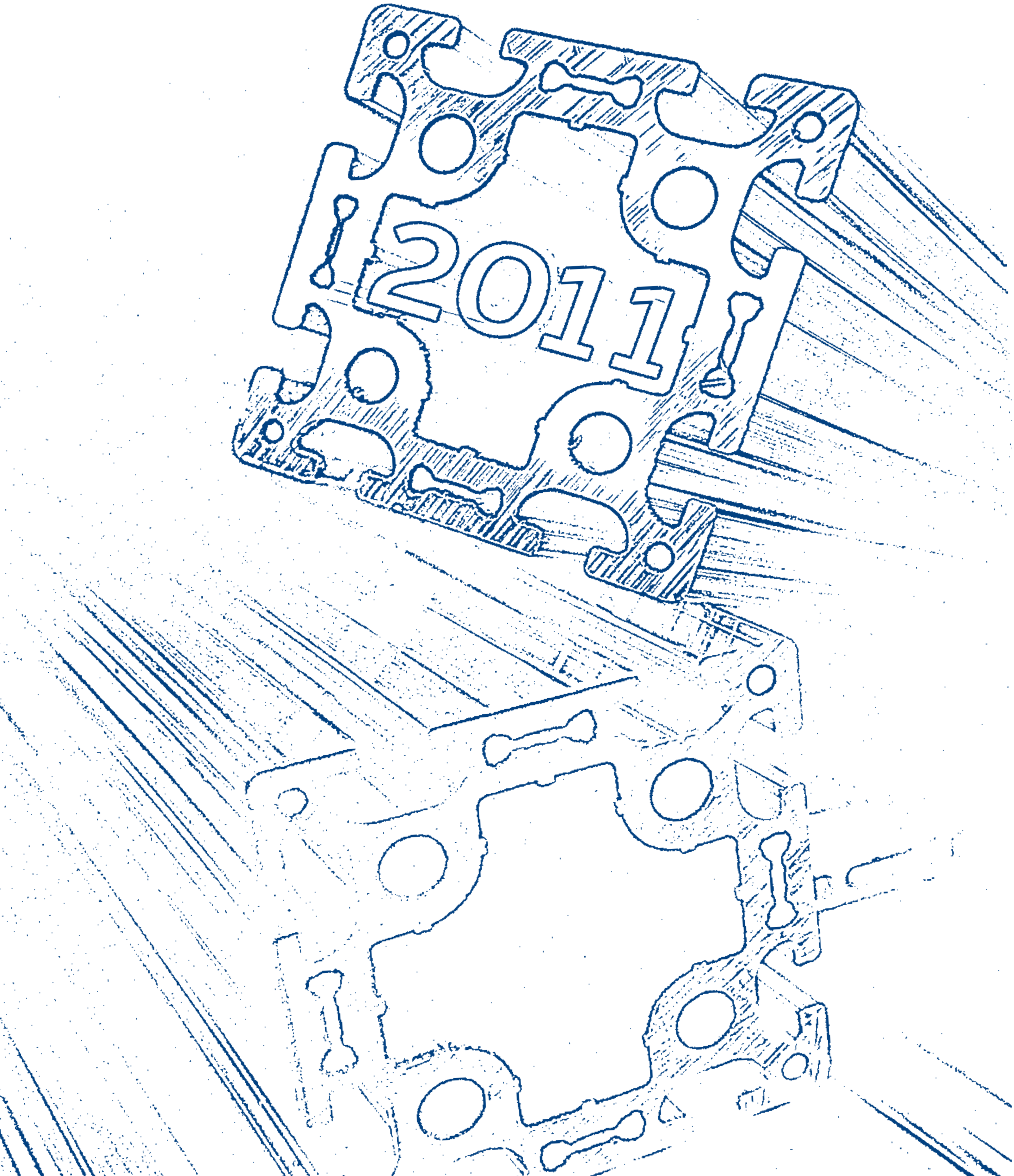
ANNUAL REPORT 2011

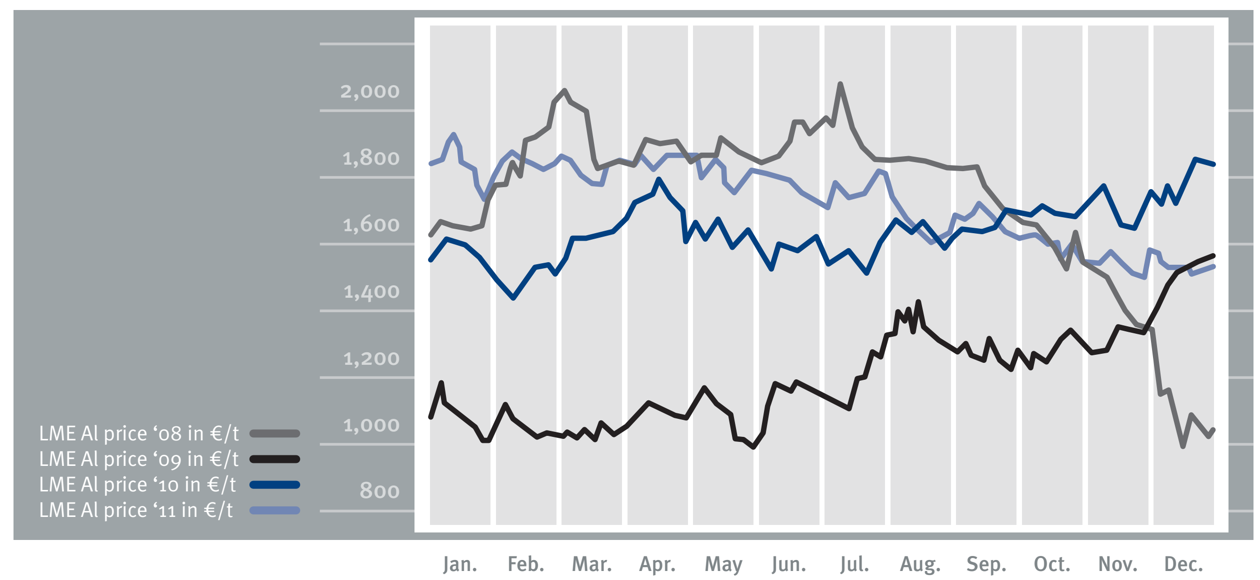


CONTENTS

1 TURNING POINTS IN IMPOL[1] IN 2011

- The beginning of 2011 was marked by optimism. Impol's business year started with a large number of orders and therefore the group operated at full capacity. This trend slowed down by the middle of the year, but the acquisition of new orders enabled us to achieve satisfactory business volume and value.
- Aluminium price trends on the LME[2] are still unpredictable. The price fell steadily in the second half of the year and consequently the value of business transactions decreased. However, this decrease did not affect business results, since the direct cost of materials also went down.

Al price trends on the LME for 2008–2011 — **Figure 1**

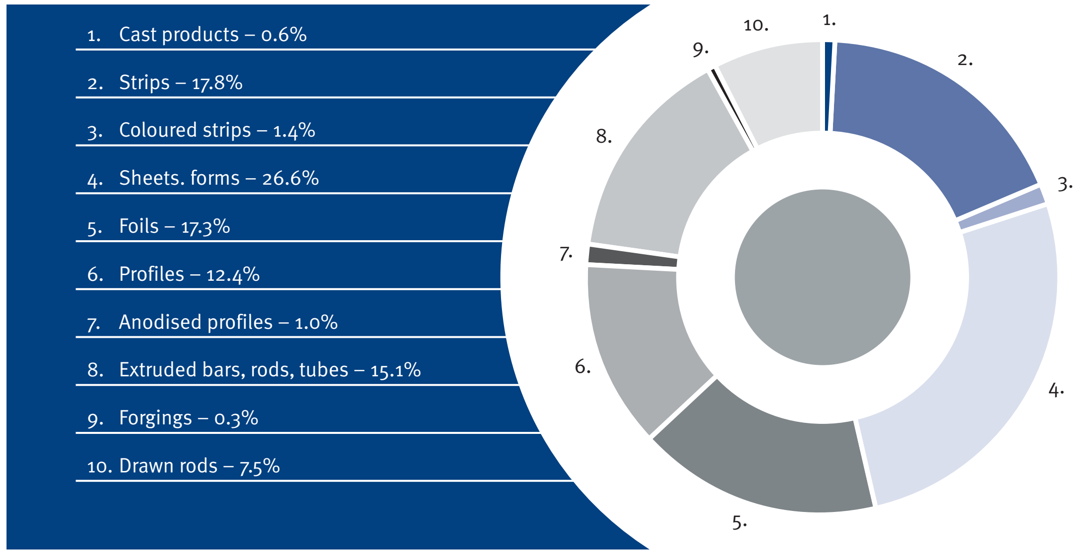


- Impol remains one of the ten largest Slovenian exporters and one of the fifteen largest companies.
- Impol's EBITDA reached EUR 42 million, including profit and amortisation, both of which exceeded EUR 16 million. In comparison with the previous year, the EBITDA increased by 40%.
- In 2011 Impol's volume of sales was similar to the previous year's volume.
- The new extrusion line that was incorporated into the production process in the first quarter enabled Impol to produce and sell more than nine thousand tonnes of complex products for further processing into automotive industry products. Thus the production volume came very close to the planned volume of ten thousand tonnes. This programme replaced the outdated ones that had lower added value.
- Impol's solar-power plant generated 1.16 MWh of green electricity in the first year of its operation, which is 13% more than expected.
- The renovation of the foundry capacities, which started preparing the grounds for a safer future supply of input materials of adequate quality, thus providing a basis for future growth and increased complexity of other aluminium products, is progressing; however, there have been some disruptions and delays due to unnecessary bureaucratic obstacles in obtaining approvals.
- The production of aluminium products represents the largest part of the overall production and sales processes in Impol (99%); the remaining part includes services in the domestic market. Impol's portfolio/product programme continues to include a wide range of products, which reduces the group's exposure to market fluctuations.

1 Hereinafter the name Impol refers to the whole Impol Group.
2 LME – London Metal Exchange

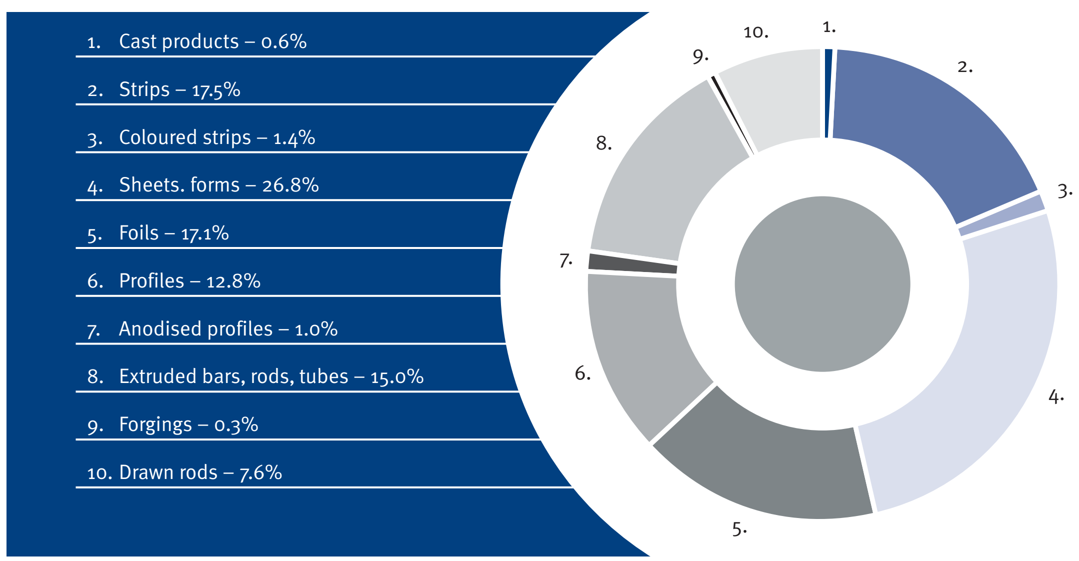
Shares of Al production by type

Figure 2



Shares of Al sales by type

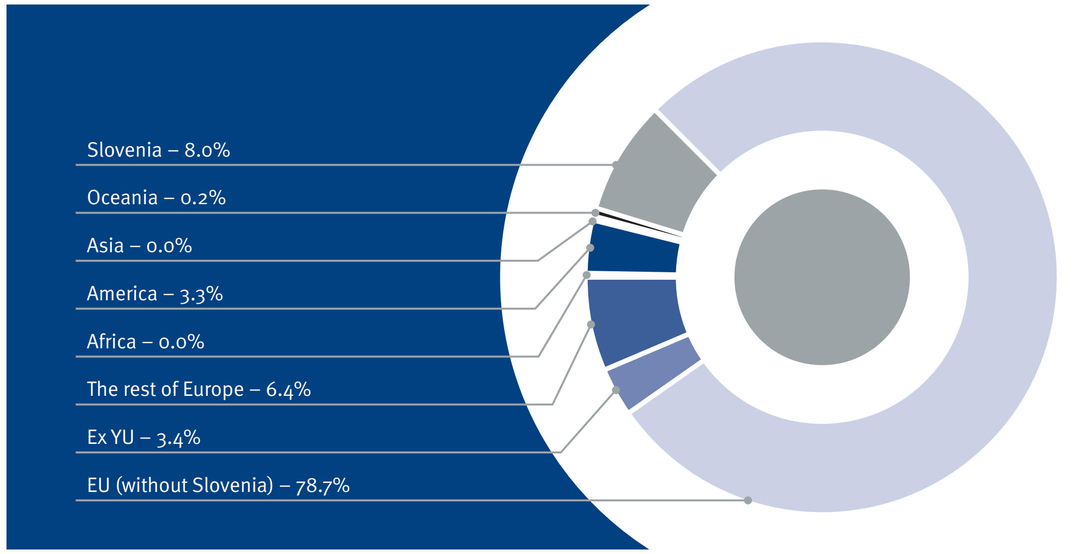
Figure 3



- The structure of the sources of finance continues to improve; long-term sources have increased by 3% and short-term sources of finance have decreased by 7%.
- In 2011 Impol invested about EUR 16 million in fixed assets with the aim to ensure long-term prospects on the one hand and, on the other hand, to maintain its position in the markets and the production potential by continually improving these areas. The amounts invested in 2011 were lower than those invested the year before, therefore liquidity and solvency problems were reduced.
- The group did not need to further invest in short-term investments, even though the value of sales increased by 10% due to the decrease in the price of raw aluminium. The measures aimed at rationalising the group's operations also contributed to the increase in value.

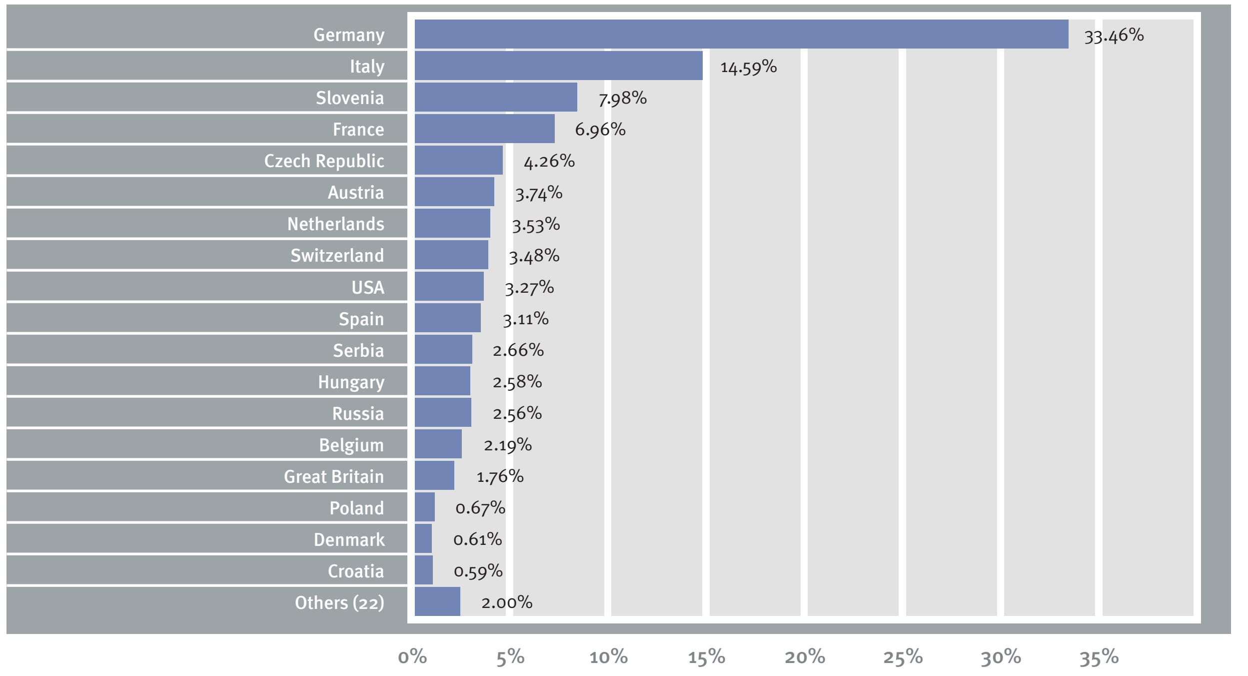
Sales of aluminium products by geographical area

Figure 4



Sales of aluminium products by country

Figure 5



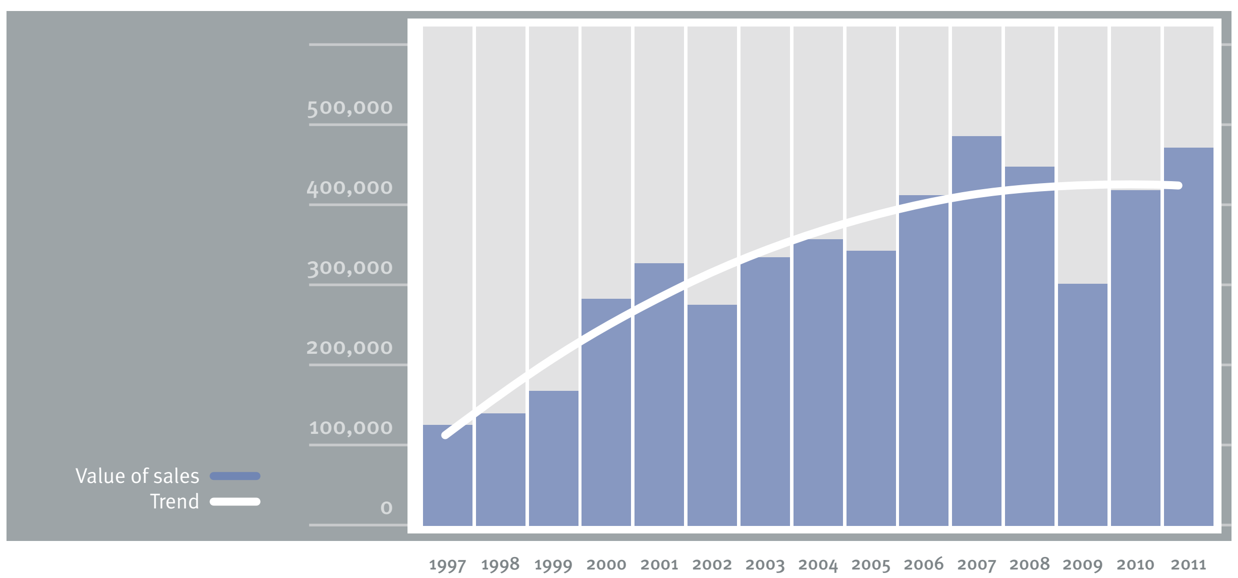
- The share of sales outside the EU is still slightly increasing, while Germany remains by far our largest individual market.
- In 2011 Impol's added value per employee exceeded EUR 47,000, i.e. it was 20% higher than the previous year.
- Throughout 2011 Impol carried out its operations in accordance with its Code of Operating Rules.

Key Details and Indicators

Review of the results consolidated in 1998–2011 (in thousands of euros) — Table 1

	Consolidated results of the Impol, d. o. o., without Impol 2000, d. d.									Impol Group[3]				
	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11
Consolidated revenues	145,130	175,295	294,977	332,472	276,174	346,394	366,708	355,372	432,112	468,309	450,641	303,783	421,140	473,611
- from sold products	120,680	141,002	294,977	332,472	273,979	344,339	363,818	352,392	427,707	409,119	387,216	275,254	352,744	405,662
Expenses	135,363	164,462	283,139	321,238	266,065	337,566	364,769	343,102	419,243	429,565	428,943	292,245	414,424	448,161
- write offs (depreciation, etc.)	4,395	4,986	5,312	6,281	6,309	7,908	10,956	14,063	14,416	17,081	18,555	12,521	14,384	15,567
Operating profit	9,766	10,833	11,837	11,234	10,109	8,829	1,939	12,270	12,870	38,645	21,698	15,267	15,958	26,315
Financial revenues/expenses difference	-3,293	-3,843	-6,107	-6,217	-5,611	-6,381	-9,365	-12,713	-6,422	-14,470	-12,644	-14,314	-9,670	-11,108
Other revenues/expenses difference	–284	816	2,096	762	328	1,157	883	2,897	126	–1,137	250	583	494	795
Profit or loss	5,052	6,337	7,690	4,926	4,581	3,381	–6,776	2,280	6,009	21,033	7,867	663	6,024	13,612
Cash flow from current operations	9,448	11,323	13,001	11,207	10,890	11,289	4,180	16,343	20,425	38,114	26,422	13,184	20,408	29,180
Cash	3,787	2,156	2,347	5,963	8,983	2,961	6,062	3,632	9,683	5,704	8,053	6,977	4,292	7,180
Equity	65,929	72,861	78,592	83,459	83,802	83,465	78,411	81,650	86,558	53,545	56,889	56,269	59,959	73,647
Share book value in €										44.36	53.33	52.75	56.21	69,21
Revenues per employee in €/year	172,979	201,953	328,116	368,594	133,935	182,276	199,806	197,100	237,034	257,030	252,743	185,724	249,897	266,937

Levels and trend of the sales — Figure 6



A short review of the business operations (Table 2: Key Indicators) shows that the sales volume increased moderately in 2011 and consequently the cash flow and profitability also improved. Half of the cash flow from current operations was achieved with the amortisation/depreciation costs, and the other half with the profit. Since at least half of the revenue from the sale of aluminium products and an even bigger part of costs depend on the price of aluminium on the commodities market the increase in revenue was achieved mostly due to higher premiums in selling prices which resulted from the change in the sales structure, which in turn occurred due to the high level of demand at the beginning of the year and the introduction of new programmes.

