

ANNUAL REPORT 2011/12



NATÜRLICH FAIR

Dear readers,

EZA's goal for business year 2011/12 has been to get back to operating in the black again. After the disappointing results of the past year, it has been important to demonstrate that we can turn EZA around. And we did it! In the business year 2011/12 we've reached the break-even point again.

We're proud to see that our endeavours have taken effect, as the general framework has hardly changed compared to the previous year: the world market price of coffee was at a high level until spring 2012, the Swiss franc continues to be strong, and the prices of other raw materials, including goods produced in the countries of origin, have also risen significantly as the cost of living has gone up in our trading partners' home countries. This obviously means higher wages and consequently, EZA's paying producers higher purchasing prices for their work. In order to ensure EZA's position in the long run, we've had to adjust our selling prices and cut down on expenses significantly.

In spite of smaller financial resources, we have not made any compromises to our practice of Fair Trade. The visiting programme has again been an opportunity for many people in Austria to meet representatives of our partner organisations and to get first-hand information on how Fair Trade works and what effects it has. We again travelled to many of our partners in the South: direct exchange with the producers is a fundamental aspect of our trade, as it helps consolidate our relationships, which go far beyond the mere purchase and sale of products, enabling both sides to reflect on, and further develop, our partnership.

We play an active role in European and international networks such as the European Fair Trade Association and the World Fair Trade Association. We take part in the Fair Trade Forum and the platform of the Clean Clothes campaign in Austria, in order to join forces and fight for more fairness in business and trade.

In the current business year 2012/13, financial recuperation will again be a central aspect. However, the results available so far are promising and we expect this business year again to be profitable. Our partners in the South, as well as our customers in Europe, provide a firm foundation for our endeavours. Transparency and solidarity, international orientation and fairness continue to be the cornerstones of our philosophy. Our type of trade means swimming against the tide, and we're more than ready to meet the challenge.

EZA Fairer Handel is Austria's largest Fair Trade import organisation, with 35 years of experience in this field. EZA was founded in 1975, taking a Dutch organisation as an example. EZA's shareholders are A3W Action Third World Association (40%), and the Catholic Men's Movements of Upper Austria (23.33%), Austria (20%) and Innsbruck (16.67%).

EZA Fairer Handel GmbH
Wenger Straße 5
5203 Köstendorf
Tel. +43 (0)6216 20 200
Fax +43 (0)6216 20 200
999
office@eza.cc · www.eza.cc

Best wishes,



ANDREA SCHLEHUBER, GENERAL MANAGER





01

FOCAL ACTIVITIES AND COOPERATION WITH PARTNERS

Focal country: Peru

From 23 to 25 September 2011, the Austrian Worldshop Association held its annual conference, for which EZA organised part of the conference programme. This year, a Latin American country was in the focus: Peru. Matthias Hohmann, journalist and author for the Lateinamerika Nachrichten journal and living in Berlin, gave an overview of Peru's economic, political and social situation, between economic boom and free trade agreement on the one hand, and massive poverty among the indigenous majority population on the other.

As Matthias explained in his paper of September 2011, whether or not Peru's President Ollanta Humala, who was newly elected in that year, would be able to fulfil the high expectations of him depended on the extent to which he succeeded in finding convincing ways to respond to social inequality and embarking upon a restructuring process based on broad national support, which would also help overcome the everyday racism that is omnipresent in Peru. It has meanwhile become apparent that there is good reason to be sceptical. Mining companies are exploiting the country's natural resources, with detrimental effects on the ecological system, which obviously is against the interests of the small farmers, most of whom belong to the indigenous population. This is one of the major conflicts the present government has to face.

Jorge Chávez and Jano Vásquez from our Peruvian partner organisations had been invited to the conference to present their work. A long-standing member of the Tawaq producers' association, Jorge has worked as a craftsman since he was 14. Jorge has been Tawaq's president since 2011. Tawaq is part of the CIAP network of producers founded 20 years ago in order to improve the precarious situation of craftspersons. Its key principles include democratic participation, further training, access to Fair Trade as well as the use of profits for community projects. At present, approximately 1300 craftspersons profit from this policy. Jano Vásquez represented the Inti Raymi/Raymisa initiative, which also supports disadvantaged craftspersons and markets their products through Fair Trade. Here, one special concern is the promotion and preservation of traditional handicrafts.

