Summary of the

ANNUAL REPORT
for the year 2008

CINKARNA

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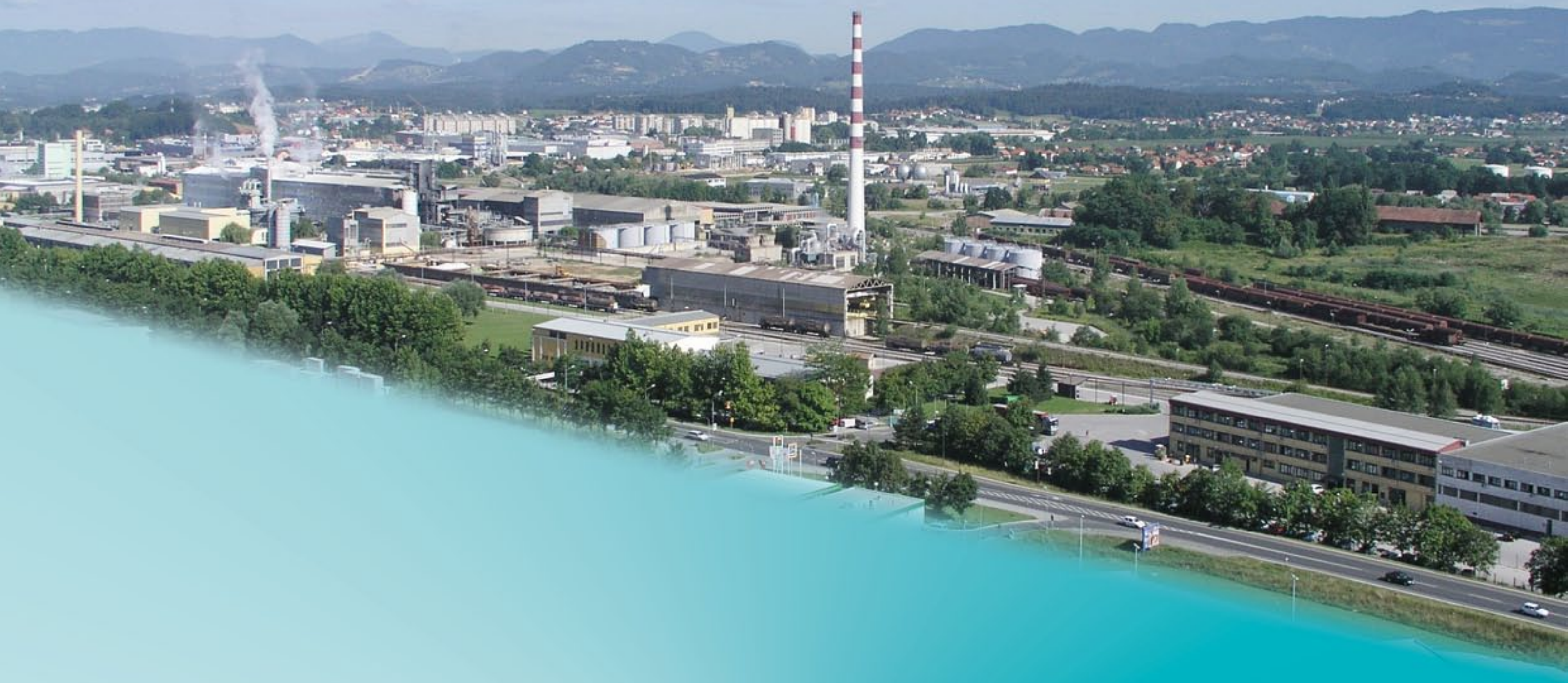
Celje, March 2009

Explanatory note

The Summary of the Annual Report for the year 2008, in the English language, is a direct translation of the Summary Annual Report for the year 2008, which was originally drawn up in the Slovenian language. The Annual Report for the year 2008 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 2009. The following translation of the Summary Annual Report for the year 2008 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 2008.

Celje, March 2009

Contents



Company profile

With its 135-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 1113 people and generates about EUR 132 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.

Company vision

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'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.

