



Annual Report  
of the Impol Group

2007

***impol***  
Aluminium Industry



**Annual Report**  
of the Impol Group

**2002**



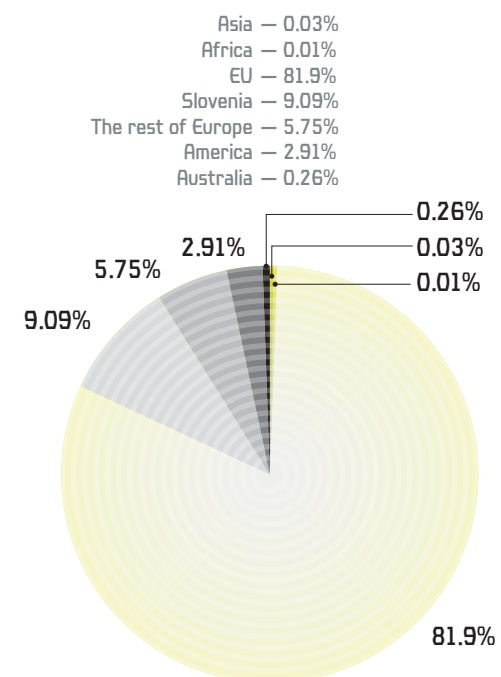
# Turning Points in 2007

- Event that will have had the longest-term influence on the operation of the Impol Group (also referred to as Impol<sup>1</sup>) took place in October when Impol 2000, d. d., bought, at an auction, another 4.5 percent of the shares of Impol, d. d., to be added to the amount covering almost 4.9 percent of the shares that Impol, 2000, d. d., had already controlled before this purchase. As a result, Impol 2000, d. d., having a total of 9.4 percent of the shares of Impol, d. d., became the controlling company within the group, which, thus, increased by two new companies, while Impol, d. d., became one of the subsidiaries in the group<sup>2</sup>.
- For the first time during its operation, Impol realised half a billion euros.
- In 2007 Impol was the fifth largest exporter in Slovenia.
- The production amount exceeded 160,000 tonnes, while the annual growth was 11 percent.
- Since 1 January 2007 Impol has been operating within a different organisational structure. Most of

- its support services are provided on a contractual basis, by outsourcing, while each production programme is organised, as a processing activity, within a specific company.
- In 2007 Impol upgraded its information technology, providing support to risk insurance and risk management. The prices for aluminium raw materials are controlled by avoiding the risks associated with their abrupt and significant changes.

The sales of aluminium products account for 98 percent of all of Impol's sales.

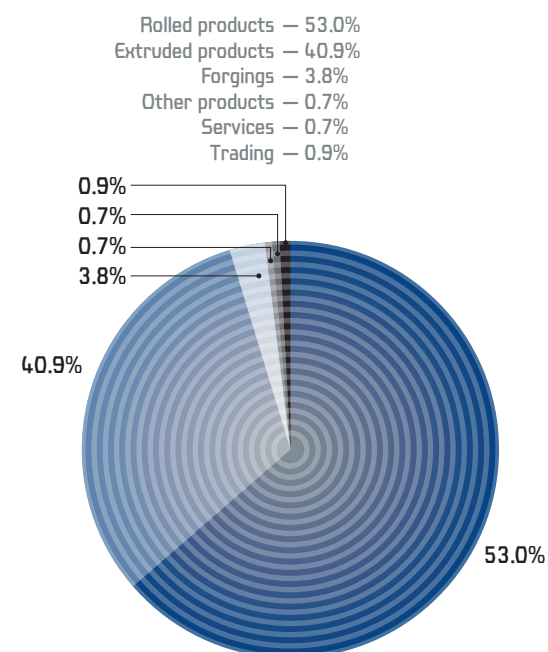
## SALES OF ALUMINIUM PRODUCTS BY GEOGRAPHICAL AREA



2 Figure

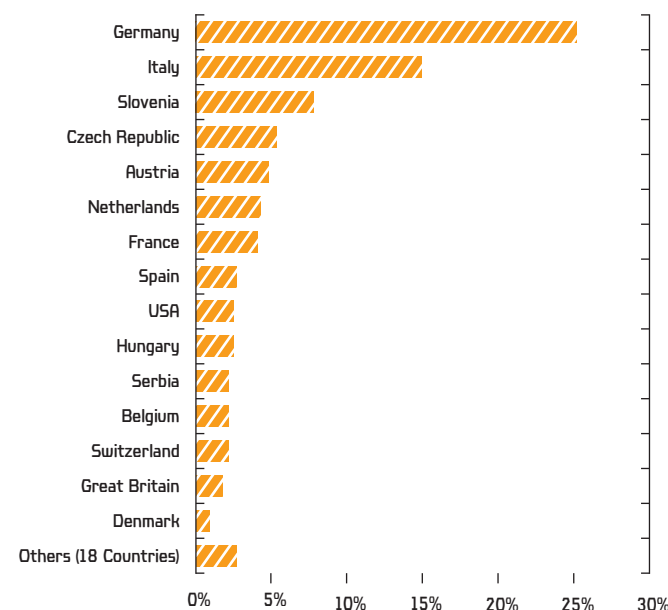
<sup>1</sup> Henceforth Impol refers to the whole group; when individual companies are discussed, their names also include the abbreviations indicating the type of the company.  
<sup>2</sup> When preparing the Annual Report, we considered the ownership and organisational structures of the company that were in place at the end of 2007. For the purpose of clarity, the accounts of the operations for 2007 and 2006 include both Impol 2000, d. d., and Impol, d. d.

## SHARES OF THE SALES BY TYPE



1 Figure

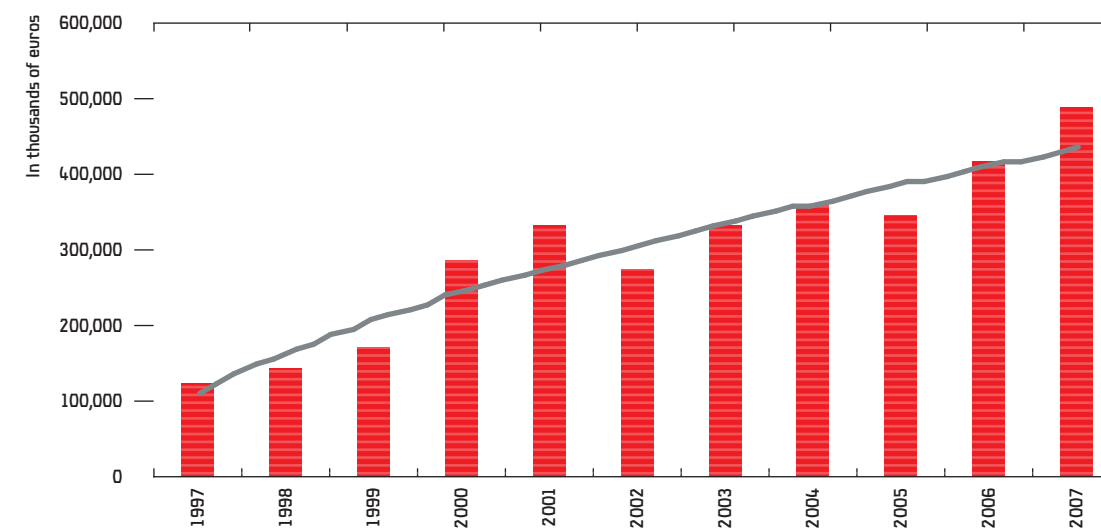
## SALES OF ALUMINIUM PRODUCTS BY COUNTRY



3 Figure

In the EU area excluding Slovenia we sell 82 percent of our aluminium products, and in the whole of the EU area more than 91 percent of our products and services are sold.

## VALUE OF SALES



4 Figure



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**1** Report  
of the Management-  
Board President and  
**Report**  
of the Supervisory  
Board



# Report of the Management Board President

## Dear partners and shareholders,

For the whole Impol Group, 2007 was a year of continual and major changes that will have a long-term influence on its operations.

The changes that significantly influence the operations of the Impol Group and of its individual members are generated outside as well as inside the group, and will have a lasting impact.

The largest external influence is the price for aluminium raw material.

In 2007 aluminium had a high base price in the exchange<sup>3</sup>, as shown on page 27, in Figure 9: Multi-Annual Movement of Aluminium Prices at the LME. Aluminium prices were continually on the increase, and this condition required Impol, a purchaser and user of aluminium raw materials, to solve a difficult task: to continually adapt to the ever-changing conditions in the market.

This development is best illustrated with the movement of the base price for aluminium at the exchange. Because of the continual increase in the purchase price for aluminium, which is Impol's main input raw material (it amounts to about 98 percent of the total input raw materials), the initial price of 1369 euros per tonne charged for in 2005 increased to 1933 euros per tonne at the end of 2007, by a good 41 percent (an increase of 564 euros per tonne). The infra-annual movements also show a continual price growth. Such conditions required all the participants to endeavour to neutralise the unfavourable effects of the prices and increase the difference between the purchase prices for the raw materials and the selling prices for Impol's products.

When trading, the manufacturers of aluminium products are mostly focused on the few largest markets. For this reason, favourable as well as unfavourable trends in individual market segments are very quickly also reflected in all the other parts of the market. In 2007 the prevailing effects continued to have a positive impact on the aluminium

producers and, partly, also on the manufacturers of aluminium products. As a result, Impol was able to, at least partly, stop the negative effects caused by the rapid price growth or the costs made in the non-aluminium areas.

The whole of the international aluminium industry is still in the phase of intense restructuring. We saw the mergers of the largest-ever producers and the traders with the primary electrolytic aluminium, such as Rusal, Sual and Glencore. Prior to their merging, all of these companies were direct or indirect suppliers to Impol. In addition, 2007 saw other, even larger mergers of aluminium producers (Alcan merged with Rio Tinto), as well as mergers of manufacturers, Impol's competitors (Novelis).

With respect to the products with a low added value and the production of products treated as merchandise, Impol has been losing its advantage to Asian producers (China, India, etc) mainly because of their significantly lower labour costs.

For this reason Impol's basic objective will be to reduce the amount of products with a low added value and increase the amount of products with a high added value in all of Impol's operating areas.

We are sure that the transport-vehicle industry will continue to use light construction materials. In this area, aluminium has significant advantages over the competitive materials due to its relatively low specific weight and its properties as a metal. Consequently, we expect that the demand for more advanced products from Impol will increase. For this reason Impol will invest mainly in the processes that will allow a more intense integration in these markets.

In 2007 Impol did not buy 51 percent of Talum's shares, and long-term investments were not different from the investments in the previous year.

In spite of a relatively high debt-to-assets ratio, the investments in Impol are, with respect to the achieved results, remunerative and relatively safe:

These results allow us to smoothly manage the debts of the whole group.

Since the beginning of 2007, Impol has operated within a restructured framework that became additionally modified in October when Impol 2000, d. d., which previously already had, as the majority shareholder, 46 percent of Impol's shares, bought an additional 45 percent of its shares, becoming, in this way, the controlling company within the group responsible for establishing consolidated accounts, controlling more than 94 percent of the shares and aiming at buying the shares of the remaining owners. This process was carried out in such a way that it did not affect market relations, so that the customers and strategic suppliers do business with Impol in the same way as before.

The Impol Group is organised in such a way that individual activities of the group members are organised, carried out or managed by specialised internal and external providers (outsourcing), and we plan to develop this trend. The operations of certain companies within the group are entirely carried out by external providers.

We will continue these processes in the following years, aiming to increase the net cash flows, mainly by making a sufficient net profit. For this purpose, Impol focuses on:

- well-defined specialisations of individual group members, aimed at generating a higher added value for customers;
- an increase in the scope of the products with a high added value, especially in the areas where the production costs have been increased mainly because of external factors;
- attracting customers for new products;
- the use, in the production processes of the whole group, of the raw materials that previously underwent the lowest possible processing level, so that the added value of Impol's final products can be increased;
- a reduction in the production of products with a low added value to the smallest possible and commercially still acceptable extent;
- continual improvement and rationalisation of production processes, allowing a reduction of the production costs and improved customer satisfaction;



Impol 2000, d. d., Management Board

Vlado Leskovar, Jernej Čokl, Janko Žerjav and Adi Žunec

- an increased use of secondary raw materials, so that Impol's dependence on the producers, and on individual suppliers, is reduced;
- a production based on procedures that are friendly to the environment and to the employees, and that result in the smallest possible, unavoidable, associated costs;
- sufficient cash flow that allows the financing of development processes and the settlement of liabilities to investors (shareholders, creditors, etc.).

The first half of 2007 was characterised by favourable market conditions, while the second half brought negative effects, probably resulting from the emerging financial crisis that will become more significant in 2008. As a result, the markets in which trade is done in US dollars became much less attractive. For this reason the scope of our exports, mainly to the American markets, was reduced.

In 2007 Impol had the largest net cash flow so far, as much as 24 million euros. It used more than five million euros for development investments, i.e., durable assets, and used the

Indicator	In thousands of euros		
	2007	2006	2005
EBITD	57,010	2,069	1,729
annual growth	2,302%	20%	
EBIT	40,291	1,951	1,627
annual growth	1,670%	20%	

<sup>3</sup> London Metal Exchange — henceforth referred to as the LME

rest of the funds for paying off long-term loans obtained for the investments in durable assets in the previous years and for the investments into the current assets.

As Impol 2000, d. d., obtained the majority shareholding of Impol, d. d., the purchase of 45.4 percent of the shares with a total value of 44.8 million euros is conditionally treated as the largest investment within the group in 2007. Because of this investment the total long-term debts of the group increased by almost 44 million euros.

As the Impol Group finances, with its own capital, 17 percent of all the investments, the group's strategy was mainly focused on gaining sufficient net profit that will allow the group to finance, in the following three years, at least 30 percent of all its investments.

The group's objective for 2007 was to make 10.4 million euros of profit and generate 26.3 million euros of cash flow. The group was to achieve this result by selling 165,400 tonnes of aluminium products. The group actually realised 160,000 tonnes of sold products. The group had nominally 38 million euros of net cash flow, of which 23 million euros were made with the current operations. Nominally, it had a profit of 23 million euros, of which 7.6 was made with the current operations. All the profit and the cash flow made outside the current operations resulted from various revaluations (mainly associated with the purchase of the shares of Impol, d. d.) and were, at the time when the revaluations were accounted for, already linked to the assets, on the basis of which the revaluations were calculated. We believe that Impol did not realise the expected business outcomes due to the following:

- the rapid increase in prices resulting in increased costs relating to non-aluminium materials;
- an increase in other costs, mainly the costs of salaries, energy supply, services and interest that could not be covered entirely with the amounts gained for the sold products and services;
- unexpected one-off costs resulting from the consolidation of the internal organisation;
- slow acquisition of the technology needed for the production of thin strips and foils, which prevented us from achieving the expected production results in this area.

As a result of the ownership changes, it is difficult to compare the achievements in 2007 with the results in

2006 or with the expectations for 2007. However, during the adjustment processes we have established the following:

- Impol increased its revenues of 418.5 million euros for 2006 to revenues of 486.3 million euros (by 16 percent) in 2007;
- consolidated profits of all the companies within the group were increased from 6.9 million euros in 2006 to 7.6 million euros in 2007 (by 10 percent);
- the joint consolidated profit of Impol, d. d., and Impol 2000, d. d., for 2006, amounting to 8.4 million euros, was increased, due to the revaluation and adjustment effects of the joint operations, to the amount of 23.1 million euros (by 175 percent — these effects applied only in 2007, after this time they are insignificant, and, consequently, the results for the following year will not be comparable with the results for 2007 unless appropriate adjustments are made);
- the net cash flows established on the basis of amortisation and the net profit, and corrected in line with the adjustments, revaluations, the payments of the dividends, and the changes made to the provisions, increased from 21.7 million euros in 2006 to 23.7 million euros in 2007 (by nine percent).

The revenues were increased because of the higher selling prices that were increased due to the higher price for aluminium raw materials, the change in the sales programme, and also due to the increased physical scope of the sales (by 11 percent).

Impol 2000, d. d., is not a listed company; for this reason it is possible for its shareholders to find the values of their investments by objectively presenting the value of the company in its financial statements. However, because of the ownership changes we can objectively present the data about the value of the shares and make comparisons between 2006 and 2007 only for Impol 2000, d. d., on which the focus of our analysis, previously placed on Impol, d. d., has been transferred. In Impol 2000, d. d., the book value of the capital per share was 22.36 euros at the end of 2006, and 23.57 euros at the end of 2007, which is a 5.4-percent increase. At the end of 2006, after taking the value adjustments into account, the consolidated book value of the capital per share for the Impol Group was 29.61 euros. At the end of 2007 the capital per share was 49.77 euros, which is a 68-percent increase, resulting from the revaluations. As a result of the achieved financial results and expectations for 2008, the Impol Group will keep the same policy for determining shareholders' dividends that

applied to Impol 2000, d. d. The dividend for each share will be 0.30 euro or seven percent more than the year before.

In the next financial period Impol will:

- make sufficient profit, allowing us to smoothly manage the debts, and provide for a sustainable development. These objectives will also be reflected in our policies concerning the costs, the selection of the production and sales programmes, strategic connections, development investments, process organisation, etc.;
- better use of the current capacities that do not require large additional investments, which can mainly be achieved by making use of synergy effects. We will also invest in the current operations financing the short-term investments, mainly with the borrowed short-term funds.

Impol will, in line with the IPPC requirements, finalize the investment in the renovation of its foundry capacities. This also includes a definition of the maximum extent of using secondary aluminium materials.

We will continue to carefully monitor, in the entire system, the effects of our production on the environment, and strive to reduce them as much as possible, or eliminate them, in line with the environmental standard ISO 14001. In 2007 we finalized the investment in the renovation

of the foundry capacities, carried out in line with the IPPC requirements. With respect to this area, we are still committed to using the maximum possible amount of secondary aluminium raw materials.

Impol will also continue to ensure that the knowledge acquired by the company will be maintained and improved. Impol encourages the acquisition of the knowledge that helps the company increase its productivity. For this reason Impol has told its employees that it will:

- reward them in line with the achieved profit, so stimulating them to further improve their results;
- encourage their cooperation in the process of innovations, improvements, and development projects;
- pay for supplementary pensions;
- provide a safe and healthy working environment in line with the acquired standard OHSAS 18001.

Above all, Impol will continue to provide training for its employees, as it can only satisfy the needs of its customers with appropriately qualified staff.

Impol 2000, d. d., Management Board  
Jernej Čokl, President of the Board

## Report of the Supervisory Board

### Report of the Supervisory Board on Examining the Operating Account of Impol 2000, the Authorised Management Company, d. d., for 2007

The Supervisory Board of Impol 2000, the authorised management company, d. d, Slovenska Bistrica, controlled and examined, in line with the competencies from Article 281 of the Companies Act, throughout the year the management of the company's operations in the financial year 2007. It carried out this task during six regular and three extraordinary meetings by reviewing the reports submitted to it by the Management Board. The most important of these documents is the annual report on the company's operations for 2007. All the meetings of the Supervisory Board, consisting of three members, were attended by a quorum.

One of the key long-term development issues discussed by the Supervisory Board, at the request of the Management Board, during most of its meetings was the decision relating to the purchase of the shares of Impol, d. d. On the basis of these decisions, the authorised company Impol 2000, d. d., bought a packet of shares on offer at the public auction on

16 October 2007 from Hapitalska družba, d. d. (Pension Fund Management), Slovenska odškodninska družba, d. d. (Slovenian Compensation Fund Management), Hapitalska družba, d. d. — PPS, and D.S.U., družba za svetovanje in upravljanje, d. o. o. (Management and Consultancy Company), and from some minority shareholders, paying 44.8 million euros, and thus became the owner of more than 94 percent of Impol, d. d.

Acting on the proposal of the Management Board, the Supervisory Board discussed and approved the company's business plan and business policies for 2007. During its meetings, it most frequently discussed the pricing and trading policies of the company and its role in the development strategy of the Impol system.

During individual meetings, the Supervisory Board also formed decisions concerning the sale of the company's shares.

The Supervisory Board established that the reports by the Management Board, submitted throughout the year to be discussed at individual meetings, were composed clearly and transparently, giving a true and fair picture of the company's operations and its current financial situation.

The Supervisory Board also established that the Management Board promptly and consistently implemented

the decisions of the Supervisory Board. The president and the members of the Supervisory Board were regularly, on a monthly basis, receiving written reports on the company's current operations, prepared by the Management Board.

The Supervisory Board established that, according to the auditor's report, attached to the business report, prepared by the audit company Auditor, d. o. o., Ptuj, the financial statements give a true and fair picture of the financial situation of the authorised company Impol 2000, d. d., as of 31 December 2007, and are in line with the Slovenian Accounting Standards. The same is true of the business results and the movement of the financial flows in the year that ended on the above-mentioned date. The business report of the Management Board is consistent with the financial statement. The Supervisory Board had no comments relating to the auditor's report, and gave approval to it, as well as to the proposal for the formation of the capital, balance-sheet profit, and the profit after the financial year 2007. The Supervisory Board suggested that the Assembly of the company adopt these documents, and give a discharge for the financial year 2007 to the Management Board and the Supervisory Board.