Our guests from Peru gave us an insight into the role of Peruvian handicrafts.

The conference included the presentation of a short film on the value of wool (a joint project by Manfred Wimmer and EZA). The film concentrates on the production of alpaca knitwear. It gives a voice both to the people processing the valuable alpaca fibres and to representatives of marketing organisations that promote the implementation of Fair Trade in their organisations. And the film documents the direct contact that is maintained between the worldshops, EZA and the partners in the South. The DVD of this film is available to rent at EZA, and you can also watch it on EZA's website.

Having a good life – what does this mean? We discussed this question with our Peruvian guests.

From individual prosperity to a good life for all

The Sunday morning session of the conference was dedicated to critical reflection and exchange on „everyday“ terms such as prosperity or quality of life, as well as alternative approaches to business and economy, e.g. solidarity economy and economy of the common good.

The interactive introduction presented by Hans Holzinger from the Robert Jungk Library for Questions about the Future highlighted different dimensions of wealth and prosperity: what we eat, which goods we use for what purpose, how we work, the people with whom we interact, the space available to us, control over our time, forms of access to information, and options for practising and shaping democracy. For our guests, Jorge Chávez and Jano Vásquez, the ‘good life’ starts where basic needs are covered. ‘There are lots of things that you take for granted, but which we still have to fight for’, says Jano Vásquez from Raymisa. Access to food, education and health care is by no means secure in Peru. Responding to unstable real-life situations is an important skill in order to survive under such conditions. Both Jorge and Jano emphasised that community orientation and joining forces are firm principles of indigenous thinking.

Cooperation, not competition and profit-making, is a key concept of the economy of the common good as well. Christian Felber described this approach in his book on the economy of the common good published in 2010. In this context, the balance of the common good is a key concept, as Gisela Heindl explained in her paper. The point is that the traditional balance sheet of an enterprise does not show the full picture but neglects key aspects of corporate policy. A balance of the common good also takes into account questions of human dignity, solidarity, joint decision-making, ecological sustainability, and social justice. These concepts are analysed with regard to their practical relevance in the enterprise in question, and assessed based on a score. A balance of the common good reveals aspects which would otherwise be difficult or impossible to access. Audits are planned for this purpose too. Gisela Heindl explained that the process of developing the concept has just started and is being continually advanced. She invited her audience to visit the website www.gemeinwohl-oekonomie.org for further information and to contribute their views.

Hans Eder, director of the NGO Intersol, discussed the principle of solidarity economy with the participants. This approach goes back to Luis Razeto Migliaro, a Chilean sociologist. It links solidarity and economy in a way that does not follow the logic of the capitalist economic system. A central aspect of solidarity economy is to integrate those parts of society that, under traditional economic conditions, would be marginalised (e.g. low-income groups, the unemployed, ...). ‘The strength of solidarity economy is that it does not rely on the dynamics of competition but on factors such as community, cooperation and commitment – and identification with a world view oriented towards liberation’, explains Hans.

After the conference, EZA staff accompanied their guests from Peru on a tour through Austria to offer information on their activities. The two Peruvians visited 12 towns and cities in Upper Austria, Lower Austria, Styria and Vienna to speak at events organised by the worldshops.

Journeys to our partner organisations

Maintaining long-term relations is a central principle of EZA’s approach to trade. Meeting our partners in their home countries is of key significance for ensuring exchange. In the past business year, EZA staff in charge of purchasing and monitoring again went on numerous trips. These journeys are occasions for discussing suggestions for, and feedback on, existing products, possible new products, as well as any problems that may have occurred in business relations, and in the context of partner

evaluation, the implementation of Fair Trade criteria is analysed. In all, our staff visited 41 partner organisations in 11 different countries.

Katharina Mühlberger, who is in charge of fashion, travelled to Craft Aid on Mauritius, to Rajlakshmi and Sasha in India, to Allpa, Minka, Raymisa and CIAP in Peru, as well as to Awayu, Coproca, K'Hana, Señor de Mayo and Q'Antati in Bolivia, and prepared the 2013 collections of our Anukoo fashion label.

Eva Mayrhuber and Andrea Stehrer, EZA's handicraft purchasers, met our long-standing partner organisations Sasha, EMA and CRC in India – primarily to discuss the leather bag product line. Their journey to Nepal was the first visit to ACP and Third World Craft, two organisations that cooperate with numerous workshops producing a wide range of handicraft articles.

