	0,00	50	0,00	3
4	Receivables from state and other institutions	18.024.163	1,31	40.731.922	3,30	226
5	Other receivables	122.011	0,01	142.963	0,01	117
VII	Financial assets	96.712.123	7,01	57.483.377	4,66	59
1	Loans to affiliated companies	49.051.228	3,55	37.883.981	3,07	77
2	Securities					-
3	Loans, deposits and guarantees	16.058.515	1,16	10.946.857	0,89	68
4	Other financial assets	31.602.380	2,29	8.652.539	0,70	27
VIII	Cash at bank and in hand	143.796.724	10,42	15.100.276	1,22	11
C)	PREPAID EXPENSES AND ACCRUED INCOME	6.748.252	0,49	7.525.706	0,61	112
D)	LOSS ABOVE CAPITAL LEVEL					
E)	TOTAL ASSETS (A+B+C+D)	1.379.893.900	100,00	1.234.325.237	100,00	89
F)	OFF STATEMENT ITEMS	163.693.716	11,86	213.764.364	17,32	131

HRK

Item	DESCRIPTION	31.12.2013 Amount	%	31.12.2014 Amount	%	Indeks
1	2	3	4	5	6	7 (5/3)
LIABILITIES						
A)	CAPITAL AND RESERVES	696.742.017	50,49	635.215.955	51,46	91
1	Subscribed capital	249.600.060	18,09	249.600.060	20,22	100
2	Capital gains	10.368.101	0,75	10.368.101	0,84	100
3	Reserve	56.346.673	4,08	56.346.673	4,56	100
4	Revaluation reserve	1.222.294	0,09			-
5	Retained earning	366.184.481	26,54	380.427.183	30,82	104
6	Profit for the year	13.020.408	0,94	-61.526.062	-4,98	-473
B)	LONG-TERM LIABILITIES	220.700.195	15,99	178.558.831	14,47	81
1	Liabilities for loans	15.290.681	1,11	9.972.178	0,81	65
2	Liabilities to credit institutions	205.409.514	14,89	168.586.653	13,66	82
C)	CURRENT LIABILITIES	461.214.194	33,42	417.237.577	33,80	90
1	Liabilities to affiliated companies	568.146	0,04	253.895	0,02	45
2	Liabilities based on loans	8.458.487	0,61	10.518.487	0,85	124
3	Liabilities to credit institutions	183.304.662	13,28	126.698.673	10,26	69
4	Liabilities to advancements, deposits and guaranties	61.072.205	4,43	2.514.105	0,20	4
5	Liabilities to suppliers	146.758.286	10,64	171.660.194	13,91	117
6	Liabilities to employees	1.697.852	0,12	1.351.986	0,11	80
7	Taxes, contributions and fees liabilities	7.350.150	0,53	762.818	0,06	10
8	Liabilities based on shares of result	32.539	0,00	31.703	0,00	97
9	Other current liabilities	51.971.867	3,77	103.445.716	8,38	199
D)	DEFERRED EXPENSES AND DEFERRED INCOME	1.237.494	0,09	3.312.874	0,27	268
E)	TOTAL LIABILITIES (A+B+C)	1.379.893.900	100,00	1.234.325.237	100,00	89
F)	OFF STATEMENT ITEMS	163.693.716	11,86	213.764.364	17,32	131

5.4 Investments in 2014

During 2014 Company made following investments stated by allotments:

Item	ALLOTMENT	Amount in HRK	Amount in EURO (1 EURO=7,64 HRK)	%
1	Investment into technology and equipment maintenance	2.446.208,93	319.348,42	46,37
2	Investment in buildings	238.068,89	31.079,49	4,51
3	Investment into business premises	246.096,68	32.127,50	4,66
4	Equipment of business premises	492.180,10	64.253,28	9,33
5	Transport means and passenger cars			
6	Telecom means and office equipment	352.066,07	45.961,63	6,67
7	Other	56.960,40	7.436,08	1,08
	TOTAL (1 to 7)	3.831.581,07	500.206,41	72,63
8	Research and development investm.	28.500,00	3.720,63	0,54
9	Leasing of factory equipment investm.	1.415.751,00	184.823,89	26,83
	GRAND TOTAL (1 to 9)	5.275.832,07	688.750,92	100,00

From the above review it is evident that out of EUR 688.750,92 total investments, 46,37% was allocated to investments into technology and equipment maintenance.

VI EMPLOYEES

Next review shows the structure of calculated working hours for 2014:

Item	TYPE OF FEE	Hours	%
	CALCULATED WORKING HOURS (A+B)	420.232	100,00
A)	Normal hours of work	420.232	100,00
B)	Overtime		
	STRUCTURE OF NORMAL HOURS (1 to 6)	420.232	100,00
1	Working hours	318.586	75,81
2	Annual vacation	27.460	6,53
3	State holiday	20.482	4,87
4	Sick leave up to 42 days	3.080	0,73
5	Sick leave over 42 days	5.312	1,26
6	Paid absences and days off	45.312	10,78

Based on the calculated working hours, during 2014 there were in average 201,26 employees (seasonal workers included).

Next review shows the structure of the working days of an average woorker in 2014:

170,82 - Days spend at work in the Factory
14,72 - Days of annual hollidays
10,98 - Days of state holidays
1,65 - Days of sick leave up to 42 days
2,85 - Days of sick leave over 42 days
24,30 - Days of paid absences and days off

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

Qualification structure	Sit. per 31/12/2013	Went during 2014	Gone during 2014	Sit. per 31/12/2014
University degree	39	2	4	37
Associate degree	5			5
Secondary qualification	107		6	101
Lower qualification				
Operative	1		1	
Skilled worker	33		7	26
Semi-skilled worker	3		1	2
Low-skilled worker	18		4	14
TOTAL	206	2	23	185

VII PROFIT AND LOSS ACCOUNT FOR 2014

Item	Description	2013	2014	Index 2014/2013
1.	Operating incomes	637.394.653	588.827.324	92
1.1	Sales revenue	624.177.132	584.420.720	94
1.2	Other operating incomes	13.217.521	4.406.604	33
2.	Financial incomes	8.482.212	17.453.269	206
2.1	Incomes related to dependant corporates	4.488.781	9.668.847	215
2.2	Incomes related to independent corporates	2.982.048	7.784.422	261
2.3	Other financial incomes	1.011.383		-
I	TOTAL INCOME (1+2)	645.876.865	606.280.593	94
3.	Material costs	489.983.704	656.752.493	134
3.1	Cost of raw material and consumables	298.258.859	477.445.944	160
3.2	Cost of goods sold	149.598.830	137.120.534	92
3.3	Other service costs	42.126.015	42.186.015	100
4.	Staff costs	30.728.882	22.820.743	74
5.	Amortisation and value adjustment of long term assets	36.473.872	34.294.646	94
6.	Other operational costs	13.880.911	17.116.106	123
7.	Value adjustment of current assets		38.889.077	-
8.	Other operational expenses	17.971.308	13.378.979	74
9.	Finished products stock value increase		138.823.942	-
10.	Finished products stock value decrease	14.298.070		-
11.	OPERATING EXPENSES (3+4+5+6+7-8+9+10)	603.336.747	644.428.102	107
12.	Financial expenses	23.620.863	23.378.553	99
12.1.	Expenses related to dependant corporates	1.848	1.161.626	-
12.2.	Expenses related to independent corporates	17.408.795	20.653.407	119
12.3.	Unrealized losses on financial assets	150.000	349.000	233
12.4.	Other financial expenses	6.060.220	1.214.520	20
II	TOTAL EXPENSES (11+12)	626.957.610	667.806.655	107
III	PROFIT OF THE YEAR (I-II)	18.919.255	-61.526.062	-325
IV	PROFIT TAX EXPENSE	5.898.847		-
V	NET PROFIT (III-IV)	13.020.408	-61.526.062	-473
13.	Other comprehensive income	2.503.997	1.222.294	49
VI	COMPREHENSIVE INCOME (V+13)	15.524.405	-60.303.768	-388
VII	EBIT	34.057.906	-55.600.778	-163
VIII	EBITDA	70.531.778	-21.306.132	-30

Achieved total income of HRK 606,28 million is by 6% lower compared to the previous year. Exports sale share of the income is increased from 28,23% to 55,33%, while the domestic sales share is reduced from 69,47% to 44,67%.

Total expenses realised in the amount of HRK 667,81 million are by 7% higher compared to the previous year.

Material costs and costs of sold goods amount to HRK 659,9875 million, and are by 34% higher than those in 2013.

Staff costs are reduced by 26%, mainly due to reduction of working hours.

Amortization costs reached HRK 34,29 million, and are by 6% lower compared to the previous year, due to the completed amortization of some equipment.

Financial expenses amouunt to HRK 23,38 mil, and are by 1% lower compared to the previous year.

VIII KEY INDICATORS OF BUSINESS EFFICIENCY

8.1 Indicators of liquidity and financial stability

For the analysis of liquidity and financial stability as per 31/12/2014, following indicators are presented:

Item	INDICATOR	Standard value	2013	2014	Index 5/4	Index 5/3
1	2	3	4	5	6	7
	a) Liquidity					
1	Instant liquidity ratio	-	0,31	0,04	12	-
2	Quick ratio	>1	0,56	0,28	51	29
3	Current ratio	>2	1,29	1,21	93	61
	b) Financial stability					
4	- Net working capital in 000 HRK	-	135.946.390,00	86.807.600,00	64	-
	- Share of net working capital in financing of current assets, %	>50	22,77	17,22	76	36
5	Financial security	>1	0,90	0,77	86	78
6	Degree of self-financing, %	>100	68,39	60,43	88	61
7	Long-term assets/ long-term sources, %	>100	118,23	112,59	95	113

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

000 HRK

Item	DESCRIPTION	Unit	2013	2014	Index 2014/2013
1	Current assets	000 Kn	597.160,58	504.045,18	84
1.1	Own funds	000 Kn	440.895,85	415.551,17	94
1.2	Borrowed assets (current liabilities)	000 Kn %	156.264,74 100,00	88.494,01 100,00	57
2	Long-term assets	000 Kn	775.985,06	722.754,35	93
2.1	Own funds	000 Kn %	249.097,92 32,10	212.139,08 29,35	85
2.2	Borrowed assets	000 Kn %	526.887,15 67,90	510.615,28 70,65	97
3	Prepaid expenses	000 Kn	6.748,25	7.525,71	112
3.1	Own funds	000 Kn %	6.748,25 100,00	7.525,71 100,00	112
4	Loss above capital level	000 Kn			
5	Total assets	000 Kn	1.379.893,90	1.234.325,24	89
5.1	Total own capital (1.1+2.1+3.1)	000 Kn %	696.742,02 50,49	635.215,96 51,46	91
5.2	Borrowed assets-current and long-term liabilities-loss above capital (1.2+2.2+4)	000 Kn %	683.151,88 49,51	599.109,28 48,54	88

The above table shows the total assets degree of indebtedness of 48,54%.

