impol Aluminium Industry

Annual Report 2010

1 Turning Points in 2010

- *During 2010 the situation in the markets that were strongly hit by the crisis became normalised and the Impol Group (henceforth referred also as Impol) managed to match the success rates achieved in these markets in 2007 – a period that had not yet reflected the consequences of the crisis.*

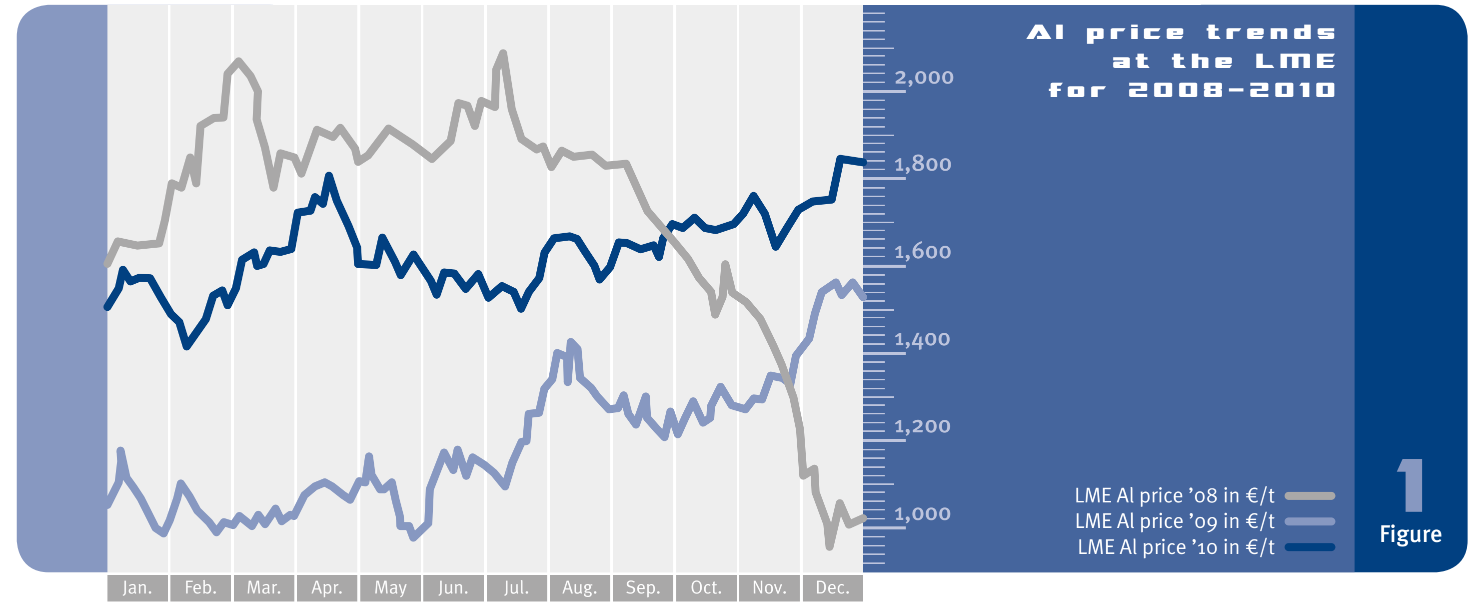
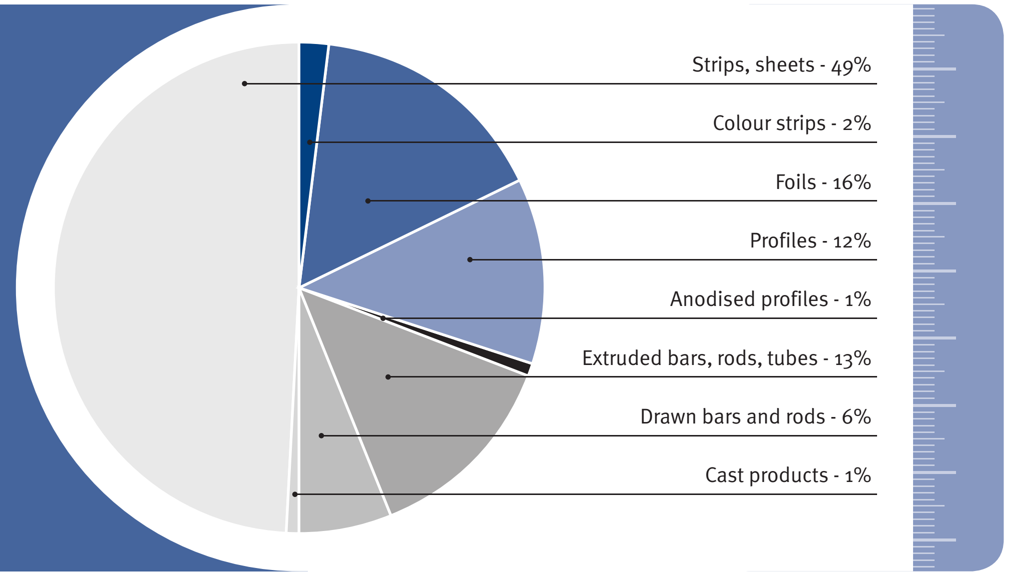


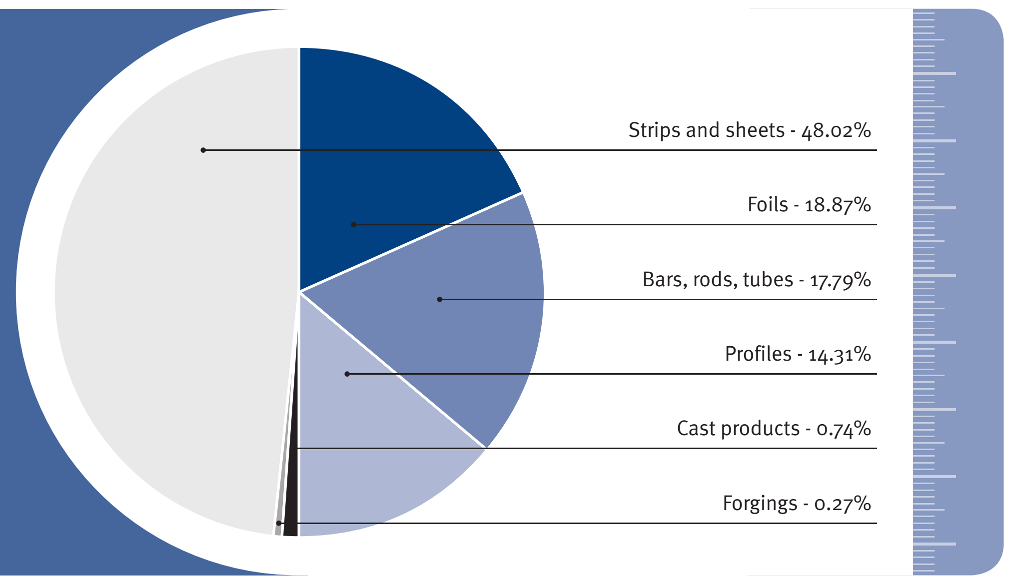
Figure 1

- *Impol became one of the ten largest Slovenian companies operating abroad.*
- *Impol's EBITDA exceeded 30 million euros, including a profit of more than 6 million euros and an amortisation of more than 14 million euros. In comparison with the previous year, the EBITDA increased by 30%.*
- *Once again, the amount and the value of the production and the sales met expectations, almost reaching the record achievements of 2007.*
- *In 2010 Impol invested about 21 million euros in fixed assets with the aim to ensure long-term prospects on the one hand and, on the other hand, to maintain its position in the markets and the production potential by continually improving these areas.*
- *By finalizing its investment in the extrusion line, Impol obtained new capacities and can, consequently, plan to increase its operating scope in the next year by at least 10,000 tonnes.*
- *By building a 1MW solar-power plant, Impol shows that it cares about the environment, substituting at least a small fraction of the energy used by it with energy generated in an environmentally friendly manner.*
- *The start of renovating the foundry capacities allowed us to start preparing the grounds for a safer future supply with the input materials, with respect to their appropriate quality and form, as well as for further growth and upgrading of other aluminium products.*
- *The situation regarding the availability of the funds for time-limited investments in Impol (loans, etc.) is being normalised, though only on condition that we guarantee a significantly increased safety with regard to such investments for the investors and Impol. Consequently, some of these funds are being changed from short-term into long-term sources having, in this way, a positive influence on the safety of Impol's operations, while Impol is obliged to provide higher-quality insurance for them.*
- *Due to an increased demand, production and sales increased as well, mainly in the areas of sheets, strips, bars and rods. These areas thus contributed the most towards Impol's business success.*



Shares of Al sales by type

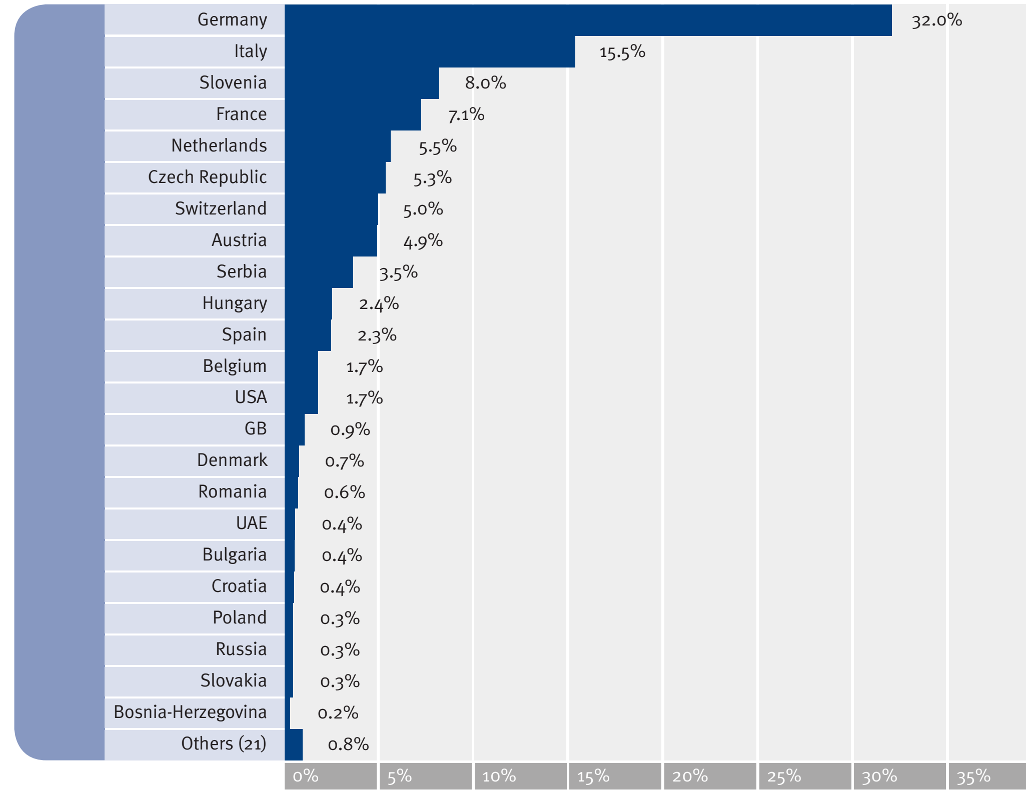
Figure 2



Shares of Al production by type

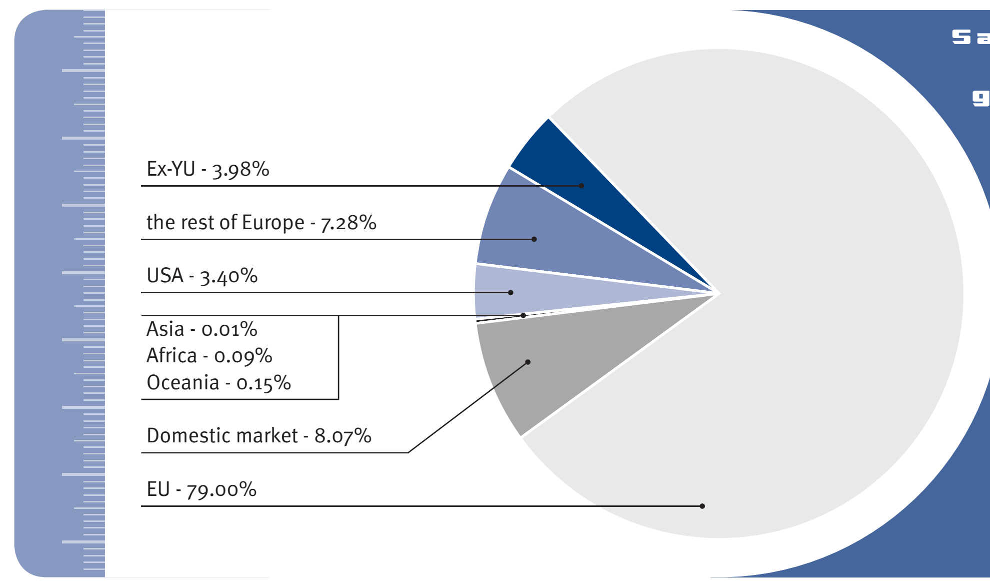
Figure 3

- *In 2010 Impol generated almost 40,000 euros of added value per employee.*
- *The share of sales outside the EU is slightly increasing, while Germany remains our largest individual market.*
- *As shown in Figure 1, the base aluminium price was continually on the increase throughout 2010, so that over 20 million euros had to be invested in short-term assets for financing the stocks and receivables.*



Sales of aluminium products by country

Figure 4



Sales of aluminium products by geographical area

Figure 5

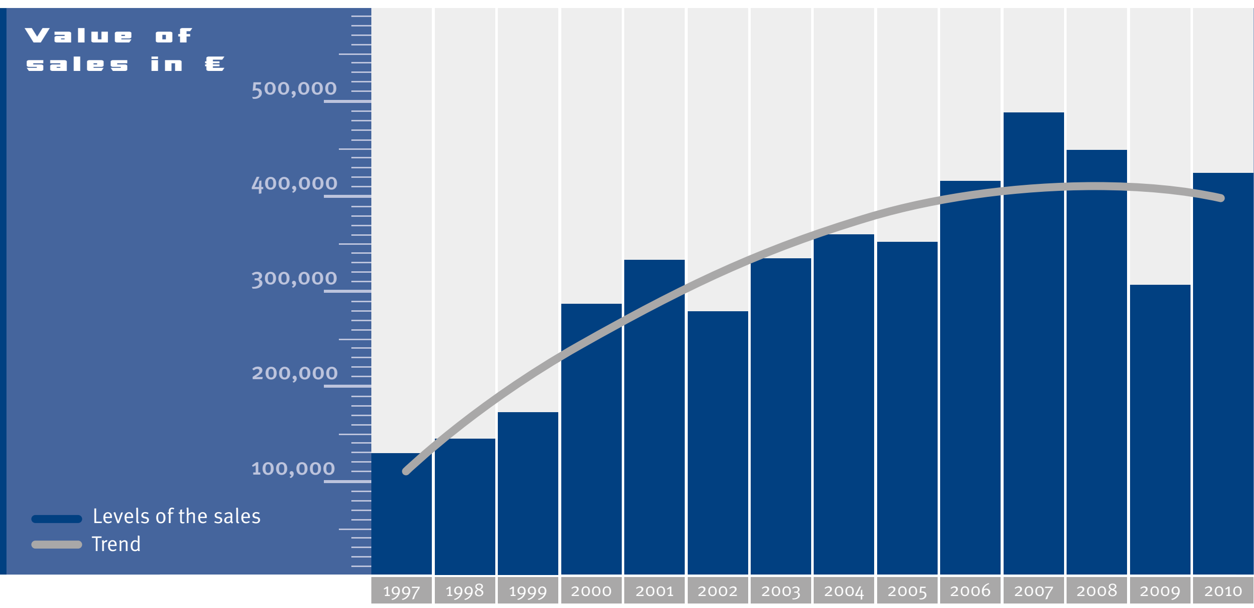
- *Throughout 2010 Impol carried out its operations in line with Impol's Code of Operating Rules.*

Key Details and Indicators

Review of the results consolidated in 1998–2010 (in thousands of euros)

	Consolidated results of the Impol, d.d., Group without Impol 2000, d.d.									Impol Group[1]			
	'98	'99	'00	'01	'02	'03	'04	' 05	'06	'07	'08	'09	'10
Consolidated revenues	145,130	175,295	294,977	332,472	276,174	346,394	366,708	355,372	432,112	468,309	450,641	303,783	421,140
- from sold products	120,680	141,002	294,977	332,472	273,979	344,339	363,818	352,392	427,707	409,119	387,216	275,254	352,744
Expenses	135,363	164,462	283,139	321,238	266,065	337,566	364,769	343,102	419,243	429,565	428,943	292,245	414,424
- write offs (depreciation, etc.)	4,395	4,986	5,312	6,281	6,309	7,908	10,956	14,063	14,416	17,081	18,555	12,521	14,384
Operating profit	9,766	10,833	11,837	11,234	10,109	8,829	1,939	12,270	12,870	38,645	21,698	15,267	15,958
Financial revenues/expenses difference	-3,293	-3,843	-6,107	-6,217	-5,611	-6,381	-9,365	-12,713	-6,422	-14,470	-12,644	-14,314	-9,670
Other revenues/expenses difference	-284	816	2,096	762	328	1,157	883	2,897	126	-1,137	250	583	494
Profit or loss	5,052	6,337	7,690	4,926	4,581	3,381	-6,776	2,280	6,009	21,033	7,867	663	6,024
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	26,422	13,184	20,408
Cash	3,787	2,156	2,347	5,963	8,983	2,961	6,062	3,632	9,683	5,704	8,053	6,977	4,292
Equity	65,929	72,861	78,592	83,459	83,802	83,465	78,411	81,650	86,558	53,545	56,889	56,269	59,959
Share book value in €										44,36	53,33	52,75	56,21
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	252,743	185,724	248,460
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	217,171	166,619	208,109

1 Table



6 Figure

A short review of the business operations (Table 2: Key indicators) shows that an increase in the scope of operations started again following the increased cash flow and business viability. Most of the cash flow was made with the amortisation/depreciation costs, which affect the tax liabilities. The main reasons for this trend were the new increase in the aluminium price as our predominant cost, which was evident throughout the year, influencing the formation of our selling prices[2], and the increase in the sales volume by 13%, or 18 thousand tonnes of products.

1 The Impol Group includes all the companies in which Impol 2000, d.d. direcly or indirectly has the majority ownership.

2 The purchase prices for aluminium and the selling prices for Impol's products are formed on the basis of the aluminium price at the LME, to which a purchase or selling premium is added, depending on the type of material or the type of product. In comparison with the LME price, the two premiums are almost unchangeable.

3 The data for 1998-2006 is based on the consolidated financial results of the Impol, d.d., Group, without Impol 2000 that took over, at the end of 2006, the Impol, d.d., Group and set up the Impol 2000, d.d., Group.

Key indicators[3]

	Consolidated results of the Impol, d.d., Group without Impol 2000, d.d.									Impol 2000 Group			
	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10
Turnover ratio	1.38	1.24	1.38	1.52	1.38	1.38	1.41	1.40	1.43	1.61	1.49	1.06	1.38
Viability	8.00%	7.60%	8.60%	5.70%	5.52%	4.10%	-7.93%	2.96%	5.03%	64.69%	16.05%	1.14%	11.17%
Margin	3.6%	2.6%	1.6%	1.5%	1.7%	1.0%	-1.8%	0.7%	1.4%	4.33%	1.70%	0.20%	1.39%
Equity/assets	66.0%	60.0%	54.7%	59.0%	42%	33.9%	28.9%	27.3%	28.1%	16.9%	18.4%	19.1%	19.0%
Debt/equity	52%	64%	82%	74%	136%	193%	238%	259%	290%	485%	445%	420%	427%
Long-term loans /equity	10%	11%	13%	14%	48%	54%	53%	51%	52%	152%	127%	133%	150%
Employees	834	873	895	895	2062	1900	1835	1803	1819	1822	1783	1652	1695

2 Table

The selected key indicators relating to the operations in 2010 (Table 2: Key indicators) show that the financial year became, with respect to the net cash flow, stabilised in comparison with the previous year.

Identity Card of the Impol Group

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 thirteen subsidiaries, three sub-subsidiaries, and three associated companies (Table 3).

Companies operating within the Impol Group

	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.)	100.0%
2	Impol, d. o. o., with the following subsidiaries:	97.5%
2.1 2.1.1 2.1.2 2.1.3	Impol Seval, a. d., Serbia with its sub-subsidiaries: • Impol Seval PKC, d. o. o. (100%) • Impol Seval Tehnika, d. o. o. (100%) • Impol Seval Final, d. o. o. (100%)	70.0%
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 in R, d. o. o.	100.0%
2.7	Impol Infrastruktura, d. o. o.	100.0%
2.8	Impol Aluminum Corporation, New York (USA)	90.0%
2.9	Impol Stanovanja, d. o. o.	100.0%
2.10	Štatenberg, d. o. o.	100.0%
2.11	Unidel, d. o. o.	72.6%
2.12	Impol-Montal, d. o. o.	100.0%
2.13	Kadring, d. o. o.	62.5%
2.14 associated	Simfin, d. o. o.	49.5%
2.15 associated	Alcad, d. o. o.	32.0%
2.16 associated	Alureg PIN, d. o. o.	27.7%

3 Table

Of the above group of twenty companies, five operate abroad. Two are organised as subsidiaries of Impol, d.o.o. – IAC New York, USA and Impol Seval, which is the sole owner of another three companies.

Impol 2000, d.d., is the controlling company of the Impol Group and is organised as a public limited company. The company's share capital is divided into 1,066,767 shares that were registered on 5 March 2007. Its shares are freely transferable, and they all belong to the same class. Impol's share register (the central register) is managed by the company. At the end of the year, 1028 shareholders were registered in the share register.

The management of Impol 2000, d.d., owns a total of 15,182 shares, or 1.42 %, and it neither acquired nor sold any shares in 2010.

The members of the Supervisory Board owned 132 shares or 0.01%. During the year they neither acquired nor sold any shares.

The employees in the Impol Group (including the members of the Management Board) own a total of 16.5% of the shares.

The list the ten largest shareholders indicates that a significant diversification in the ownership remains to be in place (Table 4):

In 2010 the shareholder structure did not change significantly in comparison with the structure on 31 December 2009.

Table 4: Shareholder structure as of 31 December 2010

Shareholder	No. of shares	Percentage
BISTRAL, D. O. O.	111,449	10.4474%
IMPOL-MONTAL, D. O. O.	80,482	7.5445%
KARONA, D. O. O.	66,002	6.1871%
UPIMOL 2000, D. O. O.	54,787	5.1358%
ALU-TRG, D. O. O.	54,028	5.0646%
ALUMIX, D. O. O.	53,400	5.0058%
SIMPAL, D. O. O.	53,400	5.0058%
DANILO KRANJC	22,209	2.0819%
SIMFIN, D. O. O.	19,173	1.7973%
VARIMAT, D. O. O.	17,206	1.6129%
Other 1018 shareholders	534,631	50.1169%
Total	1,066,767	100.0000%

Organisational Diagram

At the end of 2010 the group was organised in the following way:

Impol 2000, d. d.
Slovenska Bistrica

Impol, d. o. o.
Slovenska Bistrica, 97.5% ownership share

ALUMINIUM SECTOR	SERVICES AND TRADE SECTOR	OTHER SECTORS	INVESTMENTS IN ASSOCIATED COMPANIES	
Impol FT, d.o.o. Slovenska Bistrica 100% ownership share ownership share	Impol Aluminum Corporation New York 90% ownership share	Štatenberg, d.o.o. Makole 99.6% ownership share	Simfin, d.o.o. Slovenska Bistrica 49.5% ownership share	Impol Servis, d.o.o. Slovenska Bistrica 100% ownership share
Impol PCP, d.o.o. Slovenska Bistrica 100% ownership share	Unidel, d.o.o. Slov. Bistrica, Impol, d.o.o. 72.6% own. share Impol Servis, d.o.o., 27.4% ownership share	Kadring, d.o.o. Slovenska Bistrica 62.5% ownership share	Alcad, d.o.o. Slovenska Bistrica 32% ownership share	
Impol LLT, d.o.o. Slovenska Bistrica 100% ownership share	Impol Infrastruktura, d.o.o. Slovenska Bistrica 100% ownership share	Impol Montal, d.o.o. Slovenska Bistrica 100% ownership share		
Stampal SB, d.o.o. Slovenska Bistrica 100% ownership share	Impol Stanovanja, d.o.o. Slovenska Bistrica 100% ownership share			
Impol R in R, d.o.o. Slovenska Bistrica 100% ownership share				
Impol Seval, a. d. Sevojno 70% ownership share				
Impol Seval Final, d.o.o. Sevojno 100% ownership share	Impol Seval Tehnika, d.o.o. Sevojno 100% ownership share	Impol Seval PKC, d.o.o. Sevojno 100% ownership share		

In line with the Companies Act, Impol 2000, d.d., Slovenska Bistrica, Partizanska 38, being the holding company of the Impol Group and a large public limited company, is obliged to prepare a consolidated annual report and have its operations audited.

