

The logo for ARGETA, featuring the word in a stylized, outlined font.The logo for barcaffè, with the word in a yellow oval with a red border.The logo for grand K A F A, featuring a coffee bean icon above the word 'grand' and 'K A F A' below it.The logo for Smoki, with the word in a white, cursive font on a red background.The logo for Cockta, with the word in a yellow, bold font on a red background.The logo for Donat Mg, featuring a small figure holding a donut above the word 'Donat' and 'Mg' to its right.The logo for Bebi, with the word in a blue, bold font.The logo for Starke, with the word in a red, cursive font.

**PERFORMANCE  
OF THE DROGA KOLINSKA GROUP**  
for the period January to September  
2009

Ljubljana, November 2009

**D R O G A K O L I N S K A G R O U P**

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## **1. BASIC INFORMATION**

### **Company profile of Droga Kolinska d.d.**

REGISERTED NAME: DROGA KOLINSKA, Živilska industrija, d.d.;

ABBREVIATED NAME: Droga Kolinska d.d.

REGISTERED OFFICE: Kolinska ulica 1, 1544 Ljubljana, SLOVENIJA

TELEPHONE: 00386 1 472 15 00

FAX: 00386 1 472 15 35

E-MAIL: [info@drogakolinska.com](mailto:info@drogakolinska.com)

WEBSITE: [www.drogakolinska.si](http://www.drogakolinska.si) [www.drogakolinska.com](http://www.drogakolinska.com)

MANAGEMENT BOARD: Slobodan Vučićević, President of the Management Board;  
Enzo Smrekar, Member of the Management Board

REGISTRATION NO.: 2114011000

VAT NO.: SI88736172

COMPANIES REGISTER NO.: 14189800

DATE OF ENTRY IN THE COMPANIES REGISTER: 3 May 2005

COMPANY SHARE CAPITAL: EUR 61,379,314.81

NUMBER OF SHARES: 14,708,939

LISTING OF SHARES: The Company's shares are not quoted on the organised market

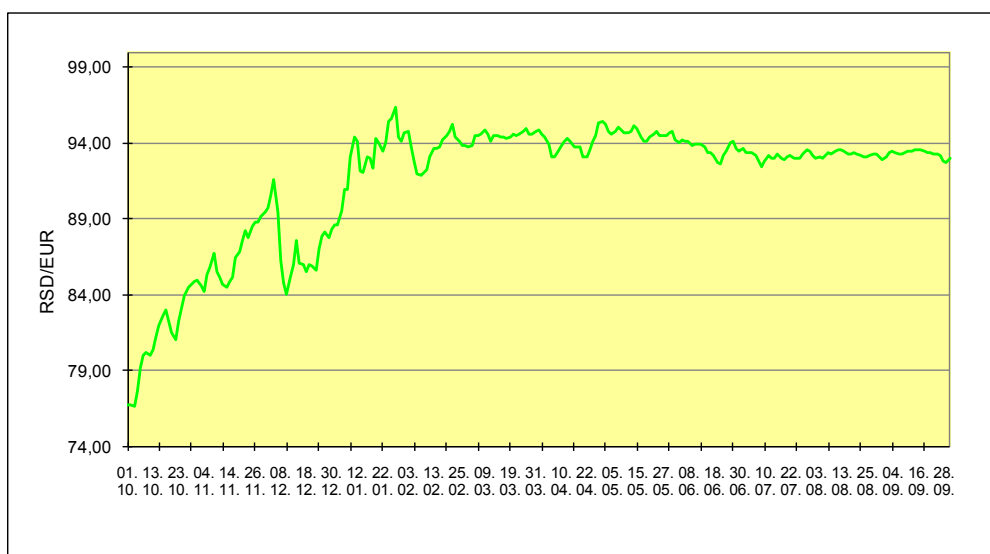
### **Position of the Company in the Group**

Droga Kolinska d. d., together with its subsidiaries, comprises the Droga Kolinska Group, which in turn is a constituent part of the Istrabenz Group.

## **2. FINANCIAL HIGHLIGHTS**

- **Net revenues:** In the first nine months of 2009, the Droga Kolinska Group generated EUR 242.7 million of net revenues. Net revenues are not directly comparable with those generated in the same period last year due to the sale of non-core business. The first nine months of 2009 were characterised by difficult economic conditions, linked to the spread of the global financial crisis to the Group's strategic markets and its adverse effects on spending, particularly in the third quarter of 2009. Despite the difficult conditions on its most important markets, the Group performed better than expected. The Group's net revenues and profitability were particularly impacted by the 14% depreciation of the Serbian dinar, as the Group generates nearly half of its revenues in Serbia. Revenues on the Serbian market, expressed in the local currency, increased by 9% compared to the same period last year.
  
- **Sales of strategic businesses are in line with expectations:** Despite the unfavourable market conditions, sales of strategic business are at nearly the same level as during the same period in 2008, and approximately in line with planned sales for 2009. If not for the drop in the value of the Serbian dinar and Russian rouble, which resulted in a loss of EUR 11.7 million in revenues over the first nine months of the year, the Droga Kolinska Group would have exceeded planned sales by 1%.  
Net revenues from strategic businesses expressed in euros, were down 3% on the previous year, primarily due to the depreciation of the Serbian dinar. Revenues from non-core business were down 71% on the same period last year due to the disposal of those businesses. Sales of strategic business were in line with expectations with particularly good sales of Argeta spreads brand and the Smoki savoury snacks brand..
  