Davorin Brodnjak  
President of the Impol 2000, d. d., Supervisory Board



**Impol 2000, d. d., Supervisory Board**

Edvard Slaček, Davorin Brodnjak and Tanja Ahaj





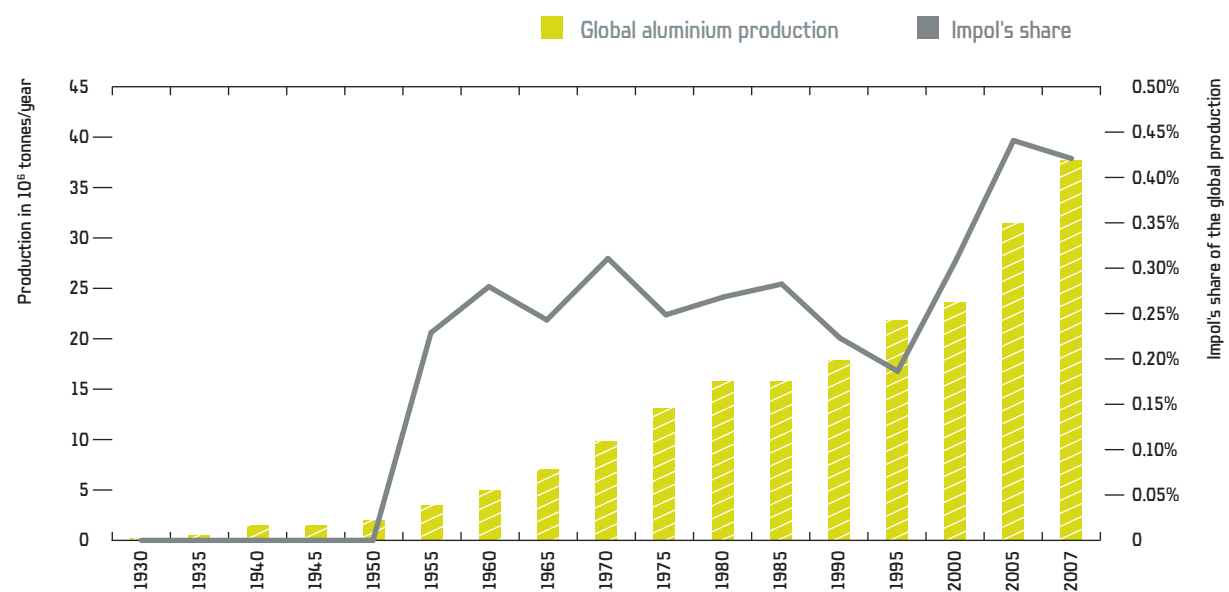


Impol's main activity is the processing of aluminium into rolled, extruded, drawn, and forged products, as well as other types of products (the main-activity code used to be DJ 28,400; as of 1 January 2008 this code is 25,500). The group also carries out other, less important activities. Most of the activities in the group are organised within specific companies that do business with each other following market-based rules.

In 2007 Impol did not expand its activities to any new areas, as it mainly strove to improve, modernise, and make the best use of the existing capacities, while it was, at the same time, involved in the restructuring and specialisation of the production programmes. Throughout the group, Impol was abandoning the programmes for producing products with low added value and redirecting and specialising its activities.

Until 1950 Impol processed only copper. The processing of aluminium started in 1950 (the programme is described, in detail, at <http://www.impol.si>), when the total global annual production of primary electrolytic aluminium was only a good million tonnes. Today it amounts to more than 38 million tonnes (Figure 5) and is expected to exceed 41 million tonnes in 2008. At the same time, the processing of secondary (scrap) aluminium is also becoming increasingly important; its estimated annual amount already exceeds 10 million tonnes.

#### ALUMINIUM PRODUCTION IN MILLIONS OF TONNES PER YEAR, AND IMPOL'S SHARE OF THE CONSUMPTION OF PRIMARY ALUMINIUM



The Impol Group has a 0.43% share of newly produced, globally processed aluminium. In 2007 it slightly reduced its share, because it was focused, in line with Impol's strategic policies, more on the products with a high added value and less on the quantity of the production. However, the quantity of Impol's production also remains important, as in the processes of massive production Impol can only manage its fixed costs with a sufficient quantity. As the global processing of aluminium, including the processing of secondary, recycled aluminium is close to 50 million tonnes per year, Impol's share of the total processing is a little more than 0.3%.

Some of the most important indicators relating to business operations in 2007 (Table 1) show that the financial year was, observed mainly with respect to the net cash flow, still satisfactory, even though Impol was strongly affected by political and financial fluctuations.

Here we should point out that the data relating to previous periods refer to the Impol Group without Impol 2000, d. d., and Impol Servis, d. o. o., which became integrated into the group in 2007. In order to provide for better comparability, the previous periods are presented with the indicators based on the operations of Impol, d. d., as the actual operations, as well as the flows of materials and finances were organised within this company, while Impol 2000, d. d., only managed service and trade activities that cannot be compared with the activities of the newly organised group.

#### KEY INDICATORS<sup>4</sup>

Year	Consolidated results for the Impol Group, d. d., without Impol 2000, d. d.									Impol Group
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Turnover ratio	1.38	1.24	1.38	1.52	1.38	1.38	1.41	1.40	1.43	1.61
Profitability	8.00%	7.60%	8.60%	5.70%	5.52%	4.10%	-7.93%	2.96%	5.03%	64.69%*
Margin	3.6%	2.6%	1.6%	1.5%	1.7%	1.0%	-1.8%	0.7%	1.4%	4.33%**
Equity/assets	66.0%	60.0%	54.7%	59.0%	42%	33.9%	28.9%	27.3%	28.1%	16.9%***
Debt/equity	52%	64%	82%	74%	136%	193%	238%	259%	290%	485%
Long-term loans/equity	10%	11%	13%	14%	48%	54%	53%	51%	52%	152%
Employees	834	873	895	895	2,062	1,900	1,835	1,803	1,819	1,822

Table

<sup>4</sup> The data for 1998–2006 is based on the consolidated financial statements of the Impol, d. d., Group without the Impol 2000 Group set up in 2007 and including Impol 2000, d. d., and Impol Servis, d. o. o.

\* The profitability figure also includes the profit established on the basis of the following components:

In euros	
Consolidated profit of related companies including the minority shareholders' profit	7,628,372
Elimination of intra-group dividend payments	(836,417)
Elimination of the impairment of intra-group investments	1,133,677
Negative goodwill	12,482,473
Profit increase due to the amortisation costs of the fixed assets sold intra-group	731,973
Profit decrease due to the intra-group withheld trading stocks	(104,573)
Profit from the intra-group disposal of fixed assets	(2,366)
<b>Total</b>	<b>21,033,139</b>
– profit of the group	19,802,457
– profit of minority shareholders	1,230,682

When considering only the achieved profit without the negative goodwill, we have a 28.4-percent profitability, which is more realistic, as the effect of the negative goodwill resulting from the purchase of the shares of Impol, d. d., by Impol 2000, d. d., appeared only once.

\*\* The same comment applies to establishing the margin, which would be 1.61 percent when considering the elimination of the effect of negative goodwill.

\*\*\* This figure is not comparable with the figures for previous years, as Impol 2000, d. d., only once bought the shares of Impol, d. d.



A short review of business operations (Table 2) shows a rapid increase in the extent of the operations, and the increase in the acquired cash flow; these improvements, however, are not matched by an increase in the profitability

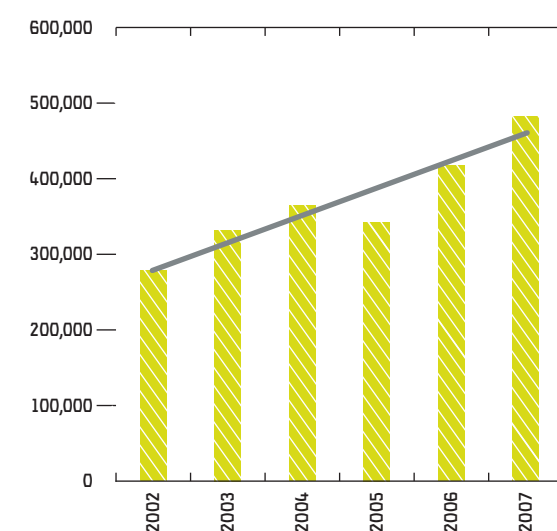
of the business operations. Most of the cash flow was made with the amortisation/depreciation costs, which affects the tax liabilities.

## REVIEW OF RESULTS CONSOLIDATED IN 1998–2007\*

In thousands of euros											
	Consolidated results for the Impol Group, d. d., without Impol 2000, d. d.										Impol Group
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Consolidated revenues	145,130	175,295	294,977	332,472	276,174	346,394	366,708	355,372	432,112	468,309	
Consolidated revenues without goods and services	120,680	141,002	294,977	332,472	273,979	344,339	363,818	352,392	427,707	409,119	
Expenses	135,363	164,462	283,139	321,238	266,065	337,566	364,769	343,102	419,243	429,565	
– write-offs (depreciation, etc.)	4,395	4,986	5,312	6,281	6,309	7,908	10,956	14,063	14,416	17,081	
Current operations – consolidated results	9,766	10,833	11,837	11,234	10,109	8,829	1,939	12,270	12,870	38,645	
Financial revenues/expenses difference	-3,293	-3,843	-6,107	-6,217	-5,611	-6,381	-9,365	-12,713	-6,422	-14,470	
Extraordinary revenues/expenses difference	-284	816	2,096	762	328	1,157	883	2,897	126	-1,137	
Profit or loss	5,052	6,337	7,690	4,926	4,581	3,381	-6,776	2,280	6,009	21,033	
Cash flow from current operations	9,448	11,323	13,001	11,207	10,890	11,289	4,180	16,343	20,425	38,114	
Cash	3,787	2,156	2,347	5,963	8,983	2,961	6,062	3,632	9,683	5,704	
Equity	65,929	72,861	78,592	83,459	83,802	83,465	78,411	81,650	86,558	53,545	
Share book value in €										44.36	
Profitability	7.66%	8.70%	9.78%	5.90%	5.47%	4.05%	-8.64%	2.79%	6.94%	64.69%	
Number of employees in the Impol Group	839	868	899	902	2,062	1,900	1,835	1,803	1,823	1,822	
Revenues per employee in €/year	172,979	201,953	328,116	368,594	133,935	182,276	199,806	197,100	237,034	257,030	
Revenues per employee in €/year – products only	143,837	162,445	328,116	368,594	132,870	181,195	198,231	195,448	234,617	234,393	

2  
Table

## SALES IN THOUSANDS OF EUROS, AND THEIR TREND



6  
Figure

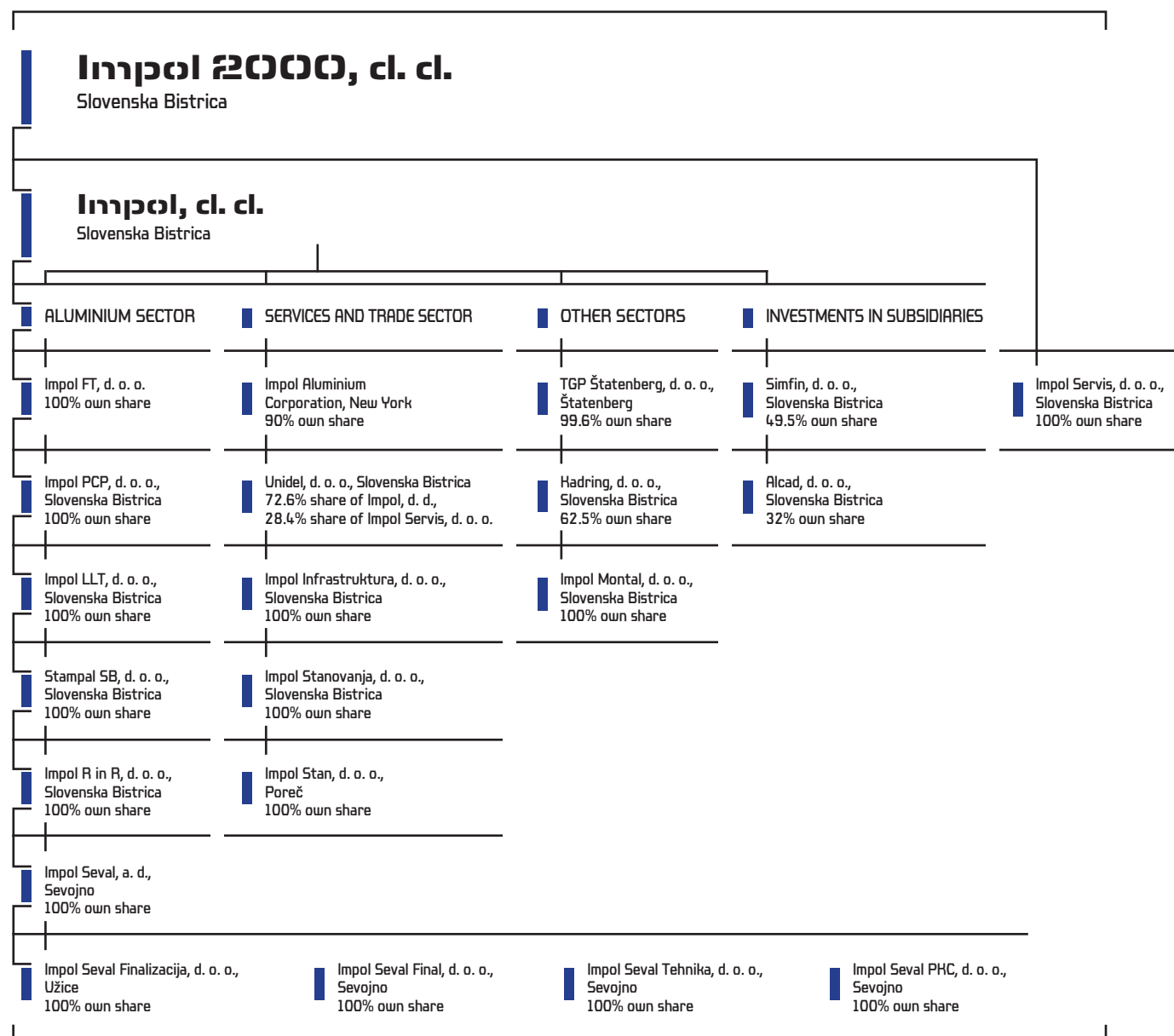
Impol increased its revenues by more than 17 percent:

- two-thirds of this increase was a result of the growth of the physical extent (which increased by 11 percent),
- the rest of the increase was caused by a price increase and restructuring of the production.

\* In the profit-and-loss accounts for 1998–2006 toalars were converted into euros on the basis of the annual average exchange rates, while the balance-sheet values were converted on the basis of the most recent annual exchange rates.



Impol Group adopted a new organisational structure in 2007:



In 2007 Impol 2000, d. d., became the new activity holder, i.e., the new holding company of the Impol Group after acquiring 94.3 percent of the shares of Impol, d. d. The new holding company operates as a public limited company, which, however, is not present in the regulated market. Its shares are freely transferable, and they all belong to the same class; Impol's share register is managed by

the company. At the end of the year 1060 shareholders were registered in the share register. The list of the ten largest shareholders indicates a significant ownership diversification (Table 3).

The company's management owns a total of 16,084 shares, or 1.51 percent, and it acquired no additional shares in 2007.

SHAREHOLDER STRUCTURE AS OF 31 DECEMBER 2007

Shareholder	Number of shares	Percentage
Bistral, d. o. o.	111,449	10.4474%
Impol Montal, d. o. o.	80,482	7.5445%
Harona, d. o. o.	57,678	5.4068%
Upimol 2000, d. o. o.	54,787	5.1358%
Alu-trg, d. o. o.	53,500	5.0152%
Alumix, d. o. o.	53,400	5.0058%
Simpal, d. o. o.	53,400	5.0058%
Simfin, d. o. o.	19,173	1.7973%
Varimat, d. o. o.	17,206	1.6129%
Danilo Hranjc	11,186	1.0486%
Other 1,050 shareholders	554,505	51.98%
<b>Total</b>	<b>1,066,766</b>	<b>100.00%</b>

3 Table

Operation of the Company

In line with the Companies Act, Impol 2000, d. d., Slovenska Bistrica, Partizanska 38, is classified as a large public limited company subject to auditing.

Impol 2000, d. d., a management company, was established in August 1998, and registered in the Register of Companies at the Regional Court in Maribor on 3 August 1998 as a public limited company, with the decision Srg. 98/01042, and with the entry number 1/10469/00. The company is classified under the activity code 74.150, i.e., the management of holding companies. The company's registration number is 1317342.

On 9 November 1998 the company's decision Srg. 98/01486 on increasing the share capital with in-kind contributions, i.e., with the shares of Impol, d. d., Slovenska Bistrica, was registered in the Register of Companies at

the Regional Court in Maribor, with the entry number 1/10469/00.

On 1 October 1999 the company adopted a decision on increasing its share capital. The in-kind contribution of Impol, d. d., i.e., the takeover of the 100-percent share that Impol, d. d., had in Impol Servis, d. o. o., was registered in the Register of Companies at the Regional Court in Maribor on 15 February 2000, with the decision Srg. 1999/03108, and the entry number 1/10469/00.

After the registration of the increase in the share capital as of 15 February 2000, the company's share capital amounted to 4,451,540 euros.

The company's share capital is divided into 1,066,767 registered shares. The book value of a share of Impol 2000, d. d., as of 31 December 2007 is as follows:

BOOK VALUE OF A SHARE OF IMPOL 2000, D. D.

Year	Share	Book value of a share of Impol 2000, d. d.	Book value of a consolidated share
2007	Individual share	23.702 euros	50.194 euros
2006	Individual share	22.356 euros	29.614 euros

4 Table



As of 31 December 2007 the book value of a share of Impol 2000, d. d., without the minority shareholders' capital and own shares, has been 44.36 euros.

The programme of Impol 2000, d. d., includes the following activities:

- marketing services for Impol, d. d., and Alumat, d. o. o.;
- trading procedures;
- selling aluminium semi-manufactured products to the customers that have been so far acquiring such products in the trade organisations, and attracting new customers acquiring products from the competitive sources;
- selling small amounts to individuals and legal entities, as well as combining the supplies;

- selling aluminium products that are not included in Impol's production programme;
- selling semi-manufactured products and finished products made of other non-ferrous as well as ferrous metals;
- surveying markets and public opinion;
- other activities.

The Impol Group operates within the holding company, Impol 2000, d. d., which has two directly dependent companies, Impol Servis, d. o. o., and Impol, d. d. The latter operates through 13 subsidiaries, five sub-subsidiaries, and two associated companies (Table 5). The consolidated financial statements of the Impol Group show the operations of the entire group of dependent companies.

## SUBSIDIARIES AND ASSOCIATES

	Company	Share
Impol 2000, d. d. — the holding company directly controlling the following:		
1.	Impol Servis, d. o. o. (controlling 27.4% of Unidel, d. o. o. — see 2.11.)	100.0%
2.	Impol, d. d.	94.3%
2.1.	Impol Seval, a. d., Serbia, with its subsidiaries:	70.0%
2.1.1.	<ul style="list-style-type: none"> <li>Impol Seval Finalizacija, d. o. o. (100%)</li> </ul>	
2.1.2.	<ul style="list-style-type: none"> <li>Impol Seval PHC, d. o. o. (100%)</li> </ul>	
2.1.3.	<ul style="list-style-type: none"> <li>Impol Seval Tehnika, d. o. o. (100%)</li> </ul>	
2.1.4.	<ul style="list-style-type: none"> <li>Impol Seval Final, d. o. o. (100%)</li> </ul>	
2.2.	Impol LLT, d. o. o.	100.0%
2.3.	Impol FT, d. o. o.	100.0%
2.4.	Impol PCP, d. o. o.	100.0%
2.5.	Stampal SB, d. o. o.	100.0%
2.6.	Impol R & R, d. o. o.	100.0%
2.7.	Impol Infrastruktura, d. o. o.	100.0%
2.8.	Impol Aluminium Corporation, New York (USA)	90.0%
2.9.	Impol Stanovanja, d. o. o., with a subsidiary:	100.0%
2.9.1.	<ul style="list-style-type: none"> <li>Impol Stan, d. o. o. (95%), Croatia</li> </ul>	
2.10.	TGP Štatenberg, d. o. o.	99.6%
2.11.	Unidel, d. o. o.	72.6%
2.12.	Impol Montal, d. o. o.	100.0%
2.13.	Hadring, d. o. o.	57.0%
2.14. associated	Simfin, d. o. o.	49.5%
2.15. associated	Alcad, d. o. o.	32.0%

5  
Table

Of the above group of twenty-two companies, seven operate abroad. Two are organised as subsidiaries of Impol, d. d.: Impol Seval, which is a sole owner of another four companies, and IAC New York, USA. There is also Impol Stan, d. o. o., a subsidiary of Impol Stanovanja, d. o. o., operating in Croatia.

