



Summary of the

ANNUAL REPORT

for the year 2009

Celje, april 2010

## Explanatory note

The Summary of the Annual Report for the year 2009, in the English language, is a direct translation of the Summary Annual Report for the year 2009, which was originally drawn up in the Slovenian language. The Annual Report for the year 2009 was revised by an independent auditor from the auditing firm KPMG, podjetje za revidiranje, d.o.o. A positive report from the independent auditor was obtained on 19th March 2010. The following translation of the Summary Annual Report for the year 2009 has not been revised and therefore it should only be used as an appendix to the Slovenian version of the revised Annual Report for the year 2009.

Celje, april 2010

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## **Company profile**

With its 138-year tradition of continuous activity, Cinkarna Celje, d.d. is among the most persistent companies in the Slovenian business sector. Until 1968, the company's primary activity was metallurgy, but having started producing titanium dioxide pigment in 1972 and its subsequent extension, Cinkarna Celje, d.d. is now classified as a company in the chemical processing sector. It employs 1079 people and generates about EUR 130 million per year in sales revenues, with over 80% of sales generated in export markets. It thus occupies the leading position in the Slovenian chemical processing sector and can therefore be classified as one of the most important Slovenian industrial companies.

Cinkarna wishes to consolidate and upgrade its international status as a trustworthy, reliable and dedicated manufacturer of titanium dioxide pigment. Special emphasis will be placed on the achievement of an excellent ratio between price, quality and an expedient delivery of our products. We will manufacture 1.1 % of the entire world production and 3.6 % of the entire European production of titanium dioxide pigment. We plan to consolidate our status as a premium supplier of titanium-zinc sheets in North European markets, upgrade our position as a leading supplier of powder coatings in Slovenia, and we will endeavour to consolidate our position as a renowned supplier of high-quality building materials.

## **Company vision**

## Foreword of the President of the Management Board



The business year 2009 is estimated as undoubtedly successful. The company achieved the key objectives set in the beginning of the year. In the difficult economic situation of 2009, a certain level of uncertainty and the risks of economic recession were being surmounted relatively successfully. We improved our results from 2008 and more importantly, the company's liquidity was ensured throughout, we efficiently increased market share and invested heavily into research while at the same time managed to keep the required cohesion of the company. Due to the intensification of work in the market field and technological rationalization, two unfavourable but necessary measures were taken. The company implemented a temporary 7 % wage-cut and the omission of dividend payouts to the company's owners. The first measure was abolished in the beginning of 2010, while for 2010 the management board suggests a limited dividend payout, as the business report states. We are cautiously optimistic about the year 2010 as an increase in stability has been estimated alongside projections of some growth of economic activity and realisation of plans. Therefore we also expect moderate business growth, although we are aware of the difficult economic situation in which we can still experience the deepening of

global economic crisis and aggravation of international business growth.

Global economic growth in 2009 is estimated as weak; in most cases the values have not been as low since World War II. Most developed world economies were facing a decrease in economic activity. The autumn forecasts of UMAR, which proved to be accurate after the final quarter of the previous year, list the following negative rates of GDP in most important markets in the world: - 4.2 % EU (all countries except for Poland, which achieved 1 % growth in 2009, mostly due to infrastructure projects connected with Euro 2012), - 4.8 % Germany (the latest data for the German economic decrease was even 5 % due to the much worse last quarter of the year), -2.8 % USA, -7.4 % Russia and the record -7.3 % in Slovenia. The forecasts for 2010 are undoubtedly a little better and considerable increase of economic activities in developed countries is expected.

The key factor of doing business is the programme of titanium dioxide pigment with sulphuric acid, which was in absolute terms, measured by net income, not as successful as the year before. Nevertheless the relative comparisons and also the increase in sales, the data about the quantity sales and consequently the market share achieved in demanding worldwide markets, are encouraging. The global use of titanium dioxide in 2009 amounts to 4.40 million tons, which is 7 % less than in 2008, while the world production amounted to 4.25 (the difference is due to the reduction in stock of finished products). The operation of production efficiency reached on average 74 %. In the same period, there was rise in sales for little less than 4 % in Cinkarna, the production went on in full capacity and we managed to maintain an unchanged rate of average sales prices. Our average sales prices of titanium dioxide pigment were only marginally lowered. It is expected that the prices will reach stability if not even growth as a consequence of producers and buyers reducing stock levels and the increase in demand in 2010.

The key factor of doing business within the titanium zinc sheet programme is the stock market price of zinc, which in 2009 gradually and steadily increased. This stable price climb is the basis of the business success of the programme despite the recession in the European building industry, and by entering new markets the business was much more successful than the previous year. In 2009 the quantity of sold metal sheet increased by 17.5 %, therefore the sales of titanium zinc processing programme achieved noticeable improvement.

With regard to other programmes we can see another significant improvement in the sales programme of masterbatches and Teflon made elements and systems. Due to worldwide recession we experienced a decrease of 5 to 45 % in all other programmes, which represent a little more than 10 % of the total company's sales. We suffered drastic decrease in the sales of printing plates, (due to the printing sector crisis and technologically obsolete product), sulphuric acid, (due to a standstill in the chemical manufacturing sector), and powder varnishes (due to the problems that producers of domestic appliances face).