- **Debt and liquidity:** In August 2009 the Group signed an agreement for a long-term loan facility in the amount of EUR 118.6 million with a syndicate of seven banks. The Droga Kolinska Group used the funds from the loan to refinance its short-term financial liabilities to banks that would fall due for payment until the end of 2010, which means that the indebtedness of the Droga Kolinska Group did not increase as a result of the new loan.  
The Droga Kolinska Group fulfils all of its obligations to creditors and suppliers in a timely manner, and has enough cash to ensure financial stability, even in somewhat more difficult market conditions. Despite difficult market conditions, the Group reduced its net debt from EUR 190.2 million at the end of 2008 to EUR 155.1 million at the end of September 2009. The temporary increase of indebtedness of the Droga Kolinska Group in 2008 was the result of its decision to conclude the consolidation of the Group. In 2009 the Group began to reduce its net debt, in part through improved centralised cash flow management. In 2009 the Droga Kolinska Group had EUR 30.3 million of cash on its accounts, thereby ensuring financial stability in the highly unpredictable operating conditions seen this year.

**Movement of the Serbian dinar exchange rate relative to the Euro in the period  
September 2008 to September 2009**



- **Operating result.** From January to September 2009 the Droga Kolinska Group generated earnings before interest and taxes (EBIT) of EUR 15.0 million. The fall in EBIT compared with the previous year was the result of accounting loss from the sale of non-core businesses in 2009 and the 14% depreciation of the Serbian dinar, as the Group generates around half of its sales revenue on the Serbian market. Excluding the one-off negative effect from the sale of non-core businesses on its operating result, the Group's EBIT would have exceeded EUR 18.4 million, an increase of EBIT compared with the same period in 2008.
- **Net cash flow and net profit.** Increased write-offs of receivables on the Serbian market owing to the temporary illiquidity of customers and exchange rate losses due to Serbian dinar's depreciation contributed most to the Droga Kolinska Group's negative financial result and, consequently its negative net result for the period. Despite the difficult conditions, the Droga Kolinska Group nearly halved its net loss, from EUR 5.8 million at the end of June to EUR 3.3 million at the end of September 2009.

in EUR thousand

ITEMS FROM THE UNAUDITED INCOME STATEMENT OF THE DROGA KOLINSKA GROUP		Jan – Sep 09	Jan – Sep 08	Index
1	Net revenues	242,662	274,512	88
	of which: strategic businesses	232,369	239,376	97
2	EBITDA	31,782	34,751	91
3	EBIT	15,048	16,495	91
4	Net results from financial activities	-17,260	-6,932	249
5	Net profit or loss for the financial period	-3,301	7,235	-

in EUR thousand

ITEMS FROM THE UNAUDITED BALANCE SHEET OF THE DROGA KOLINSKA GROUP AND NUMBER OF GROUP EMPLOYEES		30 Sep 2009	31 Dec 2008	Index
1	Net financial debt	155,126	190,214	82
2	Total equity	189,118	202,034	94
3	Total assets	430,408	481,568	89
4	Number of employees	2,619	2,953	89

### **3. SIGNIFICANT BUSINESS EVENTS**

#### **February 2009**

As part of the sell-off of non-core brands, the Belsad fruit preserves and the Proja coffee substitute product lines were sold in February.

Banka Koper withdrew from the ownership structure of Droga Kolinska d.d., and sold its participating interest to Probanka in Factor banka.

#### **April 2009**

The term of three members of the Supervisory Board, shareholder representatives Igor Bavčar, Miroslav Golubić in Milan Čadež, expired.

At the beginning of April Droga Kolinska suspended sales of the baby food business, sold under the Bebi brand, as market conditions no longer facilitated sales under acceptable conditions. The Droga Kolinska Group sold the chocolate spreads, sold under the Viki brand, thus practically concluding the sell-off of non-core brands, which began in April 2008. The sell-off of non-core businesses was carried out as part of the implementation of Droga Kolinska's new business strategy, which focuses on a smaller number of the strongest brands with regional potential. The new owners also assumed responsibility for all employees involved in these products lines. Thus no employees lost their job as a result of the sales process.

#### **June 2009**

On Droga Kolinska d.d.'s shareholders meeting, four new members were appointed to the Supervisory Board: Bogdan Topić, Chairman, Klavdija Primožič, Deputy Chairwoman, Moma Vučićević and Aldo Gabrijel.

At the end of June the salt production facility in Portorož was closed.

Tomaž Arh, Director of Marketing for the spreads product line at Droga Kolinska, was named marketing manager of the year at the Slovenian Marketing Conference.

#### **August 2009**

Droga Kolinska signed an agreement on the refinancing of its debt in the amount of EUR 118.6 million. In accordance with the agreement, the long-term tranche in the amount of EUR 95 million has a maturity of five years, while two short-term tranches in the amount of EUR 23.6 million have a maturity of one year.

At the 9<sup>th</sup> annual shareholders meeting of Droga Kolinska d.d. a decision regarding amendments to the Company's articles of association was adopted, which also included a change to the Company's activity and adaptations to the amended Companies Act, as well as approval of the proposed payment of dividends in the amount of EUR 5 million.

#### **September 2009**

For economic and business reasons, members of the Company's Management Board, Branko Greganović and Milena Štular were recalled as of 1 September 2009. As was the case until December 2008, Droga Kolinska d.d.'s Management Board once again comprises two members, Slobodan Vučićević, President of the Management Board and Enzo Smrekar, Member.

In September the company Droga Kolinska Sol, proizvodnja in prodaja soli, d.o.o. was deleted from the companies register.

Employee representatives of Droga Kolinska d.d.'s Supervisory Board, Josip Šorgo and Dušan Lorenčič, were reappointed.

## 4. COMPOSITION OF THE DROGA KOLINSKA GROUP AS AT 30 SEPTEMBER 2009

