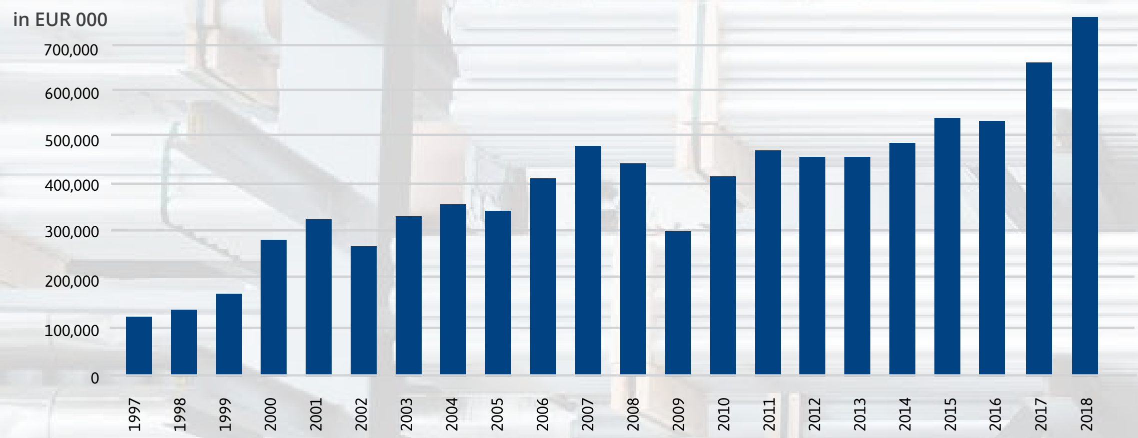
NEW OPPORTUNITIES

Annual report of the Impol Group and of Impol 2000, d. d., for 2018

CONTENTS

GROWTH OF THE VALUE OF SALES



727.6

IN EUR MILLION WAS THE AMOUNT OF THE VOLUME OF SALES IN 2018

59.4

IN EUR MILLION WAS THE AMOUNT OF THE EBITDA

2,348

OF EMPLOYEES

5th

LARGEST SLOVENIAN EXPORTER

53,488

IN EUR WAS THE AMOUNT OF THE ADDED VALUE PER EMPLOYEE

2.76

IS THE RATIO BETWEEN NET DEBT AND ACHIEVED EBITDA

36.7

IN EUR MILLION WAS THE AMOUNT OF PROFIT AFTER TAX

A WORLD OF NEW SOLUTIONS AND COMPLEX TECHNOLOGIES

JOINT REPORT OF THE MANAGEMENT BOARD AND EXECUTIVE DIRECTORS ON THE OPERATIONS OF IMPOL, 2000, D. D., AND THE IMPOL GROUP IN 2018

Dear shareholders, business partners and co-workers!

2018 will go down as the most successful financial year in the history of our company. Despite the instability of the global economic policies which also affected the aluminium industry, we were able to successfully control our business operations. In 2018, we increased the quantitative volume by 4% and income rose to EUR 727 million, which means a 9% increase compared to 2017. Profit or loss before tax in the amount of EUR 40.9 million increased by 4.56% compared to the previous year. We increased our market shares in new market segments, reinforced our position on the European market and successfully taken the opportunity to increase sales in the USA market.

In 2018, we accelerated further consolidation of operations of the rolling division, which in the current quantitative scope represents 65% of our annual production. We upgraded the hot-rolling mill in the Croatian company Impol-TLM and began modernising the hot-rolling mill in Impol-Seval. A lot of focus was placed to performance optimisation with additional investments in the upgrade of the production programme. In the second half of the year, we managed to establish a completely stable hot-rolling process, whereby we were able to create excellent conditions for maximising rolling production capacities in future years.

In the extrusion division we directed much of our energy, with the increase of production capacities obtained with a new extrusion press, in developing the process of product finalisation, which is being implemented within Impol-FinAl. We concluded long-term contracts in 2018 with important buyers of these types of products, placing us in the "TIER 1" supplier group. This helps us to lay a fine foundation for upgrading our operations toward higher added value of our products.

With the intention of creating products with higher added value we focused our energy toward obtaining the EN 9100 aviation standard with which we will become a competitive supplier of complex aluminium products intended for aircraft manufacture. We obtained this certificate at the beginning of 2019.

As a development supplier, we developed new products, alloys and testing methods together with the customers. This was facilitated by past investments in the growth of production capacities with the focus on those products that are intended for the markets with long-term growth perspective. Regarding the current market trends and the generated volume of sales of these products, we can conclude that this was the right decision, enabling the Impol Group to meet the demands of one of the more demanding market segments.

Good business economy was maintained also because of our own foundry enabling us to successfully achieve the defined goals: the increase in the share of own production of input materials, maintenance and achievement of higher quality products, the development of sophisticated alloys and increase in the share of secondary aluminium processing.

In 2018, a slight growth of the base stock-market price with interim deviations upwards, particularly during the announced sanctions against an aluminium manufacturer from Russia, was recorded in the field of purchase prices that significantly affect the operating results of the Impol Group*. We also recorded a slight trend in the increase of purchase premiums above the base stock-market price of aluminium raw material. We managed to include a specific part of this increase in sales premiums above the base stock-market price of aluminium, and another part was achieved by increasing the scope of operations and by introducing modifications in the production programme.

In 2018, we were able to ensure an appropriate structure of financing resources, due to which we also increased debt; however, we managed to keep it on the planned scope level. Despite major investments in fixed assets, the net debt to EBITDA amounted to 2.76%, which means that we maintained the last year's level.

Comprehensive risk management and constant attempts to optimise the financing resources improved the structure of financing resources in such a way that, in addition to all investments in fixed assets, the Company also finances half of all the investments in operating receivables. This significantly improves the safety of operations and shortens the reaction time which in some cases plays a decisive role when entering sales and also purchase markets. It must be emphasised, however, that the Impol Group finances almost 40% of its investments with equity.

This name is used for the entire Impol Group controlled by Impol 2000, d. d.

In the area of raw materials and energy we stabilise operations by concluding long-term purchase contracts. We prudently invest in the information system upgrades to fully control the entire field of operations, all in order to guarantee continuous control over the entire business process with optimal contributions. At the beginning of 2019, we increase the shareholding in the Company, ensuring IT support to the Impol Group.

We also intensively developed the area of quality. We established a system of independent verification of product and process quality, which we have been upgrading through the years, thus enabling a sustainable monitoring of the needs of the customers, who demand products of the highest grade of quality. We offer our customers several different technological paths with which we increase production safety and guarantee delivery periods.

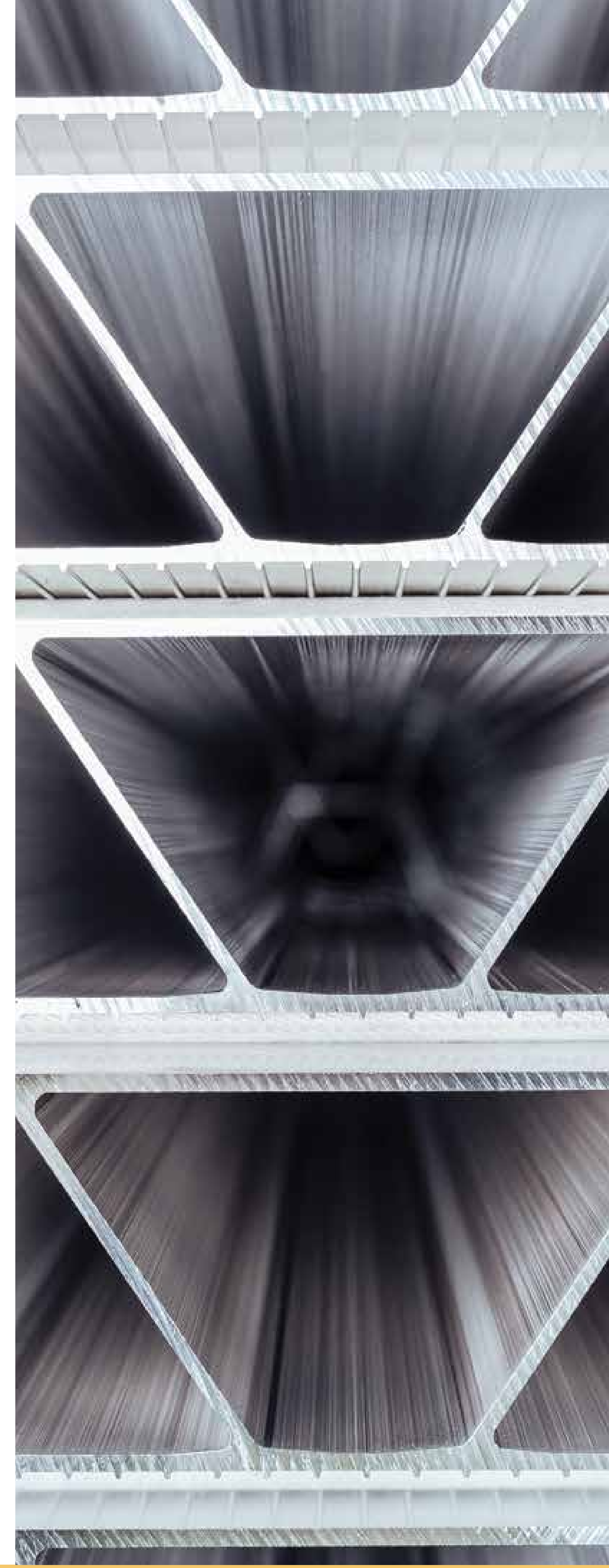
Impol's production portfolio is divided into several product programmes, and this is continuously proven as a market niche advantage that can guarantee a more comprehensive range of products to a certain group of customers, and also reduces our susceptibility to fluctuations in the market, as it happens very rarely for demand for products of all programmes to drop at the same time.

As input materials, Impol's products are intended for the means of transport industry, pharmaceutical industry, food industry, electrical industry, construction business and retail. The construction products market is shrinking and we are intensively expanding the technically more demanding programme of products intended for end customers who operate in the means of transport industry. We strive toward the greatest possible exploitation of the market potential.

The overview of the achieved earnings before the depreciation expenses, the payment of interests and tax from profit (EBITDA) by individual programmes of operation in 2018 shows that the rolling programme generated 37% of the total achieved EBITDA in the Impol Group, the pressed products programme generated 49% and 15% by other activities (foundry, etc.). The Impol Group generated EUR 36.7 million of consolidated net profit after tax and thus achieved better results by 6.5% compared to the previous year.

In order to pursue its development objectives and manage the growth of the scope of operations and the increase in aluminium prices in 2018, the Impol Group invested approximately EUR 70 million in fixed assets. Given the results achieved, investments in the Impol Group are profitable and safe, evidenced by a timely and full settlement of all liabilities and organise uninterrupted operations.

The shares of Impol 2000, d. d., are not quoted on a regulated market and therefore Impol 2000, d. d., enables its shareholders to determine the value of their investment by objectively showing the value of the Company in its financial statements. The consolidated carrying amount of capital, excluding minority owners, per share in the Impol Group in 2018 rose by 18.54% compared to the previous year and



amounts to EUR 188.86 per share. The carrying amount of capital per share in the holding company of the Group, Impol 2000, d. d., rose by 4.2% in the past year and amounted to almost EUR 57.39/share at the end of the year.

Based on the achieved business performance, orientations in the 2025 Strategy and forecasts in our plans for 2019, the Impol Group will establish dividends for its shareholders in the amount of EUR 4 million in 2019 in accordance with the set policy on dividends. It must be emphasised, however, that in order to provide comprehensive information to the shareholders and other stakeholders on the basis of a decision adopted by the Management Board of Impol 2000, d. d., data is provided in accordance with the Impol Code of Business Conduct and the Rules on communications in the Impol Group.

When acquiring major business stakes in other companies, we will follow the policies of including especially those programmes that upgrade the existing programmes or supplement them in terms of a higher added value, while taking into consideration the fact that the integration of new programmes must not weaken the composition of sources for financing the entire process or increase the share of liabilities. The Impol Group will also continue to form stronger alliances inside the aluminium industry, especially in South East Europe, whereas investments outside this area will mostly concentrate on extending the sales network. External sources in a form of leverage will be included into the Impol Group through the Group companies with sufficient assets to provide for adequate collateral for obtained additional non-proprietary sources of financing. Financing within the Group will be carried out under external conditions and will include the costs of providing funds. Individual companies of the Group can also participate in financial markets independently, subject to a prior consent of Impol's Management Board.

Impol operates according to a one-tyre management system. The constant presence and flexibility of the Management Board provided a permanent control over business operation, the decisions were adopted regularly and in line with our needs, and the guidelines for further operation were defined in a form of entering modifications of plans and the strategy. As part of its operations, the Management Board adopted 143 decisions at six meetings in person and six correspondence sessions, thus ensuring the conditions for a smooth business operation of all parts of the Impol Group.

In organising our business processes we guarantee transparency by rigorously observing the adopted Impol Group Business Conduct Code. Operations of the Impol Group are a new business strategy for 2015 including its goal to achieve growth in two key programmes – rolling and extrusion. In the field of rolling, the main challenge is to manage the economies of scale, and to make a breakthrough in the automotive industry, while in the field of extrusion, we intensively focus on increasing the complexity of manufactured products, and at the same time we are building our competences as a development supplier.

Jernej Čokl
(Chairman of the Management Board)

Vladimir Leskovar
(Deputy Chairman of the Management Board)

Janko Žerjav
(Member of the Management Board)

Milan Cerar
(Member of the Management Board)

Bojan Gril
(Member of the Management Board)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

PRESENTATION OF THE PARENT COMPANY IMPOL 2000, D. D., AND THE IMPOL GROUP

Parent Company

In compliance with the Companies Act, Impol 2000, d. d., with the registered office in 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. With the issue of bonds at the end of 2015 the Company was transformed to a public limited company (GRI 102-1, 102-3).

Impol 2000, d. d., implements many activities; the biggest one regarding the revenues is the transit sale of commercial goods. Other sources of revenues include planning, controlling, organising, financing and informing, sale and after-sale and other services.

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/ 8/ 1998 as a public limited company, with the decision 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/ 11/ 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/ 10/ 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/ 2/ 2000 with the decision Srg. 1999/03108, and with the entry number 1/10469/00.

After the share capital increase being entered on 15/ 2/ 2000, the company's share capital amounts to EUR 4,451,540. The Company's share capital is divided into 1,066,767 registered pro rata shares.

The carrying amount of a share of Impol 2000, d. d., as of 31/ 12/ 2018, is presented in the table.

Table 1: Carrying amount of a share of Impol 2000, d. d. (the holding company of the Impol Group) in EUR

Year	Carrying amount of a share – consolidated – including the equity of minority shareholders	Carrying amount of a share – consolidated – without the equity of minority shareholders	Carrying amount of a share of Impol 2000, d. d. (the holding company)
2018	207.94	188.86	57.39
2017	175.74	159.32	55.07
2016	144.38	130.76	53.53
2015	119.58	108.57	51.66
2014	99.88	91.04	49.61
2013	89.61	80.54	47.93
2012	77.78	69.83	45.88
2011	69.21	61.21	40.85
2010	56.46	49.90	36.19
2009	52.75	46.41	32.13
2008	53.33	47.27	26.54
2007	50.19	42.06	23.70

Companies in the Impol Group

Consolidated accounts include all companies in which the Impol Group holds more than 50% management rights, meaning that Simfin, d. o. o., Alcad, d. o. o., Impol Brazil and Slobodna carinska cona are not included in the consolidation and are included as associated companies in line with the the equity method. The Impol Group operates as part of the holding company Impol 2000, d. d., which has direct subsidiaries Impol, d. o. o., Rondal, d. o. o., Impol Servis, d. o. o., Impol-TLM, d. o. o., and Impol-FinAl, d. o. o. Impol, d. o. o., operates with fourteen active subsidiaries, four active subsidiaries, and two active associated companies (GRI 102-4, 5).

Of 28 Group companies (including the associated ones), 10 operate abroad. Impol-TLM, d. o. o., is a direct subsidiary of Impol 2000, d. d., while there are no activities being carried out in the company Impol Brazil. There are also three subsidiaries of Impol, d. o. o., operating abroad: IAC, New York, USA, and Impol Seval a. d., Serbia, which is the 100% owner of four companies, and Impol Hungary Kft. Consolidated calculations include all companies in which the Impol Group holds more than 50% management rights, meaning that Simfin, d. o. o., Alcad, d. o. o., Impol Brazil and Slobodna carinska cona are not included in the consolidation (GRI 102-4).

Table 2: Other operating companies within the Impol Group

	Company	Share
	Impol 2000, d. d. – parent company – directly controls:	
1	Impol Servis, d. o. o. (controls 27.4% of Unidel, d. o. o.)	100%
2	Impol, d. o. o. with the following subsidiaries:	97.5%
2.1	Impol Seval a. d. Serbia with the subsidiaries:	70%
2.1.1	Impol Seval PKC, d. o. o. (100%)	
2.1.2	Impol Seval Tehnika, d. o. o. (100%)	
2.1.3	Impol Seval Final, d. o. o. (100%)	
2.1.4	Impol Seval President, d. o. o. (100%)	
2.1.5	Slobodna carinska cona (33.33%)	
2.2	Impol LLT, d. o. o.	100%
2.3	Impol FT, d. o. o.,	100%
2.4	Impol PCP, d. o. o.,	100%
2.5	Stampal SB, d. o. o.	100%
2.6	Impol R in R, d. o. o.	100%
2.7	Impol Infrastruktura, d. o. o.	100%
2.8	Impol Aluminum Corporation, New York (USA)	90%
2.9	Impol Stanovanja, d. o. o	100%
2.10	Štatenberg, d. o. o.	100%
2.11	Unidel, d. o. o., (27.4% is owned by Impol Servis d. o. o.)	72.6%
2.12	Impol Montal, d. o. o	100%
2.13	Kadring, d. o. o.	100%
2.14	Impol Hungary Kft.,	100%
2.15 associated	Simfin, d. o. o.	49.5%
2.16 associated	Alcad, d. o. o.	32%
3.	Rondal, d. o. o.,	100%
4 associated	Impol Brazil	50%
5.	Impol-TLM, d. o. o.,	100%
6.	Impol-FinAl, d. o. o.	100%

In March 2019, Impol 2000, d. d., acquired a 68% shareholding in Alcad, d. o. o., which consequently became its subsidiary and which is fully controlled by the Impol Group.

Subsidiaries and Associated Companies where Impol 2000, d. d., Exercises Direct or Indirect Prevailing Influence

Table 3: Subsidiaries in which Impol 2000, d. d., exercises direct influence

Subsidiary – direct influence	Registration number	Activity Standard Classification	Carrying amount of the financial investment as of 31/ 12/ 2018 in EUR	Carrying amount of the financial investment as of 31/ 12/ 2017 in EUR	Stake in %	Equity as of 31/ 12/ 2017 in EUR	Net profit or loss in 2017 in EUR	Equity as of 31/ 12/ 2018 in EUR	Net profit or loss in 2018 in EUR
Impol Servis, d. o. o. Partizanska ulica 38, Slovenska Bistrica	5482593	47,250	245,037	245,037	100	1,060,271	94,547	1,140,935	81,069
Impol, d. o. o. Partizanska ulica 38, Slovenska Bistrica	5040736	24,530, 25,500	67,588,863	67,588,863	97.5387	125,638,593	19,648,427	140,921,140	18,834,401
Rondal, d. o. o., Partizanska ulica 38, Slovenska Bistrica	5888859	25,500	100,000	100,000	100*	9,096,317	475,418	9,427,508	333,113
Impol-TLM, d. o. o., Narodnog preporoda 12, Šibenik, Croatia	4433203	2,442	1,872,415	1,872,415	100	-3,855,060	1,579,146	-2,608,245	596,339
Impol-FinAl, d. o. o. Partizanska ulica 38, Slovenska Bistrica	7176899	25,620	1,000,000	1,000,000	100	835,747	-162,459	782,147	-53,489

At the end of 2011 Impol 2000, d. d. signed a contract on the purchase of a 100-percent stake of Rondal, d. o. o. which then became its subsidiary. The transfer was registered in January 2012. As of 31/ 12/ 2018, Rondal, d. o. o. has a 99-percent own share in the equity of the company, and Impol 2000, d. d., a 1-percent stake, which implies a 100% effective ownership of Rondal, d. o. o. by Impol 2000, d. d.

Table 4: Subsidiaries where Impol 2000, d. d. exercises indirect influence

Subsidiary – direct influence	Company registration number	Standard Industrial Classification	Country companies	Equity as of 31/ 12/ 2017 in EUR	Net profit or loss in 2017 in EUR	Equity as of 31/ 12/ 2018 in EUR	Net profit or loss in 2018 in EUR
Impol-Montal d. o. o., Partizanska ulica 38, Slovenska Bistrica	5479355	28,120	Slovenia	1,310,313	236,499	1,598,559	288,246
Impol Stanovanja d. o. o., Partizanska ulica 39, Slovenska Bistrica	5598010	70,320	Slovenia	3,365,838	41,504	3,396,673	30,889
Štatenberg, d. o. o. Štatenberg 86, Makole	5465249	55,301	Slovenia	426,217	7,171	424,503	-1,714
Unidel, d. o. o., Kraigherjeva ulica 37, Slovenska Bistrica	5764769	85,325	Slovenia	1,119,713	106,769	1,230,439	112,564
Impol Aluminum Corporation, New York (USA)	/	51,520	USA	1,862,309	303,945	2,031,016	77,940
Impol Seval, a. d., Sevojno, Serbia, with 4 subsidiaries:	7606265	27,423	Serbia	46,372,847	6,319,750	53,700,404	7,569,466
Impol Seval PKC, d. o. o. Sevojno, Serbia	1761824	70,220	Serbia	67,131	11,073	74,566	7,310
Impol Seval Final, d. o. o., Sevojno, Serbia	1761826	69,200	Serbia	86,647	8,935	106,721	19,921
Impol Seval Tehnika d. o. o., Užice, Serbia	1761825	33,120	Serbia	365,994	57,608	388,296	21,607
Impol Seval President, d. o. o., Zlatibor, Serbia	2070184	55,100	Serbia	-96,213	-6,492	395	-23,200
Stampal SB d. o. o., Partizanska ulica 38, Slovenska Bistrica	1317610	28,400	Slovenia	7,468,755	1,246,149	8,623,356	1,156,293
Kadring, d. o. o. Trg svobode 26, Slovenska Bistrica	5870941	74,140	Slovenia	669,829	83,861	829,210	159,941
Impol FT, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239418	28,400	Slovenia	8,319,600	1,834,354	10,099,987	1,793,199
Impol PCP, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239442	28,400	Slovenia	11,140,196	2,404,483	13,694,334	2,573,783
Impol LLT, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239434	27,530	Slovenia	4,566,437	812,310	5,643,643	1,082,306
Impol R in R, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239400	73,102	Slovenia	1,012,706	316,391	1,174,083	162,962
Impol Infrastruktura, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239426	70,320	Slovenia	815,501	99,514	978,318	163,827
Impol ulaganja d. o. o.*, Narodnog preporoda 12, Šibenik, Croatia	4203445	6,810	Croatia	3,734,435	-185,407		
Impol Hungary Kft., Vecsey Karoly ulica 7, Budapest, Hungary	/	1,724	Hungary	19,907	177,534	26,962	136,604

**On 4/ 9/ 2018, Impol ulaganja, d. o. o., was merged with Impol-TLM, d. o. o.*

Other associated companies are those in which Impol 2000, d. d., directly or indirectly owns more than 20% equity share.

Table 5: Associated companies where Impol 2000, d. d., has indirect influence

Associated companies – indirect influence	Country	Stake in %
Simfin, d. o. o., Partizanska ulica 38, Slovenska Bistrica*	Slovenia	49.5
Alcad, d. o. o., Partizanska ulica 38, Slovenska Bistrica**	Slovenia	32
Slobodna carinska cona***	Serbia	33.33

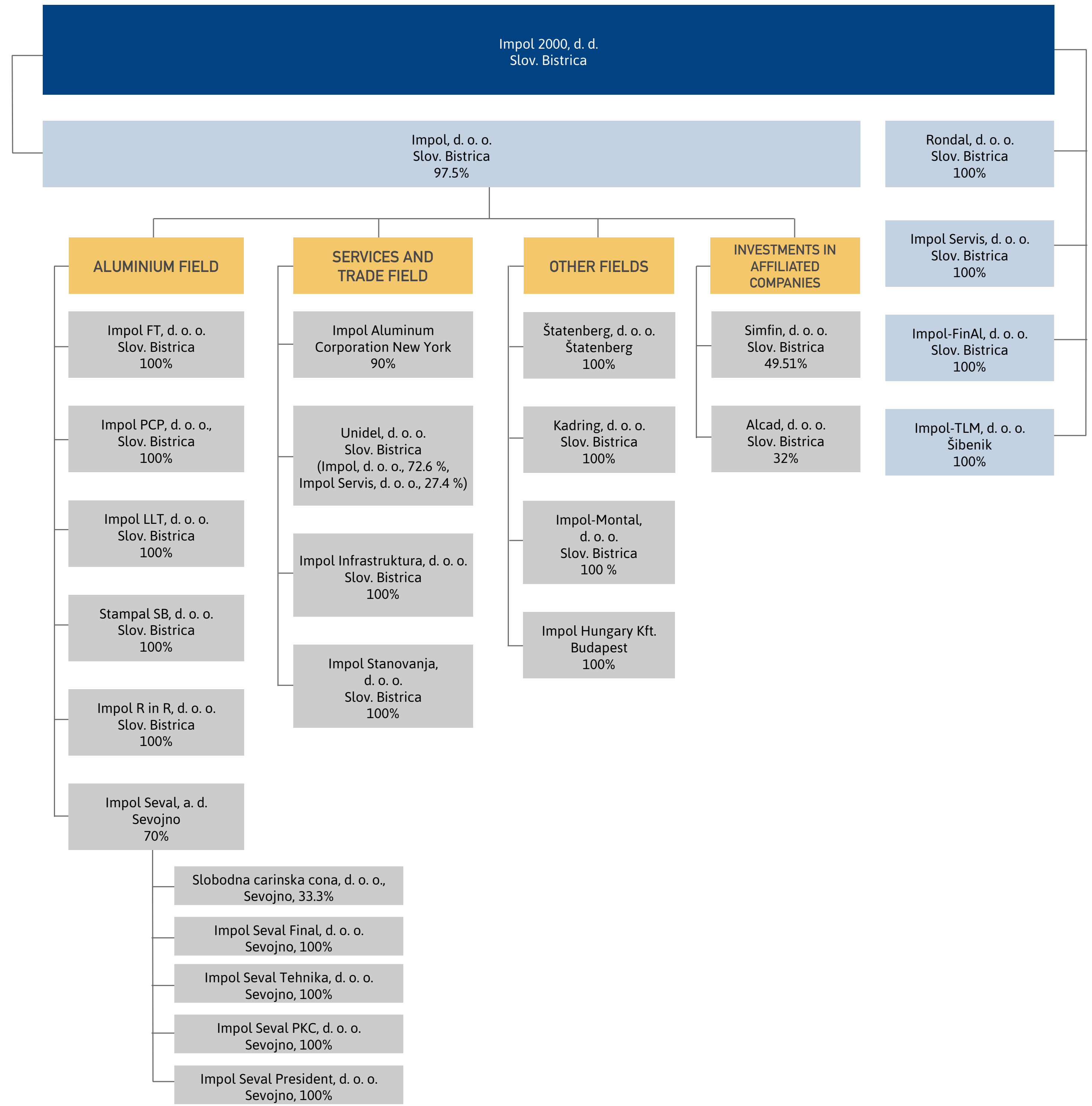
**Equity stake in possession of a subsidiary - Impol, d. o. o.*
***Equity stake in possession of a subsidiary - Impol, d. o. o., since March 2019; the other 68% stake is held by Impol 2000, d. d., tus making Alcad, d. o. o., a 100% subsidiary of the Impol Group.*
****Equity stake in possession of a subsidiary - Impol Seval, a. d., majority held by Impol, d. o. o.*

Table 6: Associated companies where Impol 2000, d. d. has direct influence

Associated companies – direct influence	Country	Stake in %
Impol Brazil Aluminium Ltda, Rio de Janeiro, Brazil	Brazil	50

Organisation Chart

Figure 1: The Impol Group organisation



With the Group growing and expanding, we included the division form of organisation in our business operation at the beginning of the 2017. The aim of this change is to unify business operations between related programmes on various locations, and at the same time enable a single and comprehensive development of individual areas and accelerate the transfer of good practices.

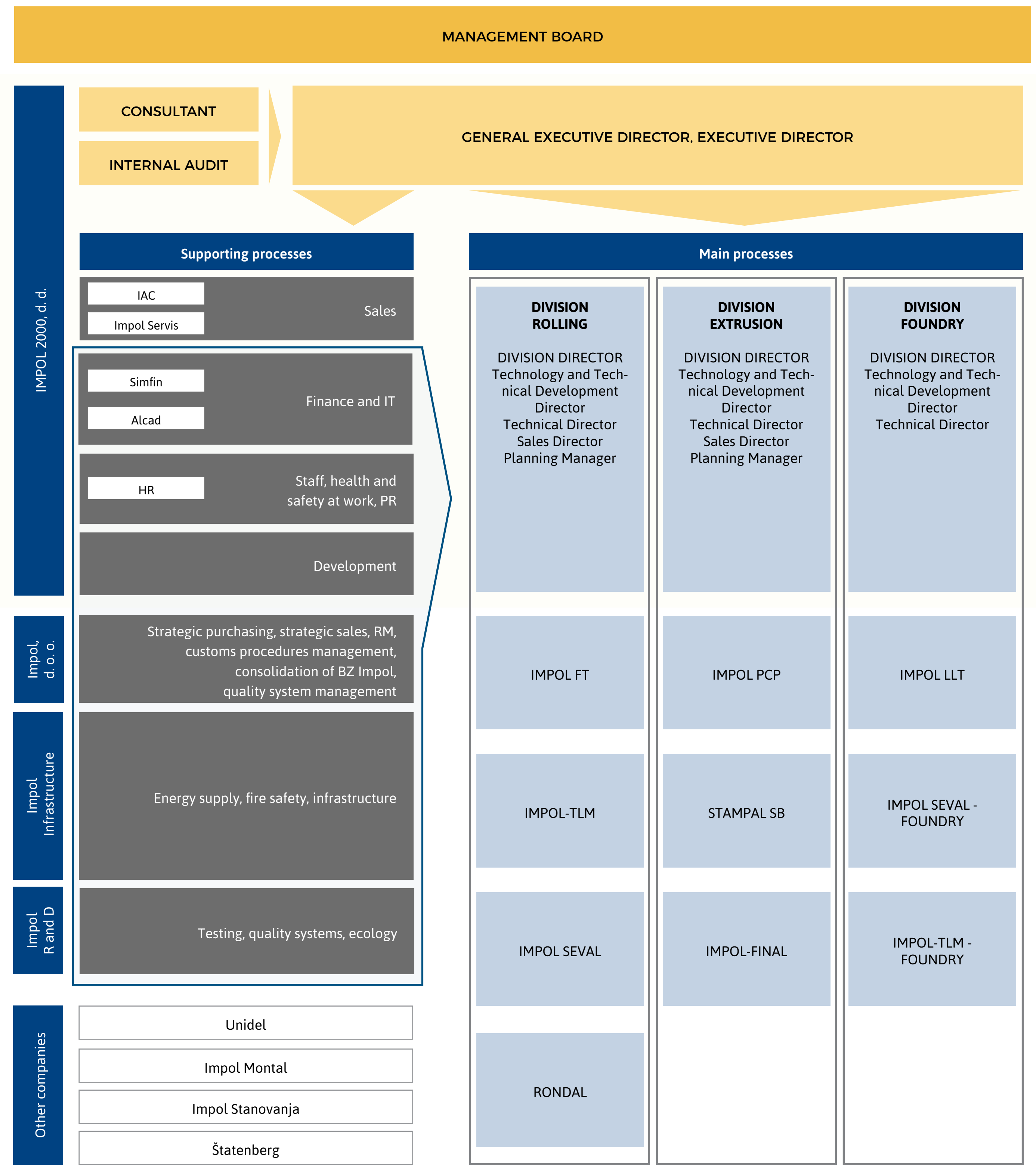
The Impol Group is thus divided, in the field of aluminium (main activity), into three divisions: foundry, rolling and extrusion, where we also include the mechanical processing of our products, which is being further developed. Within each individual division the development of the expert field, the achievement of set annual goals, the sale of specialised products to end buyers and ensuring the consistency of operations with corporate rules of the Impol Group are coordinated.

Key corporate supporting processes are:

- Sales,
- Finance and IT,
- HR Management,
- Development,
- Purchasing,
- Energy supply,
- Quality.

With this kind of organisation of supporting processes we enable a single system of operation and a balanced development of individual business functions in the entire Impol Group. Consequently, divisions and thus companies within the divisions are provided with an efficient support in achieving the objectives of the Impol Group.

Figure 2: Organisation chart of the Impol Group division organisation



STRATEGIC ORIENTA-TIONS: ADDING VALUE

Strategic Orientations

Vision, Mission and Values

Vision

To become the leading European provider of a comprehensive programme of rolled, extruded and processed aluminium products.

Mission

Processing of aluminium into products that meet our customers' highest possible expectations of value and satisfying the needs of the customers, employees, owners, environment and other stakeholders. This also includes best service provided to our customers.

Values

INNOVATION – together with our customers we develop products aimed to meet their needs, their inventiveness and constant personal development.

DILIGENCE – teamwork ensures the involvement of all employees, promoting the reliability and trust in Impol on the market.

FLEXIBILITY – our services are distinguished by speed, efficiency and transparency, which are provided.

EXCELLENCE – quality from the idea to after-sale activities is ensured with environmentally-friendly production processes.

LOYALTY – to the company, the owners, the employees and the environment by observing regulatory provisions and ethical norms.

Main Objectives and Strategy

The Company's prepared strategy for 2025 defines the following objectives:
- To increase the annual income to over EUR billion.
- Redirect profits to the greatest extent possible in order to expand and modernise the material basis of work and to ensure at least 60% of financing of business processes with capital.
- Be present on the market so that the majority of or all sales are intended for final customers with whom the product is being developed, thus expanding the extent of operations as their development supplier.
- Be the leading European supplier in the automotive industry in the field of forging bars and other extruded products and become an important supplier of rolled products.
- Increase the volume of additionally after-treated products to at least 60,000 tonnes per year.
- Develop new finalisation programmes of rolled and extruded products.
- Use approximately 30% of external secondary raw material as input material and modify technology accordingly.
- Reduce the necessary input volumes by decreasing the flow factors and loss factors with at least 1% annual dynamic.
- Further increase the scope of operations, already envisaged in this strategy, by at least another 15,000 tonnes per year and thus additionally increase profits by EUR 7 million per year, by adopting organisational measures for 2025.
- Automatise the control over all manufacturing and logistics processes by applying digitalisation, and actively include customers and suppliers in this process.

Plan of Operations for the Impol Group in 2019

Impol continues manufacturing aluminium products, which are almost entirely used for further processing and increasingly more in further mechanical processing of aluminium semi-finished products. We enter 2019 with two additional long-term contracts placing Impol among "TIER 1" suppliers in the automotive industry, whereby the impact on the growth of revenues will be noticeable in 2020 and later. On the other hand, policies for 2019 stem from specific events that had a significant impact on our predictions during the preparation of the annual plan.

In preparing the plans we thus had to take into consideration the following:
- unpredictable circumstances brought by the introduction of customs duty in the USA market;
- sanctions against one of the largest manufacturers of aluminium, RUSAL, with which we concluded a contract for a specific part of supply;
- decrease of the production of aluminium in Europe and as a result the decrease of appropriate raw material supply;
- change of supply sources;
- change of energy product prices;
- change of salary costs.

Objectives for 2019:
- To achieve profit before tax of at least EUR 38 million.
- To achieve EBITDA in the amount of EUR 63 million.
- To achieve value added per employee in the amount of EUR 54.5 thousand.
- To allocate larger part of the investments to foundry capacities in Croatia, making us independent from other sources
- To allocated the second part of investments to the construction of capacities for the manufacture of finalised products.
- Urgent completion of a larger part of investments in rolling capacities and the beginning of the development of products for the automotive industry.
- To begin developing and selling products for the aviation industry by obtaining the EN 9100 aviation standard at the end of 2018.
- To intensively implement business digitalisation.
- To increase the volume of business operations on long-term bases with buyers, end users of Impol products, and building cooperation on common development programmes - manufacture of personalised products.
- To intensively develop new sources for the purchase of aluminium raw materials and to ensure the purchase of the used aluminium from the customers of Impol's products in the biggest possible extent.
- Allocate EUR 4 million to dividends, which means that a dividend would be established in the amount of EUR 3.75 per share.

Policy:
- With the planned scale of operations in 2019, the Impol Group will guarantee the growth of its shareholders and other financial stakeholders' assets and simultaneously guarantee dividends and/or interest rates that are balanced with the policies listed in Impol's long-term operating strategy. In terms of sales, the following sales outside the group (in EUR thousand) will be achieved:

Table 7: Planned indicators for 2019

Indicators	
Net sales revenues by business segment in EUR 000	794,909
Cash flow from current operations (net profit after tax + depreciation) in EUR 000	52,901
Added value per employee in EUR	54,512
EBITDA (operating profit + depreciation) in EUR 000	63,298
EBIT (operating profit) in EUR 000	42,413
Net debt n 000 EUR	197,304
Net debt/EBITDA	3.12

Important Highlights from Expected Results

The expected operating results of the entire Impol Group (consolidated) (only selected indicator – all value indicators will be determined in EUR thousand unless otherwise specified) are shown in the table below:

Table 8: Expected results in 2019 (in EUR 000)

		Profit and loss statement	1/ 1/ 2019 - 31/ 12/ 2019
1		Net sales revenues	794,909
	a)	From the sale of products (tangible)	704,331
	b)	From sales of services	3,605
	c)	From sales of goods and materials	86,973
2		Change in value of inventory	0
3		Own products and services	0
4		Other operating revenues	905
		GROSS OPERATING YIELD	**795,814**
5		Costs of goods, materials and services	661,355
	a)	Purchase value of goods sold	65,408
	b)	Costs of used material	546,631
	c)	Costs of services	49,316
6		Labour costs	68,769
7		Write-offs	21,065
	a)	Depreciation	20,885
	b)	Operating expenses from revaluation of intangible assets and tangible assets	3
	c)	Revaluation of operating expenses for intangible assets	177
8	a)	Other operating expenses	2,212
		TOTAL OPERATING COSTS AND EXPENSES	**753,402**
A		**Profit or loss from ordinary activities**	**42,413**
9+10+11		TOTAL FINANCIAL REVENUES	40
9		Financial revenues from participating interests	0
10		Financial revenues from loans granted	1
11		Financial revenues from operating receivables	
b)		Financial revenues from operating receivables from others	39
12+13+14		TOTAL FINANCIAL EXPENSES	4,363
12		Financial expenses from the impairment and write-offs of financial investments	0
13		Financial expenses from financial liabilities	4,316
14		Financial expenses from operating liabilities	46
		Net profit before taxes	**38,090**

Table 9: Estimated balance sheet (in EUR 000)

	Balance Sheet	31/ 12/ 2019
	ASSETS	
A)	**Long-term assets**	240,477
I.	**Intangible fixed assets and long-term deferred costs and accrued revenues**	2,502
	Long-term property rights	1,605
1	Acquired by means of pecuniary interest	1,605
a)	Acquired by means of own development	0
b)	Goodwill	319
2	Advances for intangible fixed assets	0
3	Long-term deferred development costs	576
4	Other long-term deferred costs and accrued revenues	1
II.	**Tangible fixed assets**	**233,077**
	- Cost	448,929
1	Land and buildings	60,253
	a) Land	14,457
	b) Buildings	45,796
2	Production equipment and machinery	146,446
3	Other machinery and equipment	4,324
4	Tangible fixed assets being acquired	22,053
	a) Tangible fixed assets under construction and manufacture	8,738
	b) Advances to acquire tangible fixed assets	13,316
III.	**Investment property**	2,335
	Cost	15,897
IV.	**Long-term financial investments**	1,367
1	**Long-term financial investments, excluding loans**	1,179
2	**Long-term loans**	187
V.	**Long-term operating receivables**	38
VI.	Deferred tax receivables	1,158
B)	**SHORT-TERM ASSETS**	293,531
I.	**Assets (disposal groups) available for sale**	0
II.	**Inventories**	161,981
1	Material	130,714
2	Work-in-progress	15,450
3	Products and merchandise	15,504
4	Advances for inventories	313
III.	**Short-term financial investments**	428
1	Short-term financial investments, excluding loans	403
2	Short-term loans	25
IV.	**Short-term operating receivables**	120,717
2	Short-term operating receivables from customers	96,663
3	Short-term operating receivables from others	24,054

V.	**Cash**	10,405
C)	**Short-term accrued costs and deferred revenues**	766
	TOTAL ASSETS	534,774
	LIABILITIES TO SOURCES OF ASSETS	
A)	**Equity**	253,509
a)	**Minority equity (including profit from the current year)**	22,493
I.	**Called-up capital**	4,452
1	Share capital	4,452
2	Uncalled-up capital (as deductions)	0
II.	**Capital reserves**	10,751
	From revaluation capital adjustment	10,751
III.	**Income reserves**	7,958
1	Legal reserves	
2	Reserves for own shares and own business shares	506
3	Own shares and own business shares (as a deductible item)	-506
4	Statutory reserves	2,226
5	Other revenue reserves	5,733
IV.	Reserves resulting from valuation at fair value	-783
V.	Revaluation adjustment of capital	802
VI.	Net profit brought forward	178,572
VII.	Net profit or loss for the financial year	29,264
	Minority equity profit/loss	2,752
B)	**Provisions and long-term accrued expenses and deferred revenues**	3,871
C)	**LONG-TERM LIABILITIES**	111,452
I.	**Long-term financial liabilities**	109,308
1	Long-term financial liabilities to banks	108,933
2	Long-term liabilities from bonds payable	0
3	Other long-term financial liabilities	375
II.	**Long-term operating liabilities**	207
1	Long-term operating due from suppliers	0
2	Long-term bills of exchange payable	0
3	Long-term operating liabilities from advance payments	0
4	Other long-term operating liabilities	207
III.	Deferred tax liabilities	1,937
D.	**SHORT-TERM LIABILITIES**	163,783
I.	**Liabilities included in groups for disposal**	0
II.	**Short-term financial liabilities**	98,829
1	Short-term financial liabilities to banks	80,796
	- of which the short-term part of long-term liabilities	50,676
2	Short-term financial liabilities based on bonds	10,000
3	Other short-term financial liabilities	8,032
III.	**Short-term operating liabilities**	64,954
2	Short-term business liabilities to suppliers	50,625
3	Short-term bills of exchange payable	0
4	Short-term operating liabilities from advance payments	1,317
5	Other short-term operating liabilities	13,013
	a) To employees	6,399
D)	b) Tax liabilities	5,912
	c) Other liabilities	702
	Short-term accrued costs and deferred revenues	2,158
	LIABILITIES TO SOURCES OF ASSETS	534,774

Table 10: Estimate of net cash flow (in EUR thousand) and some expected indicators

Estimate of net cash flow	Total
Inflows	
- Net profit	32,016
- Depreciation	20,885
- Additionally taken out loans	90,000
Outflows	96,972
- Repayments of loans	93,676
- Dividend payment	3,296
Available for investments	45,929
Planned investments	44,350

Administration and Management System

Statement on the Management of Impol 2000, d. d., in Accordance with Paragraph 5 of Article 70 of the Companies Act ZGD-1

1. Reference to a valid Code

In 2018, the Company was subject to its own code entitled the Impol Group Code of Business Conduct*. The governance is in line with the provisions of the ZGD-1 and the aforementioned Code. The Company fully respects the aforementioned Code.

2. Description of the main features of the internal control systems and risk management in the Company in relation to the financial reporting process

The Company's management is responsible for keeping proper accounts and the establishment of internal controls, ensuring the functioning of internal controls, the selection and application of accounting policies.

In order to make the systems of internal controls and risk management function, we perform the following:

- Unification of accounting policies and their consistent application;
- Provision and upgrading of a uniform accounting system that allows maintenance of uniform accounting policies;
- Provision and upgrading of a single business information system, which increases the efficiency of operational processes and at the same time provides the possibility of controlling all the Group companies;
- Implementation of adequate accounting and business reporting at all levels of the Group companies including:
  - The provision of accurate and reliable accounting data based on credible bookkeeping documentation and proofs of the existence of business events featuring all data that is necessary for correct record-keeping;
  - The provision of accurate, reliable and fair accounting data and reports that are appropriately verified before he publication by the implementation of controls at multiple levels, namely by the comparison of the data from subsidiary bookkeeping and the data in the book-keeping documents, comparison of the data of business partners (external confirmation), comparison of the actual physical state with the accounting records and by synchronisation of data between subsidiary bookkeeping and the general ledger;
- Implementation of regular internal audits;
- Implementation of regular external assessments;
- Establishment of the IT Supervisory Board which supervises the procedures for the integration of new information solutions in the Group, supervises the implementation of IT projects and takes care of a uniform approach to IT construction;
- Establishment of a Risk Management Committee which monitors all the risks identified within the Group and, where appropriate, is engaged in individual processes where certain risks may occur or have occurred;
- Implementation of its own system of managing risks regarding aluminium operations.

Risk management is presented in detail in the risk related section.
We believe that the current system of internal controls in Impol 2000, d. d., and the Impol Group was effectively established in 2018 and that the operation was in accordance with the legal provisions and ensured the possibility of achieving business goals.

3. Data on the functioning of the Company's General Meeting and its key competences, and the description of the rules for the shareholders and the method of their enforcement

The shareholders shall exercise their rights on the Company matters at a General Meeting in accordance with the ZGD-1. The convocation of a General Meeting is regulated by the Statute. The General Meeting is convened by the Management Board. A General Meeting shall also be convened if shareholders whose shares represent one-twentieth of the new equity require it in a written form stating the purpose and reasons. If the Management Board refuses to give effect to the request, the minority may request the court to authorise it to convene the General Meeting. The same applies when the majority requests the extension of the agenda after the General Meeting has been convened.

The Management Board shall convene the General Meeting one month before the meeting by publishing the notice on AJPES and the Company's website. The publication by the Management Board shall also indicate the time and place of the General Meeting.

* *Accessible on the website http://www.impol.si/o-podjetju/organizacija/2763*

The General meeting can only be attended and the right to cast votes may be exercised by the shareholders who announce their participation at the General Meeting no later than by the end of the fourth day before the General Meeting.

General Meeting shall decide upon:
- Adoption of the Annual Report;
- Use of the distributable profit;
- Appointment and recall of the Management Board members;
- Granting of a discharge to the Management Board members;
- Amendments to the Statute;
- Measures to increase and decrease equity;
- Dissolution of the Company and status transformation;
- Appointment of an auditor;
- Other matters if stipulated by the Statute in accordance with the law or other matters laid down in the Act.

The General Meeting is responsible for the adoption of the annual report only if the Management Board fails to approve it, or if the Management Board leaves a decision on the approval of the Annual Report to the General Meeting.

At the General Meeting held on 13 July 2018, the shareholders took note of the Annual Report and the Report of the Management Board on the results of the verification of the Annual Report for 2017, and of the remuneration of the members of the management and supervisory bodies. The shareholders adopted a resolution on using the accumulated profit and granting discharge to the Management Board and Supervisory Board for 2017, a resolution on the appointment of an auditor for 2018 and amendment or expansion of the company's activity and amendment of the statute of Impol 2000, d. d.

4. Data on the composition and functioning of the management and supervisory bodies and their committees

On 1/ 1/ 2015, the Impol Group changed the form of management of the parent company Impol 2000, d. d., from its two-tier structure to one-tier structure valid up to 31/ 12/ 2104.

The Management Board which represents the Company is composed of non-executive directors. The President of the Management Board is the legal representative of the Company. The Management Board there- fore runs the Company, whereas the two Executive Directors run the ongoing operations. The Executive Directors who are not members of the Management Board also represent the Company in accordance with the law and are independent representatives of the company. In accordance with the resolution adopted by the Management Board, the Executive Directors must obtain the approval for specific areas of operations:
- Acquisition, takeover and cessation of shareholdings in other companies and the establishment of new companies;
- Acquisition, disposal or encumbrance of real estate;
- Pledge or other forms of encumbering of other assets;
- Taking out short-term loans, leasing, emission of bills or commercial papers and acquisition of other liquid assets from external sources;
- Provision of guarantees;
- Granting loans to employees and third parties;
- Investments into fixed capital.

Composition of the Management Board:
- Jernej Čokl, President of the Management Board;
- Vladimir Leskovar, Vice President of the Management Board;
- Janko Žerjav, Member of the Management Board;
- Milan Cerar, Member of the Management Board;
- Bojan Gril, Member of the Management Board;

Jernej Čokl, Vladimir Leskovar, Janko Žerjav and Milan Cerar are members of the Management Board appointed by the General Meeting. Their term of office expires on 31/ 12/ 2020. Bojan Gril is a Management Board member, appointed by a representative body of workers, whose term expired on 27/ 1/ 2019. On 23 January 2019, he was re-appointed as the fifth member of the Management Board for a term of two years.

The Management Board appointed two executive directors who are not members of the Management Board:
- Andrej Kolmanič, Chief Executive Officer,
- Irena Šela, Executive Director of Finance and IT.

The term of office of the Executive Directors will run from 1/ 1/ 2018 and ended on 31/ 12/ 2020.

The Management Board also appointed the Audit Committee as the standing committee of the Management Board in accordance with Articles 280 and 289 of the Companies Act ZGD-1, comprising of:
- Vladimir Leskovar, Chairman of the Committee;
- Bojan Gril, Member of the Management Board;
- Tanja Ahaj, External Member.

Operation of the Audit Committee

The Audit Committee of the Company Impol 2000, d. d. (hereinafter: AC) held in its full compositions as appointed in 2018 three meetings in person and three meetings by correspondence at which it implemented its tasks in line with the provision of Article 280 of the Companies Act ZGD-1.

The Audit Committee:

a) Monitored financial reporting on the basis of the received financial and accounting reports on current business operations on monthly basis. The AC provided the minutes of the AC comprising recommendations and proposals to ensure a coherent monitoring of the accounting report procedure. It monitored the preparation of individual annual reports of the Group companies and of the consolidates annual report in terms of content and timeline. At the same time it discussed important verifications and assessments, used for the preparation of financial statements and important and/or unusual transactions, it verified investments, solvency, liquidity and capital adequacy, and it assessed the quality of financial information. The AC established that the company met the requirements in terms of solvency, liquidity and capital adequacy on the basis of its financial results from monthly and annual statements of accounts;

b) Reviewed the suitability and comprehensiveness of other measures taken and forwarded opinions to the Management Board;

c) Monitored the efficiency of internal controls which it deemed efficient and realised. The AC regularly monitored the assessment of work of the internal audit on the basis of the received monthly reports and it evaluated its operation as successful. The AC agreed with the internal audit plan. By evaluating and following up the reports and by evaluating the operation of the Risk Management Committee, the AC establishes that all risk areas are adequately monitored and managed;

d) Verified the mid-annual report of the Group and proposed its adoption and publication by the Management Board in line with regulatory requirements;

e) Monitored obligatory audit of annual and consolidated financial statements and established that the external audit was implemented successfully and comprehensively;

f) Monitored the external auditor's independence and established that the independence was ensured;

g) Discussed the auditor selection procedure and proposed a candidate for an external auditor of the annual report to the Management Board;

h) Took part in the preparation of a contract between an independent auditor and the company Impol 2000, d. d., and other Group companies that need to be audited individually;

i) Verified an independent auditor's report and notified the Management Board about its agreement with the expressed opinion that the to consolidated accounts, profit or loss and cash flows fairly represent in all aspects the financial position of the company Impol 2000, d. d., and its subsidiaries in line with the International Financial Reporting Standards. It agreed with the auditors' conclusion that the business report is in line with the revised consolidated financial statements;

j) Specifically verified and evaluated the content of the Annual report of the Impol Group and the company Impol 2000, d. d., and agreed with the proposal and presented the opinion to the Management Board;

k) Supervised the integrity of financial information provided by the company and it participated in the defining of the important audit fields;

k) Cooperated with the independent auditor in the implementation of the audit of the annual report of the company Impol 2000, d. d., and the Impol Group, mainly by mutual sharing of information on main and important audit issues;

m) Cooperated with the internal auditor mainly by mutual sharing of information on the main internal audit issues as it followed the operation of internal audit on monthly basis through the reports it received on its operation (GRI 102-18).

5. Data is in accordance with paragraph 6 of Article 70 of the Companies Act ZGD-1.

5.1. Share Capital Structure

The share capital of Impol 2000, d. d., amounts to EUR 4,451,539.81 and is divided into:
- 23,951 par value shares of the first issue;
- 1,029,297 par value shares of the second issue;
- 13,513 par value shares of the third issue.

The shares are held by named persons and are of the same class.

Impol 2000, d. d. is the holding company of the Impol Group and is organised as a public limited company. Its capital is divided into 1,066,767 pro rata shares, issued in non-materialised form and registered as such on 5/ 3/ 2007. The shares are transferable and are all of the same class. The central share register is kept by KDD. At the end of the year, 837 shareholders were registered.

All members of the Management Board own 16,588 shares of the company Impol 2000, d. d., or 1.55% in total. Members did not trade in shares in 2018.

An overview of the 10 largest shareholders of total 837 shareholders continues to show adequately diversified ownership (GRI 102-5).

Largest shareholders of Impol 2000, d. d., as of 31/ 12/ 2018, are presented in the table.

As of 31/ 12/ 2018, natural persons own 502,296 shares or 47.09% of shares.

Table 11: Overview of the largest shareholders as of 31/ 12/ 2018

Shareholder	Number of shares	Share
Bistral, d. o. o.	111,449	10.45%
Impol-Montal, d. o. o.	80,482	7.54%
Karona, d. o. o.	72,796	6.82%
Alu-Trg, d. o. o.	58,882	5.52%
Upimol 2000, d. o. o.	54,787	5.14%
Simpal, d. o. o.	53,400	5.01%
Alumix, d. o. o.	53,400	5.01%
Danilo Kranjc	42,896	4.02%
Simfin, d. o. o.	19,173	1.80%
Varimat, d. o. o.	17,206	1.61%
Others (mainly natural persons)	**502,296**	**47.09%**

5.2. Restrictions on transfer of shares

The transfer of shares shall request a written consent of the Management Board, which verifies before the transfer if conditions for transfer, specified in the Company Statute, have been met.