3 The Impol Group includes all the companies in which Impol 2000, d.d. direcly or indirectly had a majority shareholding in 2011. The acquisition of Rondal, d. o. o., was registered in January 2012, therefore Rondal's business results for 2011 were not included in this report, even though the acquisition agreement was signed just before the end of the year.

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

5 Impol 2000, d. d., purchased Rondal, d. o. o., on 27 December 2011 and the acquisition was registered in mid-January 2012. Formally, Impol 2000, d. d., owned 1% of the shares, and the remaining 99%come from Rondal's own shares fund and do not include management rights.

Key indicators[4] — Table 2

	Consolidated results of the Impol, d. o. o., without Impol 2000, d. d.									Impol Group[3]				
	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11
Turnover ratio	1.38	1.24	1.38	1.52	1.38	1.38	1.41	1.40	1.43	1.61	1.49	1.06	1.38	1.67
Viability	8.00%	7.60%	8.60%	5.70%	5.52%	4.10%	−7.93%	2.96%	5.03%	64.69%	16.05%	1.14%	11.17%	22.47%
Margin	3.6%	2.6%	1.6%	1.5%	1.7%	1.0%	−1.8%	0.7%	1.4%	4.33%	1.70%	0.20%	1.39%	2.93%
Equity/assets	66.0%	60.0%	54.7%	59.0%	42%	33.9%	28.9%	27.3%	28.1%	16.9%	18.4%	19.1%	19.0%	23.4%
Debt/equity	52%	64%	82%	74%	136%	193%	238%	259%	290%	485%	445%	420%	427%	323%
Long-term loans /equity	10%	11%	13%	14%	48%	54%	53%	51%	52%	152%	127%	133%	150%	134%
Employees	834	873	895	895	2062	1900	1835	1803	1819	1822	1783	1652	1695	1778

The selected key indicators relating to the operations in 2011 (Table 2: Key indicators) show that the financial year was one of the most successful years in a long time.

Identity Card of the Impol Group

The Impol Group operates within the holding company, Impol 2000, d. d., which has two directly dependent companies, Impol Servis, d.o.o., and Impol, d.o.o. The latter operates through thirteen subsidiaries, four sub-subsidiaries, and two associated companies (Table 3).

Companies operating within the Impol Group — Table 3

	Company	Share
	Impol 2000, d. d. – the holding company directly controlling the following:	
1	Impol Servis, d. o. o. (controlling 27,4% of Unidel, d. o. o.)	100.0%
2	Impol, d. o. o., with the following subsidiaries:	97.5%
2.1	Impol Seval, a. d., Serbia with its sub-subsidiaries:	70.0%
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%)	
2.2	Impol LLT, d. o. o.	100.0%
2.3	Impol FT, d. o. o.	100.0%
2.4	Impol PCP, d. o. o.	100.0%
2.5	Stampal SB, d. o. o.	100.0%
2.6	Impol R in R, d. o. o.	100.0%
2.7	Impol Infrastruktura, d. o. o.	100.0%
2.8	Impol Aluminum Corp., New York (USA)	90.0%
2.9	Impol Stanovanja, d. o. o.	100.0%
2.10	Štatenberg, d. o. o.	100.0%
2.11	Unidel, d. o. o.	72.6%
2.12	Impol-Montal, d. o. o.	100.0%
2.13	Kadring, d. o. o.	62.5%
2.14 associated	Simfin, d. o. o.	49.5%
2.15 associated	Alcad, d. o. o.	32.0%
3	Rondal, d. o. o.	100.0%[5]

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

In 2011 a new subsidiary, Impol Seval President, d. o. o., started operating, and Impol's associated company Alureg PIN, d. o. o., was shut down.

At the end of the year Impol signed an agreement to acquire 100% of the shares of Rondal, d. o. o. The company is not included in the above table, since the acquisition was registered only in the first days of 2012 and the company's operations will be monitored in the framework of the group's operations in 2012.

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

The management of Impol 2000, d.d., owns a total of 15,182 shares, or 1.42%, and it neither acquired nor sold any shares in 2011.

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

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

The list the ten largest shareholders indicates that a significant diversification in the ownership remains to be in place (Table 1):

Shareholder structure as of 31 December 2011 — Table 4

Shareholder	No. of shares	Percentage
BISTRAL, D. O. O.	111,449	10.4%
IMPOL-MONTAL, D. O. O.	80,482	7.5%
KARONA, D. O. O.	71,403	6.7%
ALU-TRG, D. O. O.	57,387	5.4%
UPIMOL 2000, D. O. O.	54,787	5.1%
ALUMIX, D. O. O.	53,400	5.0%
SIMPAL, D. O. O.	53,400	5.0%
DANILO KRANJC	22,209	2.1%
SIMFIN, D. O. O.	19,173	1.8%
VARIMAT, D. O. O.	17,206	1.6%
Other 988 shareholders	525,871	49.30%
Total	1,066,767	100.00%

In 2011 the shareholder structure did not change significantly in comparison with the structure on 31 December 2010.

Organisational Diagram

Since the end of 2011 the group has been organised in the following way (taking into account note No. 3):

Impol 2000, d. d.
Slovenska Bistrica

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

ALUMINIUM SECTOR	SERVICES AND TRADE SECTOR	OTHER SECTORS	INVESTMENTS IN ASSOCIATED COMPANIES	
Impol FT, d. o. o. Slovenska Bistrica 100% ownership share	Impol Aluminum Corporation New York 90% ownership share	Štatenberg, d. o. o. Štatenberg 100% ownership share	Simfin, d. o. o. Slovenska Bistrica 49.5% ownership share	Rondal, d. o. o. Slovenska Bistrica 100% ownership share
Impol PCP, d. o. o. Slovenska Bistrica 100% ownership share	Unidel, d. o. o. Slov. Bistrica, Impol, d. o. o. 72.6% ownership share, Impol Servis, d. o. o. 27.4% ownership share	Kadring, d. o. o. Slovenska Bistrica 62.5% ownership share	Alcad, d. o. o. Slovenska Bistrica 32% ownership share	Impol Servis, d. o. o. Slovenska Bistrica 100% ownership share
Impol LTT, d. o. o. Slovenska Bistrica 100% ownership share	Impol Infrastruktura, d. o. o. Slovenska Bistrica 100% ownership share	Impol-Montal, d. o. o. Slovenska Bistrica 100% ownership share		
Stampal SB, d. o. o. Slovenska Bistrica 100% ownership share	Impol Stanovanja, d. o. o. Slovenska Bistrica 100% ownership share			
Impol R in R, d. o. o. Slovenska Bistrica 100% ownership share				

Impol Seval, a. d.
Sevojno
70% ownership share

Impol Seval Final, d. o. o. Sevojno 100% ownership share	Impol Seval Tehnika, d. o. o. Sevojno 100% ownership share	Impol Seval PKC, d. o. o. Sevojno 100% ownership share	Impol Seval President, d. o. o. Sevojno 100% ownership share

TURNING POINTS IN IMPOL IN 2011

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

Impol 2000, d. d., a management company, was established in August 1998, and registered in the Register of Companies at the Regional Court in Maribor on 3 August 1998 as a public limited company, with decision Srg. 98/01042, and entered under the number 1/10469/00. The company is classified under activity code 70.100, i.e. the management of holding companies. The company's registration number is 1317342.

On 9 November 1998 company 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, under entry number 1/10469/00.

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

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

The company's share capital is divided into 1,066,767 registered shares.

The book value of a share of Impol 2000, d. d., as of 31 December 2011 is as follows:

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

Year	Share	Book value of a share of Impol 2000, d.d.	Book value of a share: consolidated – including the equity of minority shareholders	Book value of a share: consolidated – excluding the equity of minority shareholders
2011	individual shares	40.85	69.21	61.21
2010	individual shares	36.19	56.46	49.90
2009	individual shares	32.13	52.75	46.41
2008	individual shares	26.54	53.33	47.27
2007	individual shares	23.70	50.19	42.06

TURNING POINTS IN IMPOL IN 2011

2 REPORT OF THE MANAGEMENT BOARD AND REPORT OF THE SUPERVISORY BOARD

Report of the Management Board

Dear shareholders and stakeholders,

The year 2011 was one of those business years that we will remember with a feeling of nostalgia and hope that the years to come would be as good, or even better. The 2011 business results are the best of the results achieved over the last decade and have enabled Impol to ensure sustainable development and operation.

Fortunately, the pessimistic predictions about the next wave of W-crisis on the markets relevant to Impol's operations did not come true. They were even proved to be wrong, since the largest individual market – Germany – continues to report high business activity, which is also reflected in Impol's operations, as the volume of exports to Germany continues to grow. At the beginning of 2011 the level of demand for Impol's products was the highest so far. The demand stabilised at a regular level in the second half of the year, which means that Impol will be able to start operating according to its plan in 2012 and offers a positive outlook for future operation.

The share of our revenue made in the domestic market continues to decrease, which is normal, as the domestic market is too small for Impol's capacities and cannot grow indefinitely. However, Impol has to grow constantly and thus increased production can only lead to increased export.

Impol's products portfolio still consists of several product programmes, which again proved to be a niche advantage, since specific groups of customers are provided with a more comprehensive range of products and the sensitivity to market fluctuations is decreased, as it is rare for all programmes to be in a critical situation.

The beginning of 2011 was marked by high demand for Impol's products, especially by traders, who ordered more products due to the increased market demand, as they wanted to avoid longer delivery times and price increases. Fearing that all their orders would not be carried out, they sought for other providers, which resulted in stockpiling and eventually in a decrease in the number of orders in the last quarter of the year.

The situation concerning sales to end-users was much more stable; business transactions were conducted through long-term contracts and the number of orders remained more or less the same throughout the year. There were some changes in the pricing policy due to the changing level of demand. It was easy to increase the prices and achieve good sales margins on this market because of the increase in the number of orders from traders.

Impol's products are mainly intended for the following industries: transport, the automotive industry, the pharmaceutical and the food industries as well as the construction sector. There was constant demand for all kinds of products on the market, as business activities in all industries were increasing; however, there were still some difficulties in the construction sector, which has not fully recovered from the recession yet. We entered the new solar market by launching mounting systems for solar power stations. This way we successfully compensated for the construction sector demand deficit.

There were no major changes on the market; we detected a slight and steady decline in LME prices throughout the year, but the changes were much more subtle than in the past. Due to the subdued nature of the market, there were not many problems concerning financial indiscipline, contract cancellations and customer bankruptcies.

The European Union remained our main market in 2011, because the favourable market situation, a uniform currency and low transportation costs offered us opportunities to maximise our profit. In addition, we started entering new markets by providing Impol Seval's products to customers in Russia, Belarus and Ukraine. Due to the increased demand in Europe, we focused less on distant markets (South America, Australia and Asia), but we are aware that we will have to increase our market shares outside Europe in the future.

In 2011 we took part in various specialised fairs in the field of food industry, photovoltaics, automotive and furniture industries. We also participated in various meetings organised by EAFA, where manufacturers of similar products meet, share experience, and exchange information and views on the future.

Next year we plan to revamp our website and create a catalogue that will present our products for the solar industry.

We successfully took advantage of opportunities. We responded well to the increased demand of traders on the European market. We increased sales margins and successfully followed the trend of increasing prices. We retained all customers. We started to penetrate the market of the solar industry. We maintained and strengthened Impol's brand image in Europe and all over the world.

In 2012 Impol expects to:

- increase the share of sales of products with a higher added value (rods, foils and thick bars);
- take greater advantage of the extrusion line capacity, which has been increased after the integration of a new press, and increase sales of extruded products;
- maintain its role on the European market;
- create a sales network in South America (Brazil);
- penetrate the markets in the Near East (United Arab Emirates);
- increase our market shares in the USA and Australia;
- continue to increase the sales on the Russian market;
- continue to strengthen the reputation of the Impol brand as a reliable and respected provider of a wide variety of aluminium products.

The positive results of 2011 were mainly achieved through the implementation of high-quality anti-crisis measures, which Impol adopted in the last three years. Although business conditions on the markets improved to some extent, the situation on financial markets further deteriorated. Even though the trends of our operations already became positive, we will continue to carefully monitor and upgrade the measures. We will pay special attention mainly to safeguarding appropriate provisions for the periods of negative fluctuations and to developing those activities that will allow the group to have advantages in selected niche areas.

Aluminium is by far the most important raw material for the production of Impol's products, as other metals account for less than 5% of the input materials. All the purchase prices for the raw materials, as well as the selling prices for aluminium products, are based on the basic exchange price that showed a negative trend in 2011 as well. In dollars, it moved between 1,945 USD/tonne in December and 2,772 USD/tonne in April, that is between 1,287 and 1,467 €/tonne. The negative effects of these fluctuations were significantly weaker in 2011 than in previous three years. Impol continued to manage them with carefully implemented forward insurance that was being monitored and well managed at all times.

In 2011 the aluminium market did not undergo significant changes concerning organisation and ownership. China continues to strengthen its role as the leading market in this area, and it already accounts for nearly half of the global aluminium production. Given that the volume of aluminium produced in 2011 was 0.8 million tonnes larger than the volume of aluminium used, we estimate that there is no threat of the world's supply of aluminium running out, but there are already some supply disturbances occurring on the European market, because Europe almost completely stopped producing aluminium due to its energy problems.

In order to pursue its development objectives, increase its business scope and adjust to aluminium price increases, Impol made investments amounting to approximately EUR 16 million and repaid net EUR 9 million of loans with its own cash flow. By continuously investing in its organic growth in 2010, as well as in the previous years, Impol has created a good basis for a stable and successful operation in 2011 and in the years to come. This is also reflected in the objectives that Impol set for itself, which, compared with the objectives and the achieved results in the previous years, are very ambitious.

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

Results — **Table 6**

Indicator	2011	2010	2009	2008	2007	2006
EBITDA	42,019	30,291	23,185	40,084	50,762	29,786
annual growth	38.7%	30.6%	−42.3%	−21.0%	70.4%	27.2%
EBIT	26,463	15,907	11,124	24,434	34,569	15,142
annual growth	66.4%	43.0%	−54.7%	−29.3%	128.3%	61.7%

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

Impol pursued the following main objectives in 2011:

- to generate a profit of EUR 14.5 million, and
- to generate EUR 32 million in net cash flow;
- this was to be achieved through the sale of 166,000 tonnes of aluminium products.

In fact:

- the total volume of sold products amounted to 155,000 tonnes,
- the group generated a nominal amount of EUR 29 million in net cash flow,
- and a nominal profit of EUR 14 million.

In 2011 Impol achieved its main objectives, even though it had to face some problems which were quite successfully neutralised:

- compared to the previous year, the levels of demand decreased in some programmes, but the group managed to neutralise the disturbances by diversifying the programmes,
- market penetration of new products was slow and difficult due to the complex situation on the markets.

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

- Impol's operating income increased by about 12%, i.e. it amounted to EUR 472 million;
- The 2011 income is 130% larger than the income generated the year before;
- The achieved net cash flow, EBIT and EBITDA are the highest in the history of Impol's operation, and the net cash flow from operating activities has increased by almost 50% compared to 2010.

Impol 2000, d. d., is not a listed company; for this reason its shareholders can find the values of their investments by objectively presenting the value of the company in its financial statements. In 2011 the book value of the capital per share for Impol 2000, d.d., the holding company, increased again by almost 13%, and amounted to EUR 40,85 at the end of the year. The consolidated book value of the capital per share for the Impol Group increased by more than 12%. As a result of the financial results achieved and expectations for 2012, the Impol Group will keep the same policy for determining shareholders' dividends that applied to Impol 2000, d. d., in the previous year. The dividend will be 0.31 euro per share.

Until 2014 the Impol Group does not plan any significant internal organisational changes; they were not required in 2011, as the current organisational structure allows a smooth and appropriate operation of our most important production programmes. A major change occurred at the end of 2011, when the group purchased Rondal, d. o. o. Its impact on Impol's assets and business results will become visible in 2012 and later, since the acquisition of shares was not registered before mid-January 2012.

In 2012 Impol will again monitor, upgrade and improve guidelines for future operation for the period (at least) until the end of 2016. The basic guidelines for 2012 are as follows:

- If the Impol Group reaches the planned business volume of EUR 500 million, its EBITDA will amount to EUR 42 million, its EBIT to EUR 24.4 million, and its added value per employee to more than EUR 48,000.
- Regarding the sales of aluminium products, Impol's will continue to strive to increase its market share outside EU to more than 20%. We will pay special attention to expanding the market of coloured strips. The sales volume is expected to increase to 167,000 tonnes/year.
- Regarding the provision of funds for long-term investments, Impol will cooperate with other investors and banks when making individual investments and carefully monitor general developments when searching for profitable investment opportunities.
- We will continue to pay special attention to insurance against risks caused by the constant changing of material prices, and upgrade our knowledge which we will promptly use for risk management.
- Organisational changes in the company will mainly be aimed at preparing the company for the introduction of the one-tier management system.
- The entire system of stimulating employees will continue to be built on the basis of the performance over one year.

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

We will continue to focus mainly on regular customers, while putting a lot of effort into acquiring new ones. We will also continue to strive to increase the share of sales outside the European Union to 20%.

We will organise all sales through representative offices and agencies operating within the group. We will stimulate all the participants in this area, mainly on the basis of the achieved, and paid, selling premium exceeding the aluminium price on the LME, reduced by the cost premium.

When investing in development, the group will focus mainly on objectives that bring a higher level of business stability and security. Most funds for long-term investments will be outsourced, and short-term investments will be in line with raw materials price trends and the need for ongoing liquidity.

When acquiring large business shares in other companies, the group will keep in mind that the acquisitions must not have a negative impact on the structure of the sources for financing the whole process or increase obligations. Impol will continue to work towards a stronger consolidation of the aluminium industry, especially in the Balkans, and investments outside the Balkans will be aimed at expanding the sales network.

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

Financing within the group will depend on external conditions, including the costs for acquiring the funds. Individual companies from the group can act independently in the financial markets, provided that they have acquired approval from the superior company beforehand.

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

To reduce the risks arising from exchange-rate fluctuations, we will continue to implement the established measures to insure our business against risks caused by the constant changing exchange-rates and other fluctuations on the financial market. We will also actively introduce new ways of insuring against this.

We will continue to pay special attention to insurance against the risks caused by the constant changing of material prices, and upgrade our knowledge which we will promptly use for risk management. In the framework of its mandate and assignment, the Risk Management Board will promptly check the adequacy of the insurance, adopt appropriate measures and delegate responsibilities.

Regarding the supply of raw materials, we will continue to favour those providers that ensure a long-term business relationship on the basis of pre-agreed conditions.

Organisational changes in the company will mainly be dedicated to finding a way of introducing the one-tier management system.

Our information systems will be upgraded so that they will be joined in a single, integrated system connecting all the group companies. The processes for regularly monitoring the operation of the information system that was introduced last year will continue to ensure the optimal implementation of new parts and the improvement of existing parts of the information system. We will pay special attention to assessing their economic viability.

Impol's basic operating rules, as set out in its Code of Operating Rules, remain the same as before. If the need arises they will be amended on the basis of carefully reviewed needs that may arise, mainly due to a changed market situation.

The policy for determining dividends will stay the same, at least until the obligations which the parent company Impol 2000, d. d. created when acquiring large business shares in Impol, d. o. o. have been settled.

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

Report by the Supervisory Board

Impol 2000, d. d., and the whole Impol Group strive to maintain high performance standards in the area of corporate governance. All Impol's employees and partners have to respect and exceed these standards; the Supervisory Board has to make sure that all Impol's employees and partners respect and exceed these standards. A high degree of transparency and correct communication with shareholders and other stakeholders are also considered to be two important values in Impol. At the moment, the company has a two-tier management system, where the Management Board is responsible for conducting business operations, and the Supervisory Board for monitoring and controlling of the company's operations.

The Management and the Supervisory Board together assess and adopt the guidelines concerning the management policy for the entire Impol Group, which is set out in Impol's Code of Business Rules. All relevant information is proactively and promptly announced to the public in accordance with adopted documents.

Management Board and Supervisory Board members regularly communicate via e-mails and through direct contact. The Management is responsible for submitting regular and on-going notifications on business results to Supervisory Board.

The Supervisory Board of Impol controlled and examined, the management of the company's operations in the financial year 2011 throughout the year, in accordance with the competencies from Article 281 of the Companies Act. The task was carried out in such a way that each member of the Board promptly reviewed the reports submitted to it by the Management Board at least once a month. The most important of these documents is the Annual Report on the Company's Operations for 2011. All the meetings of the Supervisory Board, which consisted of four members at the end of the year, were attended by a quorum.

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

Acting on the proposal of the Management Board, the Supervisory Board discussed and approved the company's Business Plan and Business Policies for 2012. During its meetings, it most frequently discussed the pricing and trading policies of the company and their role in the development strategy of the Impol system. The Supervisory Board promptly monitored the operations of both the entire Impol Group and the individual companies included in the group, as well as the effectiveness of the individual programmes, within which the group carries out its activities. It was actively involved in assessing the efficiency of investments, especially in the acquisition of Rondal, d. o. o. It regularly monitored the implementation of development projects and investments, and assessed their integration into the existing production processes and the measures taken to achieve development objectives.

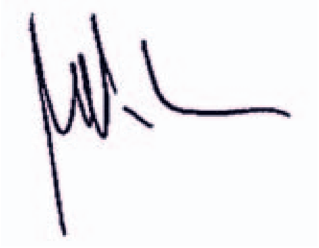
The Supervisory Board established that the reports of the Management Board, submitted to it throughout the year to be discussed at individual meetings, were composed clearly and transparently, giving a true and fair picture of the actual company's operations. The Supervisory Board also established that the Management Board promptly and consistently implemented the decisions of the Supervisory Board.

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

The Supervisory Board established that, according to the Auditor's Report, attached to the Business Report, prepared by the audit company Auditor, d.o.o., Ptuj, the financial statements give, in all respects, a true and fair picture of the financial situation of Impol 2000, d. d., the whole Impol Group and other companies from the Impol Group, as at 31 December 2011, and are in line with the Slovenian Accounting Standards. The same is true of the business results and the movement of the financial flows in the year that ended on the above-mentioned date. With respect to the operations of Impol 2000, the most important link is Impol, d.o.o., crucially affecting the success of the Impol Group. The Business Report by the Management Board is consistent with the financial statements. The Supervisory Board had no comments relating to the auditor's report, and gave its approval for it, as well as to the proposal for the formation of the capital, the balance-sheet profit, and the profit after the financial year 2011. The Supervisory Board suggested that the shareholders' meeting for the company adopt these documents and give a discharge for the financial year 2011 to the Management Board and the Supervisory Board.

