ATLANTIC GRUPA d.d.

AUDITOR'S REPORT AND SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2013

Independent Auditor's Report

To the Shareholders and Management of Atlantic Grupa d.d.

We have audited the accompanying financial statements of Atlantic Grupa d.d. (the "Company"), which comprise the balance sheet as at 31 December 2013 and the income statement, statement of comprehensive income, statement of changes in equity and cash flows statement for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 entity'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 entity'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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

PricewaterhouseCoopers d.o.o.
Zagreb, 28 March 2014

Our report has been prepared in Croatian and in English languages. In all matters of interpretation of information, views or opinions, the Croatian language version of our report takes precedence over the English language version.

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INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

(all amounts expressed in thousands of HRK)	Note	2013	2012
Revenues	27	100,518	85,466
Other income	5	8,002	8,237
Staff costs	6	(53,111)	(41,767)
Marketing and promotion costs	7	(6,095)	(5,633)
Depreciation and amortisation	12, 13	(2,707)	(1,963)
Other operating costs	8	(50,947)	(31,385)
Other gains – net	9	15,455	4,074
Operating profit		**11,115**	**17,029**
Finance income	10	3,312	4,211
Finance costs	10	(32,951)	(32,707)
Finance costs – net	10	(29,639)	(28,496)
Loss before tax		**(18,524)**	**(11,467)**
Income tax expense	11	(1,871)	(429)
Loss for the year		**(20,395)**	**(11,896)**

The financial statements set out on pages 2 to 41 were approved by the Management Board of the Company in Zagreb on 28 March 2014.

President of the Management Board

Emil Tedeschi

The accompanying notes form an integral part of these financial statements.

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

(all amounts expressed in thousands of HRK)	**2013**	**2012**
Loss for the year	**(20,395)**	**(11,896)**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Actuarial loss from defined benefit plans	(4)	-
	(4)	-
Items that may be subsequently reclassified to profit of loss		
Cash flow hedge	2,070	319
	2,070	319
Total other comprehensive income	**2,066**	**319**
Total comprehensive loss	**(18,329)**	**(11,577)**

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BALANCE SHEET

AT 31 DECEMBER 2013

(all amounts are expressed in thousands of HRK)	**Note**	**31 December 2013**	**31 December 2012**
ASSETS			
Non-current assets			
Property, plant and equipment	12	16,388	9,470
Intangible assets	13	4,817	2,719
Investments in subsidiaries and joint ventures	14	1,467,199	1,467,562
Deferred income tax assets	23	3,087	5,095
Available-for-sale financial assets	15	47	42
Trade and other receivables	17	865	438
		1,492,403	1,485,326
Current assets			
Trade and other receivables	17	87,325	165,224
Income tax receivable		2,721	1,620
Cash and cash equivalents	18	3,671	1,697
		93,717	168,541
Total assets		**1,586,120**	**1,653,867**
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the Company			
Share capital	19	133,372	133,372
Share premium	19	882,597	882,748
Treasury shares	19	(16)	-
Cash flow hedge reserves	20	(2,338)	(4,408)
Retained earnings		195,355	245,986
Total equity		1,208,970	1,257,698
Non-current liabilities			
Borrowings	22	175,085	203,923
Provisions	24	155	138
		175,240	204,061
Current liabilities			
Trade and other payables	21	37,108	45,856
Borrowings	22	150,401	121,814
Provisions	24	8,672	8,180
Derivative financial instruments	15	5,729	16,258
		201,910	192,108
Total liabilities		**377,150**	**396,169**
Total equity and liabilities		**1,586,120**	**1,653,867**

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

(in thousands of HRK)	**Share capital (Note 19)**	**Cash flow hedge reserves**	**Retained earnings**	**Total**
At 1 January 2012	1,015,904	(4,727)	224,357	1,235,534
Comprehensive income:				
Net loss for the year	-	-	(11,896)	(11,896)
Other comprehensive income	-	319	-	319
Total comprehensive income/(loss)	-	319	(11,896)	(11,577)
Transaction with owners				
Purchase of treasury shares	(5,393)	-	-	(5,393)
Share based payment	5,609	-	247	5,856
Effect of merger (Note 14)	-	-	33,278	33,278
At 31 December 2012	**1,016,120**	**(4,408)**	**245,986**	**1,257,698**
Comprehensive income:				
Net loss for the year	-	-	(20,395)	(20,395)
Other comprehensive income	-	2,070	(4)	2,066
Total comprehensive income/(loss)	-	2,070	(20,399)	(18,329)
Transaction with owners				
Purchase of treasury shares	(9,063)	-	-	(9,063)
Share based payment	8,896	-	(224)	8,672
Dividends relating to 2012 (Note 19)	-	-	(30,008)	(30,008)
At 31 December 2013	**1,015,953**	**(2,338)**	**195,355**	**1,208,970**

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

(all amounts expressed in thousands of HRK)	**Note**	**2013**	**2012**
Cash flows used in operating activities:			
Cash generated from/ (used in) operations	26	21,071	(22,060)
Income tax paid		(1,482)	(1,724)
Interest paid		(23,139)	(21,819)
		(3,550)	(45,603)
Cash flows from/(used in) investing activities			
Purchases of property, plant and equipment and intangible assets	12, 13	(11,723)	(8,582)
Proceeds from sale of property, plant and equipment		-	57
Proceeds from liquidation and disposal of investment in subsidiary	14	363	3,500
Repayments of loans receivable and deposits placed - net		18,161	6,177
Investments in subsidiaries		-	(4,088)
Cash acquired through merger	14	-	32
Dividends received		20,000	-
Interest received		702	14
		27,503	(2,890)
Cash flows (used in)/from financing activities			
Purchase of treasury shares	19	(9,063)	(5,393)
Dividends paid	19	(30,008)	-
Proceeds from borrowings		74,462	114,184
Repayment of borrowings		(57,370)	(62,399)
		(21,979)	46,392
Net increase/(decrease) in cash and cash equivalents		**1,974**	**(2,101)**
Cash and cash equivalents at beginning of year		1,697	3,798
Cash and cash equivalents at end of year	18	**3,671**	**1,697**

NOTE 1 – GENERAL INFORMATION

Atlantic Grupa d.d. (the Company) was incorporated in the Republic of Croatia in 2002. The Company performs corporate activities such as planning entrepreneurial functions, organisation of principal activities, gathering and utilising financial assets, defining the strategy and development of business activities of the Atlantic Group.