5.3. Point 3 of Paragraph 6 of Article 70 of the ZGD-1 – Qualified holdings according to the ZPre-1

On 31 December 2018, qualified holdings on the basis of the first paragraph of Article 77 of the Takeovers Act were as follows:

Table 12: Shareholders with qualifying holdings as of 31/ 12/ 2018

Shareholder	Number of shares	Share	
Bistral, d. o. o.	111,449	10.45%	direct owner
Impol-Montal, d. o. o.	80,482	7.54%	direct owner
Karona, d. o. o.	72,796	6.82%	direct owner
Alu-Trg, d. o. o.	58,882	5.52%	direct owner
Upimol 2000, d. o. o.	54,787	5.14%	direct owner
Simpal, d. o. o.	53,400	5.01%	direct owner
Alumix, d. o. o.	53,400	5.01%	direct owner

By controlling the companies Simpal, d. o. o., and Alumix, d. o. o., teh company Upimol 2000, d. o. o., has an increased equity impact in Impol 2000, d. d.

5.4. Point 4 of Paragraph 6 of Article 70 of the ZGD-1

The Company did not issue any securities that would carry special control rights.

5.5. Point 5 of Paragraph 6 of Article 70 of the ZGD-1 – Employee share scheme

The Company has no employee share scheme.

5.6. Point 6 of Paragraph 6 of Article 70 of the ZGD-1 – Restrictions related to voting rights

The Statute of Impol 2000, d. d., includes a restriction of voting rights, namely a shareholder who holds more than 10% of the Company's shares cannot exercise the voting right for the shares exceeding 10% of the shares of the Company.

5.7. Point 7 of Paragraph 6 of Article 70 of the ZGD-1 – All agreements among shareholders that could result in the restriction of the transfer of securities or voting rights

The Company is not aware of any such agreements.

5.8. Point 8 of Paragraph 6 of Article 70 of the ZGD-1 – Rules of the Company

Executive Directors are appointed by the Management Board. The term of office of the Executive Directors shall be three years with the possibility of reappointment. The Executive Director must meet the conditions laid down in the Companies Act ZGD-1, additional conditions may be determined by the Management Board. The Management Board shall decide on the conclusion, approval and termination of the contracts on the performance of a function of the Executive Director.

The company has a Management Board which runs the company, supervises the implementation of operations and performs other tasks in accordance with the law and statute. The Management Board consists of five members. Four members are elected by the General Meeting, and a representative body of workers of the Impol Group (hereinafter: RBEIG) shall have the right to elect one member in accordance with the statutory provisions and the agreement concluded between the Management Board and employee representatives – the Group electors.

A member of the Board elected by the RBEIG has a position of a non-executive director in the Management Board and represents the interests of all the employees in the companies affiliated to the Group. The term of the member of the Management Board appointed by the RBEIG is two years with the possibility of reappointment.

The term of office of the Management Board members elected by the General Meeting is up to six years with the possibility of reappointment. The term of office of each member of the Management Board is finally decided by the General Meeting by adopting a resolution. If the term of office of a Management Board member is subject to early termination, the next General Meeting will elect a new member for the remainder of the term of office.

The Statute may be amended by the General Meeting requiring a majority of at least three quarters of the share capital represented.

5.9. Point 9 of Paragraph 6 of Article 70 of the ZGD-1 – Authorisations of the members of the management, especially authorisations for issuing or purchasing own shares

The authorisations are defined under point 4 of the statement – Information on the composition and functioning of the management and supervisory bodies and their committees. The Management Board and Executive Directors have no special powers in connection with the issue or purchase of treasury shares.

5.10. Point 10 of Paragraph 6 of Article 70 of the ZGD-1 – Important agreements in which the company is a party and which take effect, change or are cancelled on the basis of the change in the control over the company as a result of a bid, as stipulated by the act regulating acquisitions.

The Company is not aware of any such agreements.

5.11. Point 11 of Paragraph 6 of Article 70 of the ZGD-1 – Agreements between the company and the members of its management or supervisory bodies or the employees which foresee compensation should such persons, due to a bid as stipulated by the act regulating acquisitions: resign, be fired without cause, or their employment relationship be terminated.

In the event of resignation, recall or termination of the employment contract without good reason, the management is not entitled to compensation.

6. Diversity policy

The purpose of the diversity policy is to provide the fundamental principles with regard to ensuring diversity of the management members with the goal to achieve the best possible efficiency of the management and thus to keep or increase the company's developmental and competitive advantages. The diversity policy aims to encourage the diversity of the management members and their knowledge and skills.

When determining the optimal composition of the management and in preparing the proposal to the General Meeting of shareholders, we take into consideration especially the following diversity goals or aspects:

- the proposal for the selection management, which is appointed by the Company's General Meeting, should be drawn up in a manner that ensures the heterogeneity of the composition and the operation so that the know-how, skills and personal characteristics of individual management members complement each other. In case of a single-member body, the manager should have the widest possible range of expert knowledge, experience and skills from various different areas so as to contribute to the greatest extent possible to the achievement of the Company's business excellence. We also ask other people responsible for drawing up proposal – company shareholders to take into consideration this principle.
- We ensure proper continuity so as to achieve a suitable relationship between existing and new management members.
- The selection of potential candidates for management members should, if possible, take into account diversity in terms of gender and age.

The diversity policy should be considered particularly in the candidate selection and proposal process for members of the management body. We also ask all the company shareholders, who have the right to give proposals in the General Meeting's decisions, to take into consideration the diversity policy.

We established that the Company is implementing the diversity policy, since its management bodies are composed so as to ensure suitable know-how, experience and personal characteristics that contribute to the Group's growth and development.

Jernej Čokl
(Chairman of the Management Board)

Vladimir Leskovar
(Deputy Chairman of the Management Board)

Janko Žerjav
(Member of the Management Board)

Milan Cerar
(Member of the Management Board)

Bojan Gril
(Member of the Management Board)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

INVESTING, DEVELOPING, DISCOVERING AND GROWING

Table 13: Important events in 2018

January	February	March
• Andrej Kolmanič was appointed CEO. • An overhaul of the main drive reducer of the hot-rolling mill was carried out in Impol Seval. We also carried out preparatory work for the second modernisation phase in order to transition to the large coil. • At Impol-TLM we installed a 60 ton chamber furnace for production.	• In February, construction works started to increase the room capacities and install an additional extrusion press with which we will be able to increase the capacities of extruded products. • We issued grants for the "metallurgy technician" profession, and the "material engineering" and "mechatronics" study courses. • Activities were carried out to obtain the EN 9100 aviation standard. • Workshops were organised in order to encourage employees to submit suggestions and report incidents. • Employees participated in the winter games of the Impol Group.	• Impol-FinAl was relocated to new production premises. • We updated the drawing line in the pipe plant production process. • Impol representatives attended the 147th TMS international conference (Minerals, Metals and Materials Society).

April	May	June
• At the beginning of April, the pickling in the profiling plant was moved to a newly built facility. • An audit of the quality systems was conducted, namely the transition to the 9001:2015 and IATF 16946 standards which replaced the ISO/TS standard. Impol FT was certified for the first time according to the requirements of the IATF 16946 standard. Auditors assessed that the quality system improved compared to the previous year. • We hosted the event "Conclusion of the investment in the Municipality of Slovenska Bistrica – Expansion of the Impol industrial zone and conclusion of the agreement between the Ministry of Infrastructure of the Republic of Slovenia, Impol d. o. o., and the Municipality of Slovenska Bistrica regarding the construction of a cable duct and II phase of the construction of the Slovenska Bistrica western bypass".	• We began implementing the quality academy for employees of the Impol Group. • We organised the family day for employees of the Impol Group.	• The Impol Group became the main innovator in the Podravje region. In collaboration with the companies Alcad and C3M we received the innovation award "Development of an industrial algorithm for designing the composition, characteristics and production parameters of recycling-friendly alloys". • At Impol LLT we started regular production on the new gas line. We will also began manufacturing cast bars on the line in 2019. • Regular production in three shifts was established on the renovated BlawKnox rolling mill. • The installation of a driven inlet roller conveyor was completed at the hot-rolling mill in Impol-TLM. • In mid-June, Impol's foil for household purposes received a new appearance.

July	August	September
• In Impol-TLM we started with preparatory works for the construction of a foundation for a new slitting and cut to length line. • Impol Infrastruktura was relocated to renovated premises. • We introduced the Impol Group's information system in Stampal SB.	• At the beginning of the month, we carried out the technical takeover in the RRT production process and put an upgraded 500 ton punching machine in regular production. At the same time, intensive works were carried out in order to install a new NOVASTILMEC slitting line. • A control processor was replaced at the cut to length line at Impol Seval. • In all production processes of the impol Group in Slovenska Bistrica we introduced a system for an efficient energy consumption management.	• At Impol LLT we updated the homogenising furnace and cutting saw, thus obtaining larger capacities and an easier manipulation of products when cutting rods. • A 320 ton furnace for homogenising and preheating slabs for hot rolling was put in production at Impol-TLM. • In all processes we measured the mood in the organisation and employee satisfaction. We measured the increase in the commitment of employees. • Employees participated in the summer games of the Impol Group. • Impol participated in the organisation of an event for children, i.e. the celebration of Frida's birthday, which attracted several thousand attendees.

October	November	December
• The hot-rolling mill in Slovenska Bistrica was shut down. The hot-rolling process is now carried out at locations in Serbia and Croatia. • The installation of a new 25-MN extrusion press was carried out. • A control audit of the ISO 14001:2015 and OHSAS 18001:2007 standards was conducted. No inconsistencies were recorded. • The Chairman and Deputy Chairman of the Management Board of the Impol Group, Jernej Čokl and Vladimir Leskovar, were acquitted of abuse of power charges. • The 14th Research Symposium of the Impol Group was organised, characterised by new technologies, products and the pursuit of the aviation standard. • At the hot-rolling mill of Impol-TLM we definitively implemented mathematical models and the first system of dynamic technology ever in the Impol Group.	• In the profiles production process we carried out the construction of a warehouse for end-products and continued with the construction and installation of the the second phase of the regional warehouse for rods. • In the pipe plant we completed the project of modernising the spraying system for logs on the 35-MN extrusion press. • At Impol-TLM and impol Seval we implemented on-line mathematical models for the homogenization of slabs in the testing phase. • A public auction was held for the sale of registered shares of Impol 2000, d. d., the owners of which are individual shareholders who failed to acquire their own shares despite being asked to do so or did not credit them to their own trading accounts opened with a brokerage house. • At the solemn meeting of innovators and jubilee attendants we awarded Impol's golden badges to 19 innovators. We had a total of 100 jubilee attendants this year. • The Impol Group received the title of the best large company in the Podravje region for the year 2017.	• At Impol FT we started a new cut to length line for ribbed and smooth sheets. • An audit was conducted in order to obtain the EN 9100 standard. • We organised a meeting of former employees of the Impol Group and a gift-giving event for children of employees on Christmas.

Performance Analysis

Impol Group Performance

Notes on the Statement of Financial Position of the Impol Group

In the 2018 financial year, we generated net sales revenues of EUR 727.6 million, which is 9.13% more than in 2017. The reason for the increase in revenues is on one hand the increase of the sale of products and on the other hand the increase in aluminium prices on the stock market, which is the basis for establishing sale prices. The revenues generated in the domestic market account for 5.6% in the structure of sales revenues, and compared to the previous year they increased by 8.2%. Revenues generated in foreign markets accounted for 94.4% of total revenues and in comparison with 2017 they rose by 9.18%. Most of the revenues we generated in foreign markets are achieved in the markets of the European Union, which is presented in the report later.

Operating expenses of the Impol Group amounting to EUR 700.9 million are by 10.8% higher than in the previous year. The costs of goods, material and services increased by 11.4% in comparison to the previous year and account for 87.9% in the structure. The most important category of operating expenses is the cost of material which amounted to EUR 479.6 million in 2018. Their proportion in total operating expenses equals 68.4%. The largest share of costs of material represents the costs of raw materials, and the remaining costs are the costs of energy products, water, disposal of packaging and other materials.

- Costs of services which account for 7.8% of total operating expenses amounted to EUR 54.4 million in 2018 and increased by 25.06% compared to 2017.
- Labour costs of EUR 65.7 million increased by 8.9% compared to 2017. Part of the increase is due to new employments in Croatia and part of the increase is due to the growth in number of employees and the growth of labour costs in companies in Slovenia.
- Write-offs of EUR 16.7 million increased by 5.39% compared to 2017. Of which the depreciation charge represented EUR 16.2 million, which is by 3.31% more than in 2017.
- Other operating expenses in 2018 amounted to EUR 2.6 million, which is by 23.5% less than in the previous year. The biggest proportion of other operating expenses is the cost associated with the environmental taxes (concession for water, land use fee). In other operating expenses in 2017 we recognised, among other things, one-off costs of assets obtain at an auction by Impol-TLM.
- In the 2018 financial year, we generated EUR 43.2 million of earnings before interest and taxes (EBIT) and EUR 59.38 million of earnings before interest, tax, depreciation and amortisation (EBITDA).
- We generated a negative financing result in the amount of EUR 2.3 million (2017: EUR -7.8 million).
- Financial expenses relating to the interests from the liabilities to banks amounted to EUR 2.9 million in 2018 (2017: EUR 2.6 million), which is the consequence of a higher level of financial liabilities than the previous year.
- We generated net profit of EUR 36.7 million. (2017: EUR 34.5 million).

Notes on the Statement of Financial Position of the Impol Group

At the end of 2018, the assets of the Impol Group equalled EUR 530.2 million, which is EUR 66.8 million more than total assets of the Group at the end of 2017. Investments in increasing long-term assets had the most significant impact on the increase of assets. The investment cycle of the Impol Group continued. Cash and cash equivalents slightly increased compared to the previous year.

Long-term assets increased by EUR 54.1 million. The greatest increase was recorded in production machinery and equipment and assets being acquired. As of 31/ 12/ 2018, short-term assets amounted to EUR 300.9 million, which is EUR 12.5 million more than on 31 December 2017. Inventories increased by EUR 11.5 million, operating receivables decreased by EUR 18.8 million due to lower sales in December and the disposal of receivables in the amount of EUR 16.5 million). We also decreased short-term financial investments by EUR 12.4 million. We recorded an increase of cash and cash equivalents by EUR 32.2 million.

As of 31 December 2015, total liabilities to sources of assets of the Impol Group amounted to EUR 530.2 million and increased in 2018 by EUR 66.8 million. The Group increased its short-term liabilities by EUR 20.6 million and increased its long-term liabilities by EUR 11.8 million, both in comparison to 2017.

The entire equity of the Impol Group increased by EUR 34.3 million in 2018, which is mainly the result of net profit after tax, which amounted to EUR 36.7 million in 2018, and of the payment of dividends outside the Group in the amount of EUR 3 million (GRI 201-1).

Cash flow statement

In 2018, the Impol Group generated positive operating cash flow in the amount of EUR 84.0 million. In 2017, it amounted to EUR 20.5 million. Despite slightly lower operating profit, the above result is mainly the consequence of a larger volume of operating liabilities to suppliers at the end of the year with regard to the previous period, and of the reduction of the volume of receivables from customers at the end of the year with regard to the previous period.

In 2018, we generated negative investing cash flow in the amount of EUR 55.1 million compared to 2016 when it amounted to EUR 43.0 million. The above result is mainly due to larger investments, particularly in tangible fixed assets of the Impol Group compared to the previous year.

The cash flow from financing activities was positive and amounted to EUR 3.3 million in 2018, whereas the positive net cash flow from financing activities in 2017 amounted to EUR 15.5 million. Net cash flow from received loans in 2018 amounted EUR 10.7 million (EUR 23.1 million in 2017), which represents a surplus of newly obtained loans above the repayments of received loans in 2018.. Disbursements for interests amounted to EUR 4.4 million (EUR 4.9 million in 2017), whereas EUR 3.0 million were allocated in 2018 to the payment of dividends and shares in profit (EUR 2.0 million in 2017). There were no other reimbursements or payments within equity in 2018, whereas in 2017 disbursements for obtaining non-controlling shares in companies within the Group amounted to EUR 0.7 million.

The generated positive cash flows from operating and financing activities and part of free cash were thus used for investing activities related to obtaining new and extended capacitiies of the Impol Group in Slovenia and abroad.

Performance of Impol 2000, d. d.

Notes on the Statement of Financial Position of Impol 2000, d. d.

In 2018, Impol 2000, d. d., generated net sales revenues of EUR 27.5 million from the sales of products, services and merchandise, which is 28.26% more than in 2017. In the domestic market we generated net revenues arising from the sales of products, services and merchandise of EUR 25.2 million, which is 35.0% more than in the previous year. In foreign markets we generated net revenues of EUR 2.4 million, which is 16.6% less than in 2017. In 2018, operating expenses increased by 15.1% compared to 2017 and stood at EUR 24.1 million. Costs of goods and material sold account for 60.0% of total operating expenses and are followed by labour costs equalling 30.5%, and costs of services with 7.9%.

In 2018, we generated EUR 3.41 million of operating profit. In 2017, operating profit amounted to EUR 0.49 million.

Operating cash flow (EBITDA) in the amount of EUR 3.60 million was positive. In 2018, we generated EUR 2.60 million of profit from financing mostly resulting from financial revenues from participating interests in the Group and financial expenses based on interests from issued bonds. Financial expenses of EUR 1.4 million are EUR 0.23 million lower than in 2017, mainly due to lower financial expenses from issued bonds in 2015. In 2018, net profit after tax amounted to EUR 5.5 million while in 2017 it amounted to EUR 3.6 million.

Notes on the Statement of Financial Position of Impol 2000, d. d.

- At the end of 2018, the assets of the Company represented EUR 130.3 million, which is 4.1% more than at the end of 2017. In 2018, long-term assets increased by 67.7% in comparison to 2017. This is mainly due to the conversion of short-term loans granted to IMPOL-TLM, d. o. o. into long-term loans, which was carried out in January 2018.
- The increase in all of the assets is mainly the results of the increase in investments in equipment, in long-term financial investments - loans granted to Impol-TLM, d. o. o., and larger receivables from customers. Cash and cash equivalents were used mostly for the repayment of the second tranche of bonds (principal + corresponding interests), and for the payment of dividends.

As of 31/ 12/ 2018, the total liabilities stood at EUR 130.3 million and were EUR 5.15 million higher than the liabilities of the previous year. Higher liabilities of the Company partially stem from increased short-term financial liabilities to companies in the Impol Group. In 2018, the Company paid the third instalment of bonds issued in 2015.

The capital of the Company of EUR 61.2 million was 4.2% or EUR 2.5 million higher than in 2017. In 2018, dividends were paid out in the gross amount of EUR 2.81/share.

The net debt on the last day of 2018 (calculated as the difference between financial liabilities and monetary assets and short-term financial investments) amounted to EUR 60.1 million and is higher by EUR 46.9 million compared to the last day of 2017. The reason lies in the conversion of the entire short-term loan granted to the subsidiary Impol-TLM, d. o. o., into a long-term loan.

Cash flow statement

In 2018, we generated positive operating cash flow in the amount of EUR 1.76 million. In 2017, it amounted to EUR 0.83 million. A larger cash flow compared to the one in 2017 is the consequence of higher operating receivables and the active policy of recovering receivables from customers.
The negative cash flow from investing amounted to EUR 0.41 million at the end of 2018. Cash receipts from investing activities in the amount of EUR 8.81 million are composed mostly of received participating interests of profits of the subsidiary of Impol, d. o. o., and early return of the long-term loan by the subsidiary Impol-TLM, d. o. o., in the amount of EUR 4.8 million. Cash disbursements from investing activities in the amount of EUR 9.22 million mainly refer to loans granted to Impol-TLM, d. o. o., and to new purchases of fixed assets. The negative cash flow from investing was thus negative and amounted to EUR -0.41 million, whereas at the end of 2017 it amounted to EUR -18.37 million.

The negative cash flow from financing amounted to EUR -1.60 million in 2018. Cash receipts from financing activities amounted to EUR 20.26 million due to the increase of short-term financial liabilities to companies in the Group, and the cash disbursements from financing activities in the amount of EUR 21.86 million are composed of expenses for the repayment of bonds (principal + interests), for the return of short-term loans to subsidiaries, and for the repayment of dividends to shareholders of Impol 2000, d. d. In 2017, the positive cash flow from financing was positive and it amounted to EUR 17.58 million. The entire cash result in 2018 was negative and amounted to EUR -0.24 million (EUR 0.037 million in 2017).

Impol Group in 2018

2018 was characterised by the following events:

- At the beginning of the year, there was still optimism on downstream markets, enabling an increase in sales volume, however, demand stabilised toward the end of the year.
- In the first half of the year, the market was disrupted by sanctions issued by the USA against Rusal and its owner and by the increase of customs duty for steel and aluminium in the USA, which caused the price of aluminium to increase on the stock market.
- We took giant steps toward manufacturing and selling products that require mechanical processing.
- We concluded long-term contracts with customers from the automotive industry with the intention of becoming a "TIER 1" supplier.
- In terms of the purchase of aluminium, raw material purchase prices were marked by an increase in basic quoted prices on the LME, including a slight tendency of purchase premium increasing.
- The increase in basic quoted prices on the LME and the increase of sale, and consequently the increase in receivables, required the increase of indebtedness.
- The Impol Group has become the fifth largest exporter in Slovenia.

Figure 3: The trend of aluminium prices on the LME* in 2008-2018

LME – London Metal Exchange.

- The quantitative volume of aluminium product sales of the Impol Group rose by 4% in 2018 compared to the previous year. We increased the production volume of aluminium product for customers that are involved in means of transport production processes.
- The are reducing the impact of market fluctuations by a relatively large-scale dispersal of customers, without any dominant or exclusive customers.
- Our sales continue to be concentrated mostly on nearby markets in Europe, as only a small number of products of the Impol Group programme can tolerate higher costs of transportation. It is also more difficult to provide high-quality sales and after-sale services at a larger distance.
- Operations pertaining to the aluminium processing programme constitute the largest part of the entire production and sales process. Revenue pertaining thereto constitutes 99% of all revenue generated on external markets, whereas the remaining part of revenue is generated from services carried out mostly on the domestic market.
- The programme continues to include a broad range of products, which reduces our exposure to market fluctuations.
- The share of sales outside the EU continues to rise slightly, and Germany continues to be our largest individual market. The Impol Group has established a permanent business partnership with customers from about 50 countries, although customers from the EU prevail (GRI 102-6).
- The pre-painted aluminium strip production line continues to require intensive acquisition of new production knowledge, new markets and new methods of cooperation with our customers intended to ultimately refocus the entire area of unfinished strip sales to the sales of pre-painted strips.
- We use capital to finance 40% of all investments and remain on the same level as in the previous year, despite higher financing of the assets. In 2018, we increased the volume of taking out loans from banks by 5.4% compared to the previous year.
- We invested almost EUR 70 million in long-term assets in 2018.
- We achieved value added per employee of EUR 53.5 thousand, which means a one-percent drop compared to the previous year.
- After experiencing growth for a few years, we recorded a slight drop in 2018, however, operations are still on a satisfactory level.

Figure 4: Sales of products by country in 2018

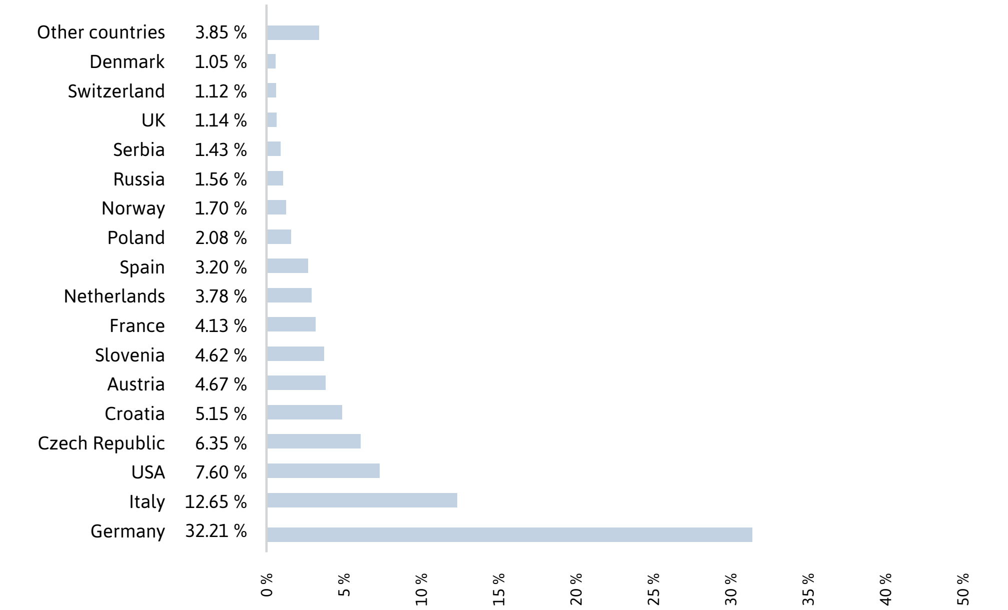


Figure 5: Working capital by year

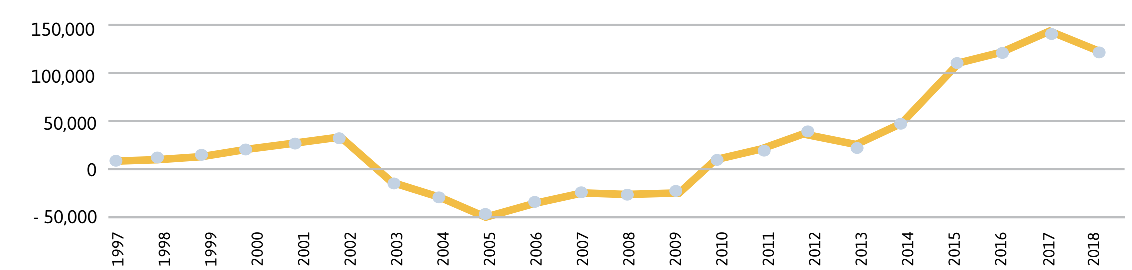


Table 14: Overview of results of the Impol Group in EUR million

Year/Indicator	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Consolidated net sales revenues	303.8	421.1	473.6	463.2	460.8	486.3	546.1	543.4	666.7	727.6
Consolidated operating expenses and costs	292.3	414.4	448.2	448.9	444.4	466.2	518.5	507.2	632.6	700.9
– of which depreciation	12.1	14.4	15.6	16.6	15.4	16.2	15.1	15.3	15.6	16.2
Operating profit	15.2	16	26.3	23	21.3	22.8	33.2	41.5	46.9	43.2
Financial revenues/ expenses difference	-14.3	-9.7	-11.1	-9	-7.4	-8.4	-7.3	-6.3	-7.8	-2.3
Profit (or loss) after tax	0.7	6	13.6	12.3	12.9	12.4	22.5	30.4	34.5	36.7
Cash flow from current operations*	12.7	20.4	29.2	28.9	28.3	28.5	38.3	46.6	50.2	53.1
Equity	56.3	60	73.6	83.5	95.6	106.5	127.6	154.0	187.5	221.8
Assets	293.7	315.9	320.1	330.1	307.6	327.6	362.4	381.1	463.4	530.2
Consolidated share carrying amount in EUR (including the equity of minority owners)	52.9	56.2	69.2	79.9	89.61	99.88	119.6	144.4	175.74	207.94
Added value per employee in EUR	35,111	39,381	47,441	44,077	43,241	45,815	54,712	49,337	54,110	53,488
EBITDA** in 000	27,297	30,343	41,883	39,579	36,721	39,429	48,382	56,851	62,598	59,380
Changes in EBITDA	0.74	1.11	1.38	0.94	0.93	1.07	1.24	1.18	1.10	0.948
Net debt*** in EUR 000	187,493	204,338	190,417	184,684	151,611	156,704	117,962	148,599	172,846	163,859
Net debt/EBITDA	6.87	6.73	4.55	4.67	4.13	4.00	2.44	2.61	2.76	2.76

** Calculated as net profit after tax plus depreciation plus difference in the change of provisions and of long-term accrued costs and deferred revenues at the end of 2018 compared to 2017.*
*** EBITDA = operating profit + depreciation.*
**** Net debt = long-term financial liabilities + short-term financial liabilities – cash and cash equivalents – short-term financial assets.*

Table 15: Key indicators

Year/Indicator	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equity/all sources of operating assets	19.10 %	19.00 %	23.40 %	25.80 %	31.10 %	32.50 %	35.2 %	40.4 %	40.5 %	41.8 %
Golden rule of balance sheet = long-term assets/ long-term investments	93.70 %	105.20 %	118.80 %	129.90 %	116.70 %	135.00 %	184.5 %	175.1 %	170.2 %	150.1 %
Net debt/operating revenues	78.10 %	60.40 %	51.00 %	52.60 %	45.70 %	45.10 %	42.6 %	41.2 %	40.8 %	41.8 %
Option to settle liabilities with property	124.50 %	124.20 %	131.30 %	135.70 %	146.20 %	149.40 %	155.9 %	170.3 %	170.3 %	174.2 %
Financial expenses/ expenses	4.10 %	3.60 %	3.50 %	3.00 %	2.00 %	2.10 %	1.3 %	1.2 %	0.8 %	0.6 %
Income/employee ratio in EUR 000	185.724	249.897	266.937	255.729	255.074	262.77	299.84	243.94	295.23	313.55
Margin	0.20 %	1.40 %	2.90 %	3.00 %	2.79 %	2.56 %	4.13 %	5.6 %	5.17 %	5.5 %
Debt/equity	420 %	421 %	323 %	282 %	218 %	205 %	182 %	144 %	144.1 %	136.0 %

This list of key performance indicators shows that 2018 was one of the more successful years.

We were able to improve the financing structure. This is mostly due to the highly conservative actions of our shareholders in relation to the payment of dividends, since the majority of profit is re-invested in the company and provides it with an important portion of resources for continuous development.

Important Events After the End of the Financial Year

In January 2019, Bojan Gril, who was already the current representative of employees in the Management Board, was re-elected into the Management Board by employees.

At the beginning of March 2019, the Impol Group increased its share in Alcad, d. o. o., to 100 %. Alcad, d. o. o., is the main developer of the information system of the Impol Group.

Overview of Operations

"The Impol Group is the largest processor of aluminium semi-finished products in Slovenia, offering customers a varied sales programme – rolled and extruded aluminium products, which meet the highest standards according to quality requirements. Our excellence is also confirmed by numerous representatives of prestigious brands from the most complex industries, such as automotive, food, pharmaceutical, aviation, tool manufacturing, transportation, construction and other industries.

Our business operations are directly tied to a socially responsible business model that involves transitioning to a circular economy, manufacturing sustainable products which may be entirely recycled, a responsible attitude toward nature, the environment and employees and focusing on the future."

The main strategic advantage of the Impol Group is a diverse aluminium processing programme, since we successfully control numerous processes of aluminium processing: casting, rolling, extruding, drawing, forging, stamping and further processing – finalising semi-finished products. At the same time we create synergy effects by controlling other areas that support our main activity – the processing of aluminium products. Activities in the Impol Group are organised within individual companies for which the same corporate rules apply, and which conduct business among themselves according to market rules.

In terms of global processing of produced primary aluminium, the Impol Group achieved a 0.37 % processing share compared to newly produced aluminium. In compliance with its strategic orientations, Impol continues to focus more on the added value in the product, even though the production volume continues to be an important factor, since fixed costs in a mass production process can only be properly contained with a sufficient quantity of products.

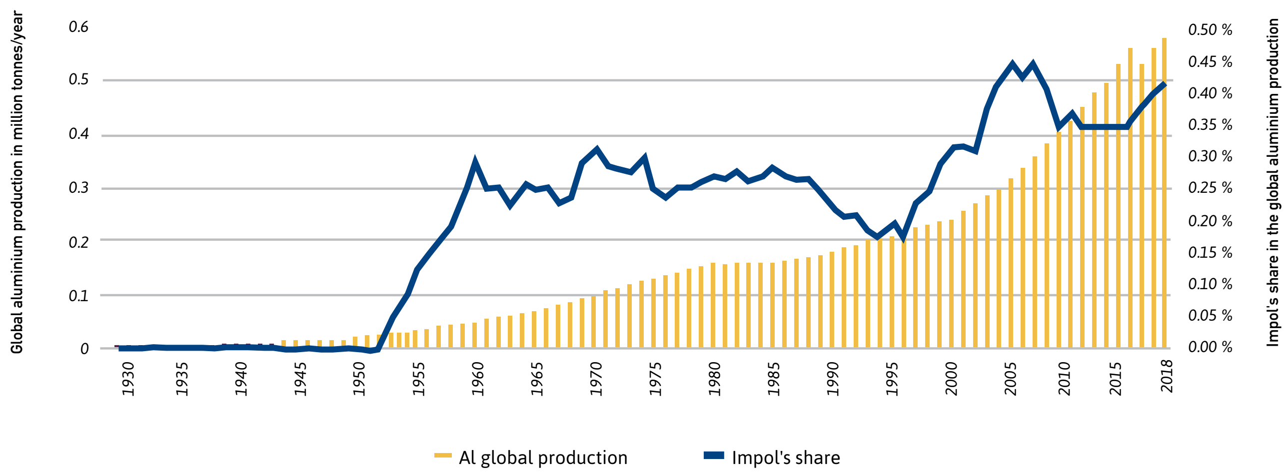
Table 16: Global production of primary aluminium

Year/Indicator	2013	2014	2015	2016	2017	2018	2019p.	2020p.
Global production of primary aluminium in millions of tonnes	50.60	53.06	57.36	59.80	62.00	64.30	66.60	69.00
Global consumption of primary aluminium in millions of tonnes	49.90	53.30	57.08	59.30	62.30	64.80	67.60	69.60
Incurred imbalance (+ aluminium surplus, – aluminium deficit) in millions of tonnes	0.70	-0.24	0.29	0.50	-0.25	-0.50	-1.00	-0.6
LME cash price: USD/tonne – annual average	1.889	1.867	1.662	1,605	1,965	2,110	1,950	2,000

Source: Cross asset research, Societe Generale, March 2019

In 2018, the turnover in terms of value increased compared to the previous year.

Figure 6: The share of Impol in the use of produced primary aluminium in 2018



The aluminium processing industry is characterised by shaping the sales prices of products in such a way that sales premiums are negotiated with customers given the primary aluminium price on the LME. The turnover in terms of value rises or falls independently from the quantitative volume of sales and also independently from changes in sales margins.

The same also applies to the purchase prices for aluminium raw materials, which are shaped by negotiating a purchase premium with suppliers given the quoted aluminium prices, usually including all delivery costs under the conditions of Incoterms DDP. In the past year, a purchase premium also included a regional annuity or a purchase premium, which is becoming constant and normal by making its amount public in Metal Bulletin. The aluminium price thus significantly impacts the size of direct costs; however, subject to appropriate forward collateral (hedging), its fluctuation should not have a direct impact on the business performance.

The industry is rather stable in terms of basic aluminium and alloy processing technology. The greatest dynamics can be observed in the field of process control, quality and supply chain optimisation processes. Annually we spend EUR 2–3 million on process control improvements. In such a way we are safeguarding the competitiveness of our products and services in the future as well.

One of the most significant trends in business operations is digitalisation, enabling efficient process management, optimisation implementation and the search for new business solutions.

The Impol Group follows trends in the industry and adopts strategic decisions with which it may efficiently manage risks and recognise opportunities.

Sales

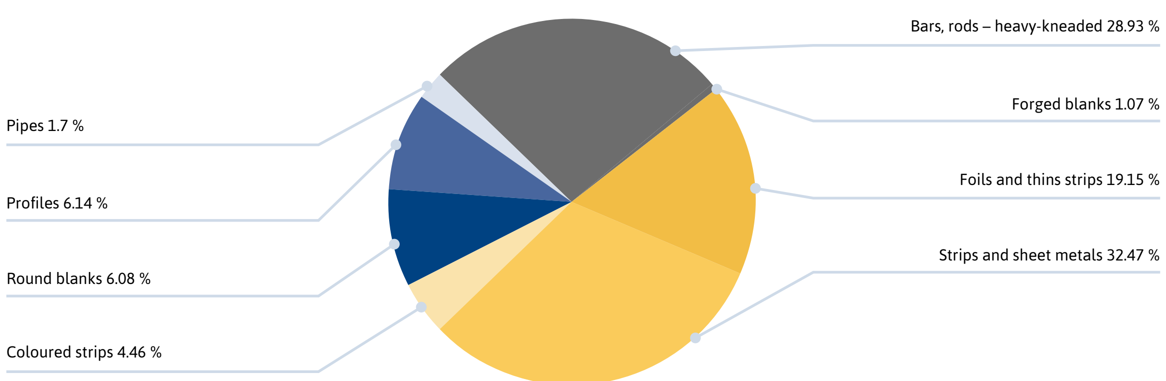
Products and Services

The prevailing sales programme of the Impol Group is focused on the production and sales of aluminium products. Two basic groups of aluminium products are covered – rolled and extruded products. We also manufacture two niche programmes – forgings and slugs. Other products and services of the Impol Group account for less than 1% of the sales. The entire production programme is based on orders and is triggered by sales orders. Customers are divided into two segments: distributors and final customers, whereby the share of sales to final customers has been increasing in recent years reaching 60% of the sales (GRI 102-7), in order to maintain the stability of operations and the transparency of management of the production, sales and purchasing.

We offer our customers a wide selection of aluminium products and can adapt our offer to specific needs. We also developed the segment of further processing of aluminium products - forging, painting, anodising and other mechanical processing. The entire production is set and managed as individual production and is carried out on a mass scale in order to meet the customers' expectations in terms of price. Due to efficiently managing our customers' needs, developing our offer and seeking synergy effects, we operate within three divisions – foundry, rolling and extruding.

The fundamental task of the foundry division is to optimise operating costs, technologically upgrade our range and the quality of cast products, and to entirely adapt to the needs of end users. Our own foundry enables us a much greater flexibility. The rolling division is currently dealing mainly with managing the economy of the volume and stabilisation of operations due to the increase in capacities. These activities are also joined by product customisation, acquisition of more demanding customers and penetration into the automotive industry, where we have great opportunities for further growth and development. As our capacities increase, the extruding division invests a lot of effort in increasing the range of products with additional processing – finalisation – and developing complex products that require an in-depth mastering of the technology. In this segment we are also paving our way into the aviation industry.

Figure 7: Shares of sales by product programmes



Market and Customers

In 2018, countries of the European Union once again represented the Impol Group's most important market since about 91% of our products are sold there, including in Slovenia. In terms of individual countries, the biggest share of our products are exported to Germany, namely almost one third. Our second biggest market is Italy with almost 13% share. The second largest market are the USA, to where just over 7% of products are exported, followed by the Czech Republic with 6% and Croatia with 5% sales.

We continue to preserve dispersal among markets, customers and industries, thus following the guideline that no customer shall achieve a dominant share. The sales are dispersed among numerous customers, and an individual customer as a rule does not exceed 10% of total production. Our strategic positioning is additionally enhanced by a diversified production programme. Buyers of Impol products come from various market segments, the biggest share represents transport (24%), construction (12%) and food industry (9.5%) (GRI 102-6).

Figure 8: Sales by region expressed in percentage

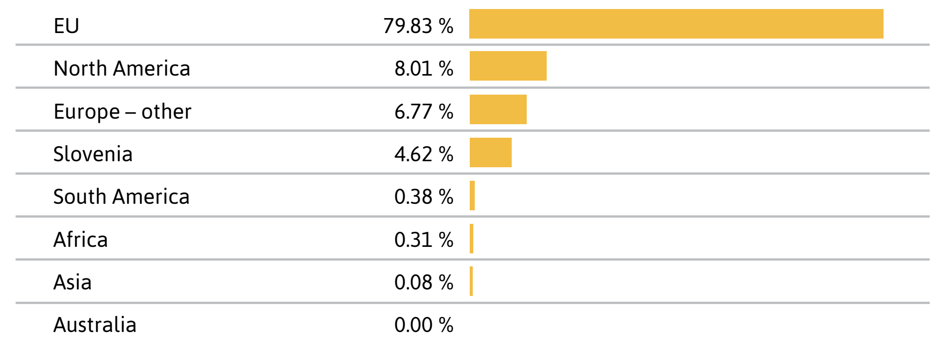
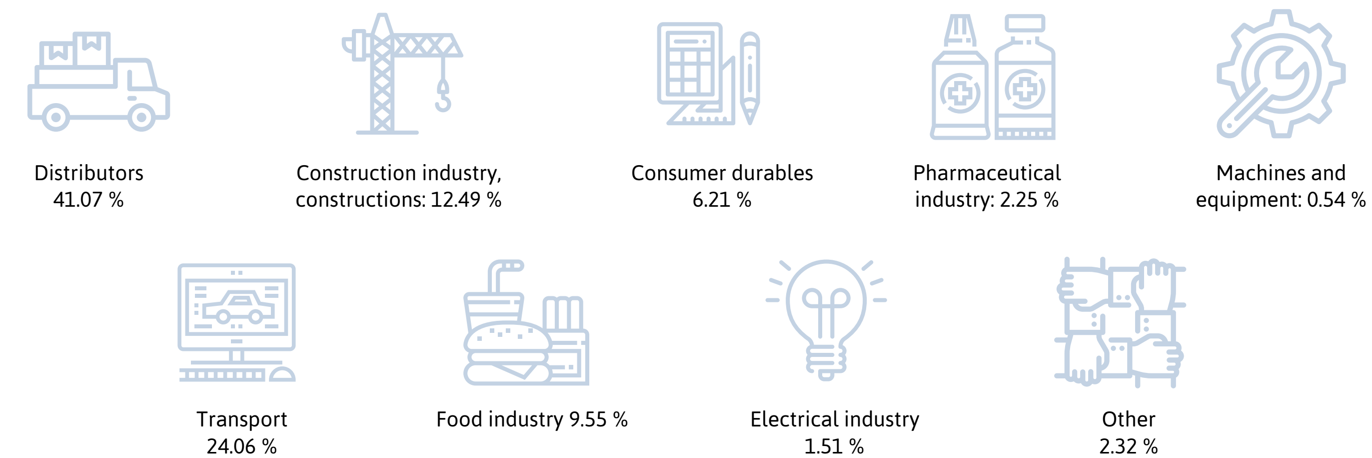
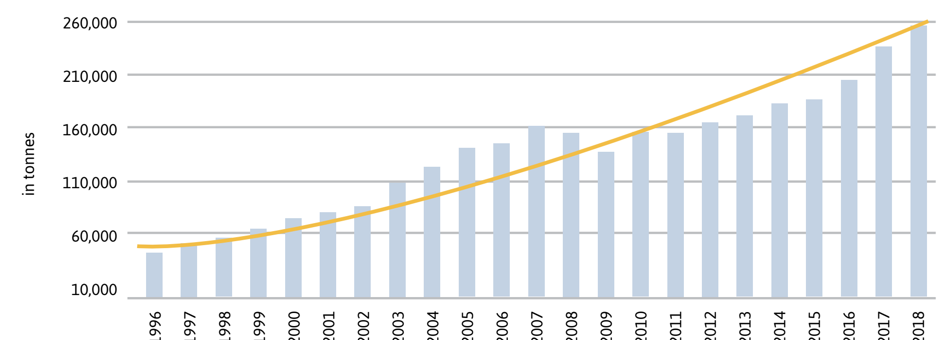


Figure 9: Customers by market segment



Growth is most realistically presented with the data on the sold quantities of aluminium products in tonnes. The data on turnover value is distorted by the price trends on the LME.

Figure 10: Trend of the sold quantities of products



Organisation of Sales

In the Impol Group the sale of aluminium is mainly carried out through Impol, d. o. o., while the sales of other products and services are done directly by companies within the Group that deal with market oriented activities. The entire sales process is managed by the parent company of the Impol Group - Impol 2000, d. d., with the exception of a smaller segment dealing with the sale of the paint programme, organised within Impol Seval. Products of the rolling and extruding division are being sold on the market, whereas the main objective of the foundry division is to ensure raw material for further processing.

Impol's aluminium production programme is divided into standard and specialised programmes. The standard one is intended for the sale to retailers or distributors who buy standard products for a resale. The specialised programme is intended for direct sale to final users who purchase products made especially for them according to specifications (specific shape, alloys, mechanical and chemical properties, etc.). This kind of division facilitates a higher level of operating safety and has proved to bear positive results in all market fluctuations. By developing additional product finalisation we are also penetrating into the segment of direct suppliers of the transport industry. This represents a new market opportunity for further development of the Impol Group.

In terms of standard programme sales, sales agreements are concluded in a form of prompt orders, whereas contracts for specialised programmes are, as a rule, concluded on a longer-term basis in advance, based on which deliveries are carried out following recalls. Impol's products are purchased by industrial customers who further process them and therefore perceive the products as an input raw material. The acquisition of customers and suppliers is not carried out in line with the traditional marketing principles but mainly on the basis of knowledge we have one about the other within the industry and the established goodwill in this closed business environment.

Brands

Products of the Impol Group are being marketed under the Impol brand with the exception of products of the forgings niche programme, which are marketed under the Stampal brand and products of the slugs niche programme, which are marketed under the Rondal brand. In appearing on the market emphasis is put on the interconnectedness of the Group, which creates numerous advantages for customers (operating stability, supply reliability, quality management, etc.). Retail products are marketed within the framework of the company Impol-Servis, under the name (GRI 102-2).

The companies Impol Stanovanja, d. o. o., Unidel, d. o. o., and Kadring, d. o. o., also conduct business operations on the local market outside the main activity. All the companies specified above market their services under the brands with the same name as the name of the Company.

Significant achievements in sales

- We gained new customers in demanding markets.
- We managed to increase the sales of products at all segments.
- We increased the sales volume of rolled products and considerably filled additional capacities.
- We increased the sales volume of foils.
- We increased the market share of the sale of rolled products on the USA market.
- We continue to be the leading supplier of rods for forgings in Europe.
- We increased the sales share of profiles in accordance with plans and concluded long-term contracts.
- We developed a market for end-use products.
- An effective and geographically evenly distributed network was developed.
- Price ratios in the market were successfully managed.
- We presented ourselves at the largest aluminium fair and reinforced the reputation of the Impol brand.

Forecast for 2019

- We will increase the share of sales of products carrying higher added value.
- We will increase the share of sales of rolled and pressed products in accordance with the increase of production capacities.
- We will validate newly developed products.
- We will obtain the EN 9100 standard and start penetrating the aviation industry market.
- We will keep the European market and continue exporting to the American market.
- We will ensure stable demand throughout the entire year.
- We will increase the share of final customers.
- We will introduce activities for the improvement of sales services and for increasing customer satisfaction.

Procurement

Organisation of Purchasing

The Impol Group implements an organised strategic purchasing policy. Product managers provide for uniform purchasing conditions for specific product groups at the level of all companies within the Impol Group. Negotiations and conclusions of strategic purchase contracts are carried out in a uniform way as well. The basic tasks of strategic purchasing include the development of a unified purchasing information system in the Impol Group, the development of strategic suppliers of the Impol Group, the development and selection of new suppliers, concluding strategic purchasing contracts enabling a reliable and price-effective supply with raw material, energy products, key materials, services and equipment for all the companies within the Impol Group and creating a unified purchasing policy and purchasing conditions in the Impol Group (GRI 103-1).

Supply Chain

Primary and secondary aluminium in various forms make up the largest share in terms of raw material purchasing. Given the

Figure 11: Loopback system

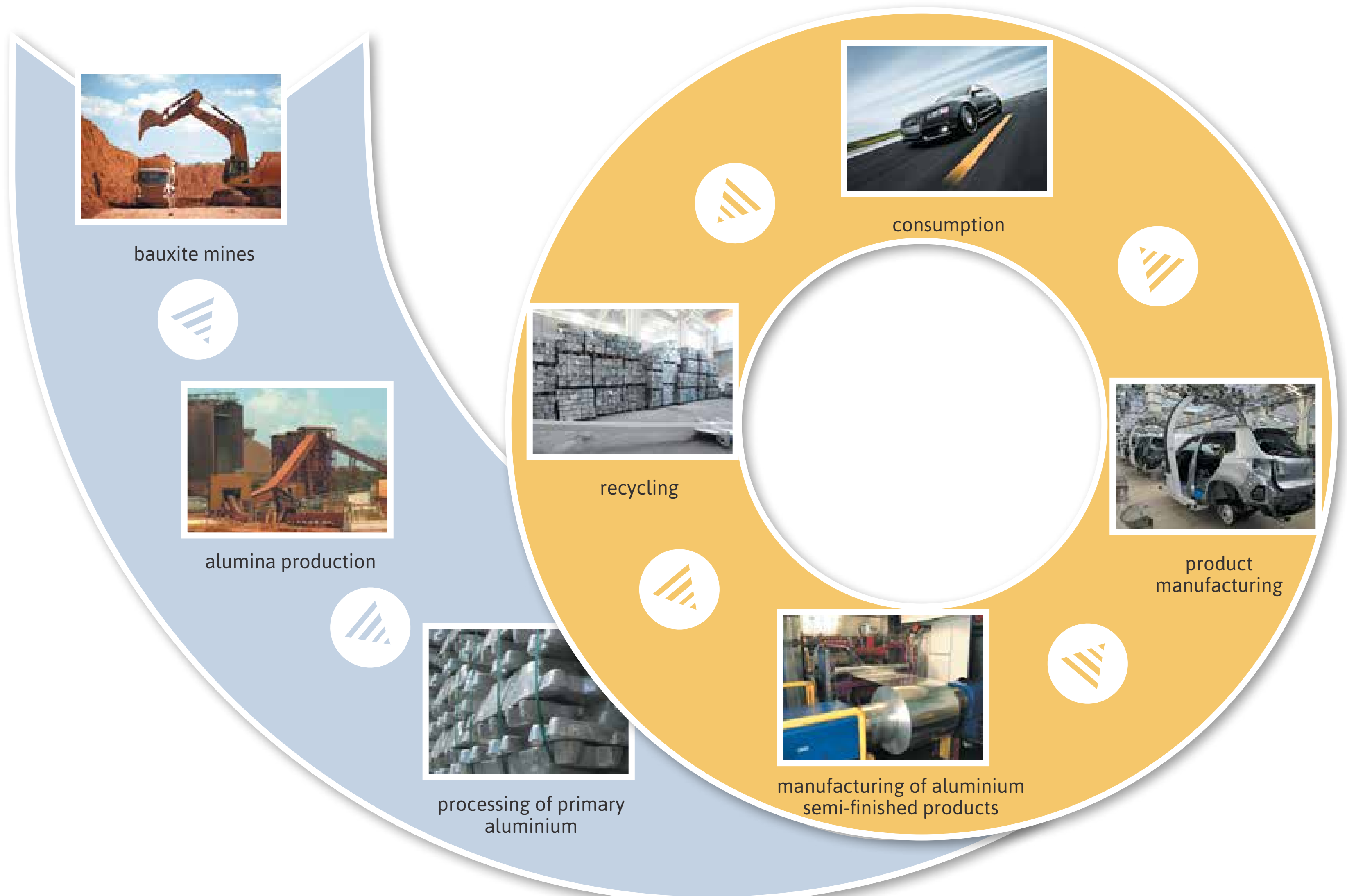
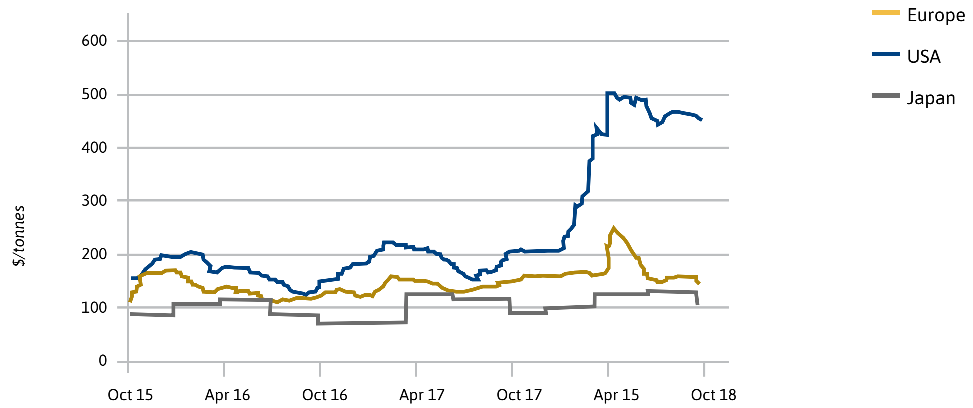


Figure 12: Aluminium market



Source: Fastmarkets MB

fact that we are a processor with no raw material sources of its own, appropriate raw materials must be purchased prior to the production of every single product. Raw material purchasing is made up by raw material in the form of formats (36%) and then primary aluminium ingots (39%) and secondary aluminium in a form of aluminium scrap (25%) which are, together with alloying elements, processed in our own foundries into advanced aluminium alloys. The field of primary aluminium is characterised by a small number of providers thereof on the free market, resulting in greater dependency on providers. We have managed to ensure a regular supply by concluding strategic purchase contracts and by maintaining business relationships with all global providers. In the field of secondary aluminium, the Impol Group is active both in the market – by establishing loop-backs with customers – as well as in production management – with a cost- or technology-efficient re-melting method. This is why we invest in state-of-the-art technology and equipment in foundries (GRI 102-9).

Purchasing audit processes

We pass on our commitments with regard to environmental management, sustainable development and care for the health and safety of our employees to our suppliers of material and services. For this purpose, we send supplier questionnaire to complete and also assess them annually on the basis of the following criteria: performance quality, environmental management and care for the safety and health of employees. Only suppliers that confirm acting in accordance with the requirements of standards or legislation make it to our list of confirmed suppliers of the Impol Group. In addition to the above, all suppliers must confirm our general purchase conditions, which also contain the requirements related to sustainable development (GRI 102-42, 102-43).

Local community development

In 2018, the Impol Group offered its support to local operators for the implementation of various support activities, infrastructural works and services (logistics, accounting services, auditing, etc.), which contributed to a greater extent to the development of small and micro companies at a local and regional level. Thanks to support provided by the impol Group to local operators in the area of Slovenska Bistrica, the local community will keep being strong and stable.

Challenges in Purchasing Raw Material in 2018

Due to very high demand on the market and a strong growth of orders, the biggest challenge was to ensure adequate additional raw material so as to take advantage of the favourable market situation. We were successful in this in spite certain operating difficulties on all three locations: in Slovenia, Croatia and Serbia.

At the beginning of April 2018, the aluminium market was shaken by the news of measures taken by the USA against Russian oligarchs. Aluminium prices increased by 37 % in a matter of days, and in certain moments reached record values - around EUE 2200/tonne.