Subsidiaries in which Impol 2000, d. d. directly or indirectly holds a majority stake, operate in the following areas:

## INDEPENDENT COMPANIES OF IMPOL 2000, D. D., INCLUDED IN THE GROUP

Company	Registration number	Standard activity code	Country of operation
Impol, d. d., industrija metalnih polizdelkov, Partizanska 38, Slovenska Bistrica	5040736	28.400	Slovenia
Impol Servis, d. o. o., Partizanska 38, Slovenska Bistrica	5482593	52.461	Slovenia
Impol Montal, podjetje za projektiranje, izdelavo in montažo, d. o. o., Partizanska 38, Slovenska Bistrica	5479355	28.120	Slovenia
Impol Stanovanja, podjetje za pridobivanje, upravljanje in oddajanje stanovanj, d. o. o., Partizanska 39, Slovenska Bistrica + another sub-subsidiary	5598010	70.320	Slovenia
TGP Štatenberg, d. o. o., Štatenberg 86, Makole	5465249	55.301	Slovenia
Unidel, podjetje za zaposlovanje in usposabljanje invalidnih oseb, d. o. o., Partizanska 38, Slovenska Bistrica	5764769	85.325	Slovenia
Impol Aluminium Corporation, New York		51.520	USA
Impol Seval, a. d., Sevojno, Serbia and five sub-subsidiaries	07606265	27.423	Serbia
Stampal SB, d. o. o., Partizanska 38, Slovenska Bistrica	1317610	28.400	Slovenia
Hadring, d. o. o., Partizanska 38, Slovenska Bistrica	5870941	74.140	Slovenia
Impol FT, d. o. o., Partizanska 38, Slovenska Bistrica	2239418	28.400	Slovenia
Impol PCP, d. o. o., Partizanska 38, Slovenska Bistrica	2239442	28.400	Slovenia
Impol LLT, d. o. o., Partizanska 38, Slovenska Bistrica	2239434	27.530	Slovenia
Impol R in R, d. o. o., Partizanska 38, Slovenska Bistrica	2239400	73.102	Slovenia
Impol Infrastruktura, d. o. o., Partizanska 38, Slovenska Bistrica	2239426	70.320	Slovenia

6  
Table

Other associated companies in which Impol 2000, d. d., indirectly holds more than 20% of the share capital:

Name	Address	Country
Simfin, d. o. o.	Partizanska 38, Slovenska Bistrica	Slovenia
Alcad, d. o. o.	Partizanska 38, Slovenska Bistrica	Slovenia
Alureg Pin, d. o. o.	Partizanska 38, Slovenska Bistrica	Slovenia
Almont Seval, d. o. o.	Sevojno, Serbia	Serbia



## Production and Marketing Programme

Impol's production and marketing programme includes the following:

- various rolled aluminium products (strips, sheets, embossed and formed sheets, painted strips, etc.),
- foils and thin strips,
- profiles (untreated, eloxed),
- bars, rods, and tubes,
- forgings,
- to a lesser extent, trading activities and services.

In spite of organisational and ownership changes, in 2007 Impol's production and marketing programme did not change with respect to the types of products (Figure 7, Production of Aluminium Products in Tonnes); however, the shares of products within individual programmes have been changing. Above all, the production of converter foils, the most demanding rolled products, is on the increase. The products and services whose extent is insignificant are not included in the figure.

The entire production programme was, beforehand, brought in line with the sales programme, as all the production is based on the orders received, and it will remain so because of the nature of our products.

Rolled products constitute the largest share, and the production of foils is on the increase. The share of extruded products amounts to 35 percent of the total production, and it is expected to start increasing in 2010. The rest of the products and services are less important for the Impol system, and for this reason an increase in their production cannot significantly increase their share of the total operation (Figure 1).

PRODUCTION OF ALUMINIUM PRODUCTS IN TONNES

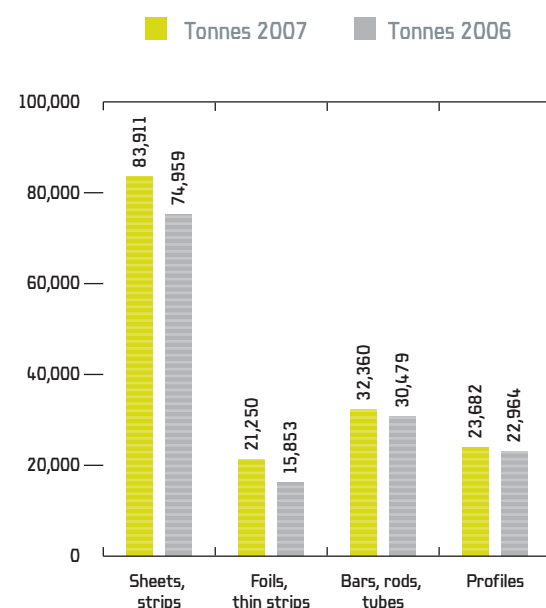


Figure 7

## Markets and Customers

Impol sells most of its aluminium products in the EU.

EU	81.965%
Slovenia	9.086%
The rest of Europe	5.748%
America	2.911%
Australia	0.258%
Asia	0.026%
Africa	0.006%

Its most important markets are still in Germany, Italy, Slovenia, etc. (Figure 3). Large customers of Impol's products are producers in the car industry and other automotive industries, the construction industry, the electricity industry, the heat-exchanger industry, and the household-appliances industry, while small customers include a number of other producers.

Impol supplies its customers with a wide range of rolled and extruded aluminium products, and, to a slightly lesser extent, with additionally treated products (forged, painted, eloxed products, etc) that are all made at the request of individual customers. Consequently, the entire production is based on the demands of individual customers; however, the company uses mass production so that it can meet the price expectations of these customers.

The most realistic growth trend of Impol's production is shown by the data on the amount realisation of aluminium products in tonnes. The data on the value realisation would be distorted by the price movement at the LME.

There is a positive trend indicated also by Impol's plan of further operations.

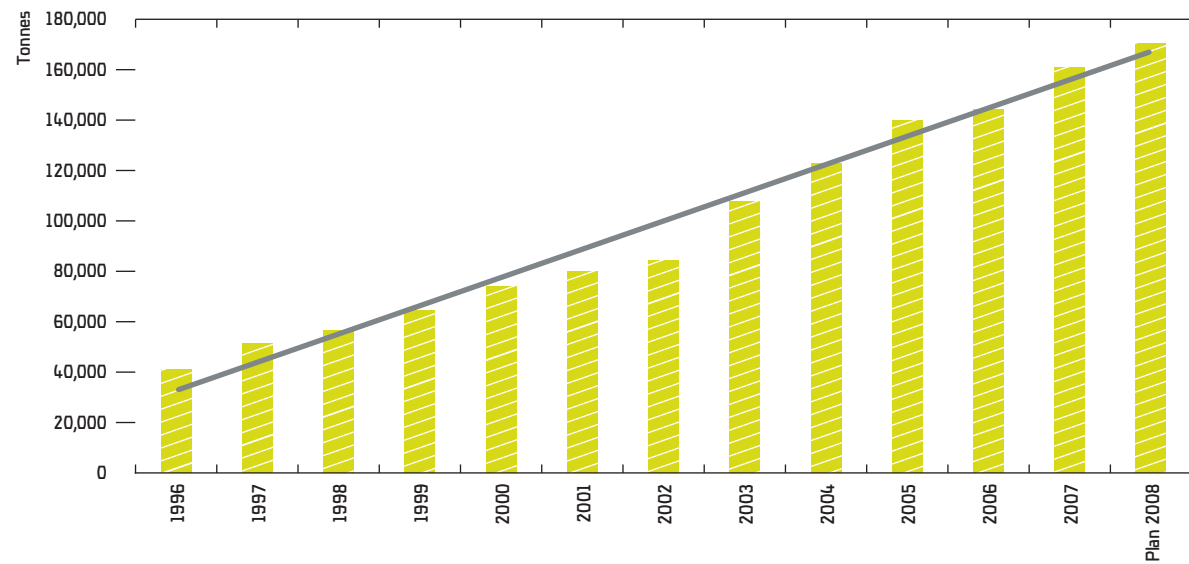
AMOUNT AND GROWTH OF SALES OF ALUMINIUM PRODUCTS FOR THE IMPOL GROUP

Year	Sold amounts in tonnes	Sales trend index
1996	41,238	
1997	51,024	1.24
1998	56,134	1.10
1999	64,212	1.14
2000	74,092	1.15
2001	80,378	1.08
2002	84,452	1.05
2003	107,778	1.28
2004	122,233	1.13
2005	139,769	1.14
2006	144,255	1.03
2007	160,679	1.11
Plan 2008	170,450	1.06

Table 7



## TREND OF SOLD ALUMINIUM PRODUCTS



Figure

The majority of sales are still in the EU. Impol sells about 90 percent of all its products in the EU, including Slovenia. This market includes 400 large customers, none of which accounts for a particularly large share.

The extent of Impol's sales was increasing a few times faster than the rate of the growth of the EU market, in which Impol sells most of its products. Impol, therefore, managed to grow faster than its competitors, and, in future, it will maintain its growth by investing in development.

## Purchasing

Within the Impol Group only the purchase of aluminium materials is organised centrally. Purchasing abides by the principle that materials should be bought under optimum conditions (in terms of prices, deadlines, costs and quality). This purchasing amounts to 70 percent of all purchases.

In addition to the suppliers of aluminium raw materials, the providers of energy and transport are also very important to Impol. Aluminium materials are mostly of foreign origin (more than 90 percent). The conditions and prices for their purchasing are entirely set by the movements of the prices at the London Metal Exchange (LME). Impol also processes a lot of secondary aluminium, with which it can reduce its purchasing costs.

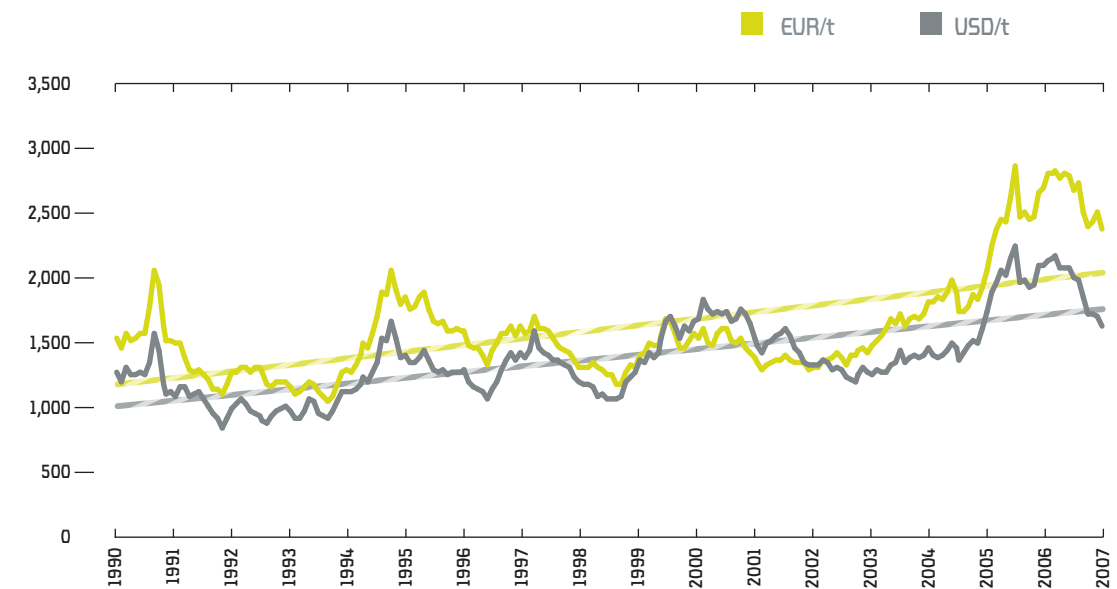
In 2007 the purchase prices for the raw materials slightly decreased in comparison with the prices in the previous year; however, they are still very high. High prices,

expressed in US dollars, were slightly reduced by the decrease of the rate of the dollar against the euro.

The prices for aluminium saw an exceptional increase in May 2006; however, we do not expect such large increases in the future, though, on average, prices are high. The graph shows the significant variability of the aluminium price. For this reason the Impol Group has to protect its operations against unexpected market trends.

As the purchase prices for aluminium and energy are set autonomously, and Impol can exert no influence on them, the group sticks to the rule, according to which it selects the materials and energy products whose type and quality are satisfactory, while the prices are low as possible (e.g., the use of secondary aluminium instead of aluminium ingots, the use of natural gas instead of propane-butane, an advance lease of energy, etc.).

## MULTI-ANNUAL FLUCTUATIONS OF ALUMINIUM PRICES AT THE LME



Figure

The multi-annual fluctuations of aluminium prices at the LME indicate the price growth. The Impol Group organises all the other purchasing within the production and services processes that require the purchasing, causing no major problems to its realisation. In 2007 the services relating to purchasing were carried out by an external company, Upimol 2000, d. o. o., because we believe that this way of organising the purchasing is the most rational. At the

beginning of 2007 Impol resigned from being involved in purchasing activities; and, in line with the contracts, all the employees that were involved in these activities at Impol were transferred to Upimol 2000.

Most of our aluminium raw materials are of Russian origin. In the future we will attempt to ensure a wider dispersion of purchasing markets.

## Risk Management

In 2007 Impol completed the setting up of the programme for managing the insurance of the LME prices, on the basis of which the purchase and selling prices are formed. Since the second half of the year, Impol secures a fraction of its purchase prices entirely by buying and selling option instruments (hedging).

In 2007 a special department within the Impol Group (the Risk Management Department) was responsible for a centrally organised balancing of the effects of the LME price fluctuations; this department regularly follows the changes in the sales and purchasing activities, as well as the conditions in the market, and promptly responds to them.

In euros				
Programme	LME selling prices	LME purchase prices	Balancing the LME prices with the current stocks	Balancing the LME prices with forward purchases and sales
Strips, sheets	1,897	2,000	-103	
	59,233,825	62,450,000	-3,216,175	
Foils, thin strips	1,933	2,000	-67	
	37,322,364	38,616,000	-1,293,636	
Bars, rods, tubes	1,944	1,850	94	
	62,242,992	59,233,300	3,009,692	
Profiles	1,940	1,940	0	
	45,355,260	45,355,260	0	
Plates, sheets, etc.	1,897	1,850	47	
	69,310,689	67,593,450	1,717,239	
Total for Impol	273,465,130	273,248,010	217,120	100,000
	1,919	1,918		
LME result <sup>5</sup>	217,120			

The results of the annual operations show a standard management of the concerned area.

- With respect to physical operations in 2007, Impol, d. d., made a LME profit of 0.2 million euros, because it was selling its products at an average LME 1919 euros/t.
- The costs for aluminium were accounted for in line with LME 1918 euros/t.
- If all the sales contracts had had forward insurance, the LME profit from the physical trading would have been balanced with the losses arising from forward trading. As, with this risk-insurance system, we physically tied a large portion of the sales contracts for certain programmes to the materials stocks of other programmes, there was no loss caused by forward sales.
- The LME loss made with certain programmes has to be balanced with about three million euros of the LME profit made with the other programmes within the group.

At the end of 2007 Impol had open positions of 18 million euros, or 8100 tonnes of aluminium. Impol secured the sales positions that were concluded without being covered with the aluminium material in stock.

As a result of rapid changes in the market, and the rise of new risks, Impol's Risk Management Board carries out weekly assessments of all types of risks, and promptly takes the necessary measures to reduce negative effects. In 2007 the board discussed problematic issues at 27 meetings, and either made decisions to take appropriate measures, or proposed the measures to be taken, relating to more than 100 operating areas. An internal audit was also part of this process.

Impol's operating areas with significant risks, and the risk-management measures:

- Investments — An increase in fixed costs arising from the new investments, and the consequent need for increased sales, are managed with an increased extent of the operations (Figure 6, Sales in Thousands of Euros, and their Trend).
- The necessary technical and technological winning of new investments and new markets is managed by involving external specialists and by organising the company appropriately. In 2007 Impol was reorganised as shown in Table 5.

<sup>5</sup> Applies to Impol, d. d., the total of physical and forward trading

- The investments in durable assets and their financing were provided for by obtaining short-term loans, and by the timely renewing of these funds.
- Operational leasing continues to be applied in cases of investing in politically unstable areas.
- All the investments in the fixed assets were secured against most probable risks.
- Strategic and business-related decisions were made only on the basis of appropriate expertise, and after examining the required actions within the relevant management bodies.
- Aluminium — Unexpected trends relating to the prices and premiums, risks relating to foreign currencies (negative exchange-rate differences), unreliable supply sources and the consequent negative effects on the production were managed by dispersing the purchase markets, buying derivative financial instruments, and making long-term contracts.
- Energy sources — The unexpected increase in the electricity price was managed by making long-term purchase contracts for electricity.
- A multi-stage supervision of justifiability was applied to all purchases.
- To manage effectively the technological processes, the company provided for their continual and comprehensive upgrading.

- Equipment was insured, with insurance companies, against damage or destruction; the most vulnerable areas were also insured against a loss of income.
- Impol adapted to rapid changes in aluminium prices at the LME with timely adjustments to the selling prices.
- Receivables — The average period for depositing funds is between 50 and 60 days; export-relating receivables are secured with the Slovenian Export Corporation.
- In vulnerable sales areas Impol is insured against producer-responsibility risks (general or extended responsibility).
- Risks due to the unreliability of external investors (short-term and long-term creditors, etc.) arising from an inadequate capital structure are managed by dispersing the sources to minimise our exposure to individual investors.
- Currency risks are managed and reduced mainly by accounting for our payables in the currency of the receivables. Due to significant fluctuations in the rate of the US dollar, derivative financial instruments (options) are also used for securing the appropriate funds based on the rates that are still acceptable and set in advance, in the cases of not entirely reliable settlements of the payables accounted for in this currency.

Impol's management believes that the risks can be managed if the trends of the purchase prices are continually and carefully monitored, and an appropriate capital is provided for.

## Internal Audit

In the framework of the holding company an internal audit is in place, helping the management of the company to make decisions with a minimum risk. The internal audit operates in line with the plan set for it by the management, and in line with the current decisions of the management regarding its involvement in solving individual priority issues.

Internal auditors report on their activities to the management of the holding company. They operate within the entire Impol Group. In line with the Serbian legislation, the Serbian fraction of the group chooses its specialised internal auditor that monitors the legality and justifiability of the operations.

## Development and Investment Processes

The year 2007 involved the consolidating of the Impol Group, as the largest investment, 44.83 million euros, was used for purchasing more than 45 percent of the shares of Impol, d. d., acquired by Impol 2000, d. d., acting as the holding company of the group. As a result of this investment, Impol, d. d., together with all its subsidiaries, was also included in the group.

With the investments carried out in the previous year, we mainly provided for the consolidation of the group and its organic growth. In 2007 the prices for aluminium settled, reducing the need for investments in the current assets.



## EXTENT OF THE INVESTMENTS

In millions of euros		
	2007	2006
Investments in shares	44.8	
Investments in durable assets	5.0	15.7
Investments in current assets	-14.3	44.6
<b>Total</b>	<b>35.5</b>	<b>60.3</b>

8  
Table

## Employees and Organisational Structure

In 2007 the Impol Group saw several important staffing changes. All the changes were caused by the reorganisation, natural fluctuations or voluntary movements. Even though there was an increase in operations together with an increase in production, the number of employees did not change significantly. However, as the group was joined by

two companies — Impol 2000, d. d., and Impol Servis, d. o. o. — their inclusion caused a direct change in the number of employees. The most significant changes took place in Impol, d. d., which re-employed most of its employees in its five new companies (Impol FT, Impol PCP, Impol LLT, Impol RR, Impol Infrastruktura), and some also in Impol 2000, d. d., Upimol, d. o. o., Hadring, d. o. o., and Simfin, d. o. o.

### EMPLOYEES BY COMPANY WITHIN THE GROUP

	2004	2005	2006	2007
Impol 2000, d. d.				25
Impol, d. d.	978	971	981	15
Impol FT, d. o. o.				323
Impol PCP, d. o. o.				459
Impol LLT, d. o. o.				115
Impol R in R, d. o. o.				29
Impol Infrastruktura, d. o. o.				27
Impol Seval, a. d.	544	564	561	574
Seval Finalizacija, d. o. o.	91	69	71	60
Impol-Seval PHC, d. o. o.	31	11	11	11
Impol-Seval Tehnika, d. o. o.	76	67	68	68
Impol-Seval Final, d. o. o.	28	29	29	29
Stampal SB, d. o. o.	38	36	35	38
Impol Aluminium Corporation	4	3	3	3
Impol Stan, d. o. o.	1	1	1	1
Impol Stanovanja, d. o. o.	1	2	3	3
Unidel, d. o. o.	49	50	50	55
Hadring, d. o. o.			6	12
Impol Servis, d. o. o.				7
<b>Total Impol Group</b>	<b>1,841</b>	<b>1,803</b>	<b>1,819</b>	<b>1,854</b>

9  
Table

Impol continues to provide supplementary pensions for all its employees, in this way ensuring additional social security for them. Most of the employees decided to join this pension scheme.

In all the companies of the group the salaries are formed in line with the adopted contracts and current legal foundations. The data from Table 9 (Employees by Company within the Group) indicates that in 2007 the internal organisation of the group underwent significant changes; as

a result, the operations in individual areas and the provision of certain services are organised within internal and external outsourcing on the basis of annual or long-term contracts. Here it is important to point out that the entire trading with the strategic materials (aluminium, other non-ferrous metals, etc.) is mostly organised within Impol, d. d., that subcontracts Upimol 2000, d. o. o., to carry out all the services related to purchasing, which this company was, to a lesser extent, doing also in the previous years. We expect to continue this type of operation in the future as well.

## Environmental and Health Policies

Impol is aware of the importance of preserving natural resources that can have a long-term effect on the competitiveness and commercial viability of our companies. For this reason the company continually examines its operations and renews the ISO 14001 and OHSAS 18001 certificates.

All the stages of the production process that were identified as points at which emissions harmful to the environment are, or could be, produced, or harmful substances are used, are constantly controlled and appropriately recorded. In addition, the necessary measurements are carried out regularly, and suitable actions are taken, according to our findings.

In the framework of adjusting our operations to comply with EU regulations, in 2007 we completed the investment

to overcome the shortages in the foundries. Impol obtained an environmental-protection licence relating to operating facilities in line with the IPPC Directive.

The whole group, being involved in material production, is almost completely independent of external sources of industrial water. It operates closed cooling systems, and only uses external sources for replacing the water that evaporates during the procedure.

In 2007 the number of work accidents and incidents was reduced by more than 18 percent. In the period January-December 2007 we reached our objective: the share of the working hours lost due to work accidents in the group was less than 0.5 percent.







The business objective of the holding company Impol 2000, d. d., is profitability of each investment. The holding company also expects the management of each individual unit of the group to smoothly run their current business operations. The holding company acts as an independent business entity of the group, as well as the holder of consolidated joint operations making management-related decisions applying to all the group members.

The processing of aluminium is still the most important activity, aimed at making products with a higher added value that do not require additional significant investments (in the current or fixed assets).