Foreword of the President of the Management Board

The business year 2008 is estimated as below average according to absolute business index values. The value of the achieved business outcome was the lowest since 1997. However, we can say that for the period during which we experienced at least two successive quarters of negative growth on most important markets of EU, this positive outcome is a good result. Even more, comparison with the results of our competitors of the same field shows clearly that the results of Cinkarna Celje, d.d. (joint-stock company) are above average when comparing business trends as well as in relative sense and as such comparable to the market leader DuPont. Our company is coming into the year 2009 well prepared due to the stable sales structure and financing supply. We have no liquidity problems. In addition to the obvious problems in business environment connected with tensing global economic recession which influences the drop in demand, it is sensible to draw attention to the problem of sulphur supply in 2008, which we managed quite well in contrast to our competitors. The prices of sulphur, an important strategic raw material for Cinkarna Celje went up to more than fifteen times the price level of the previous decades, which was oscillating between 30 and 50 $/t FOB. The reason for this is the pre-recession situation in which the speculative capital of the financial markets is being transferred to commodities markets (mostly food), resulting in an exponential increase of food prices, and consequently the higher prices of artificial fertilizers, sulphur and sulphuric acid, which are used in the production of artificial fertilizers. Although this situation lasted nine months, we managed to save more than 12 million dollars due to our long-term contracts. Just before the end of the year 2008 the prices dropped to the level which was about 50 % lower than the long lasting average. All in all we can be satisfied with the achieved sales of 132 million EUR and with a little less than one million EUR profit. Our expectations for the year 2009 are moderately pessimistic, we expect an extremely difficult year but we are convinced in the results of our long-term investments into our sales structure and the reliable financial sources and money flows.

Global economic growth in 2008 is indisputably estimated as weak. Most of the biggest economies of the world are facing a decrease in economic activity. OECD projects that real GDP growth levels could remain positive, although very low, between 0 % and 1 % annually. However the level of growth was negative in the second and third quarter, at the same time the projections were made before the final quarter. In the sense of economic activity, the last three months of 2008 were underwhelming. The prospect of 2009 is undoubtedly even worse. The majority of the developed world economies will actually retrograde.
Considering sales and managing of the programme of titanium dioxide pigment Cinkarna Celje, d.d. was indisputably on the winner side in the sector in the past period. The quantity of pigment sold was 1 % lower than in 2007 and we did not perceive a considerable price decline. In 2008 the world production of pigment decreased by 4 % while the final stock increased by 12 %, and the world's sales went down by 5 % (in Europe 4 %). The world's balance of production and use in 2008 is estimated on the level of 4.75 million tons. Accordingly we increased our market share this year, when the market depressed. Utilization of the world's production capacities lowered towards 90%. In difficult circumstances the pressure on prices was present again, and our moderate price adjustments in autumn, which required great effort from the producers, vanished at the turn of the year. Due to the high prices of energy sources, especially in the first six months of 2008, the rise in prices of raw material (sulphur and titanium rich ore), and the previously mentioned drop in demand, most competitors operated with a loss under such conditions. The closure of the factory of pigment in LeHavre in April 2008 and the unannounced closure of the factory in Grimsby in the first quarter of 2009 reflect this.

The key factor of doing business within the titanium zinc sheet programme is in continuous lowering of the stock market price of zinc, which hasn't stopped since the extreme drop in 2007 (from 3,294 to 1,556 EUR per ton). In 2008 the stock market price of zinc went down by almost a half, from 1,556 to 803 EUR per ton. Due to global recession, the catastrophic state of the German building industry especially, and speculative limiting of purchasing of titanium zinc plates, the quantity of sold metal sheet went down by 15 %. The business success of the programme was inefficient after many years of good results. This is mostly due to the devaluation of final-product-stock, unfinished production, and pure zinc. It was not possible to compensate for the loss in the current business process during a low level of activity. On the other hand, the starting point for 2009 is better, due to the low real value of supply, low zinc price and higher demand.