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 70.100, 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 2010 is as follows:

Table 5: Book value of a share of Impol 2000, d.d. (the holding company of Impol)

Year	Share	Book value of a share of Impol 2000, d.d.	Book value of a share: consolidated – including the equity of minority shareholders	Book value of a share: consolidated – excluding the equity of minority shareholders
2010	individual shares	36.16	56.20	49.68
2009	individual shares	32.13	52.75	46.41
2008	individual shares	26.54	53.33	47.27
2007	individual shares	23.70	50.19	42.06

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

Table 6: Subsidiaries of Impol 2000, d.d., included in the group

company	registration number	standard activity code	country of operation
Impol, industrija metalnih polizdelkov, d. o. o., Partizanska 38, 2310 Slovenska Bistrica	5040736	25.500	Slovenia
Impol Servis, d. o. o., Partizanska 38, 2310 Slovenska Bistrica	5482593	52.461	Slovenia
Impol-Montal, podjetje za projektiranje, izdelavo in montažo, d. o. o., Partizanska 38, 2310 Slovenska Bistrica	5479355	25.120	Slovenia
Impol Stanovanja, podjetje za pridobivanje, upravljanje in oddajanje stanovanj, d. o. o. Partizanska 39, 2310 Slovenska Bistrica	5598010	68.320	Slovenia
Štatenberg, turistično gostinsko podjetje, d. o. o., Štatenberg 89, 2321 Makole	5465249	56.101	Slovenia
Unidel, podjetje za zaposlovanje in usposabljanje invalidnih oseb, d. o. o., Kraigherjeva ulica 37, 2310 Slovenska Bistrica	5764769	14.120	Slovenia
Impol Aluminum Corporation, 12305 Schenectady, New York, 155 Erie Blvd., 2nd Floor; USA		46.720	USA
Impol Seval, a. d., Sevojno, Ulica Prvomajska bb, Srbija and 3 subsidiary companies	07606265	25.500	Serbia
Stampal SB, d. o. o., Partizanska 38, 2310 Slovenska Bistrica	1317610	25.500	Slovenia
Kadring, d. o. o., Trg svobode 26, 2310 Slovenska Bistrica	5870941	70.220	Slovenia
Impol FT, d. o. o., Partizanska 38, 2310 Slovenska Bistrica	2239418	25.500	Slovenia
Impol PCP, d. o. o., Partizanska 38, 2310 Slovenska Bistrica	2239442	25.500	Slovenia
Impol LLT, d. o. o., Partizanska 38, 2310 Slovenska Bistrica	2239434	24.530	Slovenia
Impol R in R, d. o. o., Partizanska 38, 2310 Slovenska Bistrica	2239400	72.190	Slovenia
Impol Infrastruktura, d. o. o., Partizanska 38, 2310 Slovenska Bistrica	2239426	68.320	Slovenia

Associated companies carrying out regular operations, in which Impol 2000, d.d., indirectly holds more than 20% of the share capital, are as follows:

Table 7: Associated companies

Name	Address		Percentage
Simfin, d. o. o.	Partizanska 38, Slovenska Bistrica	Slovenia	49.51%
Alcad, d. o. o.	Partizanska 38, Slovenska Bistrica	Slovenia	32.07%
Alureg Pin, d. o. o.	Partizanska 38, Slovenska Bistrica	Slovenia	31.83%
Slobodna zona Užice	Prvomajska b. b., Sevojno	Serbia	33.33%
Almont, d. o. o.	Prvomajska b. b., Sevojno	Serbia	40.00%

Report of the Management Board

Dear shareholders and stakeholders,

The year 2010 was a year of consolidation, when in Impol we managed to remove the negative effects of the global crisis from the previous year and created a basis for higher-quality operations in the following years.

Impol had to face the most demanding challenges at the beginning of 2010, when the negative influences of the crisis were still very strong. However, throughout the year these influences were reduced, mainly due to the fact that Impol was directing its operations, even more than before, to markets outside Slovenia, where the impact of the crisis was declining faster than elsewhere. As we know, in the domestic market the crisis was not at all over in 2010 and it will continue to have a negative impact on business operations in 2011 as well. For this reason the share of our revenue made in the domestic market will probably continue to decrease, though it was, already in 2010, reduced to less than a tenth of the total revenues.

The effects of the crisis were reflected differently in different programmes or types of products. Very negative effects are still noted in the case of the products for the building sector. On the other hand, the demand for the products to be used in the processes of the car industry increased significantly. For this reason it is now clear that the investment in the new extrusion line producing products for the car industry (Alumobil) was a good decision.

Last year was already the third year of implementing the anti-crisis measures. The measures adopted in 2008 were continually amended and upgraded. Although the trends of our operations already became positive, we will continue to carefully monitor the realisation of the measures, as we are fully aware that their implementation helped us to achieve positive operational results in 2010. In doing this, we will pay special attention mainly to safeguarding appropriate provisions for the periods of negative fluctuations and to developing those activities that will allow the group to have advantages in selected niche areas.

Aluminium is by far the most important raw material for the production of Impol's products, as other metals account for less than 5% of the input materials. All the purchase prices for the raw materials, as well as the selling prices for aluminium products, are based on the basic exchange price that, in 2010 too, underwent fluctuations. In dollars, it moved between 1828 and 2447 dollars/tonne, and in euros it was between 1421 and 1859 euros/tonne. Impol continued to manage the negative effects of such fluctuations with carefully implemented forward insurance that was being monitored and well managed at all times.

In 2010 the aluminium market did not undergo significant changes concerning organisation and ownership. The Chinese market is being consolidated as the leading market in this area, though it currently influences the global market less than we had expected, as the Chinese internal supply mostly meets domestic demand. The trading with aluminium at the exchange continues to be on an increase, as aluminium became the last-resort investment for some investors. This fact caused, to a large extent, the prices for Impol's input materials to grow and made Impol become involved in additional efforts to provide for the necessary funds based on the increased investments in the current assets.

With the aims to pursue its development goals, provide for an increase in its operations and manage the increased prices for aluminium, Impol invested, in 2010, a total of 40 million euros. To this end it used all its net cash flow and also took out the loans, which was not easy to do in the current shrinking financial market, where Impol had to prove that it is a financially and operationally stable entity, and trustworthy for potential investors. By continuously investing in its organic growth in 2010, as well as in the previous years, Impol created a good basis for a stable and successful operation in 2011 and in the following years. This is also reflected in the objectives that Impol set for itself, which are, in comparison with the objectives and the achieved results in the previous years, very ambitious.

The year 2010, being the last year of the first decade of the 21st century, in a way, rounded the period of renewal, in which Impol invested, in order to secure its sustained organic growth, more than 180 million euros in durable assets (which is a good 10 million euros more than the net cash flow generated over the same period) and more than 100 million euros in current assets.

The investments in Impol were, with respect to the achieved results, remunerative and safe, as our achieved results, presented in the table below, allowed a timely and full settlement of all the liabilities.

Results

Table 8

indicator	2010	2009	2008	2007	2006
EBITDA	30,291	23,185	40,084	50,762	29,786
annual growth	30.6%	-42.3%	-21.0%	70.4%	27.2%
EBIT	15,907	11,124	24,434	34,569	15,142
annual growth	43.0%	-54.7%	-29.3%	128.3%	61.7%

The above results allowed us to smoothly manage the debts of the whole group.

Until 2014 the Impol Group does not plan any significant internal organisational changes; they were not required in 2010, as the current organisational structure allows a smooth and appropriate operation of our most important production programmes.

Impol's main goals thus remain as follows:

- *a focus on generating added value for customers and attracting customers in the process of acquiring new products with the aim to provide for the sustainable growth of the property held by the shareholders and other financial investors, and to allow the operational sustainability of the group in order to meet the requirements of all the stakeholders;*
- *a focus on the manufacture of products with a higher added value and on attracting new markets with new products, stimulating the above by giving appropriate incentives to all the employees;*
- *the use of raw materials that previously underwent the lowest possible processing level, so that the added value of Impol's final products can be enhanced, while the need for additional investments in current assets can be reduced, leading to an increased use of secondary raw materials;*
- *the continual improvement and rationalisation of the production processes, allowing a reduction in the production costs and improved customer satisfaction;*
- *generating a sufficient cash flow that allows the financing of development processes and the settlement of liabilities to suppliers and investors (shareholders, creditors, etc.).*

In spite of the demanding business conditions in 2009, when the goals for 2010 were determined, Impol set itself daring objectives including the following:

- *to make 4.4 million euros of profit;*
- *to generate 24 million euros of cash flow;*
- *to achieve the above by selling 151.3 thousand tonnes of aluminium products.*

The following was realised:

- *a total of 155 thousand tonnes of aluminium products were sold (103% of the expected amount, or 12% more than in the previous year),*
- *a net nominal amount of 20.3 million euros of cash flow was generated (85% of the expected amount),*
- *a nominal amount of 6 million euros of profit was made (136% of the expected amount).*

In our assessment in 2010 Impol realised most of its objectives, while certain discrepancies between the expected and realised amounts took place for the following reasons:

- *in the first half of 2010 a large number of sales contracts were realised on the basis of the unfavourable conditions of the crisis year 2009;*
- *certain disruptions relating to the customers and markets occurring in 2009 were still being removed during most of 2010;*
- *as a result of the difficulties with the contractors carrying out investment projects, these projects were completed and included in the system with delays.*

A comparison with the previous year and a comparison of the achieved results with the expectations show the following:

- *in comparison with the previous year, Impol's operating income increased from 307 million euros to 431 million euros (a 40% increase), which means that this income is comparable with the amounts made in the periods before the crisis; last year's income was also larger than expectations by 18%;*
- *the profit was large even if some controversial assumptions were taken into account;*
- *the net cash flows established on the basis of amortisation and the net profit, and corrected for the sake of adjustment, revaluation, dividend payments and the changes to the provisions, allowed continuous operations and the settlements of all liabilities.*

Impol 2000, d.d., is not a listed company; for this reason it makes it possible for its shareholders to find the values of their investments by objectively presenting the value of the company in its financial statements. In the previous year the book value of the capital per share for Impol 2000, d.d., the holding company, increased again by almost 13%, amounting, at the end of the year, to 36.19 euros. The consolidated book value of the capital per share for the Impol Group was increased by a good 7%. As

a result of the achieved financial results and expectations for 2011, the Impol Group will keep the same policy for determining shareholders' dividends that applied to Impol 2000, d. d., in the previous year. The dividend will be 0.31 euro per share.

We expect that, for the Impol Group, 2011 will be mainly characterised by a significant growth in aluminium production. Due to the inclusion of the new capacities we believe that the scope of our aluminium production will increase to 166 thousand tonnes of products for the markets, which will be a 4.5% growth in comparison with 2010.

However, we also believe that the business environment will still be exposed to unexpected changes, arising mainly from the following:

- *rapid changes in aluminium prices at the exchanges;*
- *rapid changes in the structure and size of competitive suppliers;*
- *rapid changes in the supply sources;*
- *rapid and unpredictable changes relating to customers, i.e., demand;*
- *rapid changes to exchange-currency rates;*
- *uncertainty and shrinking of the financial support system, etc.*

With its plan for 2011, Impol is setting itself the following main objectives:

- *make a profit of about 15 million euros;*
- *increase the levels of self-sufficiency in input materials by extending and improving the foundry capacities;*
- *obtain new sources supplying aluminium raw materials;*
- *get ready to use cheaper forms of aluminium raw materials by building appropriate facilities and learning about new processing technologies;*
- *allow for the fastest possible and full use of the new extrusion line by promoting the market-based measures;*
- *assess the relevance of the current pricing policy and adapt it in such a way that the selling prices will, to the largest possible extent, reflect the complexity of the manufacturing process with respect to individual products;*
- *continue to strengthen our presence in the markets of Eastern Europe;*
- *increase the scope of aluminium production for customers outside the Impol system to a total of 167,650 tonnes per year;*
- *irrespective of the point of sale within the group, ensure that the customers have access to the entire range of Impol's products, all being sold under the Impol trademark.*
- *allow for more demanding stages of manufacturing strips (painting, making complex alloys, redesigning products, etc.)*

All the measures taken anywhere within the group will be organised in such a way that each measure can contribute to the improved results of the entire group.

With the expected extent of operations for 2011, Impol 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 expects its consolidated sales to amount to 473 million euros and its net cash flow to be 32 million euros.

- *We will continue to expand in all our existing markets. We will reduce market risks with suitable, cost-effective and rational insurances. With aluminium products, we still aim at attracting more than 20 percent of our market from outside the EU, while also paying special attention to the domestic market and, considering its potentials, striving to fully meet its demand.*
- *We will organise all 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, and paid, selling premium exceeding the aluminium price at the LME, reduced by the cost premium.*

With our development and investment policies, we will continue to provide for a balanced growth of the company, while increasing its security by purchasing cost-effective input materials. For this reason, our priority will continue to be a reduction of the investments in the current assets.

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. With respect to short-term financing, Impol will use the available bank sources, while, at the same time, ensuring a sufficient dispersion of sources, and reducing the extent of the necessary investments in the current assets. We still believe that in the financial market we can find no appropriate options to obtain the funds to increase the capital.

To provide for an appropriate safety of financing, the policy of short-term financial investments will continue to be applied.

With the aim to optimize the costs we will continue to promote outsourcing to the largest possible extent, like in the cases of Alcad – information technology, Simfin – finances and accounting, Upimol 2000 – acquisitions, etc.

Financing within the group will depend on external conditions, including the costs for acquiring the funds. Individual companies from the group can act independently in the financial markets, in line with a previously given approval from the superior company.

Long-term investments, except for the small renovation investments already in progress, will be, in 2011, carried out within the available external financing sources.

To reduce the risks arising from exchange-rate fluctuations, we will continue 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, allowing Impol to supply its customers with goods of an appropriate origin.

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. In the framework of its mandate and assignment, the Risk Management Board will promptly check the adequacy of the insurance, adopt appropriate measures and delegate responsibilities.

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 mainly be dedicated to finding a way of introducing the one-tier management system.

Our information systems will be upgraded so that they will be joined in a single, integrated system connecting all the group companies. They will also be improved in such a way that they will be able, in the shortest possible time, to register the changes to the organisational structure and there will be no situations, when certain changes have to be disregarded, or realised in an incomplete way, due to the rigidity of ISs.

Impol's basic operating rules remain the same as before, the most important being as follows:

- *intra-group business relations are based on market prices, if these are available; however, if they cannot be determined, the business relations are based on cost calculations;*
- *the operation of one part of the group should not cause any interruption to the operations of the other parts of the group – the costs of a process are covered by the programme that originally incurred the costs;*
- *business processes are organised on the basis of Impol's Code of Operating Rules;*
- *the entire system of stimulating employees will continue to be built on the basis of the performance over one year.*

The Impol Group will direct its investments only in the entities that will allow us to strengthen our business connections, create synergetic effects, secure our supply routes, i.e., provide for the complementarily of our programmes and an appropriate rate of return.

Jernej Čokl	Janko Žerjav	Vlado Leskovar
(President of the Board)	(Member of the Board)	(Member of the Board)

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 true operating results for 2010.

The Management Board confirms that the prescribed accounting guidelines were consistently applied, and that the accounting estimates were made in line with due diligence and care. The Management Board also confirms that the financial statements, together with the explanatory notes, were based on the assumption that the current operations of the company would be continued, and in line with the current legislation and the Slovenian Accounting Standards.

The Management Board also takes responsibility for the 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.

The Management Board gives its approval to the consolidated financial statements for the year completed on 31 December 2010 and to the observed accounting guidelines. The Management Board adopted this Annual Report at its session on 21 March 2011.

Jernej Čokl	Janko Žerjav	Vlado Leskovar
(President of the Board)	(Member of the Board)	(Member of the Board)

Impol 2000, d.d., Management Board: Janko Žerjav, Jernej Čokl (president) and Vlado Leskovar

Report of the Supervisory Board for 2010

The Supervisory Board of Impol 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 2010. The task was carried out in such a way that each member of the board promptly reviewed the reports submitted to it by the Management Board at least once per month. The most important of these documents is the annual report on the company's operations for 2010. All the meetings of the Supervisory Board, at the end of the year consisting of four members, were attended by a quorum.

Acting on the proposal of the Management Board, the Supervisory Board discussed and approved the company's business plan and business policies for 2010. During its meetings, it most frequently discussed the pricing and trading policies of the company and their role in the development strategy of the Impol system.

The Supervisory Board promptly monitored the operations of both the entire Impol Group and the individual companies included in the group, as well as the effectiveness of the individual programmes, within which the group carries out its activities.

The Supervisory Board also made a decision to check Impol Seval – the group's largest financial investment abroad – at its premises by being directly involved in the work of its management. The Board carried out its decision and has found out that the concerned company gives expected results and is becoming one of the main profit centres of the Impol Group.

Impol 2000, d.d., members of Supervisory Board:
Milan Cerar (president) and Jože Kavkler

The Supervisory Board established that the reports of the Management Board, submitted to it 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.

In line with requirements, the Supervisory Board met at four regular sessions that were evenly distributed over the quarters of the year, and at four extraordinary sessions, discussing individual topical issues.

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, in all respects, a true and fair picture of the financial situation of Impol 2000, d. d., the whole Impol Group and other companies from the Impol Group, as of 31 December 2010, 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. With respect to the operations of Impol 2000, the most important link is Impol, d.o.o., affecting crucially the success of the Impol Group. The business report of the Management Board is consistent with the financial statements. 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, the balance-sheet profit, and the profit after the financial year 2010. The Supervisory Board suggested that the shareholders' meeting of the company adopt these documents and give a discharge for the financial year 2010 to the Management Board and the Supervisory Board.

The Supervisory Board adopted the annual reports of the Impol Group and of Impol 2000, d.d., at its regular session on 24 March 2011.

Milan Cerar
President of the Supervisory Board

Impol 2000, d.d., members of Supervisory Board:
Adi Žunec and Tanja Ahaj

Impol's main activity remains the processing of aluminium into rolled, extruded, drawn, and forged products, as well as other types of products (the main activity is registered as 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.

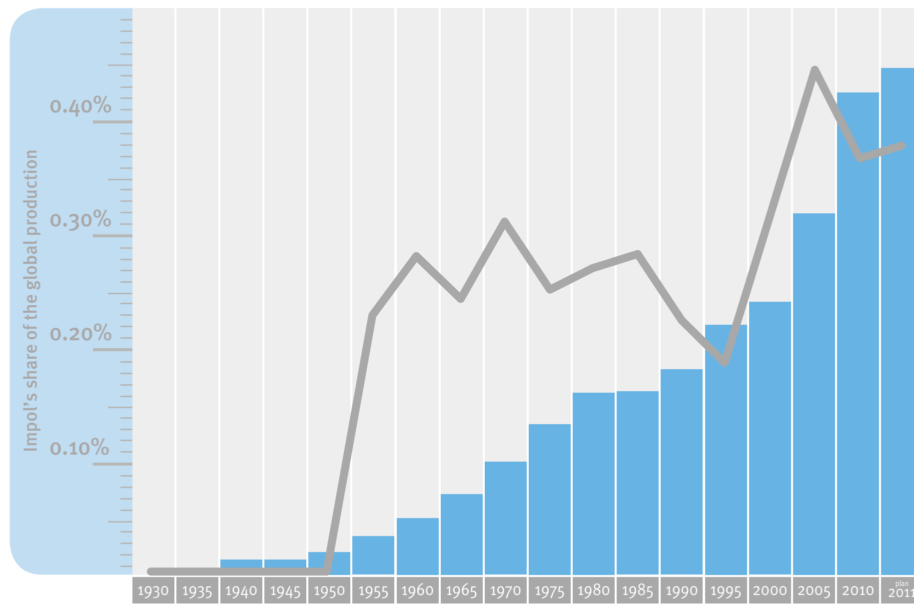
In 2010 Impol was acquiring the knowledge necessary to increase its production of the materials used for further processing, mainly forging. According to the current market trends and the signals coming from the market, we can conclude that this was the right decision, enabling Impol to meet the demands of one of the more demanding market segments.

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 this production amounts to over 40 million tonnes and is expected to increase by about 5% in 2011. At the same time, the processing of secondary (i.e., scrap) aluminium is also becoming increasingly important; its estimated amount is 20 million tonnes per year (Aluminium No. 1-2 2011). It also has to be pointed out that this production does not even use all the available capacities for the primary-aluminium production, as, for various reasons, they are not all fully active; however, by including them in the system, global production could increase by about 15%.

	2006	2007	2008	2009	2010	2011
Global production of primary Al in tonnes	33.93	38.14	39.68	37.02	42.44	44.63
Global consumption of primary Al in tonnes	34.40	37.85	37.81	34.71	40.66	43.67
Incurred imbalance (+ surplus, - deficit)	-0.47	0.29	1.87	2.30	1.78	0.96
LME cash price: - $/tonne – annual average	2,566	2,639	2,571	1,667	2,173	2,600
Updated for the last time on 10 Jan 2011						
Sources: IAI, WBMS, CRU, SG Commodities Research						

Global production of primary Al

9 Table



Al production in mt/y and Impol's share of the primary-Al consumption

7 Figure

The Impol Group had a 0.37% share of all the newly processed aluminium. In 2010 this share remained the same as the year before. In line with its strategic policies, Impol now focuses 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 mass 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 55 million tonnes per year, Impol's share of the total processing is a little less than 0.3%.

In 2010, after two years of a continually decreased production, the realisation scope again increased, this time by 12%. This was a result of an increased physical extent, which was also one of the reasons why Impol's share of the global aluminium production remained the same.

It is characteristic of the aluminium-processing industry that the selling prices for its products are formed by adding selling premiums, agreed with the buyers, to the LME aluminium prices.

The same also applies to the purchase prices for aluminium raw materials, where the purchase prices are formed by adding the purchase premiums, negotiated with the suppliers and including all the costs for the supply in line with the Incoterms DDU sales terms, to the LME aluminium prices. In this way the LME aluminium prices directly affect the scope of the realised sales and the value of the direct costs. However, in the case of an appropriate forward insurance (hedging), the fluctuation of the LME price should not have a direct influence on the operating results.

Production and Marketing Programme

Impol's prevailing production-and-marketing programme includes the production and sale of the following aluminium products:

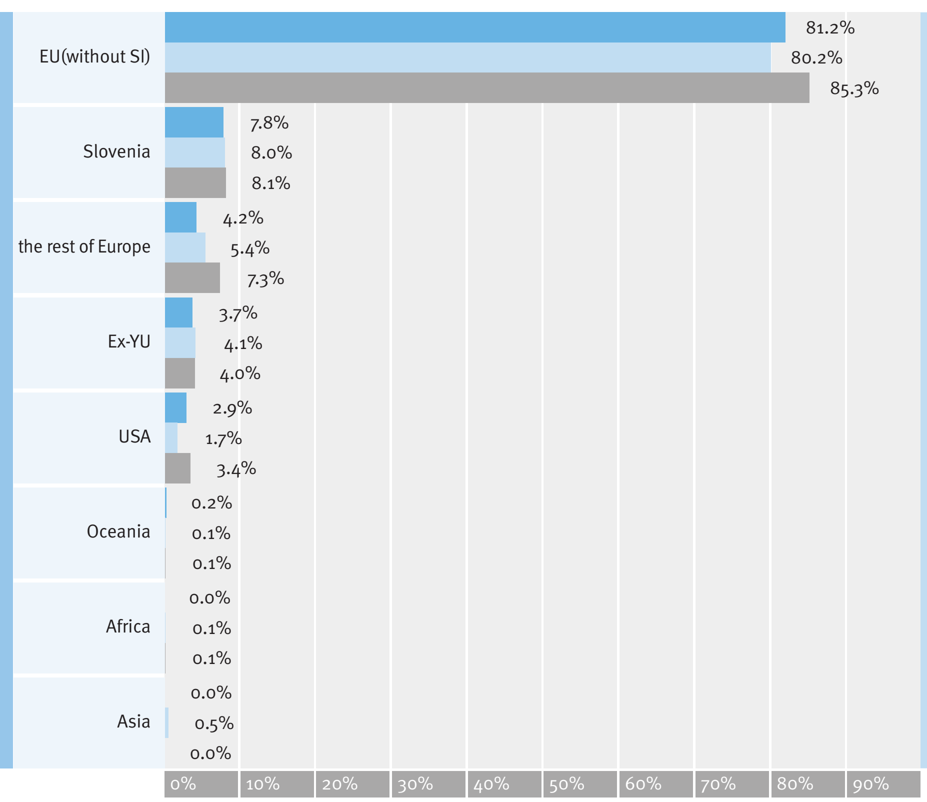
- *various rolled aluminium products (plain and painted strips, sheets, embossed and formed sheets);*
- *foils and thin strips;*
- *profiles (untreated, anodised);*
- *bars, rods, tubes;*
- *forgings, cast and painted aluminium products;*
- *other products, trading activities and services.*

These products, in all their forms, account for almost the entire group's realisation, while the other products produced for the market outside the group's framework represent only a small share of the total realisation.

The entire production programme is based on orders, i.e., triggered by the orders received.

The shares of the products within the production and marketing programme are as follows:

Sales shares for Al products by geographical area



8 Figure

Sales shares by type of products

Programme	t/year	share
Cast products	1,595	1%
Strips, sheets	75,372	49%
Painted strips	3,535	2%
Foils	24,108	16%
Profiles	18,662	12%
Anodised profiles	1,547	1%
Extruded bars, rods, tubes	20,691	13%
Drawn bars, rods	9,785	6%
Total	155,294	

10 Table

Markets and Customers

Impol sells most of its aluminium products abroad.