EZA staff also went to Colombia to meet the new partner organisation Sapia, and to Ecuador, to Camari. They also visited the hammock producers of the Movimiento Indígena Monimbó (MIM) association in Nicaragua, and La Semilla de Dios and Exporsal in El Salvador. In Guatemala, they met the Copavic glassblowers and members of the Pop Atziak and Aj Quen handicrafts associations. According to Gerhard Wimmer, the social situation in El Salvador and Guatemala seems to have deteriorated dramatically compared to his last visit two years ago. 'I wouldn't have thought that the difficult economic situation in the U.S. had such massive effects on these two countries', he said. 'Many relatives of Salvadorans and Guatemalans who had emigrated to the U.S. lost their jobs and thus could not send money, and many national enterprises relying on exports to the U.S. closed down. Furthermore, the prices of staple foods have sharply risen, especially in El Salvador.' Although the situation is slightly better in Nicaragua, our partners there also face considerable problems: other importers failed to place orders, and EZA has remained as their only Fair Trade partner. The hammocks that are typical of Nicaragua are hand-made products of high quality. Their producers are confronted with competitors selling hand-made hammocks produced less carefully, or machine-made ones, at very low prices.

EZA visited 41 partners in the South, in 11 different countries.

Photos: EZA/mawi

Peru has maintained a rich handicraft tradition.





Photo: EZA Fairer-Handel

Members of the Yeni Navan cooperative raising young plants for their coffee gardens.

In the food sector, the producers we visited in the past business year again included coffee producers in Mexico and Guatemala. As of late spring, 2011 has again seen high stock-exchange prices of green coffee. The prices paid by intermediate dealers also went up. Franz Denk, who is in charge of EZA's coffee imports, reported that this time the cooperatives had been better prepared for such a situation than in 2010. They purchased coffee from their members at higher prices, and were thus able to meet most of their contracts. The difficult loan situation could, in time, be eased, primarily through alternative financing organisations, and also local banks. Franz noticed the positive effects that the high market prices have had for the producers. 'Many people are optimistic again and see a future in coffee farming. They have started to replace old coffee plants with new ones.' EZA, too, is participating in the coffee renewal programme of a cooperative, and has been able to convince the Austrian Development Agency (ADA) to provide additional funds to prepare demonstration gardens for training purposes. In Guatemala, Franz visited our long-standing partner organisations Cecapro and Guaya'b, and he also talked with representatives of the Honduras-based CAFEL coffee cooperative. In Mexico, meetings were scheduled with ISMAM, Redcafes, POSI, Mascafé, CIRSA, Tzijib Babi, FIECH, Paluchen, Juan Sabines, Uciri, 21 de Septiembre and Yeni Navan/Michiza.

Cooperation and division of tasks for the improved support of our partner organisations.

Support, assistance, consulting and evaluation

As a member of the European Fair Trade Association, EZA also plays an active role in the EFTA monitoring group. In the context of this cooperation, EZA has committed itself to carrying out three partner evaluations per year, at its own expense. The results are then shared with other EFTA members. The task to be performed is as follows: EZA examines the partner's implementation of the 10 Fair Trade standards and the effects of Fair Trade, gathers facts and figures on partner organisations and producers, organises workshops on Fair Trade and the 10 Fair Trade criteria, and draws up an action plan for tackling any deficiencies that have been revealed. This type of evaluation is based on the principle of dialogue, and consequent further activities to implement the measures that have been agreed upon.

Birgit Cáliz, who carries out monitoring tasks at EZA, travelled to Chile and Bolivia. In Chile she visited Pueblos del Sur, a Fair Trade organisation with many years of experience in marketing han-

dicrafts. In Bolivia, the focus of her visits to Jilata and Awayu (knitwear producers) was the on-the-spot examination of the results and implementation of the EFTA evaluations that had taken place in the previous year. Another goal was to evaluate and intensify the cooperation between EZA's four local alpaca partner organisations. The trip also provided an opportunity to contact Señor de Mayo (alpaca knitwear) and Anapqui (quinoa producers).