Chairman of the Supervisory Board:

Milan Cerar



REPORT OF THE MANAGEMENT BOARD AND REPORT OF THE SUPERVISORY BOARD

3 BUSINESS REVIEW

Impol's main activity remains the processing of aluminium into rolled, extruded, drawn, and forged products, as well as other types of products (the main activity is registered as 25.500). The group also engages in other, less-important activities. Most of the activities in the group are organised within specific companies which do business with each other following market-based rules.

In 2011 Impol continued to acquire the knowledge necessary to increase its production of the materials used for further processing, mainly forging, while winning and developing markets for these products. Given the current market trends and the achieved sales figures for the products, we can conclude that this was the right decision, enabling Impol to meet the demands of one of the more demanding market segments.

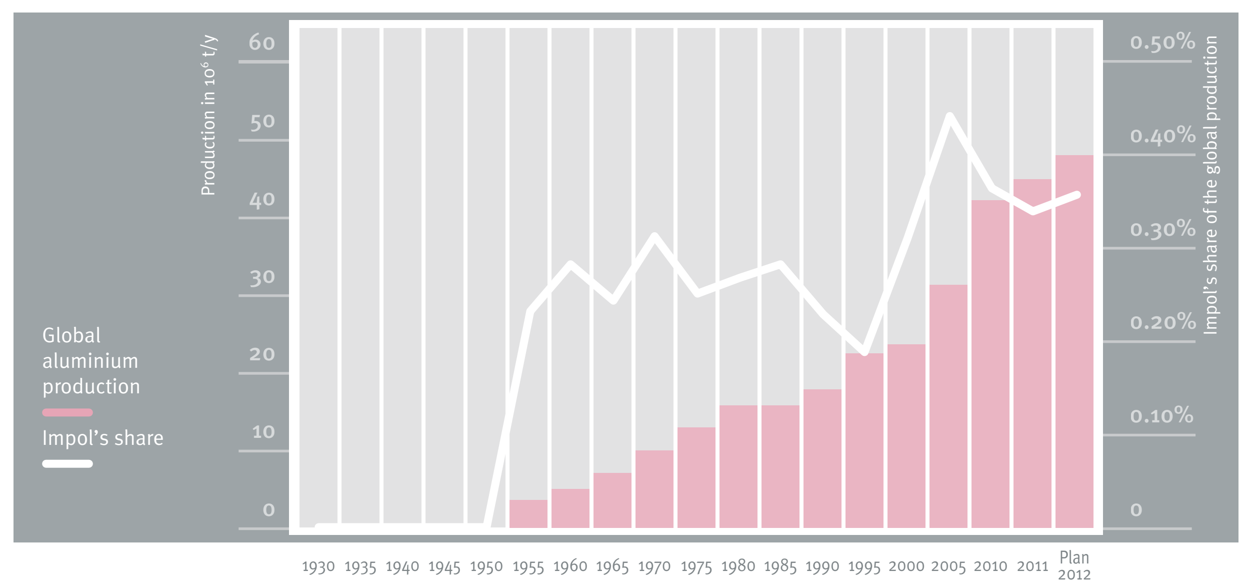
Until 1950, Impol processed only copper. The processing of aluminium started in 1950 (the programme is described in greater detail at http://www.impol.si), when the total global annual production of primary electrolytic aluminium was only a good million tonnes. Today this production amounts to about 45 million tonnes and is expected to increase by about 8% in 2012. At the same time, the processing of secondary (i.e. scrap) aluminium is also becoming increasingly important; its estimated amount tops 20 million tonnes per year (Aluminium No. 1-2 2011), and is to account for between 30 and 80% of all raw materials in the future in various production programmes. It should also be noted that this production does not even tap into all the available capacities for the primary-aluminium production, as, for various reasons, they are not all fully active; however, by including them in the system, global production could increase by about a quarter of the current volume.

Global production of primary Al — Table 7

Updated for the last time on 10 Oct 2011	2006	2007	2008	2009	2010	2011	2012 – p
Available capacities for Al production				48.57	53.03	57.11	60.75
Global production of primary Al in tonnes	33.93	38.14	40.19	37.74	42.04	45.19	48.47
Global consumption of primary Al in tonnes	34.40	37.85	37.52	34.23	40.08	44.39	47.79
Incurred imbalance (+ surplus, – deficit)	−0.47	0.29	2.67	3.51	1.24	0.80	0.68
LME cash price: - $/tonne – annual average	2,566	2,639	2,569	1,665	2,173	2,395	2,475

Source: IAI, WBMS, CRU, SG Commodities Research

Al production in mt/y and Impol's share of the primary-Al consumption — Figure 7



The Impol Group had a 0.37% share of all the newly processed aluminium. In 2011 this share remained the same as the year before. In line with its strategic policies, Impol now focuses more on the products with a high added value and less on the quantity of the production. However, the quantity of Impol's production also remains important, as in the processes of mass production Impol can only manage its fixed costs with a sufficient quantity. As the global processing of aluminium, including the processing of secondary, recycled aluminium has reached about 55 million tonnes per year, Impol's share of the total processing is just below 0.3%.

In 2011, the realisation scope increased by 12% in terms of value compared to the year before. This was mainly a result of growth due to a change in product range and an increase in primary aluminium price, while the sales volume actually remained the same.

It is characteristic of the aluminium-processing industry that the selling prices for its products are formed by adding selling premiums, agreed with the buyers, to the LME primary aluminium prices. The value rises or drops completely independently of the quantity of sales, or the fluctuation in sales margins.

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

Production and Marketing Programme

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

- various rolled aluminium products (plain and painted strips, sheets, embossed and formed sheets);
- foils and thin strips;
- profiles (untreated, anodised);
- bars, rods, tubes;
- forgings, cast and painted aluminium products; since 2012 also circles;
- other products, trading activities and services.

Sales shares by type of products — **Table 8**

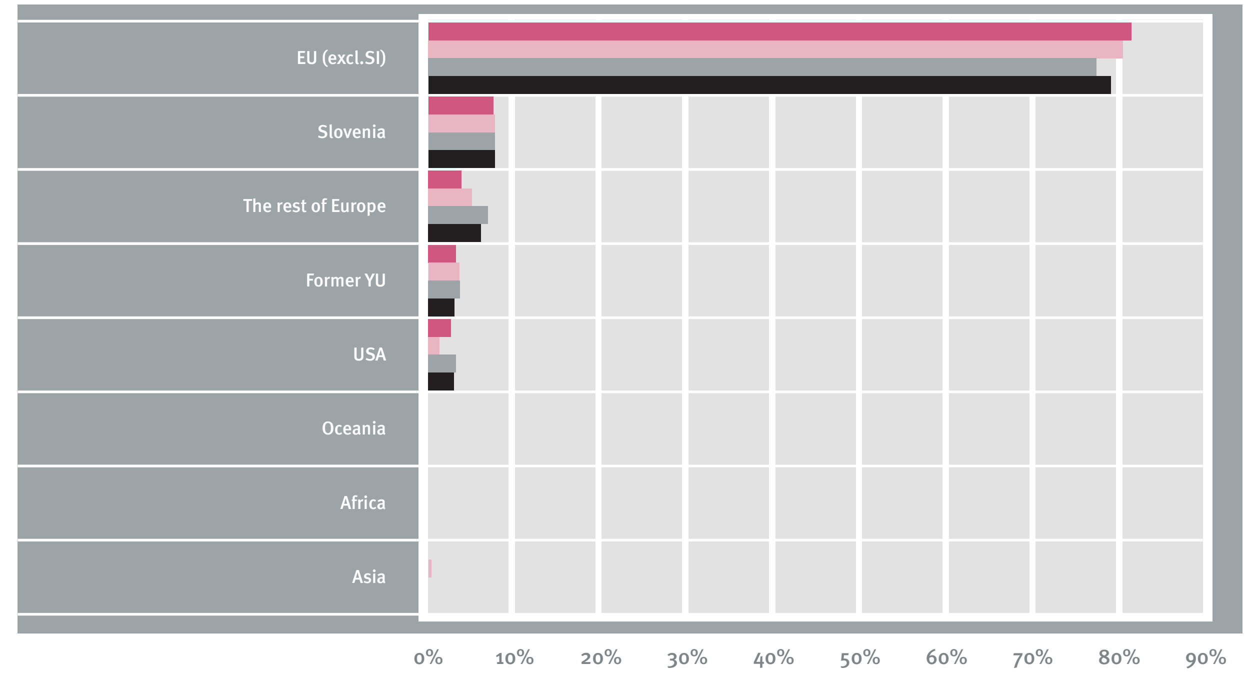
Cast products	1,003	0.6%
Strips	27,041	17.5%
Painted strips	2,209	1.4%
Sheets, shapes	41,444	26.8%
Foils	26,477	17.1%
Profiles	19,815	12.8%
Anodised profiles	1,535	1.0%
Extruded bars, rods, tubes	23,183	15.0%
Forgings	486	0.3%
Drawn bars, rods	11,704	7.6%
Total	154,897	100.0%

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

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

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

Sales shares for Al products by geographical area — **Figure 8**



	Asia	Africa	Oceania	America	Former Yu	The rest of the EU	Slovenia	EU (excl. SI)
2008	0.00%	0.00%	0.19%	2.88%	3.73%	4.24%	7.79%	81.16%
2009	0.46%	0.11%	0.13%	1.71%	4.05%	5.38%	7.97%	80.18%
2010	0.01%	0.09%	0.15%	3.40%	3.98%	7.28%	8.07%	77.02%
2011	0.01%	0.02%	0.16%	3.27%	3.40%	6.43%	7.98%	78.72%

Markets and Customers

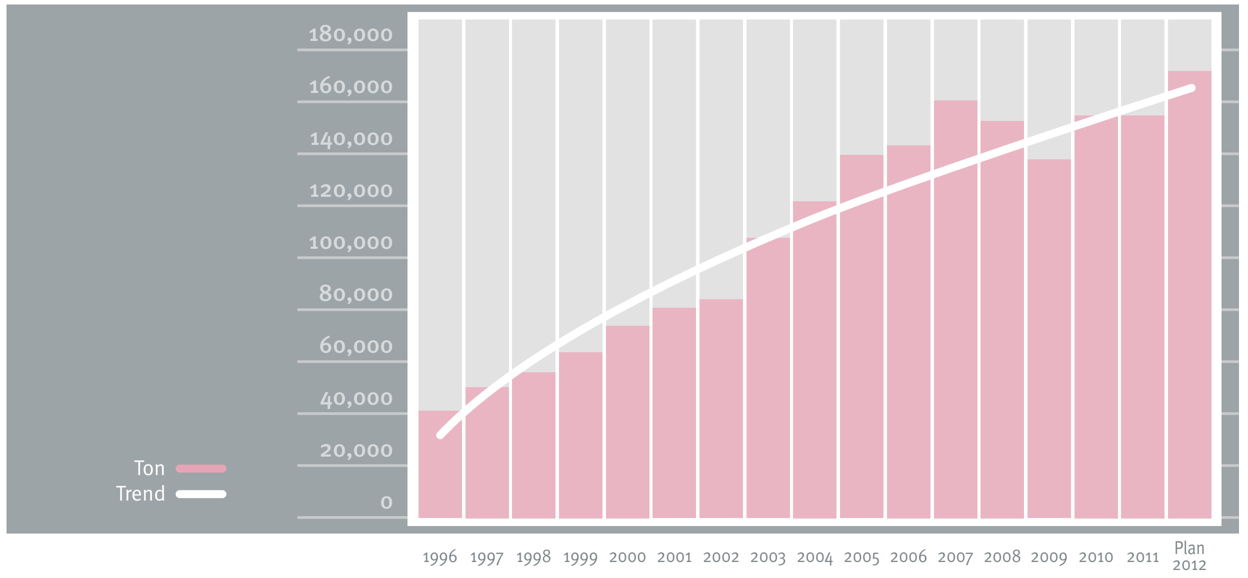
Impol sells most of its products in markets outside Slovenia.

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

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

Trend of sold aluminium products

Figure 9



The majority of sales are still in the EU. Impol sells about 90% of all its products in the EU, including Slovenia. The market includes more than 40 countries and 400 large customers, none of which accounts for a particularly large share (see Figure 5 on page 7).

Market Characteristics

The year 2011 was marked by significant demand for Impol products, mainly by traders. Due to a growth in demand on the market, they increased their orders above the usual level to avoid possible longer delivery times and price increases. Concerned that supplies would run out, they activated various other supply sources, which caused our stock to increase and, in the last quarter, the volume of orders to drop.

Impol products mostly aim at the following industries: transportation, the automotive industry, the pharmaceutical and food industry and construction. There was constant demand for all types of products in the market, as all industries experienced growth. Construction was the only sector still facing difficulties, not having entirely recovered from the recession. A new market of products for the solar industry opened up, which we entered by producing profiles for solar power systems, thus successfully compensating for the lack of demand in construction.

The market did not suffer any other significant shocks. During the entire year, the LME price fell slightly and steadily, but the situation was much more stable than in the past. 2011 was one of our successful business years.

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

In 2011 we continued to expand to Russia and Belarus (for Impol Seval's products), and Poland. Our presence in Asia, Australia and the Middle East is not so intense, as the exports made in dollars continue to be less profitable.

Sales Organisation

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

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

Market Communication

Last year, we participated in various specialist fairs, such as those in food industry, photovoltaics, and the automotive and furniture industry. We also took part in EAA meetings, which bring together producers from similar sectors to share their experience, information and views about the future.

Next year we plan to redesign our web site and produce new catalogues to present our range of products for the solar industry.

Important Sales Achievements

- We managed to keep all our existing customers and attract new ones.
- We were successful in making most of our market opportunities, as well as in our response to the increased demand of traders in the European market.
- We increased sales margins and successfully followed the trend of price increases.
- We maintained and strengthened the reputation of the Impol trademark in Europe and throughout the world.

Forecasts for 2012

- We will increase the share of sold products with a higher added value (drawn bars and rods, foils and thick bars).
- We will use the increased capacities of the extrusion programme that now includes a new extrusion line and increase the production of extruded products.
- We will maintain our presence in the European market.
- We will boost our sales in the South American market (Brazil).
- We will enter the Middle Eastern market (Arab Emirates).
- We will increase our market share in the markets of the U.S. and Australia.
- We will continue to expand through the Russian market.
- We will continue to strengthen the presence of the Impol trademark as a symbol of a reputable supplier for a wide range of aluminium products.

Purchasing

Organisation of purchasing

The Impol Group organises strategic purchasing centrally by closing purchasing contracts – from raw materials to consumable materials, services and capital equipment. By doing this we provide single terms of purchase for part of the purchases for several companies in the group, taking advantage of the economy of scale.

Purchasing of aluminium materials

Primary and secondary aluminium in various forms accounts for most of the raw materials purchased. Given that Impol is a reprocessing company with no own source of raw materials, it has to purchase the required material before making any products. In terms of raw material purchasing, the top spot is taken by primary aluminium, which is then processed by alloying elements in our foundries to produce complex aluminium alloys. In the last three years, we have also been putting a lot of effort into promoting consumption of secondary aluminium.

In primary aluminium supply, concentration is growing, increasing the power of suppliers against processors. An additional problem is the integration of most of the global aluminium production and processing into large international corporations, which means the number of suppliers in the open market is falling. In the primary aluminium sector, the Impol Group is maintaining its strategic business ties with the traditional aluminium supplier for this part of Europe, while regularly working with at least one or two large traders in order to increase competitiveness.

As regards secondary aluminium, the situation is entirely different – very diverse and speculative supply in the market given the prices on the LME on the one hand, and on the other hand the closing of the processing chain in the European market. We are aware of the strong competition in purchasing quality secondary aluminium in the local European market amid growing demand for this type of aluminium. We will have to fight it on parallel levels of the market and our production line – by creating feedback loops with our clients and by using a cost or technologically effective method of refounding, which can accommodate higher prices of these raw materials.

In 2011, secondary aluminium accounted for as much as 20% of the total purchasing of all raw materials. From the point of view of our range of products and the existing equipment, a possibility to increase the scope of secondary aluminium processing quickly is mainly seen in f Impol Seval's products in Serbia, where, however, we are facing market problems in purchasing secondary aluminium of satisfactory quality on the local South-East Europe market. With a suitable overhaul of our foundry in Slovenia, chances will open up for instalment of additional quantities of secondary aluminium. Our short-term goal is a 30% share of secondary material. Given that most of the European processors have similar goals, the competition is becoming intense.

Challenges in purchasing in 2011

The purchasing of raw materials was handled at a relatively high level of material stock; we reached acceptable purchase premiums and an adequate level of flexibility. In the first half of the year, the situation on the market was very optimistic; nevertheless, we remained cautious and did not accumulate large stock in production processes, but managed to sell all possible surpluses in the forward market, bringing about a good result at the end of the year. As regards the purchasing of other materials and services, we focused on closing strategic purchase contracts, which meant that it was easier to achieve a stronger negotiating position in the market with purchase quantities for the group as a whole. Our position was also additionally strengthened by the group's good liquidity, something rarely seen on the European market. This way, we exercised adequate control over the financial costs in production processes, helping achieve satisfactory cost effectiveness for the Impol Group.

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

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

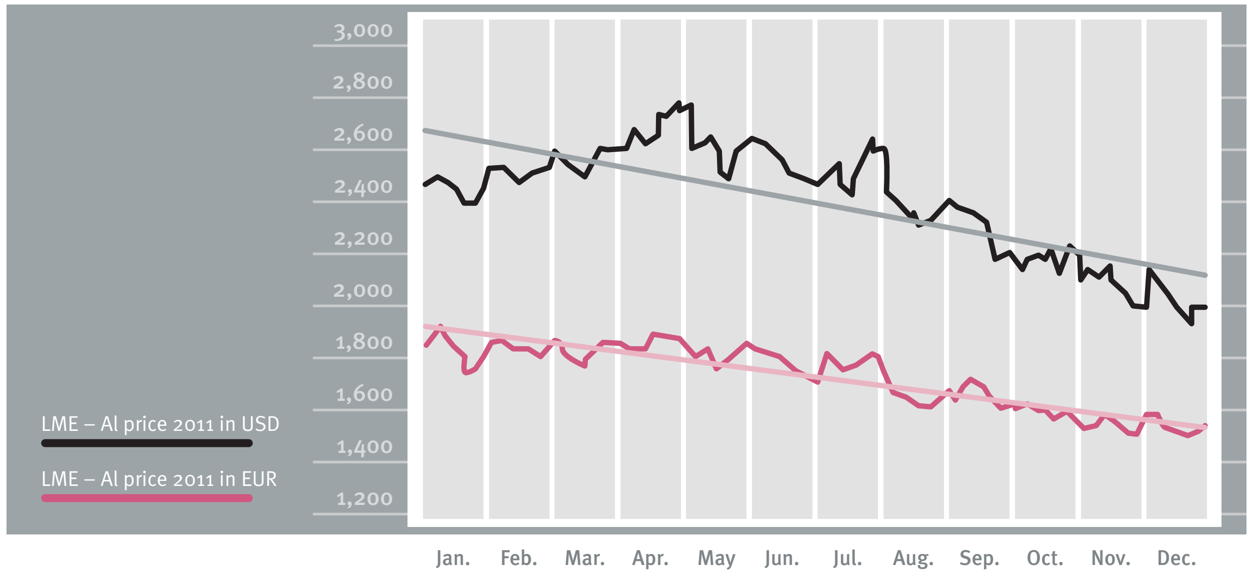
The trend of fluctuations in aluminium prices on the LME was relatively stable in 2011, turning into moderate decline. This enabled operation without the need for greater investments in the current assets.

In terms of securing the required energy sources, especially as regards electrical energy, 2011 turned out to be a crucial year. In agreement with our supplier we closed deals that allow Impol to acquire electricity at more competitive prices in the coming period, providing a better starting point for our operations over the next three years. As regards gas prices, there is less room for compromise as the price of this energy source mostly depends on the situation in the world markets. However, it should be noted that increasing attention will have to be paid to planning energy consumption. Impol will exercise this by installing better equipment and implementing more suitable technological processes, as well as with appropriate certification in the energy industry.

The Impol Group organises all the other purchasing within the companies involved in the production and service processes, causing no major problems with its realisation. In 2011 the services relating to purchasing continued to be carried out by an external company, Upimol 2000, d.o.o., because we believe that this way of organising the purchasing is the most rational.

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

Fluctuations of the Al price at the LME in $/t and in €/t and trends — Figure 10



Development and Investment Processes

In 2011, the Impol Group retained the extend of investments in fixed assets at a relatively high level, while even managing to reduce investments in current assets due to a drop in prices of aluminium raw materials. This enabled Impol to reach higher flexibility in financing processes, resulting in greater safety of operations in the short run.

In 2011 the group started investments in two large development projects (foundry facilities, equipment for painting aluminium strips), which we believe will rationalise the purchasing and consumption of input material, as well as improving our sales structure by enabling higher purchase premiums.

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

In 2011 special emphasis was put on smaller investments that promise quick returns. This emphasis will be even stronger in the next three years until the end of the intense period of meeting our credit obligations, imposed in the past through large investment projects.