With regard to other programmes we see, that the programmes of masterbatches, building materials and polymers reached a high level of sales growth and were efficient above average. The success is related to the still relatively high economic growth in Slovenia. In the process of structural reviving, the graphic programme was in a standstill due to the recession but the encouraging level of activity remained from 2007, mostly due to research and marketing of CtP supplementary plates and next generation printing inks. Other sales programmes tied to conjucture markets faced stagnation or even retrogression, depending on the trade cycle.

In 2008, Cinkarna Celje d.d. had a sales revenue of 131.6 million EUR, which is 16 % less than in 2007. Due to a lower revel of general activity, lower zinc prices, and a small decline in pigment sale prices, we were behind our gross sales projection by 19 %.

The net income reached the amount of 0.8 million EUR (without taking excess-profits tax into account due to tax allowance. The net income was 75 % lower than planned and reached 13 % of the one achieved the year before. The attested net income also includes the 1.48 million EUR long-term-liabilities write off.

The total export value in 2008 amounted to 108 million EUR, which is 17 % less compared to the amount in 2007. We mainly exported to Germany 38 %, Italy 13 %, the countries of former Yugoslavia 8 %, Turkey 7 %, France 6 %, The Netherlands 6 %, Austria 4 %, Spain 3 %, Hungary 2 %, and Czech Republic 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. went down from 143.19 EUR per share to 72 EUR per share on the open stock exchange at Ljubljanska borza in one year, from the last trading day in 2007 to the last trading day in 2008. It was a little less than a 50 % decline which means that the situation was better than the drop of SBI 20 (-68 %). The company paid out the dividends gross 3.22 EUR per share (net 2.416 EUR per share), which is 10.3 % more than the year before.

In 2008 the investment activities were carried out as planned before. The investment activity was considerably lower than the year before and reflected distinctively negative trends in international economy in the last six months of the previous year already. We invested 9.9 million EUR into capital goods, which is more than 30 % less than in 2007. The scale of planned investments into fixed assets amounted to 12.5 million EUR. Most investments were directed to environmental and energy projects and most important of them was the dry gypsum filling Za Travnikom. We proved again that showing concern for the environment is one of 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.

The 2009 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 2009 we are objectively pessimistic about the coming business year in which we shall encounter significant features such as the break down of international conjuncture, raw materials and energy pricing pressure, shortage of money in the bank sector as well as rising social instability. In 2009 we expect revenue in the amount of 150.1 million EUR and our plan exceeds last year's revenue by 14 %. The net income for 2009 is planned in the amount of 2 million EUR (149 % more than in 2008). 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.

Four regular and one extraordinary board meetings were held by the supervisory board in 2008. 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.

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 spatial plan and the procedure of acquiring the IPPC permit. We concluded that the environmental investment into the dry gypsum filling Za Travnikom was successfully brought to trial operation in March 2008, and reached its full operation by the end of the year. At the extraordinary board meeting we examined closely the activities and circumstances connected with the procedure of certifying the spatial plan and acquiring the IPPC permit.

Business results in 2008 were lower than the average of the last few years considering scale and business effectiveness due to objective macroeconomic conditions which marked the business year 2008. Therefore we estimate that the net operating income of 0.8 million EUR and total sales income of 131.6 million EUR are comparatively good results. The supervisory board supports the accepted measures of business policy targeted at ensuring a stable and safe financial position of the company in the year of recession 2009.

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.

The supervisory board was 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 2008 is therefore met satisfactorily.

Audit committee

The supervisory board appointed the audit committee of the supervisory board at the 5th board meeting on 17. 12. 2008. The audit committee examined formal aspects of the annual company report and concluded that the annual report was made on time, clearly, and accurately under the provisions of ZGD, ZTFI and valid bookkeeping standards. Defining system, systematization, and business risk management strategy were presented to the audit committee. It found that the system in the field of managing purchase risk operated efficiently in 2008, due to savings worth more than 12 million dollars. The annual report 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 was dealt with, and he provided detailed explanation.

The audit committee 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 2008 were behind business plans, however, according to the economic recession and compared to direct competition, the results are more than satisfactory. The audit committee was also informed about and agreed with the positive opinion of the independent auditor, dated on 19. 03. 2009.