The Company is domiciled in Zagreb, Miramarska 23, Croatia.

The Company's shares are listed on the official market of the Zagreb Stock Exchange. The shareholder structure is disclosed in Note 19.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which were endorsed by the EU under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Company has issued these separate financial statements in accordance with Croatian regulations. The Company has also prepared consolidated financial statements as at 31 December 2013 and for the year then ended in accordance with IFRS which were endorsed by the EU for the Company and its subsidiaries (the Group), which were approved by the Management Board on 28 March 2014. In the consolidated financial statements, subsidiary undertakings (listed in Note 14) and those companies in which the Group indirectly has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations have been fully consolidated. Users of these non-consolidated financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2013 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole.

(a) New and amended standards adopted by the Company

The Company has adopted the following new and amended IFRS and IFRIC interpretations during the year which were endorsed by the EU. When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below.

- *Amendments to IAS 1 Financial Statement Presentation Regarding Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012).* The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI and affects presentation only and therefore did not have an impact on the Company's financial position or performance.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation (continued)

- *Amendment to IAS 19 Employee Benefits (effective for annual periods beginning on or after 1 January 2013).* Makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) re-measurements in other comprehensive income. The Company reports accumulated amount of these re-measurements in retained earnings in equity. Retrospective application of the standard was not applied as it did not have material impact on the financial statements of the Company.

- *Amendment to IFRS 1 First time adoption on government loans (effective for annual periods beginning on or after 1 January 2013*). This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. This amendment is not relevant to the Company's operations, because the Company is not a first-time adopter or user of government loans.

- *Amendment to IFRS 7 Financial Instruments: Disclosures on Asset and Liability Offsetting (effective for annual periods beginning on or after 1 January 2013*). This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The amendment has impact on disclosure only and did not have an impact on the Company's financial position or performance.

- *IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)*. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. It did not have an impact on the Company's financial statements.

- *IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine, (issued in October 2011 and effective for annual periods beginning on or after 1 January 2013).* The interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. This interpretation is not relevant to the Company's operations.

- *Annual improvements 2011 (effective for annual periods beginning on or after 1 January 2013).* These annual improvements, address six issues in the 2009-2011 reporting cycle. It includes changes to:
    - IFRS 1, 'First time adoption'
    - IAS 1, 'Financial statement presentation'
    - IAS 16, 'Property plant and equipment'
    - IAS 32, 'Financial instruments; Presentation'
    - IAS 34, 'Interim financial reporting'

  These improvements did not have an impact on the Company's financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation (continued)

(b) Standards and interpretations issued but not effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have significant effect on the consolidated financial statements of the Company and the Company plans to adopt them on their effective date as of and when endorsed by the EU.

- *IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014).* The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It sets out the accounting requirements for the preparation of consolidated financial statements.

- *IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014).* IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- *IFRS 12 Disclosures of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014).* IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- *IAS 27 (revised 2011) Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014).* IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- *IAS 28 (revised 2011) Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014).* IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

- *Amendment to IFRSs 10, 11 and 12 on transition guidance (effective for annual periods beginning on or after 1 January 2014).* These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied.

- *IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2015).* IFRS 9 is the first standard issued as part of a wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation (continued)

- *Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014).* These amendments are to the application guidance in IAS 32 Financial instruments: Presentation, and clarify some of requirements for offsetting financial assets and financial liabilities on the statement of financial position.

- *Amendments to IFRS 10, IFRS 12 and IAS 27 – on Consolidation for Investment entities (issued on 31 October 2012 and effective for annual periods beginning 1 January 2014).* These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through comprehensive income. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

- *Amendment to IAS 36 Impairment of Assets on Recoverable Amount Disclosures (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014)* This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment could have an impact on disclosure only, but not on measurement and recognition of the assets in the Company's financial position or performance.

- *Amendment to IAS 39 Financial Instruments: Recognition and Measurement 'Novation of Derivatives' (issued on 27 June 2013 and effective for annual periods beginning 1 January 2014)* This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria.

- *IFRIC 21 Levies (issued on 20 May 2013 and effective for annual periods beginning on or after 1 January 2014)* This is an interpretation of IAS 37 Provisions, contingent liabilities and contingent assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- *Amendments to IAS 19 – Defined benefit plans: Employee contributions (issued in November 2013 and effective for annual periods beginning 1 July 2014)* The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation (continued)

- *Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below)* The improvements consist of changes to seven standards:
  - IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; It is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
  - IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments are effective for business combinations where the acquisition date is on or after 1 July 2014.
  - IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported.
  - The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.
  - IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
  - IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

- *Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014)* The improvements consist of changes to four standards:
  - The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
  - IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
  - The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9.
  - IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment where the entity operates (‘the functional currency’). The financial statements are presented in Croatian kuna (HRK), which is the Company’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses related to borrowings are presented in the income statement within 'finance costs - net'. All other foreign exchange gains and losses are presented in the income statement within 'other gains/(losses) – net'.

2.3 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures in which the Company has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations are recorded at cost less impairment losses, if any. Impairment is tested annually whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Investments in subsidiaries for which an impairment loss has been recorded are tested at each reporting date for a potential reversal of impairment.

Dividend income is recognised when the right to receive payment is established.

