MERCATOR GROUP BRIEF BUSINESS REPORT FOR 2012

Ljubljana, January 2013

TABLE OF CONTENTS

SUMMARY

Mercator Group wraps up the year 2012 with revenue comparable to the 2011 figure; negative result largely the result of write-offs

Mercator Group generated EUR 2.873 billion of revenue in 2012 (with an index 100.04 relative to year 2011). Instant measures introduced by the Mercator Group in the second half of last year included extensive efforts to cut costs, improve working capital, reduce debt, and reverse the negative marketing trends. As a result of proactive and more focused marketing activities, the drop of market share was stabilized in Slovenia and in Croatia, and saw increase in market shares in Serbia, Bosnia and Herzegovina, and Montenegro. Rapid measures in the last quarter of last year also resulted in savings of EUR 10 million. This year, Mercator Group restructuring process continues.

Mercator Group completed the business year with a loss of EUR 103.6 million, three quarters of which are accounted for by write-offs and impairments.

With the instant measures in the second half of 2012, which also included suspending all non-urgent investment, stepping up the divestment process, and tapping the internal improvement potential, Mercator Group mapped out a new direction presented in the new strategic plans from late last year.

In debt management, Mercator Group considered the increase in refinancing risk in financial markets and signed with major banks an agreement to establish a new long-term structure of financing sources by mid 2013. This will improve the management of liquidity risk. In late January 2013, Mercator Group also successful completed the issue of commercial papers in the amount of EUR 20 million.

In 2013, Mercator Group will carry out a restructuring process which will allow reversing the negative trend in performance in the current year. Thus, the company will resume active implementation of measures to improve performance, which includes above all reorganization of the Group; centralization of business functions (especially in subsidiaries); stronger focus on the core activity; optimization of supply chain in logistics; optimization of the companies Intersport, Modiana, and M - Tehnika, d.d., including through transfer of activities of the subsidiaries in Slovenia, Serbia, Bosnia and Herzegovina, and Croatia to Mercator's local companies; optimization of retail unit operations by greater focus on smaller store formats and shrinking the Getro retail units in Croatia; stepped up divestment of non-core assets; withdrawal from the Albanian market and further withdrawal from the Bulgarian market.

Despite the negative results in the last year, Mercator remains a financially solid company. The strategy mapped out and the set of key measures for this year provide a firm foundation for improvement of our performance in the future. Mercator will be focused more intensively on the core activity, placing the customers at the heart of all our efforts.

PERFORMANCE HIGHLIGHTS

Summary of Mercator Group operations in the period 2007-2012

	2007	2008	2009	2010	2011	2012	Index 2012/2011
INCOME STATEMENT							
Revenue (in EUR 000)	2,445,258	2,708,560	2,643,315	2,781,604	2,871,999	2,873,186	100.0
Results from operating activities (in EUR 000)	91,335	100,327	71,842	94,505	86,464	-41,353	-
Profit before income tax (in EUR 000)	54,475	49,993	25,196	40,344	29,561	-110,261	-
Profit for the year (in EUR 000)	43,814	40,761	21,119	30,387	21,161	-103,596	-
Gross cash flow from operating activites (in EUR 000)	162,046	176,773	167,296	170,087	167,770	109,540	65.3
Gross cash flow from operating activites before rental expenses (in EUR 000)	171,781	198,158	190,619	204,846	211,953	168,037	79.3
FINANCIAL POSITION							
Total assets (in EUR 000)	2,070,473	2,540,122	2,476,348	2,608,854	2,620,534	2,526,013	96.4
Equity (in EUR 000)	688,196	814,101	805,390	798,165	764,950	661,495	86.5
Net financial debt (in EUR 000)	749,439	958,881	986,966	949,081	1,091,145	1,008,034	92.4
INVESTMENT ACTIVITIES							
Capital expenditure (in EUR 000)	164,850	298,305	157,353	116,394	119,715	67,330	56.2
Long-term financial investments (in EUR 000)	49,221	15,104	1,801	0	2,248	0	-
EMPLOYEES							
Number of employees as at the end of the period	20,893	21,636	21,404	23,482	24,266	23,920	98.6
Number of employees based on hours worked	19,099	20,438	20,266	21,632	22,602	22,770	100.7
FINANCIAL INDICATORS							
Revenue per employee based on hours worked (in EUR 000)	128.0	132.5	130.4	128.6	127.1	126.2	99.3
Value added per employee per hours worked (in EUR 000)	22.9	22.8	22.0	21.4	22.2	19.2	86.5
Return on sales	1.8%	1.5%	0.8%	1.1%	0.7%	-3.6%	-
Return on equity	6.8%	5.6%	2.6%	3.9%	2.7%	-13.5%	-
Net financial debt / equity	1.09	1.18	1.23	1.19	1.43	1.52	106.8
Loan-to-value (LTV)	62.5%	62.6%	58.4%	56.6%	64.0%	59.9%	93.6
Net financial debt / gross cash flow from operating activities	4.62	5.42	5.90	5.58	6.50	9.20	141.5
Gross cash flow from operating activites / revenue	6.6%	6.5%	6.3%	6.1%	5.8%	3.8%	65.3
Gross cash flow from operating activites before rental expenses / revenue	7.0%	7.3%	7.2%	7.4%	7.4%	5.8%	79.2
SHAREHOLDERS INFORMATION							
Market value per share as at the end of the period (in EUR)	335.0	158.1	153.2	157.7	147.0	114.0	77.6
Dividend per share (in EUR)	4.00	4.25	4.50	7.20	8.00	6.00	75.0
Earnings per share (in EUR)	11.8	10.9	5.7	8.2	5.6	-27.5	-
NUMBER OF COMPANIES IN THE GROUP							
Number of companies in the group as at the end of the period	16	20	23	26	26	36	138.5