The majority of the alpaca products that EZA sells comes from small workshops, where the working conditions are different to those in large manufacturing enterprises. It is therefore all the more important for EZA to cooperate with the local coordinating organisations to define standards in line with the specific situation of small-scale production. This is Birgit's summary of her evaluations in Bolivia: 'It has been a great pleasure to see the results that this process has achieved, and to talk to workers, who confirmed that much has been achieved. For instance, now all knitters in the workshops have aprons and dust masks to protect them from the fine wool dust. For the first time, the knitters had health insurance during the production period, from April to September. The health official makes unannounced visits to the workshops in order to verify that the protection measures are being implemented. Checks are also carried out to see whether the workers are paid in time, based on a planilla (pricing table) hanging in each workshop. Courses for knitters were organised where they were informed on their rights and duties, the criteria of Fair Trade and its implementation in the workshops.' The hand knitters organised under the name Makis Waras have become an important pillar of the organisation, which has been re-established since the latest evaluation and today works for EZA under the name Qhana.

The measures agreed upon have to be oriented towards the producers' specific situation.

The evaluation process had very positive results in the case of Awayu as well: as the individual knitters were unable to agree on a common representative, Awayu introduced a complaint box. Here, the knitters can post their problems in writing, also anonymously, if they lack the confidence to discuss their complaints directly and personally with the Awayu team. In order to implement the Fair Trade criteria in the workshops, measures regarding payment, safety and health requirements have been taken, and the knitters have been invited to attend further training courses.

In addition to the evaluations carried out by EZA itself, we provided funding for an evaluation of our trading partner Silence in India. The evaluation was performed by an external consultant from India who is familiar with the local conditions and the evaluation criteria.

Indigenous women in the Peruvian highland have few source of income. Knitting and needlework is one of them.

Photos: EZA Fairer Handel, Manfred Wimmer



Visits by our partner organisations

Visits to Austria are an opportunity for EZA's partners to get to know the Fair Trade situation in Europe, to obtain direct feedback on their products and their work in their organisations, and to communicate first-hand information about themselves. In the reporting period, representatives of 13 organisations from 10 different countries came to see EZA: Gabriel Kamudu (Craft Aid/Mauritius), Fred Masinde (Undugu Society/Kenya), Jorge Chávez (CIAP/Peru), Jano Vásquez (Raymisa/Peru), Ram Ramasamy (SIPA/India), Raúl del Aguilar (COCLA/Peru and Board member of FAIRTRADE International), Marcela Cofre (Calypso/Pueblos del Sur/Chile), Isaac Zúniga (El Naranjillo/Peru), Edwin Bett (Kisac Fairtrade Ltd./Kenya), Druce Biggerstaff (Sapia/Colombia), Francisco Reynaga (El Ceibo/Bolivia), Snitporn Tansuchart, Wipa and Sab (Y-Development/Thailand) and Daniel Simoleit (Nobunto/South Africa).

Representatives of 13 partners from 10 countries in the South came to visit EZA.

Trade fairs are gaining importance as opportunities for exchange with partners. The annual *Bio-Fach* World Organic Trade Fair held at Nuremberg, Germany, is a perfect location for this purpose. Here, we were able to cultivate contacts with Foudhaili Taïeb (South Organic/Tunisia), Bakouma Laba (SETRAPAL/Togo) and Barend Salomo (Wupperthal Original/South Africa).

New partner organisations

EZA's partners' committee decides whether or not trade relations with a new organisation should be initiated or not. Our new partners are Cecaq-11 (cocoa from São Tomé and Príncipe), KONAF-COOP (cocoa from Cameroon), BaobArt (handicrafts from Mozambique), Sapia (jewellery, bags and Christmas decoration from Colombia), Pueblo Apícola (honey from Uruguay), Exporsal (hammocks from El Salvador), Fruits of the Nile (dried bananas from Uganda), and AgroAndino (dried organic physalis from Peru).

By the end of June 2012, EZA thus had a total of 159 trading partners. 63 of these produce handicrafts and fair fashion. 60% of these partners are members of the World Fair Trade Organisation. 82% of EZA's 96 partners in the food sector are listed in the FAIRTRADE producers' registry.

Promoting and advancing Fair Trade

In Austria, EZA is part of the Fair Trade Forum, which presented its activities to the public in June 2012. It is a network consisting of the Austrian Worldshop Association, EZA, FAIRTRADE, FIAN, Oikokredit and Südwind. Its goal is to promote Fair Trade and to press for framework conditions that support Fair Trade. The Fair Trade Forum and the Austrian Research Foundation for International Development presented a background and position paper on the influence of financial investors on the dynamics of coffee and wheat prices at the raw material markets as well as the effects this has on Fair Trade producers, and drew up political recommendations. EZA was actively involved in preparing the background paper.