President of the Supervisory Board
M. Vidnar

SUMMARY OF FINANCIAL REVIEW

Statements

Balance Sheet

in €

		31.12.2008	31.12.2007	Index 08/07
	ASSETS	**207 364 171**	**209 812 691**	**99**
A.	**Fixed assets**	**142 401 110**	**142 766 762**	**100**
I.	Intangible assets and long-term deferred expenses and accrued revenues	2 725 635	2 863 700	95
	1. Long-term property rights	2 550 181	2 765 772	92
	4. Long-term deferred development costs	45 582	0	–
	5. Other long-term deferred expenses and accrued revenues	129 872	97 928	133
II.	Tangible fixed assets	133 544 772	135 143 258	99
	1a. Land	8 613 368	8 588 330	100
	1b. Buildings	52 501 674	44 296 248	119
	2. Manufacturing plant and equipment	71 814 471	66 802 353	108
	3. Other devices and equipment	37 313	35 887	104
	4a. Tangible fixed assets in construction or manufacturing	547 946	14 778 110	4
	4b. Advances for tangible fixed assets	30 000	642 330	5
IV.	Long-term financial investments	5 167 663	3 665 005	141
	1c. Other shares and interests	5 087 138	3 556 193	143
	2b. Long-term loans to other entities	80 525	108 812	74
VI.	Deferred tax receivables	963 040	1 094 799	88
B.	**Current assets**	**64 828 129**	**66 890 630**	**97**
II.	Inventories	33 065 822	34 278 094	96
	1. Material	16 697 031	12 580 871	133
	2. Work in progress	2 217 436	2 810 173	79
	3. Products and articles of commerce	14 061 202	12 605 919	112
	4. Advances for inventories	90 153	6 281 131	1
III.	Short-term financial investments	27 072	36 096	75
	2b. Short-term loans to other entities	27 072	36 096	75
IV.	Short-term operating receivables	27 771 463	27 193 274	102
	2. Short-term operating receivables due from customers	23 496 767	25 732 789	91
	3. Short-term operating receivables due from other entities	4 274 696	1 460 485	293
V.	Monetary assets	3 963 772	5 383 166	74
C.	**Short-term deferred expenses and accrued revenues**	**134 932**	**155 299**	**87**
D.	**Off-balance-sheet record**	**70 436 504**	**33 401 479**	**211**

in €

		31.12.2008	31.12.2007	Index 08/07
	LIABILITIES	**207 364 171**	**209 812 691**	**99**
A.	**Equity**	**97 715 607**	**100 339 522**	**97**
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	30 831 709	30 623 190	101
	1. Legal reserves	16 931 435	16 931 435	100
	2. Reserves for own shares	238 926	238 926	100
	3. Own shares	-238 926	-238 926	100
	5. Other revenue reserves	13 900 274	13 691 755	102
IV.	Surplus from revaluation	1 402 884	2 113 783	66
VI.	Net operating profit or loss in the financial year	799 794	2 921 329	27
B.	**Provisions and long-term accrued expenses and deferred revenues**	**12 269 054**	**12 355 409**	**99**
	1. Provisions for pensions and similar obligations	2 951 971	3 074 847	96
	2. Other provisions	8 766 353	8 920 514	98
	3. Long-term accrued expenses and deferred revenues	550 730	360 048	153
C.	**Long-term liabilities**	**19 314 760**	**27 733 528**	**70**
I.	Long-term financial liabilities	18 804 889	25 472 845	74
	2. Long-term financial liabilities to banks	18 804 889	25 472 845	74
II.	Long-term operating liabilities	170 738	1 732 237	10
	5. Other long-term operating liabilities	170 738	1 732 237	10
III.	Deferred tax liabilities	339 133	528 446	64
Č.	**Short-term liabilities**	**78 056 603**	**69 367 182**	**113**
II.	Short-term financial liabilities	67 729 895	58 763 809	115
	2. Short-term financial liabilities to banks	66 784 623	58 745 718	114
	4. Other short-term financial liabilities	945 272	18 091	5225
III.	Short-term operating liabilities	10 326 708	10 603 373	97
	2. Short-term operating liabilities to suppliers	7 613 279	7 498 069	102
	4 . Short-term operating liabilities based on advances	73 611	131 874	56
	5. Other short-term operating liabilities	2 639 818	2 973 430	89
D.	**Short-term accrued expenses and deferred revenues**	**8 147**	**17 050**	**48**
E.	**Off-balance-sheet record**	**70 436 504**	**33 401 479**	**211**