MERCATOR GROUP NEW BUSINESS STRATEGY

Vision

Mercator will be the largest, the most successful and the most efficient retailer in the region.

Mission

- A satisfied customer recognizes us as the best retailer that offers everything a discount store can offer, and much more.
- Employees with **smiles on their faces and sparkles in their eyes** are our key competitive advantage. They will be able to develop their potential in a stable environment.
- We are striving towards a **stable ownership structure** that will support the company development based on merit and results.
- Mercator is striving to win the **confidence of all stakeholders**.

Principles of corporate governance

Our work shall be:

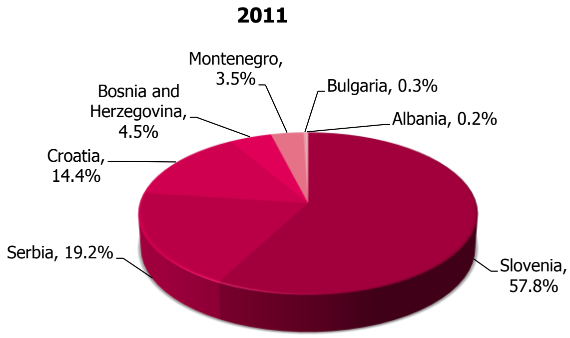
Motivated
Elementarily simple
Rational
Common goal oriented
Ambitious
Thorough
Oriented on profitability and development
Rapturous

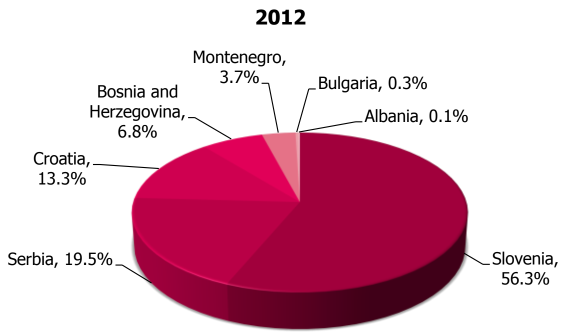
SALES

In 2012, trade industry was pressured by harsh economic conditions. Economic growth was low or even negative in all markets of Mercator's operations; this was paired with high unemployment rates which continue to rise. As a result, purchasing power is low and consumers are conservative and rational in their shopping behaviour. Despite these negative factors, Mercator Group generated EUR 2,873 million of revenue by effective marketing and cost-cutting activities.

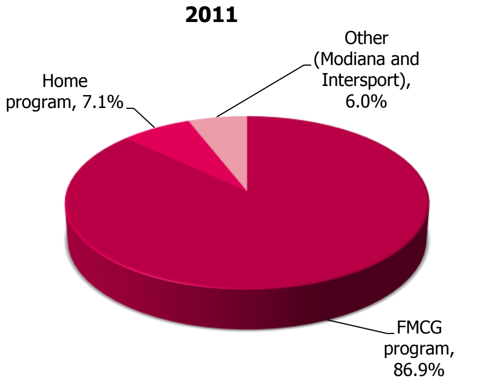
Relative to 2011, Mercator Group revenue remained virtually the same in 2012. In Slovenia, revenue dropped by 2.57 percent while in international markets, we saw revenue growth of 3.63 percent.