Invited by the Clean Clothes campaign, EZA joined the Clean Clothes platform in Austria. For EZA, this network is important primarily with regard to our activities in the area of fair fashion. As we see it, it is not enough to offer concrete, practical alternatives in the clothing sector. It is also important to show the different ways in which intolerable conditions in the clothing industry can be actively combated.

As a member of the European Fair Trade Association, EZA is represented at the European level in the EFTA monitoring group. As well as evaluations (see above), the key topics pursued include the advancement of the EFTA evaluation system based on the 10 Fair Trade standards, discussions of fair price issues, and starting a step-by-step process to ensure living wages. EZA takes part in these activities as a member of the EFTA Steering Committee.

At the international level, EZA is represented in the World Fair Trade Organisation. In the latest self-assessment, which is obligatory for all WTFO members as they have to account for their Fair Trade practices, EZA was tested in a pilot project: the assessment was based on the new criteria that have been drawn up and which include a feedback mechanism with partner organisations in the global South. Our partners' feedback on our self-assessment has been mainly positive, but has also spurred us to fine-tune the communication of our policies towards our partners and to integrate a complaint service for our partner organisations.

Our partners in the South and the worldshops are our strongest allies in the goal of expanding Fair Trade. In addition to our Peruvian guests Jorge Chávez and Jano Vásquez's tour of Austria, Francisco Reynaga from the El Ceibo cocoa cooperative in Bolivia came to Austria for a few days to provide first-hand information on his cooperative. The latest figures showing the ratio between the production for exports and for Bolivia's domestic market are extraordinary: El Ceibo ceased to act as a supplier of raw materials long ago. Today, El Ceibo sells 60% of its members' cocoa harvest in Bolivia, processed in El Ceibo's own cocoa and chocolate producing plant.

Information on the practical side of Fair Trade is an important part of our work.

EZA gave lectures on Fair Trade, EZA's corporate policy, and in particular our fair fashion programme, for instance at the Puch University of Applied Sciences, at the University of Salzburg Department of Communication Science, at the conference of Lower Austrian FAIRTRADE towns, in the context of the *Faire Schnittmuster* (Fair Patterns) event in Stuttgart, at further training events for *biofair* lecturers and in the Fair Trade Academy. A total of 22 groups (students and adults) visited our headquarters at Köstendorf for tours of the house and discussions on Fair Trade.

Photos: ejumo, EZA

Cocoa farmer Francisco Reynaga visiting EZA.



02

OUR CUSTOMERS

Worldshops

The worldshops account for 33.6% of EZA's sales, which makes them our largest customer group in terms of turnover. However, for the first time in many years, a decline has shown here: sales went down by 1.5%, to EUR 5.38 million. Not all customers were willing to accept the higher retail prices of coffee and chocolate. In the handicrafts sector, competition has intensified, and in addition, two worldshops had to close. In order to further promote our contacts with the worldshops, the product and information exchange meetings with the worldshops have been regionalised to a greater extent. Now they are held in Salzburg, Vienna, Tyrol, Vorarlberg and Styria.

Grocery retailers

Even though the 12.6% increase in turnover has primarily been accounted for by higher prices, it has shown that the customers of grocery retailers seem to have accepted the higher retail prices more readily than the worldshop customers, particularly with regard to coffee.

Resellers

In this customer group, primarily organic food shops and distributors, sales have risen by 2.4%.

EZA worldshops and Anukoo fair fashion shop

The worldshops owned by EZA (one in Salzburg and two in Vienna) registered declines in turnover. This has been caused by the difficult economic situation as well as long periods of construction work in the immediate vicinity. The overall 3.4% sales increase is due to the new Anukoo fair fashion shop in Vienna.

Institutions

The sales to this customer group come from purchases by numerous private organisations and public agencies. In the reporting period the sales to Missio and the Carol Singing Campaign of the Catholic Children's Movement have played a significant role.



Photos: Rajiv Saha, EZA

EZA's fashion expert regularly visits the producers of the Anukoo fair fashion collection.

Action groups

The sales by action groups that offer our products in the context of voluntary work at bazaars have risen slightly, even though an increasing number of EZA's products have become available through other distribution channels.