8.2 Indicators of assets activity and business profitability

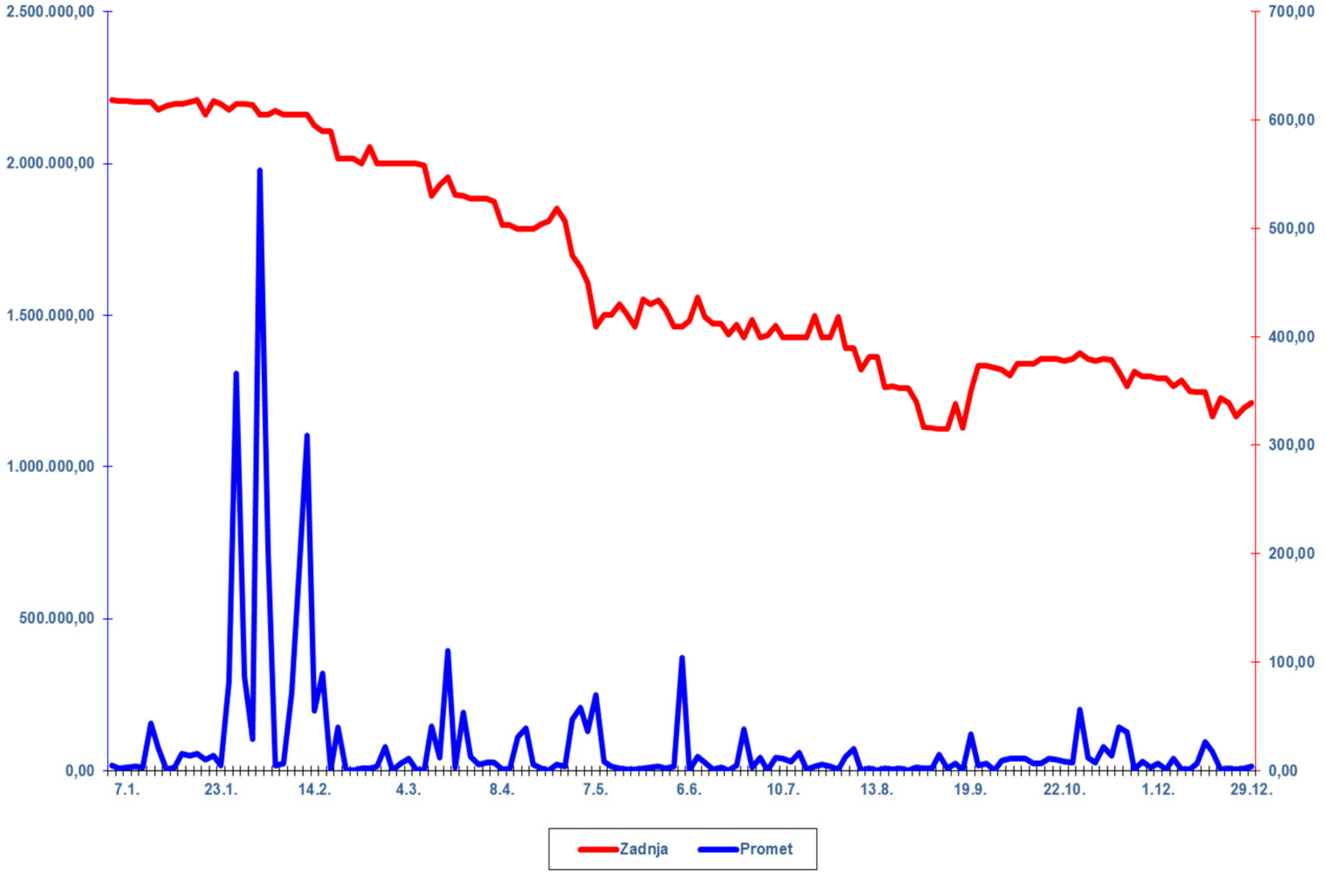
Item	INDICATOR	2013	2014	Index 2014/2013
	a) Assets activity			
1	Total assets turnover ratio	0,49	0,49	102
2	Current assets turnover ratio	1,08	1,16	107
3	Current assets binding period (days)	334	311	93
4	Trade receivables			
	- Turnover ratio	5,18	7,87	152
	- Collection period (days)	70	46	66
	b) Profitability			
5	Net profit margin	2,93	-10,15	-346
6	Gross profit margin (operating)	5,34	-9,44	-177
7	EBITDA margin	11,07	-3,62	-33
8	ROA	1,37	-4,98	-364
9	ROE	2,72	-9,69	-357
10	Net profit per employee	66.592,07	-299.630,37	-450

IX OWNERSHIP AND COMPANY SHARES TRADING

Item	SHAREHOLDER	Number of shares	Structure in %
1	EOS-Z D.O.O.	466.500	33,64
2	ROBIĆ D.O.O.	416.100	30,01
3	SOCIETE GENERALE-SPLITSKA BANKA D.D.	137.055	9,88
4	ZADRO MARINKO	127.936	9,23
5	HYPO ALPE-ADRIA-BANK D.D.	43.044	3,10
6	SOCIETE GENERALE-SPLITSKA BANKA D.D.	25.842	1,86
7	HYPO ALPE-ADRIA-BANK D.D.	25.803	1,86
8	HRVATSKA POŠTANSKA BANKA D.D.	23.257	1,68
9	ERSTE & STEIERMARKISCHE BANK D.D.	16.383	1,18
10	SOCIETE GENERALE-SPLITSKA BANKA D.D.	10.033	0,72
11	PBZ D.D.	8.450	0,61
12	OTP BANKA D.D.	2.870	0,21
13	ZAGREBAČKA BANKA D.D.	1.861	0,13
14	OTHER INVESTORS AND SMALL SHAREHOLDERS	81.533	5,88
	TOTAL (1 to 14)	1.386.667	100,00

At the end of 2014, the Company does not owe any of its own shares.

At the end of 2014, the stock market price was HRK 338,87 each, and the financial transactions turnover reached HRK 12.934.755,38. In the reported period, market capitalization in the amount of HRK 469,9 million was achieved.



last
turnover

X ENVIRONMENTAL PROTECTION

Viro Sugar Factory is a big consumer of natural gas, being the main energy source for the production of sugar. During 2014, for both sugar beet and raw sugar campaigns, natural gas consumption reached in total 16.358.599 Nm^3 .

Combustion of natural gas in the power plant and combustion of coke in the lime-kiln are the sources of CO_2 emissions to the atmosphere. The level of emission is inspected yearly by an authorized laboratory, and is below prescribed limit, as well as by the Monitoring Plan CO_2 Emissions submitted to the Agency and the Ministry of Environmental Protection. By the new Greenhouse gases emission permit, emissions from production of lime are excluded.

Emission of solid particles produced during beet pulp drying process, as well as gases produced by combustion of natural gas in the beet drier, are the second emission being monitored by the authorized company. Test results are within prescribed limits and are submitted to the Agency and the Ministry of Environmental Protection.

Viro Sugar Factory has its own water treatment plant (anaerobic and aerobic section), for treatment of its own waste water (from the process and rainfall waters), as well as municipal waste water from town of Virovitica. In order to reduce fresh water consumption as much as possible in various stages of sugar production, water for beet unloading and washing in the factory is recycled, as well as the cooling system water. In this way, considerable amount of fresh water is saved.

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

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

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

Since 2013 Viro d.d. is included into the Emission Trading System.

During 2014, a coordinated supervision of the environmental inspections was conducted, and no irregularities were found in the work of the Factory.

XI FUTURE DEVELOPMENT OF THE COMPANY

Future development and operational plan is based on the following areas:

- Sugar production and sales plan, and
- Investment plan.

Investment plan for 2015 is extremely ambitious, thanks to the possibility of cofinancing from the Rural Development Programme 2014-2020 of the EAFRD (Programme is already opened for applications). The plan is based on further increase of energy efficiency of the plant, by reconstruction and improvement of some sections, keeping up the high level of process safety, and prepare in the best possible way for the operations after quota abolition in 2017.

The total investment fund planned for 2015 will be allocated to following items:

- Annual reparation of process equipment
- Bulk sugar filling station in the packing room
- Refurbishment of tubes in evaprators
- Air ventilation system in central control room and laboratory
- New beet pellets cooling unit
- New screw conveyors in pulp drying station
- New sugar silo insulation
- New system for beet particles separation from water
- Turbine control system
- New system generator protection with generator excitation, generator separation system

By the production and finance plan for 2015, contracting of beet production on 8.400 hectares is planned, which means processing of 414.000 tons of sugar beet, and production of 58.000 tons of white sugar, 17.000 tons of molasses, 10.000 tons of dry pulp and 37.000 tons of pressed pulp.

Besides, during 2015 an out of quota service production of 30.000 tons of sugar is planned, intended for markets out of the EU (in accordance with the regulations of the EU market).

Raw sugar processing

Besides sugar beet, during 2015 the processing of 22.000 tons of raw sugar is planned, which means production of almost 21.000 tons of white sugar and 900 tons of molasses.