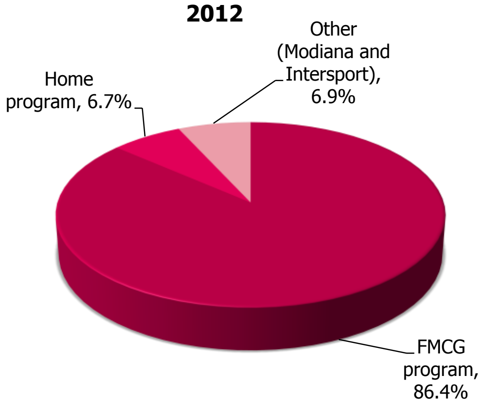
Mercator Group revenue by geographical segments:





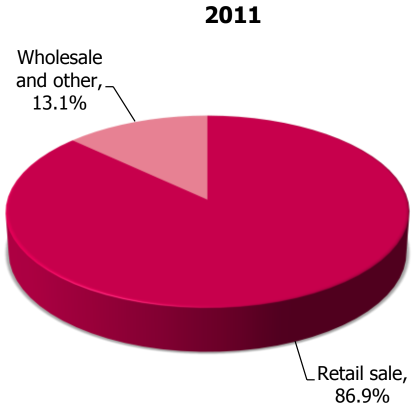
Mercator Group revenue from trade operations by programs:

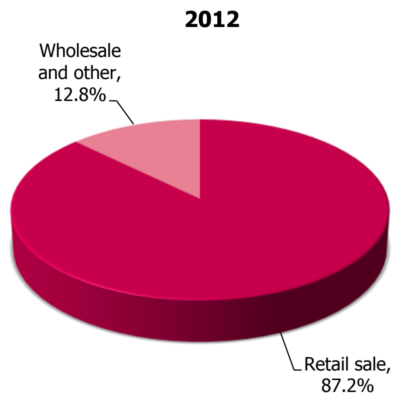




In 2012, the majority of Mercator Group trade revenues resulted from sales of fast-moving consumer goods as they accounted for 86.4 percent of total net sales revenues; revenues from other specialized programs amounted to 13.6 percent.

Mercator Group revenue by type of sale:





In 2012, Mercator Group retail operations generated 87.2 percent of the Group's net revenue from sales of goods and material, while the remaining 12.8 percent was generated in wholesale. The share of wholesale in total sales dropped by 0.3 percentage point.

INVESTMENT AND DIVESTMENT

In 2012, Mercator Group carried on the process of acquiring new sales area, especially by signing new lease contracts. We were also focused on refurbishments and updates of our existing retail network. The project Refreshment of FMCG Offer included refurbishment of 24 supermarkets in Slovenia and 8 supermarkets in Croatia, as well as a complete overhaul of Mercator center Belgrade.

Investment and Divestment

In 2012, Mercator Group investment into property, plant, and equipment (CAPEX) amounted to EUR 67.3 million. 59.49 percent of this amount was used for investment in Slovenia, while 40.51 percent was used in markets abroad.

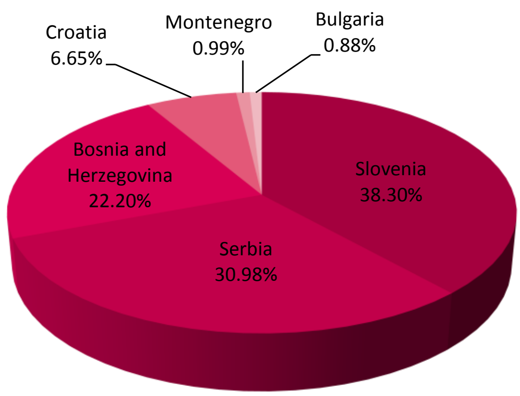
	Capital expenditure in 2012 (in EUR thousand)	Composition (in %)
Slovenia	40,054	59.49%
Serbia	19,085	28.35%
Croatia	3,589	5.33%
Bosnia and Herzegovina	3,396	5.04%
Montenegro	984	1.46%
Bulgaria	212	0.31%
Albania	10	0.02%
TOTAL	**67,330**	**100.00%**

Investment into expansion of retail area represented 52.45 percent of total investment; refurbishments of existing units accounted for 32.95 percent; remaining 14.60 percent was invested in logistics, IT, and non-trade activities.