Then, after in March the premium in the USA surged by more than 100% (US midwest ingot), shortage of aluminium affected the European market too due to uncertainty and confusion. Due to the limited supply of Russian aluminium, MB premiums also increased drastically, however, traders of physical material took advantage of the situation and demanded the entire premium, which is significantly higher than the official MB values. Consequently, the premium for rods also increased significantly. However, in July MB premiums, except for rod premiums, dropped so low that they were even lower than at the beginning of the year. We managed to successfully overcome the crisis by appropriately managing the price risks.

Trends in Purchasing for 2019

The main challenges brought by the coming year is the increase in the price of energy products which is accompanied by the increase of our desires and all this increases the price of our products. All our products, of course, heavily depend on developments in the world. With the introduction of new customs duty, US trade sanctions will result in the increase in prices precisely for imports in the USA, where we generate more than 7% of our sales. We must pay attention also to political changes and the Chinese response to the trade war with the USA. 2019 is proving to be very uncertain.

Development and Investment Processes

R&D Activities

R&D activities at the Impol Group are organised in multiple layers. The Impol Group organises development by dividing it into investment development and technological development. Technological development department draws up a plan and coordinates the research and development tasks/projects approved by the Management Board.

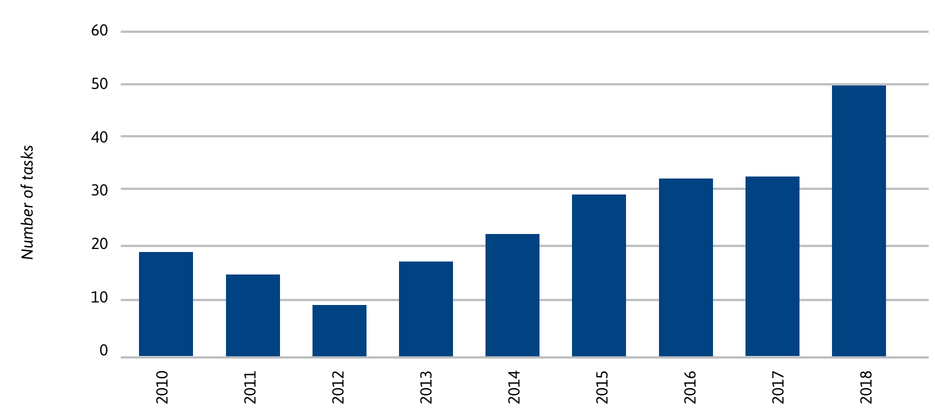
Investment development is realised by the parent company Impol 2000, d. d., which manages the assets of the entire Impol Group through the Management Board. It also coordinates development activities of the Group and heads the Company's registered research team. The team carries out research assignments that are awarded to the Company through tenders.

Several tasks were planned in 2018 compared to 2017. The number of realised tasks increased, amounting to 86%, whereas in 2017 75% of tasks were realised. 20 tasks were planned as part of the technological development. Three tasks were completed in 2018, the rest will continue being implemented in 2019. The number of individual active in departments of technological development also increased, contributing to an accelerated development of new products.

Major development achievements

- **Validation of profiles for energy absorption according to customers' specifications:** the purpose of validation is to master the technology for the creation of profiles for energy absorption and consequently to submit applications for launched projects in which the mentioned profile quality is used.
- **Introduction of Impol Watson Metallurgy (IWM):** the cognitive model for analysing the mutual impacts of process parameters and projections of mechanical characteristics was completed.
- **introduction of a communication interface for generating a rolling matrix in the foundry:** a communication interface was developed between the rolling technology (PIS) and the management of the hot-rolling machine using settings data.

Figure 13: Number of research/development tasks - application tasks



The graph presents all the tasks that were successfully realised in a given period.

Investment Activity

In 2018, the Impol Group in Slovenia carried out the renovation of the cold-rolling mill, introduced a new melting-casting line in production, renovated the stamping line in the area of round blanks production and a new stamping line for the production of forgings, constructed a new production building and extrusion press for the production of profiles, introduced in production a new annealing centre, started installing a new slitting line for aluminium sheets and completed the construction of production facilities for the production of mechanically processed aluminium products.

In Croatia we started with the installation of a new slitting line for aluminium strips and sheet metals, continued with the renovation of the hot-rolling mill and put into service a new homogenising furnace for slabs.

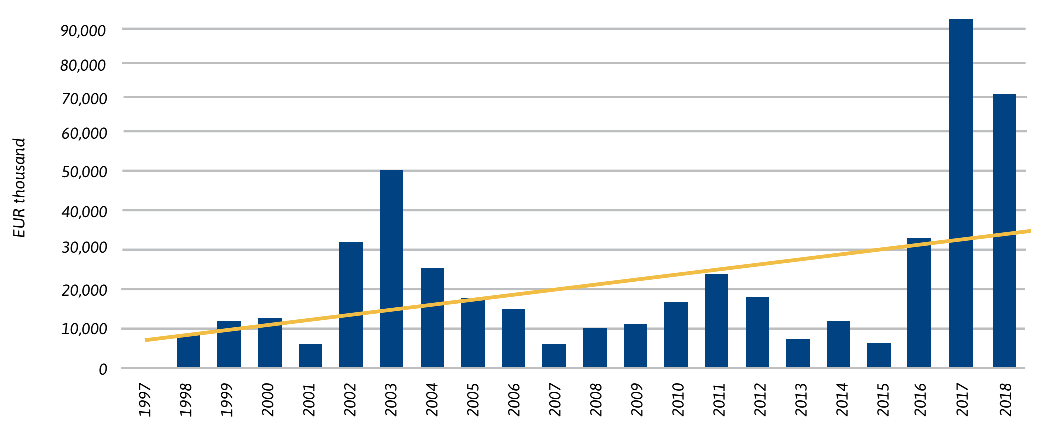
In Serbia we continued with the renovation of the hot-rolling mill and the installation and start-up of a new homogenising furnace for slabs.

The table below also shows the investments in fixed assets, which increased significantly compared to 2017, since in 2018 we were able to complete a large part of investments that we began implementing in 2017. Investment in short-term assets were the consequence of the increase in inventories.

Table 17: Volume of investments in EUR million

	2012	2013	2014	2015	2016	2017	2018
Investment in acquisition of shares / stakes	0.1				2.2	0.67	
Investment in fixed assets	18.6	12.7	14.0	12.0	31.0	39.4	70.2
Investment in short-term assets	5.6	-10.0	25.5	40.8	0.8	58.7	12.5
Total	**24.3**	**2.7**	**29.5**	**52.8**	**34.00**	**98.77**	**82.7**

Figure 14: Volume of investment in fixed assets



Financing and Dividend Policy

In 2018, the Impol Group maintained the structure of its financing sources by financing over 40% of total investments with equity. In comparison with the preceding year, the structure of its financing sources remained at the same level. The borrowing within the Group is mainly carried out through the companies Impol 2000, d. d., and Impol, d. o. o., whereas through Impol Seval, a. d. in Serbia.

Owing to the need to ensure adequate repayment of long-term and short-term loans taken out by all Group companies and to guarantee a higher share of equity as a source for the financing of investments in durable short-term assets, we continue to maximise the use of profit for these purposes. Profit generated by Group companies is thus sufficiently concentrated and allocated to investments that yield the highest profits and feature the shortest repayment periods.

The share of financing of the Group outside the banking system represents 13.5% of total financial liabilities. We devote special attention to the engagement of assets in short-term investments (inventories, receivables, cash, other) and their continuous optimisation so as to avoid problems that are difficult to manage such as a shortage of funds or reduced availability of said funds from external short-term financing sources.

Shareholders provide support to the company through the dividend policy and by approving the operating strategy and plans as they are aware that profit is to a great extent recognised as a future development cost only in the marketplace, which is why the dividend policy is formulated correspondingly.

All long-term investments were initiated solely on the basis of a prior decision of the Management Board.

No significant changes in the ownership structure within the General Meeting are expected in 2019. Establishment of a special reserve fund is not foreseen and the Group does not intend to intrude upon the ownership structure.

ORIENTED TOWARD SUSTAINABLE DEVELOPMENT

Non-financial Operation Statement

1. Description of the Company's Business Model

Management's statement: Fundamental principles of sustainable development

Planning business operations of the Impol Group is always carried out having in mind the future and by giving great emphasis to creating long-term stability and perspective. This is also reflected through a socially responsible approach to the environment, to employees and other stakeholders in the Company. We formed the fundamental principles of sustainable development, which include key stakeholders of our operations, with the intention of ensuring long-term business operations (GRI 102-14).

Using advanced technologies we manufacture high-quality aluminium and aluminium alloy products.
- We offer our clients services of a high-quality level.
- By introducing and implementing constant improvements to processes we wish to achieve the long-term satisfaction and loyalty of our clients.

We are committed to the establishment of sound working conditions for our employees, the preservation of their health and safety, the establishment of a fair relationship with our co-workers, and to the promotion of motivation and willingness to work.
- We consistently pursue the policies of safety and health at work, and we are constantly improving the working conditions and actively reducing accidents at work.
- We care for the well-being of our employees. The salaries they receive are higher than the average in the sector and of the Slovenian average. Each year, employees receive the highest possible (tax-exempted) leave subsidy, and upon achieving the set annual objectives also a bonus at the end of the year.
- We organise events with which we promote socialising and good relations between employees on a yearly basis. We also keep in contact with former employees, our retirees, for whom we organise a meeting and prepare small thoughtful gifts each year.
- We systematically develop the careers of our employees, accelerating the passing on of knowledge and awarding them in a stimulative manner.

All our activities are aimed at minimising negative impact on the environment and promoting coexistence with nature.
- We intensively increase the utilisation of secondary recycled aluminium.
- We reduce non-beneficial impacts on the environment with intensive investments.
- By analysing the energy-efficiency of our machines we implement the project of systematically reducing the consumption of energy products.
- We produce part of electric energy ourselves using a solar power plant.

We operate in a transparent and fair way in compliance with high moral and ethical standards.
- Business operations are organised in accordance with the Impol Code of Business Conduct that defines our values, method of work, the Company's expectations vis-à-vis employees and the rules of cooperation between the companies in the Impol Group.

Since we are integrated in the local environment, we continuously foster care for coexistence with the local inhabitants, accelerate the development of social activities and contribute to a better quality of life.
- We sponsor associations and other organisations, and financially support the organisation of local and also national events.
- We actively report on our operation, plans and strategies, thus informing all the interested stakeholders.
- We reduce negative impacts on the environment, investing mainly in noise reduction.
- We organise open-door days for local residents.

Strategic market positioning
The Impol Group established a strategic organisation of sales in order to maximise market opportunities: an evenly distributed sales programme between end customers and traders, and a sales programme that is spread over various types of alloys, products and application markets.

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

2. Business Policies

Policy of the Impol Group

Using advanced technologies we manufacture high-quality aluminium and aluminium alloy products. We offer our clients services of a high-quality level. We strive to constantly reduce environmental impacts which are the consequence of our current and past activities. By introducing and implementing constant improvements to processes we wish to achieve the long-term satisfaction and loyalty of our clients, a high level of health, safety and commitment of our employees, and to constantly reduce the negative impacts on the environment.

For this reason we are committed to:
- Respect statutory requirements, related to our operation, on all levels of business operations, and other legitimate requirements that we have adopted.
- Listen and respond to the needs, expectations, ideas and initiatives of all interested parties, in particular clients, employees and the public.
- Take a teamwork approach in achieving the set goals, since in this way we can get the most from of every individual.
- A constant development of competences of employees in order to build commitment and achieve business objectives.
- Invest in research and development with the aim of including advanced technologies and creating innovative products.
- Gradually invest in the top available production techniques, introduce safer and health-friendly processes in accordance with technological and financial capabilities, and taking into consideration the principles of economy.
- Long-term financial safety and business growth with a professional approach and high productivity in all areas.
- Meet demands, verify efficiency and constant improvement of the quality system, environmental management and professional health and safety.
- Preserve natural resources using return material, secondary raw material and careful use of all resources.
- Decrease specific consumption of energy products by investing in more energy-efficient machines.

BY ADOPTING THE POLICY WE COMMIT TO PREVENTING ENVIRONMENTAL POLLUTION AND INJURIES AND DAMAGE TO HEALTH.

We pass on the requirements regarding the knowledge and respect of the principles of our policy and operation in accordance with the statutory requirements to our suppliers and all those who work for the Impol Group or on its behalf. The policy is accessible to the general public.

3. Pillars of Social Responsibility

AN INNOVATIVE BUSINESS MODEL – TRANSITIONING TO A CIRCULAR ECONOMY

In a time characterised by hyper-production and limited resources, the care for the environment and the preservation of natural resources became the primary concern. Numerous companies are therefore transitioning to a circular economy, which enables the re-use of raw material. Aluminium processing enables an unlimited re-use of return raw materials with the preservation of its primary characteristics.

RESPONSIBILITY TOWARD NATURE

Reducing environmental pollution is one of our most important business goals. For this purpose we prepare each year an investment plan outlining our activities. In the last three years, for example, we allocated more than EUR 2 million for investments in environmental protection. The solar power plant also falls among significant investments ecology-wise. We also invest in projects aimed at improving the quality of life in the local community.

SUSTAINABLE PRODUCTS

Aluminium products are the products of the future, which comes as no surprise to manufacturers of many goods. Aluminium is lighter than steel, has excellent processing characteristics and absorbs force better. The use of aluminium in the automotive industry enables the weight of cars to be decreased by 40%, thus contributing to the reduction of fuel consumption and consequently of pollution. Even the construction industry, using up a quarter of the global aluminium production, recognises the effects that the use of aluminium has on the reduction of energy consumption. Aluminium is also an excellent material for packaging in the food industry, since it reduces the weight of the products and ensures excellent protection. On the benefits of the use of aluminium speaks also the fact that aluminium saves more energy than it actually consumes. Aluminium is also indispensable in modern architecture and design.

RECYCLING

By recycling it, aluminium does not lose its original characteristics. It has a high internal material value due to which it is worth returning it, in terms of economy, to the loop that consists of the extraction of metals, use and recycling. As opposed to other metals, aluminium may be recycled multiple times without deteriorating its quality. A correct waste separation during recycling play an important role here. At the Impol Group we invest in employee training and general public awareness with regard to the importance of recycling.

RESPONSIBILITY TOWARD EMPLOYEES

Responsibility toward employees is primarily reflected in the fair payment for a well-performed job. In addition to this, we organise numerous events for employees, stimulating the feeling of belonging and loyalty to the company, accelerating the exchange of knowledge between employees, spreading awareness among employees on a healthy lifestyle and creating a positive climate in the company. Special attention is given to employee training, encouraging useful proposals and preventing accidents at work.

RESPONSIBILITY TOWARD THE LOCAL COMMUNITY

We are one of the largest employers in Slovenia and have received multiple awards for the best employer in the Podravska region. We therefore impact significantly the quality of life in the local community. We show our care for the local environment by sponsoring associations and local events, by helping the municipality develop and by supporting the development of local training programmes (GRI 413-1).

LOOKING AHEAD

We are building on a 190-year long tradition. We are one of the oldest Slovenian companies and the fifth largest Slovenian exporter. Management emphasises the importance of strategic orientation toward the future, which is reflected in the fact that we set ambitious long-term goals for growth and development (GRI 102-11).

Stakeholders of the Impol Group

The table shows a list of the main stakeholders of the Impol Group. our attitude toward them and how we recognise and meet their needs (GRI 102-40, GRI 102-44).

Table 18: Stakeholders of the Impol Group

Who are they?	What do they expect?	Policy of the Impol Group	How do we satisfy their needs?
Clients	Quality products, respecting agreements, punctuality of supplies, development support, ethical business. Recognising statutory requirements and ensuring compliance.	Ensuring high-quality values and prices of products and create long-term growth through partnerships.	Cooperating in the development of products, advisory meetings, visits and receiving clients, target communication, satisfaction surveys.
Employees	Employment safety, pleasant working environment, safe work, career development, recognitions and rewards.	Employing the best people and motivated them through a targeted development of their commitment.	Developing employee competences, stimulative rewarding system, providing quality information, providing feedback.
Suppliers	Partnership relations, process efficiency, safe business operations, ethical business.	Finding an optimal ration between price and quality of service and observing the fundamental principles of sustainable development.	Regularly providing feedback, publishing invitations to tender, rigorously observing business agreements.
Investors, banks	Profitability of business operations, fulfilling agreements, transparency.	Responsibly managing financial resources and justifying the trust of investors.	Regular meetings, informing through annual, half-year reports, respecting obligations.
Shareholders	Profitability of business operations, transparency, increasing the value of the company.	Creating conditions for growth and development of the company and for profitability of the investors.	Regular meetings, informing through annual, half-year reports, informing about the stock market.
Government and regulatory bodies	Respecting legislative provisions, contributing to the economic growth.	Strictly observing the statutory regulations and constructively participating in forming the business environment.	Membership in interest associations, receiving governmental visits.
Local community	Providing support in developing the local community and reducing disturbing factors for the environment.	Minimising negative impacts on the local community and supporting local projects that raise quality of life of the local residents.	Sponsoring and donating to local organisations, projects for reducing the negative impact on the environment.
Media	Transparent communication, presenting challenges, supporting publications.	Providing timely and relevant information to the public and supporting the development of economic media and supporting quality media with advertising policies.	Press releases, interviews, answers to questions, organising visits, publishing messages for the public and ads.
Business associations	Actively participating in exercising influence on governmental policies for the development of the economy.	Ensuring cooperation in business associations with the intention of optimising a national business environment.	Membership in associations, participating in conferences, seminars, preparation of material.

Policies, Careful Review, Policy Results, Main Risks and their Management, and Key Indicators of Success

Environment

Policy

Our fundamental environmental principles and commitments regarding the prevention of pollution are set out in:
- the policy, which also lays out the environmental policy;
- the environmental management programme;
- the quality system documents.

We established and certified an Environmental Management System according to the requirements of the ISO 14001:2015 standard. The responsibility for fulfilling the environmental requirements is borne by all employees in the companies of the Impol Group, and the management is ensuring all the necessary resources and thus guarantees for their realisation and the achievement of the environmental goals.

Our lasting commitment to environmental protection is reflected in the efficient implementation of environmental programmes aimed at the mitigation of negative impacts on the environment. Our commitments to protect the environment are reflected mainly in:
- preventing water pollution;
- reducing emissions into the air;
- a limited, controlled and careful use of hazardous substances;
- the use of alternative energy sources;
- contributing to global energy efficiency, which we are achieving by using and processing our own and external sources of secondary aluminium.

Due diligence

All companies of the Impol Group have in place a waste management system. Waste is collected separately, appropriately stored and handed over to authorised processors or disposal services. When selecting the final waste management system we give precedence to processing waste. We draw up annual reports, in accordance with the applicable legislation, about the volume of waste generated within companies.

We carry out our due due diligence as an integral part of environmental management. We perform monitoring, internal reviews, where the compliance with adopted rules, requirements of the ISO 14001 standard and statutory requirements is being verified. Periodic inspections are also a part of our due diligence with regard to environmental management. Reports on the impacts on the environment, amendments to the legislation and opportunities to integrate the environmental management system into the

Group's processes are drawn up on a monthly basis. At the management review we verify the environmental policy, assess the results of internal reviews and make relevant decisions for improving the system.

The total volume of hazardous waste generated in the Impol Group in 2018 amounted to 2487 tonnes. The specific volume of hazardous waste in kg/t amounted to 10 kg/t., the same as last year. We constantly raise awareness among employees regarding the significance of separating waste and ensuring their usefulness, which at the same time contributes to the reduction of the use of natural resources.

Environmental management programme and new objectives

Our lasting commitment to environmental protection is reflected in the efficient implementation of environmental programmes aimed at the mitigation of negative impacts on the environment. We try to protect the environment by preventing the pollution of the Bistrica stream, reducing the emissions into the atmosphere as well as by using hazardous substances in a limited, controlled and prudent way, by using alternative energy sources and by contributing to global energy efficiency. All this is possible because we are using and processing our own and external sources of secondary aluminium.

Main risks and their management

We recognised environmental risks at the company-management level in the Group and at the operating level due to the implementation of activities in the companies within the Group.

At the management level a risk of failure to comply with statutory requirements is recognised. We manage risks by consistently following all the changes and new developments in the area of statutory requirements, by participating in public hearings and thus recognising and introducing new obligations in time.

For the recognised environmental aspects we identified and assessed operational environmental risks. At this level we implement preventive measures. These measures include regular inspections of warehouses, inspections of the state of packaging units and of the collecting containers, the tightness of the reservoirs, we monitor quantities and carry out internal monitoring of waste water. Processes include measures to be adopted in case of an emergency. For this purpose we have allocated means of intervention on agreed locations and instructions on how to use these means. Our professional fire brigade is trained and equipped for intervention in case of environmental disasters. We conduct drills for instances of identified accidents on a yearly basis, verifying the competence of employees and critically assessing the efficiency of the performed intervention. The drill results are also used to improve the intervention procedures.

We manage risks:
- by respecting applicable statutory requirements;
- by training employees for a careful management in accordance with the instructions for environmental management and the rules of procedure;
- with instructions and management of third parties entering plants;
- with monitoring and reviews;
- by quick recording and informing about extraordinary events and efficient interventions;
- by providing systems of quality management according to ISO 9001, the ISO 14001 environmental standard and OHSAS 18001 standard.

We pass on the requirements regarding the introduction of the environmental management system to suppliers and all who work for the organisation.

Key indicators of success

Processing of the return (circular) and secondary aluminium.

At the Impol Group we introduced a return loop system, which means that waste, which is generated during the processing of our products at our end customers, is collected and used as an input raw material in our foundries. In this way we contribute to the sustainable consumption of energy and resources, since we replace primary aluminium and alloy elements, which are necessary for the production of alloys, with return and secondary aluminium.

In 2018, we used the following shares of aluminium for the production of 248,000 tonnes of aluminium products:
- primary aluminium: 33 %;
- return (circular) aluminium: 49 %;
- secondary aluminium: 19 % (GRI 301-2).

Emissions of substances into the air and water, and consumption of process water

We carry out regular measurements of emission into the air and water on all locations. At the location of Slovenska Bistrica we also carry out permanent measurements of chlorides and organic substances emitted from the foundry. Reports indicate that there are no exceeding values.
Waste water is generated when changing water in the recirculation cooling systems. Upon changing water, regular monitoring is carried out, which does not indicate that the prescribed limit values are exceeded. Water circulates in the recirculation cooling systems, only losses are replaced with fresh water. By putting in place recirculation cooling systems we reduced the specific consumption of process water by 50% in the last ten years.

CO_2 emissions

Impol, d. o. o, in Slovenska Bistrica, is committed to trade with CO_2 emissions. Emissions are generated by the combustion of natural gas and fuel oil on technological machines and in the boiling room. The CO_2 emission is recorded by years in the table.

Table 19: CO_2 emissions

YEAR	Gas consumption Sm³	Fuel oil consumption in tonnes	CO_2 emissions in tonnes
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
2011	13,831,022	189.80	26,660
2012	13,583,614	186.443	26,184
2013	14,677,504	180.19	28,234
2014	15,937,999	154.26	30,528
2015	16,724,874	127.80	31,932
2016	16,955,249	48.90	32,115
2017	17,905,082	0	33,744
2018	**17,687,100**	**0**	**33,328**

Due to the fact that TGP emissions increase with the increase of production capacities, we select technological equipment with a low specific consumption of energy products and technical solutions which are specified in the implementing decision of the commission (EU) 2016/1032 as the best available techniques (GRI 305-1, 305-2, 305-4, 305-5 305-7).

Table 20: Consumption of energy products in 2018

YEAR	Power consumption kWh	Gas consumption Sm³
Slovenia (companies within the Impol Group in Slovenia)	125,144,440	19,353,705
Serbia (Impol Seval and affiliated companies)	41,463,771	21,077,930
Croatia (Impol-TLM)	61,152,651	6,955,412

Table 21: Emissions in 2018 - annually

Emissions in 2018	Company			
	companies in Slovenia	companies in Serbia	companies in Croatia	Total
Total dust	871.5322	7125	2119.52	10,116
Nitrogen oxides (NO and NO_2), expressed as NO_2	36857.8528	44469	4102.28	85,429
Fluoride and its compounds, expressed as HF	0	65		65
Manganese and its compounds, expressed as Mn	2.030594			2
Lead and its compounds, expressed as Pb	5.372199			5
Total powdered inorganic substances II 2	6.104395			6
Total powdered inorganic substances II and III	11.08795			11
Total powdered inorganic substances III	4.983544			5
Sulphur oxides (SO_2 and SO_3)	6.82612			7
Chlorine inorganic compounds, if not specified in the hazard group I, expressed as HCI	2139.063			2,139
Carbon monoxide CO	54879.37094	2987	1478.09	59,344
Organic compounds, expressed as total organic carbon (TOC)	73366.579	11282	128380.79	213,029
Polychlorinated dibenzodioxins (PCDD) and polychlorinated dibenzofurans (PCDF)	2,26152E-05	0.000032		5,5E-05
Ammonia NH_3	30.794			31

Table 22: Volume and type of waste water by locations

Total by locations						
Location Bistrica	total industrial	industrial into the Bistrica watercourse	industrial to treatment plant	total urban	urban to municipal treatment plant	urban into the Bistrica watercourse
	43764	8198	35566	22040	21777	263
Location Seval	total industrial	industrial into the Đetinja watercourse	industrial to treatment plant	total urban	urban to municipal treatment plant	urban into the Đetinja watercourse
	10302	10302	0	7415	0	7415
Location Šibenik	total industrial	industrial into the sea	industrial to treatment plant	total urban	urban to municipal treatment plant	urban into the sea
	1103894	1103894	0	116317	116317	0

Renewable energy sources

Table 23: Indicators of a rational use of energy, water and industrial gasses for 17 - 18 December (cumulatively)

		Energy product	El. energy	Natural gas	Ind. water	Potable water	Nitrogen	Argon
		Unit	kWh	Sm³	m³	m³-persons	kg	kg
Cumulatively 1 - 12 2017	Plan	unit/t	1,090.00	112.00	1.20	1.30	34.00	4.90
Cumulatively 1 - 12 2017	Production	tonnes-persons	143,238.228			12,967		
	Consumption	unit	120,668,076	19,165,301	150,305	22,177	5,357,200	616,135
		unit/t	842.43	133.80	1.05	1.71	37.40	4.30
	Deviation	unit/t	-247.57	21.80	-0.15	0.41	3.40	-0.60
		0/0	-22.71	19.46	-12.56	31.56	10.00	-12.21
Cumulatively 1 - 12 2018	Production	tonnes-persons	150,632.314			13,206		
	Consumption	unit	121,288,994	19,038,260	215,754	25,775	5,483,765	630,020
		unit/t	805.20	126.39	1.43	1.95	36.40	4.18
	Deviation	unit/t	-284.80	14.39	0.23	0.65	2.40	-0.72
		0/0	-26.13	12.85	19.36	50.14	7.07	-14.64
Comparison 18/17	Production	persons	1.05			1.02		
	Consumption	per unit	0.96	0.94	1.36	1.14	0.97	0.97

**Data refers to the consumption of energy products in companies within the Impol Group in Slovenia.*

When purchasing new technologies we follow the BAT (best available technology) guidelines, thus ensuring that the new equipment is energy efficient and that it enables the reduction of consumption per unit of product (GRI 302-3).

The source of the supply of industrial and potable water are public utility companies. Water is not recycled, however, industrial water is re-used several times for purposes of cooling for which we have bypass cooling systems in place.

Table 24: Hazardous waste in kg

Energy product	El. energy	Natural gas	Ind. water	Potable water	Nitrogen
Types of hazardous waste according to the Rules on waste management	**Key figure**	**Croatia**	**Serbia**	**Slovenia**	**Total**
Other bases (lye)	060205*			703,360	703,360
Lye not specified elsewhere	060299*			0	0
Mixture or waste paints	080111*		4900	0	4,900
Skimmings not included in 100315	100316*			0	0
Flue-gas dust containing hazardous substances	101009*			48,760	48,760

Sludges and filter cakes not included in 110110	110109*			221,300	221,300
Water-based rinsing fluid containing hazardous substances	110111*			760	760
Other waste containing hazardous substances	110198*			0	0
Waste roller oil	120106*			0	0
Machining emulsions and solutions free of halogens	120109*			441,058	441,058
Spent waxes and fats	120112*			360	360
Metal sludge	120118*			4,660	4,660
Waste hydraulic and gear oils	130110*		2100	0	2,100
Mineral-based non-chlorinated engine, gear and lubricating oils	130205*	8000		173,714	181,714
Non-chlorinated insulating oils and oils for heat transfer based on mineral oils	130307*	120,900		0	120,900
Sludges from oil/water separators	130502*	585,200		1,000	586,200
Oils from oil/water separators	130506			18,800	18,800
Oily water from oil-water drains	130507*	120		0	120
Packaging containing residues of or contaminated by hazardous substances	150110*	8,450	2300	1,304	12,054
Absorbents and filter materials, wiping cloths and protective clothing	150202*	42,623		35,222	77,845
Oil filters	160107*	0		1,484	
Transformers and capacitors containing PCB or PCTs	160209*			0	
Waste electrical and electronic equipment	160213*			0	
Wastes containing hazardous substances (cryolite)	160303*	175		0	
Laboratory chemicals, consisting of or containing hazardous substances, including mixtures of laboratory chemicals	160506*			572	
Waste batteries and accumulators	160601*		500	0	
Waste containing oil (crude oil)	160708*	8540		0	
Other linings and refractories from metallurgical processes containing hazardous					
substances	161103*			240	
Sludges containing hazardous substances from other treatment of industrial waste water	190813*			520	
Fluorescent tubes and other mercury-containing waste	200121*		50	390	
Discarded electrical and electronic equipment other than those mentioned in 200121 or 200123	200135*	1,250	600	905	

Consumption of energy products

The consumption of energy products is presented in table 21 (GRI 302-1).

In 2018, the solar power plant generated 1,029,351 kWh of electric energy.

Since it was put into service in 2011, the power plant generated 8516.3 MWh of electric energy. In case that the mentioned energy would be obtained from natural gas, we would need around 1,302,194 m^3 of natural gas and would generated 2,454 tonnes of CO_2 emissions. By using solar energy we reduce the consumption of natural resources and consequently the emission of greenhouse gasses (GRI 302-4).

Biodiversity

The Impol Group has production facilities on three locations: Slovenska Bistrica (Slovenia), Šibenik (Croatia) and Sevojno (Serbia). These facilities are not located in conservation areas, but in industrial zones with a tradition spanning several decades.

In Slovenska Bistrica the nearest Natura 2000 area is the "Bistriški jarek", which is a special conservation area located approximately 700 metres away. The border of the "Bistriški jarek" conservation area also overlaps with the border of the ecologically important Pohorje area. The nearest natural reserve is located 1.4 km from the zone, namely in Visole, which is the site of a serpentine flora habitat. There are special conservation areas also in Serbia in Croatia, located more than 500 km from the industrial zone.

During every production expansion we verify that the expansion does not negatively impact on any nature protection area located in the vicinity of the industrial zone. For this reason we do not generate or increase the impact on biodiversity and natural values (GRI 304).

Fire protection

Fire protection activities and measures in Impol Group companies are aimed at the protection of the employees, assets, animals and the environment against fire and explosions.

Special attention is paid to the implementation of preventive activities mostly in order to reduce the possibility of fire and to ensure safe evacuation of people and assets in the event of a fire outburst and to prevent the fire from spreading. Fire protection measures are observed in the designing of new facilities, as well as during reconstruction works, the use of facilities and the implementation of technological processes.

Fire prevention is of crucial importance in all areas of the Company's activities in order to ensure suitable fire safety. What is also important is awareness and safety culture, which has to become a constant concern of responsible persons as well as employees and other users of facilities or premises.

In 2018, we recorded just one fire in companies within the Impol Group, which is a significant improvement compared to 2017, when three fires occurred. The fire occurred in Impol FT, d. o. o., in the FTT production process on the Bistral 3 rolling mill. The direct fire damage is not significant. After a longer period of time in 2018, we finally recorded less interventions in the area of environmental protection, even though some of these interventions involved serious negligence by fork-lift and lorry drivers. There were a total of 16 interventions, 4 cases less than in 2017. Most interventions have to be carried out due to hydraulics malfunctions on fork-lifts and consequently oil leaks and fuel leaks from lorries. Environmental incidents did not cause adverse effects on the environment.

Social and HR Matters and the Respect of Human Rights

Policy

Our almost 200-year long tradition is based on a fair attitude towards employees that gave rise to the growth and development of the Impol Group. We are focused on satisfying all common needs of the employees, and their satisfaction is shown by numerous indicators.

In the Impol Group our social responsibility is primarily substantiated through a fair attitude toward employees, whereby we observe the following principles:

- fair payment for a well-performed job;

- creating opportunities for career development;
- promoting inter-generational cooperation;
- developing own human resources;
- ensuring equal promotion opportunities for all employees;
- promoting innovation;
- actively promoting a healthy lifestyle and preventing accidents;
- finding appropriate solutions for employees with disability;
- respecting employee loyalty.

We are traditionally strongly connected to out local community, which also represents our most important pool of loyal, hard-working and dedicated employees. We establish an even stronger relationship with the local community by organising numerous activities, among which:
- promoting and supporting the “metallurgy technician” programme at the Slovenska Bistrica Secondary School;
- actively cooperating with local educational institutions through donations;
- promoting associations and interest groups which actively contributed to enhancing the quality of life of local residents;
- transparent communication.

Due diligence

We carry out due diligence on systems of employee development and the respect of human rights with the following activities:
- Promoting social dialogue: we established workers’ councils that are active in larger companies in the Impol Group. We work with two representative unions and maintain a constructive social dialogue. In addition to this, we established a Representative Body of Employees of the Impol Group (RBEIG) that connects all employees in the Group on all locations and convenes with the intention of putting in place a framework for promoting social dialogue, exchanging information and electing a worker's director.
- Since 2015 we have in place a single-tier management system. One of the representatives of the Management Board is also the worker's director, elected by the employees of the Impol Group.
- Ensuring compliance with the legislation: we regularly carry out internal reviews of standards and documentation with which we verify the compliance of our operations with the legislation. Furthermore, we regularly train employees and participate in the organisation of expert conferences.
- Monthly reporting: we monitor key indicators in the area of managing employees on a monthly basis and recommend amendments to the legislation.

Main risks and their management

Risks related to human resources were recognised at the company management level in the Impol Group and are shared in several areas.

Table 25: Main risks and their management

Risk area	Possible causes	Management methods
Competences	• Adequate competence of the employees. • Key staff fluctuation.	• Introduced mentoring system for new employees and employees switching job posts. • Regular measurement of the commitment and satisfaction of employees. • Creating and updating competence matrixes.
Lawsuits, court hearings	• Potential hazards at the workplace, resulting in injuries. • Mobbing in the workplace. • Unequal treatment of employees.	• Active promotion of health a lifestyle at the workplace. • Regular employee training. • Working information office for preventing mobbing. • Training managers for safety and health at work management. • Regular checks of working equipment. • Observing equality principles – specified in the Code of Business Conduct of the Impol Group.
Productivity	• Unused employee potential. • Inadequate management.	• Implementing development discussions with key employees. • Regular training of managers for the development of management competences. • Audit of the managers’ work. • Regular assessment of the employees and stimulative salary policy.

Key indicators

Table 26: Employees by companies in the Impol Group as of 31/ 12/ 2018

Country	Company	2014	2015	2016	2017	2018
Slovenia	Impol 2000, d. d.	33	41	41	53	110
	Impol, d. o. o.	11	18	38	41	37
	Impol FT, d. o. o.	290	294	282	286	271
	Impol PCP, d. o. o.,	455	451	449	459	441
	Impol LLT, d. o. o.	133	138	135	136	149
	Impol R in R, d. o. o.	32	34	33	35	41
	Impol Infrastruktura, d. o. o.	24	23	24	21	22
	Stampal SB, d. o. o.	41	41	50	61	60
	Rondal, d. o. o.	60	61	65	66	67
	Impol Stanovanja, d. o. o	2	2	2	2	2
	Unidel, d. o. o.,	35	37	37	37	37
	Kadring, d. o. o.	15	14	16	17	18
	Impol Servis, d. o. o.	7	7	7	7	7
	Impol-FinAl, d. o. o.	/	/	/	7	13
	Total Slovenian companies	1,138	1,161	1,179	1,228	1275
Serbia	Impol Seval, a. d.	569	553	544	539	533
	Impol Seval PKC, d. o. o.	12	12	12	12	12
	Impol Seval Tehnika, d. o. o.	86	85	85	82	77
	Impol Seval Final, d. o. o.	26	25	25	24	24
	Impol Seval President, d. o. o.	9	9	10	10	10
	Total Serbian companies	702	684	676	667	656
Croatia	Impol-TLM, d. o. o.	0	0	342	385	414
USA	Impol Aluminum Corporation	3	3	3	1	1
Hungary	Impol Hungary Kft.,	2	2	2	2	2
Impol Group	Total number of employees	1,845	1,850	2,202	2,283	2,348

GRI 102-41

Table 27: Staff turnover at the Impol Group

	Arrivals		Departures		% of total turnover		% of turnover due to consensual terminations of the employment relationship	
	2017	2018	2017	2018	2017	2018	2017	2018
Slovenia	93	99	44	52	3.58%	4.08%	1.05%	2.04%
Serbia	18	26	27	37	3.49%	5.64%	0.45%	0.61%
Croatia	80	46	35	17	9.09%	4.11%	3.12%	1.21%
Impol Group	187	171	104	54	4.55%	7.28%	1.27%	1.49%

GRI 102-7

Table 28: Employee gender structure at the Impol Group

	Slovenia	Serbia	Croatia	Hungary	USA	Impol Group
Men	1,060 (83.1%)	522 (79.6%)	365 (88.2%)	1 (50%)	1 (100%)	1,949 (83%)
Women	215 (16.9%)	134 (20.4%)	49 (11.8%)	1 (50%)	/	399 (17%)
Total	1,275	656	414	2	1	2,348

Table 29: Education and qualification structure

	Doctoral Degree	Master's Degree	University	Higher education	College	Secondary education	Qualified	Semi-qualified	Non- qualified
Slovenia	0.5%	0.8%	8.1%	7.5%	6.8%	33%	33.5%	5.5%	4.4%
Serbia	0%	0%	13.1%	0%	2.3%	39.2%	38.4%	5.6%	1.4%
Croatia	0.2%	0%	12.2%	0%	3.4%	45.3%	23.5%	13.4%	1.%
Total	0.3%	0.4%	10.3%	4.1%	4.9%	36.9%	33%	6.9%	3.1%

Table 30: Type of employment, contracts

	Employment contract for an indefinite period of time	Employment contract for a definite period of time	Individual contract
Slovenia	1,101	116	58
Serbia	608	27	21
Croatia	304	111	2
Impol Group	2,013	254	81

Table 31: % of employees under special protection and the disabled

	% of the employees under special protection (age)	% of the disabled
Slovenia	12.2%	6.0%
Serbia	36.9%	10.9%
Croatia	23.7%	2.2%

Table 32: Utilisation of working time

	Utilisation of working time	% absence due to sickness, chargeable to the Company
Slovenia	78.74%	3.28%
Serbia	80.39%	4.98%
Croatia	83.65%	2.15%

Due to personal data protection only statistical data in regions where more than five persons are employed are shown. Consequently, statistical data for companies in the USA and Hungary are not shown (three persons are excluded).

Table 33: Training and education of the employees

	Slovenia	Serbia	Croatia	Impol Group
Number of hours of training per employee	15.1 hours	43.51 hours	5.91 hours	64.52 hours
Number of employees who are part-time students	10	0	2	12
Number of beneficiaries of grants	58	6	8	72

(GRI 404-1)

All employees attend periodic internal training during which they become familiar with the protection of human rights, rights of employees and prevention of mobbing at the workplace. In 2018, these training courses were attended by 42% of employees, of which 12% were women. The course lasts two hours (GRI 412-2).

Periodically, we measure the mood and employee satisfaction. The results of the most recent measurement are shown in the table.

Table 34: Employee satisfaction and commitment (September 2018)

Area	Question	Agreement percentage
INDEPENDENCE AND RESPONSIBILITY AT WORK	Our company give the chance to our employees to accept a more responsible task and prove themselves.	66 %
	I believe that the work I am carrying out is suitable to what I know and what I am capable to do.	76 %
	I wish I had more responsibilities and opportunities to make decisions at my job post.	84 %
WORK MANAGEMENT AND ORGANISATION	Managers stimulate employees to make proposals for improving work.	65 %
	I believe that the demands of my superior of me are fair and well-founded.	74 %
	The manager cares for and advocates good relations between employees.	70 %
	I know what is asked of me and when the manager will be satisfied with my work.	94 %
ORGANISATION, PROMOTION, SALARIES	I am proud to be employed in this company.	92 %
	I am adequately financially stimulated for carrying out good work in our company.	37 %
SATISFACTION	with work	88 %
	with colleagues	92 %
	with direct superiors	83 %

In the area of Slovenska Bistrica the number of employees increased by 3.7% in relation to the previous year and as of 31/ 12/ 2018 the number of employees in all companies in Slovenia was 1275. In Serbia the number of employees decreased by 9 employees, whereas the number of employees in Croatia increased from 385 to 414.

Employees use child-care leave and parental leave in accordance with the provisions of the local labour code. After having used this type of leave, we did not record any employee departures from the Company in 2018.

In 2018, we recorded a total of 63 accidents at work, none of which were serious. There were no fatalities (GRI 403-2).

Regionally speaking, the Impol Group in Slovenska Bistrica employs the great majority of people from the Podravje region with the rest coming from other Slovenia regions. This type of employment policy is also implemented in Serbia and Croatia. Representatives of the management (company managers, directors and members of the Management Board) on all three locations come from the local environment (GRI 102-8, 202-2, 401-1, 403-3, 404-1).

Activities of the Impol Group for Employees

Fair payment

- Employees in Slovenia and Serbia earn wages that are above the average in the industry sector and above the national average.
- Employees receive the maximum permissible holiday pay.
- As the business objectives were attained, employees were entitled to a 13th month pay.
- Employees received a Christmas bonus.
- The company pays for the supplementary pension insurance of its employees. The savings scheme includes all employees who also pay an insurance premium on an individual basis. The monthly premium paid individual Impol Group Impol companies per employee amounts to EUR 25.04 or to EUR 34.95 depending on an individual's own input.

Health and safety at work

- The occupational health and safety system is continuously being improved.
- We have a system of line controls in place with the intention of systematically eliminate hazardous situations (incidents).
- We are improving working conditions.
- We modernised training in the area of health and safety at work and upgraded the workplace qualification verification system.
- The Impol Health Promotion Society has been established to help improve the quality of life of our employees.
- The company pays for the supplementary pension insurance of its employees. The savings scheme includes all employees who also pay an insurance premium on an individual basis. The monthly premium paid individual Impol Group Impol companies per employee amounts to EUR 25.04 or to EUR 34.95 depending on an individual's own input.

Table 35: Number of accidents and incidents at work

	Number of accidents at work.	Number of incidents
Slovenia	31	228
Serbia	23	4
Croatia	9	31
Total	63	263

Loyalty

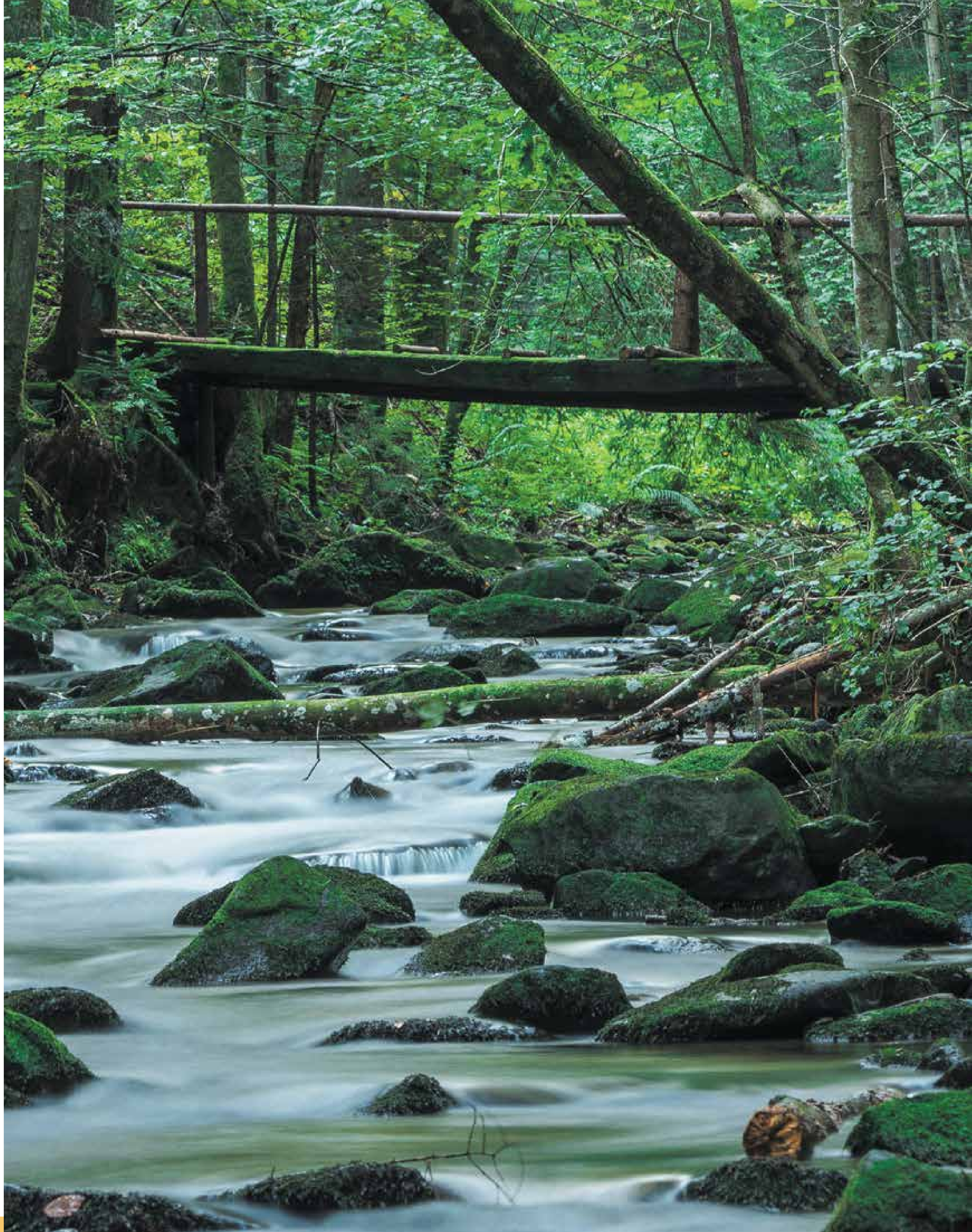
- Every year, events are organised to promote loyalty and sense of belonging of the Impol Group employees.
- Employees receive awards for 10, 20, 30 or 40 years of service at the Impol Group in Slovenia and for 10, 20, 30 and 35 years of service at Impol Seval in Serbia. A similar system will be established in Croatia as well.
- Internal magazines Metalurg in Slovenia and Seval in Serbia are regularly published so as to promote the culture of belonging and mutual respect. The monthly magazine "Metalurgov poročevalec" is published in Slovenia and Croatia.
- There is a Representative Body of Employees of the Impol Group (RBEIG) operating within the Impol Group composed of members elected by the employees. Its task is to elect a worker-director and exchange information within the Impol Group.

Knowledge and understanding

- We develop the competences of managers and expect them to have maintain positive relations with co-workers. These relations were defined by the governance standards that apply to all managers within the Impol Group.
- We support the development of competencies of all key Impol Group employees.
- Our employees are provided with education and training in accordance with the needs of the Impol Group.

Self-actualisation

- A system for the rewarding of innovation and useful proposals has been set up.
- Employees are engaged in project teams and provided with opportunities to prove their abilities.



Respecting Human Rights

We consistently observe all the statutory provisions of the Republic of Slovenia in the area of respecting human rights. Several different mechanisms have been established in order to ensure the welfare of our employees:

- mobbing at the workplace prevention office;
- mobbing officers in every company;
- workers' councils in every company with more than 30 employees;
- operating RBEIG body, the purpose of which is to coordinate demands with regard to the care for employees and working conditions.

Child labour

The International Labour Organization defines child labour as "work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development". This type of work also includes work that adversely affects children's education. With our standards we commit not to collaborate with suppliers that employ children under 18, despite enabling summertime work to high-school students due to mandatory practical training or their wish for additional income.

Our policy is designed with the well-being of children and the protection of their interests in mind. Although the phenomenon of child labour is a rare occurrence nowadays, the Impol Group developed approaches to deal with possible cases of child labour and to condemn it. No instances of child labour were detected in out supply chain, which is also the result of an efficient assessment of our suppliers. Our requirements with regard to child labour as well as youth work are presented in our employment conditions which are provided to all suppliers and which are binding in all controlling companies abroad (GRI 408-1).

Forced labour

According to the International Labour Organization, forced labour is "labour performed involuntarily and under the threat of punishment. It refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities." In accordance with our employment standards we commit not to collaborate with partners that use forced labour in any form (prison labour, prohibited labour, etc.). No employee should be forced to work on the basis of intimidation, force and any political coercion, penalty or due to different political views.

In a world where "modern slavery" is still present, affecting millions of people, we developed a policy with which we call for the elimination of forced labour. The Impol Group strongly condemns and prohibits any form of forced labour in the Group itself as well as in the supply chain, which includes suppliers and clients (GRI 409-1).

Supply chains and conflict materials

We pass on our commitments with regard to environmental management, sustainable development and care for the health and safety of our employees to our suppliers of material and services. For this purpose, we assess them on yearly on the basis of the following criteria: performance quality, environmental management and care for the safety and health of employees. Only suppliers that confirm acting in accordance with the requirements of standards or legislation make it to our list of confirmed suppliers of the Impol Group (GRI 308-2).

Use of conflict minerals

Tin is used in the production process of the Impol Group. We asked our tin supplier to fill out the CMRT (Conflict minerals reporting template) form and specify the confirmed tin manufacturers. All the tin that we use in the Impol Group originates from confirmed manufacturers from Indonesia and Malaysia (GRI 308-2, 414-2).

Anti-Corruption Efforts

Policy

In carrying out our work we observe high standards of business ethics and in accordance with the Code of Business Conduct of the Impol Group we build a culture that stimulates legal, ethical and transparent treatment of and decision-making by all employees.

Due diligence

We put in place a system of internal audit, which verifies the compliance of business operations with the Slovenian legislation and includes the prohibition of corruption. At the same time, all employees are bound to respect the Code of Business Conduct of the Impol Group. We also put in place a transparent supply system, involving a greater number of decision-makers who also carry out control over business ethics themselves.

Main risks and their management

The main risks in this area are the loss of reputation in the public, loss of financial assets due to corruptive business conduct and loss of trust of business partners. We prevent this by using an advanced information supply system containing control elements, with regular college meetings with detailed reports, with transparent communication and with a consistent observance of the principles listed in the Code of Business Conduct of the Impol Group. We also set in place a zero tolerance policy toward criminal acts.

Key indicators of success

The key indicators of success are the compliance of business operations with the legislation, which is also evident by the fact that there are no pending court cases against employees of the Impol Group in connection with corruptive behaviour.

There were no pending court cases in 2018 with regard to uncompetitive behaviour or actions initiating monopoly. No major penalties or fines were paid due to failure comply with laws and regulations in areas where Impol operates (GRI-206-1).

Memberships in Communities/Associations

The Impol Group believes that connecting and cooperating is the key to success. This is why we support interest associations and organisations through memberships and at the same time we participate in projects that support organisations to connect with each other and the mutual transfer of knowledge.

We are members of the Chamber of Commerce and Industry of Slovenia, the Chamber of Commerce of the Štajerska region, the ASC association and the SRIP MatPro Strategic development partnership. We are also members of the European Aluminium Foil Association (EAFA) and the Aluminium Stewardship Initiative (ASI). We co-founded the Slovenian Centre of Excellence for Space Sciences (GRI 102-12, GRI 102-13).