In 2009 Cinkarna Celje recorded a turnover of 129.6 million EUR, which is 2 % less than in 2008. Due to a lower level of general activity, lower zinc prices and a small decline in pigment sale prices, we were behind our gross sales projection.

The net income reached the amount of 1.0 million EUR (taking 210 thousand EUR excess-profits tax into account and at the same time 184 thousand EUR postponed liabilities due to the weak short-term assets of the company, which are not included into the basic rate of tax. The net income exceeds the one achieved the year before by 27 %.

The total export value in 2009 amounted to 110 million EUR, which is 1 % higher compared to the amount in 2008. We mainly exported to Germany 40 %, Italy 13 %, the countries of former Yugoslavia 7 %, Turkey 10 %, France 6 %, The Netherlands 5 %, Austria 4 %, Spain 3 %, and Hungary 2 %. We exported the rest to other European markets, to the USA, East-European markets, Middle East markets, and to North Africa.

The stock value of Cinkarna Celje d.d. dropped from 72.00 EUR per share to 49.40 EUR per share at Ljubljanska borza stock exchange quotations in one year, from the last trading day in 2008 to the last trading day in 2009. It was a 31 % decline of the stock value. The company did not pay out the dividends in 2009.

In 2009 the investment activities were carried out as planned. The investment activity was considerably lower than the year before due to severe recession and consequential business policy, targeted into ensuring a comfortable financial position. We invested 4.2 million EUR into capital goods, which is about 60 % less than in 2008. Most investments were directed to environmental and energy projects, as well as into safety and

health projects as the most important issues of our operation. We paid special attention to ensuring social security, safety working conditions, improving working conditions, development of potential and educating employees. By giving much thought to and putting effort into measures we have managed to maintain the level of social cohesion of the company despite the difficult situation.

The financial and business liabilities to our creditors, suppliers and the state were covered currently and in accordance with the financial scheme. Liquidity and solvency of the company remained throughout within the optimal, planned level. In 2009 we greatly reduced the company's debts by more than 21 million EUR.

The business report shows the detailed operation data including the comparisons and analysis. The report information is relevant for the straightforward and impartial review of operations in the previous year. The enclosed financial statements, statement of accounts, state balance sheet and explanations show the financial state and financial operations of the company in 2009.

The 2010 business plans were made on the basis of predicted global macroeconomic conditions, the predicted levels of GDP growth in economically strong countries and on analyses and predictions of our sector. On the brink of 2010 we are moderately optimistic about the coming business year in which we expect that the current global economic situation will at least stabilize if not improve. In 2010 we expect sales revenue in the amount of 133.6 million EUR and our plan exceeds last year's revenue by 3 %. The net income for 2010 is planned in the amount of 4 million EUR (four times more than in 2009). The business plan is estimated according to future business conditions and its efficiency based upon currently available key information. Therefore we should realize that a certain level of uncertainty is present in the projection.

**President of the Management Board -  
General Manager**

Tomaž BENČINA, univ.dipl.inž.metal. in univ.dipl.ekon.



## Report of the Supervisory Board of Cinkarna Celje, d.d.

Six regular board meetings were held by the supervisory board in 2009. All members were present at the meetings and we received two intermediate business reports. Within the competence of the supervisory board determined by legislation and the company statute all presented material and presentations were attentively dealt with. We raised questions and required additional information, analyses and reports in order to clarify certain issues. In our opinion, the supervisory board acted responsibly and conscientiously, in accordance with legislation and knowledge of each member. The interests of the company and its shareholders were responsibly protected throughout.

At the sixth board meeting in December 2009, the supervisory board considered the proposal of appointing the present managing director, Tomaž Benčina, for the following five-year-term, beginning on 30.06.2010. After reviewing the business programme and operation policy, the motion was approved unanimously.

Along with monitoring the current business operation, one of the supervisory board's basic domains, we focused special attention on discussion and control of the course of investment as well as on acquiring and verifying the relevant detailed location plan and the procedure of acquiring the environmental licence. As for our investments it was estimated that the dynamics was relatively low in response to the international crisis in 2009. The investment activities were targeted mostly at the project of protecting the environment, safety and health. The procedures of certifying the Municipal detailed location plan and the procedure of acquiring the environmental licence are all in compliance with regulations and legislation. The management board aims at accelerating those procedures within the legal framework.

Business results in 2009 were better than the ones achieved in 2008, although a little lower than previously planned, but again better than the revised business plan and estimations accepted in December 2009. Therefore we estimate that the net operating income of 1 million EUR and total sales income of 130 million EUR are comparatively good results especially in times of international recession. Due to the increase of market share of the main products, decrease of financial debt for more than 21 million EUR and accelerating research and development activities, the supervisory board concludes that an adequate basis of business policy for 2010 has been provided. The supervisory board supports the accepted measures of business policy targeted at ensuring a stable and safe financial position of the company.