The business environment is still rapidly changing mainly because of the following:

- rapid changing of aluminium prices at the exchanges,
- further concentrations of aluminium producers,
- a crisis in the dollar area,
- still rapidly growing markets of the Far East,
- increase in the costs of salaries,
- rapid growth of the energy prices that is a few times higher than the average price growth.

With this plan, the Impol Group is setting itself the objectives and tasks that will allow the group to realise the strategic directions set for 2008–2012 in the conditions that are being affected by various factors:

- a serious international financial crisis starting in 2007 that will have, according to analysts, a long-term, mostly negative, impact;
- certain operating costs are expected to undergo an exceptional increase (energy, salaries, winning the markets, financing) resulting in a need to increase the added value (expressed per unit or as the total);

- the added value per unit is, in the case of standard products, still too small, preventing Impol from including standard products in the production mix;
- the restructuring of production programmes within the group will continue in 2008.

For 2008 the Impol Group set itself the following objectives:

- the holding company is to make a profit of at least six million euros, while the rest of the companies of the group are to make the profits sufficient for their smooth development;
- the Impol Group will aim at producing products with a higher added value. Impol will adjust to this objective its development and innovation-related activities, its financing, as well as the activities and methods relating to sales, production and technology;
- the companies of the group will very carefully consider their customers in all the stages of their dealings with them, especially with respect to planning new products, ensuring quality, and providing supplies in line with the agreements, together with after-sales services;
- the group's most important operating area will be the production of aluminium products and semi-manufactured products. With respect to compensating for insufficient results, the group will stimulate the operations in the areas with the best business results, while efficiently providing for a smooth transition of the employees among the group's companies;
- we will prepare a wide range of products for our customers by integrating all the products of the Impol Group in a unified supply system, and by cooperating with the other partners in the market. The Impol trademark is to guarantee high quality;
- the group is to realise the following minimum framework extent of the aluminium production for the customers outside the Impol system (in tonnes per year)<sup>6</sup>:

<sup>6</sup> Only the production and services related to aluminium products are planned in terms of quantity, whereas marketing activities relating to services are planned in terms of value. Slag is not included in this list.

## EXTENT OF ALUMINIUM PRODUCTION BY TYPE IN TONNES

	External markets			Internal market
	Total	Products	Processing	
Rolled products				
– foils, thin strips	30,200	28,200	2,000	
– ribbed products, cut blanks, strips	34,500	30,500	4,000	
– Seval – sheets, strips, miscellaneous	48,000	48,000		26,288
Extruded products				
– profiles	23,300	23,300		
– bars, rods, tubes	32,500	32,500		490
Forgings	350	350		
Castings				
– poles, slabs, alloys	1,600	1,600		70,276
– cast strips	0			11,040
<b>Total</b>	<b>170,450</b>	<b>164,450</b>	<b>6,000</b>	<b>108,094</b>

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Table

## Guidelines for 2008

Within the increased extent of operations and the reorganised operational processes in 2008, the Impol Group will provide for the equity growth of the shareholders and other investors, and also for the value of dividends, or interest, that will be in line with Impol's long-term operational strategy. Impol intends to have the following sales outside the group (in thousands of euros)<sup>7</sup>:

Net revenues from sales	539,809
Sales of products (tangible)	40,802
– in the domestic market	11,598
– in the markets abroad	29,203
Sales of services	34,191
– in the domestic market	33,788
– in the markets abroad	403
Sales of goods and materials	464,816
– in the domestic market	334,731
– in the markets abroad	130,085

To a certain extent, though not predominantly, the centre for the group's operations is being transferred to Impol 2000, d. d., as it acts as the controlling company of the group; however, this trend does not significantly affect the operations of the group.

We will continue to expand in all our existing markets. We will reduce market risks with cost-effective and rational insurances. With the aluminium products, we still aim at attracting more than 20 percent of our market from outside the EU, while also supplying the domestic market as well as possible.

We will organise the entire sales through representative offices and agencies operating within the group. We will stimulate all the participants in this area mainly on the basis of the achieved profit, primarily the profit of the group, and partly also on the basis of the profit of individual companies.

With the development and investment policies, we will continue to provide for the long-term growth of the company, and safe purchasing of cost-effective input materials. For this reason, our top priorities will be investing in current assets with the aim to improve the share of the investments taken from the company's own durable sources of financing, and investing in the programmes that will, in the long-term, replace the programmes in the rolling division that are being cancelled. The investment in the production of the materials used for forging in

<sup>7</sup> In contrast to Table 10, this list includes also the services provided by the Impol Group

the transport industry is already in its first, preparation phase; we will start realising it in the second half of 2008 and in 2009, and in January 2010 we expect to start the marketing within the Alumobil project.

In line with the above objectives, we will harmonise our financial measures with Impol's development and trading guidelines and the controlling company's undertaken liabilities to long-term investors. When providing finances for long-term investments, Impol will cooperate with other investors and banks, also by using leasing as a mode of financing. With respect to short-term financing, Impol will mainly aim at finding the cheapest bank sources, while, at the same time, ensuring a sufficient dispersion of sources, and reducing the extent of necessary investments in the current assets.

With a careful selection of investments, we will allow, mainly with long-term investments, an increase in added value and profitability, without significantly increasing the risks that will continue to be monitored by the Risk Management Board.

We will decide to invest in individual programmes on the basis of tendering for competitive programmes.

As a result of reduced risks arising from the exchange-rate fluctuations, we will strive to buy aluminium materials, as much as possible, in the euro area.

We will obtain materials from those sources that can ensure a stable supply under the most favourable, or acceptable, price conditions and other conditions, as well as from the sources that allow Impol to supply its customers with the goods, whose origin is in line with the EU regulations.

We will continue to pay special attention to insurance against risks caused by the constant changing of material prices, and upgrade our knowledge that we will promptly use for risk management.

With customer-oriented projects, such as improvements and upgrades to the electronic commerce and daily planning, we will strive to better satisfy our customers in line with their tastes and expectations.

Organisational changes in the company will enable us to be more efficient at satisfying customer needs, optimizing the cost-effectiveness of the operations of individual companies within the group, and upgrading the group's integrated information system.

We will simplify the management procedures of the group, planning the necessary changes in 2008 and implementing them at the end of the year, so that the same operational conditions can apply throughout an individual financial year.

We expect that the management changes will not affect the group's relations with the environment. Within the group we will develop a uniform and the most rational management mode; Impol, d. d., shall also start the preparations for the adoption of this new uniform mode of management.

We will continue to stimulate our employees, aiming at an increased productivity and the provision of high-quality products; above all, we will stimulate and award those who generate satisfactory profit. The profit made in the recent periods will allow us to pay out performance bonuses and other payments to the employees that are not regulated by collective or individual contracts.

We will uniformly select and develop business programmes within the entire group. By strengthening the involvement of our own foundries in the early phase of preparing suitable materials made of less advanced input materials (an increased use of secondary raw materials will result in a reduced use of the materials that have been already partially processed by the suppliers), we will add higher value to our products.

If we find out that the current legislation requires us to regulate the participation of employees in the profit with specific agreements, we will address this issue in 2008.

As a result of its large, outstanding payments, we do not expect that the Impol Group will soon become active in the organised capital market.

With the new investments, the Impol Group will provide for strengthened business links, synergistic effects, secure supply paths, complementary programmes, and for high profitability. We expect that a total of 22 companies will be included in the group's consolidated business results.

We expect that in 2008 the business results of the whole Impol Group (consolidated results), and especially of the holding company, Impol 2000, d. d., as well as of Impol, d. d., will be as follows (only selected indicators are presented — values are shown in thousands of euros, and whenever this is not the case, the currency is appropriately indicated):

In thousands of euros			
	Impol Group	Impol 2000, d. d.	Impol, d. d.
Assets	330,794	72,559	283,059
— tangible fixed assets	117,530	357	76,926
Equity	66,561	28,475	92,911
Long-term liabilities	98,927	42,706	29,425
Net sales revenues	539,809	9,176	507,275
Amortisation/depreciation	16,719	100	12,847
Net profit for the accounting period	11,799	2,785	7,433
(Equity + provisions) / assets	20.6%	39.2%	33.1%
Golden balance-sheet rule = long-term liabilities/long-term investments	115.7%	109.3%	97.5%
Liabilities-assets ratio	74.9%	164.8%	76.6%
Total-assets-turnover ratio	1.64	0.13	1.79
Margin = the share of net profit of total revenues (after tax)	2.18%	19.64%	1.47%
Profitability = net profit / (equity minus net profit for the current year)	19.07%	10.84%	8.70%
Cash flow from the current year	28,518	2,885	20,280
Economic added value at 4% equity interest rate	9,137	1,646	3,717
Labour costs as a percentage of realisation	5.78%	8.67%	0.35%
Labour costs as a percentage (total costs + financing cost + write-offs)	5.95%	7.50%	0.36%
Profitability threshold as a percentage of realisation	88.01%	52.08%	84.71%
Production in tonnes per employee	91		
Purchase premium for Al exceeding the price at the LME €/t	156		
Waste-aluminium, percentage of all purchases	16.70%	19.28%	15.39%
Percentage of burn-off per total foundry production	>3.5%		
Percentage of burn-off per total production (regular production + processing)	>2.0%		
Selling price minus purchase price of aluminium (added value based on Impol's definition)	902		
Added value per employee in €	48,007	97,647	2,659,146
EBIT	40,291	6,545	25,257
EBITDA	57,010	6,645	38,104

## Important Events after the End of the Financial Year

In the time between 1 January 2008 and the completion of this report, there were no events that would significantly influence our business accounts and require additional disclosure and clarification.







# Consolidated Balance Sheet

## CONSOLIDATED BALANCE SHEET<sup>8</sup>

	In euros		
	31 Dec 2007	31 Dec 2006	2007/2006 <sup>9</sup>
<b>A. Fixed assets</b>	<b>148,885,168</b>	<b>27,573,002</b>	<b>5.40</b>
<b>I. Intangible fixed assets and long-term deferred costs</b>	<b>2,543,265</b>	<b>801</b>	<b>3,175.11</b>
1. Long-term property rights	193,470	0	
2. Goodwill	319,229	0	
3. Advances for intangible fixed assets	0	0	
4. Long-term deferred development expenses	706	801	0.88
5. Other long-term deferred costs	2,029,860	0	
<b>II. Tangible fixed assets</b>	<b>120,955,555</b>	<b>705,546</b>	<b>171.44</b>
1. Land and buildings	20,111,764	147,142	136.68
a) Land	4,436,983	16,237	273.26
b) Buildings	15,674,781	130,905	119.74
2. Manufacturing facilities and equipment	89,580,566	517,301	173.17
3. Other facilities and equipment	4,237,869	41,103	103.10
4. Fixed assets being acquired	7,025,356	0	
a) Tangible fixed assets being built or manufactured	6,761,002	0	
b) Advances for tangible fixed assets	264,354	0	
5. Livestock	0	0	
6. Vineyards, orchards and other plantations	0	0	
<b>III. Investment property</b>	<b>23,125,179</b>	<b>0</b>	
<b>IV. Financial fixed assets</b>	<b>1,790,714</b>	<b>26,864,059</b>	<b>0.07</b>
1. Financial fixed assets without loans	1,386,217	26,864,059	0.05
a) Shares in group companies	0	0	
b) Shares in the associated companies	519,351	26,793,094	0.02
c) Other shares	819,760	70,965	11.55
ĉ) Other financial fixed assets	4,7106	0	
2. Long-term loans	404,497	0	
a) Long-term loans to group companies	0	0	
b) Long-term loans to others	404,497	0	
c) Long-term unpaid called-up capital	0	0	
<b>V. Long-term operating receivables</b>	<b>159,249</b>	<b>0</b>	
1. Long-term operating receivables due from group companies	0	0	
2. Long-term trade receivables	159,249	0	
3. Other long-term operating receivables	0	0	
<b>VI. Deferred tax assets</b>	<b>311,206</b>	<b>2,596</b>	<b>119.88</b>
<b>B. Short-term assets</b>	<b>165,898,469</b>	<b>5,904,461</b>	<b>28.10</b>
<b>I. Assets held for sale (disposal groups)</b>	<b>0</b>	<b>0</b>	
<b>II. Inventories</b>	<b>88,861,145</b>	<b>393,031</b>	<b>226.09</b>
1. Materials	71,780,744	0	
2. Work in progress	6,425,275	0	
3. Products and merchandise	10,126,131	393,031	25.76
4. Advances for inventories	528,995	0	
<b>III. Short-term financial assets</b>	<b>1,917,929</b>	<b>2,199,474</b>	<b>0.87</b>
1. Short-term financial assets without loans	385,701	0	
a) Shares in group companies	0	0	
b) Other shares	0	0	
c) Other short-term financial assets	385,701	0	
2. Short-term loans	1,532,228	2,199,474	0.70
a) Short-term loans to group companies	0	0	
b) Short-term loans to others	1,532,228	2,199,474	0.70
c) Short-term unpaid called-up capital	0	0	
<b>IV. Short-term operating receivables</b>	<b>69,415,565</b>	<b>2,175,960</b>	<b>31.90</b>
1. Short-term operating receivables due from group companies	0	0	
2. Short-term trade receivables	61,158,752	2,004,820	30.51
3. Other short-term operating receivables	8,256,813	171,140	48.25
<b>V. Cash</b>	<b>5,703,830</b>	<b>1,135,996</b>	<b>5.02</b>
<b>C. Short-term deferred costs</b>	<b>2,136,316</b>	<b>7,724</b>	<b>276.58</b>

	In euros		
	31 Dec 2007	31 Dec 2006	2007/2006 <sup>9</sup>
<b>Total assets</b>	<b>316,919,953</b>	<b>33,485,187</b>	<b>9.46</b>
<b>Ĉ. Off-balance-sheet assets</b>	<b>261,705,308</b>	<b>3,434,418</b>	<b>83.96</b>
<b>A. Equity</b>	<b>53,545,478</b>	<b>31,591,750</b>	<b>1.69</b>
Equity of minority shareholders	9,866,328	0	
<b>I. Called-up capital</b>	<b>4,451,540</b>	<b>4,451,540</b>	<b>1.00</b>
1. Share capital	4,451,540	4,451,540	1.00
2. Uncalled capital (a deduction)	0	0	
<b>II. Capital reserves</b>	<b>10,751,254</b>	<b>10,751,256</b>	<b>1.00</b>
<b>III. Profit reserves</b>	<b>5,226,175</b>	<b>5,732,582</b>	<b>0.91</b>
1. Legal reserves	0	0	
2. Reserves for own shares	0	0	
3. Own shares (a deduction)	-506,406	0	
4. Statutory reserves	0	0	
5. Other profit reserves	5,732,581	5,732,582	1.00
<b>IV. Revaluation profit</b>	<b>439,096</b>	<b>7,247,062</b>	<b>0.06</b>
<b>V. Consolidation capital adjustment</b>	<b>-91,387</b>	<b>0</b>	
<b>VI. Net profit or loss from previous periods</b>	<b>3,100,015</b>	<b>1,820,731</b>	<b>1.70</b>
<b>VII. Net profit or loss for the period</b>	<b>19,802,457</b>	<b>1,588,579</b>	<b>12.47</b>
<b>B. Provisions and long-term accruals</b>	<b>1,664,730</b>	<b>0</b>	
1. Provisions for pensions and similar liabilities	686,529	0	
2. Other provisions	827	0	
3. Long-term accruals	977,374	0	
<b>C. Long-term liabilities</b>	<b>81,613,822</b>	<b>41,859</b>	<b>1,949.73</b>
<b>I. Long-term financial liabilities</b>	<b>80,390,164</b>	<b>0</b>	
1. Long-term financial liabilities to group companies	0	0	
2. Long-term financial liabilities to banks	78,660,468	0	
3. Long-term financial liabilities on the basis of bonds	0	0	
4. Other long-term financial liabilities	1,729,696	0	
<b>II. Long-term operating liabilities</b>	<b>316,003</b>	<b>41,859</b>	<b>7.55</b>
1. Long-term operating liabilities to group companies	0	0	
2. Long-term operating liabilities to suppliers	176,935	41,859	4.23
3. Long-term liabilities related to bills of exchange	0	0	
4. Long-term operating liabilities on the basis of advances	0	0	
5. Other long-term operating liabilities	139,068	0	
<b>III. Deferred tax liabilities</b>	<b>907,655</b>	<b>0</b>	
<b>Ĉ. Short-term liabilities</b>	<b>178,306,717</b>	<b>1,843,278</b>	<b>96.73</b>
<b>I. Liabilities included in disposal groups</b>	<b>0</b>	<b>0</b>	
<b>II. Short-term financial liabilities</b>	<b>148,957,537</b>	<b>1,153,335</b>	<b>129.15</b>
1. Short-term financial liabilities to group companies	0	0	
2. Short-term financial liabilities to banks	141,392,964	1,151,728	122.77
3. Short-term financial liabilities on the basis of bonds	0	0	
4. Other short-term financial liabilities	7,564,573	1,607	4,707.26
<b>III. Short-term operating liabilities</b>	<b>29,349,180</b>	<b>689,943</b>	<b>42.54</b>
1. Short-term operating liabilities to group companies	0	0	
2. Short-term operating liabilities to suppliers	21,234,983	420,618	50.49
3. Short-term liabilities related to bills of exchange	0	0	
4. Short-term operating liabilities on the basis of advances	516,022	74,186	6.96
5. Other short-term operating liabilities	7,598,175	195,139	38.94
<b>D. Short-term accruals</b>	<b>1,789,206</b>	<b>8,300</b>	<b>215.57</b>
<b>Total liabilities</b>	<b>316,919,953</b>	<b>33,485,187</b>	<b>9.46</b>
<b>E. Off-balance-sheet liabilities</b>	<b>261,705,308</b>	<b>3,434,418</b>	<b>83.96</b>

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Table

<sup>8</sup> Figures in the financial statements and in the accounting report are in euros.

<sup>9</sup> In line with the findings from the section Impol Group, Impol 2000, d. d., acting as the transferee and the majority owner became, in 2007, the holding company of Impol Group, d. d., which was still active in 2006, and which, thus, ceased to act as the holding company. For this reason the data published here refers only to Impol 2000, d. d.



## Statement of the Minority Shareholders' Equity

### STATEMENT OF THE MINORITY SHAREHOLDERS' EQUITY

		In euros
A)	Equity	9,866,328
	Equity owned by the group subsidiaries	0
I.	Called-up capital	4,394,253
1	Share capital	4,394,253
2	Uncalled capital (a deduction)	0
II.	Capital reserves	1,736,954
	Capital reserves from capital revaluation adjustment	1,690,104
III.	Profit reserves	2,015,591
1	Legal reserves	156,505
2	Reserves for own shares	0
3	Own shares (a deduction)	(0)
4	Statutory reserves	6,019
5	Other profit reserves	1,853,067
IV.	Revaluation surplus + consolidated difference	3,540,630
V.	Net profit or loss from previous periods	(3,016,144)
VI.	Net profit or loss for the period	1,195,044
	Net profit or loss of minority shareholders	0

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Table

## Eliminations and Adjustments in the Consolidated Balance Sheet as of 31 Dec 2007

Intra-group receivables and payables relating to business operations and given or received loans of the group companies (amounting in both cases to 33,293,821 euros), long-term financial assets and the corresponding fraction

of the equity of the dependent companies were eliminated in the consolidated balance sheet. Other adjustments and eliminations are shown in Table 13.

### ADJUSTMENTS IN THE CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2007

		In thousands of euros
a)	Elimination of the non-depreciated portion of gains on the disposal of the fixed assets in the group (a total of 9,041,000 euros of the purchase value)	-6,925
b)	Addition of the goodwill of Stampal SB, d. o. o. (based on the acquisition-cost method for 2002)	319
c)	Elimination of intra-group intermediate profits from inventories	-105
č)	Formation of special capital revaluation adjustment of the profits of subsidiaries: Simfin, d. o. o., and Alcad, d. o. o., Alureg Pin, d. o. o., Almont Seval (increase in investments and in capital)	4,39
	— for the period	257
	— from previous periods	182
d)	Decrease in profit reserves based on the:	-506
	— transfer of undistributed profit from previous years to the reserves	0
	— transfer of the shares of Impol 2000, d. d., owned by Impol Montal, d. o. o., and Hadring, d. o. o., among own shares	-506
e)	Consolidated capital adjustment (in the profit-and-loss account the values indicating the current-year profit were converted from foreign currencies into euros on the basis of the annual average exchange rates, while in the balance sheet the values were calculated on the basis of the exchange rates of the Bank of Slovenia as of 31 December 2007)	-127
f)	Payment of the profit of Impol 2000, d. d., in 2007, caused a decrease in the retained net profit brought forward	-309

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Table

## Distributable Profit

The distributable profit is drawn up and distributed in Impol 2000, d. d., and it is not consolidated. Impol 2000, d. d., makes individual decisions as to how to use it in the case of each dependent company of the group, with respect to each company's financial results and the development programmes approved of by Impol 2000, d. d.