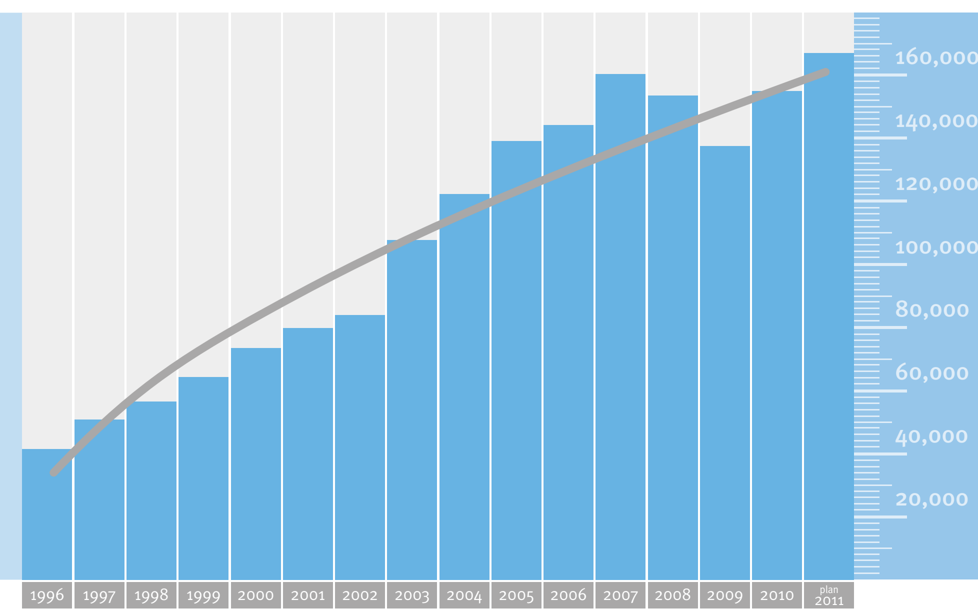
Impol supplies its customers with a wide range of rolled and extruded aluminium products, and, to a slightly lesser extent, with additionally treated products (forged, painted, anodised products, etc.) that are all made at the request of individual customers. Consequently, the entire production is based 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 of aluminium products realised in tonnes. The data on the value realisation would be distorted by the price movements at the LME.

In 2010 the sales increased to an amount that the Impol Group had already achieved before the crisis. According to our expectations the growth of the operation in 2011 will take our sales above the amounts achieved in the period before 2009.

The majority of sales are still in the EU. Impol sells about 90 percent of all its products in the EU, including Slovenia. The market includes more than 40 countries and 400 large customers, none of which accounts for a particularly large share (see Figure 4 on page 3).

Trend of sold aluminium products



9 Figure

Market Characteristics

The year 2010 was one of our successful business years. The market for aluminium semi-products became active again and the demand was on a significant increase in the first half of 2010, when various industries needed more of these products. The car industry overcame the crisis to a large extent, while the construction and the transport sectors are still facing difficulties. Many countries began to carry out recovery measures after the crisis and operated their production facilities on a larger scale. The improvement of the German market influenced significantly the demand for Impol's products, as Germany is our most important market. Bankruptcies of our competitors in the time of the crisis opened up a new marketplace for us, allowing our products to successfully penetrate the market. The crisis also caused deterioration in payment discipline, because of which we had to be even more careful in our business activities.

Our most important markets are still in the EU countries, where most of our products are exported to Germany, Italy, France, Switzerland, and the Czech Republic. We exported to more than 25 European countries, maintaining, in this way, geographical diversity. In addition, our markets consist of many different customers, so that none of them has a dominant position and could not, in the case of another crisis, jeopardise our operations.

In 2010 we were also attracting new markets, Russia, Belarus (for the products of Impol Seval) and Poland. In addition, there was an increase in the exports to the USA, where we mainly sell products with a higher added value. Our presence in Asia, Australia and the Middle East is not so intense, as the exports made in dollars are less profitable.

Demand for Specific Products

The main products from Impol's aluminium programme include bars, rods, tubes, profiles, foils, sheets, thin strips and other rolled products. In 2010 the demand for bars and rods, especially the drawn ones, increased the most; these products also had a high added value. We are less satisfied with the demand for profiles, which are mainly produced for the construction and transport sectors that have not yet recovered from the crisis.

We are very satisfied with the sales of foils; in this area we used well, and even expanded, the production capacities and, consequently, obtained a larger market share in Europe. The demand for the rolled products of Impol Seval increased as well, as this company managed to improve its products and set up an appropriate sales service.

Sales Organisation

Within the Impol Group the sales of aluminium are mainly carried out through Impol, d.o.o., while the sales of the other products and services are done directly by the group companies that deal with the concerned market activities. Impol, d.o.o., continues to buy certain services needed for its activity.

Impol's programme of aluminium production is divided into the standard programme and the specialised programme, with both of them accounting for about the same share (50%). The former includes the products intended for sale to the traders that buy them for resale. The latter includes the products to be sold directly to end customers, for whom the products are made on the basis of specific designs (special forms, alloys, mechanic and chemical properties, etc.) This division allows us to operate more securely, as proven also in the time of the crisis.

Market Communication

In 2010 we took part in the largest European aluminium-industry fair known as Aluminium 2010, in Essen, where we met customers and suppliers and became acquainted with the supply of our competitors. This type of market communication allows a quality presentation and promotion of the Impol trademark, while such events are also ideal opportunities for comparing Impol with the other competitors in the aluminium area. We also participated at various meetings organised by EAFA, where we learned about and exchanged relevant information with our European competitors.

We also made our marketing activities more interesting by producing a new catalogue, presenting Impol's products in more details.

Sales in the Impol Companies Registered outside Slovenia

The year 2010 was very successful for both companies of the Impol Group operating abroad. Impol Seval managed to increase its production, its market share and its selling prices, and win new markets, such as Russia and Belarus.

The operation of IAC was similarly successful. This company managed to increase its sales in the USA, as well as in the markets of Central and South America. Here, demand increased so much that we did not even manage to meet all the expectations of the customers in these areas.

Important Sales Achievements

- *We managed to increase sales from 137 thousand tonnes to 165 thousand tonnes of aluminium products.*
- *We managed to keep all our existing customers and attract new ones.*
- *We successfully attracted new markets (Russia, Belarus and Poland) and increased the market shares in the existing markets.*
- *We increased sales margins and successfully followed the trend of price rises.*
- *We maintained and strengthened the reputation of the Impol trademark in Europe and the world.*

Forecasts for 2011

- *We intend to further increase sales and fully utilise our production capacities.*
- *We will maintain the current ratio between the products sold to traders and to end customers.*
- *We will increase the share of sold products with a higher added value (drawn bars and rods, foils and thick bars).*
- *We will use the increased capacities of the extrusion programme that now includes a new extrusion line and increase the production of extruded products.*
- *We intend to fully respond to the increased demand for our products (drawn bars and rods).*
- *We intend to promote new products and join the producers of green energy by constructing systems for solar power plants.*
- *We will increase the sales of Impol Seval's products, including more advanced products (painted products), in its production programme.*
- *We will acquire the knowledge necessary for a retail sale carried out through Impol Servis. In this way we will fill in the gaps that opened up after the bankruptcy of some large traders in Slovenia.*
- *We will continue to strengthen the presence of the Impol trademark as a symbol of a reputable supplier for a wide range of aluminium products.*

Purchasing

Within the Impol Group the purchase of strategically important aluminium materials (about 90%) is organised centrally. Purchasing abides by the principle that these should be bought under optimum conditions (in terms of prices, deadlines, costs and quality). In this way we provide for single terms of purchase for all the companies and use the advantages of the economies of scale. This purchasing amounts to 65 percent of all purchases of materials and services.

Aluminium materials are mostly of foreign origin (about 90%). The conditions and prices for their purchasing are entirely set by the movements of the prices at the LME. Impol also processes a lot of secondary aluminium, with which it can reduce its purchasing costs.

When purchasing aluminium we face various challenges: securing the reliability of the supply sources, high engagement of the working capital, demanding logistics and the high volatility of the aluminium prices at the exchange. As the aluminium prices at the exchange are increasingly dependent of the speculative investments spreading from the stock market to the area of raw materials and less dependent on the actual physical indicators of production, supply and demand, we also have to manage these demanding macro-economic conditions. Customers expect a high price flexibility and our adaptability to the market-price volatility and, for this reason, we secure more than 20 percent of our sales contracts with the transactions in the forward market, as the material suppliers cannot guarantee the same flexibility to us.

In 2010 aluminium price increased by 25 percent, which means that the market was active again and this development also encouraged demand. However, the increase in the price for the input materials brought about new challenges. As the costs for purchasing raw materials increased, the production costs became larger as well. In the previous year the aluminium prices were not stable, so that we had to cope with weekly and monthly fluctuations, which we successfully managed by forward trading at the LME.

We import most of our raw materials from Russia, where we buy primary aluminium shaped as ingots, T pieces and rolling ingots (45%). In the EU countries we buy the raw materials shaped as aluminium billets, aluminium foil stock and aluminium scrap, amounting to 35 % of our purchasing of input materials. The rest of the materials come from Africa (15%) and China (5%).

The year 2010 was characteristic for a high growth in cost premiums, while the increased demand in the market caused difficulties in the supply of certain types of materials. With respect to the logistics of aluminium supply, Southern Europe is a problematic location, and for this reason we had to organise our own sea shipments and finance the stocks in the ports of Slovenia and Montenegro to provide for a reliable supply of raw materials.

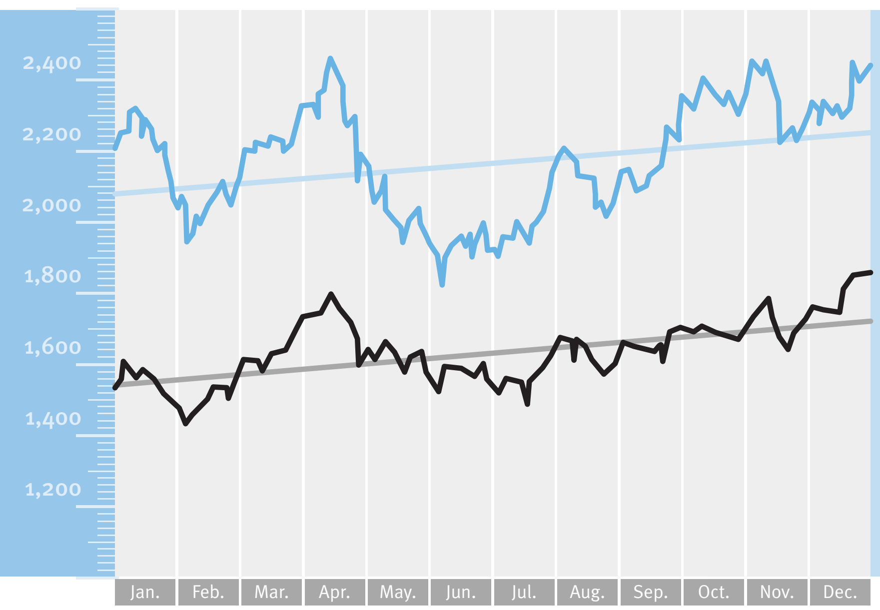
The long-term trend of fluctuations in aluminium prices at the LME became stable in 2010. Drastic fluctuations from the three previous years changed into moderate growth, which was the prevailing trend throughout the year.

In addition to the suppliers of aluminium raw materials, the providers of energy and transport are also very important to Impol. As the purchase prices for aluminium and energy are set autonomously, and Impol can exert no influence on them, the group observes the rule, according to which it selects the materials and energy products whose type and quality are satisfactory, while the prices are as 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). In addition, the group companies operating in the same area act jointly against the other parties in the market.

The Impol Group organises all the other purchasing within the companies involved in the production and service processes, causing no major problems with its realisation. In 2010 the services relating to purchasing continued to be 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. It is expected that this company will keep providing such services in the future as well.

In the domestic market we purchase about 10% of aluminium raw materials, 100% of energy sources, about 50% of the other materials and all of our services.

Fluctuations of the Al price at the LME in $/t and in €/t and the trends for 2010



10 Figure

Development and Investment Processes

With the investments carried out, we mainly provided for the consolidation of the group and its organic growth. The intensity of the investments was at about the same level as in the pre-crisis period. Due to the increased aluminium prices and the increased scope of operations at the end of the year, the requirements to invest in the current assets increased as well in 2010.

In 2010 the group finalised its investments in two large and important development projects, i.e., the construction of the new extruding capacities for the production of bars and rods that are later sent for further processing into forged products and used, finally, for transport vehicles, and the project of constructing a solar power plant.

We also continued the project for developing new assigned aluminium semi-products for complex applications and advanced extrusion technologies (InoProAl) that was co-financed by the Ministry of the Economy.

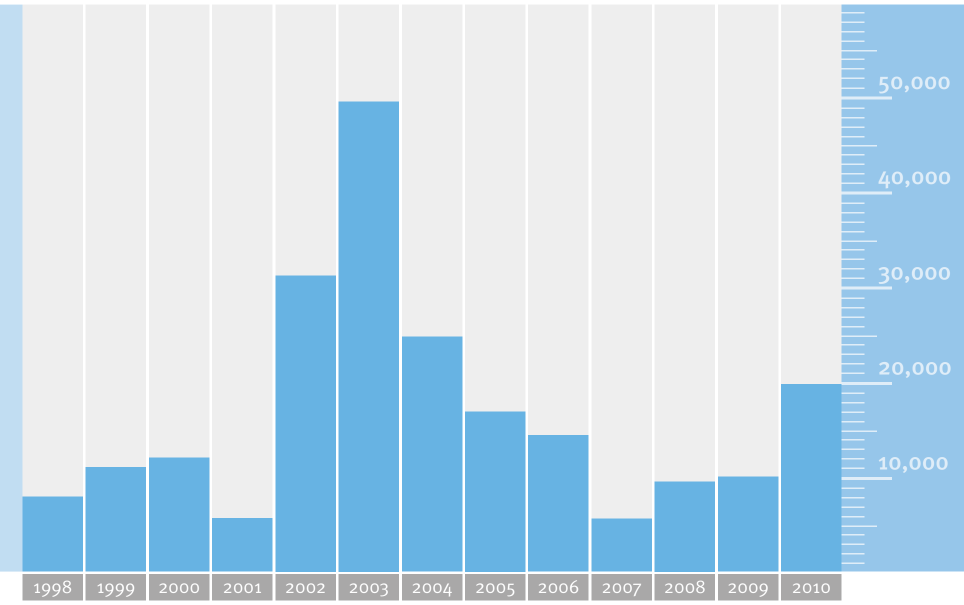
Extent of investments

IN MILLIONS OF EUROS

	2010	2009	2008	2007	2006
Investments in shares			3.2	44.8	
Investments in fixed assets	20.0	10.2	7.0	5.9	15.7
Investments in current assets	20.6	-10.2	-2.9	-14.3	44.6
Total	40.6	0	7.3	35.5	60.3

11 Table

Extent of investments in fixed assets



11 Figure

Financing and Dividend Policy

In 2010 the Impol Group consolidated the structure of its resources in such a way that it finances almost 20% of all the investments with capital, while providing 13 million euros as long-term sources for financing short-term investments, safeguarding, in this way, a relatively stable basis for its operations.

In order to provide for the necessary repayments of the long-term and short-term loans acquired by all the group companies, and for a large equity share to be the source of financing investments in durable operating assets, the Impol Group maximises the use of its profit. For this reason, it concentrates the companies' profits to an appropriate extent and allocates them for the investments with maximum profits and minimum repayment terms.

In doing this, it pays special attention to investing the funds in short-term assets (stocks, receivables, cash, etc.) reducing them as much as possible to avoid serious difficulties relating to a shortage of funds or of available external short-term financial sources.

Within the group, a maximum of about 0.33 million euros per year can be allocated for the dividends and the participation of managerial staff and of employees. On the other hand, the group companies have to contribute up to 5 million euros of dividends to the controlling company.

All the long-term investments can only be initiated on the basis of the Management Board's decision and, if they are of crucial importance, also on the basis of an assessment given by the Supervisory Board.

In 2011 no significant changes to the shareholders' ownership structure is expected, neither does the company expect to form a special reserve fund, or change its ownership structure.

Important Events after the End of the Financial Year

In the time between 1 January 2011 and the completion of this report, there were no events that would significantly influence our business accounts and require additional disclosure and clarification.

Risk Management

Managing Financial Risks

The financial risks of the Impol Group are monitored and managed by the Finances and Economics Department, the Risk Management Department and other appropriate departments of the group companies operating outside Slovenia. To provide for a comprehensive risk management, the Risk Management Board was organised. The board systematically and promptly monitors and discusses registered risks incurred in the operating processes within the entire Impol Group, as well as suggesting and passing decisions for their mitigation or elimination (in line with the responsibilities assigned to the board by the Management and stipulated in Impol's Code of Operating Rules). The Risk Management Board carried out its activities at regular and extraordinary sessions, holding 28 sessions and proposing/passing about 350 measures.

The risks that the group has to deal with are listed in the table below:

Table 12 Types of risks and their management

Risk area	Risk description	Management method	Exposure
Liquidity risk	Shortage of the float for settling business or financing liabilities	Credit lines agreed in advance, planning of inflows and outflows	low
Price risk	Aluminium is a material traded at the exchange and its price changes all the time. However, customers wish to agree on a price base, set in advance.	Hedging insurance – forward purchases and sales	high
Exchange-rate risk	Financial-loss threat due to unfavourable fluctuations of exchange rates, mainly for the dollar	Use of appropriate derivative instruments, making use of the possibility to buy basic raw materials with the national currency	moderate
Interest-rate risk	Risks related to the changed terms and conditions of financing and raising loan	Following the policies of the ECB and the FED, the use of appropriate derivative instruments – interest-rate swaps, replacing the fixed interest rate with a variable rate	moderate
Credit risk	Risk of not getting the payments from the customers	Insuring the trade receivables – mainly foreign receivables to be insured at First Credit Insurance Company; Following the customers' credit standing, reducing the maximum exposure with respect to certain customers	Moderate to high
Risk of compensation claims and legal actions	The threat of the compensation claims of third parties due to loss events caused by the company involuntarily with its operations, property or product marketing	General liability insurance and producer's liability insurance (for the production of bars, rods and tubes)	low
Property-damage risk	The threat of property damage due to natural disasters and machinery malfunction	Property insurance, insurance against machinery malfunction and against any interruption to operations	moderate

Exchange-rate risk

Most of the purchases and sales are carried out in the same currency, so that in these cases we do not have to deal with the exchange-rate risks.

However, the group is exposed to these risks in two other large areas, i.e., in the cases of purchasing aluminium raw materials and taking out loans, that are denominated in a currency different from the accounting currency.

Impol mainly purchases its basic raw material in American dollars. As a result, Impol, d.o.o., has an open US-dollar position; so does the Serbian company Impol Seval, where large exchange-rate differences are incurred due to a fall of the Serbian dinar. The actions taken by the group to reduce the negative effects of the exchange-rate differences on the operations of the Serbian company were as follows:

- *most of the sales to the EU are carried out through Impol, d.o.o.*
- *Impol, d.o.o., forwards aluminium to the processing sector in such a way that Impol Seval does not have to finance aluminium stocks, while financing only a small extent of the payables.*

Table 13 Review of dollar inflows and outflows of Impol, d.o.o

IN MILLIONS OF $

	2007	2008	2009	2010
inflows	31	28	11.5	15.5
outflows	255	244	48.9	79.7

In 2010 we secured a certain part of the open US-dollar positions of Impol, d.o.o., in line with the exchange risk-management policy by using derivatives, while the rest of the positions remained unsecured. In 2010 our open positions were slightly increased due to an increase in the aluminium price at the exchange and due to larger purchases. However, we also purchased an increased amount of the input material from the suppliers, with which we had agreed to trade in euros. For securing positions, we used simple derivatives, such as forwards and currency options. With these instruments we created positive effects; however, we did not entirely succeed in neutralising the exchange-rate differences arising from our inability to match the outflows with the inflows.

Price risk

In addition to the sales risk, the price risk represents the most significant threat to the operations of the Impol Group.

The Impol Group observes the principle, according to which, in the case of making a sales contract or accepting an order referring to a particular LME aluminium price, we secure, either physically or with a forward purchase, the materials at the price included in the concerned sales contract or the order.

The methods for covering our costs and monitoring the stocks are also set in line with the above principle.

As a rule, our costs are primarily secured by acquiring the actual materials, and only the outstanding or surplus amounts are bought or sold in the forward markets.

As the developments are continually monitored by a specialised department and supervised by the Risk Management Board, we can provide for a continuous process of securing the prices. This process is well supported with our own information system, allowing a continuous analytical monitoring of all the developments in the market, separately recording each event.

To secure our costs appropriately, in 2010 Impol made the following forward purchases and sales:

Table 14

Forward purchases and sales in 2010

	forward purchases			forward sales		
	€	$	Ł	€	$	Ł
total	27,315,201	5,612,769	99,146	28,522,500	6,542,661	0
in tonnes			19,825			20,100

The amounts recorded at the end of the year were as follows:

Table 15

Total amounts of forward purchases and sales in 2010

	Sales in tonnes	Total in the original currency	Rate on 31 Dec	€
$	450	1,049,474	1.3384	784,126
€				
Ł			0.8602	
	Purchases in tonnes	Total in the original currency	Rate on 31 Dec	€
$	325	681,767	1.3384	509,390
€	1,075	1,831,049	1.0000	1,831,049
Ł	75	99,146	0.8602	115,259
Total	1,025	ton		2,455,697

Credit risk

The process of credit control includes an assessment of the customers' credit standing that we regularly carry out, together with First Credit Insurance Company, and by monitoring their payment discipline. By regularly monitoring the outstanding and overdue trade receivables, the age structure of receivables and average payment periods, we maintain the credit-risk exposure of the Impol Group within an acceptable framework with respect to the aggravated market conditions. In 2010 our trade receivables increased; to a large extent this was due to the increase in aluminium prices that are the basis for our pricing, and also due to the sales growth.

Insurance to cover the external investors' risk

Due to the changed terms and conditions set by the credit banks, in 2010 we had to provide for additional insurance to cover the already granted credits of external investors.

Liquidity risk

With respect to managing liquidity risk, we examine whether the Impol Group is capable of settling current operating liabilities and generating sufficient cash flow to settle financial liabilities.

The existence of the float is checked by weekly and monthly planning of the cash flows. Any cash shortage is covered by the credit lines opened at banks, while any short-term surpluses are invested in liquid short-term financial assets.

Interest-rate risk

At the end of the year the Impol Group had long-term loans based on the reference interest rate of 6-month Euribor. Due to the finding that the offers for interest-rate swaps were very unfavourable, and due to the expectations that the interest rate would not increase, we did not introduce any new interest-rate insurance. On 31 December 2010 the Impol Group's ratio between variable and fixed, i.e., protected financial liabilities was 49.94% : 50.06%.

Insurance of property, interruption to operations and liability

The aim of the Impol Group is to safeguard the financial compensation for the damage made to the property, a loss of profit due to an interruption of the operations and to protect the group against the compensation claims of third parties. The insurance procedures are uniform for the entire group.

The insurance of equipment is taken out on the basis of the book value of the equipment; the same applies to insurance against machinery malfunction. The insurance sum for an interruption to the operations includes the labour costs and amortisation of the equipment (or its rental costs in the cases of dependent companies renting the equipment).

With respect to insuring the goods in transport from Impol to the customers, contracts with the transport operators are made and they are also required to insure their liability for damage.

As we are well aware of our responsibility relating to any damage incurred by selling our products in the market, we also took out the producer's liability insurance. In this way we insured our liability relating to the production of bars, rods and tubes used in the car industry. We also insured our general liability for the case of involuntarily causing damage to third parties with our operations or property ownership.

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 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 eliminating difficulties. In 2010 the internal audit worked on 24 projects and gave 55 proposals for improvements by preparing a plan for eliminating difficulties, or even a concrete solution, after identifying a shortcoming.

Internal auditors operate within the entire Impol Group and report on their activities to the management of the holding company.

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.

Review of events and achievements

1. *We raised the average gross salaries by 14.5% and rewarded the employees with a thirteenth salary.*
2. *The average gross salaries of the employees were above the average gross salaries within the branch and above the national average*
3. *We improved the organisational climate and increased employee satisfaction.*
4. *We improved the educational structure of the employees.*
5. *We reduced the noise at the workplaces.*
6. *We constructed a solar power plant.*
7. *We reduced energy consumption.*

Employees

Numbers of employees in the Impol Group

Table 16: Employees by company in the group

Country	Company	2004	2005	2006	2007	2008	2009[4]	2010
Slovenia	Impol 2000, d. d.				25	30	34	33
	Impol, d. o. o.	978	971	981	15	15	23	32
	Impol FT, d. o. o.				323	299	282	285
	Impol PCP, d. o. o.				459	435	344	336
	Impol LLT, d. o. o.				115	94	93	92
	Impol R in R, d. o. o.				29	29	24	23
	Impol Infrastruktura, d. o. o.				27	27	25	25
	Stampal SB, d. o. o.	38	36	35	38	37	33	32
	Impol Stanovanja, d. o. o.	1	2	3	3	3	3	2
	Unidel, d. o. o.	49	50	50	55	44	42	39
	Kadring, d. o. o.			6	12	12	10	11
	– work at the users' premises						54	97
	– work at the users' premises*						3	23
	Impol Servis, d. o. o.				7	7	7	7
	Impol-Montal, d. o. o.							1
	Total for Slovenian companies							1015
Serbia	Impol Seval, a. d.	544	564	561	574	582	581	580
	Seval Finalizacija, d. o. o.	91	69	71	60			
	Impol Seval PKC, d. o. o.	31	11	11	11	10	11	12
	Impol Seval TEHNIKA, d. o. o.	76	67	68	68	105	97	92
	Impol Seval FINAL, d. o. o.	28	29	29	29	27	29	24
	Total for Serbian companies							708
USA	Impol Aluminum Corporation	4	3	3	3	3	3	3
Croatia	Impol Stan, d. o. o.	1	1	1	1			
Impol Group	Total for the group	1,841	1,803	1,819	1,854	1,759	1,695	1,726

* Kadring – work at the users' premises (the employees were sent to companies outside the Impol Group), for this reason these employees are not included in the total counts.