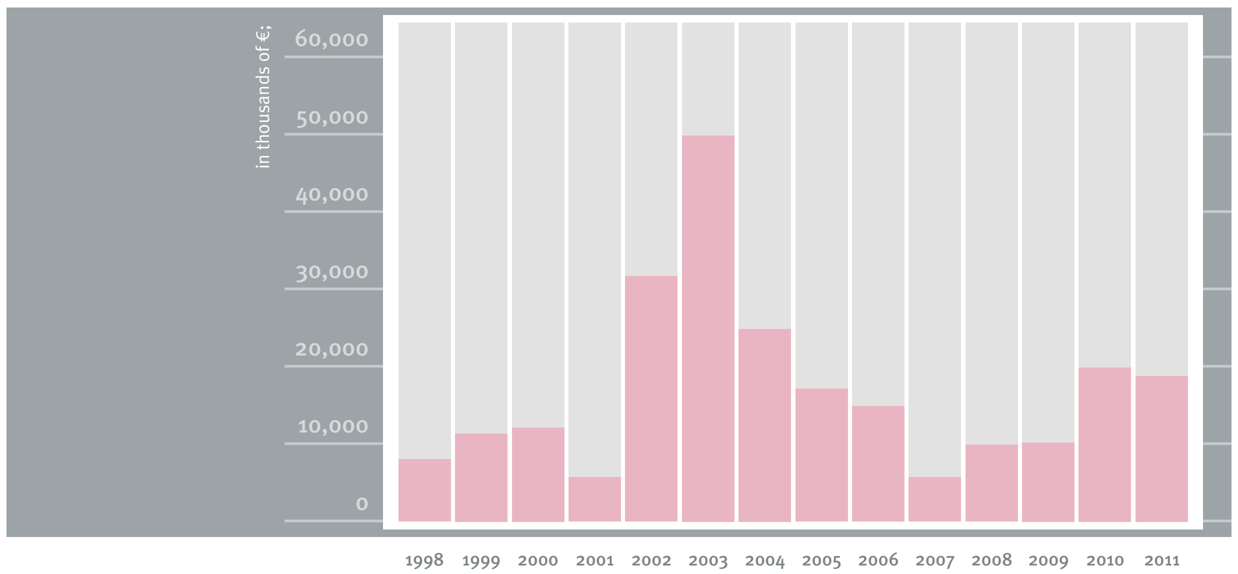
Extent of investments — Table 9

mio €

	2011	2010	2009	2008	2007	2006
Investments in shares	0.1			3.2	44.8	
Investments in fixed assets	18.7	20.0	10.2	7.0	5.9	15.7
Investments in current assets	−0.6	20.6	−10.2	−2.9	−14.3	44.6
Total	**18.2**	**40.6**	**0**	**7.3**	**35.5**	**60.3**

Extent of investments in fixed assets

Figure 11



Financing and Dividend Policy

In 2011 the Impol Group consolidated the structure of its resources in such a way that it finances over 23% of all the investments with capital. Compared to the year before, it improved the structure of financial sources by nearly 25%.

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

In doing this, it pays special attention to investing the funds in short-term assets (stocks, receivables, cash, etc.), reducing them as much as possible to avoid serious difficulties relating to a shortage of funds or of available external short-term financial sources, which are one of the most challenging in terms of management amid the current financial crisis in the European Union.

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

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

In 2012 no significant changes to the shareholders' ownership structure is expected, nor does the company expect to form a special reserve fund, or change its ownership structure.

Significant Events after the End of the Financial Year

In the time between 1 January 2012 and the completion of this report, there were no events that would significantly influence our business accounts and require additional disclosure and clarification. The acquisition of Rondal, d.o.o., only affects the assets of Impol 2000 after 1 January 2012.

Risk Management

Managing Financial Risks

The financial risks of the Impol Group are monitored and managed by the Finances and Economics Department, the Risk Management Department and other appropriate departments of the group companies operating outside Slovenia. To provide for a comprehensive risk management, the Risk Management Board was organised. The board systematically and promptly monitors and discusses registered risks incurred in the operating processes within the entire Impol Group, as well as suggesting and passing decisions for their mitigation or elimination (in line with the responsibilities assigned to the board by the Management and stipulated in Impol's Code of Operating Rules). The Risk Management Board carried out its activities at regular and extraordinary sessions, holding 30 sessions.

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

Types of risks and their management

Table 10

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

Exchange-rate risk

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

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

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

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

Review of dollar inflows and outflows of Impol, d. o. o. — Table 11

in millions of $	2008	2009	2010	2011
inflows	28	11,5	15,5	21,4
outflows	244	48,9	79,7	102,2

In 2011 we secured a certain part of the open U.S. dollar positions of Impol, d.o.o., in line with the exchange risk-management policy by using derivatives, while the rest of the positions remained unsecured. In 2011 our open positions were slightly increased due to an increase in the aluminium price at the exchange and due to larger purchases. However, we also purchased an increased amount of the input material from the suppliers, with which we had agreed to trade in euros. For securing positions, we used simple derivatives, such as forwards and currency options. With these instruments we created positive effects; however, we did not entirely succeed in neutralising the exchange-rate differences arising from our inability to match the outflows with the inflows.

Price risk

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

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

The methods for covering our costs and monitoring the stocks are determined accordingly.

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

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

To secure our costs appropriately, in 2011 Impol made the following forward purchases and sales:

Forward purchases and sales in 2011 — Table 12

	forward purchases		forward sales	
	€	$	€	$
total	10,596,459	14,853,083	13,482,305	15,463,027
in tonnes		12,600		13,875

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

Total amounts of forward purchases and sales in 2011 — Table 13

	Sales in tonnes	Total in the original currency	Rate at 31 Dec 2011	€
€	250	691,350		691,350

Credit risk

The process of credit control includes an assessment of the customers' credit standing that we regularly carry out, together with First Credit Insurance Company and other foreign insurance companies, and by monitoring their ability to pay. By regularly monitoring the outstanding and overdue trade receivables, the age structure of receivables and average payment periods, we maintain the credit-risk exposure of the Impol Group within an acceptable framework with respect to the aggravated market conditions. In 2011 we managed to retain our trade receivables at about the same level as in 2010, but we had to make adjustments to trade receivables amounting to 3.3 million euros.

Insurance to cover the external investors' risk

Due to the changed terms and conditions set by the credit banks, in 2011 we had to provide for additional insurance to cover the newly granted long-term loan.

Liquidity risk

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

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

Interest-rate risk

At the end of the year the Impol Group had long-term loans based on the reference interest rate of 6-month Euribor. Due to the finding that the offers for interest-rate swaps were very unfavourable, and due to the expectations that the interest rate would not increase, we did not introduce any new interest-rate insurance.

Insurance of property, interruption to operations and liability

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

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

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

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

Internal Audit

In the framework of the holding company, an internal audit is in place, helping the management of the company to make decisions with minimum risk. The internal audit operates in line with the plan set for it by the management, and in line with the current decisions of the management regarding its involvement in eliminating difficulties. In 2011 the internal audit worked on more than 31 projects and gave 66 proposals for improvements by preparing a plan for eliminating difficulties, or even a concrete solution, after identifying a shortcoming.

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

In line with Serbian legislation, the Serbian fraction of the group chooses its specialised internal auditor who monitors the legality and justifiability of the operations.

The internal audit work method is in line with standards and universally accepted guidelines, and is enhanced with qualifications for performing certain control activities, ensuring an immediate and superior implementation of internal audit conclusions. This directly reduces operating costs, leading to better business results.

4 SUSTAINABLE DEVELOPMENT

Review of events and achievements

- We raised average gross salaries by 7% and rewarded employees with a thirteenth salary.
- The average gross salaries of the employees were above the average gross salaries within the branch and above the national average.
- We improved the training structure of the employees.
- We reduced the number of accidents in the workplace.

Employees

Numbers of employees in the Impol Group

Employees by company in the group — Table 14

	Company	2004	2005	2006	2007	2008	2009	2010	2011
Slovenia	Impol 2000, d. d.				25	30	34	33	32
	Impol, d. o. o.	978	971	981	15	15	23	32	12
	Impol FT, d. o. o.				323	299	282	285	296
	Impol PCP, d. o. o.				459	435	344	336	374
	Impol LLT, d. o. o.				115	94	93	92	101
	Impol R in R, d. o. o.				29	29	24	23	23
	Impol Infrastruktura, d. o. o.				27	27	25	25	26
	Stampal SB, d. o. o.	38	36	35	38	37	33	32	33
	Impol Stanovanja, d. o. o.	1	2	3	3	3	3	2	2
	Unidel, d. o. o.	49	50	50	55	44	42	39	36
	Kadring, d. o. o.			6	12	12	10	11	11
	– work at the users' premises						54	97	97
	– work at the users' premises*						3	23	9
	Impol Servis, d. o. o.				7	7	7	7	7
	Impol-Montal, d. o. o.							1	1
	Total for Slovenian companies	1.066	1.059	1.075	1.108	1.032	974	1.015	1.051
Serbia	Impol Seval, a. d.	544	564	561	574	582	581	580	576
	Seval Finalizacija, d. o. o.	91	69	71	60				
	Impol Seval PKC, d. o. o.	31	11	11	11	10	11	12	11
	Impol Seval Tehnika, d. o. o.	76	67	68	68	105	97	92	92
	Impol Seval Final, d. o. o.	28	29	29	29	27	29	24	26
	Impol Seval President, d. o. o.								10
	Total for Serbian companies	770	740	740	742	724	718	708	715
USA	Impol Aluminum Corporation	4	3	3	3	3	3	3	3
Croatia	Impol Stan, d. o. o.	1	1	1	1				
	Total for the group	1.841	1.803	1.819	1.854	1.759	1.695	1.726	1.769

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

Employees of the companies within the Impol group

Gender structure of employees — Table 15

	Slovenia	Serbia	USA	Impol Group
Male	876 (82%)	559 (78%)	2 (67%)	1,437 (81%)
Female	175 (18%)	165 (22%)	1 (33%)	341 (19%)
Total	1.051	715	3	1,769

Average age of employees

Table 16

	Slovenia	Serbia	USA	Impol Group
Average age	40 years	47 years	52 years	43 years
Number of employees	1,051	715	3	1,769

Qualification structure

Table 17

	Ph.D	Msc.	Univ. grad	Higher educ.	Vocational degree	High school	Skilled employee
Slovenia	0.1%	0.4%	5.4%	4.2%	5.4%	29.2%	39.7%
Serbia	/	1.1%	10.6%	3.5%	7.0%	23.2%	42.8%
USA	/	/	100%	/	/	/	/
Impol Group	0.1%	0.7%	7.5%	3.9%	6.1%	26.8%	40.9%

Most of the employees (40.9%) completed a vocational high school; the next largest group include the employees with a general high-school qualification (26.8%). The share of employees with university, higher-education or vocational-degree qualifications increased slightly to 18.8% in 2011.

Employee benefits

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

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

Employees outside Slovenia get long-service awards for 10, 15, 20, 25, 30 and 35 years of loyalty to Impol. If an employee or an employee's close relative is sick, he or she is entitled to a solidarity payment. At the end of each year the employees' children, up to ten years of age, receive gifts. On 8 March every year, we organise a cultural event for our female employees.

Employee participation

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

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

In other countries, trade unions are organised in line with the relevant legislation.

Regulating disability issues

On 31 December 2011 the companies of the Slovenian part of the Impol Group employed 71 disabled employees, which is 7% of all employees. The most common cause of disability was illness or injury outside the workplace. In 2011, we saw a rise in disability due to mental disorders. For years now, there have been no cases of disability due to work-related illnesses.

Utilisation of working time

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

Table 18

Structure of working time	No. of hours (2010)	Hours in % (2010)	No. of hours (2011)	Hours in % (2011)
Regular working hours	1,708,598	79.97%	1,760,517	79.45%
Overtime	51,827	2.43%	59,139	2.67%
Annual leave and special leave	205,195	9.60%	217,475	9.81%
Sick leave	128,978	6.04%	126,568	5.71%
– the employer's liability	73,828	3.46%	66,349	2.99%
– social-insurance liability	49,698	2.33%	54,979	2.72%
– PDII liability	5,452	0.26%	5,240	0.24%
National holidays	31,169	1.46%	44,216	2.00%
Other absence from work	91	0.00%	0	0%
Exemption from work	9,473	0.44%	7,627	0.34%
Unjustified absence from work, unpaid leave	32	0.00%	96	0.00%
Training	0	0.00%	344	0.02%
Total	2,073,457	100.00%	2,215,982	100.00%

Due to an increased workload, the number of working hours, as well as overtime, increased. The Reducing Sick Leave project was successful. One of the many activities related to it was to establish a connection between sick leave and incentives. We managed to decrease the total sick leave, as well as short-term sick leave (up to 30 days), the cost of which is the employer's liability.

In the Serbian part of Impol, the utilisation of working time was as follows: regular working hours (84%), overtime (2%), annual and special leaves (8%), sick leave (3%), national holidays (2%) and other absence from work (1%).

Rewarding and stimulating employees

In the last three years, the income of the employees increased. In 2010 employees' gross salaries in the companies of the group operating in Slovenia rose by 14% in comparison with 2009. In 2011, gross salaries increased by 7% compared to 2010. In the three-year period gross income of Impol Group employees in Slovenia rose by 22%. This salary growth was a result of achieving the set objectives and the expected operating results.

Gross salaries by type of payments in percentage

Table 19

	Slovenia		Serbia	
	2010	2011	2010	2011
Basic salary	48%	47%	67%	65%
Overtime	2%	2%	1%	2%
Incentives	15%	15%	3%	6%
Project allowances	3%	3%	12%	11%
Allowances for unfavourable working time	18%	18%	4%	4%
Allowances – vacation	9%	9%	9%	9%
Allowances – holidays	2%	2%	1%	2%
Sickness benefit – the employer's liability	2%	2%	2%	1%
Sickness benefit – the liability of the Slov. Health Ins. Institute	2%	2%	1%	1%
Other	1%	1%	1%	0%
Total	100%	100%	100%	100%

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

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

Training employees

In the Impol Group we continually attempt to improve the qualification structure of our employees, as we also build our competitiveness on the basis of the employees' competences. We are aware that the race against our competitors requires knowledge from various different areas and the ability to use the latest technologies. For this reason the qualification structure of the employees in the Impol Group is very varied. In addition to the formal education that employees obtain before the starting employment, we pay a lot of attention to job training and position-specific training, which are equally necessary for the employees' performance. At the beginning of the year we prepared a training programme for each employee created on the basis of the expected requirements of the unit that employs the employee concerned. In doing this we also tried to consider the wishes of each individual employee.

One of the important goals of the Impol Group is to improve the qualifications of its employees, so that we can cope with the increasingly challenging trends of new technologies. For this reason we provide job training for the employees.

Employee innovations

In 2011, employees of the group of companies operating in Slovenia registered 245 innovations. This activity rose by 10% compared with 2010.

At a gala event organised at the end of the year, the most innovative employees were awarded with Innovators of the Year prizes.

Communicating with employees

Internal communication within the Impol Group is of special importance and has a long-standing tradition. When communicating with employees we use the following tools: the Slovenian internal newsletter called Metalurg, a monthly brochure called Metalurgov poročevalec, information displays and the website. In Serbia, we publish the internal newsletter Seval and the monthly brochure Informator. Other ways of communicating are organised through workers' councils, as well as through the trade union or the Committee on Health and Safety at Work.

Organising events

In 2011 we organised sports games, on this occasion for the 14th time. More than 600 employees from the Impol Group took part, as well as from the companies that were formerly part of Impol. At the end of November we organised a formal gathering of the innovators and the winners of the long-service awards for 2011, held in the Knights' Hall of the Slovenska Bistrica Castle. The Chairman of the Impol 2000 Management Board presented them with the awards and the Golden, Silver or Bronze Impol Emblems, thereby expressing gratitude for their contribution to the success of the Impol Group. Each year we also remember our retired employees and at the beginning of December 2011 we organised the traditional gathering of Impol's pensioners. As many as 550 retired employees of the Impol Group attended the event. After a number of years of not doing so, we also organised a New Year gift-giving event for all children of the Impol Group employees of up to 10 years of age. The event consisted of a puppet show and a visit by Father Frost, who gave each one of them a gift. 390 children were invited to the event in total, with almost all of them attending.

The employees in Serbia also participate in annual social events. In 2011 they attended the national Olympic Games in Budva and the winter sports competition in the Tara.

Most important achievements:

- We increased the average gross salary.
- We awarded our employees with a thirteenth salary.
- We reduced total sick leave.
- We successfully organised events for our employees and re-introduced an event for children.
- We redesigned our internal newsletter Metalurg.
- We published Employees' Manual.

Employee Health and Safety

We strive to continually reduce the risks arising from our operations. When planning new activities, we select technical solutions that are the most health-friendly which do not put jeopardise the safety of our employees. The system of managing health and safety is integrated into all the processes of the Impol Group and is continually developed.

Basic principles

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

By adopting the policy concerning health and safety at work, we commit ourselves to health protection. Our efforts are mainly reflected in:

- the changes to technological procedures, where unsafe procedures are being replaced with safer ones;
- reducing periods of employees' exposure to physical factors;
- use of input materials that affect the working environment the least and, consequently, the health and safety of our employees;
- a restricted, controlled and careful use of dangerous substances;
- making sure that our employees handling dangerous substances are qualified and receive all the necessary information needed to protect themselves, others and the environment;
- the designation of unsafe, and consequently restricted, areas with special warning signs;
- periodic checks of employees' theoretical and practical knowledge relating to safety at work;
- periodic checks of the physical and ecological harmfulness of the working area;
- regular preventative medical check-ups;
- monitoring of employees' health;
- periodic checks of the working equipment;
- an effective use of the prescribed protection means.

Important achievements

In 2011 we were especially proud of the following achievements:

- By carrying out the project Reducing Sick Leave in the Impol Group, we reduced the total sick leave of our employees.
- In the period 2007-2010, we reduced the number of accidents in the workplace by 28%.
- In 2011, we had periodic checks of the working equipment, controls of the working environment, preventive medical check-ups, checks of samples of individual mufflers and training of employees in health and safety at work.
- We improved lighting in the workplace in production processes.

Future guidelines for 2012

In the following period we intend to:

- Additionally improve the lighting in the workplace.
- Reduce work-place accidents by 10%.
- Reduce the number of sick leaves to below 5% of the total working time.
- Encourage the reporting of incidents.
- As part of the project "Promoting health in the workplace" we will carry out a number of activities aimed at encouraging all employees to take care of their personal health and safety at work.
- Continue to invest in training employees.

Public Relations

We are aware that we are an important organisation, at least in our local community. For this reason we wish our operations to be as transparent as possible, carried out in synergy with the other stakeholders from the local environment. We set up relations with the financial and other specialist public in a professional manner. We wish to increase our cooperation with universities and enhance our presence in the specialist media. We maintain close ties with the media relevant to Impol, ensuring that more information is available to the public. In future we wish to upgrade this communication.

Objectives for future activities:

- to redesign our website www.impol.si.
- to publish a crisis communication manual.

Protection of the Environment

The most important achievements in 2011 were as follows:

- We reduced dioxin concentrations below 0.1 ngTE/m.
- In recent years, we cut the consumption of process water substantially thanks to the successfully completed projects of constructing closed cooling systems for cooling water.
- In 2011, 1.163,076 kWh electricity generated by our solar power plant was fed into the distribution grid. The generation topped the annual plan by 13.02%.
- We managed to reduce noise to below the permitted noise level.
- We carried out a partial overhaul of the lighting.

Environmental management programme and new goals

The measures currently being implemented are as follows:

- treatment of the input and circular water flow by reducing concentrations of heavy metals in waste water;
- further implementation of noise remediation;
- reduction of NOx emissions from combustion plants;
- destruction of all devices containing PCB;
- greater efficiency of storm-water treatment.

We are continually and actively carrying out measures and activities, and paying special attention to give our employees proper training.

Efficient use of energy

The use of energy sources in Impol is consistent with the volume and complexity of production and is growing as they increase. Long-term contracts that include forward purchases allow us to avoid problems of supply, and to plan the cost in advance.

Waste management

In line with the set waste management plan we managed, to a large extent, to reduce the amount of waste.

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

Atmospheric emissions

In 2011, lower absolute emission values and higher production figures resulted in lower specific consumption levels.

Specific dioxin and dust emissions decreased significantly compared with the previous year.

Impol is bound to trade with CO_2 emissions caused by the combustion of natural gas and fuel oil in the facilities. In 2011, CO_2 emissions topped 26,000 tonnes due to new Alumobil facilities in the production process, which operate at full capacity. As every increase in the production capacities also causes an increase in CO_2 emissions, we pay a lot of attention to selecting energy-efficient appliances.

Fire safety

In 2011, the number of fires fell by half in comparison to 2010, and fires did not cause significant damage. Based on indicators such as the number of fires and direct fire-related damage, we can assess fire safety in 2011 as relatively good.

Environment protection in the future

With respect to environment protection, our objectives for 2012 are as follows:

- We will continue the implementation of the light pollution reduction project.
- In waste sorting, we will bring our waste collection and sorting system in line with the regulations applicable in the local community.
- We will direct our waste water to the municipal waste-water treatment plants.
- We will continue to provide regular training and raise awareness of the employees with respect to the protecting the environment.

5 IMPOL'S BUSINESS PLAN FOR 2012

We expect that, for the Impol Group, as in a number of previous years, the year 2012 will be mainly characterised by a significant growth of aluminium production despite bleak outlooks for the economy. We believe that due to interventions in eliminating bottlenecks in production processes the scope of aluminium production will increase to 166 thousand tonnes of products for the market, which would be a 3% increase in comparison with the planned scope for 2011.

Out business environment is subject to abrupt changes, the most typical of which with a direct effect on business decisions in the Impol Group are as follows:

- in mass production of commercial goods, production in Impol is losing its competitive advantage and attraction, while the problem grows even bigger with reductions in marketing activity, resulting in cuts made in these Impol programmes;
- added values lost due to cuts are being substituted with replacement programmes, which poses a challenge to Impol in development projects;
- trading at the exchanges is becoming increasingly unpredictable, resulting in frequent abrupt price changes;
- although there are nearly 20% surplus capacities for aluminium production at the global level, there are non in Europe, so aluminium has to be imported to this region;
- our financial environment is becoming increasingly hostile and bureaucratic;
- at least early in the year, the environment (political, business, etc.) will be very unstable, while later on we can expect significant legislative changes.

Our business environment is affected by the following:

- the financial crisis is gaining fresh impetus and external sources of finance are shrinking, especially sources from banks due to the implementation of Basel III and growing numbers of other users of these sources in the form of countries;
- as a result, the costs of financing tend to experience bigger growth;
- due to customers' requirements, possibilities of using raw materials from supply sources of our choice are shrinking, calling for the development of new technologies;
- investments in organic growth are limited to the level of our own available cash flow, and are thus focused on eliminating bottlenecks and completing the projects from previous years, as the cash flow is almost entirely allocated to repaying loans, taken out to finance development in previous years;
- attracting new customers is becoming an increasingly expensive and lengthy process, with customers wanting to have an insight into the entire production process, especially when assessing Impol as a supplier;
- suppliers, especially aluminium suppliers, which enjoy a more privileged position, are becoming increasingly distrustful, requiring a full disclosure of Impol's business position;
- due to a reduction in the resources invested in reserves, customers want shorter delivery times, presenting a special challenge in managing technologies.