We suggest that, at the annual general meeting in 2008, the distributable profit of Impol 2000, d. d., is drawn up in the following way:

### DISTRIBUTABLE PROFIT

		In euros	
	Made in 2007	Carried forward	Total
Net profit for the period	1,745,725.99		1,745,725.99
Part of the net profit carried forward		2,603,589.16	
<b>Drawing up the distributable profit</b>			
Increase by the net profit for 2007	1,745,725.99		
Distributable profit	1,745,725.99	2,603,589.16	4,349,315.15

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Table

## Consolidated Profit-and-Loss Account

### CONSOLIDATED PROFIT-AND-LOSS ACCOUNT

In euros			
Item	2007	2006	Index 2007/2006
1. Net sales revenues	485,853,630	10,780,024	45.07
a) Net domestic sales revenues	60,948,717	8,272,947	7.37
b) Net foreign sales revenues	424,904,913	2,507,077	169.48
2. Change in inventories of finished goods and work in progress	-34,262,674	0	
3. Capitalised own products and services	18,476	1,857	9.95
4. Other operating revenues (including operating revenues from revaluation)	16,699,349	31,589	528.64
5. Costs of goods, materials and services	375,589,083	9,344,763	40.19
a) Costs of goods and materials sold and costs of materials used	352,488,386	9,194,821	38.34
b) Costs of services	23,100,697	14,994,2	154.06
6. Labour costs	34,885,662	343,348	101.60
a) Costs of salaries	24,494,495	254,523	96.24
b) Social security costs (pension-security costs shown separately)	6,149,855	41,683	147.54
c) Other labour costs	4,241,312	47,142	89.97
7. Write-offs	17,080,677	128,418	133.18
a) Amortisation/depreciation	15,115,388	114,906	131.74
b) Operating expenses for the revaluation of intangible and tangible fixed assets	71,179	75	949.05
c) Operating expenses for the revaluation of current assets	1,894,110	13,437	140.96
8. Other operating expenses	2,009,353	18,181	110.52
9. Financial revenues from shares	123,860	889,204	0.14
a) Financial revenues from shares in group companies	0	0	
b) Financial revenues from shares in associated companies	10,137	662,727	0.02
c) Financial revenues from shares in other companies	111,955	226,068	0.50
č) Financial revenues from other investments	1,768	409	4.32
10. Financial revenues from lending	175,366	22,976	7.63
a) Financial revenues from lending to group companies	0	0	
b) Financial revenues from lending to others	175,366	22,976	7.63
11. Financial revenues from operating receivables	5,323,229	61,075	87.16
a) Financial revenues from operating receivables due from group companies	0	0	
b) Financial revenues from operating receivables due from others	5,323,229	61,075	87.16
12. Financial expenses from impairment and write-offs of financial assets	549	0	
13. Financial expenses for financial liabilities	13,048,881	56,138	232.44
a) Financial expenses for loans received from group companies	0	0	
b) Financial expenses for loans received from banks	10,892,674	55,892	194.89
c) Financial expenses for issued bonds	0	0	
č) Financial expenses for other financial liabilities	2,156,207	246	8,765.07
14. Financial expenses for operating liabilities	7,042,812	1,502	4,688.96
a) Financial expenses for operating liabilities to group companies	0	0	
b) Financial expenses for liabilities to suppliers and for liabilities related to bills of exchange	45,707	1,502	30.43
c) Financial expenses for other operating liabilities	6,997,105	0	
15. Other revenues	262,115	0	
16. Other expenses	1,349,349	0	
17. Income tax	2,636,083	308,392	8.55
18. Deferred taxes	-482,237	-2,596	185.76
19. Net profit or loss for the period	21,033,139	1,588,579	13.24
Net profit or loss of minority shareholders	1,230,682	0	
Net profit or loss of group companies	19,802,457	1,588,579	12.47

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Table

## Eliminations and Adjustments in the Consolidated Profit-and-Loss Account for 2007

Intra-group operating revenues and expenses in the amount of 271,507,130 euros, as well as intra-group financial revenues and expenses in the amount of 987,162 euros were eliminated (excluding the adjustments from Table 15). Other eliminations and adjustments are shown in Table 16.

### ADJUSTMENTS IN THE CONSOLIDATED PROFIT-AND-LOSS ACCOUNT AS OF 31 DECEMBER 2007

In thousands of euros	
Cancellation of negative goodwill when Impol 2000, d. d., acquired the Impol Group, d. d.	12,482
Elimination of intra-group profits from sold fixed assets	-2
Elimination of intra-group revenues from profits	-836
Elimination of intra-group depreciation value with the gains on disposal of fixed assets	732
Offsetting of eliminated intra-group profits from sold inventories	-105
Elimination of the impairment of Impol Seval's investment in Seval Finalizacija	1,134

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Table



## Consolidated Cash-Flow Statement

### CONSOLIDATED CASH-FLOW STATEMENT

			In euros	
Item	2007	2006		
<b>A.</b>	<b>Cash flows from operating activities</b>			
a)	<b>Profit-and-loss categories</b>			
	53,541,518	832,565		
	Operating revenues (without revenues from revaluation) and financial revenues from operating liabilities	509,092,749	10,844,296	
	Operating expenses without depreciation (except for revaluation) and financial expenses for operating liabilities	-4,533,997,385	-9,705,935	
	Tax on profit and other taxes not included in operating expenses	-2,153,846	-305,796	
b)	<b>Changes in net current assets (and accruals, provisions, deferred receivables and tax payables) of the balance-sheet categories</b>			
	-19,377,201	-4,294,99		
	Opening less closing operating receivables	278,250	-4,79,357	
	Opening less closing accruals	-1,263,903	5,684	
	Opening less closing deferred tax liabilities	-238,877	-2,596	
	Opening less closing assets held for sale (disposal groups)	0	0	
	Opening less closing inventories	7,538,999	43,941	
	Closing less opening operating debts	-26,148,110	7,290	
	Closing less opening deferrals and provisions	674,665	-4,461	
	Closing less opening deferred tax liabilities	-218,225	0	
c)	<b>Net cash used in operating activities (a+b)</b>			
	34,164,317	403,066		
<b>B.</b>	<b>Cash flows used in investment activities</b>			
a)	<b>Revenues from investment activities</b>			
	3,151,862	2,565,915		
	Revenues from gained interest and shares of the profit of others relating to investment activities	246,252	677,007	
	Revenues from the disposal of intangible fixed assets	86,188	0	
	Revenues from the disposal of tangible fixed assets	393,703	11,392	
	Revenues from the disposal of investment property	0	0	
	Revenues from the disposal of long-term financial assets	572,821	0	
	Revenues from the disposal of short-term financial assets	1,852,898	1,877,516	
b)	<b>Expenses for investing activities</b>			
	-55,523,745	-2,256,000		
	Expenses for acquiring intangible fixed assets	-851,680	0	
	Expenses for acquiring tangible fixed assets	-7,654,101	-56,526	
	Expenses for acquiring investment property	0	0	
	Expenses for acquiring long-term financial assets	-45,088,325	0	
	Expenses for acquiring short-term financial assets	-1,929,639	-2,199,474	
c)	<b>Net cash used in investment activities (a+b)</b>			
	-52,371,883	309,915		
<b>C.</b>	<b>Cash flows used in financing activities</b>			
a)	<b>Revenues from financing activities</b>			
	286,213,483	1,151,331		
	Revenues from paid-up capital	0	0	
	Revenues from an increase in long-term financial liabilities	56,971,705	0	
	Revenues from an increase in short-term financial liabilities	229,241,778	1,151,331	
b)	<b>Expenses for financing activities</b>			
	-263,438,083	-1,402,198		
	Expenses for paid interest relating to financing activities	-11,954,663	-58,162	
	Expenses for reimbursement of capital	0	-15,039	
	Expenses for payments relating to long-term financial liabilities	0	0	
	Expenses for payments relating to short-term financial liabilities	-251,189,819	-1,151,331	
	Expenses for paying dividends and other profit shares	-293,601	-177,666	
c)	<b>Net cash used in financing activities (a+b)</b>			
	22,775,400	-250,867		
<b>Č.</b>	<b>Cash at the end of the period</b>			
	5,703,830	1,135,996		
a)	<b>Net cash flow in the period</b>			
	4,567,834	462,114		
b)	<b>Cash at the beginning of period</b>			
	1,135,996	673,882		

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Table

## Consolidated Performance Indicators for 2007

### CONSOLIDATED PERFORMANCE INDICATORS FOR 2007

				Index
		31 Dec 2007	31 Dec 2006	31 Dec 2007/ 31 Dec 2006
<b>1. BASIC FINANCING INDICATORS</b>				
a)	<b>Equity financing rate</b>			
	equity/liabilities	0.1690	0.9435	0.1791
b)	<b>Debt financing rate</b>			
	debts/liabilities	0.8201	0.0563	14.5680
c)	<b>Rate of accrued and deferred items</b>			
	provisions + short-term accruals + long-term accruals/liabilities	0.0109	0.0002	43.9683
<b>2. BASIC INVESTMENT INDICATORS</b>				
a)	<b>Operating fixed assets rate</b>			
	fixed assets at book value/assets	0.3833	0.0211	18.1698
b)	<b>Long-term financing rate</b>			
	fixed assets + long-term deferred costs at book value + investment property + long-term financial assets + long-term operating receivables/assets	0.4688	0.8234	0.5694
<b>3. BASIC HORIZONTAL FINANCIAL STRUCTURE RATIOS</b>				
a)	<b>Ratio of equity to fixed assets</b>			
	equity/fixed assets at book value	0.4408	44.7255	0.0099
b)	<b>Immediate solvency ratio</b>			
	liquid assets/short-term liabilities	0.5411	2.0228	0.2675
c)	<b>Quick ratio</b>			
	liquid assets + short-term receivables/short-term payables	0.4320	2.9900	0.1445
d)	<b>Current ratio</b>			
	current assets/current liabilities	0.9304	3.2032	0.2905
<b>4. BASIC EFFICIENCY INDICATORS</b>				
a)	<b>Operating efficiency rate</b>			
	operating revenues/operating expenses	1.0901	1.0995	0.9915
<b>5. BASIC PROFITABILITY INDICATORS</b>				
a)	<b>Net return on equity ratio</b>			
	net profit for the period/average equity (without the net profit for the period)	0.6469	0.0529	12.2184
b)	<b>Ratio of dividends to share capital</b>			
	total dividends for the period/average share capital	0.0126	0.0400	0.3148

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Table

# Review of Business Operations of the Impol Group Companies

The consolidated balance sheet was put together on the basis of the financial statements of Impol 2000, d. d., and dependent companies included in the consolidation of the Impol Group (the full names of these companies are listed in Table 6).

## BALANCE SHEET OF DEPENDENT COMPANIES

In euros																					
Item	Impol 2000, d. d.	Impol Servis, d. o. o.	Impol, d. d.	Hadring, d. o. o.	Impol Stano-vanja, d. o. o.	TGP Štatenberg, d. o. o.	Impol FT, d. o. o.	Impol LLT, d. o. o.	Montal, d. o. o.	Impol PCP, d. o. o.	Impol, R in R, d. o. o.	Stampal SB, d. o. o.	Unidel, d. o. o.	Impol Infra-struktura, d. o. o.	Impol Seval, a. d.	Impol Seval Finalizacija, d. o. o.	Impol Seval PHC, d. o. o.	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Aluminium Corporation	Impol Stan, d. o. o.
<b>A. Fixed assets</b>	65,227,088	220,083	134,015,646	180,659	2,000,913	585,807	876,582	77,290	500,000	376,831	36,134	729,498	245,478	6,663	34,175,351	10,003	0	77,081	0	71,923	21,162
<b>I. Intangible fixed assets and long-term deferred</b>	706	0	2,133,086	0	884	0	0	3,575	0	375	2,095	1,876	1,715	0	77,636	1,931	0	157	0	0	0
1. Long-term property rights	0	0	103,226	0	884	0	0	3,575	0	375	2,095	1,876	1,715	0	77,636	1,931	0	157	0	0	0
2. Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Advances for intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Long-term deferred development costs	706	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Other long-term deferred costs	0	0	2,029,860	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>II. Tangible fixed assets</b>	444,031	202,472	88,984,428	91,517	1,868,481	506,728	876,582	63,541	0	333,967	31,033	727,622	243,757	6,663	33,333,012	8,072	0	76,924	0	60,914	21,162
1. Land and buildings	0	1,136,534	8,110,282	63,309	1,834,568	506,728	0	0	0	0	0	600	142,792	0	9,316,951	0	0	0	0	0	0
a) Land	0	16,238	3,436,071	0	0	111,488	0	0	0	0	0	0	18,793	0	854,393	0	0	0	0	0	0
b) Buildings	0	120,296	4,674,211	63,309	1,834,568	395,240	0	0	0	0	0	600	123,999	0	8,462,558	0	0	0	0	0	0
2. Manufacturing plant and equipment	415,725	31,846	73,216,199	0	29,961	0	181,871	55,202	0	141,916	11,175	711,942	26,452	0	21,598,632	8,072	0	76,924	0	0	0
Manufacturing plant and equipment of the group companies (included in A. II. 2)																					
3. Other facilities and equipment	28,306	34,092	3,108,906	26,138	5	0	694,711	8,339	0	148,642	12,748	15,080	72,163	6,663	0	0	0	0	0	60,914	21,162
Other facilities and equipment of the group companies (included in A. II. 3)																					
4. Fixed assets being acquired	0	0	4,549,041	2,070	3,947	0	0	0	0	43,409	7,110	0	2,350	0	2,417,429	0	0	0	0	0	0
a) Tangible fixed assets being constructed and manufactured	0	0	4,336,821	0	3,947	0	0	0	0	455	0	0	2,350	0	2,417,429	0	0	0	0	0	0
b) Advances for acquiring tangible fixed assets	0	0	212,220	2,070	0	0	0	0	0	42,954	7,110	0	0	0	0	0	0	0	0	0	0
5. Livestock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Vineyards, orchards and other plantations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>III. Investment property</b>	0	0	22,744,677	41,257	0	79,079	0	0	0	0	0	0	0	0	260,166	0	0	0	0	0	0
<b>IV. Financial fixed assets</b>	64,782,351	17,611	18,299,097	47,885	131,548	0	0	0	500,000	0	0	0	6	0	504,537	0	0	0	0	11,009	0
1. Financial fixed assets without loans	64,782,351	17,611	15,941,873	47,885	79,764	0	0	0	500,000	0	0	0	6	0	402,163	0	0	0	0	7,353	0
a) Shares in group companies	64,604,941	17,611	15,361,691	6,406	2,354	0	0	0	500,000	0	0	0	6	0	338,876	0	0	0	0	0	0
b) Shares in the associated companies	0	0	77,830	0	0	0	0	0	0	0	0	0	0	0	2,425	0	0	0	0	0	0
c) Other shares	177,410	0	502,352	41,479	77,410	0	0	0	0	0	0	0	0	0	13,756	0	0	0	0	7,353	0
č) Other financial fixed assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	47,106	0	0	0	0	0	0
2. Long-term loans	0	0	2,357,224	0	51,784	0	0	0	0	0	0	0	0	0	102,374	0	0	0	0	3,656	0
a) Long-term loans to group companies	0	0	2,020,863	0	0	0	0	0	0	0	0	0	0	0	89,678	0	0	0	0	0	0
b) Long-term loans to others	0	0	336,361	0	51,784	0	0	0	0	0	0	0	0	0	12,696	0	0	0	0	3,656	0
c) Long-term unpaid called-up capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>V. Long-term operating receivables</b>	0	0	1,598,821	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1. Long-term operating receivables due from group companies	0	0	1,439,572	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Long-term trade receivables	0	0	159,249	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



## BALANCE SHEET OF DEPENDENT COMPANIES (CONTINUED)

In euros

Item	Impol 2000, d. d.	Impol Servis, d. o. o.	Impol, d. d.	Hadring, d. o. o.	Impol Stano- vanja, d. o. o.	TGP Štatenberg, d. o. o.	Impol FT, d. o. o.	Impol LLT, d. o. o.	Montal, d. o. o.	Impol PCP, d. o. o.	Impol, R in R, d. o. o.	Stampal SB, d. o. o.	Unidel, d. o. o.	Impol Infra- struktura, d. o. o.	Impol Seval, a. d.	Impol Seval Finalizacija, d. o. o.	Impol Seval PHC, d. o. o.	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Aluminium Corporation	Impol Stan, d. o. o.
3. Other long-term operating receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V. Deferred tax assets	0	0	255,537	0	0	0	0	10,174	0	42,489	3,006	0	0	0	0	0	0	0	0	0	0
<b>B. Short-term assets</b>	<b>5,780,900</b>	<b>1,082,516</b>	<b>137,952,762</b>	<b>226,200</b>	<b>1,849,903</b>	<b>34,760</b>	<b>7,702,127</b>	<b>5,647,252</b>	<b>302,219</b>	<b>6,473,358</b>	<b>465,502</b>	<b>1,704,011</b>	<b>1,300,548</b>	<b>731,135</b>	<b>19,838,936</b>	<b>1,199,411</b>	<b>92,936</b>	<b>219,779</b>	<b>108,574</b>	<b>3,004,061</b>	<b>29,859</b>
I. Assets held for sale (disposal groups)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Inventories	4,381	394,466	59,298,880	0	0	0	6,555,112	2,017,499	0	4,824,566	0	254,551	345,761	0	13,358,617	458,334	36	49,653	857	1,403,004	0
1. Materials	0	0	58,836,582	0	0	0	3,564,586	1,679,278	0	2,062,723	0	7,421	21,823	0	5,319,944	258,211	0	49,400	278	0	0
2. Work in progress	0	0	0	0	0	0	1,072,157	338,221	0	992,120	0	247,130	0	0	3,775,647	0	0	0	0	0	0
3. Products and merchandise	4,381	394,466	171,591	0	0	0	1,918,315	0	0	1,768,692	0	0	323,938	0	4,027,777	199,037	0	0	0	1,403,004	0
4. Advances for inventories	0	0	290,707	0	0	0	54	0	0	1,031	0	0	0	0	235,249	1,086	36	253	579	0	0
<b>III. Short-term financial assets</b>	<b>3,312,615</b>	<b>200,000</b>	<b>2,049,467</b>	<b>0</b>	<b>1,652,626</b>	<b>14,191</b>	<b>0</b>	<b>1,538,036</b>	<b>264,857</b>	<b>0</b>	<b>198,630</b>	<b>0</b>	<b>0</b>	<b>505,113</b>	<b>344,016</b>	<b>7,530</b>	<b>1,774</b>	<b>8,893</b>	<b>4,199</b>	<b>0</b>	<b>0</b>
1. Short-term financial assets without loans	0	0	385,701	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a) Shares in group companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b) Other shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c) Other short-term financial assets	0	0	385,701	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Short-term loans	3,312,615	200,000	1,663,766	0	1,652,626	14,191	0	1,538,036	264,857	0	198,630	0	0	505,113	344,016	7,530	1,774	8,893	4,199	0	0
a) Short-term loans to group companies	3,312,615	200,000	1,601,417	0	559,172	0	0	1,538,036	0	0	198,630	0	0	505,113	269,035	0	0	0	0	0	0
b) Short-term loans to others	0	0	62,349	0	1,093,454	14,191	0	0	264,857	0	0	0	0	0	74,981	7,530	1,774	8,893	4,199	0	0
c) Short-term unpaid called-up capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>IV. Short-term operating receivables</b>	<b>2,155,446</b>	<b>447,217</b>	<b>73,987,319</b>	<b>139,243</b>	<b>64,850</b>	<b>11,901</b>	<b>1,129,690</b>	<b>1,764,794</b>	<b>7,029</b>	<b>1,606,510</b>	<b>237,158</b>	<b>1,302,985</b>	<b>862,502</b>	<b>199,477</b>	<b>4,866,496</b>	<b>574,993</b>	<b>38,516</b>	<b>159,628</b>	<b>89,159</b>	<b>1,327,002</b>	<b>3,340</b>
1. Short-term operating receivables due from group companies	445,912	26,457	16,283,380	55,973	1,914	0	674,500	1,488,772	811	713,221	216,817	70,756	91,853	164,501	961,061	90,178	35,946	149,058	88,580	0	0
2. Short-term trade receivables	1,611,329	365,819	52,248,810	80,410	48,104	11,352	13,118	84,186	0	10,399	12,347	1,161,095	722,499	4,427	2,969,544	474,679	1,484	8,422	386	1,327,002	3,340
3. Other short-term operating receivables	98,205	54,941	5,455,129	2,860	14,832	549	442,072	191,836	6,218	882,890	7,994	71,134	48,150	30,549	935,891	10,136	1,086	2,148	193	0	0
V. Cash	308,458	40,833	2,617,096	86,957	132,427	8,668	17,325	326,923	30,333	42,282	29,714	146,475	92,285	26,545	1,269,807	158,554	52,610	1,605	14,359	274,055	26,519
C. Short-term deferred costs	14,068	242	102,572	4,801	207	31	9,184	2,171	0	47,573	6,522	0	1,265	1,079	1,913,869	3,342	0	0	531	25,876	2,983
<b>Total assets</b>	<b>71,022,056</b>	<b>1,302,841</b>	<b>272,070,980</b>	<b>411,660</b>	<b>3,851,023</b>	<b>620,598</b>	<b>8,587,893</b>	<b>5,726,713</b>	<b>802,219</b>	<b>6,897,762</b>	<b>508,158</b>	<b>2,433,509</b>	<b>1,547,291</b>	<b>738,877</b>	<b>55,928,156</b>	<b>1,212,756</b>	<b>92,936</b>	<b>296,860</b>	<b>109,105</b>	<b>3,101,860</b>	<b>54,004</b>
Č. Off-balance-sheet assets	48,762,179	241,910	224,530,933	0	861,957	187,984	3,829,331	3,579,818	271,886	893,184	200,052	350,000	124,508	509,505	4,020,337	0	0	0	0	0	0
A. Equity	25,284,690	861,492	87,447,452	311,865	3,717,886	451,519	960,028	456,127	786,553	1,308,097	296,688	1,189,702	80,944	304,345	15,295,727	37,044	78,384	201,439	75,054	1,458,391	45,534
All types of equity of minority shareholders	0	0	5,010,739	116,949	0	1,806	0	0	0	0	0	0	0	0	4,588,718	0	0	0	0	14,583,391	2,277
I. Called-up capital	4,451,540	14,659	16,954,599	12,198	1,613,690	53,521	840,000	310,000	349,114	1,170,000	90,000	834,585	36,779	80,000	11,370,116	56,121	60,091	147,248	75,404	68,083	2,454
1. Share capital	4,451,540	14,659	16,954,599	12,198	1,613,690	53,521	840,000	310,000	349,114	1,170,000	90,000	834,585	36,779	80,000	11,370,116	56,121	60,091	147,248	75,404	68,083	2,454
2. Uncalled capital (a deduction)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Capital reserves	10,751,254	8,858	29,467,739	8,565	1,446,971	400,655	3,400,000	0	57,684	0	0	702	0	0	145,462	0	0	0	0	0	0
III. Profit reserves	5,732,581	175,767	35,045,344	19,981	542,025	0	732	7,494	34,911	5,745	9,030	83,465	3,678	8,016	0	0	0	0	0	0	0
1. Legal reserves	0	1,466	2,723,350	1,220	161,369	0	70	7,307	34,911	4,781	9,000	83,459	3,678	8,000	0	0	0	0	0	0	0
2. Reserves for own shares	0	0	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Own shares (a deduction)	0	0	-5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Statutory reserves	0	0	0	16,050	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Other profit reserves	5,732,581	174,301	32,321,994	2,711	380,656	0	662	187	0	964	30	6	0	16	0	0	0	0	0	0	0
IV. Revaluation profit	0	0	0	2,415	0	0	0	0	0	0	0	0	0	0	11,799,081	0	0	0	0	0	0