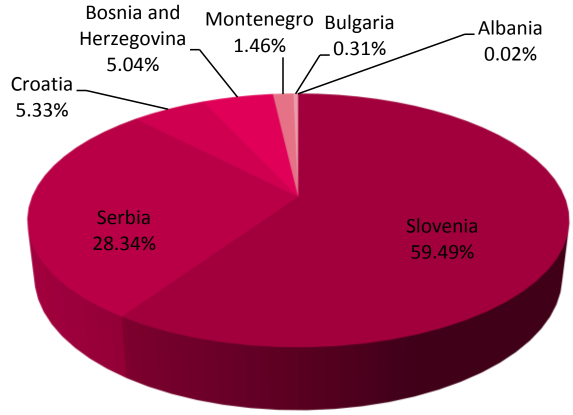
In 2012, the Group acquired 54 new units spanning a gross area of 56,908 square meters, of which 74% was by operating lease and 26% was by acquisitions and construction, or extension of existing facilities.

In 2012, Mercator Group divested EUR 6.8 million worth of property, plant and equipment.

Share of newly launched facilities by markets:



Share of investments by markets:



EFFECT OF ECONOMIC CONDITIONS AND COMPETITION ON MERCATOR GROUP OPERATIONS IN 2012

Economic conditions in 2012

Despite the feeble ray of optimism towards the end of 2011, 2012 proved the hardest year since the onset of the financial crisis. Despite forecasts of GDP growth in all markets of Mercator's operations, growth rate actually dropped in the three key markets, i.e. Slovenia, Croatia, and Serbia; moreover, further decline in economic growth is anticipated at least for Slovenia in 2013 as well. Credit ratings of Slovenia and countries of Southeastern Europe continued to drop or, at best, remained at the same low levels. This in turn resulted in lower ratings of commercial banks and the related increase in financing costs.

Slovenia's economy has strong ties to the economy of the European Union where GDP shrunk according to the European Commission's autumn forecast by 0.3%, or by 0.4% in the euro zone. Growth is expected to resume in 2013 when GDP is forecast to increase by 0.4%, or 0.1% in the euro zone; however, differences between individual member states will remain significant. Countries that had lost a lot in terms of competitiveness have begun to bounce back. Such changes, paired with structural reforms, will pave the way for a stronger and more evenly distributed economic growth in 2014 when GDP growth is projected at 1.6% in the EU and 1.4% in the euro zone. According to estimates, inflation will drop to 2.0% in the European Union in 2013 and 1.8% in the euro zone.

Effect of market situation on consumption

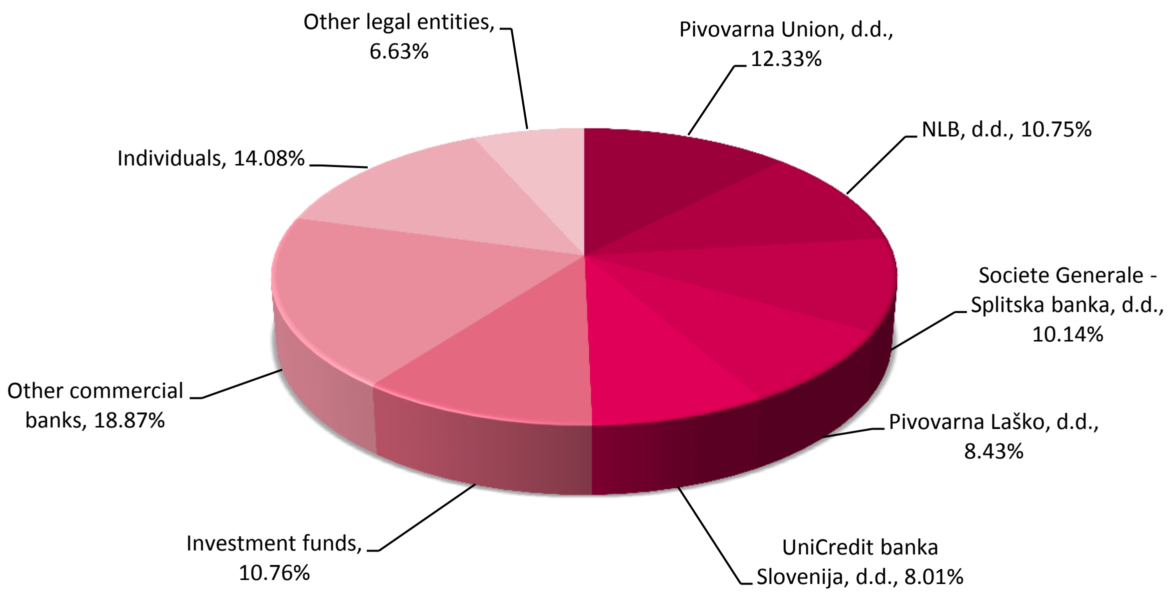
Expectations that 2012 would be an economically harsh year were correct. In the region of Mercator Group operations, economic activity slowed down while the rate of unemployment rose in most markets, which – combined with increase in consumer prices and low growth of average wage – resulted in further slump of consumer purchasing power. Lower consumer purchasing power and uncertainty about the future have made consumer even more conservative and rational.