Furthermore, during 2015 a service production for Sladorana, Županja is planned, to process additional 22.000 tons of raw sugar.

President of Management Board:

Željko Zadro, B.E.

Viro tvornica šećera d.d.

Unconsolidated Financial Statements

For the Year Ended

31 December 2014

Together with Independent Auditor's Report

Contents

Responsibility for the unconsolidated financial statements

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

After making 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 adopt the going concern basis in preparing the financial statements.

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

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

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

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

Signed on behalf of the Management Board:

Željko Zadro, President of the Management Board

Viro

TVORNICA ŠEĆERA d.d.
ZAGREB 1

Viro tvornica šećera d.d.

Ulica grada Vukovara 269g

10000 Zagreb

Republic of Croatia

18 May 2015

Deloitte d.o.o.
ZagrebTower
Radnička cesta 80
10 000 Zagreb
Hrvatska
OIB: 11686457780

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

Independent Auditor's Report

To the owners of Viro tvornica šećera d.d.

We have audited the unconsolidated financial statements of Viro tvornica šećera d.d. ("the Company"), which comprise the unconsolidated statement of financial position at 31 December 2014, and the related unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and notes to the unconsolidated financial statements.

Responsibility for the Unconsolidated Financial Statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the unconsolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the unconsolidated financial statements.

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

Basis for qualified opinion

Investments in subsidiaries

As disclosed in Note 15 'Investments in subsidiaries', the Company recognized an investment in subsidiary Sladorana d.o.o. in the amount of HRK 407,187 thousand. At 31 December 2014 the Company did not assess the recoverability of the carrying amount of the investment as specified by IAS 39 'Impairment of Assets'. Therefore, we were not able to determine the potential effect of this matter on the accompanying financial statements.

Independent Auditor's Report (continued)

Qualified opinion

In our opinion, except for the effects of the matter referred to in the Basis for qualified opinion paragraph, the unconsolidated financial statements present fairly, in all material respects, the financial position of the Company at 31 December 2014, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by the European Union.

Emphasis of matter

We draw attention to the fact that the Company has prepared these unconsolidated financial statements under the Croatian laws and regulations and that the investments in subsidiaries have been presented in these unconsolidated financial statements at cost. In addition, the Company has prepared separate consolidated financial statements for Viro tvornica šećera d.d. and its subsidiaries, dated 18 May 2015. For a better understanding of the Group as a whole, the consolidated financial statements should be read in conjunction with these financial statements. Our opinion is not qualified in respect of this matter.

Deloitte d.o.o.

Branislav Vrtačnik, President of the Board and Certified Auditor

Zagreb, Republic of Croatia

18 May 2015

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

(All amounts are expressed in thousands of kunas)

	Notes	2014	2013
Sales	4.1	584,421	624,177
Other income	4.2	4,406	13,218
Total operating income		**588,827**	**637,395**
Increase / (decrease) in the value of work in progress and finished products		138,824	(14,298)
Cost of raw material and supplies	6	(477,446)	(298,259)
Cost of goods sold	7	(137,121)	(149,599)
Other external expenses	8	(42,186)	(42,126)
Depreciation and amortisation	14	(34,294)	(36,474)
Staff costs	9	(22,821)	(30,729)
Other expenses	10.1	(17,116)	(13,881)
Impairment of inventory	10.2	(38,889)	-
Other operating expenses	10.3	(13,379)	(17,971)
Total operating expenses		**(644,428)**	**(603,337)**
Loss from operations		**(55,601)**	**34,058**
Financial income	11	17,453	8,482
Financial expenses	12	(23,378)	(23,621)
Net financial loss		**(5,925)**	**(15,139)**
(Loss) / profit from operations before taxation		**(61,526)**	**18,919**
Income tax	13	-	(5,899)
(Loss) / profit for the year		**(61,526)**	**13,020**
Other comprehensive income			
Change in revaluation reserve for property, plant and equipment		1,222	2,504
Total comprehensive (loss) / income for the year		**(60,304)**	**15,524**
(Loss) / earnings per share:			
- basic and diluted (in kunas and lipas)	24	**(44.37)**	**9.39**

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

Unconsolidated Statement of Financial Position

At 31 December 2014

(All amounts are expressed in thousands of kunas)

	Notes	At 31 December 2014	At 31 December 2013
ASSETS			
Non-current assets			
Intangible assets	14	108	316
Property, plant and equipment	14	186,018	215,793
Investments in subsidiaries	15	418,550	418,550
Non-current financial assets	16	118,078	141,326
Total non-current assets		**722,754**	**775,985**
Current assets			
Inventories	17	328,406	242,758
Trade receivables and receivables from related companies	18	62,181	95,746
Receivables from the State and other institutions	19	40,732	18,024
Current financial assets	20	57,483	96,712
Other receivables		143	124
Cash and cash equivalents	21	15,100	143,797
Prepaid expenses and accrued income	22	7,526	6,748
Total current assets		**511,571**	**603,909**
TOTAL ASSETS		**1,234,325**	**1,379,894**

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

(All amounts are expressed in thousands of kunas)

	Notes	At 31 December 2014	At 31 December 2013
EQUITY AND LIABILITIES			
Equity			
Share capital	23	249,600	249,600
Retained earnings	23	318,901	379,205
Capital reserves		10,368	10,368
Reserves out of profit		56,347	56,347
Revaluation reserves		-	1,222
Total equity		**635,216**	**696,742**
Non-current liabilities			
Loans payable and borrowings	25	178,559	220,700
Total non-current liabilities		**178,559**	**220,700**
Current liabilities			
Liabilities to related companies	26, 30	254	568
Loans payable and borrowings	25	137,216	191,763
Advances received	27	2,514	61,072
Trade payables	26	171,660	146,758
Other current liabilities	28	105,593	61,053
Accrued expenses and deferred income	29	3,313	1,238
Total current liabilities		**420,550**	**462,452**
TOTAL EQUITY AND LIABILITIES		**1,234,325**	**1,379,894**

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

Unconsolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2014

(All amounts are expressed in thousands of kunas)

	Share capital	Capital Reserves	Profit Reserves	Revaluation Reserves	Retained earnings	Total
Balance at 1 January 2013	**249,600**	**10,368**	**56,347**	**3,726**	**365,131**	**685,172**
Profit for the year	-	-	-	-	13,020	13,020
Other comprehensive income	-	-	-	(2,504)	2,504	-
Correction of retained earnings	-	-	-	-	(1,450)	(1,450)
Balance at 31 December 2013	**249,600**	**10,368**	**56,347**	**1,222**	**379,205**	**696,742**
Loss for the year	-	-	-	-	(61,526)	(61,526)
Other comprehensive income	-	-	-	(1,222)	1,222	-
Balance at 31 December 2014	**249,600**	**10,368**	**56,347**	**-**	**318,901**	**635,216**

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

Unconsolidated Statement of Cash Flows

For the year ended 31 December 2014

(All amounts are expressed in thousands of kunas)

	2014	2013
Cash flows from operating activities		
(Loss) / profit for the year	(61,526)	13,020
Income tax expense	-	5,899
Depreciation and amortisation	34,294	36,474
Foreign exchange differences per loans, net	513	2,827
Interests expenses	16,286	11,459
Interests income	(10,458)	(5,857)
Net book value of disposed fixed assets	2,694	157
Value adjustment of short-term assets, net (Notes 10.2, 18, 20)	43,548	7,647
Other non-cash items	-	132
Operating profit before changes in working capital	**25,351**	**71,758**
(Increase) / decrease in inventories	(124,537)	4,348
Decrease in trade receivables	30,472	35,624
(Increase) / decrease in other receivables	(22,727)	49,838
Decrease in advances received	(58,558)	(46,077)
Increase / (decrease) in trade payables	24,588	(127,107)
Increase in other liabilities	44,540	41,494
Increase / (decrease) in accrued expenses	1,297	(3,912)
Cash (used in) / generated from operating activities	**(79,574)**	**25,966**
Paid income tax	-	(3,191)
Interests paid	(14,794)	(9,173)
Dividends paid	-	(16,524)
Net cash used in operating activities	**(94,368)**	**(2,922)**

(All amounts are expressed in thousands of kunas)

	2014	2013
Cash flows from investing activities		
Given loans and deposits, net	71,369	(77,227)
Purchases of property plant and equipment and intangible assets	(7,005)	(10,125)
Net cash generated from / (used in) investing activities	**64,364**	**(87,352)**
Cash flows from financing activities		
Proceeds from borrowings and finance leases	103,955	431,941
Repayment of borrowings	(202,648)	(202,339)
Net cash generated from / (used in) financing activities	**(98,693)**	**229,602**
Net (decrease) / increase in cash and cash equivalents	**(128,697)**	**139,328**
Cash and cash equivalents at the beginning of the year	143,797	4,469
Cash and cash equivalents at the end of year	15,100	143,797

(All amounts are expressed in thousands of kunas)

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. Zagreb and Robić d.o.o., Velika Gorica. In 2005 the Company was transformed from a limited liability company into a public limited company. The Company's share capital amounts to HRK 249,600,060 (2013: HRK 249,600,060) and consists of 1,386,667 (2013: 1,386,667) ordinary bearer shares, with no par value.

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

The Company has acquired and holds 3,306,002 (2013: 3.306.002) ordinary shares of Sladorana d.d., Županja, representing 100% (2013: 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 17.58% of the total net capital of the subsidiary. On 15 January 2014 the company was renamed to Slavonija Županja d.d.

1.2 Principal activity

The principal activity of the Company comprises production of sugar.