**BALANCE SHEET OF DEPENDENT COMPANIES (CONTINUED)**

In euros																					
Item	Impol 2000, d. d.	Impol Servis, d. o. o.	Impol, d. d.	Hadring, d. o. o.	Impol Stano- vanja, d. o. o.	TGP Štatenberg, d. o. o.	Impol FT, d. o. o.	Impol LLT, d. o. o.	Montal, d. o. o.	Impol PCP, d. o. o.	Impol, R in R, d. o. o.	Stampal SB, d. o. o.	Unidel, d. o. o.	Impol Infra- struktura, d. o. o.	Impol Seval, a. d.	Impol Seval Finalizacija, d. o. o.	Impol Seval PHC, d. o. o.	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Aluminium Corporation	Impol Stan, d. o. o.
V. Net profit or loss from previous periods	2,603,589	542,180	1,494,241	180,672	0	0	662	187	251,653	964	30	12,500	7,068	16	-10,976,229		12,501	48,737	-3,885	1,213,646	39,770
VI. Net profit or loss for the period	1,745,726	120,028	4,485,529	88,034	115,200	-2,657	-3,281,366	138,446	93,191	131,388	197,628	258,450	33,419	216,313	2,957,297	-19,077	5,792	5,454	3,535	176,662	3,310
VII. Consolidation capital adjustment																					
B. Provisions and long-term accruals	0	0	122,882	827	0	0	0	92,488	0	386,261	27,324	17,827	900,655	0	107,042	9,424	0	0	0	0	0
1. Provisions for pensions and similar liabilities	0	0	0	0	0	0	0	92,488	0	386,261	27,324	17,827	46,163	0	107,042	9,424					
2. Other provisions	0	0	0	827	0	0	0	0	0	0	0	0	0	0							
3. Long-term accruals	0	0	122,882	0	0	0	0	0	0	0	0	0	854,492	0							
Long-term accruals relating to group companies (included in B.3.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
C. Long-term liabilities	42,706,483	37,775	19,951,446	0	93,769	0	617,444	466,274	0	370,909	0	0	5,957	0	20,854,630	89,678	0	2,208	0	0	0
I. Long-term financial liabilities	42,706,483	0	19,900,976	0	0	0	0	0	0	0	0	0	5,103	0	19,949,183	89,678	0	0	0	0	0
1. Long-term financial liabilities to group companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,171,581	89,678					
2. Long-term financial liabilities to banks	42,706,483	0	18,229,199	0	0	0	0	0	0	0	0	0	5,103	0	17,719,683						
3. Long-term financial liabilities on the basis of bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
4. Other long-term financial liabilities	0	0	1,671,777	0	0	0	0	0	0	0	0	0	0	0	57,919						
II. Long-term operating liabilities	0	37,775	50,470	0	93,769	0	617,444	466,274	0	370,909	0	0	854	0	0	0	0	0	0	0	0
1. Long-term operating liabilities to group companies	0	0	0	0	0	0	572,145	466,274	0	283,073	0	0	0	0							
2. Long-term operating liabilities to suppliers	0	37,775	50,470	0	0	0	0	0	0	87,836	0	0	854	0							
3. Long-term liabilities related to bills of exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
4. Long-term operating liabilities on the basis of advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
5. Other long-term operating liabilities	0	0	0	0	93,769	0	45,299	0	0	0	0	0	0	0							
III. Deferred tax liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	905,447				2,208		
Č. Short-term liabilities	3,019,306	403,574	164,467,233	98,219	39,149	168,791	7,010,421	4,711,824	15,666	4,756,536	176,954	1,225,980	559,408	434,532	18,120,943	1,075,621	14,552	93,213	33,473	1,583,922	8,470
I. Liabilities included in disposal groups	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
II. Short-term financial liabilities	2,294,029	0	142,570,394	0	0	107,485	800,000	0	0	0	0	350,000	5,578	0	10,747,122	269,035	0	0	0	4,635	0
1. Short-term financial liabilities to group companies	0	0	6,313,567	0	0	107,485	800,000	0	0	0	0	0	0	0	700,654	269,035					
2. Short-term financial liabilities to banks	2,276,728	0	128,709,555	0	0	0	0	0	0	0	0	350,000	5,578	0	10,046,468					4,635	
3. Short-term financial liabilities on the basis of bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
4. Other short-term financial liabilities	17,301	0	7,547,272	0	0	0	0	0	0	0	0	0	0	0							
III. Short-term operating liabilities	725,277	403,574	21,896,839	98,219	39,149	61,306	6,210,421	4,711,824	15,666	4,756,536	176,954	875,980	553,830	434,532	7,373,821	806,586	14,552	93,213	33,473	1,579,287	8,470
1. Short-term operating liabilities to group companies	5,755	359,277	2,317,890	1,452	1,047	60,992	4,834,883	4,061,534	0	2,959,567	27,991	627,444	4,851	277,170	3,716,417	712,748	3,294	15,288	1,919	1,530,810	
2. Short-term operating liabilities to suppliers	32,402	27,046	15,463,829	13,814	11,144	268	824,915	404,529	450	1,021,542	23,964	154,366	439,785	37,869	2,703,522	45,681	410	5,249	1,907	13,821	8,470
3. Short-term liabilities related to bills of exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
4. Short-term operating liabilities on the basis of advances	59,170	195	108,821	0	369	0	0	0	0	0	0	0	0	0	343,425	4,042					
5. Other short-term operating liabilities	627,950	17,056	4,006,299	82,953	26,589	46	550,623	245,761	15,216	775,427	124,999	94,170	109,194	119,493	610,457	44,115	10,848	72,676	29,647	34,656	
D. Short-term accruals	11,577	0	81,967	749	219	288	0	0	0	75,959	7,192	0	327	0	1,549,814	989			578	59,547	
Total liabilities	71,022,056	1,302,841	272,070,980	411,660	3,851,023	620,598	8,587,893	5,726,713	802,219	6,897,762	508,158	2,433,509	1,547,291	738,877	55,928,156	1,212,756	92,936	296,860	109,105	3,101,860	54,004
Off-balance-sheet liabilities	48,762,179	241,910	224,530,933	0	861,957	187,984	3,829,331	3,579,818	271,886	893,184	200,052	350,000	124,508	509,505	4,020,337						

To convert the balance-sheet items from the national values into euros, the following exchange rates were used:

– Serbian Dinar is 82,874 euros

– USD is 1,4721 euros



PROFIT-AND-LOSS ACCOUNT OF THE GROUP COMPANIES

In euros

Item	Impol 2000, d. d.	Impol Servis, d. o. o.	Impol, d. d.	Hadring, d. o. o.	Impol Stano- vanja, d. o. o.	TGP Štatenberg, d. o. o.	Impol FT, d. o. o.	Impol LLT, d. o. o.	Montal, d. o. o.	Impol PCP, d. o. o.	Impol, R in R, d. o. o.	Stampal SB, d. o. o.	Unidel, d. o. o.	Impol Infra- struktura, d. o. o.	Impol Seval, a. d.	Impol Seval Finalizacija, d. o. o.	Impol Seval PHC, d. o. o.	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Aluminium Corporation	Impol Stan, d. o. o.
1. Net sales revenues	12,457,713	3,291,749	527,844,770	666,814	332,666	5,910	28,345,340	23,187,499	0	41,265,560	1,440,677	4,530,034	2,622,767	1,628,243	83,975,943	3,231,550	157,998	1,014,956	313,413	20,920,105	74,559
a) Net domestic sales revenues	9,081,964	2,969,303	99,895,691	666,814	312,034	5,910	28,340,077	23,187,499	0	41,265,560	1,440,677	617,543	2,600,539	1,628,243	15,524,014	2,824,163	157,998	1,014,956	313,413	2,292,406	19,541
Net revenues from domestic sales to group companies (included in 1. a)	2,524,204	146,083	67,400,161	418,561	1,942	0	28,294,715	22,561,376	0	41,243,822	1,387,799	559,209	533,846	1,616,110	1,880,476	920,857	124,513	991,613	311,244	2,292,406	19,541
b) Net foreign sales revenues	3,375,749	322,446	427,949,079	0	20,632	0	5,263	0	0	0	0	3,912,491	22,228	0	68,451,929	407,387	0	0	0	18,627,699	55,018
Net revenues from foreign sales to group companies (included in 1. b)	0	0	51,587,053	0	5,212	0	2,263	0	0	0	0	0	0	0	46,527,057	0	0	0	0	0	0
2. Change in the values of product inventories and work in progress	0	0	-39,675,719	0	0	0	2,990,472	338,221	0	2,760,810	0	75,638	-8,843	0	-833,666	90,413	0	0	0	0	0
3. Capitalised own products and services	0	825	0	0	0	0	0	0	0	0	0	0	0	0	17,651	0	0	0	0	0	0
4. Other operating revenues (including revaluation operating revenues)	467	918	2,825,300	136	2,607	0	63,002	0	70,014	98,213	0	2,525	127,387	0	1,162,047	7,860	1,429	9,465	4,939	0	0
Other operating revenues (including intra-group revaluation operating revenues) (included in 4.)	25	0	2,366	0	0	0	63,002	0	0	94,040	0	0	0	0	0	0	0	0	0	0	0
5. Costs of goods, materials and services	9,802,147	2,933,260	455,941,255	191,915	122,862	4,545	26,817,124	20,142,502	5,676	33,239,267	394,378	3,150,478	1,737,076	616,511	68,080,948	2,848,685	45,470	275,603	32,106	20,280,589	64,556
a) Costs of goods and materials sold and materials used	9,326,349	2,860,674	354,517,382	22,978	32,705	0	8,489,329	16,473,429	0	7,667,406	61,803	2,601,506	1,573,837	249,833	58,414,006	2,715,058	7,284	112,528	7,773	20,062,391	11,603
Intra-group costs of goods and materials sold and materials used (included in 5. a)	9,278,851	2,746,092	35,262,222	1,461	3,618	0	9,574,680	17,408,174	0	6,335,762	30,138	1,905,031	11,686	232,059	32,228,350	1,902,981	0	589	0	15,797,794	0
b) Costs of services	475,798	72,586	101,423,873	168,937	90,157	4,545	18,327,795	3,669,073	5,676	25,571,861	332,575	548,972	163,239	366,678	9,666,942	133,627	38,186	163,075	24,333	218,198	52,953
Intra-group costs of services (included in 5. b)	75,308	8,194	88,358,244	12,978	21,127	0	17,070,291	2,672,047	0	23,806,130	210,484	131,742	9,681	148,751	5,662,122	97,622	17,150	91,629	19,670	0	5,212
6. Labour costs	783,482	166,548	1,849,319	320,298	87,625	0	7,306,732	2,889,609	0	10,222,293	758,426	829,476	899,053	726,213	6,148,232	521,005	104,216	699,350	282,184	287,268	4,333
a) Costs of salaries	543,845	124,215	1,435,551	217,698	66,395	0	5,398,837	2,115,943	0	7,576,943	508,427	605,425	662,486	541,445	3,496,609	288,202	59,950	401,758	161,633	287,268	1,865
b) Social security costs (pension insurance costs are shown separately)	88,843	20,031	253,993	35,422	10,778	0	870,502	384,642	0	1,221,133	82,305	104,416	107,178	99,679	2,270,400	188,725	40,317	264,245	106,911	0	335
c) Other labour costs	150,794	22,302	159,775	67,178	10,452	0	1,037,393	389,024	0	1,424,217	167,694	119,635	129,389	85,089	381,223	44,078	3,949	33,347	13,640	0	2,133
7. Write-offs	107,918	38,265	13,690,704	14,918	51,717	0	106,788	5,544	0	20,447	4,191	223,187	74,977	688	3,448,706	3,247	0	16,661	338	25,918	976
a) Amortisation/depreciation	100,500	21,724	11,771,738	14,897	48,954	0	106,788	5,544	0	20,447	3,491	219,113	69,084	688	3,443,416	2,733	0	13,890	0	25,918	976
Amortisation of the group companies' assets (included in 7. a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b) Operating expenses for the revaluation of intangible and tangible fixed assets	0	75	68,008	21	0	0	0	0	0	0	700	721	476	0	1,178	0	0	0	0	0	0
Operating expenses for the revaluation of intangible and tangible fixed assets of the group companies (included in 7. b)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c) Operating expenses for the revaluation of current assets	7,418	16,466	1,850,958	0	2,763	0	0	0	0	0	0	3,353	5,417	0	4,112	514	0	2,771	338	0	0
Operating expenses for the revaluation of the group companies' current assets (included in 7. c)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8. Other operating expenses	15,396	13,401	727,096	34,875	5,456	407	227,254	260,139	0	587,446	34,079	37,247	38,732	3,014	342,134	20,071	3,134	28,082	50	0	600
Other group companies' operating expenses (included in 8.)	938	904	220,403	166	0	0	61,604	25,410	0	51,366	674	7,041	600	154	0	0	0	0	0	0	0

PROFIT-AND-LOSS ACCOUNT OF THE GROUP COMPANIES (CONTINUED)

In euros																					
Item	Impol 2000, d. d.	Impol Servis, d. o. o.	Impol, d. d.	Hadring, d. o. o.	Impol Stano- vanja, d. o. o.	TGP Štatenberg, d. o. o.	Impol FT, d. o. o.	Impol LLT, d. o. o.	Montal, d. o. o.	Impol PCP, d. o. o.	Impol, R in R, d. o. o.	Stampal SB, d. o. o.	Unidel, d. o. o.	Impol Infra- struktura, d. o. o.	Impol Seval, a. d.	Impol Seval Finalizacija, d. o. o.	Impol Seval PHC, d. o. o.	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Aluminium Corporation	Impol Stan, d. o. o.
9. Financial revenues from shares	677,024	0	235,550	455	22,945	0	0	0	22,535	0	0	0	0	0	1,755	0	0	13	0	0	0
a) Financial revenues from the shares in the group companies	674,969	0	138,458	455	0	0	0	0	22,535	0	0	0	0	0							
b) Financial revenues from the shares in associated companies	0	0	10,137	0	0	0	0	0	0	0	0	0	0	0							
c) Financial revenues from the shares in other companies	2,055	0	86,955	0	22,945	0	0	0	0	0	0	0	0	0							
d) Financial revenues from other investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,755			13			
10. Financial revenues from lending	101,958	94	782,979	0	31,912	1,665	5,720	35,095	27,613	79,868	4,339	0	0	397	28,897	0	188	0	0	0	0
a) Financial revenues from intra-group lending	91,657	94	640,730	0	22,534	0	5,720	35,095	16,680	79,868	4,339	0	0	397	28,245						
b) Financial revenues from other lending	10,301	0	142,249	0	9,378	1,665	0	0	10,933	0	0	0	0	0	652		188				
11. Financial revenues from operating receivables	61,133	20,917	3,134,049	2,087	23,208	0	3,097	17,459	29	7,231	1,865	1,125	17,342	7,342	2,037,572	30,238	163	1,592	0	18,554	29
a) Financial revenues from operating receivables due from group companies	438	35	36,015	8	0	0	856	13,826	0	3,003	328	0	359	6,935							
b) Financial revenues from operating receivables due from others	60,695	20,882	3,098,034	2,079	23,208	0	2,241	3,633	29	4,228	1,537	1,125	16,983	407	2,037,572	30,238	163	1,592		18,554	29
12. Financial expenses for investment impairment and write-offs	0	0	0	0	0	0	0	0	4	0	0	0	545	0	1,133,677						
Financial expenses for intra-group investment impairment and write-offs (included in 12.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,133,677						
13. Financial expenses for financial liabilities	498,572	0	9,241,832	0	2	4,332	192,884	0	0	43,662	0	20,198	3,095	0	3,794,501	39,891	364	0	0	44,973	0
a) Financial expenses for intra-group lending	0	0	261,604	0	0	4,332	192,884	0	0	43,662	0	0	4	0	304,694	28,245					
b) Financial expenses for bank loans	498,572	0	8,654,562	0	0	0	0	0	0	0	0	20,198	2,788	0	1,671,581					44,973	
c) Financial expenses for issued bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
c) Financial expenses for other financial liabilities	0	0	325,666	0	2	0	0	0	0	0	0	0	303	0	1,818,226	11,646	364				
14. Financial expenses for operating liabilities	5,458	4,304	6,618,036	84	86	30	37,327	102,010	0	2,989	153	11,875	0	72	411,573	539	0	13	0	0	0
a) Financial expenses for intra-group operating liabilities	770	307	7,432	28	0	0	35,952	101,187	0	1,901	116	3,972	0	72							
b) Financial expenses for operating liabilities to suppliers and for liabilities related to bills of exchange	4,688	3,997	16,778	0	0	30	725	823	0	634	37	7,903	0	0	9,540	539		13			
c) Financial expenses for other operating liabilities	0	0	6,593,826	56	86	0	650	0	0	454	0	0	0	0	402,033						
15. Other revenues	0	273	56,360	10,391	1,902	489	462	52	123	30,794	2,004	100	28,474	0	66,281	54,271	263	25		9,851	
Other intra-group revenues (included in 15.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
16. Other expenses	3,668	0	1,112,039	3,698	0	1,407	1,350	2,800	0	2,025	11	0	230	0	198,629	802	150				
Other intra-group expenses (included in 16.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
17. Income tax	333,328	38,970	1,793,016	26,061	32,292	0	0	40,163	21,443	30,768	54,028	78,511	0	65,173			690	414		120,401	825
18. Deferred taxes	2,600	0	-255,537	0	0	0	0	-10,174	0	-42,489	-3,006	0	0	0	-173,781	-88		238			
19. Net profit or loss for the period	1,745,726	120,028	4,485,529	88,034	115,200	-2,657	-3,281,366	145,733	93,191	136,068	206,625	258,450	33,419	224,311	3,071,861	-19,820	6,017	5,690	3,674	189,361	3,298
Net profit or loss of minority shareholders	0	0	257,021	33,013	0	-11	0	0	0	0	0	0	0	0	921,558	0	0	0	0	18,936	165
Profit or loss of the group companies																					

To convert the profit-and-loss-account items from the national values into euros, the following average exchange rates were used:  
 – Serbian Dinar is 79,767 euros  
 – USD is 1,3703 euros





Accounting  
Report<sup>10</sup>



## Accounting Guidelines

The consolidated financial statements for the whole Impol Group were put together on the basis of the new Slovenian Accounting Standards (henceforth referred to as the SRS 2006) taking into account necessary adjustments relating to the integration of dependent companies operating in the environments that use different accounting standards (USA, Serbia, Croatia). With these statements the Impol Group gives a true and fair picture of the financial situation, and of its business performance.

The initial amounts as on 1 January 2007 were, due to the introduction of euro, converted on the basis of the parity exchange rate of 239,64 toolars per euro.

The financial year is the same as the calendar year, i.e., 1 January 2007 to 31 December 2007.

When establishing and distributing the profit, we considered the provisions from Article 230 of the Companies Act-1.

We consistently followed the two basic accounting rules:

- the course of accounting events,
- the unlimited duration of operations.

When preparing the accounting policies and financial statements we also considered the principles of clarity, adequacy, reliability, and comparability. Consequently, these documents are accurate, meeting legal requirements and preventing any fraud.

As a result of considering the precautionary principle, the financial statements:

- include only the profits realised by 31 December 2007,
- take into account all the predictable risks and losses taking place by the end of 2007.

Items of assets and liabilities are valued individually.

The group keeps its accounting books on the basis of the double-entry method.

Consolidation was carried out in such a way that:

- within the group, the investments of controlling companies in the subsidiaries were eliminated,
- intra-group receivables and payables were eliminated,
- intra-group revenues and expenses were eliminated.

Consolidation was carried out with the simultaneous-consolidation method applied to all group companies.

With respect to the acquisition of the Impol Group carried out by Impol 2000, d. d., the related opening amounts are indicated in the turnover figures for the assets and liabilities.

### Intangible Fixed Assets

Intangible fixed assets include:

- long-term deferred costs of development,
- rights on fixed assets belonging to others,
- investments in the acquired industrial-property rights and other rights.

For the purpose of their evaluation, the acquisition-cost model was used.

The goodwill created with the purchasing of the majority share of Stampal SB, d. o. o., in the amount of 319,299 euros, remains included in the balance sheet, having the same value as on the day of the purchase.

In line with the SRS 2006, goodwill is not depreciated; it can only affect the profit-and-loss account after the disposal of the investment.