Final consumers

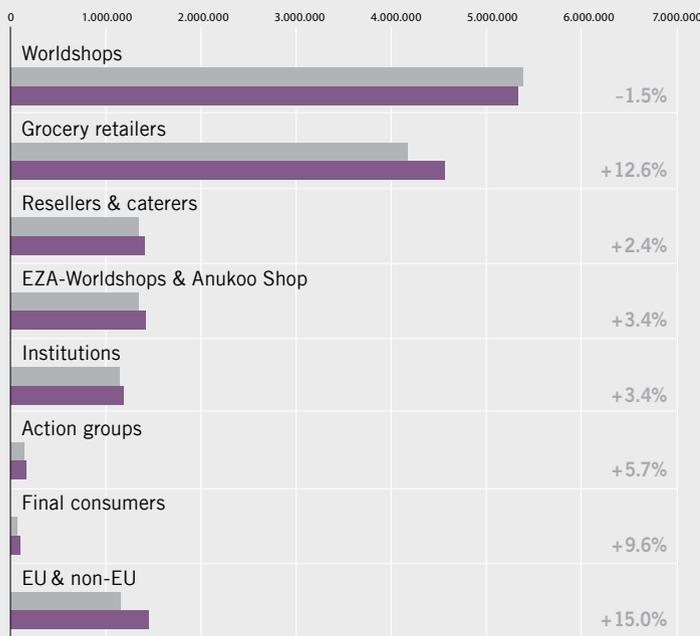
At our headquarters at Köstendorf, we offer information on Fair Trade on the one hand, while selling Fair Trade goods on the other. This combination has made us an increasingly attractive field trip destination. As a result of regional advertising campaigns, a promising sales increase of 9.6% has been achieved.

European Union and Switzerland

Sales to our European partner organisations, who buy part of their fair fashion products and handicrafts through EZA, have developed favourably.

We have further expanded our successful cooperation with the Bavarian Fair Handelshaus. For the first time, EZA visited local worldshops in Bavaria, took part in fairs organised by Fair Handelshaus and organised training events. Furthermore, younger Fair Trade importers from Slovenia, the Czech Republic, Slovakia and Poland have increased their sales from EZA. While the 15.0% rise in sales volumes may seem high, contribution margins are small. For EZA, the primary benefit of such a strategic purchasing cooperation is that it brings down relative fixed costs.

Sales by distribution channel



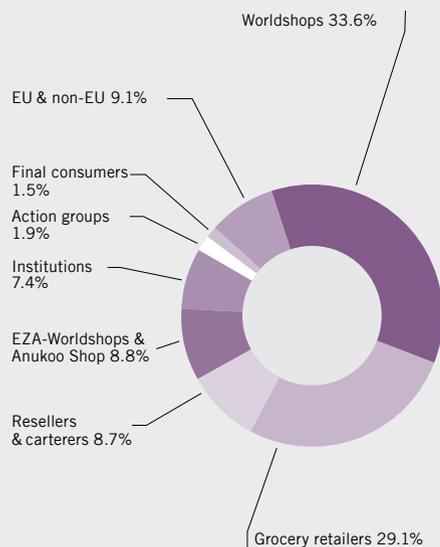
TOTAL SALES

2010/2011 € 14,881,107.–

2011/2012 € 15,642,113.–

■ 2010/2011 ■ 2011/2012

EZA's turnover is accounted for by sales of products to the following groups of customers:



03

OUR PRODUCTS

Coffee

Coffee accounts for 35.5% of EZA's total turnover, and is thus the most important product for our economic success. Until spring 2012, the world market price of coffee was at a high level. In addition, EZA pays the cooperatives social and organic bonuses in accordance with the FAIRTRADE criteria. In the case of a few arabica highland brands, additional quality markups are paid. As a result, our sales margins have been reduced considerably. Only part of the cost increase has been offset by higher selling prices. Raising the prices to cover the higher costs entirely would have further increased the risk of declining sales volumes. Even though our coffee sales rose by 9.9%, this is solely due to higher selling prices. The higher prices have in fact resulted in an almost 8% fall in the quantities sold.

A total of 545 tons of roasted coffee was sold, 100% of which was organic coffee.