Profit and loss account

in €

		2008	2007	Index 08/07
1.	**Net sales revenues**	**131 567 552**	**156 736 386**	**84**
	– net sales revenues in domestic market	23 621 649	26 639 328	89
	– net sales revenues in foreign market	107 945 903	130 097 058	83
2.	**Change in value of inventories of finished goods and work in progress**	**912 859**	**-1 700 318**	**–**
3.	**Capitalised own products and services**	**3 104 393**	**5 052 314**	**61**
4.	**Other operating revenues (including revalued operating revenues)**	**2 012 095**	**2 605 820**	**77**
5.	**Costs of goods, materials and services**	**94 715 458**	**114 318 777**	**83**
	a) Acquisition cost of merchandise and materials sold, and cost of materials used	88 519 981	108 349 419	82
	b) Costs of services	6 195 477	5 969 358	104
6.	**Labour costs**	**25 849 990**	**25 115 065**	**103**
	a) Salaries and wages	19 713 699	18 758 515	105
	b) Social security costs	1 454 092	1 390 803	105
	c) Pension insurance costs	2 087 547	2 037 610	102
	č) Other labour costs	2 594 652	2 928 137	89
7.	**Write-offs**	**11 352 604**	**11 112 742**	**102**
	a) Amortisation	11 157 821	10 995 096	101
	b) Operating expenses from revaluation of intangible and tangible fixed assets	17 380	87 638	20
	c) Operating expenses from revaluation of current assets	177 403	30 008	591
8.	**Other operating expenses**	**1 126 931**	**1 118 516**	**101**
	Operating profit or loss	**4 551 916**	**11 029 102**	**41**
9.	**Financial revenues from participating interests**	**566 347**	**1 031 732**	**55**
	č) Financial revenues from other investments	566 347	1 031 732	55
10.	**Financial revenues from granted loans**	**69 228**	**69 282**	**100**
	b) Financial revenues from loans granted to other entities	69 228	69 282	100
11.	**Financial revenues from operating receivables**	**883 564**	**240 526**	**367**
	b) Financial revenues from operating receivables due from other entities	883 564	240 526	367
12.	**Financial expenses from impairment and write-offs in financial investments**	**50**	**4 173**	**1**
13.	**Financial expenses from financial liabilities**	**4 814 096**	**4 146 311**	**116**
	b) Financial expenses from borrowings obtained from banks	4 814 096	4 146 311	116
	č) Financial expenses from other financial liabilities	0	0	–
14.	**Financial expenses from operating liabilities**	**515 472**	**612 727**	**84**
	b) Financial expenses from operating liabilities to suppliers and bills-of-exchange liabilities	205 789	287 212	72
	c) Financial expenses from other operating liabilities	309 683	325 515	95
15.	**Other revenues**	**216 736**	**3 552**	**6102**
16.	**Other expenses**	**26 620**	**77 467**	**34**
	Profit or loss before tax	**931 553**	**7 533 516**	**12**
17.	**Income tax**	**0**	**1 393 859**	**0**
18.	**Deferred taxes**	**-131 759**	**-58 073**	**227**
19.	**Net profit or loss in the accounting period**	**799 794**	**6 081 584**	**13**