The supervisory board believes that the annual report includes the obligatory statements of accounts, explanations, and business report, all important information and ratios as well as adequate explanations of particular events and facts. In the spirit of article 282 of ZGD-1, the supervisory board confirms the annual report and the proposition of income sharing as it reflects important changes in economy as well as in business policy.

The supervisory board was also informed with the independent auditor's report and finds that it is an appropriate representation of legislatively mandated audit of financial statements and explanations, and confirms congruity of the business report with audited financial statements. The demand for authentic and fair data about means and financial state of the company in 2009 is therefore met satisfactorily.

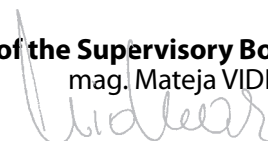
### **Audit committee**

Two meetings and a correspondence session were held by the audit committee in 2009. The audit committee examined the annual report of 2009, whether it was made on time, clearly, and accurately. It also looked through the basis and findings of the pre-audit committee in 2009.

The annual report of 2009 was revised by an independent auditor of the company KPMG, d.o.o. (Ltd.). The independent auditor was present at the meeting of the audit committee where the annual report of 2009 was dealt with, and he provided detailed explanation. The committee checked upon the formal aspects as well as the content of the annual report and discussed these matters with the authorized auditor. It also looked through the basis and findings of pre-audit committee in 2009. The audit committee concluded that the annual report of 2009 was made on time, clearly, and transparently and under the provisions of ZGD, ZTFI and valid bookkeeping standards. The audit committee also reviewed explications of technical services and the independent auditor. The committee concluded that the annual report shows a fair and truthful state of the company. At the same time the committee is of the opinion that the business results in 2009 are more than satisfactory despite aggravating economic crisis and compared to direct competition.

The audit committee was also informed about and agreed with the positive opinion of the independent auditor, dated on 19. 03. 2010.

**President of the Supervisory Board**  
mag. Mateja VIDNAR





## Company's product range

Cinkarna Celje, d.d. is a company with a wide range of products and sales programmes. The various product subgroups can be combined into different product sales groups with similar intended functions.

The leading product and sales group is titanium dioxide pigment, which combines the sales of different pigment types. Titanium dioxide pigment is a special inorganic chemical; its extraordinary colour, pigment and covering characteristics make it extremely useful in the production of varnishes and paints, plastic materials, laminates and paper. Cinkarna Celje, d.d. sells titanium dioxide pigment in global markets and acts as an equal competitor with international corporations, due to its constant progress with regards to its production volume, technology, adaptability, reliability and achievement of an optimal ratio between price, quality and delivery.

Another leading group, whose sales are predominately directed at international markets, is the production and processing of zinc, which is comprised of the sales of titanium-zinc sheets and, less importantly with regards to volume, zinc wire and zinc alloys. Titanium-zinc sheets are primarily intended for sale within the North European market, where it has been traditionally used in the production of roof coverings, curtain walling and other decorative and protective building elements.

The sales group of products intended for the needs of the graphic industry has a long history in Cinkarna. Its beginnings go back to the year 1933, when the manufacturing of zinc-based offset plates was established. Today's most important products within this group are offset printing plates, also compatible with "Computer to Plate" systems.

The sales of products from the building industry market group are directed at the domestic market and at the markets of the former Yugoslav countries. The group includes building and restoration materials, cement adhesives & sealants, building mortars and facade plasters.

The sales group consisting of coatings, powder coatings and master batches is increasingly gaining importance. It is a sales group which represents a vertical upgrade of the basic production of titanium dioxide pigment. The coatings are used predominantly for the anti-corrosion protection of construction materials, and the majority of powder coatings are intended for anti-corrosion and decorative needs in the production of household appliances, heating bodies and other deluxe metal goods. Master batches are a dynamic product intended for incorporation in plastic materials, for the purpose of improving their applicable characteristics.

Other significant products and sales groups of Cinkarna Celje, d.d. are:

- the group of products for the agricultural industry, comprising of protective agents for plants and growing mediums,
- the group of fluorinated polymers and elastomers that are, due to their characteristics, suitable for the transport of aggressive mediums and for the protection of processing equipment and hardware,
- sulphuric acid, and
- red and white gypsum.