2.4 Property, plant and equipment

Motor vehicles, equipment, investments in third party assets and assets under construction are included in the balance sheet at historical cost less accumulated depreciation and provision for impairment, if required. Historical cost includes expenditure directly attributable to the acquisition of items. Assets not yet in use are not depreciated.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of motor vehicles, equipment and investments in third party assets is calculated using the straight-line method to allocate their cost to residual values over their estimated useful lives, as follows:

Motor vehicles	5 years
Investments in third party assets	4 to 10 years
Equipment	2 to 10 years

The residual value of an asset is an estimated amount that the Company would currently obtain from disposal of the asset less estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

The residual value of an asset is nil if the Company expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount, and are recognised within 'other gains/(losses) – net' in the income statement.

2.5 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (4 to 5 years).

2.6 Impairment of non-financial assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

The Company classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are carried at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose the investment within 12 months of the balance sheet date. Available-for-sale financial assets are carried at fair value, except investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, consequently, these are carried at cost.

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Interest income and the translation differences are recognised in the income statement, whereas other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions and references to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from other comprehensive income to the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of receivables is described in Note 2.9.

2.8 Leases

The Company leases certain property, vehicles and equipment. Leases where the significant portion of risks and rewards of ownership are not retained by the Company are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.9 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision and subsequent recoveries of amounts previously written off are recognised in the income statement within 'other operating expenses'.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less. Bank overdrafts are included within current liabilities on the balance sheet.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of the consideration received over the par value of the shares issued is presented in the notes as a share premium.

When the Company purchases its equity share capital (treasury shares), the consideration paid, including all directly attributable incremental transaction costs, is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.13 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax law enacted at the balance sheet date in Croatia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and consider establishing provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The deferred tax liability is recognised for all taxable temporary differences associated with the acquisition of the fair value of subsidiaries' net assets.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Employee benefits

(a) Pension obligations and post-employment benefits

The Company makes payments to mandatory pension funds on behalf of its employees in the ordinary course of business through salary deductions, as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Company has no other pension scheme and consequently, has no other obligations in respect of employee pensions. In addition, the Company is not obliged to provide any other post-employment benefits except for the one-off retirement payment as prescribed by local legislation. The liability recognised in the balance sheet in respect of one-off retirement payment is the present value of the defined benefit obligation at the end of the reporting period. This obligation is calculated annually by independent actuaries. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Interest costs/income arising from actuarial calculation are charged/credited to income statement within ‘interest expenses’.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the ordinary retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(c) Long-term employee benefits

The Company recognises a liability for long-term employee benefits (jubilee awards) evenly over the period the benefit is earned based on actual years of service. The long-term employee benefit liability includes assumptions regarding the likely number of staff to whom the benefit will be payable, estimated benefit cost and the discount rate. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged immediately or credited to the income statement within ‘staff costs’. Interest costs/income arising from actuarial calculation are charged/credited to income statement within ‘interest expenses’.

(d) Share-based compensations

Key management of the Company receives remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled, ending on the date on which relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

(e) Short-term employee benefits

The Company recognises a provision for bonuses and accumulating unused vacation entitlement days if contractually obliged or if there is a past practice that has created a constructive obligation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Provisions

Provisions for termination benefits, legal proceedings and employee benefits are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

When there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is presented net of value-added tax.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

(a) Revenue from services

Revenue from services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Income from corporate governance services is recognised in the accounting period in which the services are rendered and invoiced.

(b) Interest income

Interest income arising from fixed-term bank deposits, granted loans and interest from customers is recognised on a time-proportion basis using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which dividends are approved by the Company's shareholders.

2.18 Value added tax

The Tax Authorities require the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the balance sheet on a net basis. Where a provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the regular operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company designates derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of cash flow hedge derivatives is disclosed in Note 15 and changes in cash flow hedge reserves are disclosed in Note 20.

The effective portion of changes in the fair value of derivatives, that are designated and qualify as cash flow hedges, is recognised in other comprehensive income. The gain or loss related to the ineffective portion is recognised immediately in the income statement within ‘other gains/(losses) – net’.

Amounts accumulated in equity are reclassified from other comprehensive income to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within ‘finance expenses’. The gain or loss relating to the ineffective portion is recognised in the income statement within ‘other gains/(losses) – net’.

When a hedging instrument expires or is sold or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is reclassified from other comprehensive income to profit or loss when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified from other comprehensive income to profit and loss within ‘other gains/(losses) – net’.

2.21 Mergers

The predecessor method of accounting is used to account for the merger of related companies. The carrying value of assets and liabilities of the predecessor entity are transferred as balances in the merged entity. On the date of the merger, inter-company transactions, balances and unrealised gains and losses on transactions between the two entities merging are eliminated, recognizing the carrying value of net assets merged within equity.

NOTE 3 – FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and equity securities risk), credit risk and liquidity risk. Management closely monitors the risk profile of the Company's operations, including the establishment of authorisation and accountability levels.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the EURO. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Movements in exchange rates between the EURO and Croatian kuna (HRK) may have an impact on the results of future operations and future cash flow. The table below shows EURO denominated trade and other payables, trade and other receivables, cash and cash equivalents and borrowings as a percentage of total balances at the balance sheet dates.

	2013	**2012**
Trade and other receivables	22%	17%
Trade and other payables	3%	3%
Cash and cash equivalents	64%	69%
Borrowings	65%	58%

At 31 December 2013, if the EURO had weakened/strengthened by 0.5% against the HRK (2012: 0.5%), with all other variables held constant, 2013 loss after tax for the reporting period would have been HRK 759 thousand lower/higher (2012: HRK 646 thousand lower/higher), mainly as a result of foreign exchange gains/losses on translation of EURO denominated trade and other receivables, cash and cash equivalents, trade and other payables and borrowings (Notes 17, 18, 21 and 22).

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(ii) Equity securities risk

The Company is exposed to equity securities fair value and price risk with respect to investments held by the Company classified on the balance sheet as available for sale. Equity investments classified as available for sale are not listed. To manage its fair value and price risk arising from investments in equity securities, the Company monitors market transactions and performance of investment entities. No reliable external information exists with respect to fair value. Management believes, based on internal information, that the fair value equals or exceeds carrying value. However, due to limited information available, management has not carried out a sensitivity analysis. At 31 December 2013, if the fair value of the available for sale investment would change with all other variables remaining constant, then other comprehensive income and revaluation reserves would also change by the same amount.