GRI Reporting

Table 36: Index according to the GRI GS (Global Standards) reporting standard - basic option (Core)

GENERAL STANDARD DISCLOSURES			
GRI - standard	Disclosure	Page	Notes / restrictions
GRI 101: Basis			
GRI 102: General disclosures			
Organisation presentation			
102-1	Organisation name	14	
102-2	Primary brands	50	
102-3	Organisation HQ	14	
102-4	Local activities	15	
102-5	Ownership and legal form	15; 33	
102-6	Markets (geographical and sectoral division and division by types of clients)	43; 48-49	
102-7	Organisation size (number of employees, number of activities, sales revenues, obligations/equity, number of products/services)	48; 68-69; 101-103	
102-8	Employees by type of employment, type of contract, region, gender	71	
102-9	Description of the organisation's supply chain	51-52	
102-10	Significant changes in the reporting period relating to the organisation's size, composition, ownership and supply chain		There were no significant changes.
102-11	Clarification whether and how the organisation applies principle of prudence	59-60	
102-12	External documents, principles and other economic, environmental and social initiatives signed and supported by the organisation	75	
102-13	Membership in organisations	75	
Strategy and analysis			
102-14	Statement of the highest decision-maker in the organisation with regard to the importance of sustainable development for the organisation and the strategy of addressing the organisation's sustainable development	58	
Ethics and integrity			
102-16	Description of values, principles, standards and principles of conduct, such as codes of conduct and codes of ethics		Described in the Company's policy and Code of Business Conduct of the Impol Group (accessible via http://www.impol.si)
Management			
102-18	Management structure of the organisation, including commissions of the highest management authority	30 - 32	Management and governance system
Involving stakeholders			
102-40	List of groups of stakeholders with which the organisation cooperates	60 - 61	
102-41	Share of all employees by collective agreement	68	
102-42	Starting points for recognising and selecting stakeholders with which the organisation cooperates or to be involved	52	Purchasing audit processes
102-43	Approaches for involving stakeholders, including the frequency of cooperation by groups of stakeholders	52	Purchasing audit processes
102-44	Key topics and questions raised during the cooperation with stakeholders and how the organisation responded to them, including its reporting	60-61	
Report information			
102-45	Units included in consolidated financial statements	15	Companies in the Impol Group + consolidated report
102-46	Process of defining the report and delimiting topics		The topics are defined on the basis of the sustainability analysis in accordance with the GRI guidelines.
102-47	List of essential topics	74-79	
102-48	Effects of the change of information from previous reports and reasons for them	45	
102-49	Significant changes compared to previous reporting periods in relation to limiting the volume and aspects		There were no significant changes.
102-50	Reporting period (calendar, fiscal year)	79	
102-51	Date of the last previous report	79	
102-52	Reporting cycle (annual, biennial)	79	
102-53	Contact information for questions relating to the report	79	
102-54	Reference regarding the report in accordance with the GRI standards	79	
102-55	Index by GRI guidelines	74-79	
102-56	External reporting verification by GRI guidelines		The first external verification will be carried out in 2019

SPECIFIC STANDARD DISCLOSURES		Page	Notes / restrictions
103-1	Explanation of an essential topic and its limits	58	Described in the Management's statement
103-2	Management approaches and their constituents		Described in the section "Strategic orientations"
103-3	Evaluation of management approaches		Described in the section "Strategic orientations"
ECONOMIC IMPACTS			
GRI 201: Economic performance			
201-1	Directly generated and distributed economic value	40; 100-101	
201-3	Liabilities from the pension plan	120	
201-4	Significant received state aid	148	
GRI 202: Presence on the market			
202-2	Share of local staff in higher management	71	
GRI 204: Purchasing practice			
204-1	Share of assets for purchasing, used for local suppliers at important production locations	52	
GRI 206: Competition protection			

206-1	Number of legal procedures in the area of competition protection, monopoly prevention and monopoly practices and results of concluded procedures in the reporting year		There were no pending legal procedure from the specified area in the reporting period.
ENVIRONMENTAL IMPACTS			
GRI 301: Materials			
301-1	Used material by weight and volume	62	We control the information about weight.
301-2	Processing return and circular material	62	
GRI 302: Energy			
302-1	Energy consumption in the organisation	67	Data refers to 2017.
302-3	Energy intensity (energy consumption per unit/tonne of product)	65	
302-4	Energy consumption reduction	67	
GRI 303: Water			
303-1	Water consumption by sources	64	
303-3	Share and total volume of recycle and re-used water		
GRI 304: Biodiversity		67	
GRI 305: Emission to air			
305-1	Volume of direct greenhouse gas emissions (Scope 1)	62-64	
305-2	Volume of indirect greenhouse gas emissions (Scope 2)	62-64	A system for managing this information is being established.
305-4	Intensity of greenhouse emissions (volume of emissions per product unit)	62-64	
305-5	Reduction of greenhouse gas emissions	62-64	
305-7	NO_x, SO_x and other significant emission to air by type and weight	63-64	
GRI 306: Waste water and waste			
306-1	The entire quantity of waste water by quality and emission destination	62-64	
306-2	Total weight of waste by type and manner of disposal		
GRI 307: Compliance			
307-1	Amount of fines due to non-compliance with the environmental legislation		There were no non-compliances in 2018.
GRI 308: Environmental verification of suppliers			
308-2	Significant existing and potential negative environmental effects in the supply chain and adopted measures	74	
SOCIAL IMPACTS			
GRI 401: Hiring employees			
401-1	Number and rate of newly employed persons and employee fluctuation	69	
401-3	Return to work and rate of employee retention after having used paternal leave, by gender	71	
GRI 403: Safety and health at work			
403-2	Rate of injuries at work, absenteeism, number of fatalities at work	70	
403-3	Employees with a high level of risk for occupational diseases	70	
GRI 404: Training			
404-1	Average number of hours of training per year per employee by gender and employee category	70	
GRI 406: Non-discrimination			
406-1	Number of discrimination cases and measures for their elimination		No cases of discrimination were recorded.
GRI 408: Child labour			
408-1	Activities and suppliers where there is a possibility of recognised risk of violations being committed in the area of child labour	74	
GRI 409: Forced or manda-tory work			
409-1	Activities and suppliers where there is a possibility of recognised risk of violations being committed in the area of forced labour	74	
GRI 412: Human rights			
412-2	Number of hours of training employees about human rights policies and procedures in relation to their aspects, which are significant for the Company's business activity, and share of employees included in such training	70	
GRI 413: Local communities			
413-1	Share of activities in which the local community was involved or for which certain impacts were verified and development programmes were prepared	60	
GRI 414: Verifying suppliers regarding working practices			
414-2	Significant existing and potential negative impacts in relation to working practices in the supply chain and adopted measures	74	

The Impol Group reports according to standards of the Global Reporting Initiative, Global Standards (GRI, GS), attaining the basic level. Reporting ensures a high level of transparency toward stakeholders of the Company, enables the comparison of sustainable reporting with other companies and competitors (GRI 102-54).

The reporting content and the GRI content table are based on topics which are important to the Impol Group. The procedures of managing key topics are presented in the relevant sections. Reporting refers to the Impol Group and all its affiliated companies. All disclosures in the report apply to the 2018 calendar year.

An audit was carried out by independent auditors, for purposes of the financial report as well as the non-financial operation statement (GRI 102-54, GRI 102-55, GRI 102-56).

The entire report refers to the period that started on 1/ 1/ 2018 and ended on 31/ 12/ 2018 (GRI 102-47, GRI 102-50). The reporting cycle lasts one year (GRI 102-52). The last annual report was issued in 2018 for the period that started on 1/ 1/ 2018 and ended on 31/ 12/ 2018 (GRI 102-51).

In case of eventual questions regarding the report content concerning the Impol Group and the management of sustainable development, please contact Irena Šela (irena.sela@impol.si) (GRI 102-53).

RISKS UNDER CLOSE SUPERVISION

Risk Management

We regularly monitor the exposure to various risks and measures to manage these risks are adopted accordingly. In the Impol Group, risk management is based on the principle that the risk assessment and management is the integral part of all business activities. The basic guidelines of risk management are specified in the Code of Business Conduct of the Impol Group.

In the Impol Group we are constantly building a risk management system. In 2017, we further updated our model. Active risk management is the primary responsibility of individual business areas which are responsible for the establishment of appropriate and effective internal controls and the implementation of business activities in accordance with prescribed restrictions and given strategic objectives.

The second level comprises of the Risk Management Committee (RMC). Its tasks are to:
- Determine the most important areas of risks in the Impol system, identify risks and draft proposals to decrease them and submit the proposals to the Management Board;
- Address important business events and identify the most significant risks in advance and the measures to decrease;
- Examine potential methods and procedures for risk minimisation, propose their use and monitor the implementation of measures aiming at risk reduction together with the assessment of the results of this process.

The third level is the Internal Audit which periodically reviews the effectiveness and reliability of the internal control environment in accordance with the regulatory requirements.

We face several risks within the scope of our business process. They were divided into:
- Business risks;
- Financial risks;
- Operational risks.

The risks are explained into details in the table below.

Table 37: Types of risks and their management through the application of special measures (business risks)

Business risks	Risk description	Risk management method
Market and price risks	Sales: • Market prices do follow the changes in purchase prices or they only adjust to the them with a lag long for several months. • Customer service – delays resulting from production stoppages, inadequately organised logistics cause excessive costs and delays. Purchasing: • Aluminium – unexpected events in the areas of prices and purchase premiums, exchange rate risk (negative exchange rate differences), unreliable supply sources and associated negative effects on production, liquidity gaps caused by the need to purchase large quantities all at once. • Energy products – unexpected increase in prices, shortage of readily available sources.	• Conclusion of contracts by determining sales premiums so that the changes in purchase premiums are translated in the sales premiums. • Continuous training for quality and full compliance with all the obligations. • Conclusion of contracts for longer, at least one year delivery periods. • Integration of suppliers as providers of funds. • Majority of energy is purchased for a period of at least two years in advance.
Investments	• Increase in fixed costs and the resulting need to increase the volume of sales and the threat of an increase in losses. • Being late in mastering the technical-technological aspects of new investments, new markets; neglecting the costs resulting from the above. • Cash flow being too weak to ensure the return of invested assets. • Neglect investments into durable short-term assets and their subsequent financing with short-term sources of financing despite the investment definitely being a long-term one.	• When planning the required added value per employee, we start from the finding that the said value must, in addition to meeting the requirements arising from short-term operations and the dividend-related expectations of the shareholders, also meet the need of investing no less than EUR 10 thousand in order to preserve the existing position of employment and that at least a total of EUR 1 million must be earmarked for all types of investments for each new position of employment taking into account the expected growth in the number of new positions of employment.
Human resources	• Lack of mobility and the associated costs that are higher than it would be justified. • Inadequate assurance of knowledge retention. • Risk associated with the acquisition of key personnel. • Civil claims for damages	• By introducing new IT applications, we ensure the capture of a broader scope of employee knowledge and important data that are thus made available to a broader circle of employees, • Working with the key personnel, • Introduction of the governance standards, • Establishment of Impol's management academy, • Yearly interviews.
Research and development	• Efficiency of development processes, provision of new products.	• Introduction of a comprehensive system of applicative and technological development. • Turning into a development supplier to customers.
Environmental protection	• Discharges of hazardous substances.	• Constant monitoring of emissions, integration of devices to prevent or reduce risks.

Table 38: Types of risks and their management through the application of special measures (financial risks)

Financial risks	Risk description	Risk management method
Liquidity risks	• Lack of liquid assets required to settle operating and financing liabilities. • Risk of incurring loss owing to short-term insolvency. • Growth of the stock price of aluminium that leads to the risk of adequate financing of short-term assets. • Inadequate capital structure. • Inadequate net debt / EBITDA ratio.	• Pre-agreed credit lines and preparation of inflow and outflow schedules.
Risk of a change in the prices of aluminium raw materials	• Aluminium is a raw material listed on the stock market and it price is subject to constant change. Customers seek to purchase products based on the prearranged price basis for aluminium.	• Hedging – forwards and futures contracts.
Foreign exchange risks	• The threat of loss caused by unfavourable exchange rate fluctuations – this mainly applies to USD.	• Hedging by means of appropriate derivative financial instruments and the option of purchasing basic raw materials in the local currency.
Interest rate risk	• Risk associated with changes in the terms and conditions of financing and borrowing.	• Monitoring of the ECB's and FED's policies, hedging by using appropriate derivative financial instruments – interest rate swaps, shifting from a fixed to a floating interest rate .
Credit risk	• Risk of customer failure to settle their liabilities.	• Securing trade receivables -primarily receivables from foreign debtors - through Prva kreditna zavarovalnica and foreign insurance firms, monitoring of customer credit ratings, limiting maximum exposure to individual customers. Transactions with customers located in high-risk markets are only performed on the basis of advance payments or prime bank guarantees.
Risk of claims for damages and lawsuits	• Risk of claims for damages being filed by third parties as a result of loss events caused inadvertently by the company through its activities, possession of items and placement of products on the market.	• General liability and product liability insurance (mainly for the segment of the manufacture of products intended for the means of transport industry).
Damage to property risk	• The risk of damage to property resulting from destructive natural forces, machinery break-down, fire, etc.	• Conclusion of property insurance, machinery breakdown insurance, business interruption insurance, fire insurance and other specific insurance.

Operational risk is the risk of incurring losses together with legal risk arising from:
1. Inadequate or incorrect implementation of internal procedures;
2. Other incorrect actions by the people belonging to the company's internal business area;
3. Inadequate or incorrect functioning of systems within the company's internal business area;
4. External events or acts.

This is why we constantly improve or adapt our organisational structure (this is why the governance system was changed in 2015 from a two-tier to a one-tier system) and also continuously improve the entire IT system in order to ensure that business events are monitored in real time.

Table 39: Types of risks and their management through the application of special measures (operational risks)

Operational risks	Risk description	Risk management method
Risks in production	• Failure to manage technological processes (recurring problems and associated dissatisfaction of customers). • Excessive inventories – foreign exchange, cost, liquidity and other risks. • Equipment reliability – insurance costs, deductibles. • Bottlenecks – disruptive inventories, disrupted flow with logistical difficulties, failures to meet delivery deadline, etc.	• Planning of the entire supply chain and the provision of sufficient production capacities.
Information technology risks	• Failure to manage internal controls. • Failure to ensure substitution of absent workers. • Multiple processing of the same data. • Disruptions in the production process due to disturbances in the field of information sources.	• Security measures, a plan for uninterrupted operation of information technology.
Risks associated with employees	• Occurrence of accidents and injuries, unplanned absence.	• Measures in the field of risk assessment at the workplace, continuous education and training in the working environment, a system of replacement.

Business Risks

Market and price risks

The Impol Group products are sold to customers coming from 50 countries around the world. Our key advantages are quick response to changes in business condition and the provision of a wide range of products. We constantly monitor the changes in dealing in a metal listed on the LME, aluminium, and we monitor the changes in the formation of the purchase and sales prices of aluminium and we integrate them into our operations.

The highest market risk is represented by the trend of MB* premiums, which are hedged in the Impol Group in sales and purchase contracts with raw material supplies. The successfulness of hedging depends on the market situation and the achieved formulations of sales prices.

The lion's share of the hedging successfulness is represented by annual sales contracts with the automotive industry with which we agreed on the formulation of sales prices, which means that the MB* market prices are automatically integrated into our sales prices. When selling merchandise hedging these premiums is possible only using appropriate fixed purchase contracts or raw materials.

Supplements to the MB premiums reflect the type of raw material and other costs to the factory. The Impol Group's position in South East Europe, in terms of supply of aluminium to its own factories in Slovenia, Serbia and Croatia, is a difficult one, which means that surcharges are usually slightly higher than in North or West Europe. This makes it harder to negotiate deals and supply raw materials. For this reason we make arrangements with local suppliers, if possible, where these surcharges are lower. The surcharges must be transferred to our processing prices, i.e. first to our customers, otherwise our net sales premium** decreases accordingly.

In view of the fact that revenues from financing aluminium inventories in recent times virtually vanished, the accessibility of basic raw material is better, since the inventories of retailers and banks do not accumulate, but instead go directly to the market and to the users.

We hedge the supply reliability risk by concluding annual contracts, however, we estimate that these contracts will not be sufficient any more due to the growth of production, for this reason we intend to also conclude long-term partnership contracts with local aluminium manufacturers in the following years.

We sell the majority of our production in Europe, and a smaller portion of pressed products in the USA. When taking into account production costs, which roughly include labour costs, costs of energy products, logistics and other costs, we realised that with our processing prices we are not globally competitive. To a great extent, competitiveness depends on the costs of logistics and sales channels, that is why we cannot compete with supplies from Slovenia, Croatia or Serbia to markets controlled by major local manufacturers with short delivery times and cheap workforce. Our strategy does not envisage setting up our own production in these remote markets. We will continue focusing on the European and North American market. Since cheap manufacturers from Asia are increasingly penetrating European markets, we will face many challenges in the future with regard to developing competitiveness by increasing productivity and decreasing fixed costs. However, the fact remains that in the following years we will keep losing our competitiveness in the area of standard products, for this reason we already established an investment strategy that will also enable us to restructure the production programme toward more complex products, where we estimate that it will be easier to compete with big Asian manufacturers.

** Charging a regional annuity, which is becoming constant and normal by making its amount public in Metal Bulletin (MB) and together with the addition in Metal Bulletin represents the so called purchase premium.*
*** Difference between sales and purchase premium.*

Investment risk

The risks arising from the implementation of investments are in particular the risks associated with investment planning in fixed assets in terms of value, performance, schedules, and on the other hand, investments in the provision of permanent working capital caused by the investment in fixed assets. The risks associated with the investments in short-term assets are reduced by the establishment of adequate investment elaborates, economic assessment during the investment approval phase, establishment of contractor selection system, our own control during the investment implementation phase, adequate monitoring in the accounting and real-time analysis of the investment realisation, and by the direct decision-making of the Management Board with regard to the approach to each individual investment in fixed assets. We achieve the reduction of investment risks to current assets by setting objectives in advance in the area of forming inventories and dates of recovering receivables from customers as well as by introducing a relevant policy of obtaining and directing external financial sources. These types of investments are thus financed by long-term assets, and we strive to finance a considerable portion of short-term assets with long-term sources of funding.

Risks associated with human resources

The education and training of our employees is planned and regularly monitored. Their responsibility at workplaces is strengthened by introducing a system of governance standards. The risks related to a lack of adequate professional labour force on the market is managed by our scholarship policy thus ensuring us to have future co-workers, by the development of key staff and by a directed governance policies including goals.

In order to ensure more efficient management, accepting responsibility and improving relationships we organise workshops on all levels of management. We carry out employee profiling on key job positions with the intention to prepare career plans and in this manner promptly train successors before they take those key positions.

Risks associated with R&D

Our products are used in industries where exceptional quality and safety are required. We constantly keep updating our products with development tasks and researches, we work with customers, suppliers, faculties and institutes and participate in various international conferences. Thus, we prevent risks in the area of technical and technological processes and we follow development trends.

Risks associated with environmental protection

Incidents such as fires, failure of energy supply, spilling or leaking of hazardous substances can have adverse effects on the environment. Preventive checks, equipment maintenance, training and education of the staff can reduce the probability of such events.

Financial Risk Management

Regarding the probability of occurrence and relevance, the financial risks of the Impol Group are ranked as high. We therefore attribute special attention to these risk categories. They are actively monitored and managed by the Finance and Business Administration Department, the Risk Management Department, sales departments and all other relevant departments in companies of the Impol Group operating outside Slovenia. An important role in managing risks is also played by colleges and the Risk Management Committee, which monitor and control individual financial risks. Significant risks, which fall in this category, are described in more detail below.

Liquidity risks

When it comes to liquidity risk management, we examine whether we are able to settle its running operating liabilities and whether we are generating a sufficiently large cash flow to settle our financing liabilities.
Floating weekly and monthly planning of cash flows allows us to establish the liquid asset requirements. Potential shortages of cash are covered by lines of credit provided by banks, whereas any short-term surpluses are invested into liquid short-term financial assets. Successful business performance facilitates sustainable solvency and capital increase.

Risk of Changes in Aluminium Prices

The risk of changes in aluminium prices constitutes the greatest risk for the the Impol Group operations alongside the sales market risk.

Purchase prices as well as sales prices are entirely dependant on the trend of aluminium prices on the stock market, consequently managing risks deriving from concluding purchase and sales contracts in relation to the trends of LME prices is one of our greatest risk and hedging it is the basis for preserving the contractual sales margins and purchase premiums. Hedging stock-market prices brings us operating stability and the necessary flexibility in forming sales and purchase prices in accordance with the market's demands.

At least 60% of our sales price consists of the LME stock-market price, whereas this percentage raises to 90% for purchase. This means that when conducting business we are very susceptible to market and stock-market fluctuations of aluminium prices.

Management of the price risk related to aluminium price volatility

The spot price of aluminium at the London Metal Exchange (LME) was on average higher in 2018 than in 2017 (by almost EUR 50/t), whereby the price at the beginning of the year was higher by almost 15% than at the end of 2018. The reasons for the anomaly is the dynamic aluminium market in 2018, characterised by trade wars, customs duty, tariffs and sanctions by the USA mainly against Russia and China. However, the market was affected most by the decision of the Office of Foreign Assets Control (OFAC), published on 6 April 2018, about sanction against Rusal and its owners: in April the price of aluminium rose all the way to EUR 2102/t. A second blow was dealt at the beginning of October 2018, when the price increased sharply again – this time due to the news about the closing down of Hydro's alumina refinery in Brazil, the largest in the world. The market settled down a bit in the second half of the year and the lifting of sanctions was expected, so that the decision taken in December about the definitive lifting of the sanctions did not cause a major stir in terms of a significant drop in prices. 2018 was characterised by a substantial gap between the lowest and highest price of aluminium at the LME, which amounted to EUR 500/t.

Figure 15: Changes in the prices of aluminium on the LME (source: LME.com)

Changes in the prices of aluminium on the stock-market are shown in the figure below.

The above events had also a significant impact on the Impol Group: luckily, the global aluminium market was in a cyclical wave, allowing us a constant inflow of new orders in the first third of the year.

Regulating the exposure, however, became much harder after the first shock on the market - prices surged instantly, the inflow of orders slightly decreased and at the same time the global accessibility to the spot raw material decreased, consequently we noticed significant "backwardation" (a situation where the spot price of aluminium is significantly higher than the price for future forward deliveries. We faced high spot prices at which physical raw material is procured, on the other hand, however, prices for forward deliveries were dropping. In case of raw material surpluses, selling on the LME would mean that prices at which raw material is purchased physically could not be reached. In order to contain the situation, it was necessary to cooperate with customers, since the "backwardation" effect did not allow any chance of optimal hedging during increased exposure. We consider it a great achievement to have overcome 2018 with a minimum cumulative difference in trading with the LME. Physical trading with the LME (i.e. the difference between LME in raw material costs and LME in the sale of products to customers) was expectedly negative, in the amount of EUR -1.70 million, however, by adopting measures on the forward market, where we generated a positive result of EUR 1.53 million, we managed to physically mitigate the loss, thus ending 2018 with a loss of only EUR 0.16 million with regard to trading with the LME.

Foreign Exchange Risks

The majority of sales and purchasing are performed in the same currency, therefore changes in foreign exchange rates do not cause any problems.

However, we are exposed to such changes during two major activities, i.e. when purchasing the aluminium raw materials and

Table 40: Values of key exchange rates in 2018 and 2017 according to the Bank of Slovenia exchange rates

Exchange rate EUR	Value as of 31/ 12/ 2017	Value as of 31/ 12/ 2018	Percentage of change in value (2018/2017)	Average value in 2017	Average value in 2018	Percentage of change between the average values (2018/2017)
USD	1.1993	1.1454	4.49 %	1.1297	1.1810	-4.54%
RSD	118.66	118.43	0.19%	121.38	118.34	2.50%
HRK	7.44	7.4095	0.41%	7.4637	7.4182	0.61%

when taking out loans denominated in a currency that is different from the currency of the Company's accounts.

A major part of raw materials imported from outside the European Union is purchased in USD, which represents an open FX position of Impol, d. o. o.
At the end of 2017, a portion of planned open USD positions was hedged by Impol, d. o. o. in compliance with the foreign exchange risk management policy by using derivative financial instruments,. For hedging, we used simple derivatives like forwards. Later on in 2018, sales on the US market increased due to the introduction of customs duty in the US for steel and aluminium for Chinese exporters, consequently we were able to significantly decrease our exposure to foreign exchange risk.

There are also foreign exchange risks in Serbia related to the EUR/RSD exchange rate and in Croatia related to the EUR/HRK exchange rate.

In order to reduce the impact of exchange differences on the operating profit in the Serbian and Croatian part of the Group we minimised the need for financing a substantial share of raw materials. A large part of the sales in the European Union is thus organised through Impol, d. o. o. The later provides aluminium to be processed and in this way eliminates the risk of higher foreign exchange differences.

Interest Rate Risk

Table 41: Values of the interest rate - EURIBOR in 2018 and 2017

EURIBOR	Value as of 31/ 12/ 2017	Value as of 31/ 12/ 2018	Change in the interest rate in percentage points (31/ 12/ 2018 - 31/ 12. 2017)	Average value in 2017	Average value in 2018	Change in the average interest rate in percentage points (2018-2017)
6 months in percentage	-0.271	-0.237	0.034	-0.260	-0.266	0.006
3 months in percentage	-0.329	-0.309	0.02	-0.329	-0.322	0.007
1 months in percentage	-0.368	-0.363	0.005	-0.372	-0.370	0.002

At the end of the year, the Impol Group had long-term loans remunerated at the EURIBOR reference interest rate, and 50% of financial liabilities have a fixed interest rate. EURIBOR still remains at a historically low level, however, it is never in negative figures in the financing process due to contractual provisions or agreements.

Credit Risk

The credit control process encompasses customer credit rating which is carried out regularly by a chosen credit insurance and foreign insurance firms as well as our customer solvency monitoring system. The majority of the customers are insured, in particular the large ones. The Group policy is that an individual customer should not exceed 7% of total sales.

By regularly monitoring open and past due trade receivables, the ageing structure of receivables and average payment deadlines, the Impol Group maintains its credit exposure within acceptable limits given the strained conditions on the market. In 2018, receivables from customers were decreased by around 19% (from EUR 98,793,092.18 to EUR 80,031,602.01) compared to 2017. The reason for the reduction lies in the sale of receivables for EUR 16.5 million, which was carried out in December. In 2018, we formed EUR 0.53 million adjustment of receivables from customers.

Operational Risks

Risks of Claims for Damages, Lawsuits and Damage to Property

The objective of the Impol Group is to have an ensured financial compensation for the damage to property and for the profit lost because of a business interruption. We also want to be insured against third-party claims for damages. In terms of insurance, the entire Group implements a uniform approach. Fire safety is provided by technical protection, implementation of preventive technical tasks and training of the employees.

Equipment insurance is taken out on the basis of the equipment carrying amount. The same approach is used for the machinery breakdown insurance. The insurance sum in business interruption insurance is calculated by adding labour costs and depreciation.

As regards insurance of products transported from Impol to the customer, Impol concluded agreements with transport providers that oblige them to conclude their own damage liability insurance.

We are aware of our potential liability in the event of any potential damage resulting from the sales of our products on the market and we therefore adjusted our product liability and product recall insurance accordingly. Product liability insurance has been concluded for the rods, tubes and profiles programme used in automotive industry.

Impol has also insured general liability for damage to third parties caused inadvertently by its operations or possession of items. Technical expertise tasks (equipment verification, statutory monitoring, employee trainings etc.) are carried out by the Occupational Health and Safety Service.

Risks in Production

The Impol Group regularly follows technological and development trends and includes them in its operations as soon as possible within its possibilities. The development departments are therefore organised within individual production programmes which enables them to quickly apply new trends.

Information Technology Risks

All databases exchanged between different applications are monitored through a common database (IT backbone). The IT system is managed at the operational transactional level with a highly advanced hardware providing sufficient capacities and performance. Key components are duplicated and redundantly connected. Applied solutions are compatible with the IT infrastructure and standards.

We store data on a daily basis (backup of all databases) by introducing data protection policies and the associated management processes. We strive to minimise risks and therefore use consolidated data infrastructure, separated solutions to protect data from the rest of the infrastructure, two location-independent copies of protected data and the support for the stored copy of the data.
Special attention is also paid to the renovation of the ERP system.

Internal Audit

There are two Internal Audit departments within the Impol Group. An Internal Audit Department operates within the parent company Impol 2000, d. d., and provides assistance to the Management and Supervisory Boards in the decision-making process so as to minimise risks. The Internal Audit Department operates in line with the plan defined by the Management Board and in compliance with prompt resolutions adopted by the Management Board in respect of the department's engagement in the process for the resolution of problems. In 2018, the Internal Audit Department was engaged in 77 projects and issued 133 proposals for improvement. In its proposals it specified shortcomings and drew up plans to resolve problems or presented direct solutions. It prepared relevant draft decisions to be adopted by the responsible bodies.
The Internal Audit Department reported on its work to the Management Board and two executive directors on monthly basis. It operates within the framework of the entire Impol Group for companies in Slovenia and outside of it.

In accordance with the Serbian legislation, the Serbian division appoints a special internal auditor who monitors the legality of operations and performance, for this reason a special department of internal audit was also established in the subsidiary Impol Seval, a. d.

The Internal Audit Department functions in line with the operating standards and generally accepted guidelines. The Department was granted additional training and is therefore qualified to perform certain controlling tasks. In this way it ensures immediate and high-quality implementation of the findings of internal audits. This has a direct impact on the reduction of operating costs and improves operating results.

Table 42: Overview by months in 2018

Month	Number of areas	Number of proposals
January	7	9
February	12	12
March	7	11
April	3	10
May	9	9
June	8	18
July	4	4
August	5	5
September	9	12
October	4	23
November	6	10
December	3	10
TOTAL	**77**	**133**

An internal audit was conducted in the following areas:
- Sales, purchase process and quality control in the Impol Group, and assessment of business operations from the legal point of view;

- Analysis of the performance of subsidiaries in the Impol Group;
- Analysis of individual costs groups;
- Verification of the consistency of operations of companies in the Impol Group in Slovenia with Article 294 of the Companies Act;
- Overview of internal controls in the accounting of salaries in the Impol Group and accounting system analysis;
- Internal audit of statistics reports, report for the Bank of Slovenia, reports for employees with disability and other reports in subsidiaries in Slovenia;
- Overview of the chargeability of the value added tax, reports on supplies according to Article 76.a of the Value Added Tax Act and recapitalisation report in subsidiaries in Slovenia;
- Internal audit of audit tables for external audit, audit of inventory tables for assets and liabilities to sources of assets and audit of the financial accounts statistics for subsidiaries in Slovenia;
- Overview of the Rules on securities transactions for persons who dispose of internal information, and the filling out of the SONI 1 form.
- Overview of disclosures in Annual reports and Report on the relations with the affiliated companies in subsidiaries in Slovenia, and analysis of the compliance with the Companies Act;
- Cooperation with and reporting to the audit commission;
- Cooperation with the IT Supervisory Board (NOiT) and implementation of IT control, monitoring the IT project "eHramba", internal audit of IT contracts, monitoring internal controls in the introduction of the IT programme Cognos Controller for consolidation and controlling purposes;
- Monitoring the consideration of the legal amendments in the companies of the Impol Group (laws and IFRS), review of the taxation of the sale of shares and stocks in the Impol Group;
- Overview and analysis of contracts for the implementation of external audits for companies in the Impol Group;
- Monitoring the transposition of the last amendments to the legislation in the area of transfer prices into practice;
- Audit of the observance of Article 38.a of the Companies Act in companies of the Impol Group in Slovenia;
- Cooperation with the external audit company Auditor in the mandatory annual audit of companies in the Impol Group;
- Cooperation with other external reviewers;
- Control over the implementation of statutory provisions in relation with the sale of shares.

FINANCIAL REPORT OF THE IMPOL GROUP FOR THE YEAR 2018

Executive Directors' Liability Declaration

The Executive Directors are responsible for preparing an Annual Report of the Impol Group that provides a true and fair view of the financial situation of the Impol Group as well as of its operating results for 2018.

Executive Directors hereby confirm to have diligently applied the appropriate accounting policies and that accounting estimates have been prepared following the principle of prudence and good management. We also confirm that the Financial Statements including notes have been drawn up based on the assumption of future operation of the Company and in compliance with the valid legislation and International Financial Reporting Standards as adopted by the European Union.

The Executive Directors are also responsible for appropriate accounting management and the adoption of appropriate measures to safeguard the property and prevent any irregularities or illegalities.

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

Slovenska Bistrica, 16/ 4/ 2019

Declaration of the Management Board

The Management Board confirms consolidated financial statements and financial statement of the company Impol 2000, d. d., for the year ending on 31 December 2018 and for the applied accounting guidelines. This Annual Report was adopted by the Company's Management Board at its session held on 24/ 4/ 2019.

Jernej Čokl
(Chairman of the Management Board)

Vladimir Leskovar
(Deputy Chairman of the Management Board)

Janko Žerjav
(Member of the Management Board)

Milan Cerar
(Member of the Management Board)

Bojan Gril
(Member of the Management Board)

Slovenska Bistrica, 24/ 4/ 2019

Independent Auditor's Report for the Impol Group

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT
To the shareholders of IMPOL 2000 d.d.,
Slovenska Bistrica,

Opinion

We have audited the consolidated financial statements of IMPOL 2000, d.d., Partizanska 38, Slovenska Bistrica, and its subsidiaries (hereinafter 'the IMPOL Group'), which comprise the consolidated balance sheet as at December 31, 2018, consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the IMPOL Group as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters that we would report on in our report.

Other information

Management is responsible for other information. The other information comprises the business report, which is an integral part of the Annual report of the IMPOL Group and IMPOL 2000, d.d., but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the consolidated financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to report, based on the knowledge and understanding obtained in the audit, on whether the other information contains any material misstatements of fact. Based on the procedures performed, we report that:

- *the other information is in all respect consistent with audited financial statements;*
- *the other information is prepared in compliance with applicable law and regulation; and*
- *based on knowledge and understanding of the Group obtained in the audit on the other information, we have not identified any material misstatement on fact.*

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit committee and Management board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- *Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of internal control relevant to the audit 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 organization's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may*

cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- *Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*
- *Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.*

We communicate with Management board and Audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Management board and Audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Management board and Audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report issued to the Audit Committee on 23 April 2019.

Prohibited services

We confirm that we have not performed any prohibited non-audit services referred to the Article 5 (1) of EU Regulation No. 537/2014. We also remained independent of the audited entity in conducting the audit.

Other audit services

We confirm that apart from the statutory audit of financial statements the auditing company has not performed any other services for the company IMPOL 2000 d.d. and its subsidiaries as disclosed in the annual report.

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

Appointment of the Auditor and Certified Auditor responsible for the audit

We were appointed as the statutory auditor of the Company's unconsolidated and consolidated financial statements for the period ended on December 31, 2018, by the shareholders of IMPOL 2000 d.d. on the General Shareholder's Assembly held on 13 July 2018. The Audit Contract was concluded for a period of 1 year. The total period of uninterrupted engagement on consolidated financial statements audit by the auditing company is 20 years. The company Impol 2000 d.d. became a public-interest entity by the listing of issued bonds on the organized securities market, which was carried out in December 2015.

On behalf of the auditing company Auditor d.o.o. the auditor responsible for the audit performed is Simon Pregl, univ. dipl. ekon., certified auditor.

A U D I T O R REVIZIJSKA DRUŽBA d.o.o. Ptuj Murkova 4, Ptuj	Certified auditor: Simon Pregl, univ. dipl. ekon.
23. April 2019	Simon Pregl

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

Consolidated Financial Statements of the Impol Group

Accounting policies and notes form an integral part of the consolidated financial statements of the Impol Group presented below and should be read in conjunction with them. The consolidated financial statements contained in this report are presented in EUR without cents. Due to the rounding off of value data, there may be insignificant deviations from the sums given in the tables as part of the notes to the consolidated financial statements.

Consolidated Income Statement

Table 43: Cumulative Income Statement for 2018 in EUR

Item			Note	2018	2017
1.		Net sales revenues	1	727,577,563	666,722,940
	a)	*Net sales revenues in the domestic market*		41,070,994	37,948,951
	b)	*Net sales revenues in the foreign market*		686,506,569	628,773,989
2.		Change in the value of product inventories and unfinished production		7,907,134	7,906,999
3.		Capitalised own products and services		743,110	977,649
4.		Other operating revenues (including operating revenues from revaluation)	1	7,888,569	3,991,034
5.		Costs of goods, materials and services	2	615,959,836	553,140,186
	a)	*Cost of sold goods and materials and costs of materials used*		561,515,389	509,605,184
	b)	*Costs of services*		54,444,447	43,535,002
6.		Labour costs	2	65,661,976	60,297,324
	a)	*Costs of wages and salaries*		48,241,102	44,037,097
	b)	*Social security costs (pension insurance costs are shown separately)*		8,410,341	7,730,325
	c)	*Other labour costs*		9,010,533	8,529,902
7.		Write-offs	2	16,713,466	15,857,949
	a)	*Depreciation*		16,164,707	15,647,323
	b)	*Revaluation operating expenses of intangible assets and tangible fixed assets*		70,166	92,086
	c)	*Revaluation operating expenses of current assets*		478,593	118,540
8.		Other operating expenses	2	2,565,753	3,352,084
9.		Financial revenues from participating interests	3	408,825	91,229
	a)	*Financial revenues from participating interests in associate companies*		89,423	46,201
	b)	*Financial revenues from participating interests in other companies*		319,402	45,028
10.		Financial revenues from loans granted	3	36,492	68,595
	a)	*Financial revenues from loans granted to others*		36,492	68,595
11.		Financial revenues from operating receivables	3	5,100,906	7,758,938
	a)	*Financial revenues from operating receivables due from others*		5,100,906	7,758,938
12.		Financial expenses from the impairment and write-offs of financial investments	3	1,555,575	0
13.		Financial expenses from financial liabilities	3	4,452,333	4,958,462
	a)	*Financial expenses from loans from banks*		2,984,866	2,637,039
	b)	*Financial expenses from bonds issued*		1,064,000	1,444,000
	c)	*Financial expenses from other financial liabilities*		403,467	877,423
14.		Financial expenses from operating liabilities	3	1,834,297	10,776,357
	a)	*Financial expenses from trade payables and bills of exchange payable*		34,945	735
	b)	*Financial expenses from other operating liabilities*		1,799,352	10,775,622
15.		Income tax	4	3,954,392	4,856,054
16		Deferred taxes	5	258,549	-193,302
17.		**Net profit or loss for the financial year**		**36,706,422**	**34,472,270**
		Of which profit/loss attributable to non-controlling interest		3,067,529	2,720,350
		Profit / loss attributable to owners of the parent company		33,638,893	31,751,920
		Continuing operations result		36,706,422	34,472,270
		Discontinued operations result		0	0

Second Comprehensive Consolidated Income Statement

Table 44: Group statement of other comprehensive income in EUR

	Note	2018	2017
Net profit or loss for the financial year		**36,706,422**	**34,472,270**
Changes in reserves from fair value measurement of financial assets through other comprehensive income) (+/-)	20	-61,721	-3,873
Gains and losses arising from the translation of financial statements of foreign operations (impact of changes in exchange rates) (+ / -)	14	-292,298	1,881,880
Actuarial gains and losses of defined benefit plans (employee benefits) (+/-)	14	-51,616	-155,433
Other items of total comprehensive income (+/-)	5	1,006,307	736
Total comprehensive income in the financial year		**37,307,094**	**36,195,580**
• of which total comprehensive income of non-controlling interest		3,025,817	3,243,781
• of which total comprehensive income attributable to owners of the parent company		34,281,277	32,951,799

Consolidated Balance Sheet

Table 45: Consolidated balance sheet in EUR

				Note	31/ 12/ 2018	31/ 12/ 2017
A.			**Long-term assets**		**228,857,055**	**174,784,759**
	I.		Intangible assets and long-term deferred costs and accrued revenues	6	2,562,160	2,198,163
		1.	Long-term property rights		1,637,287	1,553,110
		2.	Goodwill		319,229	319,229
		3.	Long-term deferred development costs		605,644	325,824
	II.		Tangible fixed assets	7	221,065,899	167,881,476
		1.	Land and buildings		58,932,273	48,966,907
		a)	Land		15,151,684	9,588,984
		b)	Buildings		43,780,589	39,377,923
		2.	Production equipment and machinery		89,414,049	66,062,362
		3.	Other machinery and equipment		5,999,106	5,723,843
		4.	Fixed assets being acquired		66,720,471	47,128,364
		a)	Tangible fixed assets under construction and manufac-ture		63,171,462	35,498,042
		b)	Advances to acquire tangible fixed assets		3,549,009	11,630,322
	III.		Investment property	8	1,835,298	1,953,479
	IV.		Long-term financial investments	9	1,470,774	1,556,098
		1.	Long-term financial investments, excluding loans		1,123,398	1,221,301
		a)	Shares and participating interests in subsidiaries		813,762	724,341
		b)	Other shares and participating interests		309,636	496,960
		2.	Long-term loans		347,376	334,797
		a)	Long-term loans to others		347,376	334,797
	V.		Long-term operating receivables		0	38,262
		1.	Long-term operating receivables from others		0	38,262
	VI.		Deferred tax receivables	5	1,922,924	1,157,281
B.			**Short-term assets**		**300,900,375**	**288,365,359**
	I.		Assets (disposal groups) available for sale		0	0
	II.		Inventories	10	174,107,381	162,606,623
		1.	Material		133,184,490	131,443,046
		2.	Work-in-progress		20,958,730	17,089,539
		3.	Products and merchandise		19,827,388	13,406,876
		4.	Advances for inventories		136,773	667,162
	III.		Short-term financial investments	11	2,100,843	14,498,256
		1.	Short-term financial investments, excluding loans		2,023,609	13,069,598
		a)	Other short-term financial investments		2,023,609	13,069,598
		2.	Short-term loans		77,234	1,428,658
		a)	Short-term loans to others		77,234	1,428,658
	IV.		Short-term operating receivables	12	80,031,602	98,793,088
		1.	Short-term operating receivables from customers		66,476,801	72,771,416
		2.	Short-term operating receivables from others		13,554,801	26,021,672
	V.		Cash and cash equivalents	13	44,660,549	12,467,392
C.			**Short-term accrued costs and deferred revenues**		**446,682**	**223,138**
			TOTAL ASSETS		**530,204,112**	**463,373,256**
A.			**Equity**	14	**221,821,679**	**187,476,918**
	I.		**Minority equity**		**20,354,714**	**17,524,338**
	II.		Called-up capital		4,451,540	4,451,540
		1.	Share capital		4,451,540	4,451,540
	III.		Capital reserves		10,751,254	10,751,254
	IV.		Income reserves		7,958,351	7,958,351
		1.	Legal reserves		0	0
		2.	Reserves for own shares and own business shares		506,406	506,406
		3.	Own shares and own business shares (as a deductible item)		-506,406	-506,406
		4.	Statutory reserves		2,225,770	2,225,770
		5.	Other revenue reserves		5,732,581	5,732,581
	V.		Revaluation reserves		0	0
	VI.		Reserves resulting from valuation at fair value		-797,851	-735,539
	VII.		Capital revaluation adjustment		-1,453	251,501
	VIII.		Net profit brought forward		145,466,231	116,049,376
	IX.		Net profit or loss for the financial year		33,638,893	31,226,097
B.			**Provisions and long-term accrued expenses and deferred revenues**	15	**4,012,202**	**3,813,483**
		1.	Provision for pensions and similar obligations		3,432,616	3,198,167
		2.	Other provisions		2,088	2,764
		3.	Long-term accrued costs and deferred revenues		577,498	612,552
C.			**Long-term liabilities**	16	**121,755,940**	**109,973,290**
	I.		Long-term financial liabilities		119,585,582	107,964,019
		1.	Long-term financial liabilities to banks		109,346,146	87,571,795
		2.	Long-term financial liabilities from bonds payable		10,000,000	20,000,000
		3.	Other long-term financial liabilities		239,436	392,224
	II.		Long-term operating liabilities		232,805	91,933
		1.	Other long-term operating liabilities		232,805	91,933
	III.		Deferred tax liabilities	5	1,937,553	1,917,338
D.			**Short-term liabilities**	17	**180,832,395**	**160,264,468**
	I.		Liabilities included in groups for disposal		0	0
	II.		Short-term financial liabilities		91,034,671	91,847,378
		1.	Short-term financial liabilities to banks		72,890,218	66,224,618
		2.	Short-term financial liabilities based on bonds		10,000,000	10,000,000
		3.	Other short-term financial liabilities		8,144,453	15,622,760
	III.		Short-term operating liabilities		89,797,724	68,417,090
		1.	Short-term business liabilities to suppliers		76,239,100	54,342,302
		2.	Short-term operating liabilities from advance payments		1,328,054	1,714,911
		3.	Other short-term operating liabilities		12,230,570	12,359,877
D.			**Short-term accrued costs and deferred revenues**	17	**1,781,896**	**1,845,097**
			TOTAL LIABILITIES TO SOURCES OF ASSETS		**530,204,112**	**463,373,256**

Consolidated Statement of Changes in Equity in 2018

Table 46: Group Statement of Changes in Equity in 2018 in EUR

		Called-up capital	Minority equity	Capital reserves	Income reserves				Reserves resulting from valuation at fair value	Capital revaluation adjustment	Net profit brought forward	Net profit or loss for the financial year	Total EQUITY
		I	II	III	IV				V	VI	VII	VIII	IX
		Share capital			Reserves for own shares and own business shares	Own shares and own business shares (as a deductible item)	Statutory reserves	Other revenue reserves			Retained net profit	Net profit for the current year	TOTAL
													CAPITAL
		I	II	III	IV/1	IV/2	IV/3	IV/4	V.	VI	VII	VIII	IX
A.1.	**Balance at the end of the previous reporting period as of 31/ 12/ 2017**	**4,451,540**	**17,524,338**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-735,539**	**251,501**	**116,049,376**	**31,226,097**	**187,476,918**
A.2.	**Initial balance of the reporting period as of 1/ 1/ 2018**	**4,451,540**	**17,524,338**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-735,539**	**251,501**	**116,049,376**	**31,226,097**	**187,476,918**
B.1.	**Changes in equity – transactions with owners**		**-195,441**								**-2,766,892**		**-2,962,333**
	Disbursement of dividends		-195,441								-2,766,892		-2,962,333
B.2.	**Total comprehensive income for the reporting period**		**3,025,817**						**-99,297**	**-252,954**	**994,635**	**33,638,893**	**37,307,094**
	Entry of net profit or loss for the financial year		3,067,529									33,638,893	36,706,422
	Change in reserves resulting from valuation of financial investments at fair value		-1,520						-60,201				-61,721
	Gains and losses arising from the translation of financial statements of foreign operations (impact of changes in exchange rates) (+ / -)		-39,344							-252,954			-292,298
	Actuarial profit/loss recognised from provisions for severance pays upon retirement		-1,135						-50,481				-51,616
	Other items of the total comprehensive income in the financial year		287						11,385		994,635		1,006,307
B.3.	**Changes in equity**								**36,985**		**31,189,112**	**-31,226,097**	**0**
	Allocation of the remaining portion of the net profit for the comparable reporting period to other equity components										31,226,097	-31,226,097	0
	Other changes in equity								36,985		-36,985		0
E.	**Closing balance of the reporting period as of 31/ 12/ 2018**	**4,451,540**	**20,354,714**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-797,851**	**-1,453**	**145,466,231**	**33,638,893**	**221,821,679**

Consolidated Statement of Changes in Equity in 2017

Table 47: Group Statement of Changes in Equity in 2017 in EUR

		Called-up capital	Minority equity	Capital reserves		Revenue reserves			Reserves from fair value measurement	Capital revaluation adjustment	Net profit brought forward	Net profit or loss for the financial year	Total EQUITY
		I	II	III		IV			V	VI	VII	VIII	IX
		Share capital			Reserves for own shares and own business shares	Own shares and own business shares (as a deductible item)	Statutory reserves	Other revenue reserves			Retained net profit	Net profit for the current year	Total capital
		I	II	III	IV/1	IV/2	IV/3	IV/4	V.	VI	VII/1	VIII/1	IX
A.1.	**Balance at the end of the previous reporting period as of 31/ 12/ 2016**	**4,451,540**	**14,525,139**	**10,751,254**	**506,406**	**-506,406**	**1,699,947**	**5,732,581**	**-593,451**	**-1,103,373**	**91,990,290**	**26,561,300**	**154,015,227**
A.2.	**Initial balance of the reporting period as of 1/ 1/ 2017**	**4,451,540**	**14,525,139**	**10,751,254**	**506,406**	**-506,406**	**1,699,947**	**5,732,581**	**-593,451**	**-1,103,373**	**91,990,290**	**26,561,300**	**154,015,227**
B.1.	**Changes in equity – transactions with owners**		**-244,582**								**-2,489,307**		**-2,733,889**
	Purchase of non-controlling interest in Kadring, d. o. o.		-40,675								22,675		-18,000
	Purchase of non-controlling interest in Impol-TLM, d. o. o.										-670,670		-670,670
	Disbursement of dividends		-203,907								-1,841,312		-2,045,219
B.2.	**Total comprehensive income for the reporting period**		**3,243,781**						**-154,995**	**1,354,874**		**31,751,920**	**36,195,580**
	Entry of net profit or loss for the financial year		2,720,350									31,751,920	34,472,270
	Change in reserves resulting from valuation of financial investments at fair value		-95						-3,778				-3,873
	Gains and losses arising from the translation of financial statements of foreign operations (impact of changes in exchange rates) (+ / -)		527,006							1,354,874			1,881,880
	Actuarial profit/loss recognised from provisions for severance pays upon retirement		-3,498						-151,935				-155,433
	Adjustment of reserves resulting from valuation of financial investments at fair value for deferred tax liabilities		18						718				736
B.3.	**Changes in equity**						**525,823**		**12,907**		**26,548,393**	**-27,087,123**	**0**
	Allocation of the remaining portion of the net profit for the comparable reporting period to other equity components										26,561,300	-26,561,300	0
	Allocation of a portion of the net profit for the comparable reporting period to other equity components based on the resolution of management and supervisory bodies						525,823					-525,823	0
	Other changes in equity								12,907		-12,907		0
E.	**Closing balance of the reporting period as of 31/ 12/ 2017**	**4,451,540**	**17,524,338**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-735,539**	**251,501**	**116,049,376**	**31,226,097**	**187,476,918**

Consolidated Cash Flow Statement

Table 48: Group Cash Flow Statement in EUR

Item			Note	2018	2017
A.		**Cash flows from operating activities**			
	a)	Profit and loss statement items		**55,002,921**	**54,450,787**
		Operating revenues (except from revaluation) and financial revenues from operating receivables	1	736,579,889	677,793,441
		Operating revenues excluding depreciation (except from revaluation) and financial expenses from operating liabilities	2	-677,364,029	-618,679,902
		Income tax and other taxes not included in operating expenses	4	-4,212,939	-4,662,752
	b)	Changes of net working assets (and accrued costs and deferred revenues, provisions and deferred tax receivables and liabilities) of the balance sheet operating items		**29,085,185**	**-33,963,480**
		Opening minus closing operating receivables	12	18,327,823	-36,109,238
		Opening minus closing deferred costs and accrued revenues		-223,542	171,664
		Opening minus closing deferred tax receivables	5	240,666	-283,965
		Opening minus closing inventory	10	-11,522,018	-22,902,981
		Closing minus opening operating debts	17	21,541,890	23,849,034
		Closing minus opening accrued costs and deferred revenues and provisions	15, 17	700,151	1,147,656
		Closing minus opening deferred tax liabilities	5	20,215	164,350
	c)	**Positive or negative cash flow from operating activities (a + b)**		**84,088,106**	**20,487,307**
B.		**Cash flows from investing activities**			
	a)	Cash receipts from investing activities		**40,280,947**	**11,667,987**
		Cash receipts from interest and participation in profit of others relating to investing activities	3	102,784	113,608
		Cash receipts from the disposal of tangible fixed assets	1	3,743,703	73,215
		Cash receipts from the disposal of investment property		0	370,000
		Cash receipts from the disposal of long-term financial investments	3	471,408	21,050
		Cash receipts from the disposal of short-term financial investments	3	35,963,052	11,090,114
	b)	Cash disbursements from investing activities		**-95,468,162**	**-54,649,822**
		Cash disbursements for the acquisition of intangible assets	6	-777,328	-884,235
		Cash disbursements for the acquisition of tangible fixed assets	7	-69,563,087	-37,240,397
		Cash disbursements for the acquisition of long-term financial investments	9	-32,489	-29,215
		Cash disbursements for the acquisition of short-term financial investments	11	-25,095,258	-16,495,975
	c)	**Positive or negative cash flow from investing activities (a + b)**		**-55,187,215**	**-42,981,835**
C.		**Cash flows from financing activities**			
	a)	Cash receipts from financing activities		**104,211,492**	**98,849,218**
		Cash receipts from the increase of long-term financial liabilities	16	74,024,542	54,286,853
		Cash receipts from the increase of short-term financial liabilities	17	30,186,950	44,562,365
	b)	Cash disbursements from financing activities		**-100,919,226**	**-83,369,383**
		Cash disbursements for given interests from financing activities	3	-4,442,595	-4,888,372
		Cash disbursements for the repayment of equity		0	-688,670
		Cash disbursements of long-term financial liabilities	16	-9,127,897	-7,287,408
		Cash disbursements of short-term financial liabilities	17	-84,386,401	-68,459,714
		Cash disbursements of dividends and other profit shares paid	14	-2,962,333	-2,045,219
	c)	**Positive or negative cash flow from financing activities (a + b)**		**3,292,266**	**15,479,835**
D.		**Closing balance of cash**	13	**44,660,549**	**12,467,392**
	x)	**Net cash flow for the period**		**32,193,157**	**-7,014,693**
	y)	**Opening balance of cash**	13	**12,467,392**	**19,482,085**

Notes to the Financial Statements

Parent company

In compliance with the Companies Act, Impol 2000, d. d., having its head office in Slovenska Bistrica, Partizanska 38, and being a large public limited company, is obliged to have its operations audited. The Company is classified under the activity code 70.100 – management of companies. The company's share capital in the amount of EUR 4,451,540 EUR is divided into 1,066,767 registered pro rata shares that are not traded in the organised security market. The shares are owned by 837 shareholders.

The consolidated financial statements for the financial year that ended on 31 December 2018 are presented hereafter. The consolidated financial statements include the company Impol 2000, d. d. and its subsidiaries and participations in associates.

Introductory Note on Reporting Standards

For the financial year 2015, the Impol Group for the first time prepared its financial statement in accordance with the International Financial Reporting Standards as they were adopted by the European Union. The transition to the first application of IFRS was presented in the 2015 annual report.

Statement of Compliance with IFRS

The Management Board confirmed the financial statements and the consolidated financial statements on 24/ 4/ 2019.

The 2018 financial statements of the company Impol 2000, d. d. and the consolidated financial statements of the Group were drawn up in accordance with the International Financial Reporting Standards (IFRS), as they were adopted by the European Union, including the notes that were adopted by the International Financial Reporting Interpretations Committee (IFRIC) and that were also adopted by the European Union, and in accordance with the Slovenian Companies Act (ZGD-1).

At the balance sheet date, regarding the standard-setting process in the European Union and the financial reporting guidelines of the company Impol 2000, d. d. and the Impol Group, there are no differences between the IFRS used and the IFRS adopted by the European Union.

The financial statements have been drawn up on the basis of the going concern assumption. The applied accounting policies remain the same as in previous years.

a) Amendment in the existing accounting standards, introduction of new standards and new notes applicable for the current accounting period

The following amendments in the existing accounting standards, new standards and new notes, issued by the International Accounting Standards Board and adopted by the European Union, apply for the current accounting period:

- Amendments to IAS 40 ***Investment Properties*** – Transfer of investment property, adopted by the EU on 14 March 2018 (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 1 and IFRS 28 ***Improvements to IFRS (financial years 2014–2016)***, resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12, and IAS 28) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 8 February 2018 (amendments to IFRS 1 and IFRS 28 effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 2 ***Share-based payment – Classification and measurement of share-based payment transactions***, adopted by the EU on 24 February 2018 (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 4 ***Insurance Contracts – Application of IFRS 9 Financial Instruments*** in conjunction with IFRS 4 ***Insurance Contracts,***adopted by the European Union on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or at the time of first application of IFRS 9 Financial Instruments);
- IFRS 9 ***Financial Instruments***, adopted by the European Union on 22 November 2016 (effective for annual periods beginning

on or after 1 January, 2018);

- IFRS 15 ***Revenue from Contracts with Customers*** and amendments to IFRS 15 ***Date of Entry into Force***, adopted by the European Union on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018); Most of the revenues come from contracts defined as simple supply of goods and services. Contracts of the Impol Group do not contain separately definable liabilities and the Impol Group did not identify revenues recognised on the basis of contracts with customers, where a financial component could be determined;
- Amendments to IFRS 15 ***Revenue from Contracts with Customers*** – Notes to IFRS 15 ***Revenue from Contracts with Customers***, adopted by the European Union on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018);
- IFRIC 22 ***Foreign Currency Transactions and Advance Consideration***, adopted by the European Union on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018);

The adoption of these new standards, amendments to existing standards and notes did not result in significant changes or impacts on the financial statements of the Impol Group.