## Summary of Financial Review

### Statements

#### Balance Sheet

in €

		31.12.2009	31.12.2008	Index 09/08
	<b>ASSETS</b>	<b>189.856.270</b>	<b>207.364.171</b>	<b>92</b>
<b>A.</b>	<b>Fixed assets</b>	<b>134.532.513</b>	<b>142.401.110</b>	<b>94</b>
I.	Intangible assets and long-term deferred expenses and accrued revenues	2.522.929	2.725.635	93
	1. Long-term property rights	2.236.424	2.550.181	88
	4. Long-term deferred development costs	58.857	45.582	129
	5. Other long-term deferred expenses and accrued revenues	227.648	129.872	175
II.	Tangible fixed assets	125.900.307	133.544.772	94
	1a. Land	8.618.818	8.613.368	100
	1b. Buildings	50.311.799	52.501.674	96
	2. Manufacturing plant and equipment	66.076.900	71.814.471	92
	3. Other devices and equipment	38.070	37.313	102
	4a. Tangible fixed assets in construction or manufacturing	842.498	547.946	154
	4b. Advances for tangible fixed assets	12.222	30.000	41
IV.	Long-term financial investments	4.847.492	5.167.663	94
	1c. Other shares and interests	4.795.292	5.087.138	94
	2b. Long-term loans to other entities	52.200	80.525	65
VI.	Deferred tax receivables	1.261.785	963.040	131
<b>B.</b>	<b>Current assets</b>	<b>54.089.461</b>	<b>64.828.129</b>	<b>83</b>
II.	Inventories	20.946.307	33.065.822	63
	1. Material	9.652.825	16.697.031	58
	2. Work in progress	3.130.043	2.217.436	141
	3. Products and articles of commerce	8.142.996	14.061.202	58
	4. Advances for inventories	20.443	90.153	23
III.	Short-term financial investments	26.582	27.072	98
	2b. Short-term loans to other entities	26.582	27.072	98
IV.	Short-term operating receivables	28.998.586	27.771.463	104
	2. Short-term operating receivables due from customers	26.490.154	23.496.767	113
	3. Short-term operating receivables due from other entities	2.508.432	4.274.696	59
V.	Monetary assets	4.117.986	3.963.772	104
<b>C.</b>	<b>Short-term deferred expenses and accrued revenues</b>	<b>1.234.296</b>	<b>134.932</b>	<b>915</b>
<b>D.</b>	<b>Off-balance-sheet record</b>	<b>82.566.565</b>	<b>70.436.504</b>	<b>117</b>

in €

		31.12.2009	31.12.2008	Index 09/08
	<b>LIABILITIES</b>	<b>189.856.270</b>	<b>207.364.171</b>	<b>92</b>
<b>A.</b>	<b>Equity</b>	<b>98.763.564</b>	<b>97.715.607</b>	<b>101</b>
I.	Called-up capital	20.396.244	20.396.244	100
	1. Share capital	20.396.244	20.396.244	100
II.	Capital surplus	44.284.976	44.284.976	100
III.	Revenue reserves	31.631.503	30.831.709	103
	1. Legal reserves	16.931.435	16.931.435	100
	2. Reserves for own shares	238.296	238.926	100
	3. Own shares	-238.926	-238.926	100
	5. Other revenue reserves	14.700.068	13.900.274	106
IV.	Surplus from revaluation	1.435.181	1.402.884	102
VI.	Net operating profit or loss in the financial year	1.015.660	799.794	127
<b>B.</b>	<b>Provisions and long-term accrued expenses and deferred revenues</b>	<b>11.941.567</b>	<b>12.269.054</b>	<b>97</b>
	1. Provisions for pensions and similar obligations	3.023.895	2.951.971	102
	2. Other provisions	8.268.974	8.766.353	94
	3. Long-term accrued expenses and deferred revenues	648.698	550.730	118
<b>C.</b>	<b>Long-term liabilities</b>	<b>17.711.130</b>	<b>19.314.760</b>	<b>92</b>
I.	Long-term financial liabilities	17.170.494	18.804.889	91
	2. Long-term financial liabilities to banks	17.170.494	18.804.889	91
II.	Long-term operating liabilities	85.369	170.738	50
	5. Other long-term operating liabilities	85.369	170.738	50
III.	Deferred tax liabilities	455.267	339.133	134
<b>Č.</b>	<b>Short-term liabilities</b>	<b>60.833.709</b>	<b>78.056.603</b>	<b>78</b>
II.	Short-term financial liabilities	48.072.954	67.729.895	71
	2. Short-term financial liabilities to banks	47.368.333	66.784.623	71
	4. Other short-term financial liabilities	704.621	945.272	75
III.	Short-term operating liabilities	12.760.755	10.326.708	124
	2. Short-term operating liabilities to suppliers	9.998.441	7.613.279	131
	4. Short-term operating liabilities based on advances	33.220	73.611	45
	5. Other short-term operating liabilities	2.729.094	2.639.818	103
<b>D.</b>	<b>Short-term accrued expenses and deferred revenues</b>	<b>606.300</b>	<b>8.147</b>	<b>7442</b>
<b>E.</b>	<b>Off-balance-sheet record</b>	<b>82.566.565</b>	<b>70.436.504</b>	<b>117</b>