Our objectives:

- to make a profit of about EUR 15 million;
- to increase the levels of self-sufficiency in input materials by extending and improving the foundry capacities;
- to obtain new sources supplying aluminium raw materials;
- to get ready for using cheaper forms of aluminium raw materials by building appropriate facilities and learning about new processing technologies;

- to allow for the fastest possible and full use of the new extrusion line by promoting market-based measures;
- to assess the relevance of the current pricing policy and adapt it in such a way that the selling prices will, to the largest possible extent, reflect the complexity of the manufacturing process with respect to individual products;
- to continue to strengthen our presence in Eastern European markets;
- to increase the minimum scope of aluminium production for the customers outside the internal system (in tonnes per year)[6]:

Scope of aluminium production by type — Table 20

in tonnes

			Foreign markets	Internal
	Total	Products	Processing	
Rolled products				
– FTT – foils, thin strip	30,600	30,000	600	
– RRT – tread, circles, strip	24,000	24,000		
– Seval – sheets, strips, other	48,200	48,200		13,434
Extruded products				
– profiles	23,000	23,000		
– bars, rods, tubes	25,000	25,000		860
– Alumobil	15,000	15,000		
Forgings	430	430		
Cast products				
– bars, ingots, alloys	1,000	1,000		70,600
– cast strip	0			10,500
Total	167,230	166,630	600	95,394

- to ensure, irrespective of the point of sale within the group, that the customers have access to the entire range of Impol's products, all being sold under the Impol trademark;
- to allow for more demanding stages of manufacturing the strips (painting, making complex alloys, redesigning products, etc.); to develop niche products for niche markets.

Measures:

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

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

6 Only production and services in the aluminium products sector provide a quantity indicator, whereas marketing activities in the services sector are planned in terms of quality. Slag is excluded. It is in our interest to use, within Impol, as much of the produced slag as possible to obtain adequate aluminium raw materials.

Guidelines:

With the expected extent of operations for 2012, Impol will provide for the equity growth of the shareholders and other investors, and also for the value of dividends, or interest, that will be in line with Impol's long-term operational strategy. In doing so, it will achieve the following sales figures outside the group (in thousands of euro)[7]:

Plan of realisation by type and market — Table 21

Net sales revenues	500,549
Sales of products (tangible)	432,959
In the domestic market	35,796
In foreign markets	397,163
Sales of services	4,374
In the domestic market	4,122
In foreign markets	251
Sales of goods and materials	63,216
In the domestic market	17,261
In foreign markets	45,955
Other capitalised own products and services and elimination of reserves	1
Other operating revenues	327
GROSS OPERATING RETURN	500,880

Planned indicators for 2012 — Table 22

Added value per employee in euros	48,078
EBITDA in thousands of euros	41,084
EBIT in thousands of euros	24,434

We will continue to expand in all our existing markets. We will reduce market risks with suitable, cost-effective and rational insurances. With the aluminium products, we still aim at attracting more than 20% of our market from outside the EU, while also paying special attention to the domestic market and, considering its potentials, striving to fully meet its demand. We will focus especially on expanding the market of painted strips, while the market of circles will be closely monitored.

We will organise sales through representative offices and agencies operating within the group. We will stimulate all the participants in this area, mainly on the basis of the achieved, and paid, selling premium exceeding the aluminium price on the LME, reduced by the cost premium.

- With our development and investment policies, we will continue to provide for a balanced growth of the company, while increasing its security by purchasing cost-effective input materials. For this reason, our priority will continue to be minimising the investments in the current assets.
- In line with the above objectives, we will harmonise our financial measures with Impol's development and trading guidelines and the controlling company's undertaken liabilities to long-term investors.
- When providing finances for long-term investments, Impol will cooperate with other investors and banks. With respect to short-term financing, Impol will use the available bank sources, while, at the same time, ensuring a sufficient dispersion of sources, and reducing the extent of the necessary investments in the current assets. We maintain that the financial market still does not allow us to acquire assets to increase equity.
- To provide for an appropriate safety of financing, the policy of short-term financial investments will continue to be applied.
- With the aim of optimising costs, we will continue to promote outsourcing to the largest possible extent, like in the cases of Alcad – information technology, Simfin – finances and accounting, Upimol 2000 – acquisitions, Tehnika-SET and Ates – regular maintenance, etc.).
- Financing within the group will depend on external conditions, including the

7 In comparison with Table 1, this table also includes services of the Impol Group.

IMPOL'S BUSINESS PLAN FOR 2012

costs for acquiring the funds. Individual companies from the group can act independently in the financial markets, in line with prior approval from the superior company.

- In 2012 long-term investments, except for the small renovation investments already in progress, will be carried out within the available external financing sources.
- To reduce the risks arising from exchange-rate fluctuations, we will continue to buy aluminium materials, as much as possible, from within the euro area.
- We will obtain materials from those sources that can ensure a stable supply under the most favourable, or acceptable, price conditions and other conditions, as well as allowing Impol to supply its customers with goods that have the appropriate origin.
- We will continue to pay special attention to insuring against risks caused by the constant changing of material prices, and upgrade our knowledge which we will promptly use for risk management. In the framework of its mandate and assignment, the Risk Management Board will promptly check the adequacy of the insurance, adopt appropriate measures and delegate responsibilities.
- With customer-oriented projects, such as improvements and upgrades to electronic commerce and daily planning, we will strive to better suit our customers' preferences and expectations.
- Organisational changes will mainly focus on examining the possibility of introducing the one-tier management system.
- Information systems will be upgraded in such a way that they will form a single, integrated system covering all the group companies. The improvements will enable us to register, in the shortest time possible, the changes to the organisational structure and there will be no situations when certain changes have to be disregarded, or realised in an incomplete way, due to the rigidity of the system. We will ensure continual external support to the implementation of permanent internal information system audit with regular introduction of improvements to eliminate the discovered defects.
- Impol's basic operating rules will remain the same as before, the most important ones being as follows:
  - intra-group business relations are based on market prices, if these are available; however, if they cannot be determined, business relations are based on cost calculations;
  - the operation of one part of the group should not cause any interruption to the operations of the other parts of the group – the costs of a process are covered by the programme that originally incurred the costs;
  - business processes are organised on the basis of Impol's Code of Operating Rules.
- The entire system of stimulating employees will continue to be built on the basis of the performance over one year.

Focus on operation programmes

In 2012, Impol will focus on comprehensive participation in the market of new products from the Alumobil project (advanced extruded products). All other programmes will be developed further in line with market possibilities.

Operational Organisation

As a group, Impol has not changed its organisational form since November 2007, disregarding the status changes of individual entities inside the group.

If the legislation that will regulate employees' participation stipulates rewarding by allocating company shares, we will provide them by purchasing them from those shareholders who are willing to sell them. Due to the still high level of debt, and above all due to the extremely unstable condition in the financial market, the Impol Group does not yet expect to participate in the organised capital market.

The Impol Group will direct new financial investments in the entities where it can use these investments to strengthen its business connections, secure synergy effects, protect its supply routes or guarantee the complementariness of its programmes, and ensure an appropriately high level of profitability or pursue the high aims of corporate social responsibility. The process of determining our consolidated operating results will include all companies in which the group is the majority shareholder.

To carry out the majority of the services for its own needs, Impol will continue to organise outsourcing (Upimol will be responsible for acquisitions; Impol 2000, Impol FT, Impol PCP and Impol Seval for sales and marketing; Impol Infrastruktura for managing the industrial park; Impol 2000 and Simfin for accounting and finances; Impol 2000 and Kadring for human resources; etc.).

Important Details Regarding Expected Results for 2012

We expect that the operating results for the entire Impol Group (consolidated in 2012) will be as shown below (only certain indicators are included in the tables, the amounts are in thousands of euros unless stated otherwise):

Profit-and-loss account – plan — Table 23

	consolidated 2012
Net sales revenues	500,549
Sales of products (tangible)	432,959
In the domestic market	35,796
In foreign markets	397,163
Sales of services	4,374
In the domestic market	4,122
In foreign markets	251
Sales of goods and materials	63,216
In the domestic market	17,261
In foreign markets	45,955
Stock revaluation	4
Other capitalised own products and services and elimination of reserves	1
Other operating revenues	327
GROSS OPERATING RETURN	500,880
Costs of goods, materials and services	414,415
Labour costs	38,058
Write-offs	17,197
Other operating expenses	935
TOTAL OPERATING COSTS AND EXPENSES	470,605
OPERATING PROFIT	30,275
TOTAL FINANCIAL REVENUES	819
TOTAL FINANCIAL EXPENSES	16,872
Net profit or loss for regular operations before tax	14,222
Other revenues	60
Other expenses	23
Profit or loss before tax	14,258
Income tax	2,136
Deferred tax	0
Net profit or loss for the period	12,121
Employees – currently	1,817
Number of operating months	12

Balance sheet – plan — Table 24

	consolidated
ASSETS	
Fixed assets	163,831
Intangible fixed assets and long-term deferred costs	2,832
Tangible fixed assets	126,347
Investment property	24,495
Financial fixed assets	8,032
Long-term operating receivables	122
SHORT-TERM ASSETS	201,147
Assets held for sale (disposal groups)	0
Inventories	92,492
Short-term financial assets	2,236
Short-term operating receivables	97,503
Cash	8,916
Short-term deferred costs	2,469
TOTAL ASSETS	367,447
OFF-BALANCE-SHEET ASSETS	4,032
LIABILITIES	
Equity	87,676
Equity of minority shareholders (with profits for the period)	9,069
Called-up capital	7,247
Capital reserves	10,790
Profit reserve	5,740
Net profit or loss from previous periods	44,267
Net profit or loss for the period	12,121
Provisions and long-term accruals	1,398
LONG-TERM LIABILITIES	92,251
Long-term financial liabilities	91,661
Long-term operating liabilities	65
SHORT-TERM LIABILITIES	186,219
Liabilities included in disposal groups	0
Short-term financial liabilities	132,947
Short-term operating liabilities	53,272
Short-term accruals	-97
LIABILITIES	367,447
Off–balance–sheet liabilities	4,032

Indicators – plan	Table 25
	consolidated
FINANCIAL STABILITY AND LIQUIDITY INDICATORS	
*a) Equity/total assets	23.9%
*b) Golden balance-sheet rule = long-term assets/long-term investments.	109.8%
Cash flow from current operations (in thousands of euro)	32,306
Economic value added (in thousands of euro)	10,093
Added value per employee in euro	48,078
EBITDA	41,084
EBIT	24,434
Net debt/EBITDA	5.25
WACC	
– average cost of borrowed capital	3.7%
– average cost of total assets (a dividend = a cost)	2.9%
ROC (Return on capital = Net profit or loss/(capital + capital from the previous year) / 2)	17.7%
Net cash flow = Net profit + amortization/depreciation	30,907
Dividend payments	350

Cash-flow statement	Table 26
	consolidated
Inflows	35,430
profit	12,121
dividends	
loans	6,196
amortisation and write-offs	17,112
Outflows	35,430
payments related to long-term loans	35,080
dividend payments	350

Human Resources

The group is expected to have about 1700 employees.

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

The use of uniform procedures for stimulating good business results will be encouraged. Salaries will, as a rule, only be increased if the results are above the values expected in this plan, and in line with the collective agreements. To this end, the Management Board will adopt a special decision, which will be implemented in the companies of the group.

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

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

Development and Investments

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

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

Short-term investments (stocks, receivables, short-term financial investments, etc) will mainly be financed with the currently acquired short-term assets (loans, liabilities to suppliers, etc.), and will be limited depending on possibilities of obtaining these assets.

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

The most important projects, in which investments will be completed in 2012 are as follows:

- modernisation and expansion of the foundry capacities;
- painting strips;
- development of substructures for photovoltaic systems.

If they prove to have the desired level of profitability and feasibility, we will also undertake projects involving processing slag and less-valuable secondary aluminium.

Financing and Dividend Policy

The companies' profits will be concentrated to an appropriate extent and allocated for the investments with maximum profits and minimum repayment terms.

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

Within the group, a maximum of about 0.4 million euros per year can be allocated for the dividends and the participation of managerial staff and of employees. On the other hand, the group companies have to up to 5 million euros of dividends contribute to the controlling company.

Impol will direct part of its investments to the purchasing of those shares or stocks, with which it can acquire, should it decide so, up to 100% ownership in the long run, and in the companies allowing Impol to change its production programme in such a way that it will lead to generating a higher added value and a more secure supply with aluminium materials. A more detailed action strategy will be formed in line with the developments and measures taken in the wider environment.

To repay larger short-term chargeable liabilities, Impol will form fitting long-term financial investments (mainly as deposits), thus ensuring greater security and long-term allocation of required assets.

Special attention will continue to be paid to all forms of insurance (purchase prices of raw materials, trade receivables, currency exchange rates, producer's liability, material assets, etc.). As these insurances are associated with high costs, Impol will continually strive to find alternative forms at lower cost, but in a way that does not significantly affect the insurance level.

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

All long-term investments can only be initiated on the basis of a decision by the Management Board.

As regards potential inflows, we do not plan any mobilisation of investments in the current assets due to a reduction in stock (by 3000 to 4000 tonnes) and lower prices resulting from LME price reductions.

In 2012 we do not expect any major changes in the ownership structure of the joint-stock assembly, neither does the company itself expect to establish a special reserve fund or change its ownership structure. The number of shareholders will remain at around 1000. If necessary, we will establish reserves to purchase our own shares. However, we will only purchase our own shares for the legally binding purposes of allocating the shares acquired under profit-sharing schemes, if so provided by the law.

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

Purchasing Policy

Conditions of purchasing raw materials change abruptly and unexpectedly, especially due to quick changes in demand. This is why it is vital to immediately start securing additional supply sources, to enable greater flexibility and price elasticity.

Conditions of purchasing aluminium raw materials continue to deteriorate due to reducing numbers of supply sources and growing technological restrictions, which prevent the use of as much secondary aluminium as would be most cost-effective.

Most annual contracts are closed in the supply of aluminium raw materials, if suppliers are willing to agree to long-term cooperation. Suppliers willing to agree to long-term cooperation will be given priority.

Strategic raw materials and energy, as well as imported materials, will generally be purchased through Impol, d.o.o., while other purchasing will be organised directly by other group members. All the services related to purchasing procedures and realisation will continue to be carried out by Upimol, d.o.o. as agent services or services charged in line with a mutual service contract.

Risk Management

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

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

- insuring the LME price for aluminium (hedging),
- insuring exchange rates and credits,
- insuring producer's liability,
- other insurance policies.

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

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

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

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

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

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

In environmental protection, all other business entities operating in the same industrial parks as the companies of the Impol Group will be included in the process.

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

- In Impol quality is a well adopted value.
- To Impol quality stands for an efficient, cost-effective, rapid and safe fulfilling of the demands of customers and other interested parties.
- We introduce improvements by setting appropriate objectives and applying the PDCA cycle of continual improvements.

With respect to quality management, we use:

- ISO 9001 – Quality management systems;
- ISO/TS 16949 – Particular requirements for the application of ISO 9001 for automotive production and relevant service part organisations;
- ISO 14001 – Environmental management systems;
- OHSAS 18001:2007 – Occupational health and safety management systems;
- Occupational Health and Safety Act – including all amendments;
- Environmental Protection Act – including all amendments;
- We recognised processes, set their objectives and defined their owners;
- We understand that the quality standards refer to the requirements relating to the products. Thus, the quality standards and our processes have the same objectives and these are also in line with the aims of the whole company;
- With the help of well-balanced indicators, we can measure, follow and upgrade the objectives of our processes;
- Abiding by standard ISO TS 16949 concerning products for the automotive industry, we meet all the specific quality expectations of individual customers;
- We joined the quality system with the systems for environmental management, and health and safety at work, creating an integrated management system.

Operating Rules of the Group

Intra-group business relations are generally based on market principles and on prices that reflect prices in the market outside the group. If this is not possible, prices in business relations between companies are based on relevant cost calculations.

All other rules are part of in Impol's Code of Operating Rules.

Internal processing prices are formed on the basis of real historical costs, whereas market prices are used as a basis in determining intra-group prices if comparable ones can be found.

The method of determining internal processing prices envisaged in this plan is based on the experience gained in the past three years. In using this method, we make sure not to bring about unjustified recognition of income for any of the parties involved.

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

6 ACCOUNTING REPORT[8]

Accounting Guidelines

Consolidated financial statements for the entire Impol Group have been put together on the basis of the new Slovenian Accounting Standards (hereinafter: SRS 2006), taking into account the necessary adjustments relating to the integration of dependent companies operating in the environments that use different accounting standards (USA, Serbia). With these statements the Impol Group gives a true and fair picture of its financial situation, and of its business performance.

The financial year is the same as the calendar year, i.e. 1 January 2011 to 31 December 2011.

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

The two basic accounting rules have been followed consistently:

- The course of accounting events,
- Unlimited duration of operations.

When preparing the accounting policies and financial statements, the principles of clarity, adequacy, reliability and comparability have also been considered. Consequently, these documents are accurate, with legal requirements having been met and any fraud prevented.

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

- Include only the profits realised by 31 December 2011,
- Take into account all the predictable risks and losses taking place by the end of 2011.

The assets and liabilities items are valued individually.

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

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

- Financial investments of the controlling company in the capital, or debts, of the subsidiaries, and proportional shares of the capital or of debts;
- Other intra-group financial investments and shares in the capital, or debts of other companies in the group, and proportional shares of the capital or of debts;
- Intra-group operating receivables and payables;
- Intra-group unrealised net profits and net losses arising from transactions between companies in the group;
- Intra-group revenues and expenses;

while the following is accounted for:

- Differences arising from the elimination of financial investments;
- Deferred taxes

with minority interest in equity and in net profit being separately accounted for.

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

8 All accounting disclosures are stated in euros, or in thousands of euros, if so indicated.

Financial Statements

Consolidated Balance Sheet[9]

Consolidated balance sheet — **Table 27**

			31 Dec 2011	31 Dec 2010
A		**Fixed assets**	**150,092,462**	**142,289,837**
I		Intangible fixed assets and long-term deferred costs	3,395,399	3,669,480
	1.	Long-term property rights	1,239,855	1,278,246
	2.	Goodwill	691,182	691,182
	3.	Advances for intangible fixed assets	0	0
	4.	Long-term deferred development expenses	5,199	5,859
	5.	Other long-term deferred costs	1,459,163	1,694,193
II		Tangible fixed assets	114,952,182	109,791,163
	1.	Land and buildings	15,006,469	14,986,088
	a)	Land	4,236,083	4,177,883
	b)	Buildings	10,770,386	10,808,205
	2.	Manufacturing facilities and equipment	70,853,920	81,076,840
	3.	Other facilities and equipment	5,003,769	3,384,162
	4.	Fixed assets being acquired	24,088,024	10,344,073
	a)	Tangible fixed assets being built or manufactured	19,708,005	9,771,966
	b)	Advances for tangible fixed assets	4,380,019	572,107
	5.	Livestock	0	0
	6.	Vineyards, orchards and other plantations	0	0
III		Investment property	24,717,230	24,983,559
IV		Financial fixed assets	5,002,337	1,720,990
	1.	Financial fixed assets excluding loans	2,000,218	1,513,926
	a)	Intra-group stocks and shares	0	0
	b)	Stocks and shares in associates	832,363	808,135
	c)	Other stocks and shares	1,130,185	669,467
	d)	Other financial fixed assets	37,670	36,324
	2.	Long-term loans	3,002,119	207,064
	a)	Long-term intra-group loans	0	0
	b)	Long-term loans to others	3,002,119	207,064
	c)	Long-term unpaid called-up capital	0	0
V.		Long-term operating receivables	0	122,499
	1.	Long-term intra-group operating receivables	0	0
	2.	Long-term trade receivables	0	122,499
	3.	Other long-term operating receivables	0	0
VI.		Deferred tax assets	2,025,314	2,002,146
B		**Short-term assets**	**168,375,026**	**169,516,505**
I.		Assets held for sale (disposal groups)	0	0
II.		Inventories	89,713,614	85,709,247
	1.	Materials	67,215,093	64,190,122
	2.	Work in progress	8,050,726	6,823,558
	3.	Products and merchandise	13,912,671	14,140,883
	4.	Advances for inventories	535,124	554,684
III.		Short-term financial assets	6,640,014	6,189,318
	1.	Short-term financial assets excluding loans	722,525	1,060,891
	a)	Intra-group stock and shares	0	0
	b)	Other stocks and shares	0	0
	c)	Other short-term financial assets	722,525	1,060,891
	2.	Short-term loans	5,917,489	5,128,427
	a)	Short-term intra-group loans	0	0
	b)	Short-term loans to others	5,917,489	5,128,427
	c)	Short-term unpaid called-up capital	0	0
IV.		Short-term operating receivables	64,840,887	73,325,190
	1.	Short-term intra-group operating receivables	0	0
	2.	Short-term trade receivables	56,004,448	60,326,889
	3.	Other short-term operating receivables	8,836,439	12,998,301