(iii) Cash flow and fair value interest rate risk

As the Company does not have significant interest-bearing assets, the Company's income and operating cash flows are not substantially dependent of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings and bonds issued. Debt issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company analyses its interest rate changes on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift.

The Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The Company raised long-term borrowings at floating rates and swapped them into fixed rates that are lower than those available if the Company borrowed at fixed rates directly. Under the interest rate swaps, the Company agrees with other parties to exchange, at specified intervals (quarterly and semi-annually), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

At 31 December 2013, if the effective interest rate on borrowings had been 100 basis points higher/lower on an annual level, the loss after tax for the reporting period would have been HRK 142 thousand higher/lower (2012: HRK 181 thousand higher/lower).

(b) Credit risk

The Company's assets, potentially subjecting the Company to concentrations of credit risk, primarily include cash and trade and other receivables. The Company does not have significant concentrations of credit risk, since loans and receivables mainly relate to transactions within the Group. The Company has policies that limit the amount of credit exposure to any financial institution. A detailed analysis and maximum exposure to credit risk is presented in Notes 16 and 17.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet all obligations. The Company aims to maintain flexibility in funding by keeping committed credit lines available. Trade and other payables as well as short-term borrowings are due within 12 months after the balance sheet date, while the maturity of long-term borrowings is disclosed in Note 22.

Cash flow forecasting is performed by Company finance. Company finance monitors the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities when needed. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

Surplus cash held over and above the balance required for working capital management is invested in interest bearing current accounts, time deposits and cash funds, i.e. instruments with appropriate maturities or sufficient liquidity. At the balance sheet date, the Company held cash and cash equivalents in the amount of HRK 3,671 thousand (2012: 1,697 thousand) that are expected to readily generate cash inflows for managing liquidity risk.

The next table analyses financial liabilities of the Company according to contracted maturities. The amounts stated below represent undiscounted cash flows.

(in thousands of HRK)	**Less than 1 year**	**Between 1-5 years**	**Total**
31 December 2013			
Trade and other payables	31,625	-	31,625
Borrowings	163,030	184,170	347,200
Derivative financial instruments	5,729	-	5,729

(in thousands of HRK)	**Less than 1 year**	**Between 1-5 years**	**Total**
31 December 2012			
Trade and other payables	42,667	-	42,667
Borrowings	139,677	244,599	384,276
Derivative financial instruments	16,258	-	16,258

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including long-term and short-term borrowings, as shown in the balance sheet) plus derivative financial liabilities less short-term deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

The gearing ratios were as follows:

	31 December 2013	31 December 2012
	(in thousands of HRK)	
Total borrowings (Note 22)	325,486	325,737
Derivative financial liabilities (Note 15)	5,729	16,258
Less: Cash and cash equivalents (Note 18)	(3,671)	(1,697)
Net debt	327,544	340,298
Total equity	1,208,970	1,257,698
Total capital	**1,536,514**	**1,597,996**
Gearing ratio	**21%**	**21%**

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

All financial instruments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The fair value of derivative financial instruments and of available-for-sale financial instruments is determined based on specific valuation techniques (level 3).

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Investment in subsidiaries and its impairments

The Company performs tests on annual basis to conclude whether there are any indicators that investment in subsidiaries suffers any impairment, in accordance with the accounting policy disclosed in Note 2.3. If any indicator of impairment exists, the Company performs impairment tests. These tests require the use of estimates such as expected growth rate, discount rate etc., that are mainly based on market conditions existing at the time when tests are performed. During 2013 and 2012 there were no indicators of impairment of investment in subsidiaries, however due to the ongoing liquidation process in one subsidiary the Company has recognized an impairment charge of HRK 919 thousand (Note 9).

NOTE 5 – OTHER INCOME

	2013	2012
	(in thousands of HRK)	
Dividend income – related parties (Note 27)	4,000	-
Rental income	1,095	383
Interest income from loans – related parties (Note 27)	784	5,659
Interest income from cash with banks and deposit	11	6
Other	2,112	2,189
	8,002	**8,237**

NOTE 6 – STAFF COSTS

	2013	2012
	(in thousands of HRK)	
Gross salaries /i/	36,373	31,562
Share options granted (Note 19)	5,849	6,083
Public transport	286	266
Other staff costs /ii/	10,603	3,856
	53,111	**41,767**

At 31 December 2013, the number of staff employed by the Company was 82 (2012: 81).

/i/ Pension contributions to mandatory pension funds for the year ended 31 December 2013 amounted to HRK 4,731 thousand (2012: 4,174 thousand).

/ii/ Other staff costs comprise of bonuses, education expenses, accruals for unused vacation days and jubilee awards.

NOTE 7 – MARKETING AND PROMOTION COSTS

	2013	2012
	(in thousands of HRK)	
Sponsorships and donations	5,599	5,164
Advertising and marketing expenses	496	469
	6,095	**5,633**

NOTE 8 – OTHER OPERATING COSTS

	2013	2012
	(in thousands of HRK)	
Rentals	9,671	8,617
Transportation services	6,201	4,244
Entertainment	3,816	4,013
Intellectual services	1,516	3,007
Travel expense and daily allowances	2,326	1,950
Maintenance and security	1,905	1,491
Supervisory Board compensation	1,398	1,358
Telecommunication services	1,403	1,255
Taxes and contributions irrespective of operating results	584	736
Bank charges	350	601
Office supplies	452	527
Insurance premiums	378	468
Impairment of receivables (Note 17)	15,228	-
Provision for legal proceedings (Note 24)	750	-
Services from related parties (Note 27)	1,377	569
Other	3,592	2,549
	50,947	**31,385**

NOTE 9 – OTHER GAINS – NET

	2013	2012
	(in thousands of HRK)	
Gain on sale of property, plant and equipment	-	21
Gain on sale of available for sale financial asset	7,610	-
Gain on disposal of subsidiary	-	5,501
Impairment loss of investment in subsidiary /i/	-	(919)
Fair value gains/ (losses) on derivative financial instruments	7,942	(485)
Foreign exchange losses – net	(97)	(44)
	15,455	**4,074**

/i/ The investment in the subsidiary Atlantic Italia S.r.l. was fully impaired in 2012 (Note 14) due to the initiation of liquidation proceedings of this subsidiary.