Consumer confidence in Slovenia plummeted in 2012. Effect of the crisis as perceived by individuals in their everyday life was stronger in 2012 than in the year before. From the aspect of shopping behaviour, the trend of rationalization in consumption has grown even stronger. Consumers tend to purchase more low-priced products and prefer private label offer; they shop for products included in special offers and promotion campaigns; they split their shopping between several retailers and do more shopping in discount stores.

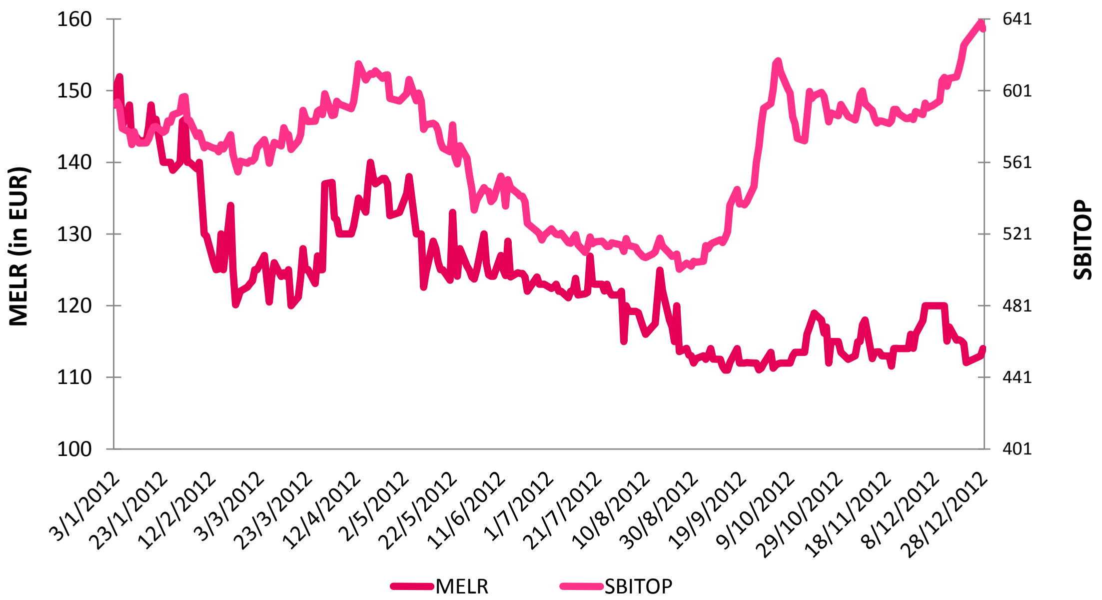
According to survey of consumer confidence conducted by the company Nielsen (3rd quarter 2012), consumer confidence rate in Croatia is among the lowest in Europe. Consumers also respond to recession by shopping for lower-priced brands and private label products. In Serbia, household consumption increased somewhat as a result of the increase in consumer prices. In Bosnia and Herzegovina and in Montenegro, household consumption dropped.

MERCATOR SHARE

Ownership structure of the company Poslovni sistem Mercator, d.d., as at December 31, 2012:



Movement of closing price per MELR share in 2012, compared to the movement of the SBITOP index



Key information for the shareholders

	Dec. 31, 2011	Dec. 31, 2012	Index
Number of shares entered in the Court Register	3,765,361	3,765,361	100.0
Number of treasury shares	42,192	42,192	100.0
Market capitalization as at 31 Dec (in EUR)	553,508,067	429,251,154	77.6
Market price per share as at 31 Dec (in EUR)	147.00	114.00	77.6
Book value per share as at 31 Dec (in EUR)	221.81	200.68	90.5
Minimum close rate in the period (EUR)	136.00	111.00	81.6
Maximum close rate in the period (EUR)	182.00	151.95	83.5
Average close rate in the period (EUR)	162.85	123.46	75.8
Earnings per share (in EUR)	8.4	-10.8	-
P/E ratio	17.6	-10.6	-
Capital gain (in %)	-6.79	-22.45	-
Dividend yield (in %)	5.07	4.08	80.5
Total yield (in %)	-1.71	-18.37	-