Transitioning to IFRS 9
IFRS 9 eliminates categories applied within the framework of the IAS 39 standard, such as financial assets held to maturity, loans and receivables and financial assets held for sale. Amendments to accounting policies, which are the consequence of introducing IFRS 9, did not have a significant impact for the Impol Group, however, the Impol Group reclassified the financial assets, which were classified according to IAS 39 in the group for the sale of available assets, in the group of financial assets that are measured at fair value through profit or loss.

Transitioning to IFRS 15
IFRS 15 more accurately defines the time and amount of the recognised income. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contract and related notes. The standard must be applied by all companies reporting in accordance with the IFRS standard, and applies to almost all contracts with clients; the main exceptions are contracts on leases, financial instruments and insurance. The main principle of the new standard is that recognised revenues describe the transfer of goods or services to the client in an amount that reflects the payment which the Company expects in return for the mentioned goods or services. The new standard also brings improved disclosures of income, instructions for transactions that up until now were not fully addresses (for example: income from services and modifications of contracts) and improved guidelines for the recognition of agreements that include several elements. Income is recognised when control is transferred to the customer and the performance obligation is fulfilled. Control can be transferred in a specified moment or gradually in a given period of time. The Impol Group applied the IFRS 15 standard for the first time on 1 January 2018. The time and amount of the recognition of income have not changed due to the introduction of this standard.

b) Standards and amendments to existing standards issued by the International Financial Reporting Standards and adopted by the European Union, but not yet applied

The standards adopted by the European Union and notes, but not yet applied up to the date of the consolidated financial statements, are presented hereafter. The Impol Group intends to take these standards and notes into account in drawing up financial statements after their implementation. The Impol Group did not adopt any of the standards or notes specified below before the commencement of their application.

- IFRS 16 ***Leases***, adopted by the European Union on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 9 ***Financial Instruments – Prepayment elements with negative compensation***, adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2018);
- IFRIC 23 ***Uncertainty in Income Tax Treatment***, adopted by the European Union on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019);

The Impol Group decided that it shall not adopt or apply these standards, adjustments or notes before they come into effect. The Impol Group assumes that the introduction of these new standards and amendments in the initial phase of application shall not significantly affect its consolidated financial statements.

Transitioning to IFRS 16
In transitioning to the new IFRS 16 standard, the Impol Group has adopted the decision to consistently select - for all leases - the option of retroactively applying the standard with cumulative effect of starting to apply the standard and measuring the asset in the amount that is equal to the calculated lease liability.

The liabilities for interests are recognised among financial expenses.

**The specified dates of entry into force apply for IFRS as issued by the International Accounting Standards Board.*

The Impol Group expects that the introduction of the new standard and changes in the period of the initial application will not significantly impact its consolidated financial statements, since the majority of assets in use are owned by the Impol Group.

There will be the following insignificant impacts:

- assets of the Group will increase in the same amount of the financial liabilities, whereby the cash flow will remain unchanged;
- the "Share of liabilities in the resource structure" indicator will increase;
- the EBIT and EBITDA indicators will increase by the amount of interests which will be recognised among financial expenses;
- the value added per employee will increase;
- net profit or loss will be slightly lower in the initial period of standard application, and will increase toward the end of the lease term (impact of decreasing liabilities from interests).

c) New standards, standard amendments and notes not yet adopted by the European Union

Currently, the International Financial Reporting Standards as they were adopted by the European Union, do not differ significantly from the regulations adopted by the International Accounting Standards Board, with the exception of the following new standards, amendments of existing standards and new notes which were not yet confirmed for application in the European Union when the financial statements for the 2018 financial year were being drawn up/approved.

- Amendments to IAS 1 ***Financial Statement Presentation*** and IAS 8 ***Accounting Policies, Changes in Accounting Estimates and Errors – Essential Definitions*** (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IAS 19 ***Employee Benefits – Planning amendments, restrictions and settlements*** (effective for annual periods beginning on 1 January 2019);
- Amendments to IAS 28 ***Investment in companies and joint ventures – Long-terms shares in affiliated companies in joint ventures*** (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 3 ***Business Combinations - The definition of a business entity*** (effective for business combinations where the takeover date is the same as the date of the beginning of the first annual reporting period, beginning on or after 1 January 2020, and for obtaining assets that maya occur at the beginning of said period or after it);
- Amendments to IFRS 10 ***Consolidated Financial Statements and IAS 28 Investments in Associated and Joint Ventures – Sale or contribution of Assets between an Investor and its Associate or Joint Venture and further amendments*** (effective date was deferred indefinitely until the research project on the equity method has been concluded);
- Amendments to various standards ***Improvements to IFRSs (period 2015 to 2017)*** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12, and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019);
- Amendments to references to the conceptual framework in IFRS (effective for annual periods beginning on or after 1 January 2020);
- IFRS 14 ***Regulatory Deferral Accounts*** (effective for annual periods beginning on or after 1 January 2016); The European Commission decided not to initiate the procedure of confirming this interim standard and will wait for its final version to be issued;
- IFRS 17 ***Insurance Contracts*** (effective for annual periods beginning on or after 1 January 2021);

The Impol Group estimates a possible impact of these amendments on its consolidated financial statements. Regardless of the above, the Impol Group assumes that the introduction of these new standards and amendments in the initial phase of application shall not significantly affect its consolidated financial statements.

Basis and Estimates for Preparing Financial Statements

The financial statements of the Group and financial statements of the company Impol 2000, d. d. were drawn up taking into consideration the historical cost, except in case of derivatives.

In accordance with the legislation, Impol 2000, d. d. shall ensure independent auditing of these financial statements.

The consolidated financial statements are presented in EUR (without cents), and EUR is also the functional currency of the Group.

Application of Estimates and Judgements

The preparation of financial statements requires the management of the controlling company to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities of the Group as well as the reported income and expenses. Estimates and assumptions are based on previous experiences and many other factors which are considered in given circumstances as justified and based on which we can determine the carrying amount of assets and liabilities that are not clearly evident from other sources. Actual results can differ from these estimates. Estimates and assumptions have to be regularly reviewed. Revisions to accounting estimates are only recognised in the period in which the estimate was revised, if the revisions only applies to this period, or for the period of revision and future years, if the revision affects the current as well as future years.

Estimates and assumptions are mostly present in reviews, as specified below.

- **Estimate of useful life of depreciable assets**

For estimating the useful life of assets, the company considers the expected physical wear, technical ageing, economical ageing, and the expected legal and other restrictions of use. The company annually reviews the useful life of more significant assets. If the expected pattern of using future economic gains based on depreciable assets changes significantly, the depreciation method shall also change to meet the changes of the pattern. These changes are regarded as changes in accounting estimates.

- **Impairment testing of assets**

Impairment testing of assets is performed by the management to ensure that the carrying amount does not exceed the recoverable amount On every reporting date, the management estimates if there are any signs of impairment. Critical estimates were used for the following assessments of value:

  - Investment property (Note 8);
  - Goodwill (Note 6);
  - Investments in associates (Note 9);
  - Financial receivables (Notes 9 and 11);
  - Estimate of fair value of assets (see point "Carrying and fair values of financial instruments").

Fair value is used in case of financial assets measured by fair value through profit or loss, and in case of derivatives. All other items in financial statements represent the purchase or the amortised value. All assets and liabilities that are measured by fair value in financial statements are classified in a hierarchy of fair value based on the lowest level of inputs that are important for measuring the total fair value:

- Level one includes quoted prices (unadjusted) on functioning markets for the same assets and liabilities;
- Level two includes inputs that besides quoted prices from level one are also noted directly (i.e. prices) or indirectly (i.e. derived from prices) as assets or liabilities;
- Level three includes inputs for assets or liabilities that are not based on observable market data.

Quoted prices are used as the basis for determining fair value of financial instruments. If a financial instrument is placed on an organised market or if the market is estimated as not functioning, inputs from levels two and three are used for determining the fair value.

- **Estimate of fair value of financial assets measured at fair value through profit or loss**

Profit and loss from financial instruments measured at fair value through profit or loss is classified under the profit or loss statement.
Equity investment in subsidiaries, associates and other companies are measured at fair value, in accordance with IAS 27.

- **Estimate of net recoverable value of inventories**

At least at the end of the financial year, the net recoverable value of inventories and the need for inventories to be written off is assessed. Partial write-offs of inventories under their original value or costs up to the net recoverable value is in accordance with the policy that assets cannot be recognised at values higher than expected from their sale or utilisation. Inventories are usually partially written off to their net recoverable value under individual items.

- **Estimate of recoverable value of claims**

At least once annually, namely before preparing the annual statement of account, the suitability of recognised amounts of individual claims is assessed. Claims that are not settled within the agreed period are recognised as 'doubtful' and 'at issue', and a correction of their value is recognised to debit of the re-evaluated operating charges, and usually legal proceedings are brought about (lawsuit or enforcement).

- **Estimate of the possibility of utilising deferred tax assets and tax liabilities**

The Group forms deferred tax assets for provisions for long-service bonuses and severance pays upon retirement, impairments of financial investments, impairment of claims, and tax losses. Deferred tax liabilities are formed as temporary deductible differences between the carrying value and the tax value of fixed assets.

At the end of a financial year, the amount of the recognised deferred tax assets and tax liabilities is estimated. Deferred tax assets are recognised in case of a probable available future profit against which the deferred tax assets can be utilised.

- **Assessment of provisioning**

Within the requirements regarding certain post-employment and other benefits, the present value of long-service bonuses and severance pays upon retirement. is recognised based on the actuarial assessment. The actuarial assessment is based on the assumptions and estimates valid at the time of the assessment and can differ from actual assumptions in the future due to certain changes (discount levels, assessment of turnover of staff, assessment of mortality, and assessment of wage growth).
The Group had no other provisioning.

Important Accounting Policies of the Group

Transactions in foreign currency

Transactions in foreign currencies are converted to the respective functional currencies of entities in the Impol Group at exchange rates at the dates of the transactions. Cash and liabilities denominated in foreign currencies at the end of the reporting date are translated into the functional currency at the prevailing exchange rate at that date. Positive or negative foreign currency differences are differences between the purchase value in the functional currency at the beginning of the period, adjusted by the amount of effective interest and payments during the period, and the purchase value in foreign currency converted at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date when the fair value was determined. Non-cash items measured at historical costs in foreign currency are translated into the functional currency by applying the exchange rate valid at the date of the transaction. Foreign currency differences are recognised in profit or loss, under financial revenues or financial expenses.

Financial Statements of Companies in the Group

The consolidated financial statements are presented in EUR. Items of every company in the Group that are included in the financial statements are converted into the reporting currency for the purpose of the consolidated financial statements as specified below.
Assets and liabilities in the balance sheet are converted according to ECB exchange rates on the date of reporting. For converting balance sheet items from national currencies into EUR, the following reference ECB exchange rates were used.
For converting balance sheet items from national currencies into EUR, the following exchange rates were used:

Table 49: Reference ECB exchange rates for converting balance sheet items

Currency	31/ 12. 2018
USD	1.145
HUF	320.98
RSD	118.43
HRK	7.4125

Table 50: Exchange rates for converting profit or loss

Currency	Average annual exchange rate in 2018
USD	1.181
HUF	318.89
RSD	118.34
HRK	7.4182

Currency differences are recognised under other comprehensive income and reported under the item exchange differences in equity. If a foreign entity is disposed of in a way that there is no longer a controlling or significant influence, the corresponding cumulative amount in the exchange difference in equity is translated into gains and losses on disposal. If the Group disposes of only part of its share in a subsidiary that includes a foreign company, while maintaining a controlling influence, the corresponding share of the cumulative amount is reclassified as non-controlling share. If the Group disposes of only part of its investment in a subsidiary of joint venture that includes a foreign company, while maintaining a controlling influence, the corresponding share of the cumulative amount is reclassified as profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the parent company Impol 2000, d. d. Control exists when the controlling company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of subsidiaries are harmonised with the accounting policies of Impol 2000, d. d.

After loss of control, the Group recognises assets and liabilities of the subsidiary, non-controlling shares and other components of equity in connection with the subsidiary. Any surpluses or deficits that arise at the loss of control are recognised in profit or loss. If the Group retains a share in a previous subsidiary, this share is measured at fair value at the date of the loss of control. Later, this share is recognised in equity as an investment in a subsidiary (using the equity method) or as available-for-sale financial assets, depending on the level of control. Investments in subsidiaries are measured at cost. Costs, which can be connected with purchasing a subsidiary, increase the value at cost of the equity investment. Sharing in profit of the subsidiary is recognised in profit or loss after the subsidiary acquires the right to profit-sharing. Consolidated financial statements do not include revenue/expenditure and loss based on transaction in the Group. More on this in the section "Presentation of the parent company Impol, 2000, d. d., and the Impol Group".

Investments in associates

Associates are entities where the Group has a significant influence but does not control their financial and business policies. A significant influence exists if the company owns 20 to 50 percent of voting rights in another entity.

Investments in associates are recognised in individual statements at cost and in consolidated statements using the equity method. Consolidated financial statements include the share of the entity in profit or loss, using the equity method, from the date of the beginning ant until the date of the end of the significant influence. Accounting policies of subsidiaries are harmonised with the accounting policies of Impol 2000, d. d.

If the share of the company in the loss of the associate is bigger than its share, the carrying value of the share in the associate is reduced to zero, and it is no longer recognised in future losses. Costs that can be connected with the purchase increase the value at cost of the equity investment.

More on this in the section "Presentation of the parent company Impol, 2000, d. d., and the Impol Group".

Intangible assets

Intangible assets include:
- Investments in licences and other long-term property rights (IT, software).
- Goodwill.
- Long-term deferred development costs.

At initial recognition, intangible assets are valued at cost. The carrying value of intangible assets with a finite useful life is reduced with depreciation. Later expenditure in connection with intangible assets are only capitalised if they increase future economic gain. All other costs are recognised in profit and loss as expenditure at the moment they arise.

Among intangible assets with a finite useful life, the Group recognises software and licences. For the acquired software, the value at cost also includes the costs of acquisition and training for use, and for material rights, only the costs of acquisition. Within the whole useful life of individual intangible assets, the company consistently allocates its depreciable amount to individual financial periods as the current depreciation.

Depreciation is calculated using the straight-line method, while considering the useful life of the intangible asset. Depreciation starts at the value of cost, after the asset is made available for use. Depreciation methods, useful life and other values are reviewed and, when necessary, adjusted at the end of every financial year.

Depreciation rates based on the estimated useful life of individual types of intangible fixed assets:

Table 51: Applied depreciation rates for intangible fixed assets

Depreciation rates used in the Group	Depreciation rate in %	
	Lowest	Highest
Intangible assets		
- Software	10.00%	50.00%
- Intangible investments	10.00%	10.00%
- Long-term deferred development costs	20.00%	33.33%

Goodwill, which occurred at consolidation, represents the excess of the cost of an acquisition over the entity's share in fair value of the acquired identifiable assets, liabilities and contingent liabilities of subsidiaries at the date of acquisition. Negative goodwill is recognised immediately in the consolidated profit and loss account. Goodwill is considered as an asset with a finite useful life and is tested at least once a year regarding possible impairment.

Every impairment is recognised immediately in the consolidated profit and loss account and is not removed later. At a disposal of a subsidiary, the corresponding amount of goodwill is included in profit and loss.

Long-term deferred development costs are recognised as intangible assets, if the following can be proven:
a. the feasibility of the completion of the project so that is is available for use;
b. intention to finish the project and use it;
c. likelihood of economic benefits of the project;
d. availability of technical, financial and other factors for completing the development and using the project;
e. ability to reliably measure the costs attributed to the intangible assets during its development.

When calculating the accumulated profit the long-term deferred development costs on the balance-sheet cut-off date are taken into consideration so as to reduce the accumulated profit.

Property, plant and equipment

Property, plant and equipment are recognised using the cost model. At initial recognition, they are measured at cost, reduced by depreciation and impairment loss, except land, which is not subject to depreciation and are recognised at cost, reduced by all impairments. Value at cost includes costs that can be directly attributed to individual assets.
Important parts of fixed assets that have different useful lives are recognised as individual tangible fixed assets.

Borrowing costs that are directly connected with purchasing, building or creating an asset in acquisition are recognised within the value at cost of this asset.

Value at cost of assets created in the Group includes material costs, direct costs of labour, indirect production costs, and (if required) the initial assessment of costs of decommissioning, removal and restoring the site where the asset is held. Immovable property that was built for future use as investment property is considered as a tangible fixed asset and is recognised at cost at the date of completion of construction when immovable property becomes investment immovable property.

The positive or negative difference between the net sales value and the carrying amount of the disposed asset is recognised in the statement of profit or loss. The costs of replacing a part of a tangible fixed asset are recognised at the carrying value of this asset, if it is probable that future economic gains of this part of the asset will flow into the Group and the value at cost can be reliably measured.

All other costs (repairs, maintenance) for preserving or renewing future economic gain are recognised in the profit and loss account as expenditures immediately after they occur. Depreciation is calculated using the straight-line method, considering the useful life of individual tangible fixed assets and the residual value,while residual value is only determined for significant assets. Land is not subject to depreciation. Depreciation starts after the asset is made available for use.

Depreciation rates based on the estimated useful life of individual types of tangible fixed assets.

Table 52: Depreciation rates used for tangible fixed assets

Depreciation rates used in the Impol Group	Depreciation rate in %	
	Lowest	Highest
Tangible fixed assets		
Real property:		
• Buildings	1.30%	3.00%
• Other constructions	1.30%	2.50%
Equipment:		
• Production equipment	1.93%	33.33%
• Other equipment	5.00%	33.33%
Computer equipment	50.00%	50.00%
Motor vehicles:		
• Transport vehicles	6.20%	20.00%
• Personal vehicles	12.50%	15.50%
Other tangible fixed assets	10.00%	10.00%
Investment property (cost model)	1.30%	3.00%

Investment property

Investment property is property that is owned with the intention to collect rent (land, buildings or parts of buildings or both). They are recognised at cost, reduced by depreciation and impairment loss. Depreciation is calculated using the straight-line method, while considering the useful life of the investment property Depreciation rates are between 1.3 and 3 percent.

For reporting and disclosure in annual statements fair value of investment property is valued using the cash flow capitalisation method, where cash flow mostly consists of rent received from renting investment property. Investment property that is rented in the Group is reclassified as tangible fixed assets, except in cases where ancillary services are so insignificant that the property does not meet the reclassification criteria.

Financial instruments

Financial instruments include:
- Non-derivative financial assets;
- Non-derivative financial liabilities;
- Derivative financial instruments.

At initial recognition, financial instruments are recognised at fair value. Fair value is the amount at which an asset can be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. After the initial recognition, they are measured according to value as described hereafter.

After determining the fair value of financial instruments, the following hierarchy of determining fair value is taken into account:
- Level one includes quoted prices (unadjusted) on functioning markets for the same assets and liabilities;
- Level two includes inputs that besides quoted prices from level one are also noted directly (i.e. prices) or indirectly (i.e. derived from prices) as assets or liabilities;
- Level three includes inputs for assets or liabilities that are not based on observable market data.

Quoted prices are used as the basis for determining fair value of financial instruments. If a financial instrument is placed on an organised market or if the market is estimated as not functioning, inputs from levels two and three are used for determining the fair value.

Non-derivative financial assets

Non-derivative financial assets include cash and cash equivalents, claims and loans, and investments. The specified assets can be classified into three groups according to IFRS 9, namely:
- Financial assets at fair value through profit or loss;
- Financial assets measured at amortised cots;
- Financial assets measured at fair value through other comprehensive income.

The basis for the above classification is represented by business models under which individual financial assets and their contractual cash flows are managed. In accordance with the IFRS 9 standard, classifying and measuring financial assets in financial statements is defined by the selected business model under which the financial assets and the characteristics of their contractual cash flows are managed. Upon initial recognition, each financial asset is classified in one of the following business models:
- Model with the intention of obtaining contractual cash flows (measuring at amortised costs);
- Model with the intention of selling and obtaining contractual cash flows (measuring at fair value through statement of comprehensive income.
- Other models (measuring at fair value through profit or loss).

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are initially measured at fair value, whereas transaction costs are stated, upon purchase, in the profit or loss statement. Financial instruments are classified in this group, which are intended for trading, and financial instruments measured by the Group at fair value. Profit and loss from these financial instruments are classified in the profit or loss statement. Dividends from financial instruments classified in this group are recognised as financial revenues in the profit or loss statement.

Financial assets measured at amortised cots

Financial assets measured at amortised cots are measured at amortised cots according to the effective interest rate method. They are stated in the amount of unpaid principal, increased by unpaid interests and compensations, and decreased by the impairment amount.

Financial assets measured at fair value through other comprehensive income

Financial assets held for trading and financial assets measured at fair value through other comprehensive income are measured at fair value after initial recognition. Fair value is based on the published market price as of the reporting date, which represents the best offer or, if not available, the closing offer.

Loans and receivables

Loans and receivables are non-derivative financial assets that are not quoted in an active market. They are included in short-term assets, except with maturity longer than 12 months after the date of the financial statement, in which case they are classified as long-term assets. In the balance sheet, loans and receivables are recognised under business, financial and other receivables at amortised value, considering the current interest rate.

In addition to the above financial assets, individual separate financial statements of companies in the Impol Group also show investments in subsidiaries and affiliated companies, which are valued at cost in accordance with the IAS 27 standard.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits up to three months, and other short-term, highly liquid investments with initial maturity of three months or less. They are carried at cost. Overdrafts are included under short-term financial liabilities.

Non-derivative financial liabilities

Non-derivative financial liabilities include business, financial and other liabilities. Financial liabilities are initially recognised at fair value, increased by costs directly attributable to the transaction. After initial recognition, financial liabilities are measured at amortised value using the effective interest method. Financial liabilities are classified under long-term liabilities, except with maturity shorter that 12 months after the date of the consolidated statement of financial position, in which case liabilities are classified as short-term liabilities.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value. Costs connected with the transaction are recognised in profit or loss after they arise. After initial recognition, derivative financial instruments are measured at fair value, while changes are recognised as described hereafter.

When a derivative financial instrument is used as a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss, the effective part of changes in fair value of derivative financial instruments is recognised under the comprehensive income of the period and disclosed under the revaluation surplus. The ineffective part of changes in fair value of the derivative financial instrument is recognised directly in profit or loss. The Group usually stops using the instrument as a hedge of the exposure to variability in cash flows if the financial instrument no longer meets the criteria for hedging or if the financial instrument is sold, terminated or exercised. The accumulated profit or loss recognised under other comprehensive income remains recognised under the revaluation surplus, until the forecast transaction does not affect profit or loss. If the forecast transaction can no longer be expected, the amount in other comprehensive income has to be recognised directly in profit or loss. In other cases, the amount recognised under other comprehensive income is transferred to profit or loss of the same period in which the hedged item affects profit or loss.

The effects of other derivative financial instruments that are not used as a hedge of the exposure to variability in cash flows or that cannot be attributed to individual risks in connection with a recognised asset or liability are recognised in profit or loss.

The Group uses the following derivative financial instruments:

- **Future transactions (forwards)**

Effective management of the whole raw material field of the Impol Group is focused on two areas: currency risk management and management of risks regarding changes in aluminium prices. Both areas are closely linked and are managed by the Group with forwards and futures.

In case of aluminium raw materials or hedging of LME risks, the Impol Group follow the principle that profit or loss from a forward is recognised in profit or loss at liquidation or after settling individual forwards on the stock market on the day of maturity, which is usually the same as the period of the realisation of the sale transaction on the physical market, or after realising the actual processing margin, which is the subject of hedging. In the presented manner, possible fluctuations in the achieved processing margin of sales on the physical market due to changes in prices of aluminium raw material at the time of sale, which are used as the base for determining the sales price (LME + sales premium), are balanced or neutralised by the effects of the realised forward, both being recognised in profit or loss of the same period. With this principle, the Impol Group provides profitability, which mostly depends on the difference between the purchase premium and the achieved sales premium and not on the fluctuations of aluminium prices. Profit or loss from these forwards is recognised in profit and loss under other financial income and revenue.

Currency risk management through forward currency contracts is also directly connected with managing aluminium prices and fluctuations of LME prices of aluminium. The Group purchases aluminium in US dollars and realises most of sales in EUR. Purchasing and selling in different currencies leads to inconsistencies between purchase and sales prices, which is harmonised by the Group by using futures (forwards). Profit or loss from forward currency transactions is recognised in profit or loss under other financial income and revenue.

Futures (forwards) include fair value of open transactions on the date of the statement of financial position, which is determined based on publicly available information on the value of futures on the organised market on the date of reporting for all open transactions.

- **Interest rate swaps**

Interests of received loans bear the interest rate change risk, against which the Group uses interest rate swaps. Interest rate swaps value the fair value of open swaps on the date of the balance sheet with discounting of future cash flows in connection with variable interest (receipt of interest from swaps) and fixed interest (payment of interest from swaps). When interest rate swaps are defined as a safety instrument against the variability of cash flows of recognised assets or liabilities or the intended transaction, profit or loss resulting from the instrument that is defined as a successful safety against risk is recognised directly under other comprehensive income and the revaluation surplus item in the balance sheet. Profit or loss resulting from the instrument that is defined as unsuccessful is recognised in profit or loss under other financial expenditure.

Inventories

The Group follows the following inventories:

- Inventory of raw materials;
- Inventory of materials;
- Inventory of incomplete production;
- Inventory of finished goods and merchandise.

Inventories are measured at the lower of cost and net recoverable value. Net recoverable value is the estimated selling price at the reporting date less sales expenses and other possible administrative expenses, which are usually connected with the sale.

Inventories of materials and merchandise are valued at cost including the purchase price, import duties and other non-refundable purchase taxes, and the direct costs of purchase. For valuing inventories of merchandise and measuring use, the FIFO method is used. Inventories of incomplete production are valued at cost of production depending on the percentage of completion.

In consolidation, unrealised profit or loss in inventories purchased within the Group are excluded by reducing the corresponding part of inventories and increasing operational expenditure. The calculation of profit is performed based on the achieved EBIT margin of the financial year.
Impairment of inventories is described in detail under in chapter on impairment

Equity

Called-up capital

Called-up capital of the controlling company is present as share capital, which is nominally defined in the statute of the parent company registered with the court and paid-in by the company's owners.

As of 31/ 12/ 2018, the share capital of the parent company Impol 2000, d. d., amounts to EUR 4,451,540 is divided into 1,066,767 ordinary no-par value shares. Dividends are paid in accordance with the decisions of the General Meeting.

Capital reserves

Capital reserves of the Group include all amounts of payments that exceed the lowest emission amounts of shares, and the amounts based on eliminating the general revaluation adjustment. Capital reserves of the parent company Impol 2000, d. d. include paid-in capital surplus and the general revaluation adjustment.

Own shares

If the controlling company or its subsidiaries buy shares of the controlling company, the paid amounts, including transaction costs and excluding taxes, are deducted from the total capital as own shares, until these shares are cancelled, reissued or sold. If own shares are reissued or sold, all the received payments excluding transaction costs and connected tax effects are included in capital reserves.

Statutory reserves

Statutory reserves of the controlling company are formed based on the statute of the company in the amount of 15% of net profit of the financial year. They are set aside in the amount of ½ of the parent company's share capital.

Reserves resulting from valuation at fair value and capital revaluation adjustment

Reserves resulting from valuation at fair value include actuarial gains or losses based on provisions for retirement allowances and the effects of fair value changes of derivative financial instruments that are classified as hedging instruments (currency swaps). Capital revaluation adjustment includes the effects based on revaluations of financial statements of foreign companies.

Provisions and long-term accrued expenses and deferred revenues

Provisions are formed for present obligations that are the outcome of past events and that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for jubilee and retirement benefits

In accordance with legal requirements and its internal rules, the Group is bound to pay jubilee and retirement benefits to its employees, for which it formed long-term provisions. There are no other obligations relating to pensions. Provisions are formed in the amount of the expected future payments of long-service bonuses and severance pays upon retirement discounted on the date of the statement of financial position. Calculations are made for individual employees by including the costs of all expected retirement and jubilee benefits (GRI 201-3).

Actuarial calculation is based on assumptions and assessments applicable at the time of the calculation that due to changes in the following year may differ from actual assumptions that will apply at that time. This mostly considers the discount rate, assessment of turnover of staff, assessment of mortality, and assessment of wage growth.

Long-term accrued costs and deferred revenues

Long-term accrued costs and deferred revenues refer to received non-returnable funds for co-financing the purchase of equipment for improving the working conditions for the disabled. Grants related to assets are recognised as income in the statement of comprehensive income and in the useful life of the asset.

Impairments

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from that asset.

A financial asset is impaired if its carrying value is higher than the estimated replacement value. The financial asset is revalued if there is an objective evidence of impairment. The replacement value represents the present value of the estimated future cash flows discounted at the original effective interest rate of this instrument. All impairment losses are recognised in profit or loss.

A financial investment is assessed at each reporting date by the accounting department to determine its suitability. If a financial investment is losing value (e.g. due to unsuccessful operations of the entity where the company has its equity participation, insufficient solvency), it mus be determined what kind of corrections have to be made to the initially recognised value of cost and debited to revaluation financial expenditures. The person responsible also has to order a partial or total cancellation of the financial investment as soon as reasons for this occur.

Impairment of receivables and loans granted

Impairments of receivables are formed based on the assessment of recoverability time analysis.
If it is estimated that when the carrying amount of the receivable exceeds its fair value (i.e. the recoverable value), the receivable is impaired. Receivables that are assessed not to be collected within the regular deadline or in the whole amount are considered as doubtful. If proceedings were already brought before the court, receivables are considered as disputed. Impairment of loans granted is assessed for every individual loan. Impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

Upon initial recognition, financial assets measured at fair value through other comprehensive income are measured at cost, to which transaction costs from the purchase of the financial asset are added. Profit and loss from these financial instruments are never classified in the profit or loss statement.
The amount of loss in the impairment of financial assets measured at amortised cost is measured as the difference between the carrying amount of the financial investment and the current value of expected future cash flows, discounted at the original effective interest rate. The impairment loss is recognised in profit or loss. Should the grounds for the impairment of the financial investment cease to exist, the reversal of the impairment of the financial asset, which is stated at amortised cost, is recognised in the profit or loss statement.

In case of financial instruments measured at fair value through profit or loss is classified under the profit or loss statement.

Non-Financial Assets

Tangible and intangible assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest group of assets that generate financial income that are to a greater extent independent from financial income from other assets and groups of assets. Impairment losses are recognised in profit or loss.
The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value, less costs to sell.
In assessing value in use, estimated future cash flows are discounted to their present value by using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment loss of goodwill is not reversed.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the assets' recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation write-off, if no impairment loss had been recognised in the previous periods.

Inventories

Inventories are impaired if their carrying amount exceeds their estimated recoverable amount. Additionally, individual types of inventories are analysed by their age structure. Depending on the group of inventories, the amount of impairment loss according to their age is determined as a percentage of their value. Impairment also includes expert judgement on possible utilisation or sale of such inventories.

At least at the end of every financial period, the company measures the net recoverable amount of inventories and the need for write-offs. Costs of inventories are not reversible if inventories are damaged, partially or completely obsolete, or if their sales price is reduced. Costs of inventories are also not reversible if the estimated costs of completion or costs in connection with sales increase.

Partial write-offs of inventories under their original value or costs up to the net recoverable value is in accordance with the policy that assets cannot be recognised at values higher than expected from their sale or utilisation. Inventories are usually partially written off to their net recoverable value under individual items.

Recognition of Income and Expenses

Income is recognised if the increase of economic gain in the financial year is connected with an increase of an asset or a decrease of a liability, and if this increase can be reliably measured.

Operating income includes the following:

- Revenues from the sale of products, merchandise and materials are measured based on sale prices indicated on invoices or other documents, reduced by discounts approved upon sale or later on, also due to early payments. Income from sale of products is recognised in profit or loss after the company transfers significant risks and gains in connection with the ownership of products to the buyer.
- Income from sale of services, except services that lead to financial income, are measured according to sales prices of completed services. It is recognised in the period in which the service is performed.
- Incomplete production and complete products at warehouse are valued at production costs. The degree of completion of performed services in case of incomplete production is assessed with an inventory.
- Other operating income occurs in case of disposal of property, devices, equipment and intangible assets, compensations received, subventions, removal of provisions, payment of previously written off operating receivables, liability write-offs and other.

Operating expenses in a financial period are in principle the same as costs increased by costs of initial inventories of incomplete production and complete products, and reduced by accrued charges of final inventories. Costs of sales and costs of general activities are immediately after their occurrence included in income.

For calculating consumption, the Group uses the FIFO method.

Financial revenues and expenses

Financial income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and foreign exchange gains and gains on hedging instruments that are recognised in profit or loss, interest from receivables not paid on time and positive currency differences. Interest income is recognised as it accrues in profit or loss by using the effective interest method. Dividend income is recognised on the date that the shareholder's right to receive payment is established.
Financial expenses comprise interest expenses on borrowings (part of borrowing costs can be capitalised under property, devices and equipment), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, losses on hedging instruments that are recognised in profit or loss.

Taxes

Income tax comprises current and deferred tax.

Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year.

Deferred tax is recognised by using the balance sheet liability method providing for temporary differences between the carrying amounts of tax values of assets and liabilities and their values in individual financial statements. Deferred tax is determined by using tax rates that are valid on the date the balance sheet and that are expected to be used when the deferred tax receivable is realised or the deferred tax liability is settled. Deferred tax receivables are recognised in the extent of the probability that there will be taxable profit available in the future that can be used to cover the deferred tax receivable.

Deferred tax due to insignificant amounts are not additionally recognised in consolidated financial statements.

Cash flow statement

The cash flow statement for the part regarding operations is composed using the indirect method from the data of the balance sheet on 31/ 12 of the financial year and balance sheet on 31/ 12 of the previous financial year and additional data necessary for adjusting inflows and outflows, and for a suitable breakdown of significant items. The part regarding investing and financing is composed using the indirect method. Paid and received interest from operating receivables are distributed between cash flows from operating activities. Interest from loans and paid and received dividends are distributed between cash flows from financing.

Segment reporting

Because of the very similar nature of product groups, their production procedure and distribution, the company defined only one reporting segment. Presentation of data with segment reporting takes into account that aluminium business activities represent the main operating activities of the Group. Other activities have an insignificant effect on presenting financial information.

The Group reports on sales by geographical area. The defined geographical areas are Slovenia, European Union, other European countries and the rest of the world.

Notes to Individual Items of the Consolidated Financial Statements

1. Operating Revenues

Table 53: Operating revenues in EUR

Operating revenues	Operating revenues generated with		2018	2017
	associated	others		
Net sales revenues	75,900	727,501,663	727,577,563	666,722,940
Change in the value of product inventories and unfinished production	0	7,907,134	7,907,134	7,906,999
Capitalised own products and services*	0	743,110	743,110	977,649
Other operating revenues	0	7,888,569	7,888,569	3,991,034
TOTAL	**75,900**	**744,040,476**	**744,116,376**	**679,598,622**

Net sales revenues	2018	2017
Net revenues from the sale of services	647,676,045	611,436,948
Net revenues from the sale of services	4,209,882	3,350,082
Net revenues from sale of goods and materials	75,691,636	51,935,910
TOTAL	**727,577,563**	**666,722,940**

Other operating revenues	2018	2017
Revenues from the reversal of provisions	606,893	535,079
Other revenues associated with business effects (subsidies, grants, compensations, premiums, etc.)	4,285,869	2,983,523
Revaluation operating revenues	2,995,807	472,432
TOTAL	**7,888,569**	**3,991,034**

Revaluation operating revenues	2018	2017
From disposal of tangible fixed assets***	2,816,243	42,706
From operating receivables	150,638	46,287
From operating liabilities	28,926	13,439
From the disposal of investment property (cost model)	0	370,000
TOTAL	**2,995,807**	**472,432**

**Capitalised own products and services are products produced by the Group for its own needs and which it capitalised among tangible or intangible long-term fixed assets. Their value does not exceed the costs of their production or services rendered.*
***These are revenues from claims and returned excise duties for electricity and gas.*
****These are revenues from the sale of land in the company in Serbia and unserviceable production equipment of Impol, d. o. o.*

Net sales revenues by business segment

Table 54: Net sales revenues by business segment in EUR

	2018	2017
Revenues from sales in Slovenia	40,307,408	37,948,951
• Associates	75,901	78,623
• Other companies	40,231,507	37,870,328
Revenues from sales in the EU	569,520,320	567,084,726
• Associates		
Other companies	569,520,320	567,084,726
• Revenues from sales in other European countries	48,150,312	41,648,436
Other companies	48,150,312	41,648,436
• Revenues from sales on other markets	69,599,523	20,040,827
Other companies	69,599,523	20,040,827
TOTAL	**727,577,563**	**666,722,940**

Net sales revenues from the sale of aluminium products (per state) is specified in detail under section Market and Customers.

2. Operating Expenses

Table 55: Operating expenses in EUR

	Manufacturing costs	Cost of sales	General and administrative costs	Total 2018	Total in 2018 Purchased from:		Total 2017
					Associate companies	Other companies	
Cost of merchandise and materials sold	36,028	81,878,438	1,780	81,916,246	283,481	81,632,765	90,478,965
Costs of material	471,081,434	5,540,786	2,976,924	479,599,143	0	479,599,143	419,126,219
Costs of services	20,531,653	19,850,910	14,061,884	54,444,447	3,011,736	51,432,711	43,535,002
Labour costs	44,802,608	2,719,337	18,140,031	65,661,976	0	65,661,976	60,297,324
Depreciation	14,719,352	102,298	1,343,056	16,164,707	0	16,164,707	15,647,323
Revaluation operating expenses	0	227,957	320,802	548,759	0	548,759	210,626
Provisions	0	0	324	324	0	324	1,513
Other operating expenses	1,406,689	47,705	1,111,035	2,565,429	0	2,565,429	3,350,571
TOTAL	**552,577,765**	**110,367,430**	**37,955,836**	**700,901,031**	**3,295,217**	**697,605,814**	**632,647,543**

Revaluation operating expenses in EUR	2018	2017
From disposal of intangible fixed assets	0	52
From disposal of tangible fixed assets	70,166	92,034
From inventories	21,260	3,781
From operating receivables	457,333	114,759
TOTAL	**548,759**	**210,626**

Other operating expenses represent expenditure on environmental protection, donations and costs that are re-invoiced.

Labour costs

Table 56: Itemisation of labour costs in EUR

	2018	2017
Costs of wages and salaries	48,241,102	44,037,097
Costs of pension insurance	4,826,242	4,464,858
Costs of other social insurances	3,584,099	3,265,467
Other labour costs	9,010,533	8,529,902
TOTAL	**65,661,976**	**60,297,324**

3. Financial Revenues and Expenses

Table 57: Financial revenues from financial investments in EUR

	Total 2018	Of which from companies		Total 2017
		Associate companies	Other companies	
Financial revenues from participating interests – in profits, dividends	149,035	89,423	59,612	91,229
Financial revenues from shares – revenues from the sale of long-term investments	259,790	0	259,790	0
Financial revenues from loans - interests	36,492	0	36,492	68,595
Financial revenues from operating receivables - interests	38,125	0	38,125	272,389
Financial revenues from operating receivables – foreign exchange differences	3,014,731	0	3,014,731	7,333,474
Financial revenues from forwards	2,048,051	0	2,048,051	153,075
TOTAL	**5,546,223**	**89,423**	**5,456,801**	**7,918,762**

Financial revenues from participating interests in associate companies represent shares in the amount of EUR 89,423, calculated according to the equity method in the consolidated financial statements.

Table 58: Financial expenses from financial investments in EUR

	Total 2018	Of which from companies: Associate companies	Of which from companies: Other companies	Total 2017
Financial expenses from (excluding bank loans) – interests	81,839	1,081	80,758	132,179
Financial expenses from (excluding bank loans) – foreign exchange differences	12,904	0	12,904	413,430
Financial expenses from leasing – interests	22,786	0	22,786	21,911
Financial expenses from financial liabilities – Interests swaps	250,283	0	250,283	265,946
Financial expenses from loans received from banks – interests	2,982,402	0	2,982,402	2,626,856
Financial expenses from loans received from banks – foreign exchange differences	2,464	0	2,464	10,183
Financial expenses from issued bonds – interests	1,064,000	0	1,064,000	1,444,000
Financial expenses from other financial liabilities – interests	35,655	0	35,655	43,960
Financial expenses from operating liabilities – interests	40,535	0	40,535	6,807
Financial expenses from operating liabilities – foreign exchange differences	1,793,762	0	1,793,762	6,507,597
Financial expenses from impairment	1,555,575	0	1,555,575	0
Financial expenses from forwards	0	0	0	4,261,951
TOTAL	**7,842,205**	**1,081**	**7,841,124**	**15,734,819**

4. Income Tax in EUR

Table 59: Income tax in EUR

Income tax	2018	2017
Revenues determined in accordance with accounting regulations	1,216,104,114	1,165,178,784
Revenues recognised for tax purposes	1,211,856,666	1,160,420,087
Expenses determined under accounting regulations	1,171,389,204	1,121,360,824
Expenses recognised for tax purposes	1,170,664,299	1,120,369,566
DIFFERENCE BETWEEN DEDUCTIBLE REVENUES AND EXPENSES	41,192,367	40,050,520
TAX BASE	42,020,697	39,704,223
TAX BASE	29,774,340	26,598,558
TAX	3,954,392	4,856,054
Effective tax rate in %	9.66	12.41

**This is the sum of non-consolidated revenue and expenditure items.*

Income tax is accounted for in accordance with laws that apply in individual countries where the Group has its subsidiaries. The applicable income tax rate in Slovenia in 2018 was 19% (in 2017: 19%), while the applicable income tax rate in Croatia is 18%, in Serbia 15%, in the USA 31% (in 2017: 31%) and in Hungary 9% (in 2017: 9%).

Table 60: Overview of current income tax by companies in EUR

Income tax	2018	2017
Impol 2000, d. d.	518,552	0
Impol, d. o. o.	2,041,367	3,378,279
Impol LLT, d. o. o.	222,542	168,160
Impol FT, d. o. o.	189,420	151,495
Impol PCP, d. o. o.,	544,721	507,007
Impol Infrastruktura, d. o. o.	34,699	18,690
Impol R in R, d. o. o.	0	42,919
Rondal, d. o. o.	39,067	48,895
Impol Montal, d. o. o	17,217	21,937
Impol Servis, d. o. o.	17,369	20,571
Impol Stanovanja, d. o. o	6,514	5,235
Kadring, d. o. o.	37,365	18,569
Stampal SB, d. o. o.	216,264	287,543
Štatenberg, d. o. o.	0	325
Unidel, d. o. o.,	27,147	19,902
Aluminum Corporation, New York	18,639	131,592
Impol Seval, a. d.	0	0
Impol Seval Tehnika, d. o. o.	4,994	13,834
Impol Seval Final, d. o. o.	3,510	1,590
Impol Seval President, d. o. o.	0	0
Impol Seval PKC, d. o. o.	1,493	1,948
Impol Hungary Kft.,	13,510	17,562
Impol-FinAl, d. o. o.	0	0
Impol ulaganja, d. o. o.	0	0
Impol-TLM, d. o. o.	0	0
TOTAL income tax	**3,954,392**	**4,856,054**

5. Deferred Tax Assets and Liabilities

Table 61: Deferred tax assets and liabilities in EUR

	Deferred tax assets	Deferred tax liabilities
Deferred tax balance as of 31/ 12/ 2017	1,157,281	1,917,338
Opening balance adjustment (+/-)	0	0
Deferred tax balance as of 1/ 1/ 2018	1,157,281	1,917,338
Deductible temporary differences (+)	1,287,198	
Taxable temporary differences (+)		16,504
Utilisation of deductible temporary differences (-)	523,646	
Exchange rate differences (+/-)	2,091	3,711
Deferred tax balance as of 31/ 12/ 2018	**1,922,924**	**1,937,553**

Change in receivables and liabilities for deferred tax assets and liabilities in the amount of EUR 745,428 was recognised:	2018	2017
• Profit or loss account (+ / -)	-258,549	193,302
• Capital – Reserves resulting from valuation at fair value (+/-)	11,727	736
• Capital – Retained profit or loss brought forward (+/-)	994,635	-73,687
• Capital – Revaluation difference (+/-)	-2,385	0
TOTAL	**745,428**	**120,351**

**These are deferred taxes that were calculated in 2018 to the amount of the accumulated tax losses of Impol ulaganja, d. o. o., upon merging with Impol-TLM, d. o. o., which was carried out in September 2018. Deferred taxes from tax losses in Impol ulaganja, d. o. o., were not recognised in the past years, since the company as an independent tax entity could not have used and debited the said tax loss to future taxable profit. Upon merging with Impol-TLM, d. o. o., as a profitable company, however, the conditions for recognising deferred taxes from unused tax losses were met and were thus credited to the profit carried forward of the Impol Group.*

Fluctuation of deferred tax receivables – consolidated

Table 62: Fluctuation of deferred tax receivables – consolidated in EUR

	Carrying depreciation exceeds the depreciation for tax purposes	Impairments (revaluation operating expenses)	Provisioning	Tax loss	Tax loss and unused tax relief for investments	TOTAL
Balance of deferred tax receivables as of 31/ 12/ 2017	950	223,310	198,557	635,848	98,616	1,157,282
Balance of deferred tax receivables as of 1/ 1/ 2018	950	223,310	198,557	635,848	98,616	1,157,282
Occurrence of deductible temporary differences (+)	125	185,351	18,930	1,017,614	65,177	1,287,198
Utilisation of deductible temporary differences (-)	0	87,797	4,633	431,216	0	523,646
Exchange rate differences (+/-)	2	0	0	2,089	0	2,091
Balance of deferred tax receivables as of 31/ 12/ 2018	**1,077**	**320,864**	**212,854**	**1,224,336**	**163,793**	**1,922,924**

The deferred tax receivables are mainly formed for written-off receivables, for which impairments are temporarily not recognised for tax purposes upon recognition, for formed provisions for long-service bonuses and severance pays upon retirement, for fair value of financial instruments, which is recognised under other comprehensive income as negative amount, and for tax losses.

Table 63: Fluctuation of deferred tax liabilities – consolidated in EUR

	Depreciation for tax purposes exceeds accounting depreciation	TOTAL
Deferred tax liabilities as of 31/ 12/ 2017	1,917,338	1,917,338
Deferred tax liabilities as of 1/ 1/ 2018	1,917,338	1,917,338
Occurrence of deductible temporary differences (+)	16,504	16,504
Exchange rate differences (+/-)	3,711	3,711
Deferred tax liabilities as of 31/ 12/ 2018	**1,937,553**	**1,937,553**

Deferred tax liabilities are formed as deductible temporary differences between the carrying amount and the tax base of fixed assets in the company Impol Seval, a. d.

The consolidated balance sheet still includes deferred tax receivables and deferred tax liabilities that arise in different states or refer to different tax jurisdictions, and are unsettled both as receivables and as liabilities.

Net earnings per share

Basic earnings per share are calculated by dividing net earnings attributable to shareholders by the weighted average of the number of regular shares during the year, excluding the average number of own shares.

Table 64: Basic net earnings per share in EUR

	2018	2017
Profit or loss relating to the owners of the controlling entity	33,638,893	31,751,920
Weighted average of the number of regular shares	984,659	984,659
Basic earnings per share (in EUR)	**34.16**	**32.25**

Table 65: Weighted average of the number of regular shares as of 31/ 12/ 2018 in EUR

	2018	2017
Regular shares as of 1/ 1	1,066,767	1,066,767
Effect of own shares*	-82,108	-82,108
Weighted average of the number of regular shares as of 31/ 12	**984,659**	**984,659**

**These are shares of the controlling company Impol 2000, d. d., owned by companies in the Group, which are Impol-Montal, d. o. o. (80,482 shares) and Kadring, d. o. o. (1,626 shares). Because the Impol Group has no preference shares or bonds that could be converted to shares, the diluted earnings per share is the same as the basic earnings per share.*

Changes in other comprehensive income

Changes in other comprehensive income in 2018 include:

- Change of fair value of hedges (interest swaps) in the amount of **EUR -61,721**, while the derivatives were intended for hedging the cash flow from loans received. Exchange rate differences from converting financial statements of foreign companies included;
- Exchange rate differences from converting financial statements of foreign companies included consolidation in the amount of **EUR -292,298;**
- Actuary losses based on the re-calculation of provisions for retirement benefits for the financial year 2018, in the amount of **EUR -51,616;**
- Other items of total comprehensive income refer to the adjustment of the value of reserves resulting from interest rate swaps at fair value for deferred tax receivables in the amount of **EUR 41,411** and the amount of **EUR 994,635** from recognised deferred tax receivables upon Impol ulaganja, d. o. o., merging with Impol-TLM, d. o. o., credited to profit or loss carried forward.

6. Intangible Assets and Long-Term Deferred Costs and Accrued Revenues

Table 66: Intangible assets in 2018 in EUR

	Long-term property rights	Goodwill	Long-term deferred development costs being acquired	Long-term property rights being acquired	TOTAL
Cost as of 31/ 12/ 2017	**8,260,045**	**319,229**	**325,824**	**589,990**	**9,495,086**
Opening balance adjustments	0	0	0	-351	-351
Cost as of 1/ 1/ 2018	**8,260,045**	**319,229**	**325,824**	**589,639**	**9,494,735**
Direct increases – acquisitions	49,714	0	279,821	465,358	794,893
Transfer from construction in progress	654,313	0	0	-654,313	0
Transfer between Group companies – acquisition	6,500	0	0	0	6,500
Transfer between Group companies – acquisition	24,248	0	0	0	24,248
Exchange rate differences (+/-)	665	0	0	-38	627
Decreases – exclusions, other decreases	69,681	0	0	0	69,681
Cost as of 31/ 12/ 2018	**8,877,307**	**319,229**	**605,644**	**400,647**	**10,202,827**
Value adjustment as of 31/ 12/ 2017	**7,296,923**	**0**	**0**	**0**	**7,296,923**
Opening balance adjustment	-351	0	0	0	-351
Value adjustment as of 1/ 1/ 2018	**7,296,573**	**0**	**0**	**0**	**7,296,573**
Depreciation during the year	403,666	0	0	0	403,666
Transfer between Group companies – sale (-)	24,248	0	0	0	24,248
Exchange rate differences (+/-)	574	0	0	0	574
Decreases – exclusions, other decreases	35,899	0	0	0	35,899
Value adjustment as of 31/ 12/ 2018	**7,640,666**	**0**	**0**	**0**	**7,640,666**
Carrying amount as of 31/ 12/ 2018	**1,236,640**	**319,229**	**605,644**	**400,647**	**2,562,160**
Carrying amount as of 31/ 12/ 2017	**637,647**	**319,229**	**325,824**	**915,463**	**2,198,163**

Table 67: Intangible assets in 2017 in EUR

Description	Long-term property rights	Goodwill	Long-term deferred development costs	TOTAL
Cost as of 31/ 12/ 2016	**8,312,232**	**319,229**		**8,631,461**
Opening reclassifications among items	562			562
Cost as of 1/ 1/ 2017	**8,312,794**	**319,229**	**0**	**8,632,023**
Direct increases – acquisitions	558,596		325,824	884,420
Exchange rate differences (+/-)	12,520			12,520
Decreases – exclusions, other decreases	33,877			33,877
Cost as of 31/ 12/ 2017	**8,850,033**	**319,229**	**325,824**	**9,495,086**
Value adjustment as of 31/ 12/ 2016	**6,882,549**			**6,882,549**
Opening reclassifications among items	185			185
Value adjustment as of 1/ 1/ 2017	**6,882,734**	**0**	**0**	**6,882,734**
Depreciation during the year	404,139			404,139
Direct increase	185			185
Exchange rate differences (+/-)	11,573			11,573
Decreases – exclusions, other decreases	1,708			1,708
Value adjustment as of 31/ 12/ 2017	**7,296,923**	**0**	**0**	**7,296,923**
Carrying amount as of 31/ 12/ 2017	**1,553,110**	**319,229**	**325,824**	**2,198,163**
Carrying amount as of 31/ 12/ 2016	**1,429,683**	**319,229**	**0**	**1,748,912**

The disclosed intangible assets are owned by the Group and are free of debts.

More than half of all intangible assets that were used on 31/ 12/ 2018 were fully depreciated.

Goodwill

Structure of goodwill according to business combinations that generated it.

Table 68: Structure of goodwill in EUR

	31/ 12/ 2018	31/ 12/ 2017
Stampal SB, d. o. o.	319,229	319,229

On 31/ 12/ 2018, goodwill was tested for possible impairment and no need for impairment was determined.