NOTE 10 – FINANCE COSTS – NET

	2013	2012
	(in thousands of HRK)	
Finance income:		
Foreign exchange gains from borrowings	3,312	4,211
	3,312	4,211
Finance costs:		
Foreign exchange losses from borrowings	(5,569)	(4,457)
Interest expense - banks	(9,869)	(7,454)
Interest expense - related parties (Note 27)	(7,886)	(10,759)
Interest expense - bonds	(8,371)	(8,419)
Interest expense - other	(1,256)	(1,618)
	(32,951)	(32,707)
	(29,639)	**(28,496)**

NOTE 11 – INCOME TAX

	2013	2012
	(in thousands of HRK)	
Current income tax	381	301
Deferred tax (Note 23)	1,490	128
	1,871	**429**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate of 20% applicable to the Company's profit as follows:

	2013	2012
	(in thousands of HRK)	
Loss before taxation	(18,524)	(11,467)
Tax at 20%	(3,705)	(2,293)
Effect of expenses not deductible for tax purposes	9,609	5,248
Effect of income not subject to tax	(4,033)	(2,526)
Tax charge	**1,871**	**429**
Effective interest rate	(10.10%)	(3.74%)

To date, the Tax Authority did not perform a tax audit of the Company's income tax return. In accordance with local regulations, the Tax Authority may at any time inspect the Company's books and records within 3 years following the end of 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 which may give rise to a potential material liability in this respect.

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

(in thousands of HRK)	Leasehold Improvements	Vehicles	Equipment	Assets not yet in use	Total
At 1 January 2012					
Cost	2,288	55	5,308	-	7,651
Accumulated depreciation	(95)	(19)	(4,641)	-	(4,755)
Net book amount	**2,193**	**36**	**667**	**-**	**2,896**
At 31 December 2012					
Opening net book amount	2,193	36	667	-	2,896
Additions	-	-	-	7,773	7,773
Transfer	7,355	78	322	(7,755)	-
Disposals	-	(36)	-	-	(36)
Depreciation	(756)	(16)	(391)	-	(1,163)
Closing net book amount	**8,792**	**62**	**598**	**18**	**9,470**
At 31 December 2012					
Cost	9,643	78	5,630	18	15,369
Accumulated depreciation	(851)	(16)	(5,032)	-	(5,899)
Net book amount	**8,792**	**62**	**598**	**18**	**9,470**
At 31 December 2013					
Opening net book amount	8,792	62	598	18	9,470
Additions	-	-	-	8,789	8,789
Transfer	3,382	223	3,502	(7,107)	-
Depreciation	(1,307)	(43)	(521)	-	(1,871)
Closing net book amount	**10,867**	**242**	**3,579**	**1,700**	**16,388**
At 31 December 2013					
Cost	13,025	301	9,132	1,700	24,158
Accumulated depreciation	(2,158)	(59)	(5,553)	-	(7,770)
Net book amount	**10,867**	**242**	**3,579**	**1,700**	**16,388**

NOTE 13 – INTANGIBLE ASSETS

	31 December 2013	31 December 2012
	(in thousands of HRK)	
Opening net book amount	2,719	2,710
Additions	2,934	809
Amortisation	(836)	(800)
Closing net book amount	4,817	2,719
Cost	7,109	4,175
Accumulated amortisation	(2,292)	(1,456)
Closing net book amount	**4,817**	**2,719**

NOTE 14 – INVESTMENTS IN SUBSIDIARIES

	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Holding in %	**Holding in %**	*(in thousands of HRK)*	
Atlantic Trade d.o.o., Zagreb, Croatia	100%	100%	738,544	738,544
Neva d.o.o., Zagreb, Croatia	100%	100%	53,281	53,281
Cedevita d.o.o., Zagreb, Croatia	81%	81%	46,459	46,459
Hopen Investments, BV, Netherlands	100%	100%	91,017	91,017
Montana Plus d.o.o., Zagreb, Croatia	100%	100%	12,000	12,000
Atlantic Italia S.r.l., Italy /i/	100%	100%	-	-
Fidifarm d.o.o., Zagreb, Croatia	100%	100%	525,898	525,898
Atlantic Trade Eood, Sofia, Bulgaria /ii/	-	100%	-	363
			1,467,199	**1,467,562**

/i/ The investment in the subsidiary Atlantic Italia S.r.l. was impaired in full in 2012 due to the initiation of liquidation proceedings for this subsidiary.

/ii/ In 2013 the liquidation proceedings of Atlantic Trade Eood Sofia were finalized and consequently, the Company was reimbursed for its investment.