9 Figures in the financial analysis and in the accounting report are stated in euros.

Consolidated balance sheet — **Table 27**

			31 Dec 2011	31 Dec 2010
V.		Cash	7,180,511	4,292,750
C		**Short-term deferred costs**	**1,635,059**	**4,054,701**
		TOTAL ASSETS	**320,102,547**	**315,861,043**
D		**Off-balance-sheet assets**	**4,032,327**	**5,620,106**
E		**Equity**	**73,647,391**	**59,959,920**
		Equity of minority shareholders	8,528,215	6,951,121
I		Called-up capital	4,451,540	4,451,540
	1.	Share capital	4,451,540	4,451,540
	2.	Uncalled capital (a deduction)	0	0
II		Capital reserves	10,751,254	10,751,254
III		Profit reserve	5,732,581	5,732,581
	1.	Legal reserves	0	0
	2.	Reserves for own shares and stakes	506,406	506,406
	3.	Own shares and stakes (a deduction)	−506,406	−506,406
	4.	Statutory reserves	0	0
	5.	Other profit reserves	5,732,581	5,732,581
IV		Revaluation profit	529,441	541,186
V		Consolidation capital adjustment	−2,340,019	−2,693,203
VI		Net profit or loss from previous periods	33,918,008	29,240,391
VII		Net profit or loss for the period	12,076,371	4,985,050
F		**Provisions and long-term accruals**	**1,565,115**	**1,518,040**
	1.	Provisions for pensions and similar liabilities	758,100	665,183
	2.	Other provisions	1,164	1,088
	3.	Long-term accruals	805,851	851,769
G		**Long-term liabilities**	**92,297,274**	**89,797,499**
I		Long-term financial liabilities	91,677,272	89,070,513
	1.	Long-term intra-group financial liabilities	0	0
	2.	Long-term financial liabilities to banks	91,101,885	88,124,612
	3.	Long-term financial liabilities on the basis of bonds	0	0
	4.	Other long-term financial liabilities	575,387	945,901
II		Long-term operating liabilities	101,756	231,945
	1.	Long-term intra-group operating liabilities	0	0
	2.	Long-term operating liabilities to suppliers	0	0
	3.	Long-term bills payable	0	0
	4.	Long-term operating liabilities from advances	0	0
	5.	Other long-term operating liabilities	101,756	231,945
III		Deferred tax liabilities	518,246	495,041
H		**Short-term liabilities**	**150,918,388**	**162,550,778**
I		Liabilities included in disposal groups	0	0
II		Short-term financial liabilities	112,560,188	125,749,068
	1.	Short-term intra-group financial liabilities	0	0
	2.	Short-term financial liabilities to banks	111,183,683	124,634,943
	3.	Short-term financial liabilities on the basis of bonds	0	0
	4.	Other short-term financial liabilities	1,376,505	1,114,125
III		Short-term operating liabilities	38,358,200	36,801,710
	1.	Short-term intra-group operating liabilities	0	0
	2.	Short-term operating liabilities to suppliers	29,414,483	28,626,394
	3.	Short-term bills payable	0	0
	4.	Short-term operating liabilities from advances	1,736,633	1,098,221
	5.	Other short-term operating liabilities	7,207,084	7,077,095
I		**Short-term accruals**	**1,674,379**	**2,034,806**
		TOTAL LIABILITIES	**320,102,547**	**315,861,043**
J		**Off-balance-sheet liabilities**	**4,032,327**	**5,620,106**

Jernej Čokl
(Chairman of the Board)

Janko Žerjav
(Member of the Board)

Vlado Leskovar
(Member of the Board)

ACCOUNTING REPORT

ANNUAL REPORT 2011 / Impol Group

Statement of the Minority Shareholders' Equity and its Trend

Statement of the minority shareholders' equity and its trend — Table 28

		2011	2010
A)	Equity	8,528,214	6,951,121
I	Called-up capital	3,157,447	3,059,734
1	Share capital	3,157,447	3,059,734
2	Uncalled capital (a deduction)	0	0
II	Capital reserves	763,399	762,153
	From equity revaluation adjustments	722,078	
III	Profit reserves	870,064	870,064
1	Legal reserves	67,487	67,487
2	Reserves for own shares and stakes	0	0
3	Own shares and stakes (a deduction)	0	0
4	Statutory reserves	6,019	6,019
5	Other profit reserves	796,558	796,558
IV	Revaluation surplus + consolidated difference	2,830,892	2,730,881
V	Net profit or loss from previous periods	(606,999)	(1,245,917)
VI	Net profit or loss for the period	1,513,411	774,206

Eliminations and Adjustments in the Consolidated Balance Sheet as of 31 Dec 2011

Adjustments in the consolidated balance sheet as of 31 Dec 2011 — Table 29

			Adjustment	Elimination
A		**Fixed assets**	**−5,437,249**	**−87,905,588**
I		Intangible fixed assets and long-term deferred costs	691,182	0
2.		Goodwill	691,182	
II		Tangible fixed assets	−6,652,001	0
1.		Land and buildings	−2,650,919	0
	a)	Land	−975,356	
	b)	Buildings	−1,675,563	
2.		Manufacturing facilities and equipment	−4,001,082	0
IV		Financial fixed assets	523,570	−87,905,588
1.		Financial fixed assets excluding loans	523,570	−85,662,476
	a)	Intra-group stocks and shares		−85,662,476
	b)	Stocks and shares in associates	723,570	
	c)	Other stocks and shares	−200,000	
2.		Long-term loans	0	−2,243,112
	a)	Long-term intra-group loans		−2,243,112
B		**Short-term assets**	**−140,441**	**−52,718,561**
II		Inventories	−140,441	0
2.		Work in progress	326,181	
3.		Products and merchandise	−466,622	
III		Short-term financial assets	0	−12,425,090
2.		Short-term loans	0	−12,425,090
	a)	Short-term intra-group loans		−12,425,090
IV		Short-term operating receivables	0	−40,293,471
1.		Short-term intra-group operating receivables		−40,293,471
		TOTAL ASSETS	**−5,577,690**	**−140,624,149**
C		**Off-balance-sheet assets**	**4,032,327**	**−82,541,110**
A		**Equity**	**21,554,382**	**−112,794,548**
		All types of minority shareholders' equity		**8,528,215**
I		Called-up capital	0	−31,870,104
1.		Share capital		−31,870,104
II		Capital reserves		−36,469,968
III		Profit reserve	0	−45,179,181
1.		Legal reserves		−3,174,453
2.		Reserves for own shares	506,406	
3.		Own shares and stakes (a deduction)	−506,406	
4.		Statutory reserves		−16,050
5.		Other profit reserves		−41,988,678
IV		Revaluation profit	529,441	−5,579
V		Net profit or loss from previous periods	16,606,481	5,164,156
VI		Net profit or loss for the period	6,758,479	−12,962,087
VII		Consolidation capital adjustment	−2,340,019	
C		**Long-term liabilities**	**0**	**−2,243,112**
I		Long-term financial liabilities	0	−2,243,112
1.		Long-term intra-group financial liabilities		−2,243,112
D		**Short-term liabilities**	**0**	**−52,718,561**
II		Short-term financial liabilities	0	−12,425,090
1.		Short-term intra-group financial liabilities		−12,425,090
III		Short-term operating liabilities	0	−40,293,471
1.		Short-term intra-group operating liabilities		−40,293,471
		TOTAL LIABILITIES	**21,554,382**	**−167,756,221**
		Off-balance-sheet liabilities	**4,032,327**	**−82,541,110**

Consolidated Profit-and-Loss Account

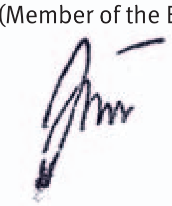
Consolidated profit-and-loss account — Table 30

		2011	2010
1.	Net sales revenues	473,611,543	421,140,272
a)	Net domestic sales revenues	50,035,844	46,512,539
b)	Net foreign sales revenues	423,575,699	374,627,733
2.	Change in inventories of finished goods and work in progress	−2,273,446	5,308,835
3.	Capitalised own products and services	891	3,463
4.	Other operating revenues (including operating revenues from revaluation)	3,136,658	3,930,393
5.	Costs of goods, materials and services	389,560,022	362,912,057
a)	Costs of goods and materials sold and costs of materials used	360,767,646	339,911,193
b)	Costs of services	28,792,376	23,000,864
6.	Labour costs	38,758,718	36,364,065
a)	Costs of salaries	27,353,472	25,566,532
b)	Social security costs (pension-security costs shown separately)	7,051,114	6,350,582
c)	Other labour costs	4,354,132	4,446,951
7.	Write-offs	19,176,944	14,665,291
a)	Amortisation/depreciation	15,567,670	14,384,649
b)	Operating expenses for the revaluation of intangible and tangible fixed assets	177,199	138,591
c)	Operating expenses for the revaluation of current assets	3,432,075	142,051
8.	Other operating expenses	664,867	483,518
9.	Financial revenues from shares	83,215	79,606
a)	Intra-group financial revenues from shares	0	0
b)	Financial revenues from shares in associates	0	0
c)	Financial revenues from shares in other companies	83,215	64,991
d)	Financial revenues from other investments	0	14,615
10.	Financial revenues from lending	185,528	143,797
a)	Intra-group financial revenues from lending	0	0
b)	Financial revenues from lending to others	185,528	143,797
11.	Financial revenues from operating receivables	7,519,501	9,287,122
a)	Intra-group financial revenues from operating receivables	0	0
b)	Financial revenues from operating receivables due from others	7,519,501	9,287,122
12.	Financial expenses for impairment and write-offs of financial assets	542,600	107,692
13.	Financial expenses for financial liabilities	16,103,578	15,388,419
a)	Intra-group financial expenses for loans	0	0
b)	Financial expenses for loans received from banks	10,173,701	9,029,502
c)	Financial expenses for issued bonds	0	0
d)	Financial expenses for other financial liabilities	5,929,877	6,358,917
14.	Financial expenses for operating liabilities	2,250,283	3,684,938
a)	Intra-group financial expenses for operating liabilities	0	0
b)	Financial expenses for liabilities to suppliers and for bills payable	8,844	23,500
c)	Financial expenses for other operating liabilities	2,241,439	3,661,438
15.	Other revenues	817,139	509,744
16.	Other expenses	21,581	14,791
17.	Income tax	2,408,247	834,083
18.	Deferred taxes	−18,501	−75,790
19.	Net profit or loss for the period	13,612,690	6,024,168
	Net profit or loss of minority shareholders	1,536,319	811,368
	Net profit or loss of group companies	12,076,371	5,212,800

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

Jernej Čokl
(Chairman of the Board)

Janko Žerjav
(Member of the Board)



Vlado Leskovar
(Member of the Board)

Eliminations and Adjustments in the Consolidated Profit-and-Loss Account for 2011

Adjustments in the consolidated profit-and-loss account as of 31 Dec 2011 — Table 31

	Category	Adjustment	Elimination
1.	Net sales revenues	−140,441	−398,681,651
a)	Net domestic sales revenues	324,687	−260,842,236
	Intra-group net domestic sales revenues (of 1 a)		−260,842,236
b)	Net foreign sales revenues	−465,128	−137,839,415
	Intra-group net foreign sales revenues (of 1 b)		−137,839,415
2.	Change in inventories of finished goods and work in progress	−21,414	
4.	Other operating revenues (including operating revenues from revaluation)		−3,075,133
	Other operating revenues (including intra-group operating revenues from revaluation) (of 4)		−3,075,133
5.	Costs of goods, materials and services	0	−400,481,185
a)	Costs of goods and materials sold and costs of materials used		−209,733,398
	Costs of intra-group goods and materials sold and costs of materials used (of 5 a)		−209,733,398
b)	Costs of services		−190,747,787
	Intra-group costs of services (of 5 b)		−190,747,787
7.	Write-offs	−777,879	0
a)	Amortisation/depreciation	−777,879	0
	Intra-group amortisation/depreciation (of 7 a)	−777,879	0
8.	Other operating expenses		−1,271,360
	Other intra-group operating expenses (of 8)		−1,271,360
9.	Financial revenues from shares	0	−5,784,553
a)	Financial revenues from intra-group shares		−5,784,553
10.	Financial revenues from lending	0	−399,740
a)	Financial revenues from intra-group lending		−399,740
11.	Financial revenues from operating receivables	0	−780,217
13.	Financial expenses for financial liabilities	0	−964,273
a)	Financial expenses for intra-group loans		−964,273
14.	Financial expenses for operating liabilities	0	−215,684
a)	Financial expenses for intra-group operating liabilities		−215,684
21.	Net profit or loss for the period	616,024	−5,788,792

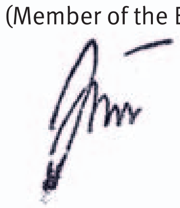
Statement of Comprehensive Income

Statement of comprehensive income — Table 32

	2011	2010
Net profit or loss for the period	13,612,690	6,024,168
Changes in the surplus from the revaluation of intangible and tangible fixed assets (+/−)		
Changes in the surplus from the revaluation of financial assets available for sale (+/−)	−12,878	17,618
Gains and losses arising from translation of financial statements of companies abroad (effects of changes in foreign exchange rates) (+/−)	502,304	−1,734,687
Actuarial gains and losses for defined benefit plans (employee benefits) (+/−)		
Other components of comprehensive income (+/−)		
Total comprehensive income for the period	14,102,116	4,307,099
– total comprehensive income of minority shareholders	1,684,306	275,154
– total intra-group comprehensive income	12,417,810	4,031,945

Jernej Čokl
(Chairman of the Board)

Janko Žerjav
(Member of the Board)



Vlado Leskovar
(Member of the Board)

Consolidated Cash-Flow Statement

Consolidated cash-flow statement — Table 33

		2011	2010
A	**Cash flows used in operating activities**		
a)	Profit-and-loss categories	48,916,229	35,807,237
	Operating revenues (excluding revenues from revaluation) and financial revenues from operating receivables	484,810,874	434,425,834
	Operating expenses excluding depreciation (except for revaluation) and financial expenses for operating liabilities	−433,504,899	−397,860,304
	Income tax and other taxes not included in operating expenses	−2,389,746	−758,293
b)	Changes in net current assets (and accruals, provisions, deferred receivables and tax payables) of the balance-sheet categories	4,923,553	−18,783,404
	Opening less closing operating receivables	5,160,286	−12,736,351
	Opening less closing deferred expenses and accrued revenues	2,419,642	−326,559
	Opening less closing deferred tax liabilities	−23,168	−73,087
	Opening less closing assets held for sale (disposal groups)	0	0
	Opening less closing inventories	−4,006,152	−16,042,963
	Closing less opening operating debts	1,497,492	8,552,239
	Closing less opening accruals and provisions	−147,752	1,911,084
	Closing less opening deferred tax liabilities	23,205	−67,767
c)	Net cash from operating activities or net cash outflows from operating activities (a+b)	53,839,782	17,023,833
B	**Cash flows used in investing activities**		
a)	Revenues from investing	19,316,230	43,227,739
	Revenues from gained interest and shares of the profit of others relating to investing	284,969	239,394
	Revenues from the disposal of intangible fixed assets	131,305	138,534
	Revenues from the disposal of tangible assets	0	10,653,956
	Revenues from the disposal of investment property	0	0
	Revenues from the disposal of long-term financial assets	0	16,216
	Revenues from the disposal of short-term financial assets	18,899,956	32,179,639
b)	Expenses for investing	−42,530,826	−53,532,040
	Expenses for acquiring intangible assets	−466,676	−1,363,612
	Expenses for acquiring tangible fixed assets	−19,941,547	−25,795,624
	Expenses for acquiring investment property	−19,264	0
	Expenses for acquiring long-term financial assets	−3,310,146	−28,034
	Expenses for acquiring short-term financial assets	−18,793,193	−26,344,770
c)	Net cash from investment activities or net cash outflows from investment activities (a + b)	−23,214,596	−10,304,301
C	**Cash flows used in financing activities**		
a)	Revenues from financing activities	202,868,382	246,434,437
	Revenues from paid-up capital	502,304	0
	Revenues from an increase in long-term financial liabilities	42,423,744	56,104,030
	Revenues from an increase in short-term financial liabilities	159,942,334	190,330,407
b)	Expenses for financing activities	−230,605,807	−255,838,116
	Expenses for paid interest relating to financing activities	−17,242,963	−15,409,929
	Expenses for reimbursement of capital	0	−1,967,814
	Expenses for payments relating to long-term financial liabilities	−366,272	−1,316,884
	Expenses for payments relating to short-term financial liabilities	−212,581,927	−236,757,694
	Expenses for paying dividends and other profit shares	−414,645	−385,795
c)	Net cash from financing activities or net cash outflows from financing activities (a + b)	−27,737,425	−9,403,679
D	**Cash at the end of the period**	**7,180,511**	**4,292,750**
x)	Net cash flow for the period	2,887,761	−2,684,147
y)	Cash at the beginning of the period	4,292,750	6,976,897

Cash-flow statement is based on version II.

Jernej Čokl
(Chairman of the Board)

Janko Žerjav
(Member of the Board)

Vlado Leskovar
(Member of the Board)

Consolidated Performance Indicators

Consolidated Performance Indicators — Table 34

		2011	2010	2011/2010
1.	**BASIC FINANCING INDICATORS**			
a	Equity financing rate			
	equity/liabilities	0.2301	0.1898	1.2120
b	Debt financing rate			
	debts/liabilities	0.7598	0.7989	0.9510
c	Rate of accrued and deferred items			
	provisions + short-term accruals + long-term accruals/liabilities	0.0101	0.0112	0.8997
2.	**BASIC INVESTMENT INDICATORS**			
a	Operating fixed assets rate			
	fixed assets at book value/assets	0.3652	0.3538	1.0320
b	Long-term financing rate			
	fixed assets + long-term deferred costs at book value + investment property + long-term financial assets + long-term operating receivables/assets	0.4626	0.4441	1.0415
3.	**BASIC HORIZONTAL FINANCIAL STRUCTURE RATIOS**			
a	Ratio of equity to fixed assets			
	equity/fixed assets at book value	0.6301	0.5365	1.1745
b	Immediate solvency ratio (cash ratio)			
	liquid assets/short-term liabilities	0.6860	0.5918	1.1593
c	Quick ratio			
	liquid assets + short-term receivables/short-term payables	0.5212	0.5156	1.0109
d	Current ratio			
	short-term assets/short-term liabilities	1.1157	1.0429	1.0698
4.	**BASIC EFFICIENCY INDICATORS**			
a	Operating efficiency ratio			
	operating revenues/operating expenses	1.0587	1.0385	1.0195
5.	**BASIC PROFITABILITY INDICATORS**			
a	Net return on equity ratio			
	net profit for the period/average equity (excluding the net profit for the period)	0.2267	0.1117	2.0301

Statement of Changes in Equity

Year 2011

Table 35

		Called-up capital	Capital of minority shareholders	Capital reserves					Profit reserves	Revaluation surplus	Consolidated capital adjustment		Transferred net profit or loss		Net profit or loss for the period	Total EQUITY
		I	II	III					IV	V	VI		VII		VIII	IX
	Share capital			Uncalled capital (a deduction)	Legal reserves	Reserves for own shares and stakes	Own shares and stakes	Statutory reserves	Other profit reserves			Transferred net profit	Transferred net loss	Net profit for the period	Net loss for the period	Total EQUITY
	I/1	I/2	II	III	IV/1	IV/2	IV/3	IV/4	IV/5	V	VI	VII/1	VII/2	VIII/1	VIII/2	IX
A 1 Balance for the previous period as of 31/12/2010	4,451,540		6,951,121	10,751,254		506,406	−506,406		5,732,581	541,186	−2,693,203	29,240,391		4,985,050		59,959,920
A 2 Opening balance of the reporting period as of 01/01/2011	4,451,540		6,951,121	10,751,254		506,406	−506,406		5,732,581	541,186	−2,693,203	29,240,391		4,985,050		59,959,920
B 1 Changes to equity transactions with the owners			−107,212									−307,433				−414,645
Dividend payments			−105,900									−305,245				−411,145
Payments of bonuses to the management and supervisory bodies			−1,312									−2,188				−3,500
B 2 Total comprehensive income for the reporting period			1,684,306							−11,745	353,184			12,076,371		14,102,116
Equity increase due to the net profit for the period			1,536,319											12,076,371		13,612,690
Changes in the surplus from the revaluation of investments			−1,133							−11,745						−12,878
Other components of comprehensive income for the reporting period			149,120								353,184					502,304
B 3 Changes in equity												4,985,050		−4,985,050		0
Distribution of the rest of the net profit for the comparative reporting period to other capital components												4,985,050		−4,985,050		0
E Closing balance of the reporting period 31. Dec 2011	4,451,540		8,528,215	10,751,254		506,406	−506,406		5,732,581	529,441	−2,340,019	33,918,008		12,076,371		73,647,391

Jernej Čokl
(Chairman of the Board)

Janko Žerjav
(Member of the Board)

Vlado Leskovar
(Member of the Board)

Year 2010

Table 36

		Called-up capital	Capital of minority shareholders	Capital reserves					Profit reserves	Revaluation surplus	Consolidated capital adjustment		Transferred net profit or loss		Net profit or loss for the period	Total EQUITY
		I	II	III					IV	V	VI		VII		VIII	IX
	Share capital			Uncalled capital (a deduction)	Legal reserves	Reserves for own shares and stakes	Own shares and stakes	Statutory reserves	Other profit reserves			Transferred net profit	Transferred net loss	Net profit for the period	Net loss for the period	Total EQUITY
	I/1	I/2	II	III	IV/1	IV/2	IV/3	IV/4	IV/5	V	VI	VII/1	VII/2	VIII/1	VIII/2	IX
Balance for the previous period as of 31/12/2009	4,451,540		6,760,349	10,751,254		506,406	−506,406		5,732,581	523,681	−1,494,843	29,250,842		293,858		56,269,262
Retroactive adjustments			37									330		2,481		2,848
Opening balance of the reporting period as of 1.1.2010	4,451,540		6,760,386	10,751,254		506,406	−506,406		5,732,581	523,681	−1,494,843	29,251,172		296,339		56,272,110
Changes to equity – transactions with the owners			−78,675									−307,120				−385,795
Dividend payments			−77,550									−305,245				−382,795
Payments of bonuses to the management and supervisory bodies			−1,125									−1,875				−3,000
Total comprehensive income for the reporting period			275,154							17,505	−1,198,360			5,212,800		4,307,099
Equity increase due to the net profit for the period			811,368											5,212,800		6,024,168
Changes in the surplus from the revaluation of investments			113							17,505						17,618
Other components of comprehensive income for the reporting period			−536,327								−1,198,360					1,734,687
Changes in equity			−5,744									296,339		−524,089		−233,494
Distribution of the rest of the net profit for the comparative reporting period to other capital components												296,339		− 296,339		0
Other changes in equity			−5,744											−227,750		−233,494
Closing balance of the reporting period as of 31/12/2010	4,451,540		6,951,121	10,751,254		506,406	−506,406		5,732,581	541,186	−2,693,203	29,240,391		4,985,050		59,959,920

The disclosures in the above table also relate to the disclosures in the subsections Eliminations and Adjustments in the Consolidated Balance Sheet as of 31 Dec 2011 on page 59 and Consolidated Profit-and-Loss Account on page 60.

Jernej Čokl
(Chairman of the Board)

Janko Žerjav
(Member of the Board)

Vlado Leskovar
(Member of the Board)

Accumulated Profit

Accumulated profit is drawn up and appropriated by Impol 2000, d. d., and it is not consolidated. Impol 2000, d. d., shall make individual decisions as to how to use it in the case of each dependent company of the group, with respect to each company's financial results and its development programmes approved of by Impol 2000, d.d. It is thus suggested for the accumulated profit of Impol 2000, d. d., to be drawn up at the shareholders' meeting in 2012 as in Table 37.