7. Tangible Fixed Assets

Table 69: Tangible assets in 2018 in EUR

	Land	Buildings	Property being acquired	Total property	Production equipment and machinery	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Advances to obtain tangible fixed assets	Total equipment	Total
Cost as of 31/ 12/ 2017	**9,588,984**	**88,204,319**	**3,695,207**	**101,488,510**	**286,876,086**	**24,261,275**	**31,802,835**	**11,630,322**	**354,570,518**	**456,059,028**
Opening balance adjustments	0	0	0	0	0	351	0	0	351	351
Cost as of 01/ 01/ 2018	**9,588,984**	**88,204,319**	**3,695,207**	**101,488,510**	**286,876,086**	**24,261,626**	**31,802,835**	**11,630,322**	**354,570,869**	**456,059,379**
Direct increases – acquisitions	0	0	13,752,951	13,752,951	0	1,845	59,375,858	11,542,122	70,919,825	84,672,776
Direct increases – finance lease	0	0	0	0	0	11,490	15,923	0	27,413	27,413
Transfer from construction in progress	5,756,573	6,597,683	-12,354,256	0	35,511,743	2,274,212	-37,785,955	0	0	0
Transfer between Group companies – acquisition	0	0	2,890,273	2,890,273	0	0	1,744,970	0	1,744,970	4,635,243
Transfer between Group companies – sale (-)	0	0	0	0	3,065,101	1,113,303	0	0	4,178,404	4,178,404
Transfer to investment property (-)	0	0	4,806	4,806	0	0	0	0	0	4,806
Exchange rate differences (+/-)	46,580	95,357	-208	141,729	112,196	13,760	38,670	22,137	186,763	328,492
Decreases – sales (-)	240,453	0	0	240,453	5,168,516	41,922	0	0	5,210,438	5,450,891
Decreases – exclusions, other decreases	0	23,817	0	23,817	319,513	431,044	0	19,645,572	20,396,129	20,419,946
Transfers between categories of tangible fixed assets	0	0	0	0	-33,923	112,321	0	0	78,398	78,398
Cost as of 31/ 12/ 2018	**15,151,684**	**94,873,542**	**7,979,161**	**118,004,387**	**313,912,972**	**25,088,985**	**55,192,301**	**3,549,009**	**397,743,267**	**515,747,654**
Value adjustment as of 31/ 12/ 2017	**0**	**48,826,396**	**0**	**48,826,396**	**220,813,724**	**18,537,432**	**0**	**0**	**239,351,156**	**288,177,552**
Opening balance adjustment	0	0	0	0	0	351	0	0	351	351
Value adjustment as of 01/ 01/ 2018	**0**	**48,826,396**	**0**	**48,826,396**	**220,813,724**	**18,537,783**	**0**	**0**	**239,351,507**	**288,177,903**
Depreciation during the year	0	2,208,266	0	2,208,266	11,656,539	1,773,248	0	0	13,429,787	15,638,053
Direct increase	0	59,938	0	59,938	0	47,305	0	0	47,305	107,243
Transfer between Group companies – sale	0	0	0	0	2,772,971	934,363	0	0	3,707,334	3,707,334
Exchange rate differences (+/-)	0	16,924	0	16,924	36,831	7,886	0	0	44,717	61,641
Decreases – sales (-)	0	0	0	0	4,926,903	39,266	0	0	4,966,169	4,966,169
Decreases – exclusions, other decreases	0	18,571	0	18,571	273,444	415,965	0	0	689,409	707,980
Transfers between categories of tangible fixed assets	0	0	0	0	-34,853	113,251	0	0	78,398	78,398
Value adjustment as of 31/ 12/ 2018	**0**	**51,092,953**	**0**	**51,092,953**	**224,498,923**	**19,089,879**	**0**	**0**	**243,588,802**	**294,681,755**
Carrying amount as of 31/ 12/ 2018	**15,151,684**	**43,780,589**	**7,979,161**	**66,911,434**	**89,414,049**	**5,999,106**	**55,192,301**	**3,549,009**	**154,154,465**	**221,065,899**
Carrying amount as of 31/ 12/ 2017	**9,588,984**	**39,377,923**	**3,695,207**	**52,662,114**	**66,062,362**	**5,723,843**	**31,802,835**	**11,630,322**	**115,219,362**	**167,881,476**

In 2018, the Impol Group intensively invested in increasing its production capacities in Slovenia as well as in companies abroad. This is also the reason for the increase of the tangible fixed assets and investments in progress in 2018. More information about this is provided in the operating part of the annual report.

Table 70: Tangible assets in 2017 in EUR

Description	Land	Buildings	Property being acquired	Advances for property	Total immovable property	Production equipment and machinery	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Advances to acquire tangible fixed assets	Total equipment	TOTAL
Cost as of 31/ 12/ 2016	**9,432,999**	**86,386,103**	**493,052**	**110,400**	**96,422,554**	**300,460,249**	**18,953,194**	**12,000,286**	**5,304,192**	**336,717,921**	**433,140,475**
Opening reclassifications among items			166,059	-110,400	55,659	-3,372,959	3,407,115	-166,059	110,400	-21,503	34,156
Cost as of 1/ 1/ 2017	**9,432,999**	**86,386,103**	**659,111**	**0**	**96,478,213**	**297,087,290**	**22,360,309**	**11,834,227**	**5,414,592**	**336,696,418**	**433,174,631**
Direct increases – acquisitions			4,361,944		4,361,944		35,158	26,534,744	11,380,820	37,950,722	42,312,666
Transfer from construction in progress		1,133,222	-1,133,222		0	4,931,970	2,196,896	-7,128,866		0	0
Transfer between Group companies – acquisition			46,806		46,806			212,521		212,521	259,327
Transfer to investment property (-)			248,460		248,460					0	248,460
Transfer from investment property		47,290			47,290					0	47,290
Exchange rate differences (+/-)	160,890	637,704	9,028		807,622	2,060,166	129,919	350,209	157,439	2,697,733	3,505,355
Decreases – sales (-)	4,905				-4,905	198,570	71,991			270,561	275,466
Decreases – exclusions, other decreases					0	17,004,770	389,016		5,322,529	22,716,315	22,716,315
Cost as of 31/ 12/ 2017	**9,588,984**	**88,204,319**	**3,695,207**	**0**	**101,488,510**	**286,876,086**	**24,261,275**	**31,802,835**	**11,630,322**	**354,570,518**	**456,059,028**
Value adjustment as of 31/ 12/ 2016		**46,446,329**			**46,446,329**	**227,857,292**	**15,102,577**			**242,959,869**	**289,406,198**
Opening reclassifications among items					0	-2,166,681	2,201,214			34,533	34,533
Value adjustment as of 1/ 1/ 2017	**0**	**46,446,329**	**0**	**0**	**46,446,329**	**225,690,611**	**17,303,791**	**0**	**0**	**242,994,402**	**289,440,731**
Depreciation		2,067,816			2,067,816	11,507,464	1,570,702			13,078,166	15,145,982
Direct increase					0		9,067			9,067	9,067
Transfer from investment property		311			311					0	311
Exchange rate differences (+/-)		311,940			311,940	732,525	83,707			816,232	1,128,172
Decreases – sales (-)					0	186,786	53,840			240,626	240,626
Decreases – exclusions, other decreases					0	16,930,090	375,995			17,306,085	17,306,085
Value adjustment as of 31/ 12/ 2017	**0**	**48,826,396**	**0**	**0**	**48,826,396**	**220,813,724**	**18,537,432**	**0**	**0**	**239,351,156**	**288,177,552**
Carrying amount as of 31/ 12/ 2017	**9,588,984**	**39,377,923**	**3,695,207**	**0**	**52,662,114**	**66,062,362**	**5,723,843**	**31,802,835**	**11,630,322**	**115,219,362**	**167,881,476**
Carrying amount as of 31/ 12/ 2016	**9,432,999**	**39,939,774**	**493,052**	**110,400**	**49,976,225**	**72,602,957**	**3,850,617**	**12,000,286**	**5,304,192**	**93,758,052**	**143,734,277**

More than half of all tangible fixed assets that were used on 31/ 12/ 2018 were fully depreciated.

Assets under finance lease

The carrying amount of equipment under finance lease as of 31/ 12/ 2018, amounts to EUR 693,785 (31/ 12/ 2017: EUR 830,536).

Table 71: Value of assets under finance lease in EUR

	Cost (+)	Value adjustment (-)	Carrying amount (=)
Equipment	1,289,335	595,550	693,785
TOTAL	**1,289,335**	**595,550**	**693,785**

Pledged tangible fixed assets

Tangible fixed assets of the Group are pledged as security for settlement of liabilities in the amount presented in the following table: Assets are pledged as security for the settlement of liabilities by the following companies: Impol, d. o. o., Impol Seval, a. d., and Impol-Montal, d. o. o.

Table 72: Assets pledged as security for settlement of liabilities (without asserts under finance lease) in EUR

Value by type of assets	Cost (+)	Value adjustment (-)	Carrying amount (=)
Real property	70,226,976	39,715,170	30,511,806
Equipment	83,258,391	60,929,864	22,328,527
TOTAL	**153,485,367**	**100,645,034**	**52,840,333**

8. Investment Property

In the period under observation the investment property only includes buildings and associated land held to earn rentals.

Table 73: Investment property in 2018 in EUR

Description	Buildings	TOTAL
Cost as of 31/ 12/ 2017	**5,444,323**	**5,444,323**
Cost as of 1/ 1/ 2018	**5,444,323**	**5,444,324**
Transfer from tangible fixed assets (+)	4,806	4,806
Cost as of 31/ 12/ 2018	**5,449,129**	**5,449,129**
Value adjustment as of 31/ 12/ 2017	**3,490,844**	**3,490,844**
Value adjustment as of 1/ 1/ 2018	**3,490,844**	**3,490,844**
Depreciation (+)	122,988	122,988
Value adjustment as of 31/ 12/ 2018	**3,613,832**	**3,613,832**
Carrying amount as of 31/ 12/ 2018	**1,835,297**	**1,835,298**
Carrying amount as of 31/ 12/ 2017	**1,953,479**	**1,953,479**

Table 74: Investment property in 2017 in EUR

Description	Buildings	TOTAL
Cost as of 31/ 12/ 2016	**5,382,408**	**5,382,408**
Opening balance adjustments		0
Cost as of 1/ 1/ 2017	**5,382,408**	**5,382,408**
Transfer from tangible fixed assets (+)	248,460	248,460
Decreases (-)	221,078	221,078
Transfer between tangible fixed assets (-)	47,290	47,290
Exchange rate differences (+/-)	81,823	81,823
Cost as of 31/ 12/ 2017	**5,444,323**	**5,444,323**
Value adjustment as of 31/ 12/ 2016	**3,594,491**	**3,594,491**
Opening balance adjustments		0
Value adjustment as of 1/ 1/ 2017	**3,594,491**	**3,594,491**
Depreciation (+)	97,090	97,090
Decreases (-)	221,078	221,078
Transfer between tangible fixed assets (-)	311	311
Exchange rate differences (+/-)	20,652	20,652
Value adjustment as of 31/ 12/ 2017	**3,490,844**	**3,490,844**
Carrying amount as of 31/ 12/ 2017	**1,953,479**	**1,953,479**
Carrying amount as of 31/ 12/ 2016	**1,787,917**	**1,787,917**

We estimate that the carrying amount of investment property qualifies as fair value. The carrying amount of investment property pledged as security for settlement of liabilities is presented in the following table.

In 2018, the Group generated income with investment property in the amount of EUR 562,756 (in 2017: EUR 522,711). Connected depreciation costs in 2018 were EUR 122,988 (in 2017: EUR 97,090).

Pledged investment property of the Impol Group as of 31/ 12/ 2018

Table 75: Pledged investment property as of 31/ 12/ 2018 in EUR

	Cost (+)	Value adjustment (-)	Carrying amount (=)
Investment Property	5,153,605	3,408,489	1,745,116
TOTAL	**5,153,605**	**3,408,489**	**1,745,116**

Impol, d. o. o. has pledged investment property.

9. Long-term Financial Investments

Table 76: Long-term financial investments in EUR

LONG-TERM FINANCIAL INVESTMENTS	Cost of long-term fin. inv. as of 31/ 12/ 2018	Of which long-term financial investments in companies:		Total value adjustment as of 31/ 12/ 2018	Carrying amount	
		Associate companies	Other companies		31/ 12/ 2018	31/ 12/ 2017
	=	+	+	-	=	
Long-term financial investments (+)	1,642,251	848,410	793,842	170,355	1,471,897	2,899,264
Short-term part of long-term financial investments (-)	1,122	0	1,122	0	1,122	1,343,166
TOTAL LONG-TERM FINANCIAL INVESTMENTS	**1,641,129**	**848,410**	**792,720**	**170,355**	**1,470,775**	**1,556,098**

LONG-TERM INVESTMENTS	Cost of long-term fin. inv. as of 31/ 12/ 2018	Of which long-term financial investments in companies:		Total value adjustment as of 31/ 12/ 2018	Carrying amount	
		Associate companies	Other companies		31/ 12/ 2018	31/ 12/ 2017
	=	+	+	-	=	
Investments in shares and participating interest	1,158,046	848,410	309,636	34,648	1,123,399	1,221,301
TOTAL long-term financial investments excluding loans	**1,158,046**	**848,410**	**309,636**	**34,648**	**1,123,399**	**1,221,301**
Long-term loans granted	288,090	0	288,090	135,707	152,383	158,730
Other long-term funds invested	172,482	0	172,482	0	172,482	153,555
Long-term deposits	22,511	0	22,511	0	22,511	22,512
TOTAL long-term loans	**483,083**	**0**	**483,083**	**135,707**	**347,376**	**334,797**
TOTAL LONG-TERM FINANCIAL INVESTMENTS	**1,641,129**	**848,410**	**792,720**	**170,355**	**1,470,775**	**1,556,098**

Long-term financial investments as of 31/ 12/ 2018 are not are pledged as security for liabilities, except in the amount of EUR 22,511 which is subject to the pledge of the deposit for the bank warranty insurance falling due on 7/ 8/ 2020.

Trend in long-term financial investments excluding loans

Table 77: Development of long-term financial investments excluding loans in EUR

	Cost as of 1/ 1/ 2018	Change due to the use of the equity method	Exchange rate differences (+/-)	Sales*	Cost as of 31/ 12/ 2018	Value adjustment as of 1/ 1/ 2018 (-)	Value adjustment as of 31/ 12/ 2018 (-)	Carrying amount as of 31/ 12/ 2018	Carrying amount as of 1/ 1/ 2018
	+	+	+/-	-	=	-	-	=	
Investments in equity of associate companies at home	724,341	89,422	0	0	813,762	0	0	813,762	724,341
Investments in equity of associate companies abroad	34,647	0	0	0	34,647	34,647	34,647	0	0
Total associate companies	**758,988**	**89,422**	**0**	**0**	**848,410**	**34,647**	**34,647**	**813,762**	**724,341**
Investments in equity of other companies at home	380,975	0	0	192,825	188,150	0	0	188,150	380,975
Investments in equity of other companies abroad	115,985	0	5,500	0	121,486	0	0	121,486	115,985
Total other companies	**496,960**	**0**	**5,500**	**192,825**	**309,636**	**0**	**0**	**309,636**	**496,960**
TOTAL investment in shares and stocks	**1,255,949**	**89,422**	**5,500**	**192,825**	**1,158,046**	**34,647**	**34,647**	**1,123,399**	**1,221,301**

*Sale of share in Geoplin, d. o. o.

Investments in shares of associate companies

Table 78: Investments in associates in EUR

Associate company	Participating interests of the Group in the	Investment as of 31/ 12/ 2018 – Equity method	Value adjustment as of 31/ 12/ 2018 (-)	Investment as of 31/ 12/ 2018	Investment as of 31/ 12/ 2017
Simfin, d. o. o.	49.51%	492,383	0	492,383	407,639
Alcad, d. o. o.	32.07%	319,959		319,959	316,769
Brezcarinska cona RS	33.33%	1,421		1,421	-67
Impol Brazil	50.00%	34,647	34,647	0	0
TOTAL		**848,409**	**34,647**	**813,762**	**724,341**

Trend in long-term financial investments – loans

Table 79: Development of long-term financial investments – loans in EUR

	Cost 1/ 1/ 2018	New loans	Refunds (-)	Exchange rate differences (+/-)	Transfer to short-term financial investments (-)	Cost as of 31/ 12/ 2018	Value adjustment 1/ 1/ 2018 (-)	Value adjustment as of 31/ 12/ 2018 (-)	Carrying amount as of 31/ 12/ 2018	Carrying amount 1/ 1/ 2018
	+	+	-	+/-	-	=	-	-	=	
Long-term loans to others	294,437	3,136	0	12	9,495	288,090	135,707	135,707	152,383	158,730
Other long-term funds invested to others	153,555	29,357	10,430	0	0	172,482	0	0	172,482	153,555
Long-term deposits to others	22,512	0	0	0	0	22,511	0	0	22,511	22,512
TOTAL long-term loans	**470,504**	**32,493**	**10,430**	**12**	**9,495**	**483,083**	**135,707**	**135,707**	**347,376**	**334,797**

Long-term loans mostly include loans granted to other companies and long-term bank deposits. The loans are not secured.

10. Inventories

Table 80: Inventories in EUR

	Cost as of 31/ 12/ 2018	Carrying amount as of 31/ 12/ 2018	Carrying amount as of 31/ 12/ 2017
Raw material and material	133,184,490	133,184,490	131,443,046
Work in progress and services	20,958,730	20,958,730	17,089,539
Products	15,737,310	15,737,310	11,661,116
Merchandise	4,090,078	4,090,078	1,745,760
Advances for inventories to others	136,773	136,773	667,162
TOTAL	**174,107,380**	**174,107,380**	**162,606,623**

** As of 31/12/2018, inventories were not pledged as security for liabilities.*

At the end of 2018, inventories increased in value, compared to 31/ 12/ 2017, by a little less than EUR 12 million, whereby merchandise inventories increased the most, followed by the increase in the value of inventory of incomplete production.

In 2018, we recorded a increase in merchandise inventories for products sold by our company in the USA. Due to the changed manner of selling, we began carrying out warehouse sales which we organised in the USA. The increase in work-in-progress and unfinished products is due to the decision to carry out an overhaul of specific equipment in 2019. As a consequence of the non-operation of this equipment, we had to prepare a determined part of the production in advance, so as to ensure uninterrupted supply to our customers.

Write-offs of inventories due to a change in their quality or value

Table 81: Write-offs of inventories due to a change in their quality or value in EUR

Type of inventory	2018
Raw material and material	21,260
TOTAL	**21,260**

*This is obsolete material in Impol-Montal, d. o. o.

Inventory surpluses and deficits

Table 82: Inventory surpluses and deficits in EUR

	2018	Surpluses (+)	Deficits (-)
Raw material and material	244,978	245,091	113
Merchandise	-2,527	2,991	5,518
TOTAL	**242,451**	**248,082**	**5,631**

Received goods and material to be processed are recorded as foreign goods and only their quantity is monitored. At the end of 2018, the Group's inventories of goods given on consignment amounted to EUR 1,279,594.

11. Short-term Financial Investments

Table 83: Short-term financial investments in EUR

	Cost of SFI as of 31/ 12/ 2018	Short-term financial investments in: Other companies	Value adjustment due to impairment	Carrying amount 31/ 12/ 2018	Carrying amount 31/ 12/ 2017
	=	+	-	=	
Short-term financial investments (+)	3,924,015	3,924,015	1,824,293	2,099,721	13,155,090
Short-term part of long-term financial investments (+)	1,122	1,122	0	1,122	1,343,166
TOTAL	**3,925,136**	**3,925,136**	**1,824,293**	**2,100,843**	**14,498,256**
	Cost of SFI as of 31/ 12/ 2018	Short-term financial investments in: Other companies	Value adjustment due to impairment	Carrying amount 31/ 12/ 2018	Carrying amount 31/ 12/ 2017
	=	+	-	=	
Receivables acquired for sale	3,580,380	3,580,380	1,556,771	2,023,609	13,069,598
TOTAL short-term financial investments excluding loans	**3,580,380**	**3,580,380**	**1,556,771**	**2,023,609**	**13,069,598**
Short-term portion of long-term loans granted	1,122	1,122	0	1,122	1,343,166
Short-term loans granted	342,722	342,722	267,522	75,200	84,621
Short-term deposits	913	913	0	913	871
TOTAL short-term loans granted	**344,756**	**344,756**	**267,522**	**77,234**	**1,428,658**
TOTAL	**3,925,136**	**3,925,136**	**1,824,293**	**2,100,843**	**14,498,256**

Table 84: Trend in short-term financial investments excluding loans in EUR

	Cost					Cost adjustment				Carrying amount	
	Cost as of 1/ 1/ 2018	Purchases	Sale or redemp-tion	Exchange rate dif-ferences	Cost as of 31/ 12/ 2018	Value ad-justment as of 1/ 1/ 2018	Value ad-justment due to impair-ment	Exchange rate dif-ferences	Value ad-justment as of 31/ 12/ 2018	31/ 12/ 2018	1/ 1/ 2018
	+	+	-	(+/-)	=	-	-	(+/-)	=	=	
Receivables ac-quired for sale*	13,082,924	1,531,200	11,061,577	41,159	3,593,706	13,326	1,555,575	-1,196	1,570,097	2,023,609	13,069,598
Total short-term financial invest-ments excluding loans	**13,082,924**	**1,531,200**	**11,061,577**	**41,159**	**3,593,706**	**13,326**	**1,555,575**	**-1,196**	**1,570,097**	**2,023,609**	**13,069,598**

**In 2016 and 2017, the subsidiary Impol-TLM, d. o. o. purchased receivables from Croatian banks, which they had toward the companies TLM Aluminium in TLM TPP, in the amount of EUR 13,069,598 (EUR 13,082,924 – EUR 13,326) . The purpose of the purchase was the acquisition of tangible assets of the insolvent TLM Aluminium, d. o. o., for carrying out business operations in Croatia, which was realised in 2018. After the purchase of assets of the insolvent TLM Aluminium, d. o. o., as part of a public auction, receivables in the amount of EUR 1,555,575 were acquired within the framework of financial investments from 2018 and impaired and debited to financial expenses. The remaining financial investments in acquired receivables in the amount of EUR 2,023,609 (HRK 15,000,000) are hedged by pledging movable and immovable property.*

Table 85: Trend in short-term financial investments – loans in EUR

	Repayment value							Value adjustment			Carrying amount	
	Repay-ment value 1/ 1/ 2018	New loans	Loans repaid	Exchange rate dif-ferences	Exchange rate dif-ferences	Transfer from long-term fin. inv.	Repay-ment value 31/ 12/ 2018	Value ad-justment as of 1/ 1/ 2018	Adjust-ment reduction due to impair-ment reversal	Value ad-justment as of 31/ 12/ 2018	31/ 12/ 2018	1/ 1/ 2018
	+	+	-	+/-	(+-)	+	=	-	+	=	=	
Short-term loans to others	1,753,491	150,505	1,547,966	-19,289	4,153	3,864	344,757	324,834	57,311	267,523	77,234	1,428,658
Short-term deposits to banks	0	23,356,242	23,356,242	0	0	0	0	0	0	0	0	0
Total short-term financial investments (loans)	**1,753,491**	**23,506,747**	**24,904,208**	**-19,289**	**4,153**	**3,864**	**344,757**	**324,834**	**57,311**	**267,523**	**77,234**	**1,428,658**

Short-term financial investments were not pledged as security for liabilities.

12. Short-term Operating Receivables

Carrying amounts of all trade receivables and other receivables in significant amounts correspond to their fair value.

Table 86: Short-term operating receivables in EUR

	Short-term operating receivables	Short-term operating receivables from companies: Associate companies	Short-term operating receivables from companies: Other compa-nies	Value adjust-ment due to impairment	31/ 12/ 2018	31/ 12/ 2017
		+	+	-	=	
Short-term operating receivables from customers	74,642,783	6,576	74,636,207	8,165,981	66,476,802	72,771,416
• of which already matured on 31/ 12/ 2018	22,930,765	0	22,930,765	0	22,930,765	24,124,334
Short-term advances and securities granted	570,063	0	570,063	0	570,063	12,015,491
Short-term receivables associated with financial revenues	128,242	0	128,242	77,190	51,052	137,022
Short-term receivables from state institutions	12,607,670	0	12,607,670	0	12,607,670	13,497,686
Other short-term operating receivables	326,015	12	326,003	0	326,015	371,473
TOTAL	**88,274,773**	**6,588**	**88,268,185**	**8,243,171**	**80,031,602**	**98,793,088**

Short-term operating receivables from customers	
• domestic market	6,215,511
• foreign market	60,261,291
TOTAL	**66,476,802**

Value adjustment of current operating receivables due to impairment

Table 87: Trend in value adjustment of short-term operating receivables due to the impairment in EUR

	2018	Of which value adjustment of short-term receivables from other companies	2017
Balance as of 1/ 1/ 2018	9,147,498	9,147,498	9,183,847
Exchange rate differences (+/-)	-89,052	-89,052	1,291
Decrease in value due to settlement of receivables (-)	324,116	324,116	31,791
Decrease in value due to write-offs of receivables (-)	1,023,404	1,023,404	117,186
Created value adjustments for the period due to the impairment (+)	532,248	532,248	111,337
Balance as of 31/ 12/ 2018	**8,243,171**	**8,243,171**	**9,147,498**

Table 88: Analysis of outstanding trade receivables in EUR

	31/ 12/ 2018	31/ 12/ 2017
Due in 2018	14,948,579	X
Due in 2017	93,432	15,056,533
Due in 2016	75,951	112,517
Due in 2015	268,563	297,721
Due in 2014 or earlier	7,544,240	8,657,563
TOTAL receivables from customers already due	**22,930,765**	**24,124,334**

13. Cash

Table 89: Cash in EUR

	31/ 12/ 2018	31/ 12/ 2017
Cash in hand and immediately cashable securities	491,877	3,982
Cash in banks and other financial institutions	44,168,672	12,460,659
Short-term deposits up to three months	0	2,751
TOTAL cash	**44,660,549**	**12,467,392**

The Group has no cash deposits of under three months. Daily deposits are included under Cash in banks.

Short-term accrued costs and deferred revenues

Table 90: Short-term deferred costs and accrued revenues in EUR

	31/ 12/ 2018	31/ 12/ 2017
Short-term deferred costs or expenses	403,670	162,085
Short-term deferred income	15,991	20,439
VAT from received advances	27,021	40,614
SHORT-TERM ACCRUED COSTS AND DEFFERED REVENUES	**446,682**	**223,138**

14. Equity

Table 91: Equity in EUR

	31/ 12/ 2018	31/ 12/ 2017
Equity	**221,821,679**	**187,476,918**
Minority equity	20,354,714	17,524,338
Called-up capital	4,451,540	4,451,540
Share capital	4,451,540	4,451,540
Capital reserves	10,751,254	10,751,254
Income reserves	7,958,351	7,958,351
Reserves for own shares and own business shares	506,406	506,406
Own shares and own business shares (as a deductible item)	-506,406	-506,406
Statutory reserves	2,225,770	2,225,770
Other revenue reserves	5,732,581	5,732,581
Reserves from fair value measurement	-797,851	-735,539
Revaluation adjustment of capital	-1,453	251,501
Net profit brought forward	145,466,231	116,049,376
Net profit or loss for the financial year	33,638,893	31,226,097

Share capital

The share capital of Impol 2000, d. d. equals EUR 4,451,549 and is divided into 1,066,767 ordinary no-par value shares.

Reserves

The Group's reserves include capital reserves, reserves from profit and the reserves resulting from valuation at fair value and the revaluation adjustment of capital. None of these reserves can be used to pay dividends or other participating interests.

Capital reserves

Capital reserves as of 31/ 12/ 2018 amount to EUR 10,751,254. Capital reserves include paid-in capital surplus in the amount of EUR 9,586,803 and the general revaluation adjustment of capital in the amount of EUR 1,164,451.

Revenue reserves

Revenue reserves as of 31/ 12/ 2018 amount to EUR 7,958,351 , which include own shares (as deduction) and the corresponding reserves for own shares, statutory reserves and other reserves from profit.

As of 31/ 12/ 2018, the Impol Group owned 82,108 own shares in the total amount of EUR 506,406 (as deduction of capital). These are shares of the controlling company Impol 2000, d. d., owned by companies in the Group, which are Impol-Montal, d. o. o. (80,482 shares) and Kadring, d. o. o. (1,626 shares). Reserves for own shares are disclosed in the same amount under Reserves from profit.

Table 92: Repurchased own shares in EUR

	Balance as of 1/ 1/ 2018			Balance as of 31/ 12/ 2018		
	Number	Percent	Value	Number	Percent	Value
Own shares acquired	82,108	7.70	506,406	82,108	7.70	506,406
TOTAL		7.70	**506,406**		7.70	**506,406**

Revaluation adjustment of capital

As of 31/ 12/ 2018, the revaluation adjustment of capital amounts to EUR -1,453 EUR and decreased in 2018 by EUR 252,954, which corresponds to a decrease due to exchange rate differences that occurred when including financial reports of foreign subsidiaries into consolidated financial statements.

As part of the revaluation adjustment of capital, the Group also recognised a negative difference in the amount of EUR 36,983, which resulted from exchange rate differences in coordinating loans granted by the parent company Impol 2000, d. d. to Impol-TLM, d. o. o., taking into account IAS 21, specifically Article 32, which requires that exchange rate differences in relation to the monetary item, which is part of the financial investment of the reporting company in business operations abroad, be recognised at the beginning under other comprehensive income.

Reserves from fair value measurement

Reserves resulting from valuation at fair value include changes of value of effective hedges of cash flow (interest rate swaps) in the amount of EUR -283,546, actuarial gains/losses based on provisions for retirement allowances in the amount of EUR -577,617, and the adjustment of reserves resulting from valuation of financial investments at fair value for deferred tax liabilities in the amount of EUR 53,819 (due to the positive amount of the adjustment these are effectively deferred tax receivables), as shown in the table.

Table 93: Reserves from fair value measurement in EUR

	Balance as of 1/ 1/ 2018	Formation	Reversal	Total 31/ 12/ 2018
Reserves from fair value measurement	+/-	+/-	-/+	=
Reserves resulting from valuation of long-term financial investments at fair value	-221,825	-61,721	0	-283,546
Actuarial profit/loss recognised from provisions for severance pays upon retirement	-563,857	-51,616	37,856	-577,617
Adjustment of reserves resulting from valuation of financial investments at fair value for deferred tax liabilities	42,147	11,672	0	53,819
TOTAL	**-743,535**	**-101,665**	**37,856**	**-807,344**
Of which reserves occurred due to valuation at fair value belonging to non-controlling interest	-7,996	-2,368	871	-9,493
Reserves resulting from valuation at fair value belonging to owners of the controlling company	-735,539	-99,297	36,985	-797,851

Disbursement of dividends

In 2018, based on the resolution of the general meeting of shareholders, the controlling company Impol 2000, d. d. paid dividends in the gross amount of EUR 2.81 per share or a total of EUR 2,997,615. Since the receivers of dividends are also the companies Impol-Montal, d. o. o. that owns 80.482 shares of Impol 2000, d. d. and Kadring, d. o. o. that owns 1,626 shares of Impol 2000, d. d., the actual payment of dividends outside the group was EUR 2,766,892, while Impol-Montal, d. o. o. received dividends in the amount of EUR 226,154 and Kadring, d. o. o. in the amount of EUR 4,569.

15. Provisions and Long-Term Accrued Expenses and Deferred Revenues

Table 94: Provisions and long-term accrued expenses and deferred revenues in EUR

				Provisions	Long-term accrued costs and deferred revenues		
	Provisions for long-service bonuses	Provisions for retirement pays	Provisions for retirement, jubilee and retirement benefits	Other provisions due to long-term accrued costs	Received government grants	Other long-term deferred costs and accrued revenues	Total
Balance as of 31/ 12/ 2017	**1,119,672**	**2,078,495**	**3,198,167**	**2,764**	**483,778**	**128,774**	**3,813,483**
Opening balance adjustments	-349	349	0	0	0	0	0
Balance as of 1/ 1/ 2018	**1,119,323**	**2,078,844**	**3,198,167**	**2,764**	**483,778**	**128,774**	**3,813,483**
Formation (+)	161,427	277,462	438,890	1,976	292,293	2,293	735,452
Other increase (+)	0	0	0	0	0	24,065	24,065
Utilisation (-)	72,856	80,378	153,234	2,652	304,290	0	460,176
Reversal (-)	34,152	17,902	52,053	0	639	48,776	101,468
Exchange rate differences	379	468	847	0	0	0	847
Balance as of 31/ 12/ 2018	**1,174,122**	**2,258,494**	**3,432,616**	**2,088**	**471,142**	**106,356**	**4,012,202**

It is estimated that no provisions, other than the above stated, need to be formed. The provisions refer to the business entities outside the Group. Provisions for post-employment and other long-term benefits of the employees are created in the amount of the estimated future payments for termination benefits and long-service bonuses, discounted to the end of the reporting period. Labour costs and interest expenses are recognised in profit or loss, while the conversion of post-employment benefits and/or unrealised actuarial gains and losses are recognised in other comprehensive income as equity.

The calculation of provisions for long-service bonuses and severance pays upon retirement is based on the following conditions:

- Discount rate based on information on the return of long-term government bonds of the Republic of Slovenia or Republic of Serbia,
- currently valid amounts of long-service bonuses and severance pays upon retirement from internal rules.
- Fluctuation of employees mostly depending on their age;
- Mortality based on last available mortality tables of the local population.
- Impol-TLM, d. o. o., will calculate provisions for jubilee and retirement benefits in accordance with the Croatian legislation for the first time in 2019.

Received government grants include assets from disposed of contributions of disabled persons and subsidies for improving the working conditions for disabled persons in the total amount of EUR 471,142. Their balance and trend in 2018 is presented below.

Table 95: Received government grants in EUR

	Disposed of contributions	Assets from disposed of contributions for covering depreciation costs	Calculated interest from unused contributions	TOTAL received government grants
Balance as of 31/ 12/ 2017	**206,890**	**276,249**	**639**	**483,778**
Balance as of 1/ 1/ 2018	**206,890**	**276,249**	**639**	**483,778**
Formation – disposed of contributions (+)	276,538	0	0	276,538
Formation – subsidies (+)	15,226	0	0	15,226
Other increase (+)	0	0	529	529
Utilisation (75% of pays of disabled persons) (-)	276,692	0	0	276,692
Utilisation (acquisition of fixed assets from disposed of contributions) (+/-)	-20,169	20,169	0	0
Utilisation (covering depreciation costs) (-)	0	27,598	0	27,598
Annulment of interest from previous years (-)	0	0	639	639
Balance as of 31/ 12/ 2018	**201,793**	**268,820**	**529**	**471,142**

16. Long-Term Financial and Operating Liabilities

Table 96: Long-term financial and operating liabilities in EUR

	Total debt as of 31/ 12/ 2018	The part falling due in 2019	31/ 12/ 2018	31/ 12/ 2017
	+	-	=	
Long-term financial liabilities regarding bonds	20,000,000	10,000,000	10,000,000	20,000,000
Long-term financial liabilities to banks	152,495,830	43,149,684	109,346,146	87,571,795
Long-term financial liabilities (excluding liabilities from financial lease) to other companies	152,044	53,653	98,391	152,045
Long-term financial lease liabilities to others	258,152	117,107	141,045	240,179
Other long-term operating liabilities	232,805	0	232,805	91,933
TOTAL long-term financial and operating liabilities	**173,138,831**	**53,320,444**	**119,818,387**	**108,055,952**

Future minimum lease payments and their present values in connection with finance lease liabilities are as follows.

Table 97: Future minimum lease payments and their present value in EUR

	Future minimum lease payments	Present net value of future lease payments
Up to 1 year	129,387	117,107
From 1 to 5 years	147,015	141,045
Over 5 years	0	0
TOTAL	**276,402**	**258,152**

Table 98: Trend in long-term financial liabilities - without financial lease liabilities in EUR

	Debt balance as of 1/ 1/ 2018	New loans	Repayment in the current year	Exchange rate differences (+/-)	Total debt as of 31/ 12/ 2018	Of which the part of long-term debt falling due in 2019	Of which the part falling due after 1/ 1/ 2020
Long-term financial liabilities to banks	87,571,795	74,024,542	9,126,372	25,865	152,495,830	43,149,684	109,346,146
Long-term financial liabilities from bonds payable	20,000,000	0	0	0	20,000,000	10,000,000	10,000,000
Long-term financial liabilities (excluding liabilities from financial lease) to other companies	152,044	0	0	0	152,044	53,653	98,391
TOTAL	**107,723,840**	**74,024,542**	**9,126,372**	**25,865**	**172,647,874**	**53,203,337**	**119,444,537**

In 2015, the Impol Group issued 5-year bonds in the amount of EUR 50,000,000 with the intention to finance the investment cycle for additional long-term growth and development. Bonds are traded at the Ljubljana Stock Exchange since 26 December 2015. The annual interest rate is 3.8 percent. Coupons are paid on an annual basis. The final maturity date is 19/ 10/ 2020. The remaining principal with interests falls due on 19/ 10/ 2019 and 19/ 10/ 2020, each time in the principal amount of EUR 10,000,000 plus interest. The short-term part of the liabilities based on bonds, which falls due on 19/ 10/ 2019, is stated under short-term financial liabilities.

Table 99: Trend in long-term financial liabilities due to financial lease liabilities in EUR

	Total debt as of 1/ 1/ 2018	New financial leases	Repayment in the current year	Exchange rate differences (+/-)	Total debt as of 31/ 12/ 2018	Part of long-term debt falling due in 2019	Part of long-term debt falling due after 1/ 1/ 2020
Long-term financial lease liabilities to others	240,179	19,501	1,525	-4	258,152	117,107	141,045
TOTAL	***240,179***	***19,501***	***1,525***	***-4***	***258,152***	***117,107***	***141,045***

Table 100: Maturity of long-term financial and operating liabilities in EUR

	31/ 12/ 2018	31/ 12/ 2017
Due in 2019	X	39,756,223
Due in 2020	52,058,468	34,366,158
Due in 2021	26,766,859	13,906,792
Due in 2022	19,067,480	9,251,166
Due in 2023	14,173,883	10,775,613
Due in 2024 or later	7,751,697	X
TOTAL long-term financial and operating liabilities	**119,818,387**	**108,055,952**

Interest rates for long-term loans:

The range of the interest rate for long-term received loans in 2018 was from 1.75% fixed to a six-month EURIBOR +2.3% (depending on the field, maturity, insurance and credit institutions range).

Long-term financial obligations are insured with mortgages, business share, equipment, and bills of exchange. Part of long-term financial liabilities in the amount of EUR 109,585,582 is insured, while part of the debt in the amount of EUR 10,000,000 is not insured. Carrying amounts of assets given as insurance for long-term financial liabilities are disclosed under individual disclosures of group assets.

17. Short-Term Liabilities

Table 101: Short-term liabilities in EUR

A. Short-term financial and operating liabilities	31/ 12/ 2018	31/ 12/ 2017
Short-term operating liabilities to suppliers on domestic market – to associate companies	875,558	572,235
Short-term operating liabilities to suppliers on domestic market – to other companies	21,281,542	17,322,241
Short-term operating liabilities to suppliers on foreign market – to other companies	54,082,000	36,447,826
Short-term operating liabilities based on advances – to other companies	1,328,054	1,714,911
Other short-term operating liabilities – to associate companies	694	0
Other short-term operating liabilities – to other companies	12,229,876	12,359,877
TOTAL short-term operating liabilities:	**89,797,723**	**68,417,090**
Short-term portion of long-term financial liabilities – banks	43,149,684	29,701,997
Short-term part of long-term financial liabilities (excluding liabilities from finance lease) – other companies	53,422	8,050,747
Short-term part of long-term financial liabilities – bonds	10,000,000	10,000,000
Short-term part of long-term financial liabilities from financial lease – to other companies	117,108	146,576
Short-term financial liabilities (excluding liabilities from financial lease) – to associate companies	500,000	0
Short-term financial liabilities to banks	29,740,534	36,522,621
Short-term financial liabilities (excluding liabilities from financial lease) – to other companies and fair value of financial derivatives	7,463,545	7,416,437
Short-term financial liabilities from the distribution of profit	9,784	9,444
Short-term financial liabilities from financial lease – to other companies	594	-445
TOTAL short-term financial liabilities:	**91,034,670**	**91,847,378**
TOTAL short-term financial and operating liabilities:	**180,832,394**	**160,264,468**
B. Short-term financial and operating liabilities	31/ 12/ 2018	31/ 12/ 2017
Short-term financial liabilities	37,714,457	43,948,057
Short-term part of long-term financial liabilities	53,320,213	47,899,321
Total short-term financial liabilities	**91,034,670**	**91,847,378**
Short-term operating liabilities	89,797,723	68,417,090
Total short-term operating liabilities	**89,797,723**	**68,417,090**
TOTAL short-term financial and operating liabilities:	**180,832,394**	**160,264,468**
C. Short-term operating liabilities	31/ 12/ 2018	31/ 12/ 2017
Short-term operating liabilities to suppliers – to associate companies	875,558	572,235
Short-term operating liabilities to suppliers – to other companies	75,363,542	53,770,067
TOTAL short-term liabilities to suppliers	**76,239,100**	**54,342,302**
- of which already matured on the balance date	23,603,394	4,530,927
Short-term operating liabilities for advances	1,328,054	1,714,911
TOTAL short-term liabilities for advances	**1,328,054**	**1,714,911**
Short-term liabilities to employees	8,241,953	7,778,290
Short-term liabilities to government	1,670,480	1,961,958
Short-term liabilities from interest – to associate companies	694	0
Short-term liabilities from interest – to other companies	203,978	196,486
Other short-term operating liabilities – to other companies	2,113,465	2,423,143
TOTAL other short-term operating liabilities	**12,230,570**	**12,359,877**
TOTAL SHORT-TERM OPERATING LIABILITIES	**89,797,723**	**68,417,090**
D. Itemisation of short-term operating liabilities from interest	31/12/2018	31/12/2017
Interest related to finance expenses from operating liabilities	2,562	2,921
Interest related to finance expenses from financial liabilities	202,110	193,565
TOTAL	**204,672**	**196,486**

Table 102: Trend in short-term financial investments in EUR (excluding liabilities from financial lease)

	Debt balance as of 1/ 1/ 2018	New loans in current year	Measured financial derivatives at fair value	Transfer of the short-term portion of long-term liabilities	Change (+/-) *	Exchange rate differences (+/-)	Repayment in the current year (-)	Short-term debt balance as of 31/ 12/ 2018
Short-term portion of long-term financial liabilities – banks	29,701,997	0		43,155,466	0	-1,210	29,706,569	43,149,684
Short-term financial liabilities to banks	36,522,621	22,517,913		0	0	0	29,300,000	29,740,534
Short-term portion of long-term financial liabilities – bonds	10,000,000	0		10,000,000	0	0	10,000,000	10,000,000
Fair value of interest rate swaps	221,827	0	61,717	0	0	0	0	283,544
Fair value of foreign exchange swaps	13,667	0	-13,667	0	0		0	0
Short-term financial liabilities (excluding liabilities from financial lease) to associate companies	0	500,000	0	0	0	0	0	500,000
Short-term portion of financial liabilities (excluding liabilities from financial lease) to other companies	8,050,747		0	53,654	0	0	8,050,979	53,422
Short-term financial liabilities (excluding liabilities from financial lease) to other companies	7,180,943	7,182,622		0	-842	0	7,182,723	7,180,000
TOTAL	**91,691,802**	**30,200,535**	**48,050**	**53,209,120**	**-842**	**-1,210**	**84,240,271**	**90,907,184**

**This is a write-off of an expired liability .*

Table 103: Analysis of outstanding liabilities to suppliers in EUR

	31/ 12/ 2018	31/ 12/ 2017
Due in 2018	22,878,195	x
Due in 2017	591,663	4,400,463
Due in 2016	53,518	55,764
Due in 2015	1,397	1,396
Due in 2014 or earlier	78,621	73,303
TOTAL liabilities to suppliers already due	**23,603,394**	**4,530,927**

The range of the interest rate for short-term received loans in 2018 was from 1% fixed to a six-month EURIBOR +1.05%.

Short-term liabilities are partly secured with a mortgage and others with equipment, bills of exchange and guarantees. Part of short-term financial liabilities in the amount of EUR 81,034,670 is insured, while part of short-term financial liabilities in the amount of EUR 10,000,000 is not insured.

Table 104: Short-term accrued expenses and deferred revenues

	31/ 12/ 2018	31/ 12/ 2017
Accrued deferred costs or expenses	1,693,456	1,669,198
Short-term deferred income	50,815	64,955
VAT from advances granted	37,625	110,944
TOTAL short-term accrued costs and deferred revenues	**1,781,896**	**1,845,097**

Short-term deferred costs or expenses include accrued costs of provisions for agents for transactions in 2018, costs of interest of issued bonds accrued until 31/ 12/ 2018, calculated amounts of unused leaves after the balance as of 31/ 12/ 2018, and deferred income based on accruals and VAT from given advances as of 31/ 12/ 2018.

18. Contingent Liabilities

The Impol Group has issued guarantees in the amount EUR 2,989,954, mostly in connection with custom duties upon importation of goods and materials, and liabilities in the amount of EUR 42,364 in connection with recalculated VAT at bankruptcy.

There are currently lawsuits against the Group in the total amount of EUR 362,558 in connection with employment litigations for compensation for damages and other economic actions in the amount of EUR 101,858 EUR.

The Group estimates that except for two individual smaller amounts these claims are unjustified, which is why the it did not form short-term provisions for these purposes. Employment litigations, insured by an insurance company, are not included among contingent liabilities.

19. Financial Instruments and Financial Risks

Financial risks of the Impol Group place very high in terms of their probability and importance, which is why special attention is put to these risk categories. They are monitored and managed by the Finance and Business Administration Department, the Risk Management Department and all other relevant departments in Impol Group companies operating outside Slovenia.

Liquidity risks

When it comes to liquidity risk management, the Impol Group examines whether it is able to settle all current operating liabilities and whether it is generating a sufficiently large cash flow to settle financing liabilities.

Floating weekly and monthly planning of cash flows allows us to establish the liquid asset requirements. Potential shortages of cash are covered by bank credit lines, whereas any short-term surpluses are invested in liquid current financial assets.

Successful business performance facilitates sustainable solvency and capital increase.

Long-term financial liabilities

Table 105: Long-term financial liabilities in EUR

	Entire debt balance as of 31/ 12/ 2018	Part falling due in 2019	31/ 12/ 2018	31/ 12/ 2017
	+	-	=	
Long-term financial liabilities to banks	152,495,830	43,149,684	109,346,146	87,571,795
Long-term financial liabilities from bonds payable	20,000,000	10,000,000	10,000,000	20,000,000
Long-term financial liabilities (excluding liabilities from financial lease) to other companies	152,044	53,653	98,391	152,044
Long-term financial lease liabilities to others	258,152	117,107	141,045	240,179
TOTAL long-term financial liabilities	**172,906,027**	**53,320,444**	**119,585,583**	**107,964,019**

Maturity of long-term financial liabilities by years

Table 106: Maturity of long-term financial liabilities by years in EUR

	31/ 12/ 2018	31/ 12/ 2017
Due in 2019	X	39,756,223
Due in 2020	52,058,468	34,366,158
Due in 2021	26,766,859	13,906,792
Due in 2022	19,067,480	9,251,166
Due in 2023	14,173,883	10,683,680
Due in 2024 or later	7,518,892	X
TOTAL long-term financial liabilities	**119,585,582**	**107,964,019**

Table 107: Short-term financial and operating liabilities in EUR

Short-term operating and financial liabilities	31/ 12/ 2018	31/ 12/ 2017
Short-term financial liabilities	37,714,457	43,948,057
Short-term part of long-term financial liabilities	53,320,213	47,899,321
TOTAL short-term financial liabilities	**91,034,670**	**91,847,378**
Short-term operating liabilities	89,797,723	68,417,090
TOTAL short-term operating liabilities	**89,797,723**	**68,417,090**
TOTAL short-term financial and operating liabilities	**180,832,394**	**160,264,468**

Risk of changes in aluminium prices

The primary objective of the Group is to regulate fluctuations, to try to coordinate purchases and sales and protect possible inconsistencies by concluding derivatives.

Table 108: Forward purchases/sales in 2018

	Quantity in tonnes (t)	Average price in EUR/t
Forward purchases	12,500	1,728.83
Forward sales	12,500	1,851.58
Open forward positions	0	

In 2018, the activity of forward operations generated the forward balance of EUR 1,529,842.

Table 109: Forward balance in 2018 in EUR

	2018	2017	2016
Financial revenues from forwards – forward purchases/sales of aluminium	1,532,937	53,076	88,462
Financial expenditure from forwards – forward purchases/sales of aluminium	3,095	4,183,264	1,099,525

Table 110: Balance of open forward position as of 31/ 12/ 2018

	Quantity in tonnes (t)	Average price in EUR/t
Forward purchases	0	0
Forward sales	0	0

The impact of potential changes of concluded forwards is neutral, since values are neutralised on the physical market.

Foreign exchange risks

In 2018, a certain portion of open USD positions was hedged by Impol, d. o. o. in compliance with the foreign exchange risk management policy by using derivative financial instruments, while the remaining part was left unhedged. For hedging, we used simple derivatives like forwards.

Table 111: Financial revenues/expenses from forwards in EUR

	2018	2017	2016
Financial revenues from forwards	515,114	99,999	98,752
Financial expenses from forwards	-13,663	78,686	44,563

Table 112: Overview of USD inflows, outflows and open positions at Impol d. o. o. in millions of USD

	2012	2013	2014	2015	2016	2017	2018
Inflows	19.0	15.0	16.2	18.5	44.0	18.2	55.9
Outflows	58.0	36.0	45.1	41.5	52.0	66.5	21.9

Since the Group operates in several countries, the open receivables and liabilities in foreign currencies are distributed by individual countries:

Open short-term operating receivables in foreign currencies as of 31/ 12/ 2018 for companies based in Slovenia:
- USD: 10,416,292
- AUD: 411,611
- GBP: 7,722

Open short-term operating liabilities in foreign currencies as of 31/ 12/ 2018 for companies based in Slovenia:
- USD: 38,459
- HRK: 8,229
- CAD: 521,600

Open short-term operating receivables in foreign currencies as of 31/ 12/ 2018 for companies based in Serbia:
- EUR: 1,611,857

Open short-term operating liabilities in foreign currencies as of 31/ 12/ 2018 for companies based in Serbia:
- EUR: 6,319,840
- USD: 56,540

Open short-term operating liabilities in foreign currencies as of 31/ 12/ 2018 for companies based in Croatia:
- EUR: 552,500

Analysis of the sensitivity to currency pairs to which we are exposed in Slovenia:
Adverse change of any currency pair by 10% would decrease the operating result by not more than EUR 885,081. The largest part refers to the currency pair EUR/USD, where the impact on the operating results amounted to EUR 76,995,322 due to an adverse change.

Analysis of the sensitivity to currency pairs to which we are exposed in Serbia:
Adverse change of any currency pair by 10% would decrease the operating result by not more than RSD 56,230,381 (which according to the exchange rate of the National Bank of Serbia as of 31/ 12/ 2018 amounts to EUR 476,452. The largest part refers to the currency pair EUR/RSD, where the impact on the operating results amounted to RSD 55,645,818 due to an adverse change (which according to the exchange rate of the National Bank of Serbia as of 31/ 12/ 2018 amounts to EUR 470,798.

Analysis of the sensitivity to currency pairs to which we are exposed in Croatia:
Adverse change of the currency pair EUR/HKR by 10% would decrease the operating result by not more than HKR 409,821 (which according to the exchange rate of the National Bank of Croatia as of 31/ 12/ 2017 amounts to EUR 55,250.

The Group adopted a measure to reduce the impact of exchange differences on the operating profit in the Serbian and Croatian part of the Group and to minimise the need for financing a substantial share of raw materials. A large part of the sales in the Eu-

Table 113: Revenues and expenses from foreign exchange differences in EUR

	Total 2018	Total 2017
Financial revenues from operating receivables – foreign exchange differences	3,014,731	7,333,474
TOTAL revenues from foreign exchange differences	**3,014,731**	**7,333,474**

	Total 2018	Total 2017
Financial expenses from other financial liabilities – foreign exchange differences	15,368	423,612
Financial expenses from operating liabilities – foreign exchange differences	1,793,762	6,507,598
TOTAL expenses from foreign exchange differences	**1,809,130**	**6,931,211**

ropean Union is thus organised through Impol, d. o. o. The later provides aluminium to be processed and in this way eliminates the risk of higher foreign exchange differences.

Interest rate risk

If the Interbank Offered Rate (EURIBOR) is negative (less than 0%), banks charge contractual interest based on the EURIBOR reference interest rate of 0% plus a surcharge.

Analysis of the sensitivity to changes in interest rates

The Impol Group is exposed to interest rate risk in the portion of debt which is tied to the variable interest rate (variable portion of is tied to EURIBOR).

Table 114: Short- and long-term financial liabilities at a fixed rate in EUR

	31/ 12/ 2018	31/ 12/ 2017
Financial liabilities	40,247,980	100,174,189

Table 115: Impact of the operating result changes on the interest rate changes

liabilities at variable interest rate in EUR	31/ 12/ 2018	31/ 12/ 2017
Financial liabilities	170,372,272	99,627,663

Table 116: Value of financial liabilities secured with interest rate swaps in EUR

	31/ 12/ 2018	31/ 12/ 2017
Interest rate swaps amount	44,031,250	56,906,250

Table 117: Short- and long-term financial liabilities in EUR

	31/ 12/ 2018	31/ 12/ 2017
Increase of the interest rate by 50 bp	-631,705	-213,607
Increase of the interest rate by 100 bp	-1,263,410	-427,214
Decrease of the interest rate by 50 bp	631,705	213,607
Decrease of the interest rate by 100 bp	1,263,410	427,214

Interest rate changes on the reporting date for 50 or 100 basis points would increase/decrease the net profit or loss for the amounts from the above table. Sensitivity analysis of the profit or loss in case of the indebtedness at a variable interest rate assumes that all other variables remain unchanged. In the calculation the liabilities at a variable interest rate are reduced by the entire amount of interest rate swaps. On the reporting date, the Impol Group does not have substantial amounts of financial receivables tied to the variable interest rate.

the Sensitivity Analysis was also carried out on the assumption that banks actually take into consideration the EURIBOR negative value in
calculating the total interest rate. This means that as of the date of calculation (31/ 12/ 2018), when the six-month EURIBOR amounted to -0.237 and the three-month EURIBOR amounted to -0.309, the total interest rate was less than the interest margin.

Fair value of interest rate swaps as of 31/ 12/ 2018, in the amount of EUR -283,544, is recognised as a liability within the framework of short-term financial liabilities.

Credit risk

The credit control process encompasses customer credit rating which is carried out regularly by a chosen credit insurance and foreign insurance firms as well as our customer solvency monitoring system.

The Group had its receivables to customers insured by credit insurance companies.

As of 31/ 12/ 2018, the insurance companies insured receivables in the amount of EUR 68,037,038, representing 85.01% of all open receivables to customers.

The remaining unsecured receivables are monitored in accordance with the open receivables monitoring policy and their maturity structure is the same as for entire receivables. This means regular monitoring of the credit rating of customers, setting internal limits and monitoring risks as part of the Risk Management Committee.

Only quality insurances are included under secured receivables. Promissory notes and enforcement drafts are not included due to their low level of redeemability.

By regularly monitoring open and past due trade receivables, the ageing structure of receivables and average payment deadlines, the Impol Group maintains its credit exposure within acceptable limits given the strained conditions on the market. The Group's policy is that individual buyers shall not exceed 7 percent of all sales.

Carrying and fair values of financial instruments

Classification of financial instruments according to their fair value as of 31/ 12/ 2018, is presented in the table.

Table 118: Carrying and fair values of financial instruments in EUR

	Carrying amount	Fair value	Fair value level
Investments in associate companies	813,762	813,762	3
Long-term financial investments – available-for-sale assets	309,636	309,636	3
Long-term loans granted	347,376	347,376	3
Short-term financial investments – receivables, acquired for sale	2,023,609	2,023,609	3
Short-term loans granted	77,234	77,234	3
Short-term operating receivables	80,031,602	80,031,602	3
Cash and cash equivalents	44,660,549	44,660,549	3
Long-term financial liabilities	109,585,583	109,585,583	3
Long-term financial liabilities from bonds payable*	10,000,000	10,375,000	1
Long-term operating liabilities	232,805	232,805	3
Short-term financial liabilities (excluding bonds and financial derivatives)	80,751,126	80,751,126	3
Short-term financial liabilities based on bonds*	10,000,000	10,375,000	1
Short-term financial liabilities – fair value of financial derivatives (FV of interest rate swaps)	283,544	283,544	2
Short-term operating liabilities	89,797,723	89,797,723	3

** Bonds listed on the stock market.*

Events After the Reporting Date

On 7/ 3/ 2019, Impol 2000, d. d., signed a contract on the purchase of a 67.93-percent controlling stake of Alcad, d. o. o., Zgornja Bistrica 4, 2310 Slovenska Bistrica, which then became its subsidiary.