Market capitalization is calculated by multiplying the number of shares entered into the court register as at 31 December with market price per share as at 31 December.
Earnings per share is calculated as the ratio between net profit of the company Poslovni sistem Mercator, d.d., and weighted average number of ordinary shares in the period at hand, excluding the treasury shares.
Share book value is calculated as the ratio between the value of the equity of the company Poslovni sistem Mercator, d.d., as at 31 December, and the weighted average number of ordinary shares in the period at hand, excluding treasury shares.
P/E (price-to-earnings ratio) is calculated as the ratio between market price per share as at 31 December and net profit per share.
Capital gain is calculated as the ratio between market price per share as at 31 December in the period at hand and market price per share as at 31 December in the previous period.
Dividend yield is calculated as the ratio between dividend per share and market price per share as at 31 December.

MERCATOR GROUP UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR 2012

Mercator Group unaudited statement of financial position

in EUR 000	Dec. 31, 2011	Dec. 31, 2012	Index Dec. 31, 2012/ Dec. 31, 2011
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets	1,955,181	1,896,316	97.0
Loans and deposit, other receivables	78,288	68,448	87.4
	2,033,469	**1,964,763**	**96.6**
Current assets			
Inventories	310,030	267,711	86.4
Trade and other receivables	247,336	252,754	102.2
Cash and cash equivalents, loans and deposit	29,699	40,785	137.3
	587,065	**561,250**	**95.6**
Total assets	**2,620,534**	**2,526,013**	**96.4**
EQUITY	**764,950**	**661,495**	**86.5**
LIABILITIES			
Non-current liabilities			
Trade and other payables, deffered tax liabilities	52,200	53,588	102.7
Financial liabilities	822,145	593,841	72.2
Provisions	32,710	31,459	96.2
	907,055	**678,888**	**74.8**
Current liabilities			
Trade and other payables, current tax liabilities	581,379	679,483	116.9
Financial liabilities	362,588	500,879	138.1
Derivative financial liabilities	4,562	5,269	115.5
	948,529	**1,185,630**	**125.0**
Total liabilities	**1,855,584**	**1,864,518**	**100.5**
Total equity and liabilities	**2,620,534**	**2,526,013**	**96.4**

Mercator Group unaudited income statement

in EUR 000	2011	2012	Index 2012/2011
Revenue	2,871,999	2,873,186	100.0
Cost of sales	(2,706,249)	(2,749,199)	101.6
Gross profit	**165,750**	**123,987**	**74.8**
Administrative expenses	(103,440)	(186,831)	180.6
Other income	24,154	21,491	89.0
Profit from operating activities	**86,464**	**(41,353)**	**-**
Net finance expenses	**(56,903)**	**(68,908)**	**121.1**
Profit before income tax	**29,561**	**(110,261)**	**-**
Tax	(8,401)	6,665	-
Result for the financial period	**21,161**	**(103,596)**	**-**
Gross cash flow from operating activities	**167,770**	**109,540**	**65.3**
Gross cash flow from operating activities before rental expenses	**211,953**	**168,037**	**79.3**

Expenses

in EUR 000	2011	2012	Index 2012/2011
Cost of material	83,947	77,630	92.5
Cost of service	209,179	227,294	108.7
Amortization and depreciation	81,306	81,789	100.6
Cost of provisions	2,417	9,796	405.2
Labour costs	295,660	297,052	100.5
Other expenses	13,236	14,710	111.1
TOTAL COSTS	**685,745**	**708,271**	**103.3**

Notes to Mercator Group unaudited financial statements

Notes to condensed consolidated income statement

Revenue

In 2012, Mercator Group generated EUR 2,873,186 thousand of revenue, which is approximately the same as in 2011. Revenue dropped in Slovenia (index 97.4); in international markets, revenue growth amounted to 3.6%. In Slovenia, the largest drop in revenue relative to the equivalent period of last year was seen in home product program and textile/apparel program. Investment into retail network was low in Slovenia in this year due to harsh economic conditions; moreover, the divestment of the company Eta, d.d., in June 2011 also contributed to the decrease in revenue. In international markets, change in revenue relative to the first half of last year differs by countries. Taken as a whole, the growth is mostly the result of the takeover of trade operations of the company Drvopromet in Bosnia and Herzegovina in October 2011.

In compliance with the changes in accounting policies, revenue for the year 2012 was, pursuant to IAS 8, reclassified in the amount of EUR 56,434 thousand, reducing the costs of sales in this period by such amount.