Chocolate

Chocolate is the second most important product in the food category. The turnover in this product group was EUR 2.38 million, i.e. 14.9% of total sales. The top sellers here are Mascao and Compañera, which are produced in Switzerland. These two brands account for almost half of our chocolate sales. As the Swiss franc has become more expensive and our purchasing prices for raw materials have risen, we have had to pass on part of the additional cost by raising our selling prices. In this



Photos: South Organic

The fine dates produced by South Organic, Tunisia, are processed immediately after the harvest.

business year we also launched the Cariño line with nine new brands of organic fair chocolates. Cariño is produced in Germany and is therefore not affected by exchange rate fluctuations. As a result, its retail price is lower.

Other foodstuffs

Turnover in this group rose by 4.1%. The range of products now offered also includes dates, fruit bars, organic honey, dried mangos, cocoa powder and new tea brands.

Cosmetics

The sales of BDIH-certified natural cosmetics have shown a downward trend in the reporting year. At EUR 182 323, this segment accounts for 1.3% of total turnover.

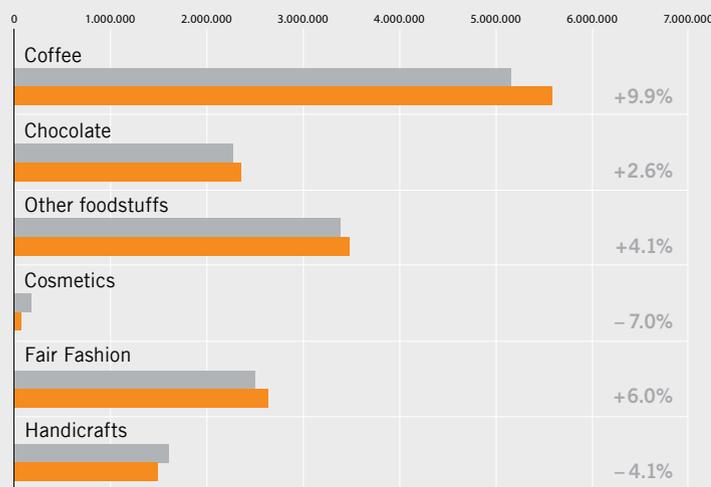
Fair Fashion

Fair fashion, comprising clothing, jewellery and bags, accounted for a turnover of EUR 2.68 million, or 16.8% of total sales. The increase by 6.0% results solely from increases in clothing sales. The EZA-owned Anukoo fair fashion shop in Vienna has played an important role in this respect. Our intensified activities in the German market and increases in worldshop sales, particularly regarding winter clothing, have had positive effects as well.

Handicrafts

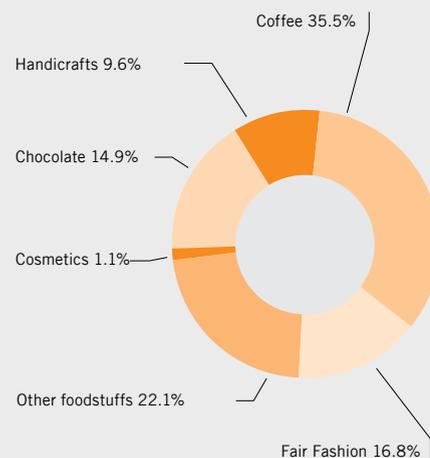
This product group includes home decoration goods, gifts and musical instruments. Here we see a decline of 4.1%, not least due to stronger competition in the worldshops.

Sales by product category



TOTAL SALES
 2010/2011 € 14,881,107.–
 2011/2012 € 15,642,113.–

EZA's turnover is accounted for by the following groups of products:



04

ANNUAL STATEMENT

EZA's business year covers the period from 1 July 2011 to 30 June 2012.

Assets

The value of assets has gone down due to depreciations. At the balance sheet date, inventories were slightly higher than in the previous year. Accounts receivable grew parallel to turnover, but at the balance sheet date, they were at a particularly high level.

Liabilities

In response to the unfavourable result of the previous year, EZA's shareholders decided to raise their share capital from EUR 380 000 to EUR 638 000, as a confidence-building measure. The additional share capital consists of the injection of new capital by the shareholders on the one hand and the reallocation of revenue and capital reserves on the other.

The net income of EUR 11 114 is an indication that we have made the turnaround towards achieving a positive result. The cumulative income has thus risen to EUR 584 670, and the capital stock has grown by 10%. EZA's capital stock-to-assets ratio has thus grown to 11.9%.