Table 17: Employees of the companies within the group in Slovenia

	Slovenia	Serbia	USA	Impol Group
Male	82.5%	78%	67%	81%
Female	17.5%	22%	33%	19%
Total	1015	708	3	1726

4 The details about the number of employees in the Impol Group are comparable only for 2007, 2008, 2009 and 2010. In the previous years, 2004, 2005 and 2006, the Impol Group operated within a different ownership framework, when Impol 2000, d.d. and Impol Servis, d.o.o., were not yet part of the group.

18 Table

Qualification structure

	Ph.D	Msc.	univ. grad	higher educ.	vocational degree	high school	skilled employee	semi-skilled	Non-skilled
Slovenia	0.1%	0.6%	5.3%	3.4%	5.1%	29.5%	39.5%	8.5%	8.0%
Serbia	/	1.1%	10.5%	3.5%	7.4%	23.2%	42.9%	4.4%	7.0%
USA	/	/	100%	/	/	/	/	/	/
Impol Group	0.1%	0.8%	7.6%	3.5%	6.1%	26.8%	40.9%	6.8%	7.5%

Most of the employees (40.9 %) completed a vocational high school; the next largest group include the employees with a general high-school qualification (26.8 %). The employees with university, higher-education or vocational-degree qualifications account for 17.2%.

Benefits for the employees

The employees have supplementary pensions. All the employees that also pay individual premiums for their supplementary pension are included in this savings scheme. The monthly premium paid for an employee by the individual group companies is 25.04 euros.

Employees get long-service awards for 10, 20, 30 and 40 years of their loyalty to Impol. In the case of the sickness of an employee or an employee's close relative, he or she is entitled to a solidarity payment. At the end of each year the employees receive gifts. For each 8 March, the international Women's Day, we prepare, in cooperation with the trade union, a social event for our female employees.

Employees outside Slovenia get long-service awards for 10, 15, 20, 25, 30 and 35 years of loyalty to Impol. In the case of the sickness of an employee or an employee's close relative, he or she is entitled to a solidarity payment. At the end of each year the employees' children, up to seven years of age, receive gifts. For each 8 March, female employees receive small gifts.

Participation of the employees

In all the companies within the Impol Group that employ more than 20 employees, workers' councils were set up. Each council received the Rules of Procedure of a Workers' Council, together with the annex called the Code of Ethics for the Members of Workers' Councils of the Impol Group Companies. The members of a workers' council made, with the relevant director, an Agreement Regulating the Relations between the Workers' Council and the Company Associated with the Workers' Management Participation. In November 2010 the central workers' council was set up as well, mainly providing for the joint actions of the workers' councils of the group companies operating in Slovenia when discussing, with the management, the issues concerning all of Impol's employees. With respect to the operations of the workers' councils, the Impol Group offers counselling to all its companies, with respect to legal matters and staffing. In this way we provided the employees with an additional form of participation that is valuable to both the employers and employees, allowing a more transparent two-way transfer of information.

Trade unions are organised in Impol LLT, Impol FT, Impol PCP, Stampal SB and Unidel. In each of these companies two representative trade unions are operating – the Trade Union for the Slovenian Metal-Products Industry and Electrical Industry, and the Confederation of the New Slovenian Trade Unions. In the above companies, social partners have concluded entrepreneurial collective agreements regulating to the issues associated with the employment relations that we organise in a different, more favourable, way than stipulated by the law, or the collective agreement applying to our branch. In the companies that do not have a trade union, these issues are regulated with a general legal act.

Regulating disability issues

On 31 December 2010 the companies of the Slovenian part of the Impol Group employed 70 disabled employees, which is 7% of all employees. In 2010 a total of 19 decisions on potential disability were made by the first-instance invalidity committee (in 2009 the invalidity issue was discussed 29 times, and in 2008 it was discussed 36 times). Seven employees applied for obtaining a disability status, while the remaining employees were discussed by the invalidity committee in order to find out whether an employee was able to work at another post after a deterioration of the employee's disability, or be transferred to another post due to organisational requirements.

Due to insufficient numbers of their own disabled employees, Impol FT, d.o.o., Stampal SB, d.o.o., Impol 2000, d.d., and Impol, d.o.o., had contracts for an alternative mode of meeting the prescribed quota. In 2010 the total financial bonus for the companies exceeding the prescribed quota of disabled employees amounted to 18,532 euros, while the total exemption from the social-security payments amounted to 273,064 euros.

Utilisation of the working time in the Slovenian part of the Impol Group

19 Table

Structure of the working time	No. of hours (2009)	Hours in % (2009)	No. of hours (2010)	Hours in % (2010)
Regular working hours	1,671,987.15	80.64%	1,708,598	79.97%
Overtime	29,199.00	1.41%	51,827	2.43%
Annual leave and special leave	184,731.73	8.91%	205,195	9.60%
Sick leave	131,136.17	6.32%	128,978	6.04%
– the employer's liability	70,392.06	3.39%	73,828	3.46%
– social-insurance liability	54,974.46	2.65%	49,698	2.33%
– PDII liability	5,769.65	0.28%	5,452	0.26%
National holidays	42,607.91	2.05%	31,169	1.46%
Other absences from work	320.00	0.02%	91	0.00%
Exemption from work	13,174.73	0.64%	9,473	0.44%
Unjustified absence from work, unpaid leave	300.43	0.01%	32	0.00%
Total	2,073,457.12	100.00%	2,135,363	100.00%

Due to an increased workload, the number of working hours, as well as overtime, increased. The total sick leave decreased; however, the short-term sick leave (up to 30 days), the cost of which is the employer's liability, was slightly increased. Within the project Reducing Sick Leave we were carrying out various activities providing appropriate health treatment to the employees that often take sick leave and, thus, found out whether their work posts are suitable for their health conditions.

In the Serbian part of Impol, the utilisation of the working time was as follows: regular working hours (82 %), overtime (2 %), annual and special leaves (9 %), sick leave (4 %), national holidays (2 %) and other absence from work (1 %).

Rewarding and stimulating the employees

In 2010 the employees' salaries in the group companies operating in Slovenia increased, on average, by 14% in comparison with 2009. This salary growth was a consequence of the realisation of the set objectives and of the expected operating results.

Consequently, the average monthly gross salary in the group companies operating in Slovenia, calculated on the annual basis, exceeded, in 2010, the average gross salary in the Slovenian manufacturing sector by 5% and the average gross Slovenian salary by 10%.

The Impol Group applies a similar salary policy in the areas outside Slovenia, so that Impol's salary in Serbia also exceeds the average national salary by 36%.

Gross salaries by type of payments in percentage

20 Table

	Slovenia		Serbia
	2009	2010	2010
Basic salary	56%	48%	67%
Overtime	1%	2%	1%
Incentives and project allowances	8%	18%	15%
Allowances for unfavourable working time	20%	18%	4%
Allowances – vacation	9%	9%	9%
Allowances – holidays	2%	1%	2%
Sickness benefit – the employer's liability	2%	2%	2%
Sickness benefit – the liability of the Slov. Health Ins. Institute	2%	1%	1%
Other	1%	1%	0%
Total	100%	100%	100%

In the Impol Group we believe that employees need to be fairly paid for their work and for this reason their incomes depend on the employees' contribution and efforts put in their work. The salaries are in line with the operating trend and the employees receive incentives if the group operates well and achieves the expected operating results. Due to good operating results in the previous year, the employees were receiving increased incentives throughout the year and also got a thirteenth salary.

We also use other mechanisms to stimulate our employees. They are encouraged to be innovative. They are rewarded for making innovations or putting forward useful proposals. In addition to financial rewards, each year we organise an event at which all our innovators receive awards and the Impol Golden Emblems.

Training of employees

In the Impol Group we continually attempt to improve the qualification structure of our employees, as we also build our competitiveness on the basis of the employees' competences. We are aware that the race with our competitors requires knowledge from different areas and the ability to use the latest technologies. For this reason the qualification structure of the employees in the Impol Group is very varied. In addition to the formal education that employees obtain before the start of their employment, we pay a lot of attention to job training and function-specific training, which are equally necessary for the employees' performance. At the beginning of the year we prepared, for each employee, a training programme made on the basis of the expected requirements of the unit that employs the concerned employee. In doing this we also tried to consider the wishes of the individual employees. In 2010 each employee in the Impol Group was, on average, involved in training for 7.7 hours. Significant funds were used for this training; however, we believe that they can be treated as an important long-term investment.

One of the important goals of the Impol Group is to improve the qualifications of the employees, so that we can cope with the increasingly challenging trends of new technologies. For this reason we provide job training for the employees. In 2010 a total of 37 Impol's employees were involved in such training.

Communicating with the employees

Internal communications within the Impol Group is of special importance and has a long-standing tradition. When communicating with the employees, we use the following tools: the Slovenian internal newsletter called Metalurg (6 issues per year), the Serbian newsletter Seval (6 issues per year), a monthly brochure called Metalurgov poročevalec (12 issues), a monthly Serbian brochure called Informator, information displays and the website. Other ways of communicating are organised through the trade union or the Committee on Health and Safety at Work.

Organising events

Employees spend almost one third of their life at work, so it is important that they feel good at their posts, which they can also be achieved by having friendly relations with their colleagues. In this way their satisfaction at work and loyalty to the company are increased. To this end we annually organise different events, aimed at reinforcing the loyalty of the employees, expressing our confidence in them and praising them for their good work. In 2010 we organised sports games, on this occasion for the 13th time. More than 600 employees from the Impol Group took part, as well as from the companies that were, in the past, part of Impol. In comparison with the year before, participation at this event increased by 15%. At the end of November we organised a formal gathering of the innovators and the winners of the long-service awards for 2010, held in the Knights' Hall of the Slovenska Bistrica castle. The President of the Impol 2000 Management Board presented them with the awards and the Golden, Silver or Bronze Impol Emblems, expressing, in this way, gratitude for their contribution to the success of the Impol Group. Each year we also remember our retired employees and at the beginning of December 2010 we organised the traditional gathering of the Impol's pensioners. As many as 550 retired employees of the Impol Group attended the event, which was almost 20% more than the year before.

The employees in Serbia also participate in yearly social events. In 2010 they attended the national sports games for metallurgists organised by the trade union and the city sports games. They also took part in the fishing competition organised each year by Impol Seval's trade union.

Measuring the organisational climate and employee satisfaction

In 2010 we again measured the organisational climate and employee satisfaction in twelve companies of the Impol Group (Impol 2000, Impol, Impol FT, Impol PCP, Impol LLT, Impol R in R, Impol Infrastruktura, Impol Stanovanja, Unidel, Kadring, Impol Servis and Stampal SB). We invited all the employees to participate and got a 57% response, which meant 478 employees. The questions in the survey were organised in eight sets: educating and job training; independence and responsibility at work; management and organisation of work; work relations and team work; communications and informing; enterprise standard and organisation; promotion and salaries; and personal satisfaction. Education and job training were rated the highest, followed by independence and responsibility at work; work relations and team work; management and organisation of work; communications and informing; enterprise standard and organisation; and promotion and salaries. With respect to personal satisfaction the employees are most pleased with their colleagues and with the work. For the purpose of this survey we used the same questionnaire as in 2008, when we previously measured the organisational climate and employee satisfaction. The comparison of the two gave us very good results, indicating that in 2010 the climate improved significantly. All areas were this time rated better than before and the employee satisfaction increased as well.

The most important achievements in this area were as follows:

- *We increased the average gross salary by 14%.*
- *We awarded our employees with a thirteenth salary.*
- *We reduced the total sick leave.*
- *We successfully organised events for our employees and attracted more participants to these events.*
- *We improved the organisational climate and increased employee satisfaction.*

Safety and Health of the Employees

The health and safety of all the employees with access to the working environment is an asset that cannot be bought; for this reason maintaining health and safety is an important duty. All the staff working under the supervision of our organisation have to be aware of their duties relating to health and safety at work. At the Impol Group we know that health and safety at work are necessary for keeping employees and the broader public content.

We strive to continually reduce the risks arising from our operations. In addition, we are committed to preventing injuries and health problems, and to continually improving management in the area of health and safety at work, aiming at continually generating improved results and effects.

When planning new activities, we select health-friendlier technical solutions that do not threaten the safety of the employees. The system of managing health and safety is integrated into all the processes of the Impol Group and is being continually developed.

Basic principles

- *The permanent dedication of the management to protecting health is reflected in delegating the relevant capacities and responsibilities to the process owners, physicians and other experts. By way of regular examinations, our management provides for effective health protection, and an appropriate policy concerning the health and safety at work, taking into account the changes that take place in the group's companies.*
- *With respect to the health and safety at work, we aim at the gradual introduction of safer and health-friendly procedures in line with our technological and financial capacities, and taking into account the principle of economy.*
- *It is our duty to observe statutory provisions relating to our organisation, and the other requirements accepted by our organisation.*
- *We include the programme of health and safety at work in our short-term and long-term plans and provide the necessary funds. We provide for a continual improvement in this area by annually setting new tasks regarding the health and safety at work.*
- *All the employees are included in the health-and-safety training with regard to our respective activities within the working process. In this way we provide for a higher level of safeguarding our own health and safety. The employees are obliged to become acquainted with the principles of health and safety at work and to implement these principles.*
- *When doing research and solving problems relating to health and safety at work, we at the Impol Group are open to suggestions from all interested individuals. Information about our efforts and achievements in this area is available to both the employees and the public.*
- *By adopting the policy concerning health and safety at work, we commit ourselves to health protection. Our efforts are mainly reflected in:*
    - *the changes to technological procedures, where unsafe procedures are being replaced with safer ones;*
    - *reducing periods of employees' exposure to physical factors;*

- *use of input materials that affect less the working environment and, consequently, the health and safety of our employees;*
- *a restricted, controlled and careful use of dangerous substances;*
- *making sure that our employees handling dangerous substances are qualified and receive all the necessary information needed to protect themselves, the others and the environment;*
- *the designation of unsafe, and consequently restricted, areas with special warning signs;*
- *periodic checks of employees' theoretical and practical knowledge relating to safety at work;*
- *periodic checks of the physical and ecological harmfulness in the working area;*
- *regular preventative medical checkups;*
- *monitoring of the employees' health;*
- *periodic checks of the working equipment;*
- *an effective use of the prescribed means of protection.*

Important achievements

In 2010 we were especially proud of the following achievements:

- *In 2010 we periodically checked the working equipment, carried out preventative health examinations of the employees, checked examples of individual mufflers, and trained employees in health and safety at work.*
- *With respect to the safety at work, the biggest achievements were the noise reduction in the room with the Waldrich cutting machine in Impol FT, the replacement of the Pandur furnace in Impol R in R, the installation of ventilation in the mechanical workshop, and the acquisition of a new fume cupboard for the thermal laboratory.*
- *We carried out a survey and analysis called Stress at Work and organised a panel discussion for the management staff called Injuries and Compensation Claims.*

Future guidelines for 2011

In the following period we intend to:

- *Free up the production halls and increase the storage facilities.*
- *Additionally improve the lighting at the work posts.*
- *Improve noise protection on the working equipment to reduce the noise of certain production processes.*
- *Reduce the work-place accidents by 10%.*
- *Reduce the number of sick leaves.*
- *Encourage the reporting of incidents.*
- *Continue to invest in training of the employees.*
- *Carry out a survey on the stress levels at work posts.*

Public Relations

We treat public relations in a planned and focused manner. In doing this, we can divide our public into four groups of stakeholders:

- *employees (future and current employees, pensioners);*
- *local community;*
- *financial and other specialist public;*
- *media.*

Together with the employees, we have been, for some time, carrying out activities for the improvement of the working environment. For this reason we set up a well-organised network of internal communications, as well as organising various events for the employees.

We are aware that we are an important organisation in our local community. For this reason we wish our operations to be as transparent as possible, carried out in synergy with the other stakeholders from the local environment. We organise guided tours around our company for interested groups and associations; if these guests wish to have additional information, the President of the Management Board meets them and conveys to them the required information. We also help local societies with sponsorship and donations.

We set up the relations with the financial and other specialist public in a professional manner. We wish to increase our cooperation with universities and enhance our exposure in the specialist media. Another important tool for communicating with our stakeholders is our website, where we regularly update the sections relating to our operations.

We also nurture our communications with the media, giving, to the interested reporters, rapid and clear information relating to the operations of the Impol Group. We maintain close ties with the local media, ensuring that more information is available to the local public. In future we wish to upgrade this communication.

Objectives for future activities:

- *to increase our exposure in the specialist media;*
- *to publish a manual for the employees;*
- *to include more figures on our website.*

Protection of the Environment

Important achievements

In 2010 we were successfully carrying out the new policy relating to environmental management adopted in 2009. The program of environmental management includes several measures and large investments. Several of these investments were successfully concluded in 2010, while the rest will have to be carried out in 2011.

The most important acquisitions in 2010 were as follows:

- *the successfully finalised investment in reducing waste lye;*
- *the completion of the first part of the investment in the treatment of the input and circular water flow and desalination;*
- *the completion of the solar power plant and the start of electricity distribution;*
- *successful noise remediation within production processes;*
- *the start of the new hot-water boiler allowed us to significantly reduce the NOx emissions from the combustion plant;*
- *in December 2010 we had all our devices containing PCB destroyed;*
- *the replacement of oil catchers allowed us to increase the efficiency of storm-water treatment.*

Efficient use of energy

Use of energy sources

	2005	2006	2007	2008	2009	2010
Use of natural gas (Sm^3/t produced)	110.12	111.03	103.7	117.83	113.4	103
Use of fuel oil (m^3)	349	175	184	368	338	336
Use of electricity (MWh/t produced)	0.995	1.023	0.998	0.993	1.097	1.118
Use of process water (m^3/t produced)	2.04	2.58	2.24	1.90	1.35	1.28

21 Table

In 2010 we managed to reduce the use of natural gas, fuel oil and process water. However, the challenge of future operations will be to reduce the use of electricity, which increased last year due to the increased production.

Waste management plan

Table 22: Waste management plan

Type of waste as defined in the Rules on Waste Management	Reference number	Plan 2009	Realisation 2009	Plan 2010	Realisation 2010
Non-chlorinated engine, gear and lubricant oils	130205	1.69	1.52	1.40	1.06
Sludge from the equipment separating oil and water	130502	0.066	0.034	0.05	0.08
Used machining emulsion that do not contain halogens	120109	4.60	4.39	4.10	3.87
Sludge and filter cakes not included in 110110	110109	1.94	2.15	2.00	1.99
Absorbents and filtering materials, cleaning cloths and protective clothing	150202	0.361	0.35	0.30	0.29
Laboratory chemicals that are compounds or contain dangerous substances including mixtures of laboratory chemicals	160506	0.0037	0.0035	0.0035	0.0038
Other types of lye	060205	19.00	25.97	16.00	19.95
Transformers and condensers containing PCB or PCT	160209	0.0025	0	0.144	0.12
Oil filters	160107	0.0056	0.0043	0.004	0.008
Fluorescent bulbs	200121	0.0017	0	0.002	0
Waste electrical and electronic equipment	160213	0.0221	0.0009	0.018	0.014
Other wastes containing dangerous substances	110198	0.08	0	0.05	0
Sludge from other waste-water treatment plants containing dangerous substances	190813	0	0.03	0.03	0.016

In line with the set plan of waste management, we managed, to a large extent, to reduce the amount of waste. Some discrepancies occurred in the case of small-quantity waste that is not produced evenly throughout the year.

The rationalisation of waste was also increased with a well-established system of waste separation. To this end, we regularly train our employees, familiarising them, each year and in detail, with the issues relating to waste separation, raising their environmental awareness in this way.

Atmospheric emissions

Table 23: Specific values of atmospheric emissions with respect to the quantities produced

	TOC	CO	NOX	SO_2	Dust	Metlas	F-as HF	Chlorides	NH_3	Dioxins (mg/t)
2004	0.3446	0.3073	0.3020	0.0127	0.0238	0.0002	0.0043	0.0114	0.0013	0.0001
2005	0.4074	0.3814	0.3346	0.0135	0.0241	0.0002	0.0044	0.0118	0.0013	0.0001
2006	0.4298	0.3639	0.3476	0.0143	0.0261	0.0002	0.0046	0.0124	0.0014	0.0001
2007	1.5658	0.3821	0.2880	0.0000	0.3520	0.0038	0.0746	0.0073	0.0000	0.0395
2008	0.86	0.82	0.39	0.01	0.0045	0.00047	0.00157	0.17655	0.00004	2.48557*10-5
2009	0.94	1.13	0.42	0.05	0.1051	0.00278	0.00431	0.00860	0.00006	4.18458*10-5
2010	0.49	0.14	0.29	0.03	0.03	8.43*10-5	0.0016	0.00711	4.2*10-5	3.803*10-5

In 2010 our production increased and, at the same time, the absolute values of atmospheric emissions were reduced, causing a significant decrease in the specific values of these emissions.

5 The amounts are in kilograms of waste per tonne of production.

CO_2 emissions

Impol is bound to trade with CO_2 emissions caused by the combustion of natural gas and fuel oil in the facilities.

Table 24: CO_2 emissions by year

Year	Gas cons. in Sm³	Fuel oil cons. in t	CO_2 emissions in t
2005	15,007,711	349.10	29,288
2006	15,084,695	175.83	28,829
2007	13,753,685	184.12	26,320
2008	13,074,976	301.93	25,462
2009	11,958,399	277.28	23,408
2010	13,223,117	202.76	25,556

In 2010 CO_2 emissions again exceeded 25,000 tonnes. This year a new homogenisation furnace began to operate in Impol LLT, and in November of the same year two gas furnaces also were started within the Alumobil project causing an additional increase in the gas consumption and in CO_2 emissions. As every increase in the production capacities also causes an increase in CO_2 emissions, we pay a lot of attention to the selection of energy-efficient appliances.

Fire safety

The main aim of the actions and measures taken as part of fire safety in the companies of the Impol Group is to protect the employees, the property and the surroundings from a fire or an explosion. The realisation of this aim is done mainly by planning and following preventive fire-safety measures, reducing, or preventing, harmful consequences of fires and explosions, safeguarding a safe withdrawal from a fire area, and by applying effective ways of extinguishing the fire. Fire safety is an activity practised in the Impol Group within the system of health and safety at work. In line with the legislation the following prescribed preventive actions of fire safety are continually carried out: training the employees, regular servicing of fire extinguishers, technical control of external and internal hydrants, organising fire guards in the case of fire-hazardous work, maintenance of appliances and systems for an active fire protection, and organising control and preventive inspections. Consistent consideration and realisation of such preventive fire-safety activities make it easier to manage the risks of fires or accidents.

One of the important safety measures is the regular training of the employees in fire safety. In 2010 more than a half of the employees from the group were included in such training. Its emphasis was mainly put on acquainting the employees with the basic prevention measures, a correct and effective conduct necessary in the case of a fire, and practical handling of different types of manual extinguishers. The employees are also involved in practical exercises, simulating possible incidents at work within the processes with a high risk of emergency, such as fire or other extraordinary impacts on the surroundings.

To provide for a safe working environment we will, in the future as well, have to consistently carry out the prescribed preventive fire-safety measures. Already the basic fire-safety measures can significantly reduce the fire risk, the likelihood of a large fire and the threats to the health and lives of the employees.

Environment protection in the future

With respect to environment protection, our objectives for 2011 are as follows:

- *to finalise the project of directing the industrial waste water to the municipal waste-water treatment plant that will significantly reduce the consumption of process water;*
- *to reduce the noise arising from the production expansion;*
- *to continue to provide regular training and informing of the employees with respect to the protection of the environment;*
- *to prepare a new environment-protection plan including new activities for the following period.*

We expect that, for the Impol Group, the year 2011 will be mainly characterised by a significant growth of aluminium production. We believe that due to the new capacities the scope of aluminium production will increase to 166 thousand tonnes of products for the market, which would be a 4.5% increase in comparison with 2010.