At the beginning of April 2019, Andrej Kolmanič was appointed CEO of Impol, d. o. o. The reason for appointing a new CEO was the death of the current CEO, Tanja Brkljačič, BA

Other Disclosures

The Impol Group has a single-tier management system in place.

Composition of the Management Board:

- Jernej Čokl, Chairman of the Management Board;
- Vladimir Leskovar, Deputy Chairman of the Management Board;
- Janko Žerjav, Member of the Management Board;
- Milan Cerar, Member of the Management Board;
- Bojan Gril, Member of the Management Board;

The Management Board appointed two executive directors who are not members of the Management Board:

- Andrej Kolmanič, Chief Executive Officer,
- Irena Šela, Executive Director of Finance and IT.

The Management Board also appointed an Audit Commission composed by:

- Vladimir Leskovar, Chairman of the Commission;
- Bojan Gril, Member of the Management Board;
- Tanja Ahaj, External Member.

The company has no claims against members of the management bodies and employees on individual contracts.

Table 119: Remuneration of the members of the Management Board and Supervisory Board in EUR

	2018	2017
Members of the Management Board and directors of subsidiaries	2,831,348	2,133,925
Members of the Supervisory Board of Impol Seval, a. d.	62,402	62,609
Employees on individual contracts	5,766,000	5,981,483
TOTAL	**8,659,749**	**8,178,017**

Table 120: The amount (cost) spent for the auditor (according to ZGD-1, point 2, paragraph 4, Article 69) in EUR

	2018	2017
Auditing of the annual report	107,527	109,405
Other auditing services	3,150	3,150
TOTAL	**110,677**	**112,555**

Except for the mandatory annual audit of financial statements and legally defined audit overview report on the relations with affiliated companies in Slovenia (Article 546 of the Companies Act (ZGD-1)) for financial year 2018, the auditors of the company in the Impol Group were not carrying out any other audit or non-audit services.

Signature of the Annual Report for 2018 and its Parts

The president and members of the Management Board and the executive directors of the company Impol 2000, d. d. are familiar with the content of all parts of the consolidated annual report of the Group and with the whole Annual Report of the Impol Group for 2018. We agree with the content and confirm it with our signature.

Jernej Čokl	Vladimir Leskovar	Janko Žerjav	Milan Cerar	Bojan Gril
(Chairman of the Management Board)	(Deputy Chairman of the Management Board)	(Member of the Management Board)	(Member of the Management Board)	(Member of the Management Board)

Andrej Kolmanič	Irena Šela
(Chief Executive Officer)	(Executive Director of Finance and IT)

FINANCIAL REPORT OF IMPOL 2000, D. D., FOR THE YEAR 2018

Executive Directors' Liability Declaration

The Executive Directors are responsible for drawing up the Annual Report of Impol 2000, d. d. so that it gives a true and fair view of the financial situation of Impol 2000, d. d. as well as its results of operations for 2018.

Executive Directors hereby confirm to have diligently applied the appropriate accounting policies and that accounting estimates have been prepared following the principle of prudence and good management. We likewise certify that the financial statements, along with the notes to these statements, have been drawn up on the assumption that the Company will continue to operate, and in accordance with the valid legislation and International Accounting Standards.

The Executive Directors are responsible for proper accounting, adoption of appropriate measures for preservation of property, constant monitoring of other risks when conducting business and adoption and implementation of measures for minimization of such risks, and prevention and detection of fraud and other irregular or illegal activities.

Andrej Kolmanič	Irena Šela
(Chief Executive Officer)	(Executive Director of Finance and IT)

Slovenska Bistrica, 16/ 4/ 2019

Declaration of the Management Board

The Management Board confirms consolidated financial statements and financial statement of the company Impol 2000, d. d., for the year ending on 31 December 2018 and for the applied accounting guidelines. This Annual Report was adopted by the Company's Management Board at its session held on 24/ 4/ 2019.

Jernej Čokl	Vladimir Leskovar	Janko Žerjav	Milan Cerar	Bojan Gril
(Chairman of the Management Board)	(Deputy Chairman of the Management Board)	(Member of the Management Board)	(Member of the Management Board)	(Member of the Management Board)

Slovenska Bistrica, 24/ 4/ 2019

Independent Auditor's Report for Impol 2000, d. d.

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of IMPOL 2000, d.d., Partizanska 38, Slovenska Bistrica (the Company), which comprise the balance sheet as at December 31, 2018, income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The recoverable amount of investments in subsidiaries	
The company IMPOL 2000, d.d., shows as at 31. 12. 2018 long and short term financial investments in subsidiaries in total amount of 124.347 thousand EUR, which equals to 95% of all assets in balance sheet at the balance sheet date. Those investments include the following: -long term financial investment in equity of subsidiaries in total amount of 70.806 thousand EUR, -long term loans to subsidiaries in total amount of 48.441 thousand EUR,	*Our audit procedures included assessment of the appropriateness of management's assessment and test of key assumptions by the management in determining potential indicators of impairment of investments in subsidiaries as well as determination of the recoverable amount itself. Regarding the tests of impairment and the*

-short term loans to subsidiaries in total amount of 5.100 thousand EUR.

As described in the section Use of estimates and judgments in the financial part of the annual report of the company Impol 2000 d.d., an assessment in accordance with the provisions of IAS 36 - Impairment of assets on each reporting date is carried out to determine whether there is any indication that an asset may be impaired. If such evidence exists, the impairment test is carried out to assess the recoverable amount of such investments.

Due to the materiality of the items listed above and the need for specific professional assessments in connection with the determination of the recoverable amount we considered identification of indicators of impairment and impairment test itself to be a key audit matter.

determination of the recoverable amount of the investments in subsidiaries, as described in Note 8 Long-term financial investment in the financial report of the company Impol 2000, d.d., our audit procedures included verification of the appropriateness and acceptability of the business projections in relation to the requirements of IAS 36, review of the methodological appropriateness and mathematical accuracy of the discount rate used as well as the nature and extent of participation by an authorized appraiser who was engaged as a management's expert by the Company.

Other information

Management is responsible for other information. The other information comprises the business report, which is an integral part of the Annual report of the IMPOL Group and IMPOL 2000, d.d., but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatements of fact. Based on the procedures performed, we report that:

- *the other information is in all respect consistent with audited financial statements;*
- *the other information is prepared in compliance with applicable law and regulation; and*
- *based on knowledge and understanding of the Company obtained in the audit on the other information, we have not identified any material misstatement on fact.*

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs adopted by the European Union, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Audit committee and Management board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of internal control relevant to the audit 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 Company's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

We communicate with Management board and Audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Management board and Audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Management board and Audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

AUDITOR

REVIZIJSKA DRUŽBA d.o.o. PTUJ

Report on other legal and regulatory requirements

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report issued to the Audit Committee on 23 April 2019.

Prohibited services

We confirm that we have not performed any prohibited non-audit services referred to the Article 5 (1) of EU Regulation No. 537/2014. We also remained independent of the audited entity in conducting the audit.

Other audit services

We confirm that apart from the statutory audit of financial statements the auditing company has not performed any other services for the company IMPOL 2000 d.d. and its subsidiaries as disclosed in the annual report.

Appointment of the Auditor and Certified Auditor responsible for the audit

We were appointed as the statutory auditor of the Company's unconsolidated and consolidated financial statements for the period ended on December 31, 2018, by the shareholders of IMPOL 2000 d.d. on the General Shareholder's Assembly held on 13 July 2018. The Audit Contract was concluded for a period of 1 year. The total period of uninterrupted engagement on financial statements audit by the auditing company is 20 years. The company Impol 2000 d.d. became a public-interest entity by the listing of issued bonds on the organized securities market, which was carried out in December 2015.

On behalf of the auditing company Auditor d.o.o. the auditor responsible for the audit performed is Simon Pregl, univ. dipl. ekon., certified auditor.

A U D I T O R
REVIZIJSKA DRUŽBA d.o.o. Ptuj
Murkova 4, Ptuj

23. April 2019

Certified auditor:

Simon Pregl, univ. dipl. ekon.

Simon Pregl

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

Financial Statements of Impol 2000 d. d.

Accounting policies and notes form an integral part of the financial statements presented below and should be read in conjunction with them.

Profit or Loss Statement

Table 121: Profit or loss statement in EUR

Item			Note	2018	2017
1.		Net sales revenues	1	27,528,096	21,463,297
	a)	Net sales revenues in the domestic market		25,172,823	18,640,289
	b)	Net sales revenues in the foreign market		2,355,273	2,823,008
2.		Other operating revenues (including operating revenues from revaluation)	1	35,452	16,119
3.		Costs of goods, materials and services	2	16,408,679	14,812,527
	a)	Cost of sold goods and materials and costs of materials used		14,490,931	13,142,672
	b)	Costs of services	2	1,917,748	1,669,855
4.		Labour costs		7,364,218	5,880,449
	a)	Costs of wages and salaries		5,112,654	4,109,461
	b)	Social security costs (pension insurance costs are shown separately)		861,036	688,657
	c)	Other labour costs		1,390,528	1,082,331
5.		Write-offs	2	177,941	77,408
	a)	Depreciation		161,988	77,408
	b)	Revaluation operating expenses of intangible and tangible fixed assets		286	0
	c)	Revaluation operating expenses of current assets		15,667	0
6.		Other operating expenses	2	197,982	218,576
7.		Financial revenues from participating interests	3	3,413,900	4,389,251
	a)	Financial revenues from shares in companies in the Group		3,413,900	4,389,251
8.		Financial revenues from loans granted	3	521,381	346,598
	a)	Financial revenues from loans granted to companies in the Group		521,288	346,481
	b)	Financial revenues from loans granted to others		93	117
9.		Financial revenues from operating receivables	3	25,657	12,654
	a)	Financial revenues from operating receivables due from others		25,657	12,654
10.		Financial expenses from financial liabilities	3	1,361,808	1,595,328
	a)	Financial expenses out of loans received by companies in the Group		292,143	138,945
	b)	Financial expenses from loans from banks		5	5,602
	c)	Financial expenses from bonds issued		1,064,000	1,444,000
	d)	Financial expenses from other financial liabilities		5,660	6,781
11.		Financial expenses from operating liabilities	3	225	13
	a)	Financial expenses from trade payables and bills of exchange payable		27	0
	b)	Financial expenses from other operating liabilities		198	13
12.		Income tax	4	518,552	0
13.		Deferred taxes	5	12,144	-559
14.		**Net profit or loss for the financial year:**		**5,482,937**	**3,644,177**

Second comprehensive income statement

Table 122: Statement of other comprehensive income in EUR

	Note	2018	2017
Net profit or loss for the financial year:		**5,482,937**	**3,644,177**
Changes in revaluation reserves from the revaluation of tangible fixed assets (+/-)		0	0
Changes in reserves from fair value measurement (+/-)		0	0
Gains or losses from the conversion of financial statements of companies abroad (impact of exchange rate changes) (+/-)		0	0
Actuarial gains and losses of defined benefit plans (employee benefits) (+/-)	14	-3,076	-5,941
Other items of total comprehensive income (+/-)		0	0
Total comprehensive income in the financial year		**5,479,861**	**3,638,236**

Balance sheet

Table 123: Balance sheet in EUR

				Note	31/ 12/ 2018	31/ 12/ 2017
A.			**Long-term assets**		**120,038,685**	**71,573,423**
	I.		Intangible assets and long-term deferred costs and accrued revenues		501,998	432,620
		1.	Long-term property rights		501,998	432,620
	II.		Tangible Fixed Assets	7	266,765	248,742
		1.	Production equipment and machinery		69,304	102,697
		2.	Other machinery and equipment		197,461	146,045
	III.		Investment property		0	0
	IV.		Long-term financial investments	8	119,247,320	70,857,315
		1.	Long-term financial investments, excluding loans		70,806,315	70,806,315
		a)	Shares and stocks in companies in the Group		70,806,315	70,806,315
		2.	Long-term loans		48,441,005	51,000
		a)	Long-term loans to companies in the Group		48,441,005	51,000
	V.		Long-term operating receivables		0	0
	VI.		Deferred tax receivables	5	22,602	34,746
B.			**Short-term assets**		**10,238,531**	**53,540,127**
	I.		Assets (disposal groups) available for sale		0	0
	II.		Inventories	9	11,557	12,409
		1.	Products and merchandise		11,557	12,409
	III.		Short-term financial investments		5,100,000	48,970,000
		1.	Short-term loans	10	5,100,000	48,970,000
		a)	Short-term loans to companies in the Group		5,100,000	48,970,000
		b)	Short-term loans to others		0	0
	IV.		Short-term operating receivables	11	4,802,573	3,992,285
		1.	Short-term operating receivables from companies in the Group		2,296,422	1,622,810
		2.	Short-term operating receivables from customers		2,330,547	2,168,315
		3.	Short-term operating receivables from others		175,604	201,160
	V.		Cash	12	324,401	565,433
C			**Short-term accrued costs and deferred revenues**	**12**	**4,868**	**16,745**
			TOTAL ASSETS		**130,282,084**	**125,130,295**
A.			**Equity**	**13**	**61,225,400**	**58,743,154**
	I.		Called-up capital		4,451,540	4,451,540
		1.	Share capital		4,451,540	4,451,540
	II.		Capital reserves		10,751,254	10,751,254
	III.		Income reserves		7,958,351	7,958,351
		1.	Statutory reserves		2,225,770	2,225,770
		2.	Other revenue reserves		5,732,581	5,732,581
	IV.		Revaluation reserves		0	0
	V.		Reserves from fair value measurement		-20,573	-17,838
	VI.		Net profit brought forward		32,601,891	32,481,493
	VII.		Net profit or loss for the financial year		5,482,937	3,118,354
B.			**Provisions and long-term accrued expenses and deferred revenues**	**14**	**258,488**	**136,016**
		1.	Provisions for pensions and similar obligations		258,488	136,016
C.			**Long-term liabilities**	**15**	**10,030,828**	**20,051,040**
	I.		Long-term financial liabilities		10,030,828	20,051,040
		1.	Long-term financial liabilities from bonds payable		10,000,000	20,000,000
		2.	Other long-term financial liabilities		30,828	51,040
	II.		Long-term operating liabilities		0	0
	III.		Deferred tax liabilities		0	0
D.			**Short-term liabilities**	**16**	**58,332,080**	**45,768,397**
	I.		Liabilities included in groups for disposal		0	0
	II.		Short-term financial liabilities	16	55,524,591	42,734,907
		1.	Short-term financial liabilities to companies in the Group		45,499,600	32,710,670
		2.	Short-term financial liabilities based on bonds		10,000,000	10,000,000
		3.	Other short-term financial liabilities		24,991	24,237
	III.		Short-term operating liabilities	16	2,807,489	3,033,490
		1.	Short-term operating liabilities to companies in the Group		203,176	1,397,242
		2.	Short-term business liabilities to suppliers		395,002	445,972
		3.	Short-term operating liabilities from advance payments		173,456	190,974
		4.	Other short-term operating liabilities		2,035,855	999,302
D.			**Short-term accrued costs and deferred revenues**	**16**	**435,288**	**431,688**
			TOTAL LIABILITIES TO SOURCES OF ASSETS		**130,282,084**	**125,130,295**

Statement of Changes in Equity in 2018

Table 124: Statement of changes in equity in 2018 in EUR

		Called-up capital	Capital reserves	Reserves from profit		Revaluation reserves	Reserves resulting from valuation at fair value	Net profit brought forward	Net profit or loss for the financial year	Total capital
		I	II	III		IV	V	VI	VII	VIII
		Share capital		Statutory reserves	Other revenue reserves				Retained net profit	Total capital
		I	II	III	III/1	IV	V	VI	VII	VIII
A.1.	**Balance at the end of the previous financial year (31/ 12/ 2017)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**		**-17,838**	**32,481,493**	**3,118,354**	**58,743,154**
A.2.	**Initial balance of the reporting period (1/ 1/ 2018)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**		**-17,838**	**32,481,493**	**3,118,354**	**58,743,154**
B.1.	**Changes in equity – transactions with owners**							**-2,997,615**		**-2,997,615**
	Disbursement of dividends							-2,766,892		-2,766,892
	Disbursement of dividends to associates							-230,723		-230,723
B.2.	**Total comprehensive income for the reporting period**						**-3,076**		**5,482,937**	**5,479,861**
	Entry of net profit or loss for the reporting period								5,482,937	5,482,937
	Other items of the total comprehensive income in the financial year						-3,076			-3,076
B.3.	**Changes in equity**						**341**	**3,118,013**	**-3,118,354**	**0**
	Allocation of the remaining portion of the net profit for the comparable reporting period to other equity components							3,118,354	-3,118,354	0
	Allocation of a portion of the net profit for the comparable reporting period to other equity components based on the resolution of management and supervisory bodies									0
	Other changes in equity						341	-341		
C.	**Closing balance of the financial year (31/ 12/ 2018)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**		**-20,573**	**32,601,891**	**5,482,937**	**61,225,400**

Statement of Changes in Equity in 2017

Table 125: Statement of changes in equity in 2017 in EUR

		Called-up capital	Capital reserves	Reserves from profit		Revaluation reserves	Reserves resulting from valuation at fair value	Retained net profit and loss	Net profit and loss current year	Total equity
		I	II	III	III	IV	V	VI	VII	VIII
		Share capital		Statutory reserves	Other revenue reserves	Other reserves from profit		Retained net profit	Net profit for the current year	Total capital
		I	II	III/1	III/2	IV	V	VI	VII	VIII
A.1.	Balance at the end of the previous financial year (31/ 12/ 2016)	4,451,540	10,751,254	1,699,947	5,732,581		-12,078	31,494,720	2,981,808	57,099,772
A.2.	Initial balance of the reporting period (1/ 1/ 2017)	4,451,540	10,751,254	1,699,947	5,732,581		-12,078	31,494,720	2,981,808	57,099,772
B.1.	Changes in equity – transactions with owners							-1,994,854		-1,994,854
	Disbursement of dividends							-1,994,854		-1,994,854
B.2.	Total comprehensive income for the reporting period						-5,941		3,644,177	3,638,236
	Entry of net profit or loss for the reporting period								3,644,177	3,644,177
	Other items of the total comprehensive income in the financial year						-5,941			-5,941
B.3.	Changes in equity			525,823			181	2,981,627	-3,507,631	0
	Allocation of the remaining portion of the net profit for the comparable reporting period to other equity components							2,981,808	-2,981,808	0
	Allocation of a portion of the net profit for the comparable reporting period to other equity components based on the resolution of management and supervisory bodies			525,823					-525,823	0
	Other changes in equity						181	-181		0
C.	**Closing balance of the financial year (31/ 12/ 2017)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**		**-17,838**	**32,481,493**	**3,118,354**	**58,743,154**

Cash Flow Statement

Table 126: Cash flow statement in EUR

Item			Note	2018	2017
A.		**Cash flows from operating activities**			
	a)	**Profit and loss statement items**		**3,080,304**	**573,759**
		Operating revenues (except from revaluation) and financial revenues from operating receivables	1	27,581,628	21,484,761
		Operating revenues excluding depreciation (except from revaluation) and financial expenses from operating liabilities	2	-23,970,628	-20,911,561
		Income tax and other taxes not included in operating expenses	4	-530,696	559
	b)	**Changes of net working assets (and accrued costs and deferred revenues, provisions and deferred tax receivables and liabilities) of the balance sheet operating items**		**-1,315,443**	**252,719**
		Opening minus closing operating receivables	11	-1,252,901	-1,225,719
		Opening minus closing deferred costs and accrued revenues	12	11,877	-11,581
		Opening minus closing deferred tax receivables	5	12,144	-559
		Opening minus closing inventory	9	852	11,982
		Closing minus opening operating debts	16	-215,848	1,484,573
		Closing minus opening accrued costs and deferred revenues and provisions	16	128,433	-5,977
	c)	**Positive or negative cash flow from operating activities (a + b)**		**1,764,861**	**826,478**
B.		**Cash flows from investing activities**			
	a)	**Cash receipts from investing activities**		**8,814,339**	**16,290,142**
		Cash receipts from interest and participation in profit of others relating to investing activities	3	3,926,552	4,390,022
		Cash receipts from the disposal of tangible fixed assets		67,787	9,450
		Cash receipts from the disposal of long-term financial investments		4,800,000	0
		Cash receipts from the disposal of short-term financial investments	3	20,000	11,890,670
	b)	**Cash disbursements from investing activities**		**-9,222,027**	**-34,657,587**
		Cash disbursements for the acquisition of intangible assets	6	-128,265	-171,374
		Cash disbursements for the acquisition of tangible fixed assets	7	-189,432	-61,210
		Cash disbursements for the acquisition of long-term financial investments	8	-8,274,330	-721,670
		Cash disbursements for the acquisition of short-term financial investments	10	-630,000	-33,703,333
	c)	**Positive or negative cash flow from investing activities (a + b)**		**-407,688**	**-18,367,445**
C.		**Cash flows from financing activities**			
	a)	**Cash receipts from financing activities**		**20,264,328**	**38,271,335**
		Cash receipts from the increase of short-term financial liabilities	16	20,264,328	38,271,335
	b)	**Cash disbursements from financing activities**		**-21,862,533**	**-20,692,981**
		Cash disbursements for given interests from financing activities	3	-1,370,062	-1,602,090
		Cash disbursements of short-term financial liabilities	16	-17,494,409	-17,089,526
		Cash disbursements of dividends and other profit shares paid	13	-2,998,062	-2,001,365
	c)	**Positive or negative cash flow from financing activities (a + b)**		**-1,598,205**	**17,578,354**
D.		**Closing balance of cash**		**324,401**	**565,433**
	x)	**Cash flows in the period (sum of cash flows Ac, Bc and Cc)**		**-241,032**	**37,387**
	y)	**Opening balance of cash**		**565,433**	**528,046**

Notes to the Financial Statements

Reporting entity

In accordance with the Companies Act, Impol 2000, d. d. (hereinafter referred to as: Company), with head office in Slovenska Bistrica, Partizanska ulica 38, is classified as a large public limited company, and as such, subject to regular annual audit. The Company is classified under the activity code 70.100 – company management. The Company's share capital in the amount of EUR 4,451,540 EUR is divided into 1,066,767 registered pro rata shares that are not traded in the organised security market. The shares are owned by 837 shareholders.

The following section presents financial statements of Impol 2000, d. d. for the financial year that ended on 31/ 12/ 2018.

Introductory note to the reporting standards

All financial statements of the company Impol 2000, d. d. and the notes for 2018 were prepared in accordance with International Financial Reporting Standards (hereinafter referred to as: IFRS), as adopted by the European Union. By 2015, the company prepared financial statements in accordance with the Slovenian Accounting Standards and the notes by the Slovenian Institute of Auditors.

Due to the issue of bonds, which are traded in the organised securities market, and on the basis of the requirements of the Companies Act (ZGD-1), the company Impol 2000, d. d. is obliged to prepare a consolidated annual report for the financial year 2018 in accordance with IFRS. Therefore, the preparation of individual financial statements in compliance with IFRS, as adopted by the European Union, has also been (voluntarily) introduced by Impol 2000, d. d.

Statement of compliance with IFRS

The Management Board and the Executive directors hereby approve the financial statements for the financial year 2018.

The 2018 financial statements of the company Impol 2000, d. d. were drawn up in accordance with the International Financial Reporting Standards (IFRS), as they were adopted by the European Union, including the notes that were adopted by the International Financial Reporting Interpretations Committee (IFRIC) and that were also adopted by the European Union, and in accordance with the Slovenian Companies Act (ZGD-1).

On the balance sheet date, there were no differences between the applied IFRS and the IFRS adopted by the European Union in accounting guidelines of Impol 2000, d. d. as regards the process of confirming standards in the European Union.

The financial statements have been drawn up on the basis of the going concern assumption. The applied accounting policies remain the same as in previous years.

a) Amendment in the existing accounting standards applicable for the current accounting period

The following amendments in the existing accounting standards, new standards and new notes, issued by the International Accounting Standards Board and adopted by the European Union, apply for the current accounting period:

- Amendments to IAS 40 ***Investment Properties*** – Transfer of investment property, adopted by the EU on 14 March 2018 (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 1 and IFRS 28 ***Improvements to IFRS (financial years 2014–2016)***, resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12, and IAS 28) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 8 February 2018 (amendments to IFRS 1 and IFRS 28 effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 2 ***Share-based payment – Classification and measurement of share-based payment transactions***, adopted by the EU on 24 February 2018 (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 4 ***Insurance Contracts – Application of IFRS 9 Financial Instruments*** in conjunction with IFRS 4 ***Insurance Contracts,***adopted by the European Union on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or at the time of first application of IFRS 9 Financial Instruments);
- IFRS 9 ***Financial Instruments***, adopted by the European Union on 22 November 2016 (effective for annual periods beginning on or after 1 January, 2018);
- IFRS 15 ***Revenue from Contracts with Customers*** and amendments to IFRS 15 ***Date of Entry into Force***, adopted by the European Union on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018); Most of the revenues come from contracts defined as simple supply of goods and services. Contracts of Impol 2000, d. d. do not contain separately

definable liabilities and Impol 2000, d. d., did not identify revenues recognised on the basis of contracts with customers, where a financial component could be determined;

- Amendments to IFRS 15 ***Revenue from Contracts with Customers*** – Notes to IFRS 15 Revenue from Contracts with Customers, adopted by the European Union on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018);
- IFRIC 22 ***Foreign Currency Transactions and Advance Consideration***, adopted by the European Union on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018);

The adoption of the new standards, amendments to existing standards and notes did not result in significant changes or impacts on the financial statements of Impol 2000, d. d.

Transitioning to IFRS 9
IFRS 9 eliminates categories applied within the framework of the IAS 39 standard, such as financial assets held to maturity, loans and receivables and financial assets held for sale. Amendments to accounting policies, which are the consequence of introducing IFRS 9, did not have a significant impact for Impol 2000, d. d., however, the Impol 2000, d. d. reclassified the financial assets, which were classified according to IAS 39 in the group for the sale of available assets, in the group of financial assets that are measured at fair value through profit or loss.

Transitioning to IFRS 15
IFRS 15 more accurately defines the time and amount of the recognised income. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contract and related notes. The standard must be applied by all companies reporting in accordance with the IFRS standard, and applies to almost all contracts with clients; the main exceptions are contracts on leases, financial instruments and insurance. The main principle of the new standard is that recognised revenues describe the transfer of goods or services to the client in an amount that reflects the payment which the Company expects in return for the mentioned goods or services. The new standard also brings improved disclosures of income, instructions for transactions that up until now were not fully addresses (for example: income from services and modifications of contracts) and improved guidelines for the recognition of agreements that include several elements. Income is recognised when control is transferred to the customer and the performance obligation is fulfilled. Control can be transferred in a specified moment or gradually in a given period of time. Impol 2000, d. d. applied the IFRS 15 standard for the first time on 1 January 2018. The time and amount of the recognition of income have not changed due to the introduction of this standard.

b) Standards and amendments to existing standards issued by the International Financial Reporting Standards and adopted by the European Union, but not yet applied

The standards adopted by the European Union and notes, but not yet applied up to the date of the separate financial statements, are presented hereafter. Impol 2000, d. d. will apply these standards and notes for drawing up the financial statements after their implementation. Impol 2000, d. d. did not adopt any of the standards or notes indicated below before their application:

- IFRS 16 ***Leases***, adopted by the European Union on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 9 ***Financial Instruments – Prepayment elements with negative compensation***, adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2018);
- IFRIC 23 ***Uncertainty in Income Tax Treatment***, adopted by the European Union on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019);

Impol 2000, d. d. decided not to adopt or apply these standards, amendments and notes before their entry into force. Impol 2000, d. d. estimates that the implementation of these new standards and amendments will not have a significant impact on its separate financial statements during the period of initial application.

Transitioning to IFRS 16 Leases and Impacts on Financial Statements
In transitioning to the new standard, Impol 2000, d. d., has adopted the decision to consistently select - for all leases - the option of retroactively applying the standard with cumulative effect of starting to apply the standard and measuring the asset in the amount that is equal to the calculated lease liability.

The liabilities for interests are recognised among financial expenses.

Impol 2000, d. d., has business premises and personal vehicles under operating lease. The introduction of the standard will have only minor effects:

- assets of the Company will increase in the same amount of the financial liabilities, whereby the cash flow will remain unchanged;
- the "Share of liabilities in the resource structure" indicator will increase;
- the EBIT and EBITDA indicators will increase by the amount of interests which will be recognised among financial expenses;
- the value added per employee will increase;
- net profit or loss will be slightly lower in the initial period of standard application, and will increase toward the end of the lease term (impact of decreasing liabilities from interests).

c) New standards, standard amendments and notes not yet adopted by the European Union

Currently, the International Financial Reporting Standards as they were adopted by the European Union, do not differ significantly from the regulations adopted by the International Accounting Standards Board, with the exception of the following new standards, amendments of existing standards and new notes which were not yet confirmed for application in the European Union when the financial statements for the 2018 financial year were being drawn up/approved.

- Amendments to IAS 1 ***Financial Statement Presentation*** and IAS 8 ***Accounting Policies, Changes in Accounting Estimates and Errors – Essential Definitions*** (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IAS 19 ***Employee Benefits – Planning amendments, restrictions and settlements*** (effective for annual periods beginning on 1 January 2019);
- Amendments to IAS 28 ***Investment in companies and joint ventures – Long-terms shares in affiliated companies in joint ventures*** (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 3 ***Business Combinations - The definition of a business entity*** (effective for business combinations where the takeover date is the same as the date of the beginning of the first annual reporting period, beginning on or after 1 January 2020, and for obtaining assets that maya occur at the beginning of said period or after it);
- Amendments to IFRS 10 ***Consolidated Financial Statements*** and IAS 28 ***Investments in Associated and Joint Ventures*** – Sale or contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded);
- Amendments to various standards Improvements to IFRSs (period 2015 to 2017) resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12, and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019);
- Amendments to references to the conceptual framework in IFRS (effective for annual periods beginning on or after 1 January 2020);
- IFRS 14 ***Regulatory Deferral Accounts*** (effective for annual periods beginning on or after 1 January 2016); The European Commission decided not to initiate the procedure of confirming this interim standard and will wait for its final version to be issued;
- IFRS 17 ***Insurance Contracts*** (effective for annual periods beginning on or after 1 January 2021);

Impol 2000, d. d. estimates the potential impact of these amendments on its separate financial statements. Despite the above-mentioned, Impol 2000, d. d. estimates that the implementation of these new standards and amendments will not have a significant impact on its separate financial statements during the period of initial application.

The Basis for Drawing up Financial Statements

Financial statements of Impol 2000, d. d. were drawn up on historical cost basis.

In accordance with the legislation, the company shall ensure independent auditing of these financial statements.

Functional and reporting currency

The financial statements in this report are in EUR (without cents), and EUR is also the functional currency of the company. Due to the rounding off of value data, there may be insignificant deviations from the sums given in the tables.

Application of estimates and judgements

The preparation of financial statements requires the management of the controlling company to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities of the Group as well as the reported income and expenses. Estimates and assumptions are based on previous experiences and many other factors which are considered in given circumstances as justified and based on which we can determine the carrying amount of assets and liabilities that are not clearly evident from other sources. Actual results can differ from these estimates. Estimates and assumptions must be reviewed on an ongoing basis. Revisions to accounting estimates are only recognised in the period in which the estimate was revised, if the revisions only applies to this period, or for the period of revision and future years, if the revision affects the current as well as future years.

Estimates and assumptions are mostly present in the following judgements:

- **Estimate of useful life of depreciable assets**

For estimating the useful life of assets, the company considers the expected physical wear, technical ageing, economical ageing, and the expected legal and other restrictions of use. The company annually reviews the useful life of more significant assets. The applied depreciation method and the useful life will be reviewed at least at the end of each financial year. If the expected pattern of using future economic gains based on depreciable assets changes significantly, the depreciation method shall also change to meet the changes of the pattern. These changes are regarded as changes in accounting estimates.

- **Impairment testing of assets**

Impairment testing of assets is performed by the management to ensure that the carrying amount does not exceed the recoverable amount On every reporting date, the management estimates potential signs of impairment. Critical estimates were used for the following assessments of value:

- Investment in subsidiaries (Note 8);
- Investments in associates (Note 8);
- Financial receivables (Note 10);
- Estimate of the fair value of assets (Note 17).

All items in financial statements represent the costs or the settlement value. All assets and liabilities that are measured by fair value in financial statements are classified in a hierarchy of fair value based on the lowest level of inputs that are important for measuring the total fair value:

- Level one includes quoted prices (unadjusted) on functioning markets for the same assets and liabilities;
- Level two includes inputs that besides quoted prices from level one are also noted directly (i.e. prices) or indirectly (i.e. derived from prices) as assets or liabilities;
- Level three includes inputs for assets or liabilities that are not based on observable market data.

Impol 2000, d. d. classified all its financial instruments in level three (Note 17), except for listed bonds, which are classified in level one, in accordance with the IFRS 13.

- **Estimate of the net realizable value of the merchandise inventory**

At least at the end of every financial period, the company measures the net recoverable amount of inventories and the need for write-offs. Costs of inventories are not reversible if inventories are damaged, partially or completely obsolete, or if their sales price is reduced. Costs of inventories are also not reversible if the estimated costs of completion or costs in connection with sales increase. Partial write-offs of inventories under their original value or costs up to the net recoverable value is in accordance with the policy that assets cannot be recognised at values higher than expected from their sale or utilisation. Inventories are usually partially written off to their net recoverable value under individual items. There were no such write-downs in 2018.

- **Estimate of recoverable value of claims**

At least once annually, namely before preparing the annual statement of account, the suitability of recognised amounts of individual claims is assessed. If, based on the accounting data, the Management Board decides to recognise the receivables not settled within the agreed period as 'doubtful' and 'disputable', the adjustment of their value is charged against the revaluation operating expenses in a proportion defined in the resolution. Receivables older than 365 days shall be recognised as 'doubtful'. Unless otherwise decided by the management board, such receivables shall be subject to judicial proceedings (action or enforcement). Receivables already subject to a judicial proceeding are recognised as 'disputable' receivables. For 'doubtful' and 'disputable' receivables, an adjustment of their value shall be made which shall be charged against revaluation operating expenses.

- **Estimate of the possibility to use deferred tax liabilities**

The company has formed deferred tax liabilities in respect of the formulation of provisions and impairment of operating receivables.
The company checks the amount of recognised deferred tax liabilities at the end of the financial year. Deferred tax assets are recognised in case of a probable available future profit against which the deferred tax assets can be utilised.

- **Assessment of provisioning**

Within the requirements regarding certain post-employment and other benefits, the present value of retirement and jubilee benefits. is recognised based on the actuarial assessment. The actuarial assessment is based on the assumptions and estimates valid at the time of the assessment and can differ from actual assumptions in the future due to certain changes (discount levels, assessment of turnover of staff, assessment of mortality, and assessment of wage growth).

The company has not formed any provisions for judicial actions, since the company is not subject to any pending actions or claims against it.

Important Accounting Policies of the Company

The accounting policies applied in the preparation of financial statements were the same as were applied in the preparation of financial statements for the financial year that ended on 31/ 12/ 2017.

Transactions in foreign currency

Transactions in foreign currencies are converted to functional currencies at exchange rates at the dates of the transactions. Cash and liabilities denominated in foreign currencies at the end of the reporting period are converted to the functional currency according to the valid ECB exchange rate published by the Bank of Slovenia. Positive or negative foreign currency differences are differences between the purchase value in the functional currency at the beginning of the period, adjusted by the amount of effective interest and payments during the period, and the purchase value in foreign currency converted at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date when the fair value was determined. Non-cash items measured at historical costs in foreign currency are translated into the functional currency by applying the exchange rate valid at the date of the transaction. Foreign exchange differences are recognised in the statement of profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the parent company Impol 2000, d. d. Control exists when the controlling company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments of the company in subsidiaries are measured at cost. If the loss of Impol 2000, d. d., is higher than its share, the carrying amount of the company's share shall be reduced to zero and this share shall no longer be recognised in subsequent losses. Costs, which can be connected with purchasing a subsidiary, increase the value at cost of the equity investment. The subsidiary's participation in profit is recognised in the statement of profit or loss of Impol 2000, d. d., when the company obtains the profit-sharing right.

For more information see section "Presentation of the parent company Impol 2000, d. d., and the Impol Group".

Investments in associates

Associates are companies where Impol 2000, d. d., has a significant influence but does not control their financial and business policies. A significant influence exists if the company owns 20 to 50 percent of voting rights in another entity. For more information see section "Presentation of the parent company Impol 2000, d. d., and the Impol Group".

Impol 2000, d. d., recognises investments in associates at cost. Costs which the company can relate to the acquisition increase the cost of the investment.

Intangible assets

Intangible assets of Impol 2000, d. d., include other long-term deferred items (IT – programmes, programme solutions). At initial recognition, intangible assets are valued at cost. The carrying value of intangible assets with a finite useful life is reduced with depreciation. Later expenditure in connection with intangible assets are only capitalised if they increase future economic gain. All other costs are recognised in profit and loss as expenditure at the moment they arise.

Depreciation is calculated using the straight-line method, while considering the useful life of the intangible asset. Depreciation starts after the asset is made available for use.

Table 127: Applied depreciation rates for intangible fixed assets

Depreciation rates used in the company	Depreciation rate in %	
	Lowest	Highest
Intangible assets		
Computer software	10.00 %	50.00 %

Depreciation rates based on the estimated useful life of individual types of intangible fixed assets.

Each impairment is immediately recognised in the statement of profit or loss and is subsequently not reversed.

Tangible assets

All tangible fixed assets of the company are disclosed according to the cost model. Upon initial recognition they are measured at cost, reduced by the accumulated depreciation and accumulated impairment losses. Value at cost includes costs that can be directly attributed to individual assets.

Table 128: Depreciation rates used for tangible fixed assets

Depreciation rates used in the company	Depreciation rate in %	
	Lowest	Highest
Tangible Fixed Assets		
Equipment		
Production equipment	20 %	20 %
Furniture	20 %	25 %
Computer hardware	50 %	50 %
Motor vehicles		
Passenger cars	20 %	20 %

Important parts of fixed assets that have different useful lives are recognised as individual tangible fixed assets. Borrowing costs that are directly connected with purchasing, building or creating an asset in acquisition are recognised within the value at cost of this asset.

The positive or negative difference between the net sales value and the carrying amount of the disposed asset is recognised in the statement of profit or loss. The costs of replacing a part of a tangible fixed asset are recognised at the carrying value of this asset, if it is probable that future economic gains of this part of the asset will flow into the Group and if the value at cost can be reliably measured.

All other costs (repairs, maintenance) for preserving or renewing future economic gain are recognised in the profit and loss account as expenditures immediately after they occur. Depreciation is calculated using the straight-line method, considering the useful life of individual tangible fixed assets and the residual value,while residual value is only determined for significant assets. Land is not subject to depreciation. Depreciation starts after the asset is made available for use.

Depreciation rates based on the estimated useful life of individual types of tangible fixed assets.

Financial instruments

In the financial instruments section of its statements, Impol 2000, d. d. discloses the following items:
- Non-derivative financial assets.
- Non-derivative financial liabilities.

In its accounts, the company does not recognise derivative financial instruments.

Non-derivative financial instruments are initially recognised at their fair value. Fair value is the amount at which an asset can be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. After initial recognition, the non-derivative financial instruments are measured using the method defined below.

After determining the fair value of financial instruments, the following hierarchy of determining fair value is taken into account:
- Level one includes quoted prices (unadjusted) on functioning markets for the same assets and liabilities;
- Level two includes inputs that besides quoted prices from level one are also noted directly (i.e. prices) or indirectly (i.e. derived from prices) as assets or liabilities;
- Level three includes inputs for assets or liabilities that are not based on observable market data.

Quoted prices are used as the basis for determining fair value of financial instruments. If a financial instrument is placed on an organised market or if the market is estimated as not functioning, inputs from levels two and three are used for determining the fair value.

Non-derivative financial assets

Non-derivative financial assets of Impol 2000, d. d., include cash and cash equivalents, receivables and loans, and investments. The specified assets can be classified into three groups according to IFRS 9, namely:
- Financial assets at fair value through profit or loss.
- Financial assets measured at amortised cots.
- Financial assets measured at fair value through other comprehensive income.

The basis for the above classification is represented by business models under which individual financial assets and their contractual cash flows are managed. In accordance with the IFRS 9 standard, classifying and measuring financial assets in financial statements is defined by the selected business model under which the financial assets and the characteristics of their contractual cash flows are managed. Upon initial recognition, each financial asset is classified in one of the following business models:
- Model with the intention of obtaining contractual cash flows (measuring at amortised costs).
- Model with the intention of selling and obtaining contractual cash flows (measuring at fair value through statement of comprehensive income.
- Other models (measuring at fair value through profit or loss).

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are initially measured at fair value, whereas transaction costs are stated, upon purchase, in the profit or loss statement. Financial instruments are classified in this group, which are intended for trading, and financial instruments measured by Impol 2000, d. d., at fair value. Profit and loss from these financial instruments are classified in the profit or loss statement. Dividends from financial instruments classified in this group are recognised as financial revenues in the profit or loss statement. Impol 2000, d. d., possesses no such assets.

Financial assets measured at amortised cots

Financial assets measured at amortised cots are measured at amortised cots according to the effective interest rate method. They are stated in the amount of unpaid principal, increased by unpaid interests and compensations, and decreased by the impairment amount.

Financial assets measured at fair value through other comprehensive income

Financial assets held for trading and financial assets measured at fair value through other comprehensive income are measured at fair value after initial recognition. Fair value is based on the published market price as of the reporting date, which represents the best offer or, if not available, the closing offer. Impol 2000, d. d., possesses no such assets.

Loans and receivables

Loans and receivables are non-derivative financial assets that are not quoted in an active market. They are included in short-term assets, except with maturity longer than 12 months after the date of the financial statement, in which case they are classified as long-term assets. In the balance sheet, loans and receivables are recognised under business, financial and other receivables at amortised value, considering the current interest rate.
In addition to the above financial assets, separate financial statements of Impol 2000, d. d., also show investments in subsidiaries and affiliated companies, which are valued at cost in accordance with the IAS 27 standard.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits up to three months, and other short-term, highly liquid investments with initial maturity of three months or less. They are carried at cost. Overdrafts are included under short-term financial liabilities.

Non-derivative financial liabilities

Non-derivative financial liabilities include business, financial and other liabilities. Financial liabilities are initially recognised at fair value, increased by costs directly attributable to the transaction. After initial recognition, financial liabilities are measured at amortised value using the effective interest method. Financial liabilities are classified under long-term liabilities, except with maturity shorter that 12 months after the date of the consolidated statement of financial position, in which case liabilities are classified as short-term liabilities.

Inventories

Merchandise inventories of Impol 2000, d. d., are valued at cost or net realizable value, whichever is lower. Net recoverable value is the estimated selling price at the reporting date less sales expenses and other possible administrative expenses, which are usually connected with the sale.

Cost of merchandise inventories consists of the purchase price, import and other non-refundable purchase charges and direct purchase costs. For valuing inventories of merchandise and measuring use, the FIFO method is used. The company does not own any other inventories. The inventory impairment policy is described in section “Impairment”.

Equity

As of 31/ 12/ 2018, the share capital of the parent company Impol 2000, d. d., amounts to EUR 4,451,540 is divided into 1,066,767 ordinary no-par value shares.

Capital reserves of Impol 2000, d. d. in the total amount of EUR 10,751,254 comprise of the paid-in share premium in the amount of EUR 97,090 and EUR 9,489,713, and a general capital revaluation adjustment of EUR 1,164,451. In accordance with the Company Statute, statutory reserves represent ½ of the Company's share capital and amount to EUR 2,225,770. In accordance with the resolution of the General Meeting held on 13/ 7/ 2018, dividends were paid out in the amount of EUR 2,997,615 or EUR 2.81 per share in 2018. The carrying amount of the share as of 31/ 12/ 2018 amounted to EUR 57.39 per share, and the net profit amounted to EUR 5.14 per share.

Provisions

Provisions are formed for present obligations that are the outcome of past events and that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for jubilee and retirement benefits

In accordance with legal requirements and its internal rules, the Company is bound to pay jubilee and retirement benefits to its employees, for which it formed long-term provisions. There are no other obligations relating to pensions. Provisions are formed in the amount of the expected future payments of jubilee and retirement benefits discounted on the date of the statement of financial position. The actuarial calculation is made for each employee, taking into account the costs of severance pays upon retirement and the cost of all expected long-service bonuses until retirement. Actuarial calculation is based on assumptions and assessments applicable at the time of the calculation that due to changes in the following year may differ from actual assumptions that will apply at that time. This mostly considers the discount rate, assessment of turnover of staff, assessment of mortality, and assessment of wage growth.

Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from that asset. Financial asset is impaired, if its carrying amount is higher than the estimated recoverable value or if there is objective evidence of the impairment. The replacement value represents the present value of the estimated future cash flows discounted at the original effective interest rate of this instrument. The impairment is recognised in the profit or loss statement.

A financial investment is assessed at each reporting date by the accounting department to determine its suitability. If a financial investment is losing value (e.g. due to unsuccessful operations of the entity where the company has its equity participation, insufficient solvency), it mus be determined what kind of corrections have to be made to the initially recognised value of cost and debited to revaluation financial expenditures. The person responsible also has to order a partial or total cancellation of the financial investment as soon as reasons for this occur.

Impairment of receivables and loans granted

Impairments of receivables are formed based on the assessment of recoverability time analysis. If it is estimated that when the carrying amount of the receivable exceeds its fair value (i.e. the recoverable value), the receivable is impaired. Receivables that are assessed not to be collected within the regular deadline or in the whole amount are considered as doubtful. If proceedings were already brought before the court, receivables are considered as disputed. Impairment of loans granted is assessed for every individual loan. Impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The loss is recognised in the statement of profit or loss for the period (for more information see section “Estimate of the recoverable value of receivables”).

Upon initial recognition, financial assets measured at fair value through other comprehensive income are measured at cost, to which transaction costs from the purchase of the financial asset are added. Profit and loss from these financial instruments are never classified in the profit or loss statement.

The amount of loss in the impairment of financial assets measured at amortised cost is measured as the difference between the carrying amount of the financial investment and the current value of expected future cash flows, discounted at the original effective interest rate. The impairment loss is recognised in profit or loss. Should the grounds for the impairment of the financial investment cease to exist, the reversal of the impairment of the financial asset, which is stated at amortised cost, is recognised in the profit or loss statement.

In case of financial instruments measured at fair value through profit or loss is classified under the profit or loss statement.

Financial investments in subsidiaries are calculated in the accounting statements of Impol 2000, d. d., at cost. As at every reporting date, the Company assess the remaining carrying amount in order to determine whether there are any indications of impairment. If there are such indications of impairment, the recoverable amount of the assets is estimated. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value, less costs to sell. In assessing value in use, estimated future cash flows are discounted to their present value by using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Non-Financial Assets

Tangible and intangible assets

The carrying amounts of the Company’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest group of assets that generate financial income that are to a greater extent independent from financial income from other assets and groups of assets. Impairment losses are recognised in profit or loss. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value, less costs to sell. In assessing value in use, estimated future cash flows are discounted to their present value by using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment loss of goodwill is not reversed.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the assets' recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation write-off, if no impairment loss had been recognised in the previous periods.

Inventories

Inventories are impaired if their carrying amount exceeds their estimated recoverable amount. Additionally, individual types of inventories are analysed by their age structure. Depending on the group of inventories, the amount of impairment loss according to their age is determined as a percentage of their value. Impairment also includes expert judgement on possible utilisation or sale of such inventories. At least at the end of every financial period, the company measures the net recoverable amount of inventories and the need for write-offs. Costs of inventories are not reversible if inventories are damaged, partially or completely obsolete, or if their sales price is reduced. Costs of inventories are also not reversible if the estimated costs of completion or costs in connection with sales increase. Partial write-offs of inventories under their original value or costs up to the net recoverable value is in accordance with the policy that assets cannot be recognised at values higher than expected from their sale or utilisation. Inventories are usually partially written off to their net recoverable value under individual items.

Recognition of income

Income is recognised if the increase of economic gain in the financial year is connected with an increase of an asset or a decrease of a liability, and if this increase can be reliably measured.

Operating income of Impol 2000, d. d., includes:

- Income from sale of merchandise measured by sales prices, stated on invoices or other documents, reduced by discounts granted at sale or later, even for the reason of earlier payment. Income is recognised in profit or loss after the company has transferred the significant risks and rewards of ownership to the buyer;
- Income from services done, other than services that lead to financial income and are measured by sales prices of completed services. It is recognised in the period in which the service is performed.
- Other operating income arising from disposal of property, devices, equipment and intangible assets, reversal of provisions, settlement of written-of receivables and other.

Financial income comprises interest income, investment income, dividend income and positive foreign exchange differences. Interest income is generally recognrecognised at the time of occurrence using the agreed interest rates. Dividend income is recognised on the date that the shareholder's right to receive payment is established.

Financial expenses comprise borrowing costs (part of borrowing costs can be capitalised under property, devices and equipment) and negative foreign exchange differences.

Taxes

Income tax comprises current and deferred tax.
Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year. Taxable profit differs from net profit reported for the financial year since it excludes income or expense items taxable or deductible in other financial years and other items that are never subject to taxation or deduction. The current tax liability is calculated using tax rates effective on the balance sheet date.

Deferred tax is disclosed entirely using the balance sheet liability method, which takes into account temporary differences occurring between the carrying amount of an asset or liability and its tax base in profit or loss. Deferred tax is determined using tax rates effective at the date of the statement of financial position that are expected to be used when the deferred tax liability is realised or the deferred tax liability is settled. Deferred tax receivables are recognised in the extent of the probability that there will be taxable profit available in the future that can be used to cover the deferred tax receivable.

Cash flow statement

The cash flow statement for the part regarding operations is composed using the indirect method from the data of the statement of financial position on 31/ 12 of the financial year, the statement of financial position on 31/ 12 of the previous financial year and additional data necessary for adjusting inflows and outflows, and for a suitable breakdown of significant items. The part regarding investing and financing is composed using the indirect method. Paid and received interest from operating receivables are distributed between cash flows from operating activities. Interest from loans and paid and received dividends are distributed between cash flows from financing.

Segment reporting

Because of the very similar nature of product groups, their production procedure and distribution, the company defined only one reporting segment. Presentation of data with segment reporting takes into account that aluminium business activities represent the main operating activities of the Group. Other activities have an insignificant effect on presenting financial information.
Impol 2000, d. d., reports on the sale by geographical areas. The defined geographical areas are Slovenia, European Union, other European countries and the rest of the world.

Notes to Individual Items of Financial Statements

1. Operating Revenues

Table 129: Operating revenues in EUR

Operating revenues	Operating revenues generated with			2018	2017
	Group companies	associated	others		
Net sales revenues	12,381,651	294	15,146,151	27,528,096	21,463,297
Other operating revenues	241	0	35,211	35,452	16,119
TOTAL	**12,381,892**	**294**	**15,181,362**	**27,563,548**	**21,479,416**

Table 130: Other operating revenues in EUR

Other operating revenues	2018	2017
Revenues from the reversal of provisions	7,330	4,303
Other revenues associated with business effects (subsidies, grants, compensations, premiums, etc.)	24,032	8,789
Revaluation operating revenues (from operating receivables and sale of fixed assets)	4,090	3,027
TOTAL	**35,452**	**16,119**

Table 131: Net sales revenues by the type of merchandise or service in EUR

Product, merchandise or service	2018	2017
Revenues from services – foreign market	12,418,991	7,686,664
Revenues from sale of merchandise – domestic market	12,753,832	10,954,048
Revenues from sale of merchandise – foreign market	2,346,545	2,790,576
Revenues from services – foreign market	8,728	32,009
TOTAL	**27,528,096**	**21,463,297**

Table 132: Net sales revenues by operating segments in EUR

Net sales revenues by operating segments	2018	2017
Revenues from sales in Slovenia	25,172,823	18,640,289
• Group companies	12,380,573	7,657,701
• Associates	294	417
• Other companies	12,791,956	10,982,171
Revenues from sales in the EU	289,429	285,641
• Group companies	1,078	812
• Other companies	288,351	284,829
Revenues from sales in other European countries	2,065,844	2,537,367
• Other companies	2,065,844	2,537,367
TOTAL	**27,528,096**	**21,463,297**

2. Operating Expenses

Analysis of costs and expenses

Table 133: Analysis of costs and expenses in EUR

	Costs of sale	Costs of general activities	Total 2018	TOTAL purchases in 2018 in: Group companies	Associates	Other companies	Total 2017
Cost of merchandise and materials sold	14,330,407	1,986	14,332,393	14,330,407	0	1,986	13,026,141
Costs of material	0	158,538	158,538	30,861	0	127,677	116,531
Costs of services	621,972	1,295,776	1,917,748	258,613	398,184	1,260,951	1,669,855
Labour costs	0	7,364,218	7,364,218	0	0	7,364,218	5,880,449
Depreciation	0	161,988	161,988	0	0	161,988	77,408
Revaluation operating expenses	0	15,954	15,954	0	0	15,954	0
Other operating expenses	0	197,982	197,982	5,746	0	192,236	218,576
TOTAL	**14,952,379**	**9,196,442**	**24,148,821**	**14,625,627**	**398,184**	**9,125,009**	**20,988,960**

Revaluation operating expenses

Table 134: Revaluation operating expenses in EUR

	2018	2017
From disposal of tangible fixed assets	286	0
From operating receivables	15,667	0
TOTAL	**15,954**	**0**

Costs of material

Table 135: Cost of materials in EUR

	2018	2017
Costs of energy	44,427	36,012
Costs of office supplies and professional literature	87,213	48,725
Other costs of material	26,898	31,794
TOTAL	**158,538**	**116,531**

Costs of services

Table 136: Cost of services in EUR

	2018	2017
Costs of transport services	28,113	22,482
Costs of rents	168,554	112,729
Reimbursement of employee costs	183,664	167,408
Other costs of services	1,537,417	1,367,236
TOTAL	**1,917,748**	**1,669,855**

Auditors cost

Table 137: The amount (cost) spent for the auditor (according to ZGD-1, point 20, paragraph 1, Article 69) in EUR

	2018	2017
Auditing of the annual report	23,621	23,622
TOTAL	**23,621**	**23,622**

Except for the mandatory annual audit of the financial statements for the financial year of 2018, the audit firm did not carry out any other audit or non-audit services.