## Profit and loss account

in €

		2009	2008	Index 09/08
<b>1.</b>	<b>Net sales revenues</b>	<b>129.576.268</b>	<b>131.567.552</b>	<b>98</b>
	- net sales revenues in domestic market	20.032.102	23.621.649	85
	- net sales revenues in foreign market	109.544.166	107.945.903	101
<b>2.</b>	<b>Change in value of inventories of finished goods and work in progress</b>	<b>-4.945.450</b>	<b>912.859</b>	<b>-</b>
<b>3.</b>	<b>Capitalised own products and services</b>	<b>2.709.196</b>	<b>3.104.393</b>	<b>87</b>
<b>4.</b>	<b>Other operating revenues (including revalued operating revenues)</b>	<b>1.249.892</b>	<b>2.012.095</b>	<b>62</b>
<b>5.</b>	<b>Costs of goods, materials and services</b>	<b>84.674.332</b>	<b>94.715.458</b>	<b>89</b>
	a) Acquisition cost of merchandise and materials sold, and cost of materials used	78.457.245	88.519.981	89
	b) Costs of services	6.217.087	6.195.477	100
<b>6.</b>	<b>Labour costs</b>	<b>24.231.944</b>	<b>25.849.990</b>	<b>94</b>
	a) Salaries and wages	18.761.426	19.713.699	95
	b) Social security costs	1.333.393	1.454.092	92
	c) Pension insurance costs	1.968.153	2.087.547	94
	č) Other labour costs	2.168.972	2.594.652	84
<b>7.</b>	<b>Write-offs</b>	<b>14.067.861</b>	<b>11.352.604</b>	<b>124</b>
	a) Amortisation	12.085.174	11.157.821	108
	b) Operating expenses from revaluation of intangible and tangible fixed assets	16.041	17.380	92
	c) Operating expenses from revaluation of current assets	1.966.646	177.403	1109
<b>8.</b>	<b>Other operating expenses</b>	<b>965.859</b>	<b>1.126.931</b>	<b>86</b>
	<b>Operating profit or loss</b>	<b>4.649.910</b>	<b>4.551.916</b>	<b>102</b>
<b>9.</b>	<b>Financial revenues from participating interests</b>	<b>107.561</b>	<b>566.347</b>	<b>19</b>
	č) Financial revenues from other investments	107.561	566.347	19
<b>10.</b>	<b>Financial revenues from granted loans</b>	<b>329.599</b>	<b>69.228</b>	<b>476</b>
	b) Financial revenues from loans granted to other entities	329.599	69.228	476
<b>11.</b>	<b>Financial revenues from operating receivables</b>	<b>404.975</b>	<b>883.564</b>	<b>46</b>
	b) Financial revenues from operating receivables due from other entities	404.975	883.564	46
<b>12.</b>	<b>Financial expenses from impairment and write-offs in financial investments</b>	<b>45.236</b>	<b>50</b>	<b>90472</b>
<b>13.</b>	<b>Financial expenses from financial liabilities</b>	<b>4.185.693</b>	<b>4.814.096</b>	<b>87</b>
	b) Financial expenses from borrowings obtained from banks	4.185.693	4.814.096	87
	č) Financial expenses from other financial liabilities	0	0	
<b>14.</b>	<b>Financial expenses from operating liabilities</b>	<b>265.025</b>	<b>515.472</b>	<b>51</b>
	b) Financial expenses from operating liabilities to suppliers and bills-of-exchange liabilities	100.059	205.789	49
	c) Financial expenses from other operating liabilities	164.966	309.683	53
<b>15.</b>	<b>Other revenues</b>	<b>126.195</b>	<b>216.736</b>	<b>58</b>
<b>16.</b>	<b>Other expenses</b>	<b>80.471</b>	<b>26.620</b>	<b>302</b>
	<b>Profit or loss before tax</b>	<b>1.041.815</b>	<b>931.553</b>	<b>112</b>
<b>17.</b>	<b>Income tax</b>	<b>209.973</b>	<b>0</b>	<b>-</b>
<b>18.</b>	<b>Deferred taxes</b>	<b>183.818</b>	<b>-131.759</b>	<b>-</b>
<b>19.</b>	<b>Net profit or loss in the accounting period</b>	<b>1.015.660</b>	<b>799.794</b>	<b>127</b>