We expect our business environment to be subjected to abrupt changes, mainly due to:

- *rapid changes in the aluminium prices at the exchanges;*
- *rapid changes to the structure and size of our competitors;*
- *rapid changes of the supply sources;*
- *rapid and unpredictable changes relating to the customers, i.e., demand;*
- *rapid changes in exchange-currency rates;*
- *uncertainty of the financial support system, etc.*

Our objectives:

- *to make a profit of about 15 million euros;*
- *to increase the levels of self-sufficiency in input materials by extending and improving the foundry capacities;*
- *to obtain new sources supplying aluminium raw materials;*
- *to get ready for using cheaper forms of aluminium raw materials by building appropriate facilities and learning about new processing technologies;*
- *to allow for the fastest possible and full use of the new extrusion line by promoting market-based measures;*
- *to assess the relevance of the current pricing policy and adapt it in such a way that the selling prices will, to the largest possible extent, reflect the complexity of the manufacturing process with respect to individual products;*
- *to continue to strengthen our presence in the markets of Eastern Europe;*
- *to increase the minimum scope of aluminium production for the customers outside the internal system to a total of 167,650 tonnes per year;*
- *to ensure, irrespective of the point of sale within the group, that the customers have access to the entire range of Impol's products, all being sold under the Impol trademark.*
- *to allow for more demanding stages of manufacturing the strips (painting, making complex alloys, redesigning products, etc.).*

Measures required in the future:

- *We will continue to control the purchasing of inventory.*
- *We will purchase the input materials at the lowest possible processing level.*
- *We will minimize the use of pure aluminium ingots as the input material.*
- *We will increase the use of secondary raw materials as much as technology allows us, reducing, as a consequence, the costs of these materials.*
- *Each company of the group will again prepare a programme of measures, with which to rationalise the production processes.*
- *We will monitor the efficiency, conditions and the scope of the sales by individual sales points and by the individuals involved.*
- *We will continue to promote the products that can be made of secondary materials.*
- *We will examine the necessity and usefulness of changing the management system (the two-tier into the one-tier system).*

Actions taken anywhere in the group should aim at benefiting the whole of Impol. The success of the whole group is more important than the success of an individual company, showing off its good results that had perhaps been achieved at the expense of another company in the group or even of the whole group.

Guidelines:

- *With the expected extent of operations for 2011, Impol 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.*
- *We will continue to expand in all our existing markets. We will reduce market risks with suitable, 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 paying special attention to the domestic market and, considering its potentials, striving to fully meet its demand.*
- *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, and paid, selling premium exceeding the aluminium price at the LME, reduced by the cost premium.*
- *With our development and investment policies, we will continue to provide for a balanced growth of the company, while increasing its security by purchasing cost-effective input materials. For this reason, our priority will continue to be a reduction of the investments in the current assets.*
- *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. With respect to short-term financing, Impol will use the available bank sources, while, at the same time, ensuring a sufficient dispersion of sources, and reducing the extent of the necessary investments in the current assets. We maintain that the financial market still does not allow us to acquire assets for increasing the equity.*
- *To provide for an appropriate safety of financing, the policy of short-term financial investments will continue to be applied.*
- *With the aim to optimize the costs, we will continue to promote outsourcing to the largest possible extent, like in the cases of Alcad – information technology, Simfin – finances and accounting, Upimol 2000 – acquisitions, etc.*
- *Financing within the group will depend on external conditions, including the costs for acquiring the funds. Individual companies from the group can act independently in the financial markets, in line with a previously given approval from the superior company.*
- *Long-term investments, except for the small renovation investments already in progress, will be, in 2011, carried out within the available external financing sources.*
- *To reduce the risks arising from exchange-rate fluctuations, we will continue 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 allowing Impol to supply its customers with the goods that have the appropriate origin.*
- *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. In the framework of its mandate and assignment, the Risk Management Board will promptly check the adequacy of the insurance, adopt appropriate measures and delegate responsibilities.*
- *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 will mainly focus on examining the possibility of introducing the one-tier management system.*
- *Information systems will be upgraded in such a way that they will form a single, integrated system covering all the group companies. The improvements will enable us to register, in the shortest time possible, the changes to the organisational structure and there will be no situations when certain changes have to be disregarded, or realised in an incomplete way, due to the rigidity of the system.*
- *Impol's basic operating rules remain the same as before, the most important being as follows:*
    - *intra-group business relations are based on market prices, if these are available; however, if they cannot be determined, the business relations are based on cost calculations;*
    - *the operation of one part of the group should not cause any interruption to the operations of the other parts of the group – the costs of a process are covered by the programme that originally incurred the costs;*
    - *business processes are organised on the basis of Impol's Code of Operating Rules.*
- *The entire system of stimulating employees will continue to be built on the basis of the performance over one year.*

Operational Organisation

- *To carry out the majority of the services for its own needs, Impol will continue to organise outsourcing (Upimol will be responsible for acquisitions; Impol 2000, Impol FT, Impol PCP and Impol Seval for the sales and marketing; Impol Infrastruktura for managing the industrial zone; Impol 2000 and Simfin for accounting and finances; Impol 2000 and Kadring for human resources; etc.).*
- *To introduce the one-tier management system expected to be put in place around 2014, we will start with the preparations in 2011, also involving external specialists.*

Important Details Regarding Expected Results for 2011

We expect that, in 2011, the operating results for the entire Impol Group (consolidated), as well as the results for only Impol 2000, d.d., the holding company, will be as shown below (only certain indicators are included in the tables, the amounts are in thousands of euros unless stated differently):

Expected profit-and-loss account for 2011

	Consolidated	Impol 2000, d. d.
Net sales revenues	471,863	15,645
Sales of products (tangible)	409,215	
In the domestic market	31,304	
In the markets abroad	377,911	
Sales of services	2,383	5,019
In the domestic market	2,238	5,019
In the markets abroad	145	
Sales of goods and materials	60,266	10,626
In the domestic market	15,778	7,436
In the markets abroad	44,488	3,189
Stock revaluation		
Other capitalised own products and services and elimination of reserves	2	
Other operating revenues	998	100
GROSS OPERATING RETURN	472,863	
Costs of goods, materials and services	382,699	10,890
Labour costs	36,605	2,591
Write-offs	18,246	116
Amortisation/depreciation	17,747	116
Other operating expenses	261	53
TOTAL OPERATING COSTS AND EXPENSES	437,811	
OPERATING PROFIT	35,052	2,095
TOTAL FINANCIAL REVENUES	371	3,100
Financial revenues from shares		3,000
Financial revenues from lending	91	83
Financial revenues from operating receivables	280	17
TOTAL FINANCIAL EXPENSES	17,488	839
Financial expenses from impairment and write-offs of financial assets	62	62
Financial expenses for financial liabilities	15,961	777
Financial expenses for loans received from banks	11,062	777
Financial expenses for other financial liabilities	4,899	
Financial expenses for operating liabilities	1,465	0
Net profit or loss for regular operations before tax	17,935	4,355
Other revenues	86	
Other expenses	5	
Profit or loss before tax	18,015	4,355
Income tax	3,496	271
Deferred tax		
Net profit or loss for the period	14,519	4,084

25 Table

Expected balance sheet for 2011

	Consolidated	Impol 2000
ASSETS		
Fixed assets	147.740	68.297
Intangible fixed assets and long-term deferred costs	3.071	6
Tangible fixed assets	119.843	222
|Investment property	21.044	
Financial fixed assets	1.732	68.031
| Financial fixed assets without loans	1.496	68.031
Long-term loans	236	
Long-term operating receivables	122	
Deferred tax assets	1.929	39
SHORT-TERM ASSETS	173.977	6.589
Assets held for sale (disposal groups)		
Inventories	73.313	39
Short-term financial assets	8.026	1.964
Short-term operating receivables	82.841	2.806
Cash	9.797	1.779
Short-term deferred costs	4.923	43
TOTAL ASSETS	326.641	74.929
OFF-BALANCE-SHEET ASSETS	49.351	22.570
LIABILITIES		
Equity	69.533	42.166
Provisions and long-term accruals	1.437	
LONG-TERM LIABILITIES	92.914	29.857
Long-term financial liabilities	92.235	29.857
Long-term operating liabilities	176	
SHORT-TERM LIABILITIES	157.184	2.888
Short-term financial liabilities	114.758	2.041
Short-term operating liabilities	42.426	847
Short-term accruals	1.063	17
LIABILITIES	322.130	74.929
OFF-BALANCE-SHEET LIABILITIES	49.351	22.570
EBITDA	46.824	5.248
EBIT	29.077	5.133
WACC		
- average cost of borrowed capital	4,4 %	4,7 %
- average cost of total assets (a dividend = a cost)	3,5 %	2,9 %
ROC (Return on capital = Net profit or loss/ (capital + capital from the previous year)/2)	29,8 %	10,9 %
Net cash flow = Net profit + amortization/depreciation	35.762	4.471

26 Table

Development and Investments

In the following period we will mainly invest in the provision of a smooth supply with raw materials and in the programmes with a higher added value.

All the other investments, mainly the ones that Impol is financing with the funds taken from the means for the current operations, will be minimised this year, or can be realised only on the basis of obtaining new external long-term loans.

With respect to research and development, we will pay special attention to the projects allowing us to reduce the costs of production processes, energy consumption per unit of added value, negative impact on the environment, etc.

The list of important projects, in which we will begin to invest in 2011 provided we can be sure that they will have an appropriate level of profitability, is as follows:

- *modernisation and expansion of the foundry capacities;*
- *processing of slag and less-valuable secondary materials;*
- *painting strips;*
- *developing the systems of profiles for the construction industry.*

Human Resources

The group is expected to have 1705 employees.

All employment will be based on the requirements, depending on the extent of the production, i.e., the extent of the sales, and on the costs justified by the realised operations.

Uniform procedures for stimulating good business results will be provided for. The salaries will, as a rule, be increased only in the case of results being above the values expected in this plan, and in line with the collective agreements.

Special emphasis will be put on fostering the production training arising from the requirements of the production process within the company; self-training will also be stimulated, provided it leads to improved results.

Measures and incentives planned in the aluminium sector of Impol will be appropriately transferred, as examples of good practice, also to the other group companies, if it becomes clear that they can lead to improved business results.

Financing and dividend policy

In order to provide for the necessary repayments of the long-term and short-term loans acquired by all the group companies, and for a large equity share to be the source of financing investments in durable operating assets, the Impol Group will maximise the use of its profit. For this reason, it will concentrate the companies' profits to an appropriate extent and allocate the funds for the investments with maximum profits and minimum repayment terms.

In doing this, it will pay special attention to investing the funds in short-term assets (stocks, receivables, cash, etc.), reducing them as much as possible to avoid unmanageable difficulties relating to a shortage of funds or the willingness of external short-term creditors.

Within the group, a maximum of about 0.33 million euros per year can be allocated for the dividends and the participation of managerial staff and of employees. On the other hand, the group companies have to contribute to the controlling company up to 5 million euros of dividends.

Impol will direct a part of its investments in the purchasing of those shares or stocks, with which it can acquire at least 51% ownership, and in the companies allowing Impol to change its production programme in such a way that it will lead to generating a higher added value and a more secure supply with aluminium materials. A more detailed action strategy will be formed in line with the developments and measures taken in the wider environment.

The aim of our short-term investments will mainly be to finance an expanded scope of operations in the market that remains unpredictable, requiring Impol, acting as a supplier, to provide more favourable financing conditions. On the other hand, we do not expect the suppliers to Impol to offer favourable and longer payment terms.

Property ownership

In 2011 we do not expect any major changes in the ownership structure of the joint-stock assembly, neither does the company itself expect to establish a special reserve fund or change its ownership structure. The number of shareholders will remain at around 1000. If necessary, we will establish reserves for the purchase of our own shares. However, we will only purchase own shares for legally binding purposes of allocating the shares acquired under profit-sharing schemes, if so provided by the law.

If the Central Clearing Corporation begins to maintain the central register of intangible shares, the market with shares will become significantly more expensive and complicated, and in this case we will draw the shareholders' attention to this problem.

Risk Management

All the major potential risks relating to our important business areas are determined in advance. Later the Management Board takes individual measures for reducing the actual risks.

The most important insurances allowing us to reduce the risks, to the largest possible extent, will be carried out by the following departments:

- *insuring the LME price for aluminium (hedging) – carried out by the Risk Management Department;*
- *insuring exchange rates and credits – by the Simfin's finance service;*
- *other insurances – by the Simfin's finance service.*

In addition to Impol's Management Board, the Risk Management Board remains the central body responsible for controlling and managing the risks. By cooperating with Impol's Risk Management Department and external specialised institutions, the Risk Management Board will discuss all important future business events and determine, in advance, the related risks and measures for reducing these risks.

The main tasks of the Risk Management Board remain as follows:

- *examine possible ways and procedures for risk management;*
- *propose the measures and monitor their realisation, as well as continually assessing the results of the implemented measures;*
- *continue to use hedging, forward purchases and sales, exchange-rate and interest-rate swaps, long-term supply contracts, insurance of trade receivables, insurances against other risks, etc. All of these measures have to be taken in such a way that no new risks arise from the speculations associated with such management.*

The main rules regarding such insurances are determined in Impol's Code of Operating Rules, and in the rules and instructions put forward by the Management Board.

The Principles of Quality Assurance, Environment Protection and the Health and Safety at Work

Impol will provide for high standards of health and safety at work that can be demonstrated by maintaining and upgrading the OHSAS 18001 and ISO 14001 certificates in all the most important group companies. On the other hand, the holding company will provide for the uniformity of the systems, theintegrity of approaches and the control of their implementations.

To this end, we will continue to abide by the following principles:

- *In Impol quality is a well adopted value. Everybody involved in our business operations is aware of its importance.*
- *To Impol quality stands for an efficient, cheap, rapid and safe fulfilling of the demands of customers and other interested parties.*
- *We introduce improvements by setting appropriate objectives and applying the PDCA cycle of continual improvements.*
- *With respect to quality management, we use standard ISO 9001: 2000. Following this standard, we set up processes, set their objectives and define their owners.*
- *We understand that the quality standards refer to the requirements relating to the products. Thus, the quality standards and our processes have the same objectives and these are also in line with the aims of the whole company.*
- *With the help of well-balanced indicators, we can measure, follow and upgrade the objectives of our processes.*
- *In 1992 we were among the first to introduce the ISO 9001 standard that provided us with the basis on which we created our success.*
- *Abiding by standard ISO TS 16949 concerning the products for the car industry, we meet all the specific quality expectations of individual customers.*
- *We joined the quality system with the systems for environmental management, and health and safety at work, creating an integrated management system.*
- *These systems are integrated at the realisation level of the processes, while maintaining their own policies and objectives.*

Accounting Guidelines

The consolidated financial statements for the whole Impol Group are put together on the basis of the Slovenian Accounting Standards (henceforth referred to as the SRS 2006) taking into account the 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 financial year is the same as the calendar year, i.e., 1 January 2010 to 31 December 2010.

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

We consistently follow 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 consider the principles of clarity, adequacy, reliability and comparability. Consequently, these documents are accurate, meet legal requirements and prevent any fraud.

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

- *include only the profits realised by 31 December 2010,*
- *take into account all the predictable risks and losses taking place by the end of 2010.*

The items of assets and liabilities are valued individually.

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

Consolidation is carried out in such a way that the following items are eliminated:

- *financial investments of the controlling company in the capital, or the debts, of the subsidiaries, and the proportional shares of the capital or of the debts;*
- *other intra-group financial investments in the capital, or debts, and the proportional shares of the capital or of the debts;*
- *intra-group operating receivables and payables;*
- *intra-group unrealised net profits and net losses;*
- *intra-group revenues and expenses;*

while the following is accounted for:

- *differences arising from the elimination of financial investments;*
- *deferred taxes;*

and minority shares of the equity and of the net profit are separately accounted for.

Consolidation was based on the method of simultaneous consolidation of all the group companies.

1 All accounting disclosures are recorded in euros, or in thousands of euros if indicated so in the concerned sheets.

Financial Statements

Consolidated Balance Sheet[7]

Table 27

Consolidated balance sheet

		31 Dec 2010	31 Dec 2009
A.	**Fixed assets**	**142,289,837**	**140,590,284**
I.	Intangible fixed assets and long-term deferred costs	3,669,480	2,948,361
1.	Long-term property rights	1,278,246	480,823
2.	Goodwill	691,182	691,182
3.	Advances for intangible fixed assets	0	0
4.	Long-term deferred development expenses	5,859	519
5.	Long-term deferred development expenses	1,694,193	1,775,837
II.	Tangible fixed assets	109,791,163	112,725,153
1.	Land and buildings	14,986,088	18,210,614
a)	Land	4,177,883	4,383,585
b)	Buildings	10,808,205	13,827,029
2.	Manufacturing facilities and equipment	81,076,840	73,168,537
3.	Other facilities and equipment	3,384,162	3,408,648
4.	Fixed assets being acquired	10,344,073	17,937,354
a)	Tangible fixed assets being built or manufactured	9,771,966	13,841,632
b)	Advances for tangible fixed assets	572,107	4,095,722
5.	Livestock	0	0
6.	Vineyards, orchards and other plantations	0	0
III.	Investment property	24,983,559	21,135,437
IV.	Financial fixed assets	1,720,990	1,729,775
1.	Financial fixed assets without loans	1,513,926	1,500,615
a)	Intra-group stocks and shares	0	0
b)	Stocks and shares in associates	808,135	791,561
c)	Other stocks and shares	669,467	668,846
d)	Other financial fixed assets	36,324	40,208
2.	Long-term loans	207,064	229,160
a)	Long-term intra-group loans	0	0
b)	Long-term loans to others	207,064	229,160
c)	Long-term unpaid called-up capital	0	0
V.	Long-term operating receivables	122,499	122,499
1.	Long-term intra-group operating receivables	0	0
2.	Long-term trade receivables	122,499	122,499
3.	Other long-term operating receivables	0	0
VI.	Deferred tax assets	2,002,146	1,929,059
B.	**Short-term assets**	**169,516,505**	**149,371,957**
I.	Assets held for sale (disposal groups)	0	0
II.	Inventories	85,709,247	69,675,215
1.	Materials	64,190,122	53,520,148
2.	Work in progress	6,823,558	6,875,240
3.	Products and merchandise	14,140,883	9,197,902
4.	Advances for inventories	554,684	81,925
III.	Short-term financial assets	6,189,318	11,985,956
1.	Short-term financial assets without loans	1,060,891	2,584,341
a)	Intra-group stock and shares	0	0
b)	Other stocks and shares	0	0
c)	Other short-term financial assets	1,060,891	2,584,341
2.	Short-term loans	5,128,427	9,401,615
a)	Short-term intra-group loans	0	0
b)	Short-term loans to others	5,128,427	9,401,615
c)	Short-term unpaid called-up capital	0	0

7 Figures in the financial statements are in euros.

		31 Dec 2010	31 Dec 2009
IV.	Short-term operating receivables	73,325,190	60,733,889
1.	Short-term intra-group operating receivables	0	0
2.	Short-term trade receivables	60,326,889	46,681,898
3.	Other short-term operating receivables	12,998,301	14,051,991
V.	Cash	4,292,750	6,976,897
C.	**Short-term deferred costs**	**4,054,701**	**3,728,142**
	TOTAL ASSETS	315,861,043	293,690,383
D.	**Off-balance-sheet assets**	**5,620,106**	**18,542,646**
E.	**Equity**	**59,959,920**	**56,269,262**
	Equity of minority shareholders	6,951,121	6,760,349
I.	Called-up capital	4,451,540	4,451,540
1.	Share capital	4,451,540	4,451,540
2.	Uncalled capital (a deduction)	0	0
II.	Capital reserves	10,751,254	10,751,254
III.	Profit reserve	5,732,581	5,732,581
1.	Legal reserves	0	0
2.	Reserves for own shares and stakes	506,406	506,406
3.	Own shares and stakes (a deduction)	-506,406	-506,406
4.	Statutory reserves	0	0
5.	Other profit reserves	5,732,581	5,732,581
IV.	Revaluation profit	541,186	523,681
V.	Consolidation capital adjustment	-2,693,203	-1,494,843
VI.	Net profit or loss from previous periods	29,240,391	29,250,842
VII.	Net profit or loss for the period	4,985,050	293,858
F.	**Provisions and long-term accruals**	**1,518,040**	**1,636,807**
1.	Provisions for pensions and similar liabilities	665,183	663,592
2.	Other provisions	1,088	38,258
3.	Long-term accruals	851,769	934,957
G.	**Long-term liabilities**	**89,797,499**	**70,126,684**
I,	Long-term financial liabilities	89,070,513	69,386,518
1.	Long-term intra-group financial liabilities	0	0
2.	Long-term financial liabilities to banks	88,124,612	68,133,834
3.	Long-term financial liabilities on the basis of bonds	0	0
4.	Other long-term financial liabilities	945,901	1,252,684
II.	Long-term operating liabilities	231,945	177,358
1.	Long-term intra-group operating liabilities	0	0
2.	Long-term operating liabilities to suppliers	0	0
3.	Long-term bills payable	0	0
4.	Long-term operating liabilities from advances	0	0
5.	Other long-term operating liabilities	231,945	177,358
III.	Deferred tax liabilities	495,041	562,808
H.	**Short-term liabilities**	**162,550,778**	**165,291,432**
I.	Liabilities included in disposal groups	0	0
II.	Short-term financial liabilities	125,749,068	137,069,132
1.	Short-term intra-group financial liabilities	0	0
2.	Short-term financial liabilities to banks	124,634,943	134,939,882
3.	Short-term financial liabilities on the basis of bonds	0	0
4.	Other short-term financial liabilities	1,114,125	2,129,250
III.	Short-term operating liabilities	36,801,710	28,222,300
1.	Short-term intra-group operating liabilities	0	0
2.	Short-term operating liabilities to suppliers	28,626,394	22,805,568
3.	Short-term bills payable	0	0
4.	Short-term operating liabilities from advances	1,098,221	459,372
5.	Other short-term operating liabilities	7,077,095	4,957,360
I.	**Short-term accruals**	**2,034,806**	**366,198**
	TOTAL LIABILITIES	315,861,043	293,690,383
J.	**Off-balance-sheet liabilities**	**5,620,106**	**18,542,646**

Statement of the Minority Shareholders' Equity and its Trend

Statement of the minority shareholders' equity and its trend

		2010	2009
A)	Equity	6,951,121	**6,760,348**
I.	Called-up capital	3,059,734	3,403,713
1	Share capital	3,059,734	3,403,713
2	Uncalled capital (a deduction)	0	0
II.	Capital reserves	762,153	766,560
III.	Profit reserves	870,064	870,064
1	Legal reserves	67,487	67,487
2	Reserves for own shares and stakes	0	**0**
3	Own shares and stakes (a deduction)	0	0
4	Statutory reserves	6,019	6,019
5	Other profit reserves	796,558	796,558
IV.	Revaluation surplus + consolidated difference	2,730,881	3,088,251
V.	Net profit or loss from previous periods	(1,245,917)	(1,579,282)
VI.	Net profit or loss for the period	774,206	211,043

28 Table

Eliminations and Adjustments in the Consolidated Balance Sheet as of 31 Dec 2010

Adjustments in the consolidated balance sheet as of 31 Dec. 2010

Category	Adjustment	Elimination
Fixed assets	-6,236,955	-88,168,516
Goodwill	691,182	
Land	-975,356	
Buildings	-1,719,657	
Manufacturing facilities and equipment	-4,730,627	0
Intra-group stocks and shares		-85,582,916
Shares in associates	697,503	
Other stocks and shares	-200,000	
Long-term intra-group loans		-2,585,600
Short-term assets	21,414	-46,084,419
Work in progress	182,143	
Products and merchandise	-160,729	
Short-term intra-group loans		-8,804,691
Short-term intra-group operating receivables		-37,279,728
TOTAL ASSETS	-6,215,541	-134,252,935
Off-balance-sheet assets	-91,833,452	
Equity	14,431,199	-106,229,656
All types of equity of minority shareholders		6,951,121
Share capital		-31,463,204
Capital reserves		-36,465,811
Legal reserves		-3,174,523
Reserves for own shares	506,406	
Own shares and stakes (a deduction)	-506,406	
Statutory reserves		-16,050
Other profit reserves		-41,797,921
Revaluation profit	541,186	-44,524
Net profit or loss from previous periods	16,241,071	4,758,339
Net profit or loss for the period	342,145	-4,977,083
Consolidation capital adjustment	-2,693,203	
Long-term liabilities	0	-2,585,600
Long-term intra-group financial liabilities		-2,585,600
Short-term liabilities	0	-46,084,419
Short-term intra-group financial liabilities		-8,804,691
Short-term intra-group operating liabilities		-37,279,728
TOTAL LIABILITIES	14,431,199	-154,899,675
Off-balance-sheet liabilities	-91,833,452	

29 Table

Consolidated Profit-and-Loss Account

Consolidated profit-and-loss account

		Category	2010	2009
1.		Net sales revenues	421,140,272	303,783,930
	a)	Net domestic sales revenues	46,512,539	35,765,082
	b)	Net foreign sales revenues	374,627,733	268,018,848
2.		Change in inventories of finished goods and work in progress	5,308,835	927,881
3.		Capitalised own products and services	3,463	2,906
4.		Other operating revenues (including operating revenues from revaluation)	3,930,393	2,789,471
5.		Costs of goods, materials and services	362,912,057	248,049,031
	a)	Costs of goods and materials sold and costs of materials used	339,911,193	227,972,568
	b)	Costs of services	23,000,864	20,076,463
6.		Labour costs	36,364,065	30,733,852
	a)	Costs of salaries	25,566,532	20,778,452
	b)	Social security costs (pension-security costs shown separately)	6,350,582	5,406,781
	c)	Other labour costs	4,446,951	4,548,619
7.		Write-offs	14,665,291	12,521,195
	a)	Amortisation/depreciation	14,384,649	12,083,520
	b)	Operating expenses for the revaluation of intangible and tangible fixed assets	138,591	226,663
	c)	Operating expenses for the revaluation of current assets	142,051	211,012
8.		Other operating expenses	483,518	986,804
9.		Financial revenues from shares	79,606	402,495
	a)	Intra-group financial revenues from shares	0	0
	b)	Financial revenues from shares in associates	0	6,969
	c)	Financial revenues from shares in other companies	64,991	110,864
	d)	Financial revenues from other investments	14,615	284,662
10.		Financial revenues from lending	143,797	348,505
	a)	Intra-group financial revenues from lending	0	0
	b)	Financial revenues from lending to others	143,797	348,505
11.		Financial revenues from operating receivables	9,287,122	5,739,663
	a)	Intra-group financial revenues from operating receivables	0	0
	b)	Financial revenues from operating receivables due from others	9,287,122	5,739,663
12.		Financial expenses for impairment and write-offs of financial assets	107,692	136,154
13.		Financial expenses for financial liabilities	15,388,419	12,678,713
	a)	Intra-group financial expenses for loans	0	0
	b)	Financial expenses for loans received from banks	9,029,502	9,972,904
	c)	Financial expenses for issued bonds	0	0
	d)	Financial expenses for other financial liabilities	6,358,917	2,705,809
14.		Financial expenses for operating liabilities	3,684,938	7,990,278
	a)	Intra-group financial expenses for operating liabilities	0	0
	b)	Financial expenses for liabilities to suppliers and for bills payable	23,500	17,484
	c)	Financial expenses for other operating liabilities	3,661,438	7,972,794
15.		Other revenues	509,744	623,231
16.		Other expenses	14,791	40,119
17.		Income tax	834,083	531,989
18.		Deferred taxes	-75,790	286,825
19.		Net profit or loss for the period	6,024,168	663,122
		Net profit or loss of minority shareholders	811,368	215,268
		Net profit or loss of group companies	5,212,800	447,854

30 Table

The profit-and-loss account is based on version I.