Cash flow statement

in €

		2008	2007	Ind. 08/07
A.	**Cash flows from operating activities**			
a)	**Net profit or loss**	**799 794**	**6 081 584**	**13**
	Profit or loss before tax	931 553	7 533 516	12
	Income tax and other taxes not included in business events	131 759	1 451 932	9
b)	**Adjustments for**	**15 342 462**	**13 905 298**	**110**
	Amortisation +	11 157 821	10 995 096	101
	Operating revenues from revaluation –	11 310	226 906	5
	Operating expenses from revaluation +	17 380	87 638	20
	Financial revenues, excluding financial revenues from operating receivables	635 575	1 101 014	58
	Financial expenses, excluding financial expenses from operating liabilities	4 814 146	4 150 484	116
c)	**Changes of net current assets (and accruals, deferrals, provisions, deferred receivables and tax liabilities) of balance sheet items**	**-1 147 214**	**-2 229 879**	**51**
	Opening minus closing operating receivables	-578 189	1 024 394	–
	Opening minus closing deferred expenses and accrued revenues	20 367	-88 991	–
	Opening minus closing deferred tax receivables	131 759	58 072	227
	Opening minus closing inventories	1 212 272	-2 139 177	–
	Closing minus opening operating debts	-1 838 164	-1 014 147	181
	Closing minus opening accrued expenses and deferred revenues, and provisions	-95 259	-70 030	136
č)	**Net operating inflows or net operating outflows (a+b+c)**	**14 995 042**	**17 757 003**	**84**
B.	**Cash flows from investing activities**			
a)	**Inflows from investing activities**	**684 196**	**1 451 689**	**47**
	Revenue from received interest and shares in the profit of others arising from investing activities	635 575	487 643	130
	Revenue from disposal of tangible fixed assets	11 310	226 906	5
	Revenue from disposal of long-term financial investments	28 287	724 621	4
	Revenue from disposal of short-term financial investments	9 024	12 519	72
b)	**Outflows from investing activities**	**10 968 317**	**14 890 699**	**74**
	Expenses for acquisition of intangible assets	188 154	327 821	57
	Expenses for acquisition of tangible fixed assets	9 250 495	14 562 878	64
	Expenses for acquisition of short-term financial investments	1 529 668	0	–
c)	**Net investment inflows or net investment outflows (a-b) or (b-a)**	**-10 284 121**	**-13 439 010**	**77**
C.	**Cash flows from financing activities**			
a)	**Inflows from financing activities**	**8 036 982**	**507 655**	**1 583**
	Revenue from increase of short-term financial liabilities	8 036 982	507 655	1 583
b)	**Outflows from financing activities**	**14 167 297**	**8 802 409**	**161**
	Expenses for interest arising from financing activities	4 786 531	4 150 484	115
	Expenses for repayment of capital	0	238 926	–
	Expenses for repayment of long-term financial liabilities	6 667 956	1 946 808	343
	Expenses for dividend payment and other shares in profit	2 712 810	2 466 191	110
c)	**Net financing inflows or net financing outflows (a-b) or (b-a)**	**-6 130 315**	**-8 294 754**	**74**
Č.	**CLOSING BALANCE OF CASH AND CASH EQUIVALENTS**	**3 963 772**	**5 383 166**	**74**
x)	**Net cash flow for the period (net sum of Ač, Bc and Cc)**	**-1 419 394**	**-3 976 761**	**36**
y)	**Opening balance of cash and cash equivalents**	**5 383 166**	**9 359 927**	**58**

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	
A. 31/12/2007	**20 396 244**	**44 284 976**	**16 931 435**	**238 926**	**-238 926**	**13 691 755**	**2 113 783**	**2 921 329**	**100 339 522**
B. Transfer to equity							**1 277**	**799 794**	**801 071**
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
C. Transfer within equity						**208 519**		**-208 519**	**0**
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
Č. Transfer from equity							**712 176**	**2 712 810**	**3 424 986**
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
D. 31/12/2008	**20 396 244**	**44 284 976**	**16 931 435**	**238 926**	**-238 926**	**13 900 274**	**1 402 884**	**799 794**	**97 715 607**
ACCUMULATED PROFIT								**799 794**	**799 794**