Accumulated profit — Table 37

Category	2011	2010
Net profit or loss for the period	5,317,892.37	4,642,904.56
Net profit/loss from previous periods	17,311,527.24	12,999,320.45
Reversal (mobilisation) of capital reserves		
Reversal (mobilisation) of profit reserves by individual type of reserves		
Allocation to profit reserves (reconstitution of reserves) by individual type of reserves		
Accumulated profit/loss	22,629,419.61	17,642,225.01

It is proposed to the shareholders that the dividend be paid out for an amount of 0.31 euros per share. The remaining part of the accumulated profit shall remain undistributed.

Review of Business Operations of the Impol Group Companies

The consolidated balance sheet was established on the basis of the financial statements of Impol 2000, d. d., and dependent companies included in the consolidation of the Impol Group (full names of these companies are listed in Table 3: on page 9).

The exchange rates below were used to convert the balance-sheet items from national currencies into euros:

- Serbian dinar 103.63
- USD 1.2939

Balance sheet of group companies

Balance sheet of group companies as of 31 Dec 2011 — in euros — Table 38

	Impol 2000, d. d.	Impol, d. o. o.	Impol LLT, d. o. o.	Impol FT, d. o. o.	Impol PCP, d. o. o.	Impol Infrastruktura, d. o. o.	Impol R in R, d. o. o.	Impol Seval, a. d.
Fixed assets	71,416,631	115,597,539	432,353	3,289,303	685,186	70,864	358,995	41,614,266
Intangible assets and long-term deferred costs	5,199	2,457,804	14,749	6,642		2,369	29,569	183,456
Long-term property rights		1,001,010	14,749	6,642			29,569	183,456
Goodwill								
Advances for intangible assets								
Long-term deferred development expenses	5,199							
Other long-term deferred costs		1,456,794				2,369		
Tangible fixed assets	151,851	69,945,927	388,913	2,200,268	643,734	64,969	327,175	38,795,049
Land and buildings		6,173,293						6,466,995
Land		3,436,070						683,268
Buildings		2,737,223						5,783,727
Manufacturing facilities and equipment	84,148	55,563,181	251,403	515,162	297,859		266,417	14,284,460
Intra-group manufacturing facilities and equipment (of A II 2)								
Other facilities and equipment	67,703	2,424,606	137,510	1,685,106	345,875	64,969	60,758	
Intra-group other facilities and equipment (of A II 3)								
Fixed assets being acquired		5,784,847						18,043,594
Tangible fixed assets being built or manufactured		5,647,929						13,800,493
Advances for tangible fixed assets		136,918						4,243,101
Livestock								
Vineyards, orchards and other plantations								
Investment property		24,591,227						
Financial fixed assets	71,230,674	17,810,178						2,635,761
Financial fixed assets excluding loans	68,530,674	17,551,453						392,649
Intra-group stocks and shares	67,833,900	16,963,691						340,873
Stocks and shares in associates		77,830						963
Other stocks and shares	696,774	509,932						13,143
Other financial fixed assets								37,670
Long-term loans	2,700,000	258,725						2,243,112
Intra-group long-term loans								2,243,112
Long-term loans to others	2,700,000	258,725						
Long-term unpaid called-up capital								
Long-term operating receivables								
Intra-group long-term operating receivables								
Long-term trade receivables								
Other long-term operating receivables								
Deferred tax assets	28,907	792,403	28,691	1,082,393	41,452	3,526	2,251	
Short-term assets	3,642,343	145,499,104	5,199,095	13,121,376	8,920,179	355,716	202,034	29,922,658
Assets held for sale (disposal groups)								
Inventories	17,660	52,122,645	3,358,814	10,419,950	5,355,246	1,266		13,242,159
Materials		51,890,053	2,130,457	5,246,474	2,461,109			4,820,283
Work in progress			1,228,357	2,520,493	921,770			2,738,418
Products and merchandise	17,660			2,650,499	1,972,367			5,422,373
Advances for inventories		232,592		2,484		1,266		261,085

	Impol-Montal, d. o. o.	Impol Servis, d. o. o.	Impol Stanovanja, d. o. o.	Kadring, d. o. o.	Stampal SB, d. o. o.	Štatenberg, d. o. o.	Unidel, d. o. o.	Impol Aluminum Corporation	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Seval PKC, d. o. o.	Impol Seval President, d. o. o.
Fixed assets	3,384,417	391,816	1,892,753	175,983	716,414	616,068	146,108	20,193	2,626,410			
Intangible assets and long-term deferred costs					968		504		2,957			
Long-term property rights					968		504		2,957			
Goodwill												
Advances for intangible assets												
Long-term deferred development expenses												
Other long-term deferred costs												
Tangible fixed assets	2,884,417	374,211	1,752,577	106,874	669,755	517,560	145,604	11,846	2,623,453			
Land and buildings		96,554	1,724,946	74,764		506,728	47,474		2,566,634			
Land		16,237				111,488	18,793		945,583			
Buildings		80,317	1,724,946	74,764		395,240	28,681		1,621,051			
Manufacturing facilities and equipment	2,881,879	11,306	27,565		628,115		43,507					
Intra-group manufacturing facilities and equipment (of A II 2)												
Other facilities and equipment	2,538	9,152	66	32,110	41,640	10,832	54,623	11,846	54,435			
Intra-group other facilities and equipment (of A II 3)												
Fixed assets being acquired		257,199							2,384			
Tangible fixed assets being built or manufactured		257,199							2,384			
Advances for tangible fixed assets												
Livestock												
Vineyards, orchards and other plantations												
Investment property				27,495		98,508						
Financial fixed assets	500,000	17,605	140,176	41,614				8,347				
Financial fixed assets excluding loans	500,000	17,605	96,782	41,614				8,347				
Intra-group stocks and shares	500,000	17,605		6,407								
Stocks and shares in associates				30,000								
Other stocks and shares			96,782	5,207				8,347				
Other financial fixed assets												
Long-term loans			43,394									
Intra-group long-term loans												
Long-term loans to others			43,394									
Long-term unpaid called-up capital												
Long-term operating receivables												
Intra-group long-term operating receivables												
Long-term trade receivables												
Other long-term operating receivables												
Deferred tax assets					45,691							
Short-term assets	212,469	785,146	1,582,007	700,186	2,191,067	27,316	1,335,895	6,343,681	930,353	101,564	118,531	43,308
Assets held for sale (disposal groups)												
Inventories		294,603			368,696		233,136	3,775,105	653,648	560		10,567
Materials					22,188		20,707		613,255			10,567
Work in progress					315,507							
Products and merchandise		294,603					212,429	3,775,105	34,257			
Advances for inventories					31,001				6,136	560		

Balance sheet of group companies as of 31 Dec 2011

in euros

Table 38

	Impol 2000, d. d.	Impol, d. o. o.	Impol LLT, d. o. o.	Impol FT, d. o. o.	Impol PCP, d. o. o.	Impol Infrastruktura, d. o. o.	Impol R in R, d. o. o.	Impol Seval, a. d.	Impol-Montal, d. o. o.	Impol Servis, d. o. o.	Impol Stanovanja, d. o. o.	Kadring, d. o. o.	Stampal SB, d. o. o.	Štatenberg, d. o. o.	Unidel, d. o. o.	Impol Aluminum Corporation	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Seval PKC, d. o. o.	Impol Seval President, d. o. o.
Short-term financial assets	343,077	12,388,596	167	644	1,630,000	114,000		2,576,127	106,827		1,168,325	330,003	200,000		174,370	808	11,709	3,312	1,327	15,812
Short-term financial assets excluding loans	243,077	149,445										330,003								
Intra-group stocks and shares																				
Other stocks and shares																				
Other short-term financial assets	243,077	149,445										330,003								
Short-term loans	100,000	12,239,151	167	644	1,630,000	114,000		2,576,127	106,827		1,168,325		200,000		174,370	808	11,709	3,312	1,327	15,812
Intra-group short-term loans	100,000	9,496,659			1,630,000	100,000		427,259			671,172									
Short-term loans to others		2,742,492	167	644		14,000		2,148,868	106,827		497,153		200,000		174,370	808	11,709	3,312	1,327	15,812
Short-term unpaid called-up capital																				
Short-term operating receivables	2,886,773	78,582,138	1,725,456	2,382,995	1,247,045	147,249	169,552	12,703,487	16,384	483,362	64,149	369,867	1,435,992	26,307	613,349	1,823,740	250,340	96,363	98,550	11,260
Intra-group short-term operating receivables	453,454	25,909,973	1,433,604	1,815,443	535,588	139,398	156,335	9,131,520		92,877	3,237	224,353	45,866		87,149		91,556	92,986	75,033	5,099
Short-term trade receivables	2,331,581	46,027,034	68,237	14,069	2,393	3,827	6,816	3,327,187	15,044	378,067	44,278	110,610	1,244,794	24,829	495,335	1,792,227	95,957	233	19,524	2,406
Other short-term operating receivables	101,738	6,645,131	223,615	553,483	709,064	4,024	6,401	244,780	1,340	12,418	16,634	34,904	145,332	1,478	30,865	31,513	62,827	3,144	3,993	3,755
Cash	394,833	2,405,725	114,658	317,787	687,888	93,201	32,482	1,400,885	89,258	7,181	349,533	316	186,379	1,009	315,040	744,028	14,656	1,329	18,654	5,669
Short-term deferred costs	9,469	106,093	1,633	5,884	11,089	1,871	500	1,318,002	32	7,977	81	588	170		1,766		169,388	516		
TOTAL ASSETS	75,068,443	261,202,736	5,633,081	16,416,563	9,616,454	428,451	561,529	72,854,926	3,596,918	1,184,939	3,474,841	876,757	2,907,651	643,384	1,483,769	6,363,874	3,726,151	102,080	118,531	43,308
Off-balance-sheet assets	21,322,590	17,023,127	5,525,000	5,847,705	17,315,485	5,639,000	5,525,000		3,022,361		1,313,475	2,640			4,727					
Equity	43,564,794	86,986,348	435,505	1,320,237	3,468,015	228,180	249,619	20,350,962	505,991	704,344	3,323,794	539,005	1,655,650	420,262	346,559	798,048	-174,246	73,622	81,345	9,523
Equity of minority shareholders		2,140,995						6,105,289				202,127				79,805				
Called-up capital	4,451,540	16,954,599	310,000	840,000	1,170,000	80,000	90,000	9,092,801	349,114	14,659	1,613,690	12,198	834,585	53,521	36,779	77,286	162,642	60,301	48,052	69,877
Share capital	4,451,540	16,954,599	310,000	840,000	1,170,000	80,000	90,000	9,092,801	349,114	14,659	1,613,690	12,198	834,585	53,521	36,779	77,286	162,642	60,301	48,052	69,877
Uncalled capital (a deduction)																				
Capital reserves	10,751,254	29,467,739		5,000,000				116,327	57,684	8,858	1,446,971	8,565	702	363,122						
Profit reserves	5,732,581	35,045,344	31,187		117,964	8,016	9,030	9,435,847	34,911	175,767	213,991	19,981	83,465		3,678					
Legal reserves		2,723,350	31,000		117,000	8,000	9,000		34,911	1,466	161,369	1,220	83,459		3,678					
Reserves for own shares and stakes																				
Own shares and stakes (a deduction)																				
Statutory reserves												16,050								
Other profit reserves	5,732,581	32,321,994	187		964	16	30	9,435,847		174,301	52,622	2,711	6							
Revaluation surplus		5,579																		
Transferred net profit or loss	17,311,527	395,930	48,282	-4,519,763	117,716	19,724	35,688	-2,825,760	22,912	453,633		425,188	131,477	2,402	147,263	715,399	-375,595	13,042	28,306	
Net profit or loss for the period	5,317,892	5,117,157	46,036		2,062,335	120,440	114,901	4,531,747	41,370	51,427	49,142	73,073	605,421	1,217	158,839	5,363	38,707	279	4,987	-60,354
Consolidated capital adjustment																				
Provisions and accruals		44,298	98,540		414,518	35,263	22,514	122,742				1,164	23,250		802,826					
Provisions for pensions and similar liabilities			98,540		414,518	35,263	22,514	122,742					23,250		41,273					
Other provisions												1,164								
Long-term accruals		44,298													761,553					
Intra-group accruals (of B 3)																				
Long-term liabilities	24,706,483	41,404,784						23,210,223	2,601,068	26,586	101,756		242,118				2,247,368			
Long-term financial liabilities	24,706,483	41,404,784						22,696,233	2,601,068	26,586			242,118				2,243,112			
Intra-group long-term financial liabilities																	2,243,112			
Long-term financial liabilities to banks	24,706,483	40,899,430						22,656,668	2,601,068				238,236							
Long-term financial liabilities on the basis of bonds																				
Other long-term financial liabilities		505,354						39,565		26,586			3,882							
Long-term operating liabilities											101,756									
Other long-term operating liabilities											101,756									
Deferred tax liabilities								513,990									4,256			
Short-term liabilities	6,790,520	132,567,080	5,099,036	15,093,842	5,731,104	164,087	289,396	27,865,841	489,859	447,628	49,199	336,588	986,633	223,122	333,498	5,565,826	1,507,981	27,898	37,186	30,625
Liabilities included in disposal groups																				
Short-term financial liabilities	6,269,048	96,373,797	1,750,000	7,362,665	265,428		115,000	11,854,917	314,466	2,776			109,437	140,485			427,259			
Intra-group short-term financial liabilities	618,048	2,401,172	1,500,000	7,012,665			115,000	95,461	115,000					140,485			427,259			
Short-term financial liabilities to banks	5,651,000	92,617,879	250,000	350,000	250,000			11,759,456	199,466				105,882							
Short-term financial liabilities on the basis of bonds																				
Other short-term financial liabilities		1,354,746			15,428					2,776			3,555							
Short-term operating liabilities	521,472	36,193,283	3,349,036	7,731,177	5,465,676	164,087	174,396	16,010,924	175,393	444,852	49,199	336,588	877,196	82,637	333,498	5,565,826	1,080,722	27,898	37,186	30,625
Intra-group short-term operating liabilities	16,585	11,616,115	2,647,821	5,920,503	3,219,853	21,692	70,238	11,101,576	698	275,202	1,326	1,695	599,507	78,832	6,388	4,204,801	501,021	2,302	2,805	4,511
Short-term operating liabilities to suppliers	100,190	20,858,049	410,310	1,244,824	1,235,387	52,656	38,609	3,031,051	158,688	133,397	23,868	29,680	207,448	708	234,606	1,287,683	335,570	442	19,284	12,033
Short-term bills payable																				
Short-term operating liabilities from advances	45,647	236,185						1,195,222		8,609	200		1,378		4,187	73,342	164,848			7,015
Other short-term operating liabilities	359,050	3,482,934	290,905	565,850	1,010,436	89,739	65,549	683,075	16,007	27,644	23,805	305,213	68,863	3,097	88,317		79,283	25,154	15,097	7,066
Short-term accruals	6,646	200,226		2,484	2,817	921		1,305,158		6,381	92				886		145,048	560		3,160
TOTAL LIABILITIES	75,068,443	261,202,736	5,633,081	16,416,563	9,616,454	428,451	561,529	72,854,926	3,596,918	1,184,939	3,474,841	876,757	2,907,651	643,384	1,483,769	6,363,874	3,726,151	102,080	118,531	43,308
Off-balance-sheet liabilities	21,322,590	17,023,127	5,525,000	5,847,705	17,315,485	5,639,000	5,525,000		3,022,361		1,313,475	2,640			4,727					

Profit-and-loss account of the group companies

Profit-and-loss account of the group companies

in euros

Table 39

	Impol 2000, d. d.	Impol, d. o. o.	Impol LLT, d. o. o.	Impol FT, d. o. o.	Impol PCP, d. o. o.	Impol Infrastruktura, d. o. o.	Impol R in R, d. o. o.	Impol Seval, a. d.	Impol-Montal, d. o. o.	Impol Servis, d. o. o.	Impol Stanovanja, d. o. o.	Kadring, d. o. o.	Stampal SB, d. o. o.	Štatenberg, d. o. o.	Unidel, d. o. o.	Impol Aluminum Corporation	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Seval PKC, d. o. o.	Impol Seval President, d. o. o.
Net sales revenues	17,947,029	558,287,023	27,205,312	55,640,451	63,986,164	1,383,730	1,408,491	112,537,827	411,408	2,582,073	303,636	3,211,438	5,930,300	16,958	2,586,414	15,122,463	3,231,371	313,385	171,167	156,995
Net sales revenues – domestic sales	15,722,600	119,780,323	27,205,312	55,640,451	63,986,164	1,383,730	1,408,021	11,984,831	411,408	2,427,743	280,511	3,211,438	775,910	16,958	2,586,414		3,090,032	313,385	171,167	156,995
Net sales revenues – intra-group domestic sales (of 1 a)	5,356,278	98,182,536	26,544,565	55,601,828	63,956,039	1,375,185	1,359,205	520,871	337	630,486	3,656	2,776,492	743,450		620,449		2,693,476	309,647	156,565	11,171
Net sales revenues – foreign sales	2,224,429	438,506,700					470	100,552,996		154,330	23,125		5,154,390			15,122,463	141,339			
Net sales revenues – intra-group foreign sales (of 1 b)		76,625,529					470	61,213,416												
Change in inventories of finished goods and work in progress			-1,004,856	1,203,353	1,252,422			-3,720,471					12,027		4,250		1,243			
Capitalised own products and services								9												882
Other operating revenues (including operating revenues from revaluation)	21,483	5,392,617	4,598	11,394	27,912	239	14,862	472,193		160		1,531	10,254		222,488		32,060			
Other operating revenues (including intra-group operating revenues from revaluation) (of 4)		2,972,514						82,105									20,514			
Costs of goods, materials and services	12,672,509	535,539,890	23,057,663	47,360,386	53,156,297	449,888	547,898	91,534,195	38,773	2,272,850	131,067	268,793	4,147,902	13,056	1,877,663	14,784,593	2,014,917	35,710	31,993	105,164
Costs of goods and materials sold and costs of materials used	12,044,906	384,546,666	18,502,943	26,273,375	22,990,128	24,726	101,303	82,743,573	783	2,170,268	26,137	20,539	3,259,086	7,330	1,654,462	14,525,787	1,538,634	7,306	1,834	61,258
Intra-group costs of goods and materials sold and costs of materials used (od 5 a)	11,962,121	55,048,091	18,366,009	23,919,737	20,631,307	16,282	59,076	59,578,630	170	1,544,530	16	1,230	2,730,811		82,634	15,286,015	506,739			
Costs of services	627,603	150,993,224	4,554,720	21,087,011	30,166,169	425,162	446,595	8,790,622	37,990	102,582	104,930	248,254	888,816	5,726	223,201	258,806	476,283	28,404	30,159	43,906
Intra-group costs of services (of 5 b)	133,836	137,735,071	3,378,163	18,512,717	26,253,413	122,570	317,961	3,683,104	1,839	21,933	4,142	15,224	319,394		50,078		135,837	23,271	18,729	20,505
Labour costs	1,912,207	1,513,895	2,857,013	7,813,541	9,320,015	771,825	708,027	7,168,830	34,641	226,553	60,354	2,820,037	917,143		727,298	313,249	1,074,545	274,818	140,304	104,423
Costs of salaries	1,461,472	1,171,898	2,103,164	5,833,986	6,930,371	576,210	458,725	4,137,040	25,833	173,892	46,842	2,014,964	693,492		506,668	313,249	608,750	158,721	79,937	58,258
Social-security costs (pension-security costs shown separately)	246,742	194,496	429,317	999,425	1,198,805	115,678	80,376	2,623,503	2,588	28,034	7,602	332,810	120,254		81,662		395,243	104,174	52,424	37,981
Other labour costs	203,993	147,501	324,532	980,130	1,190,839	79,937	168,926	408,287	6,220	24,627	5,910	472,263	103,397		138,968		70,552	11,923	7,943	8,184
Write-offs	75,163	15,856,355	61,951	809,289	221,322	15,625	51,053	2,236,625	207,050	21,525	85,575	45,059	133,397	13,249	41,572	13,055	64,979	803	201	975
Amortisation/depreciation	75,163	12,698,604	61,908	808,058	217,681	15,625	51,053	1,846,182	207,050	20,258	75,707	23,364	133,240	2,222	36,389	11,779	61,266			
Intra-group amortisation/depreciation (of 7a)																				
Operating expenses for revaluation of intangible and tangible fixed assets		6,484	43	1,231	3,641			163,790		123	416		157		38	1,276				
Intra-group operating expenses for revaluation of intangible and tangible fixed assets (of 7 b)																				
Operating expenses for revaluation of current assets		3,151,267						226,653		1,144	9,452	21,695		11,027	5,145		3,713	803	201	975
Intra-group operating expenses for revaluation of current assets (of 7 c)																				
Other operating expenses	61,109	1,051,803	44,173	150,163	160,727	4,196	6,324	376,952	12	2,534	3,034	3,262	13,016	5,674	31,509		9,228	1,728	779	10,004
Other intra-group operating expenses (of 8)	1,565	4,501	23,078	97,643	40,552		957			11		103	5,774		494		1,096,682			
Financial revenues from shares	3,907,754	1,933,348							24,949			1,717								
Financial revenues from intra-group shares	3,901,600	1,857,500							24,949			504								
Financial revenues from shares in other companies	6,154	75,848										1,213								
Financial revenues from lending	77,270	262,074	156	217	57,053	693	225	109,553	883	264	37,137	6,395	14,288		7,877	226	9,353		587	1,017
Financial revenues from intra-group lending	8,967	220,081			49,902			108,073			12,717									
Financial revenues from loans given to others	68,303	41,993	156	217	7,151	693	225	1,480	883	264	24,420	6,395	14,288		7,877	226	9,353		587	1,017
Financial revenues from operating receivables	48,272	3,498,853	17,875	33,279	10,130	2,674	58	4,348,205	793	1,761	2,958	1,954	9,021		13,052		309,166	35	1,532	100
Financial revenues from intra-group operating receivables	545	188,788	17,469	248	4,104	1,511		268,696							59		298,797			
Financial revenues from operating receivables from others	47,727	3,310,065	406	33,031	6,026	1,163	58	4,079,509	793	1,761	2,958	1,954	9,021		12,993		10,369	35	1,532	100
Financial expenses for investment impairment and write-offs	541,538											1,062								
Financial expenses for financial liabilities	999,107	7,387,993	56,752	181,965	34,801		2,467	7,871,544	116,768	1,503			20,211	3,468			390,180		1,082	10
Financial expenses for intra-group loans	15,666	70,826	23,893	142,469			2,467	325,979	2,675	61				3,468			376,769			
Financial expenses for bank loans	982,701	7,131,577	32,859	39,160	32,897			1,820,763	114,093				19,394				257			
Financial expenses for issued bonds																				
Financial expenses for other financial liabilities	740	185,590		336	1,904			5,724,802		1,442			817				13,154		1,082	10
Financial expenses for operating liabilities	5,776	2,149,136	119,724	82,950	4,782	75	246	97,424	6	1,307	33	62	2,989	4	1,390		29		4	30
Financial expenses for intra-group operating liabilities	3,495	5,547	118,987	82,713	4,455	59	223		6				99		100					
Financial expenses for trade payables and for bills payable	1,555	4,311	723	148	307		23			1,297		59	27	4	390					

Profit-and-loss account of the group companies

Table 39

in euros

	Impol 2000, d. d.	Impol, d. o. o.	Impol LLT, d. o. o.	Impol FT, d. o. o.	Impol PCP, d. o. o.	Impol Infrastruktura, d. o. o.	Impol R in R, d. o. o.	Impol Seval, a. d.	Impol-Montal, d. o. o.	Impol Servis, d. o. o.	Impol Stanovanja, d. o. o.	Kadring, d. o. o.	Stampal SB, d. o. o.	Štatenberg, d. o. o.	Unidel, d. o. o.	Impol Aluminum Corporation	Impol Seval Tehnika, d. o. o.	Impol Seval Final, d. o. o.	Impol Seval PKC, d. o. o.	Impol Seval President, d. o. o.
Financial expenses for other operating liabilities	726	2,139,278	14	89	20	16		97,424		10	33	3	2,863		900		29		4	30
Other revenues	776	442,937	2,327	20,733	97,850	526	10,935	159,172	587	6,585		7,535	8,407	22,152	19,569		9,911	15	6,842	280
Other intra-group revenues (of 15)																				
Other expenses		840		6,800	5,042			7,597			285	12	50	2	434		288	61	130	40
Other intra-group expenses (of 16)																				
Income tax	416,710	1,408,520			337,610	26,157	3,700			13,144	14,241	19,210	144,168	2,440	14,945	6,807		32	563	
Deferred tax	573	-208,737	-17,900	74,685	128,600	-344	-45	5,090									-423			
Net profit or loss for the period	5,317,892	5,117,157	46,036	429,648	2,062,335	120,440	114,901	4,608,231	41,370	51,427	49,142	73,073	605,421	1,217	158,839	4,985	39,361	283	5,072	-61,372
Net profit or loss of minority shareholders		125,949						1,382,469				27,402				499				
Profit or loss of the group companies																				

The exchange rates below were used to convert the profit-and-loss account items from national currencies into euros:

- Serbian dinar 101.91
- USD 1.392

Intangible Fixed Assets

Intangible fixed assets include:

- Long-term deferred development costs,
- Investments in acquired industrial-property rights and other rights.