1.3 The Management Board of the Parent

The members of the Company's Management Board at 31 December 2014 and 31 December 2013 are as follows:

1 Željko Zadro	*President of the Management Board*	
2 Ivan Škorić	*Member of the Management Board*	*to 01.07.2014*
3 Dražen Robić	*Member of the Management Board*	*from 01.07.2014*

1.4 Supervisory Board

Members of the Supervisory Board of the Company at 31 December 2014 and 31 December 2013:

1 Marinko Zadro	*President of the Supervisory Board*	
2 Boris Šimunović	*Deputy President of the Supervisory Board*	
3 Dražen Robić	*Member of the Supervisory Board*	*to 01.07.2014*
4 Ivan Mišetić	*Member of the Supervisory Board*	
5 Krešimir Mostovac	*Member of the Supervisory Board*	*to 21.03.2014*
6 Damir Keleković	*Member of the Supervisory Board*	*from 21.03.2014*
7 Hrvoje Godinić	*Member of the Supervisory Board*	*from 29.08.2014*

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

2.1. Standards and Interpretations effective in the current period

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

- *IFRS 10 "Consolidated Financial Statements",* adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- *IFRS 11 "Joint Arrangements",* adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- *IFRS 12 "Disclosures of Interests in Other Entities"*, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- *IAS 27 (revised in 2011) "Separate Financial Statements"*, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- *IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures"*, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- *Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities"* – Transition Guidance, adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014),
- *Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 (revised in 2011) "Separate Financial Statements"* – Investment Entities, adopted by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014),
- *Amendments to IAS 32 "Financial instruments: presentation"* – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- *Amendments to IAS 36 "Impairment of assets"* - Recoverable Amount Disclosures for Non-Financial Assets, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014),
- *Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"* – Novation of Derivatives and Continuation of Hedge Accounting, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

The adoption of these amendments to the existing standards has not led to any changes in the Company's accounting policies.

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

2.2. *Standards and Interpretations issued by IASB and adopted by the EU but not yet effective*

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

- *Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"* resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- *Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"* resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015),
- *Amendments to IAS 19 "Employee Benefits"* - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- *IFRIC 21 "Levies"* adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

2.3. *Standards and Interpretations issued by IASB but not yet adopted by the EU*

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use in EU as at 31 March 2015:

- *IFRS 9 "Financial Instruments"* (effective for annual periods beginning on or after 1 January 2018),
- *IFRS 14 "Regulatory Deferral Accounts"* (effective for annual periods beginning on or after 1 January 2016),
- *IFRS 15 "Revenue from Contracts with Customers"* (effective for annual periods beginning on or after 1 January 2017),
- *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 (effective for annual periods beginning on or after 1 January 2016),

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

2.3. *Standards and Interpretations issued by IASB but not yet adopted by the EU (continued)*

- *Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"* - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- *Amendments to IFRS 11 "Joint Arrangements"* – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- *Amendments to IAS 1 "Presentation of Financial Statements"* - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- *Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"* - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),
- *Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"* - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016),
- *Amendments to IAS 27 "Separate Financial Statements"* - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- *Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"* resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

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

(All amounts are expressed in thousands of kunas)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of presentation and preparation of the financial statements

The Company maintains its accounting records in the Croatian language, in Croatian Kuna and in accordance with Croatian laws and the accounting principles and practices observed by enterprises in Croatia. The financial statements of the Company are prepared under the cost convention, except for financial assets available for sale which are carried at fair value, and in accordance with International Financial Reporting Standards, which were adopted in the European Union, and Croatian law.

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

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

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

	EUR 1	USD 1
2014	7.661471	6.302107
2013	7.637643	5.549000

The financial statements of the Company represent aggregate amounts of assets, liabilities, capital and reserves of the Company as of 31 December 2014, and the results of its operations for the year then ended.

3. SIGNIFICANT ACCOUNTING POLICIES

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 upon delivery of goods and provision of services, net of taxes and discounts and when the related risks and benefits have passed onto the buyer. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rates.

3.3 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 reporting 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 comprehensive income for the year.

3.5 Income tax expense

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.5 Income tax expense (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

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.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by date of the statement of financial position. The measurement of deferred tax liabilities and assets reflects the amount that the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes for the period

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity, or where it arises from the initial accounting of a business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Property, plant and equipment

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

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

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

In 2014 there were no changes in the depreciation rates versus 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 the carrying amount of inventories is to be written down to their net realisable value, an allowance is recognised and charged to expenses for the year.

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

Small inventory includes items of tangible fixed assets with a useful life over one year, but the unit cost of which is below HRK 3,500 (2013: HRK 3,500).

3.8 Trade receivables and prepayments

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

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

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 direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Contingent liabilities

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

3.12 Events after the reporting period

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

3.13 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.

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

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

Effective interest method

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments (continued)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale investments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each date of the statement of financial position. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

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

Derecognition of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments (continued)

Other financial liabilities

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

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

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

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

- the amount of the obligation under the contract, as determined in accordance with IAS 37; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Critical accounting judgements and key sources of estimation uncertainty

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

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

Areas of estimation include, but are not limited to, depreciation periods and residual values of property, plant and equipment, and of intangible assets, value adjustment of inventories, impairment of receivables, provisions for legal actions and provisions made in accordance with actuarial calculations. The key areas of estimation in applying the Company's 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 and intangible assets at the end of each annual reporting period. Property, plant and equipment and intangible assets are recognised initially at cost, less accumulated depreciation.

- *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 comprehensive income for the year.

- *Consequences of certain legal actions*

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

3.15 Comparative information

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

(All amounts are expressed in thousands of kunas)

4. SALES AND OTHER INCOME

4.1 Sales

	2014	2013
Foreign sales	323,342	180,341
Domestic sales	261,079	443,836
	584,421	**624,177**

4.2 Other income

	2014	2013
Damages collected	1,200	747
Material sales	651	200
Subsequently approved rebates	624	301
Surplus	9	1,364
Other income	1,922	10,606
	4,406	**13,218**

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 noodles".

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

(All amounts are expressed in thousands of kunas)

5. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

	Segment revenue	
	2014	**2013**
Sugar	457,875	449,242
Molasses and noodles	130,952	188,153
	588,827	**637,395**

	Segment expenses		Segment (loss) / profit	
	2014	**2013**	**2014**	**2013**
Sugar	501,111	425,237	(43,236)	24,004
Molasses and noodles	143,317	178,100	(12,365)	10,054
	644,428	**603,337**	**(55,601)**	**34,058**

	2014	**2013**
Operating (loss) / profit	(55,601)	34,058
Financial income	17,453	8,482
Financial expenses	(23,378)	(23,621)
(Loss) / profit before tax	**(61,526)**	**18,919**

The Sugar segment comprises sugar production.

The Molasses and noodles segment comprises production of molasses and noodles.

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.

(All amounts are expressed in thousands of kunas)

5. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	31/12/2014	31/12/2013
Segment assets		
Sugar	497,834	509,793
Molasses and noodles	142,380	213,513
Total segment assets	**640,214**	**723,306**
Unallocated	594,111	656,588
Total assets	**1,234,325**	**1,379,894**

	31/12/2014	31/12/2013
Segment liabilities		
Sugar	465,870	481,492
Molasses and noodles	133,239	201,660
Total segment liabilities	**599,109**	**683,152**
Unallocated	-	-
Total liabilities	**599,109**	**683,152**

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).

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

(All amounts are expressed in thousands of kunas)

5. SEGMENT INFORMATION (CONTINUED)

Other segment information

	Depreciation and amortisation		Additions	
	2014	2013	2014	2013
Sugar	26,668	25,707	5,447	7,532
Molasses and noodles	7,626	10,767	1,558	2,593
Total	**34,294**	**36,474**	**7,005**	**10,125**

Geographical information

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

	Sales revenue	
	2014	**2013**
Croatian market	265,485	457,054
EU market	317,794	180,341
Other	5,548	-
Total	**588,827**	**637,395**

Information about major customers

Included in the sales in the amount of HRK 588,827 thousand (2013: HRK 637,395 thousand) are sales of HRK 162,514 thousand (2013: HRK 126,180 thousand) generated from the major customer of the Company.

(All amounts are expressed in thousands of kunas)

6. COST OF RAW MATERIAL AND SUPPLIES

	2014	2013
Raw material and supplies	409,928	241,995
Energy	59,926	49,995
Spare parts	7,084	5,695
Expensed small items	507	566
Other material costs	1	8
	477,446	**298,259**

The cost of raw material and supplies increased significantly in 2014 because of increase in volume of sugar beet processed compared to 2013.

7. COST OF GOODS SOLD

Cost of goods sold in the amount of HRK 137,121 thousand (2013: 149,599 thousand) represent expenses to the extent of costs of goods sold, i.e. goods delivered by the Company during the reporting year to customers.

8. OTHER EXTERNAL CHARGES

	2014	2013
Transportation	11,747	11,262
Maintenance	7,056	7,193
Rentals and leases	6,073	7,957
Insurance premiums	4,535	4,185
Bank and payment operation charges	4,076	3,779
Outsourced service costs	2,788	1,605
Intellectual services	1,839	2,412
Municipal utility services and fees	1,190	1,114
Market research services	672	440
Handling costs	538	274
Promotion, advertising and fairs	80	317
Other services	1,592	1,588
	42,186	**42,126**

(All amounts are expressed in thousands of kunas)

9. STAFF COSTS

	2014	2013
Net wages and salaries	13,729	18,352
Taxes and contributions out of salaries	5,847	8,331
Contributions on salaries	3,245	4,046
	22,821	**30,729**

At 31 December 2014, there were 194 persons employed at the Company (31 December 2013: 228 employees).

10. OTHER COSTS AND OPERATING EXPENSES

10.1 Other costs

	2014	2013
Mandatory fees, contributions and membership fees	6,127	2,213
Retirement / termination benefits	5,917	5,606
Jubilee awards and gifts to employees	1,205	1,511
Transportation (employees)	979	1,092
Entertainment	844	978
Supervisory board fees	791	1,081
Employee benefits (per diems, accommodation, support)	600	748
Professional education and literature	292	267
Field-work allowance	39	-
Other taxes and fees to the fund	16	14
Other	306	371
	17,116	**13,881**

(All amounts are expressed in thousands of kunas)

10. OTHER COSTS AND OPERATING EXPENSES (CONTINUED)

10.2 Impairment of inventory

Impairment in the amount of HRK 38,889 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

	2014	2013
Deficits	5,094	4,939
Receivables written off	4,704	7,647
Subsequently identified expenses from prior years	957	4,090
Cost of sold raw materials	898	203
Donations	718	976
Impairment of goodwill on acquisition of Slavonija nova d.d.	104	80
Fines, penalties, damages	54	31
Other	850	5
	13,379	**17,971**

Subsequently identified expenses from prior years in the amount of HRK 957 thousand (2013: HRK 4,090 thousand), amount of HRK 581 thousand refers to credit notes to customers for sugar, and HRK 376 thousand relate to other expenses for the prior year.