in €

Statement of changes in equity In 2007	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	
A. 31/12/2006	**20 396 244**	**44 284 976**	**16 931 435**	**0**	**0**	**10 770 426**	**0**	**2 466 191**	**94 849 272**
B. Transfer to equity					**-238 926**		**2 113 783**	**6 081 584**	**7 956 441**
a) Input of net profit or loss from The business year								6 081 584	6 081 584
b) Surplus from revaluation of long-term financial investments							2 113 783		2 113 783
c) Purchase of own shares					-238 926				-238 926
C. Transfer within equity				**238 926**		**2 921 329**		**-3 160 255**	**0**
a) Allocation of net profit following the resolution of the Management and Supervisory Board				238 926		2 921 329		-3 160 255	0
Č. Transfer from equity								**2 466 191**	**2 466 191**
a) Disbursement of dividends								2 379 562	2 379 562
b) Disbursement of premiums								86 629	86 629
D. 31/12/2007	**20 396 244**	**44 284 976**	**16 931 435**	**238 926**	**-238 926**	**13 691 755**	**2 113 783**	**2 921 329**	**100 339 522**
ACCUMULATED PROFIT				**-238 926**		**-2 921 329**		**6 081 584**	**2 921 329**

Summary Business Review since 2000

	2000	2001	2002	2003	2004	2005	2006	2007	2008
SALES									
Domestic market	19 754.79	19 721.73	21 048.99	21 779.35	24 057.21	23 876.75	26 998.17	26 639.33	23 621.65
Foreign market	102 018.89	83 868.66	77 482.86	76 685.73	77 675.31	93 740.50	123 732.47	130 097.06	107 945.90
Sales	121 773.67	103 590.38	98 531.85	98 427.05	101 732.51	117 617.24	150 730.64	156 736.39	131 567 55
PROFIT OR LOSS									
Operating profit or loss	7 856.98	4 363.06	3 460.89	4 585.12	5 043.05	4 917.67	10 754.01	11 029.10	4 551.92
Profit or loss before tax	7 568.48	2 150.72	1 265.47	1 582.86	2 622.16	2 768.07	6 878.69	7 533.52	931.55
Taxes	1 200.21	357.23	/	/	/	295.66	1 290.06	1 451.93	131.76
Net profit or loss	6 368.28	1 793.50	1 265.47	1 582.86	2 622.16	2 472.41	5 588.64	6 081.58	799.79
LIABILITIES and ASSETS									
Equity	99 087.30	101 056.25	96 606.94	93 789.78	93 460.63	93 883.90	94 849.27	100 339.52	97 715.61
Financial debt	12 904.16	20 609.12	35 645.75	42 643.72	66 297.79	80 535.91	85 675.81	84 236.65	86 345.47
Financial debt ratio	9 %	14 %	24 %	27 %	37 %	41.0 %	41.5 %	40.2 %	41.6 %
Assets	137 765.35	146 795.86	151 382.51	157 189.31	180 126.85	196 757.65	206 317.43	209 812.69	207 364.17
Net working capital (NWC)	36 828.64	30 123.99	21 255.65	8 756.49	4 823.22	- 50.83	2 111.05	- 2 476.55	- 13 228.47
PER SHARE									
Dividends:									
– gross	1.71	2.35	2.18	2.12	2.09	2.51	2.72	2.92	3.22
– net	1.28	1.77	1.63	1.59	1.57	1.83	2.04	2.19	2.42
Net profit or loss	7.82	2.20	1.56	1.95	3.22	3.04	6.86	7.47	0.98
Equity	121.6	124.1	118.6	115.1	114.7	115.3	116.4	123.2	120.0
Market value at the end of the year	57.5	64.4	117.9	115.4	112.5	103.0	112.7	143.2	72.0
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	814 626	812 477	812 477
Employees	1 295	1 276	1 254	1 217	1 185	1 166	1 144	1 131	1 113
Shareholders	3 307	2 735	2 429	2 277	2 155	2 101	1 952	1 846	1 770
ACTIVITY RATIOS									
Liquidity ratio	2.93	2.30	1.71	1.22	1.09	1.00	1.03	0.96	0.83
Quick ratio	1.78	0.98	0.91	0.60	0.59	0.53	0.56	0.47	0.41
Inventory turnover ratio	22.5	15.1	12.1	13.8	12.3	12.8	13.9	12.8	9.9
Days' sales in receivables	61 dni	60 dni	61 dni	64 dni	60 dni	60 dni	56 dni	58 dni	68 dni
Days payables	27 dni	33 dni	31 dni	25 dni	29 dni	28 dni	25 dni	25 dni	29 dni
Long-term assets turnover ratio	1.49	1.21	1.04	0.96	0.87	0.90	1.10	1.12	0.92
Total assets turnover ratio	0.93	0.74	0.67	0.65	0.61	0.62	0.75	0.75	0.63
Operating efficiency ratio	1.07	1.04	1.04	1.05	1.05	1.04	1.07	1.07	1.03
Revenue profitability rate	6.5 %	3.7 %	3.4 %	4.3 %	4.6 %	3.9 %	6.7 %	6.8 %	3.3 %
Total net revenue profitability rate	5.1 %	1.5 %	1.2 %	1.5 %	2.3 %	2.0 %	3.5 %	3.7 %	0.6 %
Share of net profit or loss from sales	5.2 %	1.7 %	1.3 %	1.6 %	2.6 %	2.1 %	3.7 %	3.9 %	0.6 %
Return on Investment (ROI)	6.7 %	2.3 %	2.0 %	2.1 %	2.8 %	2.7 %	5.2 %	4.9 %	2.8 %
Return on Assets (ROA)	4.9 %	1.3 %	0.9 %	1.0 %	1.6 %	1.3 %	2.8 %	2.9 %	0.4 %
Return on Equity (ROE)	6.9 %	1.8 %	1.3 %	1.7 %	2.8 %	2.7 %	6.4 %	6.7 %	0.8 %