## Cash flow statement

in €

	2009	2008	Index 09/08
<b>A. Cash flows from operating activities</b>			
<b>a) Net profit or loss</b>	<b>1.015.660</b>	<b>799.794</b>	<b>127</b>
Profit or loss before tax	1.041.815	931.553	112
Income tax and other taxes not included in business events	26.155	131.759	20
<b>b) Adjustments for</b>	<b>15.466.834</b>	<b>15.342.462</b>	<b>101</b>
Amortisation +	12.085.174	11.157.821	108
Operating revenues from revaluation -	428.150	11.310	3786
Operating expenses from revaluation +	16.041	17.380	92
Financial revenues, excluding financial revenues from operating receivables	437.160	635.575	69
Financial expenses, excluding financial expenses from operating liabilities	4.230.929	4.814.146	88
<b>c) Changes of net current assets (and accruals, deferrals, provisions, deferred receivables and tax liabilities) of balance sheet items</b>	<b>12.229.760</b>	<b>-1.147.214</b>	<b>-</b>
Opening minus closing operating receivables	-1.227.123	-578.189	212
Opening minus closing deferred expenses and accrued revenues	-1.099.364	20.367	-
Opening minus closing deferred tax receivables	-298.746	131.759	-
Opening minus closing inventories	12.119.515	1.212.272	1000
Closing minus opening operating debts	2.348.678	-1.838.164	-
Closing minus opening accrued expenses and deferred revenues, and provisions	270.666	-95.259	-
Opening minus closing deferred tax payables	116.134	0	-
<b>č) Net operating inflows or net operating outflows (a+b+c)</b>	<b>28.712.254</b>	<b>14.995.042</b>	<b>191</b>
<b>B. Cash flows from investing activities</b>			
<b>a) Inflows from investing activities</b>	<b>891.416</b>	<b>684.196</b>	<b>130</b>
Revenue from received interest and shares in the profit of others arising from investing activities	437.160	635.575	69
Revenue from disposal of tangible fixed assets	428.150	11.310	3786
Revenue from disposal of long-term financial investments	25.616	28.287	91
Revenue from disposal of short-term financial investments	490	9.024	5
<b>b) Outflows from investing activities</b>	<b>4.254.044</b>	<b>10.968.317</b>	<b>39</b>
Expenses for acquisition of intangible assets	133.196	188.154	71
Expenses for acquisition of tangible fixed assets	4.120.848	9.250.495	45
Expenses for acquisition of short-term financial investments	0	1.529.668	-
<b>c) Net investment inflows or net investment outflows (a-b) or (b-a)</b>	<b>-3.362.628</b>	<b>-10.284.121</b>	<b>33</b>
<b>C. Cash flows from financing activities</b>			
<b>a) Inflows from financing activities</b>	<b>0</b>	<b>8.036.982</b>	<b>-</b>
Revenue from increase of short-term financial liabilities	0	8.036.982	-
<b>b) Outflows from financing activities</b>	<b>25.195.412</b>	<b>14.167.297</b>	<b>178</b>
Expenses for interest arising from financing activities	4.230.929	4.786.531	88
Expenses for repayment of capital	19.330.088	0	-
Expenses for repayment of long-term financial liabilities	1.634.395	6.667.956	25
Expenses for dividend payment and other shares in profit	0	2.712.810	-
<b>c) Net financing inflows or net financing outflows (a-b) or (b-a)</b>	<b>-25.195.412</b>	<b>-6.130.315</b>	<b>411</b>
<b>Č. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>4.117.986</b>	<b>-3.963.772</b>	<b>104</b>
<b>x) Net cash flow for the period (net sum of Ač, Bc and Cc)</b>	<b>154.214</b>	<b>-1.419.394</b>	<b>-</b>
<b>y) Opening balance of cash and cash equivalents</b>	<b>3.963.772</b>	<b>5.383.166</b>	<b>74</b>

## Statement of changes in equity and declaration of accumulated profit

in €

Statement of changes in equity in 2008	Share capital	Capital surplus	Legal reserves	Reserves for own shares	Own shares	Other revenue reserves	Surplus from revaluation	Net profit from the business year	Equity total
	I/1	II	III/1	III/2	III/3	III/5	IV	V/1	
<b>A. 31/12/2007</b>	<b>20.396.244</b>	<b>44.284.976</b>	<b>16.931.435</b>	<b>238.926</b>	<b>-238.926</b>	<b>13.691.755</b>	<b>2.113.783</b>	<b>2.921.329</b>	<b>100.339.522</b>
<b>B. Transfer to equity</b>							<b>1.277</b>	<b>799.794</b>	<b>801.071</b>
a) Input of net profit or loss from the business year								799.794	799.794
b) Surplus from revaluation of long-term financial investments							1.277		1.277
c) Purchase of own shares									0
<b>C. Transfer within equity</b>						<b>208.519</b>		<b>-208.519</b>	<b>0</b>
a) Allocation of the accumulated profit						208.519		-208.519	0
b) Allocation of net profit following the resolution of the Management and Supervisory Board									0
<b>C. Transfer from equity</b>							<b>712.176</b>	<b>2.712.810</b>	<b>3.424.986</b>
a) Disbursement of dividends								2.617.517	2.617.517
b) Disbursement of premiums								95.293	95.293
c) Cash flow protection (fin. derivatives)							712.176		712.176
<b>D. 31/12/2008</b>	<b>20.396.244</b>	<b>44.284.976</b>	<b>16.931.435</b>	<b>238.926</b>	<b>-238.926</b>	<b>13.900.274</b>	<b>1.402.884</b>	<b>799.794</b>	<b>97.715.607</b>
<b>ACCUMULATED PROFIT</b>								<b>799.794</b>	<b>799.794</b>