Impairment and write-off of receivables for the year 2014 in the amount of HRK 4,704 thousand comprise the following: value adjustment of trade receivables in the amount of HRK 3,093 thousand, value adjustment and write-off of loan receivables in the amount of HRK 1,566 thousand, and write-off of other assets in the amount of HRK 45 thousand.

(All amounts are expressed in thousands of kunas)

11. FINANCIAL INCOME

	2014	2013
Interest income – related parties	8,221	3,545
Foreign exchange gains	5,547	1,614
Interest income – unrelated parties	2,237	2,312
Foreign exchange gains with related parties	1,448	-
Realised gains on sale of financial assets	-	11
Other financial income	-	1,000
	17,453	**8,482**

A significant increase in interest income from related parties in the amount of 8,221 thousand (2013 .: 3,545 thousand) was mainly due to the shorter period of interest calculation in 2013, since in prior year the loan was granted on 22 May 2013.

12. FINANCIAL EXPENSES

	2014	2013
Interest expense - unrelated companies	15,124	11,457
Foreign exchange losses	5,529	5,952
Discounts – losses on the sale of bills of exchange, trade receivables	1,214	6,060
Interest expense - related companies	1,162	2
Impairment of financial assets	349	150
Other financial expenses	-	-
	23,378	**23,621**

The impairment on financial assets available for sale in the amount of HRK 349 thousand (2013: HRK 150 thousand) relates to shares purchased in 2008 that were determined to be permanently impaired. The related losses initially accumulated in equity were transferred to loss for the year.

The discounts in the amount of HRK 1,214 thousand (2013: HRK 6,060 thousand) relate to factoring of the discount of bills of exchange in the amount of HRK 1,214 thousand (2013: HRK 2,905 thousand).

(All amounts are expressed in thousands of kunas)

13. INCOME TAX

In 2014 the Company realized loss in the amount of HRK 61,526 thousand and tax loss in the amount of HRK 15,504 thousand and, therefore, has no income tax liability.

The reconciliation between accounting and taxable losses are set out below:

	2014.	2013.
(Loss) / profit before taxation	(61,526)	18,919
Income tax – 20%	(12,305)	3,784
Effect of non-deductible income and expense items	9,204	2,115
Effect of unrecognized deferred tax asset arising from tax losses	3,101	-
Income tax	-	**5,899**

The tax rate applicable to taxable profit in the Republic of Croatia is 20 % (2013: 20%).
Review of tax losses available for transfer are as follows:

Available for transfer until:	Tax loss	Amount of unrecognized deferred tax assets
2019	15,504	3,101

The amounts of unused tax losses are not recognized as deferred tax assets in the unconsolidated statement of comprehensive income because it is not likely that there will be sufficient taxable profits to use these deferred tax assets.

In accordance with local regulations, the Tax Authority may at any time inspect the Company's books and records within 3 years following the year in which the tax liability is reported and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances that may give rise to a potential material liability in this respect.

(All amounts are expressed in thousands of kunas)

14. INTANGIBLE ASSETS AND PROPERTY PLANT AND EQUIPMENT

	Intangible assets	Land	Buildings	Plant and equipment	Works of fine arts	Assets under development	Other tangible assets	Total
Cost								
Balance at 31 December 2012	**3,134**	**5,184**	**114,806**	**292,973**	**9**	**3,007**	**2,990**	**422,103**
Additions	145	563	3,521	5,295	-	601	-	10,125
Disposals, retirements, shortage	-	(198)	-	(394)	-	-	-	(592)
Balance at 31 December 2013	**3,279**	**5,549**	**118,327**	**297,874**	**9**	**3,608**	**2,990**	**431,636**
Additions	29	-	484	4,721	-	1,771	-	7,005
Disposals, retirements, shortage	-	-	-	(2,973)	-	(2,082)	-	(5,055)
Balance at 31 December 2014	**3,308**	**5,549**	**118,811**	**299,622**	**9**	**3,297**	**2,990**	**433,586**

Intangible assets consist of computer software and licences.

(All amounts are expressed in thousands of kunas)

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

	Intangible assets	Land	Buildings	Plant and equipment	Works of fine arts	Assets under development	Other tangible assets	Total
Accumulated depreciation/amortisation								
Balance at 31 December 2012	**2,686**	**-**	**30,353**	**146,132**	**-**	**-**	**317**	**179,488**
Charge for the year	277	-	5,783	30,264	-	-	150	36,474
Disposals, retirements,	-	-	-	(435)	-	-	-	(435)
Balance 31 December 2013	**2,963**	**-**	**36,136**	**175,961**	**-**	**-**	**467**	**215,527**
Charge for the year	237	-	5,930	27,978	-	-	149	34,294
Disposals, retirements,	-	-	-	(2,361)	-	-	-	(2,361)
Balance 31 December	**3,200**	**-**	**42,066**	**201,578**	**-**	**-**	**616**	**247,460**
Net book values								
At 31 December 2014	**108**	**5,549**	**76,745**	**98,044**	**9**	**3,297**	**2,374**	**186,126**
At 31 December 2013	**316**	**5,549**	**82,191**	**121,913**	**9**	**3,608**	**2,523**	**216,109**

(All amounts are expressed in thousands of kunas)

15. INVESTMENTS IN SUBSIDIARIES

	Core business	At 31 December 2014	Ownership (%)	At 31 December 2013	Ownership (%)
Sladorana d.o.o.	Production of sugar	407,187	100.00%	407,187	100.00%
Slavonija Županja d.d.	Processing and trade of grains	11,343	17.58%	11,343	17.58%
VIRO – kooperacija d.o.o.	Storage of goods, laboratory analysis of samples	20	100.00%	20	100.00%
		418,550		**418,550**	

16. NON-CURRENT FINANCIAL ASSETS

	At 31 December 2014	At 31 December 2013
Given loans to related companies	91,163	107,437
Given deposits, loans and down payments	26,013	32,989
Investments in related companies	902	900
	118,078	**141,326**

Given loans to related companies in the amount of HRK 91,163 thousands (31 December 2013: HRK 107,437 thousand) comprise loans to Sladorana d.o.o. Loan from Raiffeisen bank was taken for the purpose of repayment of loans to other banks taken for Viro tvornica šećera d.d. and Sladorana d.o.o., and this loan is repaid when due by Sladorana d.o.o..

Given deposits, loans and down payments in the amount of HRK 26,013 thousand (31 December 2013: HRK 32,989 thousand) comprise loans to the employees of Sladorana d.o.o. for purchase of shares in the amount of HRK 120 thousand (2013: HRK 120 thousand), given loans to Grudska pivovara d.o.o., Grude in the amount of HRK 25,011 thousand (31 December 2013: HRK 18,516 thousand), to Trstenjak Duško HRK 200 thousand (2013: HRK 402 thousand), to Kaladić Milan HRK 345 thousand (2013: HRK 230 thousand), and down payments for operating lease arrangements in the amount of HRK 337 thousand (31 December 2013: HRK 337 thousand).

(All amounts are expressed in thousands of kunas)

17. INVENTORIES

	At 31 December 2014	At 31 December 2013
Finished products	280,944	142,138
Prepayments for inventories	57,492	3,361
Raw material and supplies	24,346	58,278
Merchandise	4,513	38,981
Inventory value adjustment (Note 10.2)	(38,889)	-
	328,406	**242,758**

18. TRADE RECEIVABLES

The structure of trade receivables:

	At 31 December 2014	At 31 December 2013
Domestic trade receivables	41,026	69,284
Receivables from related companies (Note 30)	23,209	18,581
Foreign trade receivables	5,267	12,275
Impairment allowance on trade receivables	(7,321)	(4,394)
	62,181	**95,746**

Maturity analysis of receivables not impaired:

	At 31 December 2014	At 31 December 2013
Not yet due	26,162	57,393
0-90 days	25,514	16,200
90-120 days	3,279	259
Over 120 days	7,226	21,894
	62,181	**95,746**

(All amounts are expressed in thousands of kunas)

18. TRADE RECEIVABLES (CONTINUED)

Movements in impairment allowance for doubtful accounts

	2014	2013
Balance at 1 January	**4,394**	**3,094**
New allowances (Note 10.3)	3,093	1,468
Recovery of receivables previously provided against	(166)	(168)
Balance at 31 December	**7,321**	**4,394**

All receivables provided against were past due beyond 120 days.

19. RECEIVABLES FROM THE STATE AND OTHER INSTITUTIONS

	At 31 December 2014	At 31 December 2013
VAT receivable	34,341	17,831
Other amounts due from the state	6,391	193
	40,732	**18,024**

(All amounts are expressed in thousands of kunas)

20. CURRENT FINANCIAL ASSETS

	At 31 December 2014	At 31 December 2013
Loans to related companies	37,884	49,051
Investments in securities - received bills of exchange	8,652	31,602
Given loans and deposits	10,709	10,715
Given deposits	238	5,344
	57,483	**96,712**

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

Legal persons	Interest rate	31 December 2014	31 December 2013
Diba d.o.o.	-	5,500	140
Invictus ulaganja d.o.o.	-	3,140	1,400
Dubrovački podrumi d.d.	6%	2,830	2,702
Visus d.o.o.	8%	1,141	1,141
Poljoprivredno dobro Gradina d.o.o.	7%	841	607
Ipsumco d.o.o.	-	750	-
Medion savjetovanje d.o.o.	8%	554	554
T.T. d.o.o., Split	9%	151	140
Žeza d.o.o.	7%	-	5,897
Others	6%-9%	493	1,177
Value adjustment		(4,736)	(3,579)
Total		**10,664**	**10,179**
Individuals			
Others	7%	479	561
Value adjustment		(434)	(25)
Total individuals		**45**	**536**
Total		**10,709**	**10,715**

During the year, the Company recognised impairment on the loans in the amount of HRK 1,566 thousand (2013: HRK 3,604 thousand) as follows: HRK 1,007 thousand on a loan to Dubrovački podrumi d.d.; HRK 151 thousand on a loan to T.T. d.o.o., Split; HRK 60 thousand on a loan to P.O. Šanta and impairment on the loans given to individuals in the amount of HRK 409 thousand.