Eliminations and Adjustments in the Consolidated Profit-and-Loss Account for 2010

Adjustments in the consolidated profit-and-loss account as of 31 Dec. 2010

Category	Adjustment	Elimination
Net sales revenues	21,414	-348,935,439
Intra-group net domestic sales revenues		-221,563,266
Intra-group net foreign sales revenues		-127,372,173
Change in inventories of finished goods and work in progress	56,234	
Other operating revenues (including intra-group operating revenues from revaluation)		-885,390
Intra-group costs of goods and materials sold and costs of materials used		-183,651,727
Intra-group costs of services		-165,313,652
Other intra-group operating expenses		-855,450
Financial revenues from intra-group shares		-4,777,903
Financial revenues from intra-group lending		-325,807
Financial revenues from intra-group operating receivables		-58,234
Financial expenses for intra-group loans		-327,327
Financial expenses for intra-group operating liabilities		-56,714
Net profit or loss for the period	854,941	-4,777,903

31 Table

Statement of Comprehensive Income

Statement of comprehensive income

	2010	2009
Net profit or loss for the period	6,024,168	663,122
Changes in the surplus from the revaluation of intangible and tangible fixed assets (+/-)		
Changes in the surplus from the revaluation of financial assets available for sale (+/-)	17,618	18,121
Gains and losses arising from translation of financial statements of companies abroad (+/-)	-1,734,687	-905,501
Actuarial gains and losses for defined benefit plans (employee benefits) (+/-)		
Other components of comprehensive income (+/-)		
Total comprehensive income for the period	4,307,099	-224,258
- total comprehensive income of minority shareholders	275,154	-62,688
- total intra-group comprehensive income	4,031,945	-161,570

32 Table

Consolidated Cash-Flow Statement

Consolidated cash-flow statement

		Category	2010	2009
A.		**Cash flows used in operating activities**		
	a)	Profit-and-loss categories	35,807,237	24,631,877
		Operating revenues (without revenues from revaluation) and financial revenues from operating receivables	434,425,834	312,288,811
		Operating expenses without depreciation (except for revaluation) and financial expenses for operating liabilities	-397,860,304	-286,838,120
		Tax on profit and other taxes not included in operating expenses	-758,293	-818,814
	b)	Changes in net current assets (and accruals, provisions, deferred receivables and tax payables) of the balance-sheet categories	-18,783,404	20,634,296
		Opening less closing operating receivables	-12,736,351	167,359
		Opening less closing deferrals	-326,559	262,434
		Opening less closing deferred tax liabilities	-73,087	252,146
		Opening less closing assets held for sale (disposal groups)	0	0
		Opening less closing inventories	-16,042,963	15,889,389
		Closing less opening operating debts	8,552,239	4,341,173
		Closing less opening accruals and provisions	1,911,084	-279,002
		Closing less opening deferred tax liabilities	-67,767	797
	c)	Net cash from operating activities or net cash outflows from operating activities (a-b)	17,023,833	45,266,173
B.		**Cash flows used in investing activities**		
	a)	Revenues from investing	43,227,739	10,249,954
		Revenues from gained interest and shares of the profit of others relating to investing	239,394	758,372
		Revenues from the disposal of intangible fixed assets	138,534	87,611
		Revenues from the disposal of tangible assets	10,653,956	2,822,837
		Revenues from the disposal of investment property	0	205,500
		Revenues from the disposal of long-term financial assets	16,216	15,587
		Revenues from the disposal of short-term financial assets	32,179,639	6,360,047
	b)	Expenses for investing	-53,532,040	-25,245,348
		Expenses for acquiring intangible assets	-1,363,612	-291,925
		Expenses for acquiring tangible fixed assets	-25,795,624	-13,240,995
		Expenses for acquiring investment property	0	-7,301
		Expenses for acquiring long-term financial assets	-28,034	-46,699
		Expenses for acquiring short-term financial assets	-26,344,770	-11,658,428
	c)	Net cash from investing activities or net cash outflows from investing activities (a-b)	-10,304,301	-14,995,394
C.		**Cash flows used in financing activities**		
	a)	Revenues from financing activities	246,434,437	365,812,068
		Revenues from paid-up capital	0	0
		Revenues from an increase in long-term financial liabilities	56,104,030	33,354,893
		Revenues from an increase in short-term financial liabilities	190,330,407	332,457,175
	b)	Expenses for financing activities	-255,838,116	-397,231,669
		Expenses for paid interest relating to financing activities	-15,409,929	-13,335,434
		Expenses for reimbursement of capital	-1,967,814	-1,063,525
		Expenses for payments relating to long-term financial liabilities	-1,316,884	-5,874,478
		Expenses for payments relating to short-term financial liabilities	-236,757,694	-376,529,988
		Expenses for paying dividends and other profit shares	-385,795	-428,244
	c)	Net cash from financing activities or net cash outflows from financing activities (a-b)	-9,403,679	-31,419,601
D.		**Cash at the end of the period**	**4,292,750**	**6,976,897**
	x)	Net cash flow for the period	-2,684,147	-1,148,822
	y)	Cash at the beginning of the period	6,976,897	8,125,719

33 Table

Cash-flow statement is based on version II.

Consolidated Performance Indicators

Consolidated performance indicators

		2010	2009	2010/2009
1.	**BASIC FINANCING INDICATORS**			
a)	Equity financing rate			
	equity/liabilities	0.1898	0.1916	0.9908
b)	Debt financing rate			
	debts/liabilities	0.7989	0.8016	0.9967
c)	Rate of accrued and deferred items			
	provisions + short-term accruals + long-term accruals/liabilities	0.0112	0.0068	1.6493
2.	**BASIC INVESTMENT INDICATORS**			
a)	Operating fixed assets rate			
	fixed assets at book value/assets	0.3538	0.3878	0.9124
b)	Long-term financing rate			
	fixed assets + long-term deferred costs at book value + investment property + long-term financial assets + long-term operating receivables/assets	0.4441	0.4721	0.9407
3.	**BASIC HORIZONTAL FINANCIAL STRUCTURE RATIOS**			
a)	Ratio of equity to fixed assets			
	equity/fixed assets at book value	0.5365	0.4940	1.0859
b)	Immediate solvency ratio			
	liquid assets/short-term liabilities	0.5918	0.5363	1.1035
c)	Quick ratio			
	liquid assets + short-term receivables/short-term payables	0.5156	0.4822	1.0693
d)	Current ratio			
	short-term assets/short-term liabilities	1.0429	0.9037	1.1540
4.	**BASIC EFFICIENCY INDICATORS**			
a)	Operating efficiency rate			
	operating revenues/operating expenses	1.0385	1.0520	0.9871
5.	**BASIC PROFITABILITY INDICATORS**			
a)	Net return on equity ratio			
	net profit for the period/average equity (without the net profit for the period)	0.1117	0.0119	9.3659

34 Table

Statement of Changes in Equity:

Year 2010

Table 35

	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		II	III	IV					V	IV	VII		VIII		IX
	Share capital	Uncalled capital (a deduction)			Legal reserves	Reserves for own shares and stakes	Own shares and stakes (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/1	I/2	II	III	IV/1	IV/2	IV/3	IV/4	IV/5	V	IV	VII/1	VII/2	VIII/1	VIII/2	IX
Balance for the previous period as of 31 Dec 2009	**4,451,540**		**6,760,349**	**10,751,254**		**506,406**	**-506,406**		**5,732,581**	**523,681**	**-1,494,843**	**29,250,842**		**293,858**		**56,269,262**
Retroactive adjustments			37									330		2,481		2,848
Opening balance of the reporting period as of 1 Jan 2010	4,451,540		6,760,386	10,751,254		506,406	-506,406		5,732,581	523,681	-1,494,843	29,251,172		296,339		56,272,110
Changes to equity – transactions with the owners			-78,675									-307,120				-385,795
Dividend payments			-77,550									-305,245				-382,795
Payments of bonuses to the management and supervisory bodies			-1,125									-1,875				-3,000
Total comprehensive income for the reporting period			275,154							17,505	-1,198,360			5,212,800		4,307,099
Equity increase due to the net profit for the period			**811,368**											**5,212,800**		**6,024,168**
Changes in the surplus from the revaluation of investments			113							17,505						17,618
Other components of comprehensive income for the reporting period			-536,327								-1,198,360					-1,734,687
Changes in equity			-5,744									296,339		-524,089		-233,494
Distribution of the rest of the net profit for the comparative reporting period to other capital components												296,339		-296,339		0
Other changes in equity			**-5,744**											**-227,750**		**-233,494**
Closing balance of the reporting period as of 31 dec 2010			6,951,121	10,751,254		506,406	-506,406		5,732,581	541,186	-2,693,203	29,240,391		4,985,050		59,959,920

Year 2009

Table 36

	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		II	III	IV					V	IV	VII		VIII		IX
	Share capital	Uncalled capital (a deduction)			Legal reserves	Reserves for own shares and stakes	Own shares and stakes (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/1	I/2	II	III	IV/1	IV/2	IV/3	IV/4	IV/5	V	IV	VII/1	VII/2	VIII/1	VIII/2	IX
A.1 Balance for the previous period as of 31 Dec 2008	**4,451,540**		**6,949,976**	**10,751,254**		**506,406**	**-506,406**		**5,732,581**	**505,498**	**-867,236**	**21,951,093**		**7,605,082**		**57,079,788**
A.2 Opening balance for the reporting period as of 1 Jan 2009	**4,451,540**		**6,949,976**	**10,751,254**		**506,406**	**-506,406**		**5,732,581**	**505,498**	**-867,236**	**21,951,093**		**7,605,082**		**57,079,788**
B.1 Changes to equity - transactions with the owners			**-123,000**									**-305,333**				**-428,244**
Dividend payments			-123,000									-305,244				-428,244
Other changes to equity																0
B.2 Total comprehensive income for the reporting period			**-62,688**							**18,183**	**-627,607**			**447,854**		**-224,258**
Equity increase due to the net profit for the period			215,268											447,854		663,122
Changes in the surplus from the revaluation of investments			-62							18,183						18,121
Other elements of the overall profit for the period			-277,894								-627,607					-905,501
B.3 Changes in equity			**-3,939**									**7,604,993**		**-7,759,078**		**-158,024**
Distribution of the rest of the net profit for the comparative reporting period to other capital components												7,605,082		-7,605,082		0
Other changes in equity			-3,939									-89		-153,996		-158,024
E. Closing balance of the reporting period as of 31 Dec 2009	**4,451,540**		**6,760,349**	**10,751,254**		**506,406**	**-506,406**		**5,732,581**	**523,681**	**-1,494,843**	**29,250,842**		**293,858**		**56,269,262**

The disclosures in the above table also relate to the disclosures in the subsections Eliminations and Adjustments in the Consolidated Balance Sheet as of 31 Dec 2010 on page 57 and Consolidated Profit-and-Loss Account on page 58.

Review of Business Operations of the Impol Group Companies

The consolidated balance sheet was established 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 3: Companies operating within the Impol Group on page 9).

Balance Sheet of group companies

Balance sheet of group companies as of 31 Dec 2010

Table 37

Category	Impol 2000, d. d.	Impol, d. o. o.	Impol LLT, d. o. o.	Impol FT, d. o. o.	Impol PCP, d. o. o.	Impol Infras- truktura, d. o. o.	Impol R in R, d. o. o.	Impol Seval, a. d.	Impol- Montal, d. o. o.	Impol Servis, d. o. o.	Impol Stanovanja, d. o. o.	Kadring, d. o. o.	Stampal SB, d. o. o.	Štatenberg, d. o. o.	Unidel, d. o. o.	IAC	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Seval PKC, d. o. o.
Fixed assets	**68,251,424**	**122,922,803**	**272,673**	**3,310,478**	**705,824**	**61,622**	**341,690**	**30,926,192**	**3,591,468**	**151,506**	**1,931,353**	**192,682**	**754,631**	**588,194**	**110,999**	**22,940**	**2,558,829**	**0**	**0**
Intangible assets and long-term deferred costs	5,859	2,706,967	2,429	14,904	0	0	28,042	214,551	0	0	0	0	1,195	0	645	0	3,706	0	0
Long-term property rights	0	1,012,774	2,429	14,904	0	0	28,042	214,551	0	0	0	0	1,195	0	645	0	3,706	0	0
Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advances for intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-term deferred development expenses	5,859	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other long-term deferred costs	0	1,694,193	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tangible fixed assets	185,403	76,812,367	259,453	2,138,496	535,772	58,440	311,442	27,906,318	3,091,468	133,901	1,770,364	118,572	707,745	506,728	110,354	14,857	2,555,123	0	0
Land and buildings	0	6,212,530	0	0	0	0	0	6,462,483	0	104,710	1,731,613	79,963	0	506,728	65,306	0	2,517,768	0	0
Land	0	3,436,070	0	0	0	0	0	658,854	0	16,238	0	0	0	111,488	18,793	0	911,796	0	0
Buildings	0	2,776,460	0	0	0	0	0	5,803,629	0	88,472	1,731,613	79,963	0	395,240	46,513	0	1,605,972	0	0
Manufacturing facilities and equipment	133,286	63,094,548	204,352	642,939	252,604	0	258,142	17,387,890	3,087,837	13,750	38,666	0	681,562	0	11,891	0	0	0	0
Other facilities and equipment	52,117	1,245,307	55,101	1,495,557	283,168	58,440	27,453	0	3,631	15,441	85	38,609	26,183	0	33,157	14,857	35,056	0	0
Fixed assets being acquired	0	6,259,982	0	0	0	0	25,847	4,055,945	0	0	0	0	0	0	0	0	2,299	0	0
Tangible fixed assets being built or manufactured	0	5,854,052	0	0	0	0	9,647	3,905,968	0	0	0	0	0	0	0	0	2,299	0	0
Advances for tangible fixed assets	0	405,930	0	0	0	0	16,200	149,977	0	0	0	0	0	0	0	0	0	0	0
Livestock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vineyards, orchards and other plantations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment property	0	24,871,158	0	0	0	0	0	0	0	0	0	30,935	0	81,466	0	0	0	0	0
Financial fixed assets	68,030,682	17,826,146	0	0	0	0	0	2,805,323	500,000	17,605	160,989	43,175	0	0	0	8,083	0	0	0
Financial fixed assets without loans	68,030,682	17,589,900	0	0	0	0	0	313,112	500,000	17,605	96,782	43,175	0	0	0	8,083	0	0	0
Intra-group stocks and shares	67,833,900	16,963,691	0	0	0	0	0	261,313	500,000	17,605	0	6,407	0	0	0	0	0	0	0
Stocks and shares in associates	0	77,830	0	0	0	0	0	2,802	0	0	0	30,000	0	0	0	0	0	0	0
Other stocks and shares	196,782	548,379	0	0	0	0	0	12,673	0	0	96,782	6,768	0	0	0	8,083	0	0	0
Other financial fixed assets	0	0	0	0	0	0	0	36,324	0	0	0	0	0	0	0	0	0	0	0
Long-term loans	0	236,246	0	0	0	0	0	2,492,211	0	0	64,207	0	0	0	0	0	0	0	0
Intra-group long-term loans	0	93,389	0	0	0	0	0	2,492,211	0	0	0	0	0	0	0	0	0	0	0
Long-term loans to others	0	142,857	0	0	0	0	0	0	0	0	64,207	0	0	0	0	0	0	0	0
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
Long-term operating receivables	0	122,499	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intra-group long-term operating receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-term trade receivables	0	122,499	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other long-term operating receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	29,480	583,666	10,791	1,157,078	170,052	3,182	2,206	0	0	0	0	0	45,691	0	0	0	0	0	0
Short-term assets	**6,071,276**	**145,718,877**	**5,250,201**	**9,954,623**	**6,595,024**	**295,197**	**130,467**	**29,364,904**	**595,905**	**898,816**	**1,826,882**	**662,259**	**2,502,572**	**45,506**	**1,277,900**	**3,604,261**	**583,578**	**92,969**	**108,293**
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
Inventories	22,547	52,735,742	4,311,841	8,451,797	3,813,041	921	0	14,341,806	0	268,909	0	0	344,836	0	235,883	863,874	295,589	1,047	0
Materials	0	52,603,250	2,077,652	4,484,158	2,171,314	0	0	2,536,718	0	0	0	0	33,689	0	23,276	0	260,065	0	0
Work in progress	0	0	2,233,213	1,933,384	457,361	0	0	1,713,978	0	0	0	0	303,479	0	0	0	0	0	0
Products and merchandise	22,547	0	0	2,034,255	1,184,355	0	0	9,683,211	0	268,909	0	0	0	0	212,607	863,874	31,854	0	0
Advances for inventories	0	132,492	976	0	11	921	0	407,899	0	0	0	0	7,668	0	0	0	3,670	1,047	0
Short-term financial assets	3,532,116	6,121,638	100,011	280,608	1,450,000	101,263	70,000	427,454	561,353	0	1,366,385	260,674	500,000	0	169,772	782	14,514	3,439	34,000
Short-term financial assets without loans	784,615	12,092	0	0	0	0	0	0	0	0	0	260,674	0	0	0	0	3,510	0	0
Intra-group stocks and shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other stocks and shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other short-term financial assets	784,615	12,092	0	0	0	0	0	0	0	0	0	260,674	0	0	0	0	3,510	0	0
Short-term loans	2,747,501	6,109,546	100,011	280,608	1,450,000	101,263	70,000	427,454	561,353	0	1,366,385	0	500,000	0	169,772	782	11,004	3,439	34,000
Intra-group short-term loans	1,501,913	5,781,927	0	0	800,000	101,263	0	358,416	0	0	261,172	0	0	0	0	0	0	0	0
Short-term loans to others	1,245,588	327,619	100,011	280,608	650,000	0	70,000	69,038	561,353	0	1,105,213	0	500,000	0	169,772	782	11,004	3,439	34,000
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
Short-term operating receivables	2,463,642	86,616,726	831,704	1,208,372	1,316,727	178,992	52,842	12,359,778	6,566	545,202	93,700	401,332	1,414,801	31,612	554,727	2,182,022	200,528	87,582	58,063
Intra-group short-term operating receivables	471,238	25,723,975	472,633	450,120	875,965	140,777	5,129	8,373,308	0	144,860	1,143	223,839	75,201	0	79,425	0	118,139	86,281	37,695
Short-term trade receivables	1,923,876	51,614,953	75,541	19,911	11,150	2,822	8,807	2,154,198	5,214	374,115	43,763	166,219	1,213,931	29,864	432,905	2,168,698	62,113	52	18,757
Other short-term operating receivables	68,528	9,277,798	283,530	738,341	429,612	35,393	38,906	1,832,272	1,352	26,227	48,794	11,274	125,669	1,748	42,397	13,324	20,276	1,249	1,611

Category	Impol 2000, d. d.	Impol, d. o. o.	Impol LLT, d. o. o.	Impol FT, d. o. o.	Impol PCP, d. o. o.	Impol Infras-truktura, d. o. o.	Impol R in R, d. o. o.
Cash	52,971	244,771	6,645	13,846	15,256	14,021	7,625
Short-term deferred costs	56,704	313,822	2,327	4,769	9,206	1,821	13,848
TOTAL ASSETS	74,379,404	268,955,502	5,525,201	13,269,870	7,310,054	358,640	486,005
Off-balance-sheet assets	24,240,710	24,610,421	6,906,250	6,906,250	20,850,655	6,906,250	6,906,250
Equity	38,577,600	85,907,640	589,469	890,589	2,105,680	152,740	204,718
Equity of minority shareholders	0	2,114,445	0	0	0	0	0
Called-up capital	4,451,540	16,954,599	310,000	840,000	1,170,000	80,000	90,000
Share capital	4,451,540	16,954,599	310,000	840,000	1,170,000	80,000	90,000
Uncalled capital (a deduction)	0	0	0	0	0	0	0
Capital reserves	10,751,254	29,467,739	0	5,000,000	0	0	0
Profit reserves	5,732,581	35,045,344	31,187	732	117,964	8,016	9,030
Legal reserves	0	2,723,350	31,000	70	117,000	8,000	9,000
Reserves for own shares and stakes	0	0	0	0	0	0	0
Own shares and stakes	0	0	0	0	0	0	0
Statutory reserves	0	0	0	0	0	0	0
Other profit reserves	5,732,581	32,321,994	187	662	964	16	30
Revaluation profit	0	44,027	0	0	0	0	0
Net profit or loss from previous periods	12,999,320	2,397,016	27,079	-3,714,214	24,500	10,532	10,526
Net profit or loss for the period	4,642,905	1,998,915	221,203	-1,235,929	793,216	54,192	95,162
Consolidation capital adjustment							
Provisions and accruals	0	69,552	86,799	0	360,871	31,818	22,062
Provisions for pensions and similar liabilities	0	0	86,799	0	360,871	31,818	22,062
Other provisions	0	0	0	0	0	0	0
Long-term accruals	0	69,552	0	0	0	0	0
Intra-group accruals	0	0	0	0	0	0	0
Long-term liabilities	29,206,483	43,427,408	0	0	15,428	0	0
Long-term financial liabilities	29,206,483	43,427,408	0	0	15,428	0	0
Intra-group long-term financial liabilities	0	0	0	0	0	0	0
Long-term financial liabilities to banks	29,206,483	42,573,322	0	0	0	0	0
Long-term financial liabilities on the basis of bonds	0	0	0	0	0	0	0
Other long-term financial liabilities	0	854,086	0	0	15,428	0	0
Long-term operating liabilities	0	0	0	0	0	0	0
Intra-group long-term operating liabilities	0	0	0	0	0	0	0
Long-term operating liabilities to suppliers	0	0	0	0	0	0	0
Long-term bills payable	0	0	0	0	0	0	0
Long-term operating liabilities from advances	0	0	0	0	0	0	0
Other long-term operating liabilities	0	0	0	0	0	0	0
Deferred tax liabilities	0	0	0	0	0	0	0
Short-term liabilities	6,555,308	139,222,902	4,847,957	12,379,227	4,827,874	173,161	243,025
Liabilities included in disposal groups	0	0	0	0	0	0	0
Short-term financial liabilities	5,651,000	104,449,096	800,000	5,926,686	824,439	0	0
Intra-group short-term financial liabilities	0	2,664,348	0	5,012,665	0	0	0
Short-term financial liabilities to banks	5,651,000	100,715,931	800,000	900,000	800,000	0	0
Short-term financial liabilities on the basis of bonds	0	0	0	0	0	0	0
Other short-term financial liabilities	0	1,068,817	0	14,021	24,439	0	0
Short-term operating liabilities	904,308	34,773,806	4,047,957	6,452,541	4,003,435	173,161	243,025
Intra-group short-term operating liabilities	8,842	10,169,528	3,386,888	4,710,763	2,181,408	19,440	92,539
Short-term operating liabilities to suppliers	55,082	21,165,313	440,438	1,044,379	1,094,469	50,069	98,091
Short-term bills payable	0	0	0	0	0	0	0
Short-term operating liabilities from advances	130,573	531,666	0	0	0	0	0
Other short-term operating liabilities	709,811	2,907,299	220,631	697,399	727,558	103,652	52,395
Short-term accruals	40,013	328,000	976	54	201	921	16,200
TOTAL LIABILITIES	74,379,404	268,955,502	5,525,201	13,269,870	7,310,054	358,640	486,005
Off-balance-sheet liabilities	24,240,710	24,610,421	6,906,250	6,906,250	20,850,655	6,906,250	6,906,250