### INTANGIBLE FIXED ASSETS

In euros						
Description	Long-term property rights	Goodwill	Advances for intangible assets	Long-term deferred development costs	Other long-term deferred costs	Total
Acquisition costs as on 31 Dec 2006	17,192			930		18,122
Opening-balance adjustments	5,710					5,710
Acquisition costs as on 1 Jan 2007	22,902	0	0	930	0	23,832
Direct additions due to purchases	9,521				842,159	851,680
Direct additions due to financial leasing						0
Transfer from investments in progress	76,903				-42,815	34,088
Intra-group transfer due to purchases						0
Intra-group transfer due to sales						0
Intra-group transfer of intangible assets due to acquisitions	1,220,768	319,229			2,438,132	3,978,129
Decrease in fair value	-3,071					-3,071
Revaluation due to impairment						0
Write-downs due to sales						0
Write-downs due to retirement, other write-downs					-83,896	-83,896
Acquisition costs as on 31 Dec 2007	1,327,023	319,229	0	930	3,153,580	4,800,762
Value adjustment as on 31 Dec 2006	17,192			129		17,321
Opening-balance adjustment	5,710					5,710
Value adjustment as on 1 Jan 2007	17,192	0	0	129	0	23,031
Amortisation for the period	19,347			95	145,378	164,820
Direct additions						0
Transfer from investments in progress						0
Intra-group transfer due to purchases						0
Intra-group transfer of intangible assets due to acquisition	1,097,793				978,342	2,076,135
Decrease in fair value	-779					-779
Revaluation due to impairment						0
Write-downs due to sales						0
Write-downs due to retirement, other write-downs						0
Value adjustment as on 31 Dec 2007	1,133,553	0	0	224	1,123,720	2,257,497
Book value as of 31 Dec 2007	193,470	319,229	0	706	2,029,860	2,543,265
Book value as of 31 Dec 2006	0	0	0	801	0	801

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Table

<sup>10</sup> All accounting disclosures are recorded in euros, or in thousands of euros if indicated so in the concerned sheets.



## Tangible Fixed Assets

Tangible fixed assets include land, buildings, production facilities and machinery, other facilities and equipment, tangible fixed assets under construction, as well as advances paid for the tangible fixed assets that are, in the balance sheet, included in the tangible fixed assets, while they are recorded as receivables in the account books.

Tangible fixed assets are recognised at their acquisition values, which include the buying prices, import duties and non-refundable purchase taxes, and the directly attributable costs of bringing an asset to working condition for its intended use, especially the costs of its delivery and installation. Non-refundable purchase taxes also include non-refundable value added tax. Trade discounts and rebates are deducted from the buying price. The acquisition cost and the cumulative value adjustment of a fixed asset are separately recorded in the account books, while the balance sheet only includes the current value of a fixed asset, which is the difference between the acquisition cost and the cumulative value adjustment.

The current value of a tangible fixed asset is decreased through depreciation. The Impol Group uses the method of steady depreciation.

Disposed of or retired fixed assets are no longer recorded in the account books. However, any existing profits or losses are recorded as operating revenues/expenses from revaluation.

The property hired out to subsidiaries and other companies is recorded as investment property and is depreciated in the same way as the assets in operational use. With the reorganisation of Impol, d. d., most of the equipment was hired out to the newly established subsidiaries.

## TANGIBLE FIXED ASSETS

Description	In euros									
	Land	Building	Property being acquired	Total property	Production facilities and machinery	Other facilities and equipment	Equipment and other tangible fixed assets being acquired	Advances for acquiring tangible fixed assets	Total equipment	Total
Acquisition costs as on 31 Dec 2006	16,237	347,626		363,863	985,649	81,138			1,066,787	1,430,650
Opening-balance adjustments				0		-5,710			-5,710	-5,710
Acquisition costs as on 1 Jan 2007	16,237	347,626	0	363,863	985,649	75,428	0	0	1,061,077	1,424,940
Direct additions due to purchases		400,515	218,359	618,874	17,780	30,862	6,232,181	322,092	6,602,915	7,221,789
Direct additions due to financial leasing				0		75,181			75,181	75,181
Transfer from investments in progress		220,520	-136,803	83,717	5,043,219	1,968,695	-7,129,720		-117,806	-34,089
Intra-group transfer due to purchases				0			351,422		351,422	351,422
Intra-group transfer due to sales				0		-37,943			-37,943	-37,943
Transfer to investment property		-35,187,587		-35,187,587					0	-35,187,587
Transfer from investment property		65,439		65,439					0	65,439
Intra-group transfer of tangible fixed assets due to acquisition	4,463,082	65,812,630	11,342	70,287,054	245,563,607	8,837,819	7,214,221	313,199	261,928,846	332,215,900
Decrease in fair value	-4,2336	-794,348		-836,684	-2,146,402	-31,536			-2,177,938	-3,014,622
Write-downs due to disposals				0	-21,579				-21,579	-21,579
Write-downs due to retirement, other write-downs		-134,918		-134,918	-184,523	-299,480		-370,937	-854,940	-989,858
Acquisition costs as on 31 Dec 2007	4,436,983	30,729,877	92,898	35,259,758	249,257,751	10,624,736	6,668,104	264,354	266,814,945	302,074,703
Value adjustment as on 31 Dec 2006		216,721		216,721	468,348	40,035			508,383	725,104
Opening-balance adjustments				0		-5,710			-5,710	-5,710
Value adjustment as on 1 Jan 2007	0	216,721	0	216,721	468,348	34,325	0	0	502,673	719,394
Depreciation		716,412		716,412	13,129,919	1,104,236			14,234,155	14,950,567
Intra-group transfer due to sales				0		-21,901			-21,901	-21,901
Transfer to investment property		-16,530,409		-16,530,409					0	-16,530,409
Transfer from investment property		30,538		30,538					0	30,538
Intra-group transfer of tangible fixed assets due to acquisition		31,113,549		31,113,549	147,302,942	5,566,456			152,869,398	183,982,947
Decrease in fair value		-375,057		-375,057	-1,047,768	-23,909			-1,071,677	-1,446,734
Write-downs due to disposals				0	-5,966	-1,606			-7,572	-7,572
Write-downs due to retirement, other write-downs		-116,658		-116,658	-170,290	-276,444			-446,734	-563,392
Value adjustment as on 31 Dec 2007	0	15,055,096	0	15,055,096	159,677,185	6,386,867	0	0	166,064,052	181,119,148
Book value as of 31 Dec 2007	4,436,983	15,674,781	92,898	20,204,662	89,580,566	4,237,869	6,668,104	264,354	100,750,893	120,955,555
Book value as of 1 Jan 2006	16,237	130,905	0	147,142	517,301	41,103	0	0	558,404	705,546

## Used Depreciation Rates

### USED DEPRECIATION RATES

Depreciation rates used by the group	Depreciation rates in %	
	Lowest	Highest
<b>Intangible fixed assets</b>		
Other investments	10.00%	10.00%
– licences	20.00%	20.00%
<b>Tangible fixed assets</b>		
<b>Property:</b>		
– constructed buildings	1.30%	2.50%
– other buildings	1.30%	5.00%
<b>Equipment:</b>		
– production equipment	4.50%	20.00%
– equipment and low-value assets until 2003		33.00%
– low-value assets	20.00%	25.00%
– other equipment	8.00%	25.00%
<b>IT equipment:</b>		
– software	20.00%	50.00%
– hardware	20.00%	50.00%
<b>Motor vehicles:</b>		
– transport vehicles	6.20%	20.00%
– personal vehicles	12.50%	20.00%
<b>Other tangible fixed assets</b>		
Investment property (acquisition-cost model)	1.30%	5.00%

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Table

- Depreciation is accounted for each asset individually, following the method of steady depreciation.
- The non-depreciable value is recorded only for the equipment that, according to our findings, preserves its value.
- The revaluation of tangible fixed assets was not carried out because we found that the market prices for these assets did not change.
- Depreciation is charged to the acquisition values of intangible and tangible fixed assets, and of investment property. The depreciation rate depends on the determined useful life of each individual asset, considering the anticipated period of utilisation, economic aging, and

legal and other limitations to its use. When checking the periods of the determined useful life of individual assets, we found that there was no need to change them, so the depreciation rates remained the same. At the end of the year we set the depreciation rates for the production equipment with respect to the level of its utilisation during the year (work in shifts was the main factor in this case).

- The depreciation of intangible and tangible fixed assets is accounted for individually, and on the basis of the method of steady depreciation.
- The depreciation period for individual assets starts when the assets are put into use.

## Investment Property

In the discussed period, only the buildings that we own for the purposes of renting were included in the investment property.

### INVESTMENT PROPERTY

Description	In euros		
	Land	Buildings	Total
Acquisition costs as on 31 Dec 2006			
Transfer from tangible fixed assets (+)		35,187,587	35,187,587
Intra-group transfer of investment property due to acquisition		10,020,508	10,020,508
Decreases (–)		84	84
Transfer to tangible fixed assets (–)		–65,439	–65,439
Acquisition costs as on 31 Dec 2007	0	45,142,740	45,142,740
Acquisition costs as on 31 Dec 2006			0
Depreciation (+)		1,099,633	1,099,633
Transfer from tangible fixed assets (+)		16,530,409	16,530,409
Intra-group transfer of investment property due to acquisition		4,418,817	4,418,817
Decreases (–)		–760	–760
Transfer to tangible fixed assets (–)		–30,538	–30,538
Value adjustment as on 31 Dec 2007	0	22,017,561	22,017,561
Book value as of 31 Dec 2007	0	23,125,179	23,125,179

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Table

## Long-Term Financial Assets in Associated Companies, and Other Long-Term Financial Assets

Long-term financial assets are assets with a maturity longer than one year, and are initially determined with their acquisition values that equal the values of the invested cash. The investments that were, in the course of consolidation, eliminated because they were carried out within the group, are, in the original financial statements of individual group companies, recorded on the basis of the acquisition-cost method, considering impairment caused by the losses.

The investments in the stakes and shares of foreign public limited companies, the investments in the stakes of domestic banks and in the shares of domestic companies, and long-term loans granted on the basis of loan contracts are all recorded separately.

Long-term financial assets have been classified as the financial assets available for sale. In the consolidated balance sheet, the investments in the associated companies have been evaluated with the equity method<sup>11</sup> considering the equity-revaluation surplus.

<sup>11</sup> Surplus from revaluation of financial assets is 439,096 euros relating to the following companies:

Invested in:	Acquisition costs of the investment	Revaluation surplus
Simfin, d. o. o	61,820	221,948
Alcad, d. o. o	16,010	215,698
Alureg Pin, d. o. o	200,000	1,138
Almont Seval, d. o. o.	2,437	312



## LONG-TERM FINANCIAL ASSETS IN ASSOCIATED COMPANIES, AND OTHER LONG-TERM FINANCIAL ASSETS

In euros							
Long-term financial assets (LTFAs)	Acquisition/ fair/ amortised cost of LTFAs as of 31 Dec 2007	Long-term financial assets in companies:			Average value as on 31 Dec 2007	Book value	
		in the group	associated companies	others	impairment	31 Dec 2007	31 Dec 2006
	=	+	+	+	-	=	
Investments in stakes and shares	1,339,111	0	519,351	819,760	0	1,339,111	26,864,059
Other LTFAs in equity	47,106	0	0	47,106	0	47,106	
<b>Total long-term financial assets without loans</b>	<b>1,386,217</b>	<b>0</b>	<b>519,351</b>	<b>866,866</b>	<b>0</b>	<b>1,386,217</b>	<b>26,864,059</b>
Long-term loans to companies	388,145	0	0	388,145	0	388,145	
Other long-term invested funds	12,696	0	0	12,696	0	12,696	0
Long-term deposits	3,656	0	0	3,656	0	3,656	0
<b>Total long-term loans</b>	<b>404,497</b>	<b>0</b>	<b>0</b>	<b>404,497</b>	<b>0</b>	<b>404,497</b>	<b>0</b>
<b>Total long-term financial assets</b>	<b>1,790,714</b>	<b>0</b>	<b>519,351</b>	<b>1,271,363</b>	<b>0</b>	<b>1,790,714</b>	<b>26,864,059</b>

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Table

### Long-Term Operating Receivables

Long-term operating receivables that mature one year after the date of the balance sheet are disclosed as short-

term receivables. All the long-term operating receivables are included in the other long-term trade receivables; they are not secured, and, with a total of 159,249 euros, they do not represent an important business category.

## DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

In euros		
	Deferred tax assets	Deferred tax liabilities
Deferred taxes as on 31 Dec 2006 (+)	2,596	0
Opening-balance adjustments (+/-)	4	0
Deferred taxes as on 1 Jan 2007	2,600	0
Deductible temporary differences (+)	311,206	
Taxable temporary differences (+)		2,208
Intra-group transfer of deferred taxes due to acquisition	0	731,816
Utilisation of deductible temporary differences (-)	-2,600	
Cancellation of deductible temporary differences (-)		173,631
<b>Deferred taxes as of 31 Dec 2007</b>	<b>311,206</b>	<b>907,655</b>
<b>Recognised changes in deferred tax assets and deferred tax liabilities:</b>	<b>2007</b>	<b>2006</b>
- in the profit-and-loss account (+/-)	482,237	2,596
- in the equity - revaluation surplus (+/-)	2,208	0
<b>Total</b>	<b>484,445</b>	<b>2,596</b>

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Table

In 2007 deferred tax assets were formed for the written-down tax assets and for the provisions relating to severance pays and to the rewards for years-long service. Deferred tax liabilities were formed in Impol Seval, a. d., as the temporary deductible differences relating to liabilities.

### Inventories

We use the following evaluation methods:

- We recorded the inventories of goods and materials by purchase price increased by the accompanying costs of

acquisition. We used the same method as in the previous period.

- For inventory utilization we use the FIFO method.
- The inventories of finished products and of work in progress are initially evaluated according to their production costs that include: direct costs of materials, direct labour costs, direct costs of services, direct depreciation costs, and general production costs.
- We converted the amounts from foreign currencies into euros on the basis of the middle exchange rate of the Bank of Slovenia.

## INVENTORIES

In euros						
	31 Dec 2007			Inventories as on 31 Dec 2007		31 Dec 2006
	Acquisition costs (+)	Value adjustment due to inventory impairment (-)	Book value	Brought from group companies	Pledged as security for liabilities	
Goods and materials	71,867,792	-87,048	71,780,744	768,145	4,937,111	0
Work in progress and services	6,425,275	0	6,425,275	0	0	0
Products	8,001,034	0	8,001,034	0	0	0
Goods for resale	2,125,097	0	2,125,097	1,181,377	0	393,031
Advances for inventories	528,995	0	528,995	0	0	0
<b>Total</b>	<b>88,948,193</b>	<b>-87,048</b>	<b>88,861,145</b>	<b>1,949,522</b>	<b>4,937,111</b>	<b>393,031</b>

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Table

We did not pledge our inventories as security for liabilities outside the group.

In 2007 there were no write-downs or adjustments of the inventories due to a change in their quality or value. The recorded inventory deficit amounted to 4328 euros.

The received goods and materials used for processing were, as foreign goods, only recorded with respect to their quantity.

### Short-Term Operating Receivables

We initially disclose receivables with the amounts originating from the relevant documents taking into account that they will be settled. A later increase

in receivables normally leads to an increase in the corresponding operating, or financial, revenues, while a later decrease in receivables normally leads to a decrease in the corresponding operating, or financial, expenses, except for given advances. The receivables related to gained interest result in financial revenues. We adjust the values of trade receivables due from domestic or foreign customers on the basis of our experiences and expectations.

The receivables due from customers abroad are converted into domestic currency on the basis of the middle exchange rate of the Bank of Slovenia valid on the date of the balance sheet. An exchange-rate difference generated by the settlement date of a receivable, or by the date of the balance sheet, is recorded under revenues or financial expenses.

## SHORT-TERM OPERATING RECEIVABLES

In euros							
	Short-term operating receivables	Short-term operating receivables due from companies:			Value adjustment due to impairment	31 Dec 2007	31 Dec 2006
		in the group	associates	others			
	=	+	+	+	-	=	+
Short-term trade receivables	62,527,612	0	10,065	62,517,547	-1,393,984	61,133,628	1,984,464
— receivables overdue by 31 Dec	19,236,156	0	0	19,236,156	0	19,236,156	1,075,693
Given short-term advances and collaterals	14,086	0	0	14,086	0	14,086	0
Short-term operating receivables related to foreign- currency accounts	31,640	0	0	31,640	0	31,640	10,432
Short-term receivables related to financial revenues	285,278	0	1,265	284,013	-9,571	275,707	92,051
Short-term receivables due from state institutions	7,928,899	0	0	7,928,899	0	7,928,899	88,875
Other short-term operating receivables	31,605	0	0	31,605	0	31,605	138
<b>Total short-term operating receivables</b>	<b>70,819,120</b>	<b>0</b>	<b>11,330</b>	<b>70,807,790</b>	<b>-1,403,555</b>	<b>69,415,565</b>	<b>2,175,960</b>

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Table

## VALUE ADJUSTMENT OF SHORT-TERM OPERATING RECEIVABLES DUE TO IMPAIRMENT

In euros					
	2007	Value adjustment of short-term receivables due from companies:			2006
		in the group	associates	others	
Balance as of 1 Jan (+)	24,998	0	0	24,998	14,218
Decrease in value adjustment due to the settlement of receivables (-)	-19,378	0	0	-19,378	-1,740
Decrease in value adjustment due to the write-off of receivables (-)	-8,027	0	0	-8,027	0
Established value adjustments for the period due to impairment (+)	1,344,032	0	0	1,344,032	12,520
Intra-group transfer of established adjustments due to acquisition	61,930	0	0	61,930	
<b>Balance as of 31 Dec</b>	<b>1,403,555</b>	<b>0</b>	<b>0</b>	<b>1,403,555</b>	<b>24,998</b>

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Table

Trade receivables are secured to the agreed amount with the Slovenian Export Corporation. During the market penetration, these receivables are, as a rule, unsecured, and at such times the risks are very high. The unsettled

receivables that lead to the initiation of formal court proceedings relating to their recovery, and those that will probably not be settled, or will not be fully settled, are treated as doubtful and disputable receivables.

## Short-Term Financial Assets

When they arise, short-term financial assets are accounted for in accordance with their acquisition values. If expressed

in a foreign currency, they are converted into domestic currency on the basis of the middle exchange rate of the Bank of Slovenia valid on the balance date.

## SHORT-TERM FINANCIAL ASSETS

In euros							
Short-term financial assets (STFAs)	Acquisition/ fair/ amortised cost of STFAs as of 31 Dec 2007	STFAs in companies:			Value adjustment due to impairment	Book value	
		in the group	associates	others		31 Dec 2007	31 Dec 2006
	=	+	+	+	-	=	
Stakes acquired for sale	0	0	0	0	0	0	0
Shares acquired for sale	0	0	0	0	0	0	0
Other securities acquired for sale	0	0	0	0	0	0	0
Receivables acquired for sale	385,701	0	0	385,701	0	385,701	0
<b>Total short-term financial assets without loans</b>	<b>385,701</b>	<b>0</b>	<b>0</b>	<b>385,701</b>	<b>0</b>	<b>385,701</b>	<b>0</b>
Short-term portion of long-term lending (including bonds)	86,241	0	0	86,241	0	86,241	0
Short-term lending (including bonds)	569,336	0	353,154	216,182	0	569,336	2,195,410
Received bills of exchange	0	0	0	0	0	0	4,064
Short-term deposit	876,651	0	0	876,651	0	876,651	0
<b>Total short-term lending</b>	<b>1,532,228</b>	<b>0</b>	<b>353,154</b>	<b>1,179,074</b>	<b>0</b>	<b>1,532,228</b>	<b>2,199,474</b>
Short-term unpaid called-up capital	0	0	0	0	0	0	0
<b>Total short-term financial assets</b>	<b>1,917,929</b>	<b>0</b>	<b>353,154</b>	<b>1,564,775</b>	<b>0</b>	<b>1,917,929</b>	<b>2,199,474</b>

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Table

Short-term financial assets include the stakes acquired for sale, short-term lending, investments in securities, short-term portions of long-term financial assets, and bank deposits. They all represent the assets that the group invests, for a short term, in order to increase its financial revenues. These assets are all classified as the financial assets intended for sale.

## Cash

The amount in cash is about the same as the revenue generated in two days. We maintain that such an amount is manageable.

## CASH

In euros		
	31 Dec 2007	31 Dec 2006
Cash in hand and redeemable securities	7,681	179
Cash in banks and other financial institutions	5,696,149	1,135,817
<b>Total</b>	<b>5,703,830</b>	<b>1,135,996</b>

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Table



## Short-Term Deferred Costs and Accrued Revenues

Short-term deferred costs or expenses are the received invoices related to given advances, or issued invoices related to received advances charging for value-added tax, mainly incurred in Impol Seval, a. d., due to advances.

### SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES

	In euros	
	31 Dec 2007	31 Dec 2006
Short-term deferred costs or expenses	309,365	342
Short-term accrued revenues	0	0
Securities	0	0
VAT from received advances	1,826,951	7,382
<b>Total</b>	<b>2,136,316</b>	<b>7,724</b>

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Table

## Equity

### EQUITY

	In euros															
	Called-up capital		Capital of minority shareholders	Capital reserves	Profit reserves					Revaluation surplus	Consolidated capital adjustment	Transferred net profit or loss		Net profit or loss for the period		Total equity
	I	II	III	IV					V	VI	VII		VIII		IX	
	Share capital	Uncalled capital (a deduction)		Legal reserves	Reserves for own stakes and business shares	Own stakes and business shares (a deduction)	Statutory reserves	Other profit reserves				Transferred net profit	Transferred net loss	Net profit for the period	Net loss for the period	Total equity
	I/2	II	III	IV/1	IV/2	IV/3	IV/4	IV/5	V	VI	VII/1	VII/2	VIII/1	VIII/2	IX	
A. Balance as of 1 Jan 2007	4,451,540			10,751,256				5,732,582	7,247,062			1,820,731		1,588,579		31,591,750
B. Equity inflows																
Equity increase due to the profit for the period			1,230,682											19,802,457		21,033,139
Increase due to equity revaluation									439,096							439,096
Other increases in equity components			8,635,646						-7,247,062	-91,387						1,297,197
Purchase of own stocks and shares							-506,406									-506,406
C. Transfers within equity																
Allocation of net profit to the equity components in line with the decisions of the Management and Supervisory Boards												1,588,579		-1,588,579		0
Dividend payments (settlement) in the form of stocks												-309,295				-309,295
Other transfers within equity																0
Č. Equity outflows																
Other decreases in equity components				-2				-1								-3
D. Balance as of 31 Dec 2007	4,451,540	0	9,866,328	10,751,254	0	0	-506,406	0	5,732,581	439,096	-91,387	3,100,015	0	19,802,457	0	53,545,478

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Table

Disclosures in the above table also relate to the disclosures in the subsections Adjustments in the Consolidated Balance Sheet as of 31 December 2007 (Table 13) and Distributable

Profit (Table 14). The consolidated-balance profit amounted to 22,902,472 euros; however, it is non-operational.

## Provisions and Long-Term Accruals

### PROVISIONS AND LONG-TERM ACCRUALS

In euros										
	Provisions						Long-term accruals			Total
	Due to the reorganisation	Due to the deconstruction and the restoration of the original balance	For disputable contracts	For pensions, rewards for years-long service, and severance pays	For given indemnities	Other provisions for long-term accrued costs	Received state subsidies	Received donations	Other long-term accruals	
Balance as of 31 Dec 2006	0	0	0	0	0	0	0	0	0	0
Balance as of 1 Jan 2007	0	0	0	0	0	0	0	0	0	0
Formation (+)	0	0	0	626,840	0	827	271,500	0	0	899,167
Other increases (+)	0	0	0	0	0	0	0	0	151,582	151,582
Intra-group transfer of provisions due to acquisition	0	0	0	928,244	0	0	708,693	0	129	1,637,066
Utilisation (-)	0	0	0	-2,773	0	0	-125,701	0	0	-128,474
Disposal (-)	0	0	0	-87,635	0	0	0	0	0	-87,635
Other decreases (-)	0	0	0	-778,147	0	0	0	0	-28,829	-806,976
Balance as of 31 Dec 2007	0	0	0	686,529	0	827	854,492	0	122,882	1,664,730

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Table

We maintain that there is no need to have other provisions, in addition to the above ones.

Long-term accruals are mainly created in the social enterprise.

## Long-Term Financial and Operating Liabilities

### LONG-TERM FINANCIAL AND OPERATING LIABILITIES

In euros				
	Total debt as of 31 Dec 2007	The portion payable in 2008	31 Dec 2007	31 Dec 2006
			+	-
Long-term financial liabilities to banks	98,117,276	-19,456,808	78,660,468	
Long-term financial liabilities to others	2,392,180	-662,484	1,729,696	
Long-term operating liabilities to associated companies as suppliers	115,594	-65,124	50,470	0
Long-term operating liabilities to other companies as suppliers	190,881	-64,416	126,465	41,859
Other long-term operating liabilities to other companies	167,331	-28,263	139,068	0
Total long-term financial and operating liabilities	100,983,262	-20,277,095	80,706,167	41,859
Long-term financial liabilities	100,509,456	-20,119,292	80,390,164	0
Long-term operating liabilities	473,806	-157,803	316,003	41,859
Total long-term financial and operating liabilities	100,983,262	-20,277,095	80,706,167	41,859

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Table

- When they arise, long-term financial and operating liabilities are accounted for in accordance with their acquisition values. If expressed in a foreign currency, they are converted into domestic currency on the basis of the middle exchange rate of the Bank of Slovenia valid on the balance date.
- Long-term financial and operating liabilities are the financial and operating debts of the companies, and include long-term financial liabilities to banks, long-term financial liabilities to companies, and long-term operating liabilities to others.
- The portion of long-term debts with a maturity of one year after the date of the balance sheet is shown as short-term financial and operating liabilities.

- The interest rates for the long-term loans are as follows:
  - in euros it ranges between 6-month Euribor + 1.0% to 6-month Euribor + 1.78% (depending on the area);
  - 1-month Euribor + 1.4% can also apply.

Long-term liabilities are secured with a mortgage on the property of Impol, d. d., Impol Seval, a. d., as well as on a part of the equipment and the shares.

With respect to the consolidated financial statements, in the case of consolidating the equity, we do not establish any hidden reserves (land, equipment), that would result in a deferred tax liability.



## Short-Term Liabilities

### SHORT-TERM OPERATING LIABILITIES

In euros		
A. Short-term financial and operating liabilities	31 Dec 2007	31 Dec 2006
Short-term portion of long-term operating liabilities to associated companies as suppliers	65,124	0
Short-term portion of long-term operating liabilities to other companies as suppliers	64,416	3,902
Short-term portion of other long-term operating liabilities to other companies	28,263	0
Short-term operating liabilities to associated companies as suppliers	148,257	372,934
Short-term operating liabilities to other companies as suppliers	20,957,186	43,782
Short-term liabilities to other companies based on advances	516,022	74,186
Other short-term operating liabilities to associated companies	543	146
Other short-term operating liabilities to other companies	7,569,369	194,993

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Table

### SHORT-TERM FINANCIAL LIABILITIES

In euros		
	31 Dec 2007	31 Dec 2006
Total short-term operating liabilities	29,349,180	689,943
Short-term portion of long-term financial liabilities to banks	19,456,808	0
Short-term portion of long-term financial liabilities to other companies	662,484	0
Short-term financial liabilities to banks	121,936,156	1,151,728
Short-term financial liabilities to other companies	6,884,788	0
Short-term financial liabilities relating to profit distribution	17,301	1,607
Total short-term financial liabilities	148,957,537	1,153,335
Total short-term and operating liabilities	178,306,717	1,843,278

In euros		
B. Short-term financial and operating liabilities	31 Dec 2007	31 Dec 2006
Short-term financial liabilities	128,838,245	1,153,335
Short-term portion of long-term financial liabilities	20,119,292	0
Total short-term financial liabilities	148,957,537	1,153,335
Short-term operating liabilities	29,191,377	686,041
Short-term portion of long-term operating liabilities	157,803	3,902
Total short-term operating liabilities	29,349,180	689,943
Total short-term financial and operating liabilities	178,306,717	1,843,278

In euros		
C. Short-term operating liabilities	31 Dec 2007	31 Dec 2006
Short-term portion of long-term operating liabilities to suppliers	129,540	3,902
Short-term liabilities to associated companies as suppliers	148,257	372,934
Short-term liabilities to other companies as suppliers	20,957,186	43,782
Total short-term liabilities to suppliers	21,234,983	420,618
Short-term liabilities on the basis of advances	516,022	74,186
Total short-term liabilities on the basis of advances	516,022	74,186
Short-term portion of other long-term operating liabilities	28,263	0
Short-term liabilities to employees	1,984,560	44,437
Short-term liabilities to the state	3,426,914	145,852
Short-term liabilities to associated companies relating to interest	558	146
Short-term liabilities to other companies relating to interest	1,107,131	3,476
Other short-term operating liabilities to other companies	1,050,749	1,228
Total other short-term operating liabilities	7,598,175	195,139
Total short-term operating liabilities	29,349,180	689,943

In euros		
Č. Breakdown of short-term liabilities relating to interest (for the purpose of cash-flow disclosure)	31 Dec 2007	31 Dec 2006
The interest related to the financial expenses for operating liabilities	64,022	179
The interest related to the financial expenses for financial liabilities	1,242,118	3,443
Total short-term liabilities relating to interest	1,306,140	3,622

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Table

The interest rates for the short-term loans are as follows:

- between 6-month Euribor + 0.75% to 6-month Euribor + 1.4%;
- between 1-month Euribor + 0.9% to 1-month Euribor + 1.0%.

Short-term liabilities are secured partly with a mortgage, and partly with the bills of exchange, the assignment of credit, and indemnities.

Short-term financial liabilities include the liabilities relating to received loans, whose maturity is shorter than one year.

Short-term financial liabilities stated in a foreign currency are converted into domestic currency at the exchange rate of the Bank of Slovenia valid on the date when an obligation arises. The exchange-rate difference up to the balance-sheet date is recognised as a financial expense.

Short-term operating liabilities include short-term liabilities to suppliers, liabilities based on advances, as well as short-term financial and operating liabilities to others.

Short-term liabilities are initially entered as amounts recorded in the corresponding documents, based on the assumption that the creditors will request a discharge of the debt.

Short-term liabilities to foreign parties are converted into domestic currency on the date when these obligations arise. The exchange-rate difference up to the balance-sheet date is recognised as a financial expense.

## Short-Term Accruals

### SHORT-TERM ACCRUALS

	In euros	
	31 Dec 2007	31 Dec 2006
Short-term accruals		
Accrued costs or expenses	61,208	8,300
Short-term deferred revenues	33,286	0
VAT on given advances	1,694,712	0
<b>Total</b>	<b>1,789,206</b>	<b>8,300</b>

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Table

Short-term accruals include received invoices for given advances, or issued invoices for received advances charging for the value-added tax, mainly for Impol Seval, a. d., due to advances.

## Off-Balance-Sheet Records

### OFF-BALANCE-SHEET RECORDS

	In euros	
	31 Dec 2007	31 Dec 2006
Given securities for liabilities	243,247,534	1,163,011
Received securities for receivables	5,803,186	2,237,444
Value of used current fixed assets owned by others	0	0
Goods received for consignment	0	
Materials received for processing	0	
Creditors' legal action	0	0
Debtors' legal action	0	0
Other	12,654,588	33,963
<b>Total off-balance-sheet records</b>	<b>261,705,308</b>	<b>3,434,418</b>

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Table

## Operating Revenues

### OPERATING REVENUES

	In euros				
A. Operating revenues	Operating revenues gained with companies:			2007	2006
	in the group	associates	others		
Net sales revenues	0	77,061	485,776,569	485,853,630	10,780,024
Value adjustment on the inventories of products and work in progress			-34,262,674	-34,262,674	0
Capitalised own products and services			18,476	18,476	1,857
Other operating revenues	0	0	16,699,349	16,699,349	31,589
<b>Total</b>	<b>0</b>	<b>77,061</b>	<b>468,231,720</b>	<b>468,308,781</b>	<b>10,813,470</b>

B. Other operating revenues		2007	2006
Revenues from the disposal of provisions		286,123	0
Revenues from mergers (revaluation surplus — negative goodwill)		12,482,473	0
Other revenues related to business performance (subsidies, grants, supports, compensations, premiums, etc.)		3,632,031	488
Operating revenues from revaluation		298,722	31,101
<b>Total</b>		<b>16,699,349</b>	<b>31,589</b>

C. Operating revenues from revaluation		2007	2006
Relating to the disposal of tangible fixed assets		8,392	2,608
Relating to operating receivables		284,820	2,708
Relating to operating liabilities		5,510	25,785
<b>Total</b>		<b>298,722</b>	<b>31,101</b>

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Table

## Net Sales Revenues by Area

### NET SALES REVENUES BY AREA

	In euros	
	2007	2006
Slovenia	60,948,717	8,272,947
— associated companies	1,242,873	765,348
— other companies	59,705,844	7,507,599
The EU	388,193,215	210,119
The rest of Europe	16,422,850	2,296,958
Other markets	20,288,848	0
<b>Total</b>	<b>485,853,630</b>	<b>10,780,024</b>

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Table



## Operating Expenses

In principle the operating expenses for the period are the costs increased by the costs of the opening inventories of completed products and work in progress, and decreased by the accrued costs for the closing inventories. Selling costs and the costs for general activities are entirely included in the expenses as soon as they arise.

We evaluate the inventories on the basis of direct production prices (for more information, see the section

Inventories on page 67). We evaluate the inventories of work in progress with respect to the degree of their completion. Impol, d. d., has no inventories of work in progress, because the aluminium raw materials are used for processing by other companies.

For the purpose of completing the accounts for 2007 we used the FIFO method in the entire Impol Group.

## Costs by Function Group

### COSTS BY FUNCTION GROUP

In euros								
	Production costs	Sales costs	General-activities costs	Total for 2007	Total purchases in 2007 from:			Total for 2006
					group companies	associated companies	other companies	
<b>A. Analysis of costs and expenses</b>								
Purchase cost of goods and materials sold	1,341,692	66,293,550	8,854	67,644,096	0	0	67,644,096	9,159,672
Costs of materials	281,108,824	3,313,441	422,025	284,844,290	0	0	284,844,290	35,149
Costs of services	6,833,985	11,270,053	4,996,659	23,100,697	0	1,740,528	21,360,169	149,942
Labour costs	27,792,919	1,676,138	5,416,605	34,885,662	0	0	34,885,662	343,348
Depreciation	14,438,750	56,386	620,252	15,115,388	0	0	15,115,388	114,906
Operating expenses from revaluation	5,804	1,880,159	79,326	1,965,289	0	0	1,965,289	13,512
Provisions	115,413	1,954	506,073	623,440	0	0	623,440	0
Other operating expenses	986,580	163,687	235,646	1,385,913	0	0	1,385,913	18,181
<b>Total</b>	<b>332,623,967</b>	<b>84,655,368</b>	<b>12,285,440</b>	<b>429,564,775</b>	<b>0</b>	<b>1,740,528</b>	<b>427,824,247</b>	<b>9,834,710</b>

B. Operating expenses from revaluation	2007	2006
Relating to intangible fixed assets	0	0
Relating to tangible fixed assets	71,179	75
Relating to inventories	11,703	0
Relating to operating receivables	1,882,407	13,437
<b>Total</b>	<b>1,965,289</b>	<b>13,512</b>

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Table

A more detailed presentation of costs and expenses is included in the Table 15 Consolidated Profit-and-Loss Account.

## Financial Revenues and Expenses

### FINANCIAL REVENUES AND EXPENSES

	In euros				
	Total	Relating to:			Total
	2007	group companies	associated companies	other companies	2006
<b>A. Financial revenues from financial assets</b>					
Financial revenues from shares — profit shares, dividends	102,815	0	10,137	92,678	663,991
Financial revenues from shares — exchange-rate differences	0	0	0	0	0
Financial revenues from shares — revenues from the sale of long-term financial assets	19,277	0	0	19,277	0
Financial revenues from shares — revenues from the sale of short-term financial assets	0	0	0	0	224,804
Financial revenues from other investments	1,768	0	0	1,768	409
Financial revenues from loans — interest	175,366	0	11,381	163,985	22,976
Financial revenues from operating receivables — interest	1,981,486	0	8	1,981,478	58,971
Financial revenues from operating receivables — exchange-rate differences	3,341,743	0	0	3,341,743	2,104
<b>Total</b>	<b>5,622,455</b>	<b>0</b>	<b>21,526</b>	<b>5,600,929</b>	<b>973,255</b>

B. Financial expenses for financial assets				
Financial expenses for loans (without bank loans) — interest	277,936	0	0	277,936
Financial expenses for loans (without bank loans) — exchange-rate difference	0	0	0	0
Financial expenses for bank loans — interest	10,892,674	0	0	10,892,674
Financial expenses for other financial liabilities — interest	322,123	0	15	322,108
Financial expenses for other financial liabilities — exchange-rate differences	1,556,148	0	0	1,556,148
Financial expenses for operating liabilities — interest*	3,616,988	0	201	3,616,787
Financial expenses for operating liabilities — exchange-rate differences**	3,425,824	0	0	3,425,824
Financial expenses for impairment	549	0	0	549
<b>Total</b>	<b>20,092,242</b>	<b>0</b>	<b>216</b>	<b>20,092,026</b>

C. Financial expenses for operating liabilities				
* Financial expenses related to liabilities to suppliers — interest	37,719	0	201	37,518
** Financial expenses related to liabilities to suppliers — exchange-rate differences	7,988	0	0	7,988
* Financial expenses related to other operating liabilities — interest	3,579,269	0	0	3,579,269
** Financial expenses related to other operating liabilities — exchange-rate differences	3,417,836	0	0	3,417,836
<b>Total</b>	<b>7,042,812</b>	<b>0</b>	<b>201</b>	<b>7,042,611</b>

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Table

The above tables only include those categories that actually show revenues or expenses.

## Other Revenues and Expenses

### OTHER REVENUES AND EXPENSES

In euros					
Other financial revenues and other revenues	Total	Relating to:			Total
	2007	group companies	associated companies	other companies	2006
Subsidies, grants and similar revenues not related to the business performance	25,777	0	0	25,777	0
Received compensations and payments of fines	84,430	0	0	84,430	0
Recovered written-off receivables	11,533	0	0	11,533	0
Other revenues	140,375	0	0	140,375	0
<b>Total</b>	<b>262,115</b>	<b>0</b>	<b>0</b>	<b>262,115</b>	<b>0</b>

In euros					
Other financial expenses and other expenses					
	2007	group companies	associated companies	other companies	2006
Depreciation cost for investment property	1,099,633	0	0	1,099,633	0
Fines and compensations	242,183	0	0	242,183	0
Other expenses	7,533	0	0	7,533	0
<b>Total</b>	<b>1,349,349</b>	<b>0</b>	<b>0</b>	<b>1,349,349</b>	<b>0</b>

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Table

## Other Disclosures

The members of the Management Board are as follows:

- Jernej Čokl, president
- Janko Žerjav, member
- Adi Žunec, member
- Vlado Leskovar, member

The members of the Supervisory Board are as follows:

- Davorin Brodnjak, president
- Tanja Ahaj, member
- Edvard Slaček, member

Payments to Management Personnel

### PAYMENTS TO SUPERVISORY BOARD MEMBERS, MANAGEMENT BOARD MEMBERS, AND DIRECTORS OF THE GROUP COMPANIES

In euros		
	2007	2006
Members of the Management Board and company directors	1,860,747	44,959
Members of the Supervisory Board	22,572	3,180
Employees with individual contracts	2,672,679	0
<b>Total</b>	<b>4,555,998</b>	<b>48,139</b>

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Table

The table shows the actual income for the calendar year.

The company has no claim on the members of the Management Board and the Supervisory Board, or on the employees with individual contracts.

### THE AMOUNT FOR THE AUDITOR

In euros		
The amount (cost) for the auditor (Companies Act-1, Article 69, first paragraph, point 17)	2007	2006
Auditing of the annual report	75,979	5,099
Other auditing services	0	0
Taxation advisory services	0	0
Other non-auditing services	0	0
<b>Total</b>	<b>75,979</b>	<b>5,099</b>

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Table



## Management Board's Statement of Responsibility

The Management Board assumes responsibility for the consolidated annual report representing a true value of the property of the group, and a true profit-and-loss account for 2007.

The Management Board confirms that the prescribed accounting guidelines were consistently applied, and that the accounting estimates were made accurately and in line with due diligence and care. The Management Board also confirms that the financial statements, together with the explanatory notes, were made in accordance with the plans for the future operations of the company, and in line with the current legislation and the Slovenian Accounting Standards.

The Management Board takes the responsibility for appropriate accounting, for adopting relevant measures to secure the property, for continual monitoring of other operational risks, for adopting and implementing the measures to minimise these risks, as well as preventing and identifying frauds and other irregularities or illegalities.

Member of the Management Board  
Vlado Leskovar

## Auditor's Report



### INDEPENDENT AUDITOR'S REPORT

To the shareholders of IMPOL 2000 d.d.  
Slovenska Bistrica

*We have audited the accompanying consolidated financial statements of IMPOL 2000 d.d., Partizanska 38, Slovenska Bistrica, which include the consolidated balance sheet as at December 31, 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and the related notes. We have also reviewed the company's management business report.*

#### Management's Responsibility

*Management is responsible for the preparation and the fair presentation of these financial statements in accordance with Slovene Accounting Standards. This responsibility includes maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.*

#### Auditor's Responsibility

*Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require meeting all ethical requirements as well as planning and performing the audit to obtain reasonable assurance so that the financial statements are free from material misstatement.*

*The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's assessment and include assessing the risks of material misstatement of the financial statements, whether due to fraud or error. When assessing those risks, the auditor considers internal control relevant to the entity's preparation of the financial statements as a basis for designing audit procedures that are appropriate in the circumstances, rather than expressing an opinion on the effectiveness of the entity's internal control. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the management, as well as evaluating the overall financial statement presentation and disclosures.*

*We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on the financial statements.*

#### Opinion

*In our opinion, the consolidated financial statements give a true and fair view of the financial position of IMPOL 2000 d.d., Partizanska 38, Slovenska Bistrica, as of December 31, 2007, and of its financial performance and its cash flows for the year then ended in accordance with Slovene Accounting Standards.*

*Company's management business report is consistent with the audited financial statements.*

Pruf. May 30<sup>th</sup> 2008

General manager  
DSc. Erika Turin  
Certified auditor



AUDITOR REVEZJSKA DRUŽBA d.o.o. PTUJ, poslojica za revizijo, vrednotenje in svetovanje, Markova 4, 2250 Ptuj

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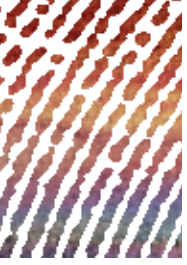
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**Annual Report of  
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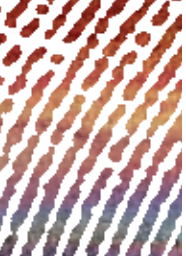
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The background of the entire page is a close-up of a fingerprint. The ridges of the fingerprint are highlighted with a vibrant rainbow color gradient, transitioning from red and orange on the left to yellow, green, blue, and purple on the right. The valleys between the ridges are in a dark, almost black color. The overall effect is a colorful, textured pattern that fills the entire frame.

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Aluminium Industry