(All amounts are expressed in thousands of kunas)

21. CASH AND CASH EQUIVALENTS

	At 31 December 2014	At 31 December 2013
Gyro account balance	3,383	98,506
Foreign currency account balance	11,717	45,291
	15,100	**143,797**

22. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses in the amount of HRK 7,526 thousand (31 December 2013: HRK 6,748 thousand) comprise a prepaid fee of EUR 12 per ton of produced sugar within the granted quotas for the period January – September 2015 in the total amount of HRK 3,980 thousand (2013: HRK 3,966 thousand), accrued reimbursement expected from HŽ Cargo for 2014 in the amount of HRK 1,733 thousand (31. December 2013: HRK 0), prepaid interest on leases in the amount of HRK 826 thousand (31 December 2013: HRK 1,401 thousand), accrued fees for issued loans in the amount of HRK 639 thousand (31 December 2013: HRK 770 thousand) as well as other prepaid expenses and accrued income for the period in the amount of HRK 348 thousand (31 December 2013: HRK 611 thousand).

23. SHARE CAPITAL

At 31 December 2014 the share capital amounts to HRK 249,600 thousand and consists of 1,386,667shares (31 December 2013: HRK 249,600 thousand, consisting of 1,386,667 shares).

The ownership structure of the Company is set out below:

	Number of shares		**Ownership in %**	
	2014	**2013**	**2014**	**2013**
EOS-Z d.o.o.	466,500	466,500	33.64	33.64
Robić d.o.o.	416,100	416,100	30.01	30.01
Societe Generale Splitska banka d.d. / AZ OMF	137,055	131,960	9.88	9.52
Zadro Marinko	127,936	127,936	9.23	9.23
Hypo Alpe Adria Bank d.d. / PBZ Croatia Osiguranje OMF	43,044	43,044	3.10	3.10
Other	196,032	201,127	14.14	14.50
	1,386,667	**1,386,667**	**100.00**	**100.00**

(All amounts are expressed in thousands of kunas)

24. (LOSS) / EARNINGS PER SHARE

Basic and diluted earnings per share

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

	2014	**2013**
Net (loss) / profit attributable to the shareholders (in HRK'000)	(61,526)	13,020
Weighted average number of shares	1,386,667	1,386,667
Basic (loss) / earnings per share (in kunas and lipas):	**(44.37)**	**9.39**

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

(All amounts are expressed in thousands of kunas)

25. LIABILITIES UNDER BORROWINGS AND FINANCIAL LEASES

	At 31 December 2014	At 31 December 2013
Long-term borrowings		
Bank borrowings	168,587	205,409
Financial lease obligations	8,929	14,248
Other creditors	1,043	1,043
	178,559	**220,700**
Short-term borrowings		
Banks	89,235	145,957
Banks – current portion of long term loans (due within 1 year)	37,463	37,348
Finance lease – current portion of long term finance lease (due within 1 year)	6,628	6,558
Finance lease	3,890	1,900
	137,216	**191,763**
Total	**315,775**	**412,463**

Bank borrowings in the amount of HRK 295,285 thousand (31 December 2013: HRK 388,714 thousand) are secured by pledge over the property and movables of the Company.

Financial loan in the amount of HRK 3,890 thousand (31 December 2013: HRK 1,900) relates to the liability towards Konzum d.d.

The movement of received bank loans is provided below:

	2014	2013
Balance at 1 January	**388,714**	**145,345**
New loans raised	97,677	427,201
Amounts repaid	(191,619)	(186,659)
Exchange differences	513	2,827
Balance at 31 December	**295,285**	**388,714**

(All amounts are expressed in thousands of kunas)

25. LIABILITIES UNDER BORROWINGS AND FINANCIAL LEASES (CONTINUED)

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

Creditor	Ultimate repayment date	Interest rate	Currency	Balance at 31/12/2014
Long-term				
Raiffeisenbank d.d.	30/06/2020	4.00%	EUR	206,050
Short-term				
Raiffeisenbank d.d.	28/04/2015	4.9% + 0.08%	EUR	34,477
Splitska banka	01/05/2015	4.00%	HRK	32,500
Raiffeisenbank d.d.	04/06/2015	4.9% + 0.083%	EUR	12,258
Kentbank d.d.	21/03/2015	5.5%	HRK	10,000
Total short term and long term loans				**295,285**

Present value of minimum lease payments per financial leases:

	Minimum lease payments		Finance charges		Present value of minimum lease payments	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Not later than 1 year	6,628	6.558	485	682	6,143	5,876
Payable from two to five years	8,929	14,248	341	720	8,588	13,528
	15,557	**20,806**	**826**	**1,402**	**14,731**	**19,404**
Less: future finance charges	**(826)**	**(1,402)**			**-**	**-**
Present value of minimum lease payments	**14,731**	**19,404**			**14,731**	**19,404**

(All amounts are expressed in thousands of kunas)

26. TRADE PAYABLES

	At 31 December 2014	At 31 December 2013
Domestic trade payables	85,477	95,468
Foreign trade payables	86,183	51,290
	171,660	**146,758**

27. ADVANCES RECEIVED

At 31 December 2014, advances received amounted to HRK 2,514 thousand (31 December 2013: HRK 61,072 thousand) and comprise amounts advanced by foreign entities for purchases of sugar.

28. OTHER CURRENT LIABILITIES

	At 31 December 2014	At 31 December 2013
Liabilities for issued bills of exchange	95,307	43,528
Other current liabilities	8,139	8,444
Amounts due to employees	1,352	1,698
Taxes, contributions and similar duties payable	763	7,350
Liabilities for dividends	32	33
	105,593	**61,053**

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

	31 December 2014	31 December 2013
Belje d.d., Darda	51,808	16,990
Vupik d.d.	23,749	-
PIK Vinkovci	14,250	-
Diba d.o.o., Suhopolje	5,500	5,500
Sladorana d.o.o., Županja	-	15,035
Agrokor d.d., Zagreb	-	6,003
	95,307	**43,528**

(All amounts are expressed in thousands of kunas)

29. ACCRUED EXPENSES AND DEFERRED INCOME

	At 31 December 2014	At 31 December 2013
Accrued severance payments	2,573	-
Accrued direct sugar beet costs	558	506
Interest	-	221
Other accrued expenses	182	511
	3,313	**1,238**

30. RELATED-PARTY TRANSACTIONS

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

Trading transactions

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

Operating income

	Sales		Other income	
	2014	**2013**	**2014**	**2013**
SLADORANA d.o.o.	54,327	91,328	1,470	375
SLAVONIJA ŽUPANJA d.d.	11,339	14,209	-	-
VIRO-KOOPERACIJA d.o.o.	-	75	-	-
	65,666	**105,612**	**1,470**	**375**

Operating expenses

	Selling expenses		Other expenses	
	2014	**2013**	**2014**	**2013**
SLADORANA d.o.o.	37,053	67,108	435	740
SLAVONIJA ŽUPANJA d.d.	11,213	13,863	-	-
VIRO-KOOPERACIJA d.o.o.	-	1	-	37
	48,266	**80,972**	**435**	**777**

(All amounts are expressed in thousands of kunas)

30. RELATED-PARTY TRANSACTIONS (CONTINUED)

Financial income and expenses

	Financial income		Financial expenses	
	2014	**2013**	**2014**	**2013**
SLADORANA d.o.o.	9,665	4,069	1,162	-
ROBIĆ PROMET d.o.o.	4	-	-	-
SLAVONIJA ŽUPANJA d.d.	-	210	-	-
VIRO-KOOPERACIJA d.o.o.	-	210	-	-
	9,669	**4,489**	**1.162**	

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

	Amounts owed by related companies		Amounts owed to related parties	
	2014	**2013**	**2014**	**2013**
SLADORANA d.o.o.	11,254	100	-	-
SLAVONIJA ŽUPANJA d.d.	9,672	13,391	47	-
VIRO-KOOPERACIJA d.o.o.	2,223	5,009	-	-
ROBIĆ PROMET d.o.o.	60	43	207	568
EOS-Z d.o.o.	-	38	-	-
	23,209	**18,581**	**254**	**568**

Loans to related parties:

	Loan receivables		Borrowings	
	2014	**2013**	**2014**	**2013**
SLADORANA d.o.o.o.	126,416	153,278	-	-
VIRO-KOOPERACIJA d.o.o.	2,631	3,210	-	-
	129,047	**156,488**	**-**	**-**

30. RELATED-PARTY TRANSACTIONS (CONTINUED)

Remuneration paid to key management personnel:

	2014	**2013**
Salaries	2,944	2,221
Other	479	956
	3,423	**3,177**

(All amounts are expressed in thousands of kunas)

31. 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 Company's capital consists of debt, which includes borrowings disclosed in Note 25, less cash and cash equivalents and balances with banks (the so-called net debt), and equity, which comprises share capital, reserves and retained earnings.

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

Gearing ratio

	2014	**2013**
Debt (i)	**315,775**	**412,463**
Cash and cash equivalents	(15,100)	(143,797)
Net debt	**300,675**	**268,666**
Equity (ii)	635,216	696,742
Net debt-to-equity ratio (in %)	47.33	38.56

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

(ii) Equity consists of share capital, retained earnings, (loss) or profit for the year and reserves managed by the Company as capital.