Category	Impol Seval, a. d.	Impol-Montal, d. o. o.	Impol Servis, d. o. o.	Impol Stanovanja, d. o. o.	Kadring, d. o. o.	Stampal SB, d. o. o.	Štatenberg, d. o. o.	Unidel, d. o. o.	IAC	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Seval PKC, d. o. o.
Cash	2,235,866	27,986	84,705	366,797	253	242,935	13,894	317,518	557,583	72,947	901	16,230
Short-term deferred costs	3,642,001	32	722	106	572	0	0	4,640	0	3,162	969	0
TOTAL ASSETS	63,933,097	4,187,405	1,051,044	3,758,341	855,513	3,257,203	633,700	1,393,539	3,627,201	3,145,569	93,938	108,293
Off-balance-sheet assets	0	0	0	0	0	0	0	126,772	0	0	0	0
Equity	15,253,979	494,621	652,917	3,474,651	489,929	1,650,229	419,045	187,719	767,591	-205,092	70,723	73,629
Equity of minority shareholders	4,576,194	0	0	0	183,723	0	0	0	76,759	0	0	0
Called-up capital	8,767,907	349,114	14,659	1,613,690	12,198	834,585	53,521	36,779	74,839	156,831	58,147	46,335
Share capital	8,767,907	349,114	14,659	1,613,690	12,198	834,585	53,521	36,779	74,839	156,831	58,147	46,335
Uncalled capital (a deduction)	0	0	0	0	0	0	0	0	0	0	0	0
Capital reserves	112,170	57,684	8,858	1,446,971	8,565	702	363,122	0	0	0	0	0
Profit reserves	9,098,695	34,911	175,767	359,724	19,981	83,465	0	3,678	0	0	0	0
Legal reserves	0	34,911	1,466	161,369	1,220	83,459	0	3,678	0	0	0	0
Reserves for own shares and stakes	0	0	0	0	0	0	0	0	0	0	0	0
Own shares and stakes	0	0	0	0	0	0	0	0	0	0	0	0
Statutory reserves	0	0	0	0	16,050	0	0	0	0	0	0	0
Other profit reserves	9,098,695	0	174,301	198,355	2,711	6	0	0	0	0	0	0
Revaluation profit	0	0	0	0	497	0	0	0	0	0	0	0
Net profit or loss from previous periods	-5,005,950	43,841	418,800	17,700	355,866	11,813	0	83,915	634,224	-112,618	12,062	26,569
Net profit or loss for the period	2,281,157	9,071	34,833	36,566	92,822	719,664	2,402	63,347	58,528	-249,305	514	725
Consolidation capital adjustment												
Provisions and accruals	101,913	0	0	0	1,088	21,340	0	822,597	0	0	0	0
Provisions for pensions and similar liabilities	101,913	0	0	0	0	21,340	0	40,380	0	0	0	0
Other provisions	0	0	0	0	1,088	0	0	0	0	0	0	0
Long-term accruals	0	0	0	0	0	0	0	782,217	0	0	0	0
Intra-group accruals	0	0	0	0	0	0	0	0	0	0	0	0
Long-term liabilities	13,826,250	2,800,534	27,859	231,945	0	350,738	0	0	0	2,496,454	0	0
Long-term financial liabilities	13,335,452	2,800,534	27,859	0	0	350,738	0	0	0	2,492,211	0	0
Intra-group long-term financial liabilities	93,389	0	0	0	0	0	0	0	0	2,492,211	0	0
Long-term financial liabilities to banks	13,200,155	2,800,534	0	0	0	344,118	0	0	0	0	0	0
Long-term financial liabilities on the basis of bonds	0	0	0	0	0	0	0	0	0	0	0	0
Other long-term financial liabilities	41,908	0	27,859	0	0	6,620	0	0	0	0	0	0
Long-term operating liabilities	0	0	0	231,945	0	0	0	0	0	0	0	0
Intra-group long-term operating liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Long-term operating liabilities to suppliers	0	0	0	0	0	0	0	0	0	0	0	0
Long-term bills payable	0	0	0	0	0	0	0	0	0	0	0	0
Long-term operating liabilities from advances	0	0	0	0	0	0	0	0	0	0	0	0
Other long-term operating liabilities	0	0	0	231,945	0	0	0	0	0	0	0	0
Deferred tax liabilities	490,798	0	0	0	0	0	0	0	0	4,243	0	0
Short-term liabilities	33,109,871	892,250	369,934	51,641	364,496	1,234,639	214,655	380,124	2,859,610	850,644	23,215	34,664
Liabilities included in disposal groups	0	0	0	0	0	0	0	0	0	0	0	0
Short-term financial liabilities	16,019,441	274,466	2,776	0	0	109,954	137,485	0	0	358,416	0	0
Intra-group short-term financial liabilities	556,777	75,000	0	0	0	0	137,485	0	0	358,416	0	0
Short-term financial liabilities to banks	15,462,664	199,466	0	0	0	105,882	0	0	0	0	0	0
Short-term financial liabilities on the basis of bonds	0	0	0	0	0	0	0	0	0	0	0	0
Other short-term financial liabilities	0	0	2,776	0	0	4,072	0	0	0	0	0	0
Short-term operating liabilities	17,090,430	617,784	367,158	51,641	364,496	1,124,685	77,170	380,124	2,859,610	492,228	23,215	34,664
Intra-group short-term operating liabilities	12,623,148	832	230,069	1,328	1,569	739,476	75,364	25,482	2,741,375	267,360	2,057	2,260
Short-term operating liabilities to suppliers	3,299,580	614,422	95,581	11,494	29,706	173,642	1,389	247,369	32,011	153,224	1,655	18,480
Short-term bills payable	0	0	0	0	0	0	0	0	0	0	0	0
Short-term operating liabilities from advances	355,087	0	6,027	186	0	0	0	3,719	70,393	542	28	0
Other short-term operating liabilities	812,615	2,530	35,481	38,633	333,221	211,567	417	103,554	15,831	71,102	19,475	13,924
Short-term accruals	1,641,084	0	334	104	0	257	0	3,099	0	3,563	0	0
TOTAL LIABILITIES	63,933,097	4,187,405	1,051,044	3,758,341	855,513	3,257,203	633,700	1,393,539	3,627,201	3,145,569	93,938	108,293
Off-balance-sheet liabilities	0	0	0	0	0	0	0	126,772	0	0	0	0

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

- *Serbian dinar 107.47*
- *USD 1.3362*

Profit-and-Loss Account of the group companies

Profit-and-loss account of the group companies

Category	Impol 2000, d. d.	Impol, d. o. o.	Impol LLT, d. o. o.	Impol FT, d. o. o.	Impol PCP, d. o. o.	Impol Infras-truktura, d. o. o.	Impol R in R, d. o. o.
Net sales revenues	15.418.025	495.090.526	23.545.219	51.559.269	50.182.482	1.375.564	1.184.874
Domestic sales	12.796.907	103.979.259	23.545.219	51.543.269	50.182.482	1.375.564	1.165.950
- intra-group domestic sales	4.964.028	82.356.951	22.734.175	51.499.615	50.158.572	1.366.742	1.120.085
Foreign sales	2.621.118	391.111.267	0	16.000	0	0	18.924
- intra-group foreign sales	0	67.703.790	0	16.000	0	0	684
Change in inventories of finished goods and work in progress	0	0	914.344	-145.300	-571.431	0	0
Capitalised own products and services	0	0	0	0	0	0	0
Other operating revenues (including operating revenues from revaluation)	49.534	3.778.002	15.358	16.891	99.258	4.794	23.724
- intra-group operating revenues	0	882.017	0	0	1.903	0	0
Costs of goods, materials and services	10.482.906	481.175.047	21.279.773	44.192.311	39.727.023	471.467	405.388
Costs of goods and materials sold and costs of materials used	9.897.650	353.150.710	17.002.016	23.322.753	16.775.771	28.249	78.708
- intra-group costs of goods and materials sold and costs of materials used	9.835.557	52.191.250	17.262.315	20.979.789	13.752.694	15.187	44.024
Costs of services	585.256	128.024.337	4.277.757	20.869.558	22.951.252	443.218	326.680
- intra-group costs of services	116.605	116.953.117	3.188.909	18.921.769	21.014.859	118.015	219.071
Labour costs	1.692.921	1.808.317	2.703.931	7.941.185	8.672.388	828.445	687.456
Costs of salaries	1.345.533	1.417.820	1.941.707	5.813.829	6.349.385	601.115	448.082
Social-security costs	228.874	236.515	423.631	996.070	1.024.904	126.225	78.783
Other labour costs	118.514	153.982	338.593	1.131.286	1.298.099	101.105	160.591
Write-offs	134.495	11.891.631	37.558	617.696	180.288	12.753	31.501
Amortisation/depreciation	116.727	11.875.973	37.558	617.367	179.742	12.495	31.501
- intra-group amortisation/depreciation							
Operating expenses for revaluation of intangible and tangible fixed assets	0	3.616	0	329	546	258	0
- intra-group operating expenses for revaluation of intangible and tangible fixed assets							
Operating expenses for revaluation of current assets	17.768	12.042	0	0	0	0	0
- intra-group operating expenses for revaluation of current assets							
Other operating expenses	59.708	548.901	149.088	94.218	151.170	4.908	4.760
- other intra-group operating expenses	3.466	3.417	130.024	47.108	40.664	0	957
Financial revenues from shares	2.940.815	1.890.041	0	0	0	0	0
Financial revenues from intra-group shares	2.926.200	1.826.250	0	0	0	0	0
Financial revenues from shares in associates	0	0	0	0	0	0	0
Financial revenues from shares in other companies	0	63.791	0	0	0	0	0
Financial revenues from other investments	14.615	0	0	0	0	0	0
Financial revenues from lending	48.003	234.035	254	1.076	18.067	745	1.139
Financial revenues from intra-group lending	25.418	187.251	0	0	2.227	745	0
Financial revenues from loans given to others	22.585	46.784	254	1.076	15.840	0	1.139
Financial revenues from operating receivables	48.161	6.548.594	2.104	1.537	2.112	2.304	0
Financial revenues from intra-group operating receivables	230	51.271	1.929	1.366	1.916	1.522	0
Financial revenues from operating receivables from others	47.931	6.497.323	175	171	196	782	0
Financial expenses for investment impairment and write-offs	107.692	0	0	0	0	0	0
- financial expenses for intra-group investment impairment and write-offs	0	0	0	0	0	0	0
Financial expenses for financial liabilities	905.719	6.429.364	51.744	174.353	55.369	0	0
Financial expenses for intra-group loans	0	35.743	0	114.955	0	0	0
Financial expenses for bank loans	905.719	6.344.113	51.744	58.213	51.744	0	0
Financial expenses for issued bonds	0	0	0	0	0	0	0
Financial expenses for other financial liabilities	0	49.508	0	1.185	3.625	0	0

Category	Impol Seval, a. d.	Impol-Montal, d. o. o.	Impol Servis, d. o. o.	Impol Stanovanja, d. o. o.	Kadring, d. o. o.	Stampal SB, d. o. o.	Štatenberg, d. o. o.	Unidel, d. o. o.	IAC	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Seval PKC, d. o. o.
Net sales revenues	101.803.558	4.172	2.502.920	315.108	2.877.853	5.670.107	17.409	2.092.771	13.365.867	2.611.695	294.314	142.564
Domestic sales	12.151.911	4.172	2.429.016	292.947	2.877.853	698.381	17.409	2.092.771	0	2.395.551	294.314	142.564
- intra-group domestic sales	475.420	0	664.100	2.025	2.445.127	671.146	0	555.622	0	2.130.709	292.353	126.596
Foreign sales	89.651.647	0	73.904	22.161	0	4.971.726	0	0	13.365.867	216.144	0	0
- intra-group foreign sales	59.644.423	0	0	0	0	0	0	0	0	7.276	0	0
Change in inventories of finished goods and work in progress	4.977.025	0	0	0	0	76.773	0	-1.373	0	2.563	0	0
Capitalised own products and services	3.463	0	0	0	0	0	0	0	0	0	0	0
Other operating revenues (including operating revenues from revaluation)	485.061	0	1.982	0	2.363	2.417	0	302.069	0	34.330	0	0
- intra-group operating revenues	0	0	0	0	0	0	0	0	0	1.470	0	0
Costs of goods, materials and services	91.643.218	9.909	2.219.458	129.079	306.304	3.827.512	3.424	1.427.151	12.943.760	1.572.717	32.358	28.631
Costs of goods and materials sold and costs of materials used	82.911.034	315	2.128.608	28.139	25.846	3.010.186	0	1.196.755	12.694.831	1.300.450	8.792	2.107
- intra-group costs of goods and materials sold and costs of materials used	52.976.170	0	1.537.492	0	1.154	2.127.650	0	57.772	12.483.347	387.326	0	0
Costs of services	8.732.184	9.594	90.850	100.940	280.458	817.326	3.424	230.396	248.929	272.267	23.566	26.524
- intra-group costs of services	4.226.841	0	21.036	4.342	15.052	296.613	0	52.799	1.714	124.259	20.975	17.676
Labour costs	6.001.544	7.609	210.471	102.208	2.448.484	887.784	0	796.045	316.597	884.210	259.033	115.437
Costs of salaries	3.441.492	6.345	141.715	71.956	1.754.498	664.037	0	547.195	316.597	495.096	143.707	66.423
Social-security costs	2.214.388	421	22.850	12.614	321.357	115.495	0	88.334	0	322.511	94.124	43.486
Other labour costs	345.664	843	45.906	17.638	372.629	108.252	0	160.516	0	66.603	21.202	5.528
Write-offs	2.072.562	182	30.197	77.847	26.677	127.317	1.784	118.910	15.517	65.387	282	0
Amortisation/depreciation	1.935.919	182	22.869	74.363	23.595	116.109	1.784	41.350	15.517	58.891	0	0
- intra-group amortisation/depreciation												
Operating expenses for revaluation of intangible and tangible fixed assets	120.614	0	34	0	1.986	11.208	0	0	0	0	0	0
- intra-group operating expenses for revaluation of intangible and tangible fixed assets												
Operating expenses for revaluation of current assets	16.029	0	7.294	3.484	1.096	0	0	77.560	0	6.496	282	0
- intra-group operating expenses for revaluation of current assets												
Other operating expenses	253.752	0	3.349	4.629	6.778	13.575	6.608	28.632	0	5.606	2.420	866
- other intra-group operating expenses	107.446	0	0	0	104	5.682	0	593	0	515.989	0	0
Financial revenues from shares	0	24.949	0	0	1.704	0	0	0	0	0	0	0
Financial revenues from intra-group shares	0	24.949	0	0	504	0	0	0	0	0	0	0
Financial revenues from shares in associates	0	0	0	0	0	0	0	0	0	0	0	0
Financial revenues from shares in other companies	0	0	0	0	1.200	0	0	0	0	0	0	0
Financial revenues from other investments	0	0	0	0	0	0	0	0	0	0	0	0
Financial revenues from lending	111.549	1.065	294	37.826	4.882	4.137	0	5.046	917	0	0	569
Financial revenues from intra-group lending	104.333	0	0	5.833	0	0	0	0	0	0	0	0
Financial revenues from loans given to others	7.216	1.065	294	31.993	4.882	4.137	0	5.046	917	0	0	569
Financial revenues from operating receivables	2.597.650	70	715	4.080	1.441	3.373	0	15.987	0	112.346	75	4.807
Financial revenues from intra-group operating receivables	0	0	0	0	0	0	0	0	0	0	0	0
Financial revenues from operating receivables from others	2.597.650	70	715	4.080	1.441	3.373	0	15.987	0	112.346	75	4.807
Financial expenses for investment impairment and write-offs	0	0	0	0	0	0	0	0	0	0	0	0
- financial expenses for intra-group investment impairment and write-offs	0	0	0	0	0	0	0	0	0	0	0	0
Financial expenses for financial liabilities	7.591.015	3.485	1.590	0	0	6.528	3.014	219	0	491.007	0	2.339
Financial expenses for intra-group loans	65.797	3.485	0	0	0	0	3.014	0	0	104.333	0	0
Financial expenses for bank loans	1.612.289	0	25	0	0	5.436	0	219	0	0	0	0
Financial expenses for issued bonds	0	0	0	0	0	0	0	0	0	0	0	0
Financial expenses for other financial liabilities	5.912.929	0	1.565	0	0	1.092	0	0	0	386.674	0	2.339

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Category	Impol 2000, d. d.	Impol, d. o. o.	Impol LLT, d. o. o.	Impol FT, d. o. o.	Impol PCP, d. o. o.	Impol Infrastruktura, d. o. o.	Impol R in R, d. o. o.
Financial expenses for operating liabilities	460	3.565.437	39.561	11.931	860	1	123
Financial expenses for intra-group operating liabilities	78	4.967	39.320	11.346	31	0	92
Financial expenses for trade payables and for bills payable	40	3.819	214	180	792	0	0
Financial expenses for other operating liabilities	342	3.556.651	27	405	37	1	31
Other revenues	3.089	247.190	30.434	74.051	8.064	208	15.659
- other intra-group revenues	0	0	0	0	0	0	0
Other expenses	0	915	0	648	0	0	0
- other intra-group expenses	0	0	0	0	0	0	0
Income tax	471.547	88.045	25.184	0	0	11.784	774
Deferred tax	9.274	48.321	-329	-288.889	158.238	65	232
Net profit or loss for the period	4.642.905	2.232.410	221.203	-1.235.929	793.216	54.192	95.162
Net profit or loss of minority shareholders	0	54.946	0	0	0	0	0

Category	Impol Seval, a. d.	Impol-Montal, d. o. o.	Impol Servis, d. o. o.	Impol Stanovanja, d. o. o.	Kadring, d. o. o.	Stampal SB, d. o. o.	Štatenberg, d. o. o.	Unidel, d. o. o.	IAC	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Seval PKC, d. o. o.
Financial expenses for operating liabilities	114.581	0	372	70	73	7.611	2	488	0	82	0	0
Financial expenses for intra-group operating liabilities	0	0	0	0	0	822	0	58	0	0	0	0
Financial expenses for trade payables and for bills payable	10.988	0	367	0	32	6.789	2	277	0	0	0	0
Financial expenses for other operating liabilities	103.593	0	5	70	41	0	0	153	0	82	0	0
Other revenues	87.654	0	2.615	3.392	12.297	205	75	20.292	0	3.922	300	297
- other intra-group revenues	0	0	0	0	0	0	0	0	0	0	0	0
Other expenses	5.220	0	0	0	0	0	250	0	0	7.636	0	122
- other intra-group expenses	0	0	0	0	0	0	0	0	0	0	0	0
Income tax	0	0	8.256	10.007	19.402	167.021	0	0	31.919	0	60	84
Deferred tax	-1.646	0	0	0	0	0	0	0	0	-1.056	0	0
Net profit or loss for the period	2.385.714	9.071	34.833	36.566	92.822	719.664	2.402	63.347	58.991	-260.733	536	758
Net profit or loss of minority shareholders	715.714	0	0	0	34.808	0	0	0	5.899	0	0	0

To convert the profit-and-loss account items from the national values into euros, the following exchange rates were used:

- *Serbian dinar 102.76*
- *USD 1.3257*

Intangible Fixed Assets

The intangible fixed assets include:

- *long-term deferred costs of development;*
- *investments in the acquired industrial-property rights and other rights.*

For the purpose of their evaluation, the acquisition-cost model is 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. The same applies to the goodwill created with the purchasing of additional shares of Impol, d.o.o., in the amount of 371,953 euros.

Intangible fixed assets

Description	Long-term property rights	Goodwill	Advances for intangible fixed assets	Long-term deferred development costs	Other long-term deferred costs	Total
Acquisition costs as on 31 Dec 2009	1,748,936	691,182		930	3,532,571	5,973,619
Opening-balance adjustments						0
Acquisition costs as on 1 Jan 2010	1,748,936	691,182	0	930	3,532,571	5,973,619
Direct additions due to purchases	96,605			5,670	1,261,337	1,363,612
Transfer from investments in progress	881,000				-881,000	0
Decrease in fair value	-34,584					-34,584
Write-downs due to retirement, other write-downs					-111,364	-111,364
Acquisition costs as on 31 Dec 2010	2,691,957	691,182	0	6,600	3,801,544	7,191,283
Value adjustment as on 31 Dec 2009	1,268,113			411	1,756,734	3,025,258
Opening-balance adjustment						0
Value adjustment as on 1 Jan 2010	1,268,113	0	0	411	1,756,734	3,025,258
Amortisation for the period	153,012			330	350,617	503,959
Decrease in fair value	-7,414					-7,414
Value adjustment as on 31 Dec 2010	1,413,711	0	0	741	2,107,351	3,521,803
Book value as of 31 Dec 2010	1,278,246	691,182	0	5,859	1,694,193	3,669,480
Book value as of 31 Dec 2009	480,823	691,182	0	519	1,775,837	2,948,361

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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 purchase 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.

Tangible fixed assets also include investments in other fixed assets.

During the investment period the interest is added to the capital increasing the value of fixed assets.

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.

Tangible fixed assets

Description	Land	Buildings	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 2009	**4,383,585**	**27,376,684**	**1,560,513**	**33,320,782**	**250,443,506**	**11,674,386**	**12,125,706**	**4,095,722**	**278,339,320**	**311,660,102**
Opening-balance adjustment				0		-297			-297	-297
Acquisition costs as on 1 Jan 2010	**4,383,585**	**27,376,684**	**1,560,513**	**33,320,782**	**250,443,506**	**11,674,089**	**12,125,706**	**4,095,722**	**278,339,023**	**311,659,805**
Direct additions due to purchases		24,290	1,951,877	1,976,167	6,377,665	106,031	13,278,559	3,450,256	23,212,511	25,188,678
Transfer from investments in progress		329,101	-329,101	0	15,141,444	963,619	-16,105,063		0	0
Intra-group transfer due to sales			7,142	7,142	488,227		124,315		612,542	619,684
Transfer to investment property		-2,638,725	-3,164,161	-5,802,886			-136,801		-136,801	-5,939,687
Decrease in fair value	-205,701	-3,346,141	-301	-3,552,143	-3,332,734	-723	-784,513		-4,117,970	-7,670,113
Revaluation due to impairment				0					0	0
Write-downs due to disposals				0	-293,838	-57,076			-350,914	-350,914
Write-downs due to retirement, other write-downs		-78,468		-78,468	-14,018	-167,817		-6,973,871	-7,155,706	-7,234,174
Transfer between tangible-fixed-asset categories	-1	-150,913	1	-150,913	-529	104,248	-1		103,718	-47,195
Acquisition costs as on 31 Dec 2010	**4,177,883**	**21,515,828**	**25,970**	**25,719,681**	**268,809,723**	**12,622,371**	**8,502,202**	**572,107**	**290,506,403**	**316,226,084**
Value adjustment as on 31 Dec 2009		**13,549,655**		**13,549,655**	**177,274,969**	**8,265,738**	**-155,413**		**185,385,294**	**198,934,949**
Opening-balance adjustment				0		-170			-170	-170
Value adjustment as on 1 Jan 2010	**0**	**13,549,655**	**0**	**13,549,655**	**177,274,969**	**8,265,568**	**-155,413**	**0**	**185,385,124**	**198,934,779**
Amortisation/depreciation		612,963		612,963	11,215,550	1,145,434			12,360,984	12,973,947
Direct additions				0		12,738			12,738	12,738
Transfer from investments in progress				0	962,347		-962,347		0	0
Transfer to investment property		-967,531		-967,531					0	-967,531
Decrease in fair value		-2,330,253		-2,330,253	-1,424,111	3,495	-126,034		-1,546,650	-3,876,903
Revaluation due to impairment				0					0	0
Write-downs due to disposals				0		-52,933			-52,933	-52,933
Write-downs due to retirement, other write-downs		-78,468		-78,468	-295,450	-167,936			-463,386	-541,854
Transfer between tangible-fixed-asset categories		-78,743		-78,743	-422	31,843			31,421	-47,322
Value adjustment as on 31 Dec 2010	**0**	**10,707,623**	**0**	**10,707,623**	**187,732,883**	**9,238,209**	**-1,243,794**	**0**	**195,727,298**	**206,434,921**
Book value as of 31 Dec 2010	**4,177.883**	**10,808.205**	**25.970**	**15,012.058**	**81,076.840**	**3,384.162**	**9,745.996**	**572.107**	**94,779.105**	**109,791.163**
Book value as of 31 Dec 2009	**4,383.585**	**13,827.029**	**1,560.513**	**19,771.127**	**73,168.537**	**3,408.648**	**12,281.119**	**4,095.722**	**92,954.026**	**112,725.153**

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The tangible fixed assets in the amount shown in the table below are pledged as security for liabilities.

Pledged fixed assets

	Review of values by asset type	Purchase price/fair value	Value adjustment	Book value
1	Intangible fixed assets	0	0	0
2	Property	11,347,414	5,647,810	5,699,604
3	Equipment	166,497,378	136,373,353	30,099,875
4	Investment property	50,527,660	25,656,503	24,871,157
	TOTAL	228,372,452	167,677,666	60,670,636

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Depreciation is accounted for each asset individually, following the method of steady depreciation.

Used Depreciation Rates

Used depreciation rates

DEPRECIATION RATES USED BY THE GROUP	DEPRECIATION RATES in % lowest	highest
Intangible assets		
other investments	10.00%	10.00%
licences	20.00%	20.00%
Tangible fixed assets		
Property:		
constructed buildings	1.30%	3.00%
other buildings	1.30%	5.00%
Equipment:		
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%
IT equipment:		
software	20.00%	50.00%
hardware	20.00%	50.00%
Motor vehicles:		
transport vehicles	6.20%	20.00%
personal vehicles	12.50%	20.00%
Other tangible fixed assets:		
Investment property (acquisition-cost model)	1.30%	5.00%

42 Table

- *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 generating income. 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.*
- *Due to an increased use of fixed assets expected in the remaining part of their useful life, the depreciation of the production equipment increased by 35% in comparison with 2009. Consequently, the depreciation cost increased by 2,872,114 euros.*
- *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 all 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.