Costs of sales

Mercator Group costs of sales which include the cost of goods sold, production costs, selling and marketing costs, and other expenses, amounted to EUR 2,749,199 thousand in 2012, which is a 1.6-percent increase over last year.

Cost of goods sold was higher by 1.7% relative to last year. In 2012, early payment discounts were also lower by approximately EUR 3.3 million as the Group made fewer early payments because of worsened situation in the financial markets. Other expenses in 2012 were higher than in the year before by EUR 9,143 thousand. An increase in other income in total amount of EUR 7 million relates to costs of exit from Bolgarian and Albanian market.

Cost of goods sold in 2011 was reduced by EUR 56,434 thousand pursuant to IAS 8, in order to comply with the new accounting policies; revenue was adjusted downwards by the same amount.

Gross profit

Gross profit in 2012 amounted to EUR 123,987 thousand, which is a 25.2-percent decrease compared to 2011. The share of gross profit in revenue was 4.3% which is 1.5 percentage points less than in the equivalent period of the year before.

Costs

Mercator Group's administrative expenses in 2012 amounted to EUR 186,831 thousand, which is 80.6 percent more than in last year.

Total expenses, consisting of selling and marketing costs (included in costs of sales), production costs, and administrative expenses amounted to EUR 770,791 thousand in 2012, an increase of 11.2% over the last year's figure. The highest increase was seen in write-offs of tangible and intangible assets. Rent payments were also increased considerably as Mercator is increasingly using operating lease to expand its retail network. Among other expenses, the costs of services had the steepest growth at 8.7%; in particular, operating costs rose the most within this category as the prices and consumption of energy rose along with maintenance costs resulting from refurbishment projects at retail units, which were a part of the project of refreshment of FMCG offer. Furthermore, increase of impairments and receivable write-offs was very high as they soared by EUR 49.7 million. Increase in provisions relates primarily to the exit from the market of Bulgaria and Albania and creation of provisions for technical program. Revaluation operating expenses relate to the impairment of tangible and intangible fixed assets in total amount of EUR 56.5 million.

Management Board of Mercator, d.d., is conducting extensive rationalization of all types of expenses. Resulting savings amounted to EUR 10 million in the second half of 2012. Cost rationalization continues and it remains a priority for improvement of Mercator Group's business performance.

Results from operating activities

In 2012, Mercator Group's result from operating activities was negative, standing at EUR -41,353 thousand. Loss from operating activities is above all a result of impairments and write-offs. Furthermore, operating loss resulted from harsh economic conditions which delivered a particularly hard hit to the non-market program. Partially, results are also weakened by higher rent payments, which are the result of expansion of the retail network through operating lease.

Net finance expenses

Net finance expenses are higher than in the year before by EUR 12,006 thousand, which is mostly due to negative currency translation differences resulting from the depreciation of the Serbian dinar and Croatian kuna (net currency translation differences for the year 2012 amounted to EUR 9,362 thousand), lower finance income from long-term financial investments which included gains from divestment of the company Eta, d.d., last year, and higher revaluation adjustments of receivables (difference relative to 2011 is EUR 6,315 thousand).

Profit before income tax

Mercator Group's profit before income tax in 2012 was negative at EUR -110,261 thousand. The loss is above all a result of higher impairment and write-offs amounting to a combined total of EUR 75,506 thousand.

Profit for the financial period

Mercator Group's net loss for 2012 amounts to EUR -103,596 thousand.

Gross cash flow from operating activities

Mercator Group gross cash flow from operating activities in 2012 amounts to EUR 109,540 thousand which is lower by 34.7% than in last year, for the same reasons that are listed with regard to lower results from operating activities.

Gross cash flow from operating activities before rental expenses

The relevant indicator of the ability to generate operating cash flow, which also accounts for the expansion of Mercator Group's retail network through operating lease, is the gross cash flow from operating activities before rental expenses which amounted to EUR 168,037 thousand in 2012, which is 20.7% less than the gross cash flow from operating activities; the difference is the increase of operating lease.

Notes to condensed consolidated statement of financial position

Assets

Mercator Group assets as at December 31, 2012 amounted to EUR 2,526,013 thousand, which is EUR 94,521 thousand less than at the end of 2011, mostly due to lower property, plant, and equipment, and lower inventories.