All values are in thousands of €, except:

– per share, and
– activity ratio values.

Dividends are related to the disbursments within a calender year, but they were already paid in the previous year.

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
Head office:	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
Head office:	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
Representative office:	Predstavništvo Cinkarna Celje, Beograd
Head office:	Resavska 76, 11000 Beograd Republika Srbija
Telephone:	(+381) 11 2659484
Fax:	(+381) 11 2659484
Mobile phone:	(+381) 63 730 22 80
e-mail:	d.barba@YUBC.net

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

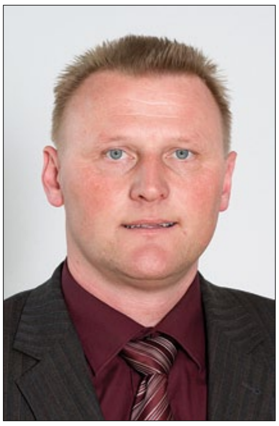
Members
Jožica TOMINC, ekon.
Miran JURKOŠEK, inž. grad.
Marin ŽAGAR
Miran ŠPEGEL, dipl. org. men.

Auditing committee
Jožica TOMINC, ekon. (president)
Tatjana NOVINEC, univ. dipl. ekon. (independent expert)
Miran ŠPEGEL, dipl. org. men. (member)

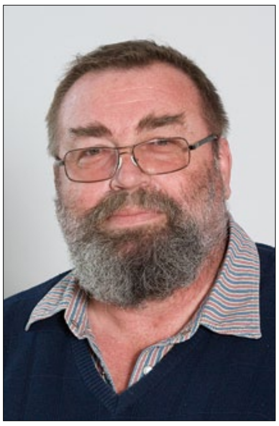
President
mag. Mateja VIDNAR

Deputy President
Oskar KOCJAN, MBA

Member
Jožica TOMINC, ekon.



Member
Miran JURKOŠEK, inž. grad.



Member
Marin ŽAGAR

Member
Miran ŠPEGEL, dipl. org. men.

Major business events following the end of the business year

During the period from 31st December 2008 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 2008.

President of the Management Board - General Manager
Tomaž BENČINA, univ. dipl. inž. metal. in univ. dipl. ekon.

PROPOSAL FOR THE USE OF THE ACCUMULATED PROFIT FROM 2008

in thousands of EUR

Accumulated profit	800
– other revenue reserves	800