Table 43
Investment property

Description	Land	Buildings	TOTAL
Acquisition costs as on 31 Dec 2009		**44,772,946**	**44,772,946**
Opening-balance adjustment			0
Acquisition costs as on 1 Jan 2010	**0**	**44,772,946**	**44,772,946**
Direct additions (+)		3	3
Transfer from tangible fixed assets (+)		5,939,687	5,939,687
Acquisition costs as on 31 Dec 2010	**0**	**50,712,636**	**50,712,636**
Value adjustment as on 31 Dec 2009		**23,637,509**	**23,637,509**
Opening-balance adjustment			0
Value adjustment as on 1 Jan 2010	**0**	**23,637,509**	**23,637,509**
Depreciation/amortisation (+)		1,124,035	1,124,035
Direct additions (+)		2	2
Transfer from tangible fixed assets (+)		967,531	967,531
Value adjustment as on 31 Dec 2010	**0**	**25,729,077**	**25,729,077**
Book value as of 31 Dec 2010	**0**	**24,983,559**	**24,983,559**
Book value as of 31 Dec 2009	**0**	**21,135,437**	**21,135,437**

We estimate that the book value of investment property qualifies as fair value.

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 are, 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 any impairment caused by the losses.

The investments in the stocks and shares of foreign public limited companies, the investments in the stocks 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 considering the equity-revaluation surplus.

Table 44
Long-term financial assets in associated companies, and other long-term financial assets (LTFAs)

	Purchase/fair/ amortised cost of LTFAs on 31 Dec	Long-term financial assets in different companies:			Value adjustment as on 31 Dec	Book value	
		intra-group	associates	others	impairment	31. 12. 2010	31. 12. 2009
Long-term financial assets (+)	1,688,390		808,135	880,255	772	1,689,162	1,729,775
Short-term portion of long-term financial assets (-)	31,828	0	0	31,828	0	31,828	0
TOTAL LONG-TERM FINANCIAL ASSETS	**1,720,218**	**0**	**808,135**	**912,083**	**772**	**1,720,990**	**1,729,775**
Investments in stocks and shares	1,469,519	0	808,135	661,384	0	1,469,519	1,493,083
Other long-term equity investments	43,635	0	0	43635	772	44,407	7,532
Long-term loans to companies	207,064	0	0	207064	0	207,064	229,160
TOTAL LONG-TERM FINANCIAL ASSETS	**1,720,218**	**0**	**808,135**	**912,083**	**772**	**1,720,990**	**1,729,775**

Revaluations of long-term financial assets were minimal, occurring only in the following areas:

Table 45
Revaluations of long-term financial assets

	Balance as of 1.1.2010	Formation	Elimination	Total as of 31.12.2010
Surplus from revaluation of long-term financial assets	524,542	17,417	0	541,959
Surplus from revaluation of short-term financial assets	296	201	0	497
TOTAL	**524,838**	**17,618**	**0**	**542,456**
- surplus from revaluation of minority shares	1,157	113	0	1,270
- surplus from intra-group revaluation	523,681	17,505	0	541,186

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 122,499 euros, they do not represent an important business category.

Inventories

We use the following evaluation methods:

- *We record 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 utilisation we use the FIFO method. With respect to utilising aluminium inventories, the FIFO method is used for each sale transaction considering the basic aluminium price that is included in the transaction as specified in the corresponding sales contract.*
- *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 convert the amounts from foreign currencies into euros on the basis of ECB rates published by the Bank of Slovenia.*

Table 46
Inventories

	Acquisition costs (+)	Value adjustment due to inventory impairment (-)	Book value	Intra-group purchases	Pledged inventories	Total
Goods and materials	64,190,122	0	64,190,122	1,023,074	0	53,520,148
Low-value assets	0	0	0	0	0	0
Work in progress and services	6,823,558	0	6,823,558	0	0	6,875,240
Products	12,937,364	0	12,937,364	0	0	8,536,641
Goods for sale	1,203,519	0	1,203,519	751,412	0	661,261
Advances for inventories	554,684	0	554,684	22,308	0	81,925
TOTAL	**85,709,247**	**0**	**85,709,247**	**1,796,794**	**0**	**69,675,215**

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

There were no write-downs or adjustments of the inventories due to their non-distribution, etc.

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 revenues or 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 financial revenues or financial expenses.

Table 47

Short-term operating receivables

	Short-term operating receivables	Short-term operating receivables due from different companies:			Value adjustment due to impairment*	31 Dec 2010	31 Dec 2009
		group companies	associates	others			
Short-term trade receivables	63,520,550	0	13,912	63,506,638	-3,559,702	59,960,848	46,677,454
- receivables overdue by 31 Dec	14,178,547	0	434	14,178,113	-157,398	14,021,149	20,047,180
Given short-term advances and collaterals	461,665	0	0	461,665	0	461,665	3,212,937
Short-term receivables related to financial revenues**	324,427	0	206	324,221	-69,355	255,072	151,128
Short-term receivables due from state institutions	10,452,628	0	0	10,452,628	0	10,452,628	9,843,612
Other short-term operating receivables	2,194,977	0	12	2,194,965	0	2,194,977	848,758
TOTAL short-term operating receivables	**76,954,247**	**0**	**14,130**	**76,940,117**	**-3,629,057**	**73,325,190**	**60,733,889**

Table 48

*Value adjustment of short-term operating receivables due to impairment

	2010	Value adjustment of short-term receivables due from:			2009
		group companies	associates	others	
Balance as of 1 Jan (+)	**3,741.290**	**0**	**0**	**3,741.290**	**3,904.290**
Decrease in value adjustment due to the settlement of receivables (-)	-116.731	0	0	-116.731	-299.483
Decrease in value adjustment due to the write-off of receivables (-)	-3.583	0	0	-3.583	-73
Established value adjustment for the period due to impairment (+)	8.081	0	0	8.081	136.556
Balance as of 31 Dec	**3,629.057**	**0**	**0**	**3,629.057**	**3,741.290**

Table 49

**Short-term receivables relating to financial revenues

	31. 12. 2010	31. 12. 2009
Short-term interest receivables relating to financial revenues from operating receivables (customers) (+)	320.766	211.096
Impairment of short-term interest receivables relating to financial revenues from operating receivables (customers) (-)	-69.136	-79.412
Short-term interest receivables relating to financial revenues from lending (+)	3.442	-55.638
Short-term dividend receivables (+)	0	75.000
Other short-term receivables relating to financial revenues (+)	0	82
TOTAL	**255.072**	**151.128**

The established value adjustment of short-term operating receivables due to impairment amounted to 3,629,057 euros.

Trade receivables are secured to the agreed amount with the Slovenian Export Corporation. During the market penetration, these receivables are, as a rule, secured only to a small extent, and at such times the exposure 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.

Deferred Tax Assets and Deferred Tax Liabilities

Table 50

Deferred tax assets and deferred tax liabilities

	Deferred tax assets	Deferred tax liabilities
Deferred tax assets as on 31 Dec 2009 (+)	**1,929,059**	**562,808**
Opening-balance adjustments (+/-)	0	0
Deferred tax assets as on 1 Jan 2010	**1,929,059**	**562,808**
Deductible temporary differences (+)	285,266	
Taxable temporary differences (+)		-9
Intra-group transfer of deferred taxes due to acquisition	0	0
Utilisation of deductible temporary differences (-)	-211,947	
Elimination of taxable temporary differences (-)	-2,584	
Change of unused opening-balance amounts due to the tax-rate change	-232	-65,174
Deferred tax assets as on 31 Dec 2009	**2,002,146**	**495,041**
Changes in deferred-tax assets and liabilities were recognised in:	**2010**	**2009**
- profit-or-loss account (+/-)	75,790	-286,825
- capital – revaluation surplus (+/-)		
- capital – retained profit or loss brought forward (+/-)	65,064	
TOTAL	140,854	-286,825

In 2010 deferred tax assets were formed for the written-down receivables, for the provisions relating to severance pays and to the rewards for years-long service, and for tax losses. Deferred tax liabilities were formed in Impol Seval, d.o.o, as the deductible temporary differences relating to liabilities.

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 ECB rates published by the Bank of Slovenia.

Table 51

Short-term financial assets (STFAs)

	Purchase cost of STFAs on 31.12.	STFAs in different companies:			Value adjustment due to impairment	Book value	
		group comp.	associates	others		31. 12. 2010	31. 12. 2009
Stocks acquired for sale	784,615	0	0	784,615	0	784,615	877,691
Shares acquired for sale	0	0	0	0	0	0	100,000
Other securities acquired for sale	260,674	0	0	260,674	0	260,674	0
Receivables acquired for sale	15,602	0	0	15,602	0	15,602	1,606,650
TOTAL short-term financial assets without loans	**1,060,891**	**0**	**0**	**1,060,891**	**0**	**1,060,891**	**2,584,341**
Short-term portion of long-term lending (including bonds)	0	0	0	0	0	0	61,984
Short-term lending (including bonds)	514,393	0	55,000	459,393	0	514,393	406,608
Received bills of exchange	0	0	0	0	0	0	0
Short-term deposits	4,915,040	0	0	4,915,040	-301,006	4,614,034	8,933,023
Short-term receivables relating to financial leasing	0	0	0	0	0	0	
TOTAL short-term lending	**5,429,433**	**0**	**55,000**	**5,374,433**	**-301,006**	**5,128,427**	**9,401,615**
Short-term unpaid called-up capital	0	0	0	0	0		0
TOTAL SHORT-TERM FINANCIAL ASSETS	**6,490,324**	**0**	**55,000**	**6,435,324**	**-301,006**	**6,189,318**	**11,985,956**

Short-term financial assets include the stocks 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. Their purchase value is treated also as their fair value.

Cash

Table 52 — Cash

	31 Dec 2010	31 Dec 2009
Cash in hand and redeemable securities	6,613	3,859
Cash in banks and other financial institutions	4,286,137	6,973,038
TOTAL	4,292,750	6,976,897

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

Short-Term Deferred Costs and Accrued Revenues

Table 53 — Short-term deferred costs and accrued revenues

	31 Dec 2010	31 Dec 2009
Short-term deferred costs or expenses	2,028,196	3,555,970
Short-term accrued revenues	1,678,363	0
Securities	0	0
VAT from received advances	348,142	172,172
TOTAL	4,054,701	3,728,142

Short-term deferred costs and accrued revenues are issued invoices for received advances covering the value-added tax and for other advances.

Short-term deferred costs are prepaid insurance premiums, subscriptions and short-term deferred exchange-rate differences.

Provisions and Long-Term Accruals

Table 54 — Provisions and long-term accruals

	Provisions for pensions, rewards for years-long service, and severance pays	Other provisions for long-term accrued costs	Received state subsidies	Other long-term accruals	TOTAL
Balance as of 31 Dec 2009	663,592	38,258	841,997	92,960	1,636,807
Opening-balance adjustments	0	0	0	0	0
Balance as of 1 Jan 2010	663,592	38,258	841,997	92,960	1,636,807
Formation (+)	74,578	16,499	254,583	0	345,660
Utilisation (-)	-49,062	-7,529	-295,932	-23,408	-375,931
Disposal (-)	-11,245	-46,140	-18,431	0	-75,816
Other decrease (-)	-12,680	0	0	0	-12,680
Balance as of 31 Dec 2010	665,183	1,088	782,217	69,552	1,518,040

We maintain that there is no need to have other provisions, in addition to the above ones. They all refer to the business entities outside the group.

Long-Term Financial and Operating Liabilities

Table 55 — Long-term financial and operating liabilities

	Total debt as of 31 Dec 2010	The portion payable in 2011	31 Dec 2010	31 Dec 2009
	+	-	=	
Long-term financial liabilities relating to bonds	0	0	0	0
Long-term financial liabilities to banks	124,585,429	-36,460,817	88,124,612	68,133,834
Long-term financial liabilities to others (without financial-leasing liabilities)	1,184,215	-260,362	923,853	1,188,104
Long-term financial-leasing liabilities to other companies	50,559	-28,511	22,048	64580
Other long-term operating liabilities to other companies	231,945	0	231,945	177,358
Long-term bills payable	0	0	0	0
TOTAL long-term financial and operating liabilities	126,052,148	-36,749,690	89,302,458	69,563,876
Long-term financial liabilities	125,820,203	-36,749,690	89,070,513	69,386,518
Long-term operating liabilities	231,945	0	231,945	177,358
TOTAL long-term financial and operating liabilities	126,052,148	-36,749,690	89,302,458	69,563,876

a. 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.

b. Long-term financial and operating liabilities are the financial and operating debts of the companies that include long-term financial liabilities to banks, long-term financial liabilities to companies, and long-term operating liabilities to others.

c. 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.

d. The interest rate for the long-term loans are as follows:

- *in euros they range between 3-month Euribor + 1.5% to 3-month Euribor + 6.75% (depending on the area).*
- *Long-term liabilities are secured with a mortgage on the property of Impol, d.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.

The payments of the long-term loans by year are as follows:

Table 56 — The payments of the long-term loans by year

year	payment
2012	28,230,123
2013	20,468,014
2014	31,880,630
2015	4,649,719
2016	4,073,972

Short-Term Liabilities

Short-term operating liabilities

	31 Dec 2010	31 Dec 2009
Short-term operating liabilities to associated companies as suppliers	282,241	229,965
Short-term operating liabilities to other companies as suppliers	28,344,153	22,575,603
Total short-term liabilities to suppliers	28,626,394	22,805,568
- Outstanding operating liabilities	2,607,713	2,075,307
Short-term liabilities based on advances	1,098,221	459,372
Short-term liabilities to employees	2,313,064	1,711,685
Short-term liabilities to the state	3,406,314	2,036,912
Short-term interest liabilities to associated companies	734,334	633,217
Other short-term operating liabilities to other companies	623,383	575,546
Total other short-term operating liabilities	7,077,095	4,957,360
TOTAL short-term operating liabilities	36,801,710	28,222,300
Interest relating to financial expenses from operating liabilities	25,189	10,254
Interest relating to financial expenses from financial liabilities	709,145	622,963
Total short-term interest payables	734,334	633,217

57 Table

Short-term financial liabilities

	31 Dec 2010	31 Dec 2009
Short-term portion of long-term financial liabilities to banks	36,460,817	20,585,607
Short-term portion of long-term financial liabilities to other companies (without financial-leasing liabilities)	260,362	112,204
Short-term portion of long-term financial-leasing liabilities to other companies	28,511	45,287
Short-term financial liabilities to banks	88,174,126	114,354,275
Short-term financial liabilities to other companies (without financial-leasing liabilities)	811,231	1,966,200
Short-term financial-leasing liabilities to other companies	14,021	5,559
TOTAL short-term financial liabilities	125,749,068	137,069,132
Short-term financial liabilities	88,999,378	116,326,034
Short-term portion of long-term financial liabilities	36,749,690	20,743,098
Total short-term financial liabilities	125,749,068	137,069,132

58 Table

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

- *6-month Euribor + 2.8% to the fixed interest rate of 6.45 %.*

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

	31 Dec 2010	31 Dec 2009
Accrued costs or expenses	5,629	72,195
Short-term deferred revenues	1,639,705	96,266
VAT on given advances	389,472	197,737
TOTAL	2,034,806	366,198

59 Table

Short-term accruals are received invoices for given advances including also deferred tax liabilities of Impol Seval, a.d.

Off-Balance-Sheet Records

Off-balance-sheet records

	31 Dec 2010	31 Dec 2009
Received collaterals as security for claims	101,263	0
Goods received for consignment	160,512	193,579
Other	5,358,331	18,349,067
TOTAL off-balance-sheet records	5,620,106	18,542,646

60 Table

With the off-balance-sheet accounts the group follows the liabilities relating to securities and other guarantees not shown as liabilities in the balance sheet. With the off-balance-sheet accounts we also follow the balance of derivative instruments (hedgings, etc.). However, the effects arising from derivative instruments are initially reflected in revenues, expenses, receivables and payables. The category ”other“ covers derivative financial instruments in the amount of 1.6 million euros and financial guarantees to companies and customs administration.

Operating Revenues

Operating revenues

	intra-group	associates	others	2010	2009
Net sales revenues	0	80,151	421,060,121	421,140,272	303,783,930
Value adjustment of the inventories of products and work in progress			5,308,835	5,308,835	927,881
Capitalised own products and services			3,463	3,463	2,906
Other operating revenues*	0	0	3,930,393	3,930,393	2,789,471
TOTAL	0	80,151	430,302,812	430,382,963	307,504,188

61 Table

Sales revenues consist of the sales values of goods, materials and services sold during the period. They are calculated on the basis of the selling prices recorded on the invoices and reduced due to any discounts. Revenues are recorded separately for each sale type.

*Other operating revenues

	2010	2009
Revenues from the disposal of provisions	430,718	496,260
Other revenues related to business performance (subsidies, grants, supports, compensations, premiums, etc.)	3,438,200	1,721,862
Operating revenues from revaluation **	61,475	571,349
TOTAL	3,930,393	2,789,471

62 Table

Table 63

**Operating revenues from revaluation

	2010	2009
Relating to the disposal of intangible fixed assets	0	300
Relating to the disposal of tangible fixed assets	9,036	14,413
Relating to operating receivables	50,496	420,125
Relating to operating liabilities	1,943	136,511
TOTAL	61,475	571,349

More detailed information on the net sales revenuesis included in the section Markets and Customers on page 25.

Net Sales Revenues by Area

Table 64

Net sales revenues by area

	2010	2009
Slovenia	46,512,539	35,765,082
associated companies	80,151	302,926
other companies	46,432,388	35,462,156
The EU	324,903,143	239,025,267
associated companies	0	0
other companies	324,903,143	239,025,267
The rest of Europe	33,141,692	17,328,695
associated companies	0	0
other companies	33,141,692	17,328,695
Other markets	16,582,898	11,664,886
other companies	16,582,898	11,664,886
TOTAL	421,140,272	303,783,930

Operating Revenues

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 services 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 75). We evaluate the inventories of work in progress with respect to the degree of their completion.

For the purpose of completing the accounts for 2010 we used the FIFO method in the entire Impol Group.

Costs by Function Group

Costs by function group

	Production costs	Sales costs	General services costs	TOTAL 2010	Purchased from: associates	Purchased from: other companies	TOTAL 2009
Purchase costs of goods and materials sold	0	74,126,236	1,101	74,127,337	0	74,127,337	27,051,793
Costs of materials	260,320,993	3,682,356	1,780,507	265,783,856	0	265,783,856	200,920,775
Costs of services	7,119,955	8,794,130	7,086,779	23,000,864	1,770,484	21,230,380	20,076,463
Labour costs	24,503,100	1,500,968	10,359,997	36,364,065	0	36,364,065	30,733,852
Depreciation	12,626,038	40,865	1,717,746	14,384,649	0	14,384,649	12,083,520
Operating expenses from revaluation*	133,588	32,254	114,800	280,642	0	280,642	437,675
Provisions	52,067	817	16,591	69,475	0	69,475	55,556
Other operating expenses	147,908	3,464	262,671	414,043	0	414,043	931,248
TOTAL	304,903,649	88,181,090	21,340,192	414,424,931	1,770,484	412,654,447	292,290,882

65 Table

*Operating expenses from revaluation

	2010	2009
Relating to tangible fixed assets	138,591	226,663
Relating to inventories	8,931	5,919
Relating to operating receivables	133,120	205,093
TOTAL	280,642	437,675

66 Table

Breakdown of labour costs

	2010	2009
Cost of salaries	25,566,532	20,778,452
Pension-security costs	4,331,431	3,630,829
Other social-security costs	2,019,151	1,775,952
Other labour costs	4,446,951	4,548,619
TOTAL	36,364,065	30,733,852

67 Table

The above costs and expenses are presented, in detail, in the table entitled Consolidated Profit-and-Loss Account on page 58.

Financial Revenues and Expenses

Table 68: Financial revenues and expenses

	2010	associates	others	2009
A. Financial revenues from financial assets				
Financial revenues from shares – profit shares, dividends	64,991	0	64,991	117,833
Financial revenues from other investments	0	0	0	1,585
Financial revenues from lending – interest	143,797	1,825	141,972	348,505
Financial revenues from operating receivables – interest	233,939	14	233,925	173,684
Financial revenues from operating receivables – exchange-rate difference	9,053,183	0	9,053,183	5,565,979
Financial revenues from financial assets distributed on the basis of fair value through profit-and-loss account – other investments	14,615	0	14,615	283,077
TOTAL	9,510,525	1,839	9,508,686	6,490,663
B. Financial expenses for financial assets				
Financial expenses for loans (without bank loans) – interest	0	0	0	71,851
Financial expenses for loans (without bank loans) – exchange-rate difference	0	0	0	10,590
Financial expenses for bank loans – interest	9,029,502	0	9,029,502	9,972,904
Financial expenses for other financial liabilities – interest	59,314	0	59,314	12,457
Financial expenses for other financial liabilities – exchange-rate differences	6,299,603	0	6,299,603	2,610,911
Financial expenses for operating liabilities – interest *	34,225	0	34,225	116,331
Financial expenses for operating liabilities – exchange-rate differences **	3,650,713	0	3,650,713	7,873,947
Financial expenses for financial assets distributed on the basis of fair value through profit-and-loss account	107,692	0	107,692	136,154
TOTAL	19,181,049	0	19,181,049	19,181,049
C. Financial expenses for operating liabilities				
*Financial expenses relating to liabilities to suppliers – interest	16,754	0	16,754	5,991
**Financial expenses relating to liabilities to suppliers – exchange-rate differences	6,746	0	6,746	11,493
*Financial expenses relating to other operating liabilities – interest	17,471	0	17,471	110,340
** Financial expenses relating to other operating liabilities – exchange-rate differences	3,643,967	0	3,643,967	7,862,454
TOTAL	3,684,938	0	3,684,938	7,990,278

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

Other Revenues and Expenses

Table 69: Other revenues and expenses

	2010	associates	others	2009
Subsidies, grants and similar revenues not related to the business performance	54,580	0	54,580	65,598
Received compensations and payments of fines	420,715	0	420,715	507,270
Recovered written-off receivables	0	0	0	454
Other revenues	34,449	0	34,449	49,909
TOTAL	509,744	0	509,744	623,231
Other financial expenses				
Fines and compensations	1,165	0	1,165	7,791
Other expenses	13,626	0	13,626	32,328
TOTAL	14,791	0	14,791	40,119

If the group's capital is revalued with respect to the consumer-prices increase (1.9%), then our profit is lower by 1,030,000 euros, not considering the effects of the corporation tax.

Income Tax

Table 70: Income tax

	2010	2009
Revenues determined in line with accounting rules	795,308,357	543,542,992
Revenue adjustment to the level of tax revenues – a deduction (-)	-5,035,770	-8,541,426
Revenue adjustment to the level of tax revenues – an addition (+)	0	940
Tax revenues	**790,272,587**	**532,217,953**
Expenses determined in line with accounting rules (+)	784,602,934	531,928,151
Expenses adjustment to the level of tax deductible expenses – a deduction (-)	-341,892	-483,061
Expenses adjustment to the level of tax deductible expenses – an addition (+)	11,706	334,640
Tax deductible expenses	**784,272,748**	**529,001,938**
DIFFERENCES BETWEEN TAX REVENUES AND DEDUCTIBLE EXPENSES	**5,999,839**	**3,216,015**
Change in tax base in the cases of changed accounting guidelines, error corrections and revaluations (+/-)	0	-59,968
Increase in tax base by the previously established tax relief (+)	171,180	363,845
TAX BASE	**7,893,130**	**5,004,559**
TAX LOSS	**-1,722,111**	**-1,484,667**
Decrease in tax base and in tax relief (to the level of tax base at the most) (-)	-1,406,611	-2,494,331
TAX BASE	**6,486,519**	**2,534,993**
INCOME TAX	**834,083**	**531,989**

Other Disclosures

The members of the Management Board were as follows:

- *Jernej Čokl, president*
- *Janko Žerjav, member*
- *Vlado Leskovar, member*

The members of the Supervisory Board were as follows:

- *Milan Cerar, president*
- *Tanja Ahaj, deputy president*
- *Jože Kavkler, member*
- *Adi Žunec, member*

Payments to Management Personnel:

Table 71: Payments to Supervisory Board members, Management Board members, and directors of all the group companies

	Salaries and other payments (vacation bonus, cost reimbursement, participation in profit, etc.)		Number of individuals	
	as on 31 Dec	2009	2009	2010
Management Board of Impol 2000	582,388	553,753	3	3
Payments to individuals: Jernej Čokl, president	211,892,83			
Vladimir Leskovar, member	182,979,56			
Janko Žerjav, member	187,515,71			
Managerial staff and directors of dependent companies	1,389,542	1,269,356	16	16
Members of the Supervisory Board	19,989	33,060	4	4
Employees with individual contracts	2,094,145	1,814,686	35	36
TOTAL	4,086,065	3,670,855	0	0

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.

Table 72: The amount (cost) spent for the auditor (Companies Act-1, Article 69, first paragraph, point 17)

	2010	2009
Auditing of the annual report	67,135	90,667
Other auditing services	0	0
Taxation advisory services	0	0
Other non-auditing services	0	0
TOTAL	67,135	90,667

Auditor's Report

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

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, and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2010, consolidated income statement and statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. We have also reviewed the company's management business report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Slovene Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of IMPOL 2000 d.d., Partizanska 38, Slovenska Bistrica, and its subsidiaries as December 31, 2010, and their financial performance and cash flows for the year then ended in accordance with Slovene Accounting Standards.

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

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

Other Matter paragraph

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

Ptuj, May 30th 2011

General manager
DSc. Erika Turin,
Certified auditor

Erika Turin

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

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Annual Report of the Impol Group 2010

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