As at December 31, 2012, the value of Mercator Group non-current assets amounted to EUR 1,964,763 thousand, which is EUR 68,705 thousand less than as at December 31, 2011. The largest share of non-current assets (96.5% or EUR 1,896,316 thousand) is represented by property, plant, and equipment, the value of which was EUR 58,865 thousand lower than as at the end of 2011 as a result of lower investment which was lower than depreciation, negative currency translation differences, and changes in fair value of property, plant, and equipment based on the appraisal of real property as at October 31, 2012.

As at December 31, 2012, the value of Mercator Group current assets amounted to EUR 561,250 thousand, which is EUR 25,815 thousand less than a the end of 2011. The largest share thereof includes inventories (47.7%) and trade and other receivables (43.9%). In 2012, the Group intensively implemented the measures for efficient working capital management. As a result, inventories dropped by EUR 42,319 thousand.

Pursuant to the changes in accounting policies, the Group reduced the value of inventories as at January 1, 2011, by EUR 24,749 thousand. The change pertains to the value of rebates in the inventory (EUR 18,698 thousand) and the estimated difference resulting from the change in the method of recognizing the cost of goods sold (EUR 6,051 thousand). The value of rebates in the inventory rose by EUR 470 thousand by the end of 2011; therefore, total adjustment of the value of inventories as at December 31, 2011 is EUR -25,219 thousand.

Equity and liabilities

As at December 31, 2012, Mercator Group equity amounts to EUR 661,495 thousand. The main changes in the equity in 2012 relate to the operating loss of EUR -103,596 thousand, dividend payment in the amount of EUR -22,339 thousand, foreign exchange losses in the inclusion of foreign subsidiaries in the amount of EUR -18,548 thousand and revaluation of real estate in the amount of EUR 50,757 thousand.

As at December 31, 2012, total financial liabilities amounted to EUR 1,094,719 thousand, which is EUR 90,014 thousand less than as at the end of 2011. The decrease is the result of the Group's efforts to reduce its debt. Net financial debt of the Mercator Group, calculated as the difference between financial liabilities and financial assets, amounted to EUR 1,008,034 thousand as at December 31, 2012 (December 31, 2011: EUR 1,091,145 thousand).

Net financial debt of Mercator Group as at December 31, 2012:

in EUR thousand	Dec. 31, 2012	Dec. 31, 2011	Index Dec. 31, 2012/ Dec. 31,2011
Non-current financial liabilities	593,841	822,145	72.2
Current financial liabilities	500,879	362,588	138.1
Derivative financial instruments (liabilities)	5,269	4,562	115.5
Financial liabilities including derivative financial instruments	**1,099,989**	**1,189,295**	**92.5**
Cash and cash equivalents	37,944	27,540	137.8
Derivative financial instruments (assets)	1	158	0.6
Available-for-sale financial assets	1,136	2,628	43.2
Loans and deposits	52,874	67,824	78.0
Financial assets	**91,955**	**98,150**	**93.7**
NET FINANCIAL DEBT	**1,008,034**	**1,091,145**	**92.4**

As at December 31, 2012, provisions amounted to EUR 31,459 thousand. Compared to the end of 2011, provisions have decreased by EUR 1,251 thousand, mostly due to partial reversal of provisions for legal claims.

Trade and other payables as at December 31, 2012 amounted to EUR 681,782 thousand, which is EUR 98,541 thousand more than at the end of 2011. The increase in trade payables is a result of optimization of working capital, as well as deleveraging efforts.

As at December 31, 2012, long-term coverage of non-current assets with non-current liabilities at the Mercator Group amounted to 68.2%, which is 14.0 percentage points less than as at the end of 2011.

Mercator Group performance plans for 2013

Mercator Group performance plans for 2013 are based on the Group's starting points specified in the medium-term business plan for the period 2013–2016. Additionally, the plan does not include monetization effects, since this project is put on hold.

The company Mercator, d.d., has prepared a solid basis for a quick re-launch of the monetization project once the macroeconomic situation is improved and the ownership structure of Mercator, d.d., is stabilized.

in EUR 000	2012	Plan 2013
Revenue	2,873,186	2,900,526
Cost of sales	(2,749,199)	(2,757,602)
Gross profit	**123,987**	**142,923**
Administrative expenses	(186,831)	(89,633)
Other income	21,491	11,457
Profit from operating activities	**(41,353)**	**64,747**
Net finance expenses	**(68,908)**	**(58,677)**
Profit before income tax	**(110,261)**	**6,070**
Tax	6,665	(3,045)
Result for the financial period	**(103,596)**	**3,025**
Gross cash flow from operating activities	**109,540**	**142,368**
Gross cash flow from operating activities before rental expenses	**168,037**	**199,888**