The higher provisions include the warning of an administrative fine given by the Austrian Financial Market Authority due to non-conformity with the Act on Banks on the part of EZA's small loan initiative. At the balance sheet date, due to small lenders amounted to EUR 3.26 million.

Income statement

A sales increase of 5.1%, reaching EUR 15 642 113, has been recorded. However, sales input still shows a disproportionate rise, this year by 8.2%. This increase again reflects the extraordinarily high level of raw material prices and purchasing prices, particularly regarding coffee. EZA's income has thus decreased by 1.4%, or EUR 74 000, compared to the previous year.

The total expense figures illustrate the massive economising efforts we have made in order to compensate for the lower income. In spite of statutory wage increases, our personnel expenses have remained at the same level as in the previous year, which in fact means that costs have been saved. This has been possible by reducing overtime hours, use of accrued holidays and non-replacement, or deferred replacement, of permanent positions. Rentals have gone down as the lease payments for the premises at Köstendorf have been suspended. The greatest cuts were made in selling expenses: advertising costs alone have been reduced by approximately EUR 360 000. A change of freight company has resulted in a reduction of transport costs. The lower administrative costs are due to a reduction of damage in the course of operations. This has been achieved by scheduling selling-off measures, and in close cooperation with our producers. The rise in interest expenses results from



Photos: EZA Fairer Handel, gepa - The Fair Trade Company

Our partners in the South produce handicrafts and grow crops with great care.

additional loans that were necessary to finance purchases, which have become more expensive. The total cost reductions compared to the previous year amount to EUR 595 427. This is the reason why after the heavy loss of the past year, we have been able to announce a positive result of EUR 11,114.-.

In the reporting period EZA employed a staff of 72 (at headquarters and in EZA's four shops): 51 women and 21 men. In terms of full-time employees, this corresponds to an annual average of 57.3 FTEs.

Annual statement as at 30 June 2012

All figures in Euro	10/11	11/12	z.Vj.
Intangible assets	5,564	1,616	-71%
Tangible assets	2,541,983	2,406,094	-5%
Financial assets	36,494	36,494	0%
FIXED ASSETS	2,584,041	2,444,204	-5%
Inventories	6,138,779	6,269,287	2%
Accounts receivable and other assets	1,187,191	1,376,768	16%
Cash on hands and cash in banks	228,847	97,470	-57%
CURRENT ASSETS	7,554,817	7,743,525	2%
Deferred income	56,039	63,982	14%
ASSETS	10,194,897	10,251,711	1%
Share capital	378,000	638,000	69%
Revenue reserve	159,964	0	-100%
Cumulative net income/loss	573,556	584,670	2%
CAPITAL STOCK	1,111,520	1,222,670	10%
ACCURED LIABILITIES	579,105	633,195	9%
Due to banks	3,805,439	3,811,343	0%
Due to small lenders	3,236,159	3,259,843	1%
Other liabilities	1,462,674	1,324,660	-9%
LIABILITIES	8,504,272	8,395,846	-1%
Deferred income	0	0	
LIABILITIES	10,194,897	10,251,711	1%

INCOME STATEMENT

All figures in Euro	10/11	11/12	z.Vj.
Sales revenues	14,881,107	15,642,113	5.1%
Other operating income	121,746	89,249	-26.7%
Sales input	9,814,368	10,617,214	8.2%
INCOME	5,188,485	5,114,148	-1.4%
Personnel expenses	2,639,289	2,642,847	0.1%
Rental	192,293	153,570	-20.1%
Selling expenses	1,477,817	1,058,236	-28.4%
Administrative expenses	918,877	805,109	-12.4%
Depreciation	274,573	249,503	-9.1%
Interest	173,109	196,413	13.5%
Cooperate income tax	22,503	-2,644	-111.7%
EXPENSES	5,698,461	5,103,034	-10.4%
NET INCOME/LOSS	-509,976	11,114	



„Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade.

It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers – especially in the South.

Fair trade organisations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.“*

* This definition of Fair trade was agreed upon in December 2001 by representatives of FLO (Fairtrade Labelling Organisation; www.fairtrade.net), IFAT (International Fair Trade Organisation; today WFTO, www.wfto.com), NEWS! (Network of European Worldshops; www.worldshops.org) and EFTA (European Fair Trade Association; www.eftafairtrade.org).



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NATÜRLICH FAIR