in €

Statement of changes in equity in 2009	Share capital	Capital surplus	Legal reserves	Reserves for own shares	Own shares	Other revenue reserves	Surplus from revaluation	Net profit from the business year	Equity total
	I/1	II	III/1	III/2	III/3	III/5	IV	V/1	
<b>A. 31/12/2008</b>	<b>20.396.244</b>	<b>44.284.976</b>	<b>16.931.435</b>	<b>238.926</b>	<b>-238.926</b>	<b>13.900.274</b>	<b>1.402.884</b>	<b>799.794</b>	<b>97.715.607</b>
<b>B. Transfer to equity</b>							<b>336.417</b>	<b>1.015.660</b>	<b>1.352.077</b>
a) Input of net profit or loss from the business year								1.015.660	1.015.660
b) Surplus from revaluation of long-term financial investments							74.935		74.935
c) Cash flow protection (fin. derivatives)							261.482		261.482
<b>C. Transfer within equity</b>						<b>799.794</b>		<b>-799.794</b>	
a) Allocation of net profit following the resolution of the Management and Supervisory Board						799.794		-799.794	
<b>C. Transfer from equity</b>							<b>304.120</b>		<b>304.120</b>
a) Surplus from revaluation of long-term financial investments							304.120		304.120
<b>D. 31/12/2009</b>	<b>20.396.244</b>	<b>44.284.976</b>	<b>16.931.435</b>	<b>238.926</b>	<b>-238.926</b>	<b>14.700.068</b>	<b>1.435.181</b>	<b>1.015.660</b>	<b>98.763.564</b>
<b>ACCUMULATED PROFIT</b>								<b>1.015.660</b>	<b>1.015.660</b>

## Summary Business Review since 2001

	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>SALES</b>									
Domestic market	19.721,73	21.048,99	21.779,35	24.057,21	23.876,75	26.998,17	26.639,33	23.621,65	20.032,10
Foreign market	83.868,66	77.482,86	76.685,73	77.675,31	93.740,50	123.732,47	130.097,06	107.945,90	109.544,17
Sales	103.590,38	98.531,85	98.427,05	101.732,51	117.617,24	150.730,64	156.736,39	131.567,55	129.576,27
<b>PROFIT OR LOSS</b>									
Operating profit or loss	4.363,06	3.460,89	4.585,12	5.043,05	4.917,67	10.754,01	11.029,10	4.551,92	4.649,91
Profit or loss before tax	2.150,72	1.265,47	1.582,86	2.622,16	2.768,07	6.878,69	7.533,52	931,55	1.041,82
Taxes	357,23	/	/	/	295,66	1.290,06	1.451,93	131,76	26,16
Net profit or loss	1.793,50	1.265,47	1.582,86	2.622,16	2.472,41	5.588,64	6.081,58	799,79	1.015,66
<b>LIABILITIES and ASSETS</b>									
Equity	101.056,25	96.606,94	93.789,78	93.460,63	93.883,90	94.849,27	100.339,52	97.715,61	98.763,56
Financial debt	20.609,12	35.645,75	42.643,72	66.297,79	80.535,91	85.675,81	84.236,65	86.345,47	65.243,45
Financial debt ratio	14 %	24 %	27 %	37 %	41,0 %	41,5 %	40,2 %	41,6 %	34,4 %
Assets	146.795,86	151.382,51	157.189,31	180.126,85	196.757,65	206.317,43	209.812,69	207.364,17	189.856,27
Net working capital (NWC)	30.123,99	21.255,65	8.756,49	4.823,22	- 50,83	2.111,05	- 2.476,55	- 13.228,47	-6.744,25
<b>PER SHARE</b>									
Dividends:									
- gross	2,35	2,18	2,12	2,09	2,51	2,72	2,92	3,22	/
- net	1,77	1,63	1,59	1,57	1,83	2,04	2,19	2,42	/
Net profit or loss	2,20	1,56	1,95	3,22	3,04	6,86	7,47	0,98	1,25
Equity	124,1	118,6	115,1	114,7	115,3	116,4	123,2	120,0	121,2
Market value (31.12.)	64,4	117,9	115,4	112,5	103,0	112,7	143,2	72,0	49,4
Shares	814.626	814.626	814.626	814.626	814.626	814.626	814.626	814.626	814.626
Shares with voting right	814.626	814.626	814.626	814.626	814.626	814.626	812.477	812.477	812.477
<b>Employees</b>									
	1.276	1.254	1.217	1.185	1.166	1.144	1.131	1.113	1.079
<b>Shareholders</b>									
	2.735	2.429	2.277	2.155	2.101	1.952	1.846	1.770	1.735
<b>ACTIVITY RATIOS</b>									
Liquidity ratio	2,30	1,71	1,22	1,09	1,00	1,03	0,96	0,83	0,89
Quick ratio	0,98	0,91	0,60	0,59	0,53	0,56	0,47	0,41	0,55
Inventory turnover ratio	15,1	12,1	13,8	12,3	12,8	13,9	12,8	9,9	11,7
Days' sales in receivables	60 days	61 days	64 days	60 days	60 days	56 days	58 days	68 days	69 days
Days payables	33 days	31 days	25 days	29 days	28 days	25 days	25 days	29 days	37 days
Long-term assets turnover ratio	1,21	1,04	0,96	0,87	0,90	1,10	1,12	0,92	0,94
Total assets turnover ratio	0,74	0,67	0,65	0,61	0,62	0,75	0,75	0,63	0,65
Operating efficiency ratio	1,04	1,04	1,05	1,05	1,04	1,07	1,07	1,03	1,04
Revenue profitability rate	3,7 %	3,4 %	4,3 %	4,6 %	3,9 %	6,7 %	6,8 %	3,3 %	3,6 %
Total net revenue profitability rate	1,5 %	1,2 %	1,5 %	2,3 %	2,0 %	3,5 %	3,7 %	0,6 %	0,8 %
Sh. of net profit or loss from sales	1,7 %	1,3 %	1,6 %	2,6 %	2,1 %	3,7 %	3,9 %	0,6 %	0,8 %
Return on Investment (ROI)	2,3 %	2,0 %	2,1 %	2,8 %	2,7 %	5,2 %	4,9 %	2,8 %	2,6 %
Return on Assets (ROA)	1,3 %	0,9 %	1,0 %	1,6 %	1,3 %	2,8 %	2,9 %	0,4 %	0,5 %
Return on Equity (ROE)	1,8 %	1,3 %	1,7 %	2,8 %	2,7 %	6,4 %	6,7 %	0,8 %	1,0 %