(All amounts are expressed in thousands of kunas)

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Categories of financial instruments

	31 December 2014	31 December 2013
Financial assets		
Non-current financial assets	118,078	141,326
Receivables from related companies	23,209	18,581
Trade receivables	38,972	77,165
Current financial assets	57,483	96,712
Other receivables	143	124
Cash and cash equivalents	15,100	143,797
Prepaid expenses and accrued income	3,546	6,748
	256,531	**484,453**
Financial liabilities		
Loans payable and borrowings	178,559	220,700
Liabilities to related companies	254	568
Borrowings and financial lease obligations	137,216	191,763
Advances received	2,514	61,072
Trade payables	171,660	146,758
Other current liabilities	104,830	53,703
Accrued expenses and deferred income	3,313	1,238
	598,346	**675,802**

At the reporting date there are no significant concentrations of credit risk for loans and receivables designated at fair value through the statement of comprehensive income. 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 kunas)

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management objectives

The Treasury function of the Company 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 include 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 function periodically reports to the Company's management on the risk exposures.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates, as disclosed below.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

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

	Liabilities		Assets	
	2014	2013	2014	2013
European Union (EUR)	359,598	373,240	133,778	185,159
USD	-	48	2,646	2,671

(All amounts are expressed in thousands of kunas)

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 and the US dollar because these are the currencies in which the majority of sugar sales (EUR) and purchases of raw sugar (USD) on international markets are carried out.

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

	EUR impact		USD impact	
	2014	2013	2014	2013
Profit or loss	(22,582)	(18,808)	265	262

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

Interest rate risk management

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. 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.

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate risk management

Interest rate sensitivity analysis

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

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

- Loss for the year 2014 would be higher / lower by HRK 756 thousand (2013: decrease/increase of profit by HRK 573 thousand). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Credit risk management

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

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

The Company has no significant credit risk exposures, either to a single customer, or a group of customers with similar characteristics.

Collateral held as security and other credit enhancements

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

(All amounts are expressed in thousands of kunas)

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

	Weighted average effective interest rate	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
2014						
Non-interest bearing assets		106,695	51,885	92,201	31,416	282,197
Interest bearing assets	4.28%	7,210	36,396	99,085	201,514	344,205
		113,905	**88,281**	**191,286**	**232,930**	**626,402**
2013						
Non-interest bearing assets		183,616	41,706	34,628	1,043	260,993
Interest bearing assets	4.56%	33,281	38,020	130,012	246,803	448,116
		216,897	**79,726**	**164,640**	**247,846**	**709,109**

(All amounts are expressed in thousands of kunas)

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk management (continued)

The following table 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 assets 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
2014						
Non-interest bearing assets		57,150	28,141	4,569	1,239	91,099
Interest bearing assets	6.93%	2,580	40,818	26,890	111,978	182,266
		59,730	**68,959**	**31,459**	**531,767**	**273,365**
2013						
Non-interest bearing assets		206,090	58,381	13,784	1,236	279,491
Interest bearing assets	6.36%	985	7,548	82,538	138,420	229,491
		207,075	**65,929**	**96,322**	**558,206**	**508,982**

Fair value of financial instruments

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

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

At 31 December 2014, the carrying amounts of cash, short-term deposits, receivables and short-term liabilities, accrued expenses and other financial instruments approximate their fair values due to the short-term maturity of these financial instruments.

(All amounts are expressed in thousands of kunas)

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 prices).

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

At 31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets available for sale	551	900	-	1,451
Total	**551**	**900**	**-**	**1,451**

At 31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets available for sale	900	900	-	1,800
Total	**900**	**900**	**-**	**1,800**

(All amounts are expressed in thousands of kunas)

32. OPERATING LEASES

The Company as lessee

Operating lease agreements

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

Lease payments recognised as an expense

	2014.	2013.
Minimum lease payments	409	406

Non-cancellable operating lease commitments

	2014	2013
Not later than 1 year	395	394
1-5 years	146	540
	541	**934**

33. MANAGEMENT AUTHORISATION OF THE ISSUE OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

These unconsolidated financial statements were adopted by the Management Board and authorized for issue on 18 May 2015.

Signed on behalf of the Management Board on 18 May 2015 by:

Željko Zadro

President of the Management Board

Viro
TVORNICA ŠEĆERA d.d. 1
ZAGREB

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

STATEMENT OF PERSON RESPONSIBLE FOR PRODUCTION OF THE ANNUAL FINANCIAL REPORT FOR 1Y 2014

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 2014, 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 uncertanties to which the company is exposed.

In Zagreb, on April 2, 2015

RESPONSIBLE PERSON

PRESIDENT OF THE MANAGEMENT BOARD:

Željko Zadro, dipl.oec

TVORNICA ŠEĆERA d.d. ZAGREB 4

ENCLOSURE 1

Reporting period: 1 January 2014 to 31 December 2014

Annual Financial Report-GFI-POD

Tax Number (MB): 01650971

Registration Number (MBS): 010049135

Personal Identification Number (OIB): 04525204420

Issuer: VIRO TVORNICA ŠEĆERA d.d.

Postal Code and Location: 10000 ZAGREB

Street and number: ULICA GRADA VUKOVARA 269 g

e-mail address: viro@secerana.hr

Internet address: www.secerana.hr

Code and name for municipality/city: 491 VIROVITICA

Code and name for county: 10 VIROVITIČKO-PODRAVSKA

Number of employees (at the year's end): 194

Consolidated Report: NO

Business activity code: 1081

Entities in consolidation (according to IFRS)	Registered seat:	Tax number (MB):

Book-keeping firm:

Contact person: ZDENKA SMOJVER
(name and surname of the contact person)

Telephone: 033840100 Telefaks: 033840103

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

Surname and name: ŽELJKO ZADRO
(authorized representatives)

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

M.P. Viro TVORNICA ŠEĆERA d.d. ZAGREB 1

(signature of authorized person)

BALANCE SHEET

as at 31.12.2014

Item	AOP code	Last year (net)	Current year (net)
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) LONG-TERM ASSETS (003+010+020+029+033)	002	775.985.064	722.754.354
I. INTANGIBLE ASSETS (004 to 009)	003	316.235	107.764
1. Assets development	004	195.493	0
2. Concessions, patents, licences fees, trade and service marks, software and other rights	005	120.742	107.764
3. Goodwill	006		
4. Prepayments for purchase of intangible assets	007		
5. Intangible assets in preparation	008		
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	215.793.031	186.018.070
1. Land	011	5.548.592	5.548.592
2. Buildings	012	82.190.900	76.745.263
3. Plant and equipment	013	121.912.660	98.044.216
4. Tools, facility inventory and transport assets	014		
5. Biological assets	015		
6. Prepayments for tangible assets	016	562.042	
7. Tangible assets in progress	017	3.046.425	3.297.068
8. Other tangible assets	018	9.300	9.300
9. Investments in buildings	019	2.523.112	2.373.631
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	559.875.798	536.628.520
1. Investments (shares) with related parties	021	419.450.043	419.450.043
2. Loans given to related parties	022	107.437.102	91.163.404
3. Participating interest (shares)	023		
4. Loans to entrepreneurs in whom the entity holds participating interests	024		
5. Investments in securities	025		1.829
6. Loans, deposits and similar assets	026	32.988.653	26.013.244
7. Other long - term financial assets	027		
8. Investments accounted by equity method	028		
IV. RECEIVABLES (030 to 032)	029	0	0
1.Receivables from related parties	030		
2. Receivables from based on trade loans	031		
3. Other receivables	032		
V. DEFERRED TAX ASSETS	033		
C) SHORT TERM ASSETS (035+043+050+058)	034	597.160.584	504.045.177
I. INVENTORIES (036 to 042)	035	242.757.915	328.405.604
1. Raw-material and supplies	036	58.277.961	24.346.161
2. Work in progress	037		
3. Finished goods	038	142.138.156	242.054.551
4. Merchandise	039	38.981.065	4.512.584
5. Prepayments for inventories	040	3.360.733	57.492.308
6. Long - term assets held for sales	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	113.893.822	103.055.920
1. Receivables from related parties	044	18.580.617	23.148.850
2. Accounts receivable	045	77.165.193	39.032.135
3. Receivables from participating parties	046		
4. Receivables from employees and members of related parties	047	1.838	50
5. Receivables from government and other institutions	048	18.024.163	40.731.922
6. Other receivables	049	122.011	142.963
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	96.712.123	57.483.377
1. Shares (stocks) in related parties	051		
2. Loans given to related parties	052	49.051.228	37.883.981
3. Participating interests (shares)	053		
4. Loans to entrepreneurs in whom the entity holds participating interests	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	16.058.515	10.946.857
7. Other financial assets	057	31.602.380	8.652.539
IV. CASH AT BANK AND IN CASHIER	058	143.796.724	15.100.276
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	6.748.252	7.525.706
E) TOTAL ASSETS (001+002+034+059)	060	1.379.893.900	1.234.325.237
F) OFF-BALANCE RECORDS	061	163.693.716	213.764.364