/iii/ In 2012 the subsidiary Atlantic Ulaganja d.o.o. merged into the Company. Through the merger the Company acquired net assets as follows:

(in thousands of HRK)	Net book value
Loans receivable	409,831
Interest receivables	23,691
Cash and cash equivalents	32
Income tax payable	(2,204)
Trade and other payables	(26)
Borrowings	(5,729)
Investment in subsidiary	(392,317)
Net assets	**33,278**

NOTE 15 – FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

(in thousands of HRK)	Loans and receivables	Available-for-sale financial assets	Total
31 December 2013			
Financial assets			
Available-for-sale	-	47	**47**
Trade and other receivables (Note 17)	86,219	-	**86,219**
Deposits (Note 17)	865	-	**865**
Cash and cash equivalents (Note 18)	3,671	-	**3,671**
Total	**90,755**	**47**	**90,802**

(in thousands of HRK)	Other financial liabilities	Derivatives used for hedging	Liabilities at fair value through profit or loss	Total
31 December 2013				
Financial liabilities				
Borrowings (Note 22)	325,486	-	-	**325,486**
Derivative financial instruments	-	2,922	2,807	**5,729**
Trade and other payables (Note 21)	31,243	-	**-**	**31,243**
Total	**356,729**	**2,922**	**2,807**	**362,458**

(in thousands of HRK)	Loans and receivables	Available-for-sale financial assets	Total
31 December 2012			
Financial assets			
Available-for-sale	-	42	**42**
Trade and other receivables (Note 17)	160,495	-	**160,495**
Deposits (Note 17)	438	-	**438**
Cash and cash equivalents (Note 18)	1,697	-	**1,697**
Total	**162,630**	**42**	**162,672**

(in thousands of HRK)	Other financial liabilities	Derivatives used for hedging	Liabilities at fair value through profit or loss	Total
31 December 2012				
Financial liabilities				
Borrowings (Note 22)	325,737	-	-	**325,737**
Derivative financial instruments	-	5,510	10,748	**16,258**
Trade and other payables (Note 21)	41,750	-	**-**	**41,750**
Total	**367,487**	**5,510**	**10,748**	**383,745**

NOTE 16 – CREDIT QUALITY OF FINANCIAL ASSETS

As at 31 December 2013, financial assets classified in the category trade and other receivables that are not past due amounted to HRK 69,357 thousand (2012: HRK 154,007 thousand). Receivables not past due relate to receivables from related parties in the amount of HRK 68,805 thousand (2012: HRK 137,260 thousand) and the risk of non-collectability is low.

Almost all of the Company's cash and cash equivalents of HRK 3,634 thousand (2012: HRK 1,678 thousand) are held at a banks' group member with an A-1/Negative credit rating by Standard & Poor's and are neither past due nor impaired.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2013	2012
	(in thousands of HRK)	
Trade and other receivables - external		
Counterparties without external credit rating		
Group 1	-	17,213
Group 2	686	-
Total unimpaired trade and other receivables	**686**	**17,213**

	2013	2012
	(in thousands of HRK)	
Long-term deposit		
Group 2	865	438
	865	**438**

Group 1 – new customers (less than 6 months)
Group 2 – existing customers (more than 6 months) with no defaults in the past
Group 3 – existing customers (more than 6 months) with some defaults in the past; all defaults were fully recovered.

None of the financial assets that are fully performing have been renegotiated in the last year. None of the loans to related parties is past due.

NOTE 17 – TRADE AND OTHER RECEIVABLES

	31 December 2013	31 December 2012
	(in thousands of HRK)	
Non-current receivables		
Deposits	865	438
Other non-current receivables /iii/	-	9,595
Less: Current portion of other non-current receivables	-	(9,595)
	865	**438**
Current receivables		
Trade receivables – related parties (Note 27)	46,268	44,211
Trade receivables	252	480
Short-term loan receivables– related parties (Note 27)	-	30,464
Current portion of other non-current receivables /iii/	-	9,595
Accrued interest receivable	-	3
Accrued interest receivable – related parties (Note 27)	470	464
Receivables from distribution of profit – related parties (Note 27)	36,774	66,122
Other receivables /ii/	3,561	13,885
	87,325	**165,224**
Total trade and other receivables	**88,190**	**165,662**

/i/ Financial assets by category are as follows (Note 15):

	2013	2012
	(in thousands of HRK)	
Category: Loans and receivables		
Deposits	865	438
Trade receivables – related parties (Note 27)	46,268	44,211
Trade receivables	252	480
Short-term loan receivables – related parties (Note 27)	-	30,464
Accrued interest receivable	-	3
Accrued interest receivable – related parties (Note 27)	470	464
Receivables from distribution of profit – related parties (Note 27)	36,774	66,122
Other non-current receivables	-	9,595
Other receivables – related parties (Note 27)	2,021	2,021
Other receivables	434	7,135
	87,084	**160,933**

All non-current receivables fall due within 5 years after the balance sheet date.

The fair value of non-current receivables approximates the carrying amounts, since the contracted interest rates reflect market rates.

NOTE 17 – TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2013, trade and other receivables past due amounted to HRK 16,862 thousand (2012: HRK 6,488 thousand). All receivables past due relate to receivables from related parties and they were not provided for as collection is not questionable. The ageing analysis of past due but not provided for trade and other receivables by maturity periods is as follows:

	2013	2012
	(in thousands of HRK)	
Less than 3 months	5,523	2,059
3 to 6 months	5,406	1,088
Over 6 months	5,933	3,341
	16,862	**6,488**

The carrying amounts of the Company’s trade and other receivables are denominated in the following currencies:

	2013	2012
	(in thousands of HRK)	
HRK	68,083	133,109
EUR	19,001	27,824
	87,084	**160,933**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security other than bills of exchange and promissory notes.

/ii/ Other receivables mainly relate to prepaid expenses. Due to uncertainty in collection, other receivables of HRK 6,559 thousand were impaired (Note 8).

/iii/ During the year HRK 8,669 thousand of outstanding other non-current receivables in respect of the continuous cession with Badel 1862 d.d. was provided for, since the counterparty experienced significant difficulties including pre-bankrupcy procedures (Note 8).

NOTE 18 – CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
	(in thousands of HRK)	
Current account and cash on hand	1,344	528
Foreign currency account	2,327	1,169
	3,671	**1,697**

Cash and cash equivalents are denominated in the following currencies:

	2013	2012
	(in thousands of HRK)	
EUR	2,338	1,170
HRK	1,323	527
Other currencies	10	-
	3,671	**1,697**

NOTE 19 – SHARE CAPITAL

	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
			(in thousands of HRK)		
1 January 2012	**3,333,827**	**133,372**	**882,903**	**(371)**	**1,015,904**
Purchase of treasury shares	(10,541)	-	-	(5,393)	(5,393)
Share based payments	11,014	-	(155)	5,764	5,609
31 December 2012	**3,334,300**	**133,372**	**882,748**	**-**	**1,016,120**
Purchase of treasury shares	(13,029)	-	-	(9,063)	(9,063)
Share based payments	13,007	-	(151)	9,047	8,896
31 December 2013	**3,334,278**	**133,372**	**882,597**	**(16)**	**1,015,953**

All shares issued are ordinary shares, including all relevant rights. All shares have the right to vote at the Company's General Assembly, as well as the right to dividend payment, if declared.