All values are in thousands of €, except:

- per share, and
- activity ratio values.

Dividends are actual disbursements within the nominated calendar year, but are attributable to the previous year.



General Manager  
Tomaž BENČINA,  
univ.dipl.inž.metal. in univ.dipl.ekon



Technical Manager  
Nikolaja PODGORŠEK - SELIČ,  
univ.dipl.inž.kem.inž., spec.



Employees Representative  
Marko CVETKO,  
dipl.inž.kem.inž., spec.

## Company Organisation

- Management Board
- Production unit Titanov dioksid
- Production unit Metalurgija
- Production unit Grafika
- Production unit Kemija Celje
- Production unit Kemija Mozirje
- Production unit Veflon
- Corporate Professional Services
- Maintenance & Energy supply unit

## Management Board

### General Manager

Tomaž BENČINA, univ.dipl.inž.metal. in univ.dipl.ekon.

### Technical Manager

Nikolaja PODGORŠEK - SELIČ, univ.dipl.inž.kem.inž., spec.

### Employees Representative

Marko CVETKO, dipl.inž.kem.inž., spec.

## Supervisory Board

### President

mag. Mateja VIDNAR

### Deputy President

Oskar KOCJAN, MBA

### Members

Jožica TOMINC, ekon.

Miran JURKOŠEK, inž.grad.

Marin ŽAGAR

Miran ŠPEGEL, mag.posl.ved

### Auditing committee

Jožica TOMINC, ekon. (president)

Tatjana NOVINEC, univ.dipl.ekon. (independent expert)

Miran ŠPEGEL, mag.posl.ved (member)





President  
mag. Mateja VIDNAR



Deputy President  
Oskar KOCJAN, MBA



Member  
Jožica TOMINC, ekon.



Member  
Miran JURKOŠEK, inž. grad.



Member  
Marin ŽAGAR



Member  
Miran ŠPEGEL, mag. posl. ved.

## Basic Company Information

Company: Cinkarna, Metalurško kemična industrija Celje, d.d.  
Headquarters: Kidričeva 26, 3000 Celje  
Telephone: (+386) 03 427 6000  
Fax: (+386) 03 427 6106  
Telex: 36517 METKEM SI  
e-mail: info@cinkarna.si  
Internet page: www.cinkarna.si

**Production unit:** Kemija Mozirje  
Ljubija 11, Mozirje  
Telephone: (+386) 03 837 0900  
Fax: (+386) 03 837 0950

**Company is in 100% ownership:** Cinkarna – Kvarc, d.o.o., Tuzla Društvo za proizvodnju i promet  
Ul. 21. decembar b.b., Bukinje, 75000 TUZLA  
Federacija Bosne in Hercegovine  
Telephone: (+ 387) 35 286 544  
Fax: (+ 387) 35 286 545  
e-mail: cinkvarc@bih.net.ba  
Interne page: www.cinkarna-kvarc.ba

**Representative office:** Predstavništvo Cinkarna Celje, Beograd  
Resavska 76, 11000 Beograd  
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Mobile phone: (+381) 63 730 22 80  
e-mail: d.barba@YUBC.net

**Representative office:** CC Polska Biuro Handlowe  
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Internet page: www.ccpolska.eu

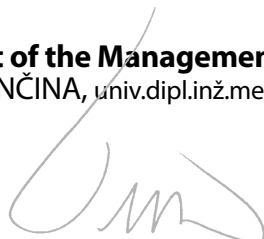
## Major business events following the end of the business year

During the period from 31st December 2009 to the elaboration of the audit report, there were no business events that would exercise a significant influence on the financial, material or income status of the company.

The Management Board of Cinkarna Celje, d.d. confirms the accuracy and honesty of statements in this Summary Annual Report of the Company, elaborated for the business year ending on 31st December 2009.

**President of the Management Board - General Manager**

Tomaž BENČINA, univ.dipl.inž.metal. in univ.dipl.ekon.

A handwritten signature in grey ink, appearing to be 'T. Benčina', written over a faint, larger version of the same signature.

Appendix:

## PROPOSAL FOR THE USE OF THE ACCUMULATED PROFIT FROM 2009

		in €
<b>Accumulated profit</b>		<b>1.015.660</b>
- dividends		1.015.596
- other revenue reserves		64