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	**062**	696.742.017	635.215.955
I. SUBSCRIBED CAPITAL	**063**	249.600.060	249.600.060
II. CAPITAL RESERVES	**064**	10.368.101	10.368.101
III.RESERVES FROM PROFIT (066+067-068+069+070)	**065**	56.346.673	56.346.673
1. Reserves prescribed by low	**066**	12.480.003	12.480.003
2. Reserves for treasury shares	**067**	43.866.670	43.866.670
3. Treasury stocks and shares (deduction)	**068**		0
4. Statutory reserves	**069**		
5. Other reserves	**070**		
IV. REVALUATION RESERVES	**071**	1.222.294	
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	**072**	366.184.481	380.427.183
1. Retained earnings	**073**	366.184.481	380.427.183
2. Accumulated loss	**074**		
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	**075**	13.020.408	-61.526.062
1. Profit for the current year	**076**	13.020.408	
2. Loss for the current year	**077**		61.526.062
IX. MINORITY INTERESTS	**078**		
B) PROVISIONS (080 to 082)	**079**	0	0
1. Provisions for pensions, severance pay, and similar liabilities	**080**		
2. Reserves for tax liabilities	**081**		
3. Other reserves	**082**		
C) LONG - TERM LIABILITIES (084 to 092)	**083**	220.700.195	178.558.831
1. Liabilities to related parties	**084**		
2. Liabilities for loans, deposits etc.	**085**	15.290.681	9.972.178
3. Liabilities to banks and other financial institutions	**086**	205.409.514	168.586.653
4. Liabilities for received prepayments	**087**		
5. Accounts payable	**088**		
6. Liabilities arising from debt securities	**089**		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	**090**		
8. Other long-term liabilities	**091**		
9. Deferred tax liability	**092**		
D) SHORT - TERM LIABILITIES (094 to 105)	**093**	461.214.194	417.237.577
1. Liabilities to related parties	**094**	568.146	253.895
2. Liabilities for loans, deposits etc.	**095**	8.458.487	10.518.487
3. Liabilities to banks and other financial institutions	**096**	183.304.662	126.698.673
4. Liabilities for received prepayments	**097**	61.072.205	2.514.105
5. Accounts payable	**098**	146.758.286	171.660.194
6. Liabilities arising from debt securities	**099**		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	**100**		
8. Liabilities to employees	**101**	1.697.852	1.351.986
9. Liabilities for taxes, contributions and similar fees	**102**	7.350.150	762.818
10. Liabilities to share - holders	**103**	32.539	31.703
11. Liabilities for long-term assets held for sale	**104**		
12. Other short - term liabilities	**105**	51.971.867	103.445.716
E) DEFFERED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	**106**	**1.237.494**	**3.312.874**
F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)	**107**	**1.379.893.900**	**1.234.325.237**
G) OFF-BALANCE RECORDS	**108**	**163.693.716**	**213.764.364**
APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report)			
CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	**109**		
2. Attributed to minority interest	**110**		

PROFIT AND LOSS ACCOUNT

for the period 01.01.2014. do 31.12.2014.

VIRO TVORNICA ŠEĆERA d.d.

Item	AOP code	Last year	Current year
1	2	3	4
I. OPERATING REVENUE (112+113)	111	637.394.653	588.827.324
1. Sales revenue	112	624.177.132	584.420.720
2. Other operating revenues	113	13.217.521	4.406.604
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	603.336.747	644.428.102
1. Changes in value of work in progress and finished products	115	14.298.070	-138.823.942
2. Material costs (117 to 119)	116	489.983.704	656.752.493
a) Raw material and material costs	117	298.258.859	477.445.944
b) Costs of goods sold	118	149.598.830	137.120.534
c) Other external costs	119	42.126.015	42.186.015
3. Staff costs (121 to 123)	120	30.728.882	22.820.743
a) Net salaries and wages	121	18.351.467	13.728.865
b) Cost for taxes and contributions from salaries	122	8.330.958	5.846.558
c) Contributions on gross salaries	123	4.046.457	3.245.320
4. Depreciation	124	36.473.872	34.294.646
5. Other costs	125	13.880.911	17.116.106
6. Impairment (127+128)	126	0	38.889.077
a) Impairment of long-term assets (financial assets excluded)	127		
b) Impairment of short - term assets (financial assets excluded)	128		38.889.077
7. Provisions	129		
8. Other operating costs	130	17.971.308	13.378.979
III. FINANCIAL INCOME (132 to 136)	131	8.482.212	17.453.269
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132	4.488.781	9.668.847
2. Interest income, foreign exchange gains, dividends and similar income from non -	133	2.982.048	7.784.422
3. Share in income from affiliated entrepreneurs and participating interests	134		
4. Unrealized gains (income) from financial assets	135	1.000.000	
5. Other financial income	136	11.383	
IV. FINANCIAL EXPENSES (138 do 141)	137	23.620.863	23.378.553
1. Interest expenses, foreign exchange losses, dividends and similar expenses from related parties	138	1.848	1.161.626
2. Interest expenses, foreign exchange losses, dividends and similar expenses from non -	139	17.408.795	20.653.407
3. Unrealized losses (expenses) on financial assets	140	150.000	349.000
4. Other financial expenses	141	6.060.220	1.214.520
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142		
VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143		
VII. EXTRAORDINARY - OTHER INCOME	144		
VIII. EXTRAORDINARY - OTHER EXPENSES	145		
IX. TOTAL INCOME (111+131+142 + 144)	146	645.876.865	606.280.593
X. TOTAL EXPENSES (114+137+143 + 145)	147	626.957.610	667.806.655
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	18.919.255	-61.526.062
1. Profit before taxation (146-147)	149	18.919.255	
2. Loss before taxation (147-146)	150	0	61.526.062
XII. PROFIT TAX	151	5.898.847	
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	13.020.408	-61.526.062
1. Profit for the period (149-151)	153	13.020.408	0
2. Loss for the period (151-148)	154	0	61.526.062
APPENDIX to P&L account (to be filled in by entrepreneur that prepares consolidated financial report)			
XIV. PROFIT OR LOSS FOR THE PERIOD			
1. Attributed to equity holders of parent company	155		
2. Attributed to minority interest	156		
STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)			
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	13.020.408	-61.526.062
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)	158	2.503.997	1.222.294
1. Exchange differences on translation of foreign operations	159		
2. Movements in revaluation reserves of long - term tangible and intangible assets	160	2.503.997	1.222.294
3. Profit or loss from reevaluation of financial assets available for sale	161		
4. Gains or losses on efficient cash flow hedging	162		
5. Gains or losses on efficient hedge of a net investment in foreign countries	163		
6. Share in other comprehensive income / loss of associated companies	164		
7. Actuarial gains / losses on defined benefit plans	165		
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166		
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)	167	2.503.997	1.222.294
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	15.524.405	-60.303.768
APPENDIX to Statement of other comprenhensive income (to be filled in by entrepreneur that prepares consolidated financial report)			
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD			
1. Attributed to equity holders of parent company	169		
2. Attributed to minority interest	170		

STATEMENT OF CASH FLOWS - INDIRECT METHOD

for the period 01.01.2014 do 31.12.2014

Item	AOP code	Last year	Current year
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	18.919.255	-61.526.062
2. Depreciation	002	36.473.872	34.294.646
3. Increase in short term liabilities	003		10.569.371
4. Decrease in short term receivables	004	98.418.751	10.837.902
5. Decrease in inventories	005	4.348.544	
6. Other increase in cash flow	006	23.925.863	42.020.727
I. Total increase in cash flow from operating activities (001 to 006)	007	182.086.285	36.196.584
1. Decrease in short term liabilities	008	132.597.713	
2. Increase in short term receivables	009		
3. Increase in inventories	010		85.647.689
4. Other decrease in cash flow	011	11.261.338	9.276.078
II. Total decrease in cash flow from operating activities (008 to 011)	012	143.859.051	94.923.767
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES	013	38.227.234	
A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES	014	0	58.727.183
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash inflows from sales of long-term tangible and intangible assets	015	157.401	653.220
2. Cash inflows from sales of equity and debt instruments	016		
3. Interests receipts	017	3.313.917	8.498.625
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019	26.231.525	34.642.095
III. Total cash inflows from investing activities (015 to 019)	020	29.702.843	43.793.940
1. Cash outflow for purchase of long-term tangible and intangible assets	021	10.125.391	4.964.434
2. Cash outflow for acquisition of equity and debt financial instruments	022		
3. Other cash outflow for investing activities	023	139.033.557	11.394.817
IV. Total cash outflow for investing activities (021 do 023)	024	149.158.948	16.359.251
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	27.434.689
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES	026	119.456.105	
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash inflow from issuing property and debt financial instruments	027		
2. Proceeds from the credit principal, promissory notes, borrowings and other loans	028	430.751.323	99.282.156
3. Other proceeds from financial activities	029	259.000.000	354.000.000
V. Total cash inflows from financial activities (027 to 029)	030	689.751.323	453.282.156
1. Cash outflow for repayment of credit principal and bonds	031	187.010.607	191.618.660
2. Cash outflow for dividends paid	032		
3. Cash outflow for financial lease	033	7.273.400	7.057.450
4. Cash outflow for purchase of treasury shares	034		
5. Other cash outflow for financial activities	035	274.910.400	352.010.000
VI. Total cash outflow for financial activities (031 to 035)	036	469.194.407	550.686.110
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES	037	220.556.916	
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES	038		97.403.954
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	139.328.045	
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040		128.696.448
Cash and cash equivalents at the beginning of the period	041	4.468.679	143.796.724
Increase of cash and cash equivalents	042	139.328.045	0
Decrease of cash and cash equivalents	043	0	128.696.448
Cash and cash equivalents at the end of the period	044	143.796.724	15.100.276

CHANGE IN CAPITAL STATEMENT

for the period from 1.1.2014 to 31.12.2014

Item	EDP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	249.600.060	249.600.060
2. Capital reserves	002	10.368.101	10.368.101
3. Profit reserves	003	56.346.673	56.346.673
4. Retained profit or loss carried forward	004	366.184.481	380.427.183
5. Profit or loss of the current year	005	13.020.408	-61.526.062
6. Revaluation of fixed tangible assets	006	1.222.294	
7. Revaluation of intangible assets	007		
8. Revaluation of financial property available for sale	008	0	0
9. 9. Other revaluation	009		
10. Total capital and reserves (EDP 001 through 009)	010	696.742.017	635.215.955
11. Foreign exchange differences from net investments in foreign operations	011		
12. Current and deferred taxes (part)	012		
13. Cash flow protection	013		
14. Changes in accounting policies	014		
15. Correction of significant mistakes from the previous period	015		
16. Other equity changes	016		
17. Total increase or decrease of capital (EDP 011 through 016)	017	0	0
17 a. Assigned to holders of parent company's capital	018		
17 b. Assigned to minority interest	019		

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