Labour costs

Table 138: Itemisation of labour costs in EUR

Itemisation of labour costs	2018	2017
Costs of wages and salaries	5,112,654	4,109,461
Costs of pension insurance	484,444	384,545
Costs of other insurance	376,593	304,112
Other labour costs	1,390,528	1,082,331
TOTAL	**7,364,218**	**5,880,449**

Remuneration of members of the Management and Supervisory Board and employees on individual contracts in EUR	2018	2017
Members of the Management Board and CEOs	1,246,115	1,231,912
Employees on individual contracts	3,182,322	2,905,845
TOTAL	**4,428,437**	**4,137,757**

Employee education structure as of 31/ 12/ 2018

Table 139: Education structure

Education level	Number of employees as of 31/ 12/ 2018	Number of employees as of 31/ 12/ 2017
Doctoral Degree	3	2
Master's Degree	4	4
Bachelor's Degree	37	17
Higher education	14	11
College	16	10
Secondary education	17	8
Qualified	13	1
Semi-qualified	**3**	**0**
Non-qualified	13	0
TOTAL	**110**	**53**

The majority of additionally employed persons was realised by reassigning employees from subsidiaries to Impol 2000, d. d.

Depreciation

Table 140: Depreciation in EUR

	2018	2017
Depreciation of intangible fixed assets	58,887	566
Depreciation of tangible fixed assets	103,101	76,842
Total depreciation	**161,988**	**77,408**

Other costs and expenses

Table 141: Other costs and expenses in EUR

	2018	2017
Charges independent of operation	141,202	130,438
Grants	56,672	88,120
Other costs	108	18
TOTAL	**197,982**	**218,576**

3. Financial Revenues and Expenses

Financial revenues from financial investments

Table 142: Financial revenues from financial investments in EUR

	Total 2018	Of which from companies		Total 2017
		Group companies	Other companies	
A. Financial revenues from financial investments				
Financial revenues from participating interests – in profits, dividends	3,413,900	3,413,900	0	4,389,251
Financial revenues from loans – interests	521,381	521,288	93	346,598
Financial revenues from operating receivables – interests	25,652	0	25,652	12,649
Financial revenues from operating receivables – foreign exchange differences	5	0	5	5
TOTAL	**3,960,938**	**3,935,188**	**25,750**	**4,748,503**

**Shares in profit refer to participation in profit of the subsidiary Impol, d. o. o., i.e.:*
- In accordance with the resolution of the General Meeting of Impol, d. o. o., held on 21/ 6/ 2018, Impol 2000, d. d. is entitled to a proportionate (97,5387%) share of the accumulated profit, intended for distribution in the total amount of EUR 1,000,000, i.e. in the amount of EUR 975,400.
- In accordance with the resolution of the General Meeting of Impol, d. o. o., held on 12/ 7/ 2018, Impol 2000, d. d. is entitled to a proportionate (97,5387%) share of the accumulated profit, intended for distribution in the total amount of EUR 2,500,000, i.e. in the amount of EUR 2,438,500.

Financial expenses from financial investments

Table 143: Financial expenses from financial investments in EUR

	Total	Of which from companies		Total
	2018	Group companies	Other companies	2017
B. Financial expenses from financial investments				
Financial expenses from loans (other than loans received from banks) – interests	292,143	292,143	0	138,945
Financial expenses from leasing – interests	3,767		3,767	4,940
Financial expenses from loans received from banks – interests	5	0	5	5,602
Financial expenses from bonds – interests	1,064,000	0	1,064,000	1,444,000
Financial expenses from other financial liabilities – interests	1,893	0	1,893	1,841
Financial expenses from operating liabilities – interests	94	0	94	0
Financial expenses from operating liabilities – foreign exchange differences	131	0	131	13
TOTAL	**1,362,032**	**292,143**	**1,069,890**	**1,595,341**

Financial expenses from operating liabilities

Table 144: Financial expenses from operating liabilities in EUR

	Total 2018	Of which from companies to others	Total 2017
C. Financial expenses from operating liabilities			
Finance expenses from trade creditors – interests	27	27	0
Finance expenses from other operating liabilities – interests	67	67	0
Finance expenses from other operating liabilities – foreign exchange differences	131	131	13
TOTAL	**225**	**225**	**13**

4. Income Tax

Table 145: Income tax in EUR

Income tax	2018	2017
Revenues determined in accordance with accounting regulations	31,524,486	26,227,919
Revenue adjustment for tax purposes – decrease (-)	3,420,707	4,391,423
Revenue adjustment for tax purposes – increase (-)	0	271,561
Revenues recognised for tax purposes	**28,103,779**	**22,108,057**
Expenses determined in accordance with accounting regulations (+)	25,510,853	22,584,301
Expense adjustment for tax purposes – decrease (-)	398,699	283,433
Expense adjustment for tax purposes – increase (+)	32,036	115,500
Expenses recognised for tax purposes	**25,144,190**	**22,416,368**
DIFFERENCE BETWEEN DEDUCTIBLE REVENUES AND EXPENSES	**2,959,589**	**-308,311**
Change of the tax base when amending tax base when amending accounting policies, error corrections and revaluations (+/-)	-1,708	-3,061
Increase in tax base for predetermined tax relief (+)	170,695	219,463
TAX BASE	**3,128,576**	**0**
TAX LOSS	**0**	**-91,909**
Decrease in tax base and tax relief (up to the maximum amount of the tax base) (-)	399,355	0
TAX BASE	**2,729,221**	**0**
TAX (19%)	**518,552**	**0**

The applicable income tax rate in Slovenia in 2018 was 19% (in 2017: 19%).

5. Deferred Tax Receivables

Table 146: Deferred tax receivables in EUR

Changes in deferred-tax assets and liabilities were recognised in:	2018	2017
• Profit or loss account (+ / -)	-12,144	559
TOTAL	**-12,144**	**559**

Deferred tax receivables were formed as provisions for jubilee and retirement benefits. The 19% rate was applied in the calculation which is equal to the effective profit tax rate for 2019 in Slovenia.

Trend in deferred tax for Impol 2000, d. d.

Table 147: Trend in deferred tax in EUR

	Impairments (revaluation operating expenses)	Provisioning	Tax loss	Total
Balance of deferred tax receivables as of 31/ 12/ 2017	**6,056**	**11,227**	**17,463**	**34,746**
Balance of deferred tax receivables as of 1/ 1/ 2018	**6,056**	**11,227**	**17,463**	**34,746**
Occurrence of deductible temporary differences (+)	0	11,375	0	11,375
Utilisation of deductible temporary differences (-)	6,056	0	17,463	23,519
Balance of deferred tax receivables as of 31/ 12/ 2018	**0**	**22,602**	**0**	**22,602**

Net earnings per share

Basic earnings per share are calculated by dividing net earnings attributable to shareholders by the weighted average of the number of regular shares during the year, excluding the average number of own shares.

Table 148: Basic net earnings per share in EUR

	2018	2017
Profit or loss relating to the owners of the controlling entity	5,482,937	3,644,177
Weighted average of the number of regular shares	1,066,767	1,066,767
Basic earnings per share (in EUR)	**5.14**	**3.42**

	2018	2017
Regular shares as of 1/ 1	1,066,767	1,066,767
Effect of own shares	0	0
Weighted average of the number of regular shares as of 31/ 12	**1,066,767**	**1,066,767**

Because the company does not have any preference shares, nor bonds which could be converted into shares, the adjusted earnings per share equals the basic earnings per share.

6. Intangible Assets and Long-Term Deferred Costs and Accrued Revenues

Table 149: Trend in intangible assets in 2018 in EUR

Description	Long-term property rights	Intangible assets being acquired	Total
Cost as of 31/ 12/ 2017	**23,793**	**431,151**	**454,944**
Opening balance adjustments	0	0	0
Cost as of 1/ 1 2018	**23,793**	**431,151**	**454,944**
Direct increases – acquisitions	0	128,265	128,265
Transfer from construction in progress	421,545	-421,545	0
Cost as of 31/ 12/ 2018	**445,338**	**137,871**	**583,209**
Value adjustment as of 31/ 12/ 2017	**22,325**	**0**	**22,325**
Opening balance adjustment	0	0	0
Value adjustment as of 1/ 1 2018	**22,325**	**0**	**22,325**
Depreciation during the year	58,886	0	58,886
Value adjustment as of 31/ 12/ 2018	**81,211**	**0**	**81,211**
Carrying amount as of 31/ 12/ 2018	**364,127**	**137,871**	**501,997**
Carrying amount as of 31/ 12/ 2017	**1,469**	**431,151**	**432,619**

Table 150: Trend in intangible assets in 2017 in EUR

Description	Long-term property rights	Intangible assets being acquired	Total
Cost as of 31/ 12/ 2016	**23,793**	**259,777**	**283,570**
Opening balance adjustments	0	0	0
Cost as of 1/ 1 2017	**23,793**	**259,777**	**283,570**
Direct increases – acquisitions	0	171,374	171,374
Cost as of 31/ 12/ 2017	**23,793**	**431,151**	**454,944**
Value adjustment as of 31/ 12/ 2016	**21,758**	**0**	**21,758**
Opening balance adjustment	0	0	0
Value adjustment as of 1/ 1/ 2017	**21,758**	**0**	**21,758**
Depreciation during the year	566	0	566
Value adjustment as of 31/ 12/ 2017	**22,324**	**0**	**22,324**
Carrying amount as of 31/ 12/ 2017	**1,470**	**431,151**	**432,620**
Carrying amount as of 31/ 12/ 2016	**2,035**	**259,777**	**261,812**

Disclosed intangible assets are the property of Impol 2000, d. d. and encumbrance free. The cost of intangible fixed assets with zero present value, which are still being utilutilised, amounts to EUR 18,123.

7. Tangible Fixed Assets

Table 151: Trend in tangible fixed assets in 2018 in EUR

Description	Production equipment and machinery	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Total equipment	TOTAL
Cost as of 31/ 12/ 2017	**1,105,606**	**344,349**		**1,449,955**	**1,449,955**
Cost as of 01/01/2018	**1,105,606**	**344,349**	**0**	**1,449,955**	**1,449,955**
Direct increases – acquisitions			83,004	83,004	83,004
Transfer from construction in progress	54,039	135,393	-189,432	0	0
Transfer between Group companies – acqui-sition			106,428	106,428	106,428
Transfer between Group companies – sale (-)	468,452			468,452	468,452
Decreases – exclusions, other decreases	9,220	8,667		17,887	17,887
Transfers between categories of tangible fixed assets	44,541	33,859		78,400	78,400
Cost as of 31/ 12/ 2018	**726,514**	**504,934**	**0**	**1,231,448**	**1,231,448**
Value adjustment as of 31/ 12/ 2017	**1,002,909**	**198,304**		**1,201,213**	**1,201,213**
Value adjustment as of 1/ 1 2018	**1,002,909**	**198,304**	**0**	**1,201,213**	**1,201,213**
Depreciation	30,740	72,837		103,577	103,577
Transfer between Group companies – sale (-)	400,906			400,906	400,906
Decreases – exclusions, other decreases	9,220	8,381		17,601	17,601
Transfers between categories of tangible fixed assets	33,687	44,713		78,400	78,400
Value adjustment as of 31/ 12/ 2018	**657,210**	**307,473**	**0**	**964,683**	**964,683**
Carrying amount as of 31/ 12/ 2018	**69,304**	**197,461**	**0**	**266,765**	**266,765**
Carrying amount as of 31/ 12/ 2017	**102,697**	**146,045**	**0**	**248,742**	**248,742**

Table 152: Trend in tangible fixed assets in 2017 in EUR

Description	Production equipment and machinery	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Total equipment	TOTAL
Cost as of 31/ 12/ 2016	**1,105,606**	**326,956**		**1,432,562**	**1,432,562**
Opening balance adjustments				0	0
Cost as of 1/ 1/ 2017	**1,105,606**	**326,956**	**0**	**1,432,562**	**1,432,562**
Direct increases – acquisitions			60,322	60,322	60,322
Transfer from construction in progress		61,210	-61,210	0	0
Transfer between Group companies – acquisition			888	888	888
Decreases – sales (-)		32,220		32,220	32,220
Decreases – exclusions, other decreases		11,597		11,597	11,597
Cost as of 31/ 12/ 2017	**1,105,606**	**344,349**	**0**	**1,449,955**	**1,449,955**
Value adjustment as of 31/ 12/ 2016	**1,000,794**	**160,946**		**1,161,740**	**1,161,740**
Opening balance adjustments				0	0
Value adjustment as of 1/ 1/ 2017	**1,000,794**	**160,946**	**0**	**1,161,740**	**1,161,740**
Depreciation	2,115	74,731		76,846	76,846
Decreases – sales (-)		25,776		25,776	25,776
Decreases – exclusions, other decreases		11,597		11,597	11,597
Value adjustment as of 31/ 12/ 2017	**1,002,909**	**198,304**	**0**	**1,201,213**	**1,201,213**
Carrying amount as of 31/ 12/ 2017	**102,697**	**146,045**	**0**	**248,742**	**248,742**
Carrying amount as of 31/ 12/ 2016	**104,812**	**166,010**	**0**	**270,822**	**270,822**

Disclosed tangible assets are the property of Impol 2000, d. d., and encumbrance free. The cost of intangible fixed assets with zero present value, which are still being utilised, amounts to EUR 1,141,073.

Assets under finance lease

The carrying amount of equipment under finance lease as of 31/ 12/ 2018, amounts to EUR 47,311 (31/ 12/ 2017: EUR 66,886).

Table 153: Value of assets under finance lease in EUR

	Cost (+)	Value adjustment (-)	Carrying amount (=)
Equipment	97,881	50,570	47,311
TOTAL	**97,881**	**50,570**	**47,311**

8. Long-Term Financial Investments

Table 154: Long-term financial investments in EUR

	Cost as of 31/ 12	Of which long-term financial investments in companies:		Value adjustment due to impairment on 31/ 12	Carrying amount	
		Group companies	Associates		31/ 12/ 2018	31/ 12/ 2017
	=	+	+	-	=	
Investments in shares and participating interest	70,840,963	70,806,315	34,648	34,648	70,806,315	70,806,315
TOTAL long-term investments except loans	**70,840,963**	**70,806,315**	**34,648**	**34,648**	**70,806,315**	**70,806,315**
Long-term loans granted	48,441,005	48,441,005	0	0	48,441,005	51,000
Total long-term loans	**48,441,005**	**48,441,005**	**0**	**0**	**48,441,005**	**51,000**
TOTAL LONG-TERM FINANCIAL INVESTMENTS	**119,281,968**	**119,247,320**	**34,648**	**34,648**	**119,247,320**	**70,857,315**

The financial investment in the equity of Impol,d. o. o. (97,5387% ownership share) was pledged in the form of a given guarantee, reserved for liabilities of Impol, d. o. o., to banks. As of 31/ 12/ 2018, the balance of these liabilities of Impol, d. o. o., amounts to EUR 44,250,000. The investment in Rondal, d. o. o. was pledged as security for liabilities of Impol, d. o. o., under the credit agreement. The state of the loan to Impol, d. o. o., from the contract in question on 31/ 12/ 2018 amounts to EUR 312,500.

Trend in investments in subsidiaries and associates

Table 155: Trend in investments in subsidiaries and associates

Investment in subsidiary or associate	Cost			Cost adjustment due to the impairment		Carrying amount		Ownership as of 31/ 12/ 2018 %
	Purchase value 1/ 1/ 2018	Purchases/other increase	Cost 31/ 12/ 2018	Value adjustment 1/ 1/ 2018	Value adjustment 31/ 12/ 2018	31/ 12/ 2018	1/ 1/ 2018	
	+	+	=	-	=	=	=	
Impol Servis, d. o. o.	245,037		245,037	0	0	245,037	245,037	100%
Impol, d. o. o.	67,588,863		67,588,863	0	0	67,588,863	67,588,863	97.54 %
Impol-FinAl, d. o. o.**	1,000,000		1,000,000	0	0	1,000,000	1,000,000	100%
Rondal, d .o .o.	100,000		100,000	0	0	100,000	100,000	100%
Impol-TLM, d. o. o.,	1,872,415		1,872,415	0	0	1,872,415	1,872,415	100%
Total subsidiaries	**70,806,315**		**70,806,315**	**0**	**0**	**70,806,315**	**70,806,315**	
Impol Brazil Aluminium	34,648		34,648	34,648	34,648	0	0	50%
Total associate companies	**34,648**	**0**	**34,648**	**34,648**	**34,648**	**0**	**0**	
TOTAL	**70,840,963**		**70,840,963**	**34,648**	**34,648**	**70,806,315**	**70,806,315**	

In 2018, a verification of the recoverable value of the financial investment in the subsidiary Impol-TLM, d. o. o., was performed (as of 31/ 12/ 2018, the Company states negative capital), i.e. with the evaluation the recoverable value as the value during use carried out by an authorised appraiser (test of the financial investment impairment, in accordance with the provisions of IFRS 36). The result of the evaluation established that the carrying amount of the financial investment in Impol-TLM, d. o. o., does not exceed the recoverable value of the financial investment determined by the appraisal. After starting up production and normalising business operations, the Company already achieved a positive operating result in 2017 and 2018 and operates in accordance with plans.

***In 2018, an authoraurhorised appraiser was also performed a verification of the recoverable value of the financial investment in Impol-FinAL, d. o. o., which was founded by Impol 2000, d. o., in 2016, through evaluation of the recoverable value as the value in use (financial investment impairment testing in accordance with IAS 36). The result of the evaluation established that the carrying amount of the financial investment in Impol-FinAL, d. o. o., does not exceed the recoverable value of the financial investment determined by the appraisal. Impol-FinAl, d. o. o., is not yet fully operational in 2018, since investments were needed to enable production. On the basis of the performed analyses and plans of operations, the management reasonably expects that the investment in the company will be profitable, which is also evident from the already concluded contracts with customers.*

Long-term financial investments in equity are entirely classified in the group for financial investments in subsidiaries and associates and are measured at cost. As the controlling company, Impol 2000, d. d. is responsible for preparation of consolidated financial statements for the companies presented above.

Trend in long-term loans granted

Table 156: Trend in long-term loans granted in EUR

	Loans granted to Group companies	Total
Balance of long-term loans granted as of 1/ 1/ 2018	51,000	51,000
New long-term loans granted - conversion of short-term loans (EUR 49,280,000) and interests (435,675) (+)	49,715,675	49,715,675
New long-term loans granted (+)	8,274,330	8,274,330
Reimbursements in the current year (-)	4,800,000	4,800,000
Transfer of the short-term portion of long-term loans granted falling due in 2019, among short-term financial investments (-)	4,800,000	4,800,000
Balance of loans granted as of 31/ 12/ 2018	**48,441,005**	**48,441,005**

In 2017, a long-term loan was granted to subsidiary in the amount of EUR 51,000, which falls due on 1/ 1/ 2022. The loan is secured with a bill of exchange and is calculated at the established interest rate, which applies to loans between associated entities, increased by 1 percentage point due to maturity.

In January 2018, the short-term loan granted to the company in Croatia (including interests accrued up to 31/ 12/ 2017), in the total amount of EUR 49,715,675, was converted into the framework long-term loan in the amount of EUR 60 million. The loan is secured with a bill of exchange and is calculated at the established interest rate, which applies to loans between associated entities, increased by 1 percentage point due to maturity. The last instalment falls due in October 2024.

In December 2018, the subsidiary in Croatia was granted another long-term framework loan which was only partly used up in 2018. The loan is secured with a bill of exchange and is calculated at the established interest rate, which applies to loans between associated entities, increased by 1 percentage point due to maturity. The last instalment falls due in December 2023.

New loans in 2018 were approved for larger investments in tangible fixed assets and current financing of the subsidiary's operations.

Maturity of long-term loans granted

Table 157: Maturity of long-term loans granted v EUR

	31/ 12/ 2018	31/ 12/ 2017
Due in 2019	x	0
Due in 2020	9,600,000	0
Due in 2021	9,600,000	0
Due in 2022	9,651,000	51,000
Due in 2023	9,990,005	0
Due in 2024 or later	9,600,000	x
TOTAL long-term loans granted	**48,441,005**	**51,000**

9. Merchandise Inventories

Table 158: Merchandise inventories in EUR

	31/ 12/ 2018		31/ 12/ 2017
	Cost (+)	Carrying amount	
Merchandise	11,557	11,557	12,409
TOTAL	**11,557**	**11,557**	**12,409**

Table 159: Inventory surpluses and deficits in EUR

Type of inventory	2018 (+/-)	Surpluses (+)	Deficits (-)
Merchandise	-2,381		2,381
TOTAL	**-2,381**	**0**	**2,381**

On 31/ 12/ 2018, the Company inspected the value of merchandise inventories and determined that the net realizable value of inventories exceeds the carrying amount, therefore no impairment of inventories was recorded in 2018. Inventories were not pledged as security for liabilities.

10. Short-Term Financial Investments

Table 160: Short-term financial investments in EUR

	Cost as of 31/ 12/	Of which short-term financial investments in:	Carrying amount	
		Group companies	31/ 12. 2018	31/ 12/ 2017
	=	+	=	
Total short-term financial investments excluding loans	**0**	**0**	**0**	**0**
Short-term portion of long-term loans granted	4,800,000	4,800,000	4,800,000	0
Short-term loans granted	300,000	300,000	300,000	48,970,000
TOTAL short-term loans granted	**5,100,000**	**5,100,000**	**5,100,000**	**48,970,000**
TOTAL SHORT-TERM FINANCIAL INVESTMENTS	**5,100,000**	**5,100,000**	**5,100,000**	**48,970,000**

Trend in loans granted

Table 161: Trend in loans granted in EUR

	Loans granted to Group companies	Loans to other companies	Total
Balance of short-tern loans granted as of 1/ 1/ 2018	48,970,000	0	48,970,000
New short-term loans (+)	910,000	20,000	930,000
Decrease - conversion of short-term loans into long-term loans (-)*	49,280,000		49,280,000
Refunds (-)	300,000	20,000	320,000
Transfer of the short-term portion of long-term loans granted, falling due in 2019 from long-term financial investments (+)	4,800,000		4,800,000
Balance of short-tern loans granted as of 31/ 12/ 2018	**5,100,000**	**0**	**5,100,000**

**See also the comment under table Trend in long-term loans granted*

The balance of short-term loans granted on 31/ 12/ 2018, in the total amount of EUR 5,100,000, also states, in addition to the stated short-term portion of long-term loans granted to Impol-TLM, d. o. o., in the amount of EUR 4,800,000, the short-term loan in the amount EUR 300,000, which falls due in 2019. In 2018, Impol ulaganja, d. o. o., was merged with Impol-TLM, d. o. o., whereby the latter assumed the debt in the amount of EUR 300,000 from the short-term loan which was granted to Impol ulaganja, d. o. o., by Impol 2000, d. d.,, already before the merging., and falling due on 29/ 4/ 2019. The loan is calculated at a 1.00 % annual interest rate (all short-term loans granted to subsidiaries will bear interest at an established interest rate, increased by one percentage point - if the variable part of the established interest rate would be less than 0%, contractual interests would be used and accounted in accordance with the variable part of the recognised interest rate of 0%, increased by the spread). The loan is secured with bills of exchange.

11. Short-Term Operating Receivables

In Slovenia, company's receivables are secured through SID – Prva kreditna zavarovalnica, d. d. in the amount of EUR 1,899,704 in accordance with the balance as of 31/ 12/ 2018 (balance as of 31/ 12/ 2017: EUR 1,771,037).

Trade debtors abroad are converted into the local currency at the exchange rate of the ECB published by the Bank of Slovenia. Exchange rate difference arising until the date of settlement of the receivable or until the balance sheet date are classified as the financial income or expenses item.

Table 162: Short-term operating receivables in EUR

	Short-Term Operating Receivables	Short-term operating receivables from different companies:		Value adjustment due to impairment	31/ 12/ 2018	31/ 12/ 2017
		Group companies	Other companies			
	=	+	+	-	=	+
Short-term receivables from customers	4,132,243	1,769,745	2,362,498	31,951	4,100,292	3,273,177
of which already matured on 31/12	395,231	1,997	393,234	0	395,231	661,585
Given short-term advances and collaterals	2,199	0	2,199	0	2,199	24,357
Short-term receivables related to financial revenues	564,035	526,677	37,358	0	564,035	554,910
Short-term receivables from state institutions	114,444	0	114,444	0	114,444	121,441
Other short-term operating receivables	21,603	0	21,603	0	21,603	18,400
TOTAL short-term operating receivables	**4,834,524**	**2,296,422**	**2,538,102**	**31,951**	**4,802,573**	**3,992,285**

Short-term receivables associated with financial revenues

Table 163: Short-term receivables related to financial revenues in EUR

SHORT-TERM RECEIVABLES RELATED TO FINANCIAL REVENUES	31/ 12/ 2018	31/ 12/2017
Short-term receivables for interests related to financial revenues from operating receivables (customer) (+)	37,358	37,522
Impairment of short-term receivables for interests related to financial revenues from operating receivables (customers) (-)	0	560
Short-term receivables for interests related to financial revenues from loans granted (+)	526,677	517,948
TOTAL	**564,035**	**554,910**

Table 164: Short-term operating receivables in the domestic and foreign market in EUR

	31/ 12/ 2018	31/ 12/ 2017
Short-term operating receivables in the domestic market	4,161,056	3,347,882
Short-term operating receivables in the foreign market	641,517	644,403
TOTAL	**4,802,573**	**3,992,285**

Table 165: Analysis of outstanding trade receivables in EUR

	31/ 12/ 2018	317 12/ 2017
Due in 2018	374,582	
Due in 2017	0	602,239
Due in 2016	11,729	11,119
Due in 2014 or earlier	8,920	48,227
TOTAL receivables from customers already due	**395,231**	**661,585**

Value adjustment of current operating receivables due to impairment

Table 166: Trend in value adjustment of short-term operating receivables due to the impairment in EUR

	2018	Of which value adjustment of short-term receivables from companies: other	2017
Balance as of 1/ 1/ 2018	**52,476**	**52,476**	**166,996**
Decrease in value due to settlement of receivables (-)	32,353	32,353	20
Decrease in value due to write-offs of receivables (-)	3,839	3,839	114,501
Created value adjustments for the period due to the impairment (+)	15,667	15,667	0
Balance as of 31/ 12/ 2018	**31,951**	**31,951**	**52,476**

On 31/ 12/ 2018, the entity had no disclosed receivables from the members of the Management board, the Supervisory Board and owners.

12. Cash

Table 167: Cash in EUR

	31/ 12/ 2018	31/ 12/ 2017
Cash in hand and immediately cashable securities	471	323
Cash in banks and other financial institutions	323,930	565,110
Cash	**324,401**	**565,433**

The Company has no short-term deposits under three months, but on 31/ 12/ 2018 the so-called over-night deposit in the amount of EUR 151,409 has been formed.

Short-term accrued costs and deferred revenues

Table 168: Short-term deferred costs and accrued revenues in EUR

	31/ 12/ 2018	31/ 12/ 2017
Short-term deferred costs or expenses	1,546	13,830
VAT from received advances	3,322	2,915
SHORT-TERM ACCRUED COSTS AND DEFFERED REVENUES	**4,868**	**16,745**

Short-term deferred costs or expenses mainly refer to the costs of professional literature and advertising paid in advance.

13. Equity

Table 169: Equity in EUR

	31/ 12/ 2018	31/ 12/ 2017
Equity	**61,225,400**	**58,743,154**
Called-up capital	4,451,540	4,451,540
Share capital	4,451,540	4,451,540
Capital reserves	10,751,254	10,751,254
Income reserves	7,958,351	7,958,351
Statutory reserves	2,225,770	2,225,770
Other revenue reserves	5,732,581	5,732,581
Reserves from fair value measurement	-20,573	-17,838
Net profit brought forward	32,601,891	32,481,493
Net profit or loss for the financial year	5,482,937	3,118,354

In 2018, Impol 2000, d. d. paid out dividends in the amount of EUR 2,81 gross per share or in a total amount of EUR 2,997,615.

Table 170: Trend in reserves from fair value measurement in EUR

	Balance 31/ 12/ 2017	Balance 1/ 1/ 2018	Formation (+/-)	Reversal (-/+)	Balance 31/ 12. 2018
Actuarial profit/loss recognised from provisions for severance pays upon retirement	-17,838	-17,838	-3,075	341	-20,573
TOTAL	**-17,838**	**-17,838**	**-3,075**	**341**	**-20,573**

Disclosure regarding accumulated profit

Table 171: Accumulated profit in EUR

	31/ 12/ 2018	31/ 12/ 2017
Net profit or loss for the financial year:	5,482,937	3,644,177
Retained net profit/loss	32,601,891	32,481,493
Total retained net profit/loss	**38,084,828**	**36,125,669**
Increase (additional formation) of reserves from profit - separate	0	525,823
Distributable profit	**38,084,828**	**35,599,847**

At the regular General Meeting in 2019, the Management Board shall propose to the General Meeting to adopt the following resolution on the appropriation of the accumulated profit: A portion of the undistributed accumulated profit in the amount of EUR 4,000,000 shall be appropriated for dividends to shareholders in the gross amount of EUR 3.75 per share:

Table 172: Use of the distributable profit in EUR

Dividends to shareholders in the amount of EUR 3.75/share	4,000,000
Participation on the Management Board based on contracts	
Undistributed accumulated profit/loss for 2018 (to the retained profit/loss)	**34,084,828**

The remaining portion of the accumulated profit in the amount of EUR 34,084,828 shall remain undistributed.

14. Provisions

Table 173: Provisions in EUR

	Provisions for jubilee benefits	Provisions for retire-ment benefits	Provisions for retire-ment, jubilee and retirement benefits	Received government grants	Total
Balance as of 31/ 12/ 2017	**32,320**	**103,696**	**136,016**	**0**	**136,016**
Opening balance adjustments	0	0	0	0	0
Balance as of 1/ 1/ 2018	**32,320**	**103,696**	**136,016**	**0**	**136,016**
Formation (+)	40,175	88,226	128,401	1,401	129,802
Utilisation (-)	1,858	4,072	5,929	1,401	7,330
Balance as of 31/ 12/ 2018	**70,638**	**187,851**	**258,488**	**0**	**258,488**

Table 174: Changes in provisions

	Provisions for retirement pays	Provisions for long-service bonuses	TOTAL
Balance as of 31/ 12/ 2017	**103,696**	**32,320**	**136,016**
Balance as of 1/ 1/ 2018	**103,696**	**32,320**	**136,016**
Interest costs (+)	1,452	441	1,893
Past and present service costs (+/-)	83,699	39,734	123,433
Payout of benefits (-)	4,072	1,858	5,930
Actuarial profit/loss (other comprehensive income) (+/-)	3,076		3,076
Balance as of 31/ 12/ 2018	**187,851**	**70,637**	**258,488**

Provisions for pensions, long-service bonuses and severance pays upon retirement to other companies were first allocated in 2015. Provisions for severance pays upon retirement and long-service bonuses were allocated in the amount of the estimated future payments for severance pays and long-service bonuses, discounted to the end of the reporting period. Labour costs and costs of interest are recognised in the statement of profit or loss, while the conversion of such provisions or unrealised actuarial profit or loss due to severance pays upon retirement is recognised in other comprehensive income from equity.

Calculation of provisions for post-employment benefits and other long-term employee benefits is based on actuarial model, which takes into account the following assumptions:

- Annual discount rate arising from the data on the profitability of government bonds of the Republic of Slovenia,
- currently valid amounts of retirement and jubilee benefits from internal rules.
- Fluctuation of employees mostly depending on their age;
- Mortality based on last available mortality tables of the local population.

It is estimated that no provisions, other than the above stated, need to be formed.

Trend in received government grants

Table 175: Trend in received government grants

	Disposed of contributions	TOTAL received government grants
Balance as of 31/ 12/ 2017	**0**	**0**
Balance as of 1/ 1/ 2018	**0**	**0**
Formation – disposed of contributions (+)	1,401	1,401
Utilisation (75% of pays of disabled persons) (-)	1,401	1,401
Balance as of 31/ 12/ 2018	**0**	**0**

15. Long-Term Financial and Operating Liabilities

Table 176: Long-term financial and operating liabilities in EUR

	Entire debt as of 31/ 12/ 2018	The part falling due in 2019	31/ 12/ 2018	31/ 12/ 2017
	+	-	=	
Long-term financial liabilities regarding bonds	20,000,000	10,000,000	10,000,000	20,000,000
Long-term financial lease liabilities – other companies	51,037	20,209	30,828	51,040
TOTAL long-term financial and operating liabilities	**20,051,037**	**10,020,209**	**10,030,828**	**20,051,040**

	Entire debt balance as of 31/ 12/ 2018	Part falling due in 2019	31/ 12/ 2018	31/ 12/ 2017
	+	-	=	
Long-term financial liabilities	20,051,037	10,020,209	10,030,828	20,051,040
Long-term operating liabilities	0	0	0	0
TOTAL long-term financial and operating liabilities	**20,051,037**	**10,020,209**	**10,030,828**	**20,051,040**

Table 177: Maturity of long-term financial and operating liabilities

	31/ 12/ 2018	31/ 12/ 2017
Due in 2019	x	10,020,210
Due in 2020	10,021,486	10,021,484
Due in 2021	9,343	9,346
Due in 2022	0	0
Due in 2023	0	0
Due in 2024 or later	0	x
TOTAL long-term financial and operating liabilities	**10,030,828**	**20,051,040**

Changes in financial liabilities

Table 178: Trend in financial liabilities in EUR

Type of long-term financial liabilities	Interest rate	Date of maturity	Total debt as of 1/ 1/ 2018	Debt balance as of 31/ 12/ 2018	Of which the part falling due on:		Loan security
					in 2019	after 1/ 1/ 2020	
	%		+	=	(-)	=	
BONDS	3.8	19/10/2020	20,000,000	20,000,000	10,000,000	10,000,000	Unsecured
TOTAL			**20,000,000**	**20,000,000**	**10,000,000**	**10,000,000**	

Issued bonds

In 2015, Impol 2000, d. d. for the first time issued five-year bonds in the amount of EUR 50 million in order to finance the cycle of investments for the subsequent long-term growth and development. The annual interest rate is 3.8%. Coupons are paid on an annual basis. The final maturity date is 19/ 10/ 2020.

Liabilities for issued bonds relate to the bonds listed as IM01. The controlling company issued the bonds in the total nominal value of EUR 50,000,000. The total issue of bonds comprises 50,000 denominations of EUR 1,000.
The interest rate for the issued bonds is stable and amounts to 3.80% annually. Bonds have been traded on the Ljubljana Stock Exchange from December 2015.

Table 179: Depreciation schedule for the issued bonds in EUR

No.	Date of maturity of liability	Payment of coupon in EUR (interest)	Payment of principal value in EUR	Total payment in EUR
1	19/ 10/ 2019	760,000.00	10,000,000.00	10,760,000.00
2	19/ 10/ 2020	380,000.00	10,000,000.00	10,380,000.00
	TOTAL	**1,140,000.00**	**20,000,000.00**	**21,140,000.00**

Long-term financial lease liabilities

Table 180: Long-term financial lease liabilities in EUR

Interest rate	Maturity date	Total debt as of 1/ 1/ 2018	Exchange rate differences	Debt balance as of 31/ 12/ 2018	Of which the part falling due on:	
					in 2019	after 1/ 1/ 2020
%		+	+/-	=	-	=
6.20%	1/ 5/ 2021	51,040	-3	51,037	20,209	30,828
		51,040	**-3**	**51,037**	**20,209**	**30,828**

Table 181: Future minimum lease payments and their present value

	Future minimum lease payments	Present net value of future lease payments
Up to 1 year	22,781	20,209
From 1 to 5 years	32,269	30,828
Over 5 years	0	0
TOTAL	**55,050**	**51,037**

In 2018, the company did not capitalise borrowing costs (nor in 2017).

16. Short-Term Liabilities

Table 182: Short-term financial liabilities in EUR

	Total debt as of 1/ 1/ 2018	New loans in current year (+)	Transfer of the short-term portion of long-term liabilities	Repayment in the current year (-)	Short-term debt balance on 31/ 12/ 2018	Short-term debt balance as of 31/ 12/ 2017
Short-term financial liabilities based on bonds	10,000,000	0	10,000,000	10,000,000	10,000,000	10,000,000
Short-term financial liabilities to companies in the Group (excluding liabilities from financial lease)	32,710,670	53,639,330	0	40,850,400	45,499,600	32,710,670
TOTAL	**42,710,670**	**53,639,330**	**10,000,000**	**50,850,400**	**55,499,600**	**42,710,670**

Short-term loans will bear interest at an established interest rate applicable to associated persons, increased by one percentage point. All short-term loans are secured with bills of exchange. The interest rate for the issued bonds amounts to 3.8% annually. This is an unsecured obligation.

Table 183: Short-term financial lease liabilities in EUR

	Debt balance as of 1/ 1/ 2018	Transfer of the short-term portion of long-term liabilities	Exchange rate differences (+/-)	Repayment in the current year (-)	Short-term debt balance on 31/ 12/ 2018	Short-term debt balance on 31/ 12/ 2017	Leasing security
Short-term financial liabilities from financial lease – others	19,012	20,209	6	19,013	20,214	19,012	Unsecured
TOTAL	**19,012**	**20,209**	**6**	**19,013**	**20,214**	**19,012**	

Table 184: Short-term financial and operating liabilities in EUR

	31/ 12/ 2018	31/ 12/ 2017
Short-term operating liabilities to suppliers on the domestic market to companies in the Group	142,971	1,326,890
Short-term operating liabilities to suppliers on the domestic market to associate companies	118,811	200,141
Short-term operating liabilities to suppliers on the domestic market – other companies	268,356	242,331
Short-term operating liabilities to suppliers on foreign market to other companies	7,835	3,500
Short-term operating liabilities based on advances to other companies	173,456	190,974
Other short-term operating liabilities to Group companies	60,205	70,352
Other short-term operating liabilities to other companies	2,035,855	999,302
TOTAL short-term operating liabilities	**2,807,489**	**3,033,490**
Short-term part of long-term financial liabilities – bonds	10,000,000	10,000,000
Short-term part of long-term financial liabilities from financial lease – other companies	20,209	19,012
Short-term financial liabilities (other than financial lease liabilities) – Group companies	45,499,600	32,710,670
Short-term financial liabilities from the distribution of profit	4,778	5,225
Short-term financial liabilities from financial lease – other companies	5	0
TOTAL short-term financial liabilities	**55,524,592**	**42,734,907**
TOTAL short-term financial and operating liabilities	**58,332,080**	**45,768,397**

Table 185: Short-term operating liabilities in EUR

	31/ 12/ 2018	31/ 12/ 2017
Short-term trade creditors – Group companies	142,971	1,326,890
Short-term operating liabilities to suppliers – associates	118,811	200,141
Short-term operating liabilities to suppliers – other companies	276,191	245,831
TOTAL short-term liabilities to suppliers	**537,973**	**1,772,862**
- of which already matured on the balance date	180,681	1,325,688
Short-term operating liabilities for advances	173,456	190,974
TOTAL short-term liabilities for advances	**173,456**	**190,974**
Short-term liabilities to employees	1,199,571	830,681
Short-term liabilities to government	795,696	122,626
Short-term liabilities from interest – Group companies	60,205	70,352
Short-term liabilities from interest – other companies	10	0
Other short-term operating liabilities – other companies	40,579	45,995
TOTAL other short-term operating liabilities	**2,096,060**	**1,069,654**
TOTAL SHORT-TERM OPERATING LIABILITIES	**2,807,489**	**3,033,490**

Table 186: Analysis of outstanding liabilities to suppliers in EUR

	31/ 12/ 2018	31/ 12/ 2017
Due in 2018	180,681	x
Due in 2017	0	1,325,688
TOTAL liabilities to suppliers already due	**180,681**	**1,325,688**

Short-term financial liabilities comprise liabilities from the received loans with the maturity of less than one year. They include liabilities in the amount of EUR 10,000,000 from bonds, which represents the short-term portion of the liabilities from the repayment of bond principals, falling due in 2019, and other short-term loans received from companies in the Group, in the total amount of EUR 45,499,600, presented in the table "Short-term financial liabilities in EUR". Interest for loans between Group companies are calculated at the established interest rate, which applies to loans between associated entities, increased by 1 percentage point.
Other short-term financial liabilities refer to the portion of the received long-term loans for financial lease maturing in 2019 (totalling EUR 20,214) and to the liabilities from unpaid dividends (EUR 4,778).

All short-term financial liabilities, except the short-term portion of bonds, liabilities from the financial lease and liabilities from unpaid dividends, are secured.

Table 187: Short-term accrued expenses and deferred revenues in EUR

	31/ 12/ 2018	31/ 12/ 2017
Accrued deferred costs or expenses	397,912	393,369
Short-term deferred income	37,358	37,989
VAT from advances granted	18	330
TOTAL SHORT-TERM ACCRUED COSTS AND DEFFERED REVENUES	**435,288**	**431,688**

Accrued deferred costs or expenses refer to calculated interest from issued bonds, resulting from the day of the last payment of the coupon up to and including 31/ 12/ 2018, calculated amounts of unused leaves after the balance as of 31/ 12/ 2018. Short-term deferred revenues are formed from charged (yet unpaid) operating interest. At the time of settlement, they are recorded as income.

17. Financial Instruments and Financial Risks

Impol 2000, d. d., faces the following risks in its business process, in particular:

Table 188: Risks

Risk area	Risk description	Risk management method	Exposure
Liquidity risk	Lack of liquid assets required to settle operating and financing liabilities.	Pre-agreed credit lines and preparation of inflow and outflow schedules.	Minor
Interest rate risk	Risk associated with changes in the terms and conditions of financing and borrowing.	Monitoring of the ECB's and FED's policies, security with appropriate financial instruments – interest rate swaps, transition from the fixed to a floating interest rate.	Moderate
Credit risk	Risk of customer failure to settle their liabilities.	Securing trade receivables – primarily receivables from foreign debtors – through Prva kreditna zavarovalnica and foreign insurance firms, monitoring of customer credit ratings, limiting maximum exposure to individual customers. Transactions with customers located in high-risk markets are only performed on the basis of advance payments or prime bank guarantees.	Moderate to high

Liquidity risk

When it comes to liquidity risk management, we examine whether the company is able to settle its running operating liabilities and whether it is generating a sufficiently large cash flow to settle its financing liabilities.

Floating weekly and monthly planning of cash flows allows us to establish the liquid asset requirements. Potential cash shortages are covered by bank credit lines and other forms of financing, whereas the potential short-term surpluses are invested in liquid short-term financial investments.

Interest rate risk

Impol 2000, d. d., currently has not loans with variable interest rate, for this reason it is not exposed to the interest rate change risk.

Analysis of the sensitivity to changes in interest rates:

Impol 2000, d. d., is exposed to interest rate risk in the portion of debt which is tied to the variable interest rate (variable portion of is tied to EURIBOR).

Table 189: Short-term and long-term financial liabilities at a fixed interest rate in EUR

	31/ 12/ 2018	31/ 12/ 2017
Financial liabilities	20,000,000	30,000,000

Table 190: Short-term and long-term financial liabilities at a variable interest rate in EUR

	31/ 12/ 2018	31/ 12/ 2017
Financial liabilities	45,550,642	32,780,722

Table 191: Impact of the operating result changes on the interest rate changes

	31/ 12/ 2018	31/ 12/ 2017
Increase of the interest rate by 50 bp	-227,753	-163,904
Increase of the interest rate by 100 bp	-455,506	-327,807
Decrease of the interest rate by 50 bp	227,753	163,904
Decrease of the interest rate by 100 bp	455,506	327,807

Interest rate changes on the reporting date for 50 or 100 basis points would increase/decrease the net profit or loss for the amounts from the above table. Sensitivity analysis of the profit or loss in case of the indebtedness at a variable interest rate assumes that all other variables remain unchanged.

the Sensitivity Analysis was also carried out on the assumption that banks actually take into consideration the EURIBOR negative value in calculating the total interest rate. This means that as of the date of calculation (31/ 12/ 2018), when the six-month EURIBOR amounted to -0.237 and the three-month EURIBOR amounted to -0.309, the total interest rate was less than the interest margin.

Credit risk
Credit control process encompasses customer credit rating which is carried out regularly by Prva kreditna zavarovalnica and foreign insurance companies as well as our customer solvency monitoring system. By regularly monitoring of open and matured trade debtors, the age structure of receivables and average payment deadlines, we maintain our credit exposure within acceptable limits given the strained conditions on the market. In 2018, receivables from customers increased due to increased sales compared to 2017, for this reason attention is given to their recovery.

Carrying and fair values of financial instruments

Classification of financial instruments according to their fair value as of 31/ 12/ 2018, is shown in the following table.

Table 192: Carrying and fair values of financial instruments in EUR

	Carrying amount	Fair value	Fair value level
Long-term investments in subsidiaries	70,806,315	70,806,315	3
Long-term loans granted to Group companies	48,441,005	48,441,005	3
Short-term loans granted to Group companies	5,100,000	5,100,000	3
Short-term operating receivables	4,802,573	4,802,573	3
Cash and cash equivalents	324,401	324,401	3
Long-term financial liabilities	30,828	30,828	3
Long-term financial liabilities from bonds payable*	10,000,000	10,375,000	1
Short-term financial liabilities	45,524,592	45,524,592	3
Short-term financial liabilities based on bonds	10,000,000	10,375,000	1
Short-term operating liabilities	2,807,489	2,807,489	3

** Bonds listed on the stock market.*

18. Contingent Liabilities

As of 31/ 12/ 2018, Impol 2000, d. d. had EUR 58,402,542 of guarantees granted to the subsidiary Impol, d. o. o. from the received long-term loans at banks. The given guarantee in the amount of EUR 44,250,000 is secured by the pledge of a 97.5% ownership share in Impol, d. o. o.

As of 31/ 12/ 2018, Impol 2000, d. d., granted EUR 3,080,000 of guarantees of payment to the subsidiary Impol Seval, a. d., and EUR 4,473,001 of guarantees granted to Impol-TLM, d. o. o.

There are currently lawsuits against the Company in the total amount of EUR 100,000 in connection with economical disputes. The Company estimates that the claim is unjustified, which is why the it did not form short-term provisions for these purposes.

19. Transactions with Associates

Table 193: Receivables from companies in the Group as of 31/ 12/ 2018 in EUR

	Group companies - receivables				Total
	Long-term financial investments	Long-term loans granted	Short-term loans granted	Short-term operating receivables	
Impol, d. o. o.	67,588,863	0	0	1,149,498	**68,738,362**
Impol FT, d. o. o.	0	0	0	643	**643**
Impol PCP, d. o. o.,	0	0	0	1,002	**1,002**
Impol R in R, d. o. o.	0	0	0	84,578	**84,578**
Impol Infrastruktura, d. o. o.	0	0	0	1,135	**1,135**
Impol LLT, d. o. o.	0	0	0	72	**72**
Impol-TLM, d. o. o.	1,872,415	48,390,005	5,100,000	526,759	**55,889,180**
Impol-FinAl, d. o. o.	1,000,000	0	0	0	**1,000,000**
Stampal SB, d. o. o.	0	0	0	527,092	**527,092**
Rondal, d. o. o.	100,000	0	0	4,648	**104,648**
Impol Servis, d. o. o.	245,037	0	0	0	**245,037**
Štatenberg, d. o. o.	0	51,000	0	995	**51,995**
TOTAL	**70,806,315**	**48,441,005**	**5,100,000**	**2,296,422**	**126,643,742**

Table 194: Liabilities to Group companies as of 31/ 12/ 2018 in EUR

	Group companies - liabilities		Total
	Short-term financial liabilities	Short-term operating liabilities	
Impol, d. o. o.	44,999,600	149,646	**45,149,246**
Impol FT, d. o. o.	0	17,417	**17,417**
Impol Infrastruktura, d. o. o.	0	5,360	**5,360**
Impol LLT, d. o. o.	0	1,390	**1,390**
Kadring, d. o. o.	0	11,829	**11,829**
Rondal, d. o. o.	500,000	676	**500,676**
Impol Servis, d. o. o.	0	15,470	**15,470**
Unidel, d. o. o.,	0	1,387	**1,387**
TOTAL	**45,499,600**	**203,176**	**45,702,776**

Table 195: Liabilities to associates in EUR as of 31/ 12/ 2018 in EUR

	Alcad, d. o. o.	Simfin, d. o. o.	Total
Short-term operating liabilities	5,870	112,941	118,811
TOTAL	**5,870**	**112,941**	**118,811**

Table 196: Revenues generated with Group companies in 2018 in EUR

	Net revenues from the sale of services	Other operating revenues	TOTAL OPERATING REVENUES	Financial revenues from participating interests	Financial revenues from loans granted	TOTAL FINANCIAL REVENUES FROM INVESTMENTS
Impol, d. o. o.	11,720,926	0	11,720,926	3,413,900	0	3,413,900
Impol FT, d. o. o.	4,066	0	4,066	0	0	0
Impol PCP, d. o. o.,	10,081	0	10,081	0	0	0
Impol R in R, d. o. o.	19,497	212	19,709	0	0	0
Impol Infrastruktura, d. o. o.	6,357	0	6,357	0	0	0
Impol LLT, d. o. o.	3,271	29	3,300	0	0	0
Impol-TLM, d. o. o.	1,078	0	1,078	0	518,784	518,784
Impol ulaganja, d. o. o.	0	0	0	0	2,022	2,022
Impol-FinAl, d. o. o.	361	0	361	0	0	0
Stampal SB, d. o. o.	562,243	0	562,243	0	0	0
Kadring, d. o. o.	3,075	0	3,075	0	0	0
Rondal, d. o. o.	46,364	0	46,364	0	0	0
Impol Servis, d. o. o.	3,222	0	3,222	0	0	0
Štatenberg, d. o. o.	0	0	0	0	482	482
Impol Stanovanja, d. o. o	289	0	289	0	0	0
Unidel, d. o. o.,	821	0	821	0	0	0
TOTAL	**12,381,651**	**241**	**12,381,892**	**3,413,900**	**521,288**	**3,935,188**

Table 197: Expenses generated with Group companies in 2018 in EUR

	Cost of merchandise and materials sold	Costs of services	Costs of material	Other operating expenses	Total operating expenses	Financial expenses for interests and other liabilities	Total expenses from financial investments
Impol, d. o. o.	14,330,281	126,019	18,026	4,865	14,479,191	288,040	288,040
Impol FT, d. o. o.	0	13,677	0	0	13,677	0	0
Impol PCP, d. o. o.,	0	1,403	0	0	1,403	0	0
Impol Infrastruktura, d. o. o.	0	20,087	0	0	20,087	0	0
Impol LLT, d. o. o.	0	1,353	0	695	2,048	0	0
Impol-TLM, d. o. o.	0	890	0	0	890	0	0
Kadring, d. o. o.	0	69,416	7,737	0	77,153	0	0
Rondal, d. o. o.	0	0	0	0	0	4,103	4,103
Impol Servis, d. o. o.	126	17,578	382	0	18,086	0	0
Unidel, d. o. o.,	0	8,190	4,717	186	13,093	0	0
TOTAL	**14,330,407**	**258,613**	**30,861**	**5,746**	**14,625,627**	**292,143**	**292,143**

Table 198: Revenues generated with associates in 2018 in EUR

	Simfin, d. o. o.	Total
Net revenues from the sale of services	294	**294**
TOTAL OPERATING REVENUES	**294**	**294**

Table 199: Expenses generated with associates in 2018 in EUR

	Alcad, d. o .o.	Simfin, d. o. o.	Total
Costs of services	14,088	384,096	**398,184**
TOTAL OPERATING EXPENSES	**14,088**	**384,096**	**398,184**

Remuneration of members of the Management and Supervisory Board in 2018 (Art. 294, paragraph 5 of ZGD-1)

The table shows remuneration for 2018.

Table 200: Remuneration of members of the Management and Supervisory Board in EUR

Name and surname of the member of the Management and Supervisory Board	Position	Fixed portion of remuneration	Variable portion of remuneration:	Profit participation	Remuneration for management and other bonuses	Reimbursement of expenses	Insurance premiums	Total remuneration
Jernej Čokl	Chairman of the MB	36,000.00	123,456.39		18,000.00			177,456.39
Vlado Leskovar	Member of the MB	30,000.00	104,865.03		18,000.00			152,865.03
Janko Žerjav	Member of the MB	30,000.00	98,865.03		18,000.00			146,865.03
Milan Cerar	Member of the MB	30,000.00	101,265.03					131,265.03
Bojan Gril	Member of the MB	30,000.00	104,865.03					134,865.03
Andrej Kolmanič	Executive Director	148,127.12	91,386.20		11,838.12	3,223.84	613.20	255,188.48
Irena Šela	Executive Director	144,374.06	88,589.87		11,831.41	2,201.23	613.20	247,609.77
TOTAL		**448,501.18**	**713,292.58**	**0.00**	**77,669.53**	**5,425.07**	**1,226.40**	**1,246,114.76**

**MB - Management Board.*

The company has no claims against members of the management bodies and employees on individual contracts.

Events After the Reporting Date

On 7/ 3/ 2019, Impol 2000, d. d., signed a contract on the purchase of a 67.93% controlling stake of Alcad, d. o. o., Bistrica 4, 2310 Slovenska Bistrica, which then became its subsidiary.

There were no other events that would significantly affect the financial statements of Impol 2000, d. d. for 2019.

Signature of the Annual Report for 2018 and its Parts

The Chairman and members of the Management Board and the Executive directors of Impol 2000, d. d., are familiar with the content of all components of the annual report of Impol 2000, d. d., for 2018 and with the entire Annual Report of Impol 2000, d. d., for 2018. We agree with the content and confirm it with our signature.

Jernej Čokl
(Chairman of the Management Board)

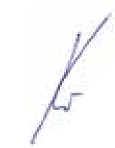
Vladimir Leskovar
(Deputy Chairman of the Management Board)

Janko Žerjav
(Member of the Management Board)

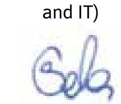
Milan Cerar
(Member of the Management Board)

Bojan Gril
(Member of the Management Board)

Andrej Kolmanič
(Chief Executive Officer)



Irena Šela
(Executive Director of Finance and IT)



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Chairman of the Management Board

Vladimir Leskovar

Deputy Chairman of the Management Board

Janko Žerjav

Member of the Management Board

Milan Cerar

Member of the Management Board

Bojan Gril

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Annual report of the Impol Group and of Impol 2000, d. d., for 2018
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