NOTE 19 – SHARE CAPITAL (continued)

The ownership structure of the Company is as follows:

	31 December 2013		31 December 2012	
	Number of shares	%	Number of shares	%
Emil Tedeschi	1,673,819	50.20	1,673,819	50.20
Raiffeisen Obligatory pension fund	323,500	9.70	322,943	9.69
EBRD	284,301	8.53	284,301	8.53
DEG	283,209	8.49	283,209	8.49
Lada Tedeschi Fiorio	193,156	5.79	193,156	5.79
Management of Company	38,386	1.15	37,481	1.12
Other shareholders	537,907	16.14	539,391	16.18
Treasury shares	22	-	-	-
Total	**3,334,300**	**100.00**	**3,334,300**	**100.00**

Share based payments

According to Company's share option programme, shares are granted to Management Board members and to top management.

One part of the share grant is subject to the Group achieving its operating profit target growth and subject to individual performance achievements. The other part is conditional on the employee completing two or more years of service (the vesting period). Furthermore, part of the programme is designated for the extraordinary performance on special projects.

Under the programme, 6,254 new shares have been granted in 2013 (2012: 6,538 shares).

The fair value of equity-settled share based payment transactions amounted to HRK 6,182 thousand (2012: HRK 6,491 thousand). Of that amount, HRK 5,849 thousand (2012: HRK 6,083 thousand) has been reported, together with appropriated tax, as staff costs (Note 6), relating to shares for which vesting conditions were met in 2013 (5,887 shares; 2012: 6,127 shares) and HRK 332 thousand (2012: HRK 408 thousand) was deferred, relating to shares for which vesting conditions will be met in the next two years (367 shares; 2012: 411 shares).

The fair value of the shares granted is determined as of the grant date at the estimated market price of the share of HRK 700 (2012: HRK 700).

Distribution of dividend

According to the decision of the Company's General Assembly from 20 June 2013, the distribution of dividend in the amount of HRK 9.00 per share, or HRK 30,008 thousand in total was approved. Dividend was paid in July 2013.

In 2012 there were no payments of dividends to the Company's shareholders.

NOTE 20 – CASH FLOW HEDGE RESERVES

Cash flow hedge reserves in the amount of HRK 2,338 thousand (2012: HRK 4,408 thousand) relate to the fair value loss of floating-to-fixed interest rate swap agreement.

NOTE 21 – TRADE AND OTHER PAYABLES

	31 December 2013	31 December 2012
	(in thousands of HRK)	
Trade payables	6,820	6,721
Trade payables – related parties (Note 27)	436	1,121
Other payables /i/	29,852	38,014
	37,108	**45,856**

/i/ Other payables are as follows:

	31 December 2013	31 December 2012
	(in thousands of HRK)	
Gross salaries payable	2,928	2,752
Accrued expenses	1,193	521
Advances received – related parties (Note 27)	2,938	1,354
Liabilities towards closed investment fund – Kapitalni Fond d.d.	22,036	33,136
Other	757	251
	29,852	**38,014**

Financial liabilities are denominated in the following currencies:

	2013	2012
	(in thousands of HRK)	
HRK	30,153	40,599
EUR	1,090	1,151
	31,243	**41,750**

NOTE 22 – BORROWINGS

	31 December 2013	31 December 2012
	(in thousands of HRK)	
Long-term borrowings:		
Related parties (Note 27)	61,101	90,548
Bonds /i/	113,984	113,375
Long-term debt	**175,085**	**203,923**
Short-term borrowings:		
Related parties /ii/ (Note 27)	148,017	119,156
Banks	1,023	1,297
Bonds /i/	1,361	1,361
	150,401	**121,814**
Total borrowings	**325,486**	**325,737**

/i/ Bonds were issued in September 2011 in the amount of HRK 115 million at a price of 99.375% with a coupon of 6.75% per annum and final redemption on 20 September 2016.

/ii/ Short-term borrowings from related parties include current portion of long-term borrowings and three short-term borrowing facilities. These borrowings are not secured.

The exposure of the Company's borrowings to interest rate changes and the contractual re-pricing dates at the balance sheet date are as follows:

	31 December 2013	31 December 2012
	(in thousands of HRK)	
3 to 6 months	93,186	121,241
Fixed interest rate	232,300	204,496
	325,486	**325,737**

The maturity of long-term borrowings is as follows:

	31 December 2013	31 December 2012
	(in thousands of HRK)	
Between 1 and 2 years	30,551	30,183
Between 2 and 5 years	144,534	173,740
	175,085	**203,923**

NOTE 22 – BORROWINGS (continued)

The average effective annual interest rate relating to borrowings from banks and from related parties at the balance sheet date was 2.44% (2012: 4.05%). The effective annual interest rate relating to bonds at the balance sheet date was je 7.26% (2012: 7.25%).

The carrying amounts and fair value of long-term borrowings are as follows:

	Carrying amounts		Fair value	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	(in thousands of HRK)		*(in thousands of HRK)*	
Long-term borrowings				
Related parties	61,101	90,548	61,101	90,548
Bonds	113,984	113,375	119,703	119,669
	175,085	**203,923**	**180,804**	**210,217**

The carrying amount of short-term borrowings approximates their fair value.

The carrying amounts of the Company's borrowings are translated from the following currencies:

	31 December 2013	31 December 2012
	(in thousands of HRK)	
HRK	115,382	136,357
EUR	210,104	189,380
	325,486	**325,737**

NOTE 23 – DEFERRED INCOME TAX ASSETS

	31 December 2013	31 December 2012
	(in thousands of HRK)	
Deferred income tax assets:		
- Deferred income tax assets to be recovered after 12 months	584	1,102
- Deferred income tax assets to be recovered within 12 months	2,503	3,993
Deferred income tax assets	**3,087**	**5,095**

Deferred income tax assets are recognised for all deductible temporary differences to the extent that it is probable that the amounts recognised will be realised through future taxable profits of the Company. Temporary differences relate to accrued bonuses, unused vacation days and effect of interest rate swap.

NOTE 23 – DEFERRED INCOME TAX ASSETS (continued)

Deferred tax assets

(in thousands of HRK)	**Bonuses**	**Derivative financial instruments**	**Other**	**Total**
At 1 January 2012	1,853	2,053	214	4,120
Tax credited to the income statement (Note 11)	1,634	96	192	1,922
Tax charged to the income statement (Note 11)	(1,853)	-	(197)	(2,050)
Tax charged to other comprehensive income	-	1,103	-	1,103
At 31 December 2012	**1,634**	**3,252**	**209**	**5,095**
Tax credited to the income statement (Note 11)	1,582	562	150	2,294
Tax charged to the income statement (Note 11)	(1,634)	(2,150)	-	(3,784)
Tax charged to other comprehensive income	-	(518)	-	(518)
At 31 December 2013	**1,582**	**1,146**	**359**	**3,087**

NOTE 24 – PROVISIONS

(in thousands of HRK)	**Jubilee awards and termination benefits**	**Bonuses**	**Legal proceedings**	**Total**
At 31 December 2012	**148**	**8,170**	**-**	**8,318**
Analysis of total provisions:				
Non-current	138	-	-	138
Current	10	8,170	-	8,180
At 1 January 2013	**148**	**8,170**	**-**	**8,318**
Additions	29	14,361	750	15,140
Used during the year	(12)	(14,111)	-	(14,123)
Unused amounts reversed	-	(508)	-	(508)
At 31 December 2013	**165**	**7,912**	**750**	**8,827**
Analysis of total provisions:				
Non-current	155	-	-	155
Current	10	7,912	750	8,672

NOTE 25 – COMMITMENTS

The Company has aggregate minimum lease payments under non-cancellable operating leases for equipment, vehicles and business premises as follows:

	31 December 2013	31 December 2012
	(in thousands of HRK)	
Not later than 1 year	7,508	7,427
Later than 1 year and not later than 5 years	7,580	13,730
Later than 5 years	1,260	1,620
	16,348	**22,777**

As at 31 December 2013 and 31 December 2012, the Company did not have capital expenditure contracted but not yet incurred related to property, plant and equipment. Capital expenditure contracted at 31 December 2013 but not yet incurred amounted to HRK 1,745 thousand in respect of intangible assets (2012: nil).

The Company is co-debtor and guarantor to its subsidiaries and other members of the Group in their long-term and short-term borrowings. Contingent liabilities arising from guarantees given to its subsidiaries and other members of Atlantic Group were not disclosed in the balance sheet as at 31 December 2013 and 2012, since Management believes it is not likely that they will fall into the Company's liabilities.

NOTE 26 – CASH GENERATED FROM OPERATIONS

	Note	2013	2012
Net loss		**(20,395)**	**(11,896)**
Income tax	11	1,871	429
Depreciation and amortisation	12,13	2,707	1,963
Impairment of receivables	8	15,228	-
Gain on sale of property, plant and equipment	9	-	(21)
Gain on sale of available-for-sale financial assets	9	(7,610)	-
Gain on disposal of subsidiary	9	-	(5,501)
Impairment loss- investment in subsidiary	9	-	919
Fair value gains/ (losses) on derivative financial instruments	9	(7,942)	485
Unrealised foreign exchange differences – net		2,593	161
Increase/ (decrease) in provisions	24	509	(1,049)
Share based payment		8,671	5,856
Interest income	5	(795)	(5,665)
Interest expense	10	27,382	28,250
Dividend income	5	(4,000)	-
Other non-cash items		-	(333)
Changes in working capital:			
Decrease/ (increase) in trade and other receivables		512	(21,764)
Increase/ (decrease) in trade and other payables		2,340	(13,894)
Cash generated from/ (used in) operations		**21,071**	**(22,060)**

NOTE 27 – RELATED PARTY TRANSACTIONS

The Company enters into transactions with the related parties as presented in Note 14, shareholders and other entities owned or controlled by the Company and shareholders.
Related party transactions that relate to balances as at 31 December 2013 and as at 2012 and transactions recognized for years then ended are as follows:

(all amounts expressed in thousands of HRK)	Note	31 December 2013	31 December 2012
RECEIVABLES			
Current receivables			
Short-term loans			
Subsidiaries	17	-	30,464
Interest receivable			
Subsidiaries	17	470	464
Trade receivables			
Subsidiaries	17	46,268	44,211
Receivables from distribution of profit			
Subsidiaries	17	36,774	66,122
Other receivables			
Subsidiaries	17	2,021	2,021
LIABILITIES			
Trade and other payables			
Subsidiaries		3,374	2,340
Other related parties		-	135
	21	3,374	2,475
Borrowings			
Subsidiaries		116,955	89,760
Shareholders		92,163	119,944
	22	209,118	209,704
REVENUES			
Revenues from corporate services			
Subsidiaries		100,518	85,466
Dividend income			
Subsidiaries	5	4,000	-
Interest income			
Subsidiaries	5	784	5,659
EXPENSES			
Other operating costs			
Subsidiaries		1,377	29
Other related parties		-	540
	8	1,377	569
Net finance costs			
Subsidiaries		2,757	3,141
Shareholders		5,129	7,618
	10	7,886	10,759

Management board compensation

In 2013 members of the Management Board received total gross amount of HRK 13,758 thousand relating to salaries, bonuses and supervisory board compensations in operative companies (2012: 13,733 thousand).