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

The goodwill created with the purchasing of the majority share of Stampal, d.o.o., for an amount of 319,299 euros, shall remain included in the balance sheet, having the same value as on the day of the purchase. The same applies to the goodwill created with the purchasing of additional shares of Impol, d.o.o., for an amount of 371,953 euros.

Intangible fixed assets

Table 40

in euros

Description	Long-term property rights	Goodwill	Advances for intangible fixed assets	Long-term deferred development costs	Other long-term deferred costs	TOTAL
Acquisition costs as of 31 Dec 2010	2,691,957	691,182		6,600	3,801,544	7,191,283
Opening-balance adjustments						0
Acquisition costs as of 1 Jan 2011	2,691,957	691,182	0	6,600	3,801,544	7,191,283
Direct additions due to purchases	29,718				436,958	466,676
Transfer from investments in progress	120,000				-120,000	0
Decrease in fair value	11,552					11,552
Write-downs due to retirement, other write-downs					-139,393	-139,393
Acquisition costs as of 31 Dec 2011	2,853,227	691,182	0	6,600	3,979,109	7,530,118
Value adjustment as of 31 Dec 2010	1,413,711			741	2,107,351	3,521,803
Opening-balance adjustment						0
Value adjustment as of 1 Jan 2011	1,413,711	0	0	741	2,107,351	3,521,803
Amortisation for the period	196,197			660	412,595	609,452
Decrease in fair value	3,464					3,464
Value adjustment as of 31 Dec 2011	1,613,372	0	0	1,401	2,519,946	4,134,719
Book value as of 31 Dec 2011	1,239,855	691,182	0	5,199	1,459,163	3,395,399
Book value as of 31 Dec 2010	1,278,246	691,182	0	5,859	1,694,193	3,669,480

Tangible Fixed Assets

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

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

Tangible fixed assets also include investments in other fixed assets. During the investment period the interest is added to the capital increasing the value of fixed assets. The carrying value of a tangible fixed asset is decreased through depreciation. The Impol Group uses the straight-line depreciation method.

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

Property hired out to subsidiaries and other companies is recorded as investment property and is depreciated in the same way as the assets in operational use.

Tangible fixed assets

Table 41

in euros

Description	Land	Buildings	Property being acquired	Total property	Production facilities and machinery	Other facilities and equipment	Equipment and other tangible fixed assets being acquired	Advances for acquiring tangible fixed assets	Total equipment	TOTAL
Acquisition costs as of 31 Dec 2010	4,177,883	21,515,828	25,970	25,719,681	268,809,723	12,622,371	8,502,202	572,107	290,506,403	316,226,084
Acquisition costs as of 1 Jan 2011	4,177,883	21,515,828	25,970	25,719,681	268,809,723	12,622,371	8,502,202	572,107	290,506,403	316,226,084
Direct additions due to purchases		154,503	2,678,153	2,832,656	1,451,041	100,978	10,471,450	4,623,874	16,647,343	19,479,999
Transfer from investments in progress		129,919	−139,566	−9,647	3,190,180	2,620,028	−5,800,561		9,647	0
Intra-group transfer due to purchase				0	−4,239	196,835	4,191		196,787	196,787
Intra-group transfer due to sales				0	−38,367				−38,367	−38,367
Transfer to investment property			−950,630	−950,630					0	−950,630
Decrease in fair value	58,201	946,745	85	1,005,031	1,150,649	9,458	144,735	5,557	1,310,399	2,315,430
Write-downs due to disposals		−24,917		−24,917	−308,975	−67,456			−376,431	−401,348
Write-downs due to retirement, other write-downs		−1,009		−1,009	−195,735	−280,076		−821,519	−1,297,330	−1,298,339
Transfer between tangible-fixed-asset categories			4,712,851	4,712,851	−4,421,209	−210,308	−52,385		−4,683,902	28,949
Acquisition costs as of 31 Dec 2011	4,236,084	22,721,069	6,326,863	33,284,016	269,633,068	14,991,830	13,269,632	4,380,019	302,274,549	335,558,565
Value adjustment as of 31 Dec 2010		10,707,623		10,707,623	187,732,883	9,238,209	−1,243,794		195,727,298	206,434,921
Value adjustment as of 1 Jan 2011	0	10,707,623	0	10,707,623	187,732,883	9,238,209	−1,243,794	0	195,727,298	206,434,921
Amortisation/depreciation	1	579,193		579,194	11,822,369	1,257,161			13,079,530	13,658,724
Direct additions				0	1,344				1,344	1,344
Intra-group transfer due to sales				0	−23,580				−23,580	−23,580
Decrease in fair value		672,182		672,182	506,342	7,674			514,016	1,186,198
Revaluation due to impairment				0					0	0
Write-downs due to disposals		−7,306		−7,306	−168,388	−54,212			−222,600	−229,906
Write-downs due to retirement, other write-downs		−1,009		−1,009	−183,982	−265,276			−449,258	−450,267
Transfer between tangible-fixed-asset categories			1,132,284	1,132,284	−907,840	−195,495			−1,103,335	28,949
Value adjustment as of 31 Dec 2011	1	11,950,683	1,132,284	13,082,968	198,779,148	9,988,061	−1,243,794	0	207,523,415	220,606,383
Book value as of 31 Dec 2011	4,236,083	10,770,386	5,194,579	20,201,048	70,853,920	5,003,769	14,513,426	4,380,019	94,751,134	114,952,182
Book value as of 31 Dec 2010	4,177,883	10,808,205	25,970	15,012,058	81,076,840	3,384,162	9,745,996	572,107	94,779,105	109,791,163

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

Pledged fixed assets

Table 42

Review of values by asset type	Purchase price/fair value	Value adjustment	Book value
Intangible fixed assets			
Property	11,347,414	5,813,699	5,533,715
Equipment	67,897,347	34,349,350	33,547,997
Investment property	51,478,291	26,887,064	24,591,227
TOTAL	**129,957,236**	**66,726,212**	**63,231,024**

Book value of assets acquired through financial leasing as of 31/12/2011 amounts to 15,037 Euros.

Used Depreciation Rates

Used Depreciation Rates

Table 43

Depreciation rates used by group	DEPRECIATION RATES in %	
	lowest	highest
Intangible assets		
other investments	10.00%	10.00%
licences	20.00%	20.00%
Tangible fixed assets		
property:		
constructed buildings	1.30%	3.00%
other buildings	1.30%	5.00%
equipment:		
production equipment	4.50%	20.00%
equipment and low-value assets until 2003		33.00%
low-value assets	20.00%	25.00%
other equipment	8.00%	25.00%
IT equipment:		
software	20.00%	50.00%
hardware	20.00%	50.00%
motor vehicles:		
transport vehicles	6.20%	20.00%
personal vehicles	12.50%	20.00%
other tangible fixed assets		
Investment property (acquisition-cost model)	1.30%	5.00%

- Depreciation is calculated individually on a straight-line basis.
- The non-depreciable value is recorded only for the equipment that, according to our findings, preserves its value.
- The revaluation of tangible fixed assets was not carried out because it was found that market prices for these assets had not changed.
- Depreciation is charged to the acquisition values of intangible and tangible fixed assets, and of investment property generating income. The depreciation rate depends on the determined useful life of each individual asset, considering the anticipated period of utilisation, economic aging, and legal and other limitations to its use.
- The depreciation of intangible and tangible fixed assets is accounted for individually on a straight-line basis.
- The depreciation period for each individual asset starts when it is available for use.

Investment Property

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

Investment property — Table 44

in euros

Description	Buildings	TOTAL
Acquisition costs as of 31 Dec 2010	50,712,636	50,712,636
Acquisition costs as of 1 Jan 2011	50,712,636	50,712,636
Direct additions (+)	19,264	19,264
Transfer from tangible fixed assets (+)	950,630	950,630
Acquisition costs as of 31 Dec 2011	51,682,530	51,682,530
Value adjustment as of 31 Dec 2010	25,729,077	25,729,077
Value adjustment as of 1 Jan 2011	25,729,077	25,729,077
Depreciation/amortisation (+)	1,236,223	1,236,223
Value adjustment as of 31 Dec 2011	26,965,300	26,965,300
Book value as of 31 Dec 2011	24,717,230	24,717,230
Book value as of 31 Dec 2010	24,983,559	24,983,559

It is estimated that the book value of investment property qualifies as fair value.

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

Long-term financial assets are assets with a maturity exceeding one year, and are initially recorded with their acquisition values that equal the values of the cash invested. The investments that are eliminated in the course of consolidation due to being carried out within the group are recorded in original financial statements of individual group companies on the basis of the acquisition-cost method, with any impairment caused by losses being considered.

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

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

Long-term financial assets in associated companies, and other long-term financial assets (LTFAs) — Table 45

in euros

A. TOTAL LONG-TERM FINANCIAL ASSETS	Purchase/fair/amortised cost of LTFAs on 31 Dec 2011	Long-term financial assets in different companies: intra-group	associates	others	Value adjustment as of 31 Dec 2011 impairment	Book value 31. 12. 2011	Book value 31. 12. 2010
	=		31 Dec 2011	31 Dec 2010	-	=	
Long-term financial assets (+)	5,002,337	0	832,363	4,169,974	0	5,002,337	1,689,162
Short-term portion of long-term financial assets (–)	0	0	0	0	0	0	31,828
TOTAL LONG-TERM FINANCIAL ASSETS	5,002,337	0	832,363	4,169,974	0	5,002,337	1,720,990
Investments in stocks and shares	1,954,200	0	832,363	1,121,837	0	1,954,200	1,469,519
Other long-term equity investments	46,018	0	0	46,018	0	46,018	44,407
TOTAL long-term financial assets excluding loans	2,000,218	0	832,363	1,167,855	0	2,000,218	1,513,926
Long-term loans to companies	302,119	0	0	302,119	0	302,119	207,064
Long-term deposits	2,700,000	0	0	2,700,000	0	2,700,000	0
TOTAL long-term loans	3,002,119	0	0	3,002,119	0	3,002,119	207,064
TOTAL LONG-TERM FINANCIAL ASSETS	5,002,337	0	832,363	4,169,974	0	5,002,337	1,720,990

There have been no revaluations of long-term financial assets.

Long-term Operating Receivables

In 2011 Impol Group records no long-term operating receivables.

Inventories

The following evaluation methods are used:

- Inventories of goods and materials are recorded by purchase price, increased by the accompanying acquisition costs. As compared with the previous period, the method has stayed the same.
- For inventory utilisation the FIFO method is used. With respect to utilising aluminium inventories, the FIFO method is used for each sale transaction in accordance with the basic aluminium price that is included in the transaction as specified in the corresponding sales contract.
- The inventories of finished products and of work in progress are initially evaluated according to their production costs that include: direct costs of materials, direct labour costs, direct costs of services, direct depreciation costs, and general production costs.
- Amounts in foreign currencies are converted into euros on the basis of ECB rates published by the Bank of Slovenia.

Inventories — Table 46

in euros

	31 Dec 2011 Acquisition costs (+)	31 Dec 2011 Value adjustment due to inventory impairment. (–)	31 Dec 2011 Book value	Of which Intra-group purchases	Of which Pledged inventories	31 Dec 2011
Goods and materials	67,215,093	0	67,215,093	950,677	0	64,190,122
Low-value assets	0	0	0	0	0	0
Work in progress and services	8,050,726	0	8,050,726	0	0	6,823,558
Products	9,620,813	0	9,620,813	0	0	12,937,364
Goods for sale	4,291,858	0	4,291,858	2,308,950	0	1,203,519
Advances for inventories	535,124	0	535,124	0	0	554,684
TOTAL	89,713,614	0	89,713,614	3,259,627	0	85,709,247

Inventories have not been pledged as security for liabilities outside the group.

There have been no write-downs or inventory adjustments due to non-distribution, etc.

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

Short-term Operating Receivables

Receivables are initially disclosed in amounts originating from relevant documents, on the assumption that they will be settled. A later increase in receivables normally leads to an increase in the corresponding operating, or financial, revenues, while a later decrease in receivables normally leads to a decrease in the corresponding operating revenues or expenses, except for given advances. The receivables related to gained interest result in financial revenues.

Values of trade receivables due from domestic or foreign customers are adjusted on the basis of our experiences and expectations.

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

Short-term operating receivables — Table 47

in euros

	Short-term operating receivables	Short-term operating receivables due from different companies: group companies	associates	others	Value adjustment due to impairment*	31 Dec 2011	31 Dec 2010
Short-term trade receivables	60,632,925	0	12,829	60,620,096	−4,623,131	56,009,794	59,960,848
– of which receivables overdue by 31 Dec	18,178,344	0	755	18,177,589	−259,008	17,919,336	14,021,149
Given short-term advances and collaterals	37,136	0	0	37,136	0	37,136	461,665
Short-term receivables due from third party debtors	0	0	0	0	0	0	0
Short-term receivables related to financial revenues	257,925	0	0	257,925	−78,750	179,175	255,072
Short-term receivables due from state institutions	8,157,465	0	0	8,157,465	0	8,157,465	10,452,628
Other short-term operating receivables	457,317	0	0	457,317	0	457,317	2,194,977
TOTAL short-term operating receivables	**69,542,768**	**0**	**12,829**	**69,529,939**	**−4,701,881**	**64,840,887**	**73,325,190**

Value adjustment of short-term operating receivables due to impairment — Table 48

in euros

	2011	2010
Balance as of 1 Jan (+)	**3,505,071**	**3,589,643**
Decrease in value adjustment due to the settlement of receivables (-)	−26,204	−111,187
Decrease in value adjustment due to the write-off of receivables (-)	−1,355,608	−18,917
Established value adjustment for the period due to impairment (+)	2,578,622	45,531
Transfer of intra-group established adjustments upon acquisition	0	
Balance as of 31 Dec	**4,701,881**	**3,505,071**

Due to impairment, the established value adjustment of short-term operating receivables amounted to 4,701,881 euros.

Trade receivables are secured to the agreed amount in insurance undertakings. During market penetration, these receivables are, as a rule, secured only to a small extent, and at such times the exposure risks are very high. Unsettled receivables that have led to the initiation of formal court proceedings relating to their recovery, and those that will probably not be settled fully, are treated as doubtful and disputable receivables.

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities — Table 49

in euros

	Deferred tax assets	Deferred tax liabilities
Deferred tax assets as of 31 Dec 2010 (+)	2,002,146	495,041
Opening-balance adjustments (+/−)	0	0
Deferred tax assets as of 1 Jan 2011	2,002,146	495,041
Deductible temporary differences (+)	226,408	
Taxable temporary differences (+)		5,005
Intra-group transfer of deferred taxes due to acquisition	0	0
Utilisation of deductible temporary differences (−)	−203,285	
Elimination of taxable temporary differences (−)		−154
Change of unused opening-balance amounts due to the tax-rate change	45	18,354
Deferred tax assets as of 31 Dec 2011	2,025,314	518,246
Changes in deferred-tax assets and liabilities were recognised in:		
– profit-or-loss account (+/−)	18,501	75,790
– capital – revaluation surplus (+/−)		
– capital – retained profit or loss brought forward (+/−)	−18,538	65,064
TOTAL	**−37**	**140,854**

In 2011 deferred tax assets were formed for written-down receivables, for the provisions relating to severance pays and long-service benefits, and for tax losses. Deferred tax liabilities were formed in Impol Seval, a. d., as the deductible temporary differences relating to liabilities.

Short-Term Financial Assets

When they arise, short-term financial assets are recorded based on their acquisition values. If expressed in a foreign currency, they are converted into domestic currency on the basis of ECB rates published by the Bank of Slovenia.

Short-term financial assets (STFAs) — Table 50

in euros

	Purchase costs of short–term financial assets as of 31/12/2012	STFAs in other companies	Value adjustment due to impairment	Book value as of 31 Dec 2011	Book value as of 31 Dec 2010
Short-term financial assets (+)	6,548,371	6,548,371	0	6,548,371	6,189,318
Short-term portion of long-term financial assets (+)	91,643	91,643	0	91,643	0
TOTAL SHORT-TERM FINANCIAL ASSETS	**6,640,014**	**6,640,014**	**0**	**6,640,014**	**6,189,318**
of which:					
Stocks acquired for sale	243,077	243,077	0	243,077	784,615
Other securities acquired for sale	330,003	330,003	0	330,003	260,674
Receivables acquired for sale	149,445	149,445	0	149,445	15,602
TOTAL short-term financial assets excluding loans	**722,525**	**722,525**	**0**	**722,525**	**1,060,891**
Short-term portion of long-term lending (including bonds)	91,812	91,812	0	91,812	0
Short-term lending (including bonds)	586,528	586,528	0	586,528	514,393
Short-term deposits	5,239,149	5,239,149	0	5,239,149	4,614,034
Short-term receivables relating to financial leasing	0	0	0	0	
TOTAL short-term lending	**5,917,489**	**5,917,489**	**0**	**5,917,489**	**5,128,427**
Short-term unpaid called-up capital	0	0	0		0
TOTAL SHORT-TERM FINANCIAL ASSETS	**6,640,014**	**6,640,014**	**0**	**6,640,014**	**6,189,318**

Short-term financial assets include the stocks acquired for sale, short-term lending, investments in securities, short-term portions of long-term financial assets, and bank deposits. They all represent the assets that the group invests, for a short term, in order to increase its financial revenues. These assets are all classified as financial assets available for sale. Their purchase value is also treated as their fair value. STFA in associates are excluded.

Cash

Cash — Table 51

in euros

	31 Dec 2011	31 Dec 2010
Cash in hand and redeemable securities	4,562	6,613
Cash in banks and other financial institutions	7,175,949	4,286,137
TOTAL	7,180,511	4,292,750

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

Short-Term Deferred Costs and Accrued Revenues

Short-term deferred costs and accrued revenues — Table 52

in euros

	31 Dec 2011	31 Dec 2010
Short-term deferred costs or expenses	209,174	2,028,196
Short-term accrued revenues	0	1,678,363
Securities	0	0
VAT from received advances	1,425,885	348,142
TOTAL	1,635,059	4,054,701

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

Provisions and Long-Term Accruals

Provisions and long-term accruals — Table 53

in euros

	Provisions		Long-Term Accruals			
	Provisions for pensions, for long-service rewards, and severance benefits paid upon retirement	Other provisions for long-term accrued costs	Received state subsidies	Received donations	Other long-term accruals	TOTAL
Balance as of 1 Jan 2011	665,183	1,088	782,217	0	69,552	1,518,040
Formation (+)	87,110	16,800	197,703	0	0	301,613
Other increase (+)	19,784	0	0	0	0	19,784
Utilisation (–)	–4,171	–3,042	–218,367	0	0	–225,580
Disposal (–)	–13,583	–13,682	0	0	0	–27,265
Other decrease (–)	3,777	0	0	0	–25,254	–21,477
Balance as of 31 Dec 2011	758,100	1,164	761,553	0	44,298	1,565,115

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

Long-Term Financial and Operating Liabilities

Long-term financial and operating liabilities — Table 54

in euros

	Total debt as of 31 Dec 2011	The portion payable in 2012	31 Dec 2011	31 Dec 2010
Long-term financial liabilities to banks	130,439,420	–39,337,535	91,101,885	88,124,612
Long-term financial liabilities to others (excluding financial-leasing liabilities)	667,753	–96,248	571,505	923,853
Long-term financial-leasing liabilities to other companies	3,882	0	3,882	22,048
Other long-term operating liabilities to other companies	101,756	0	101,756	231,945
TOTAL long-term financial and operating liabilities	131,212,811	–39,433,783	91,779,028	89,302,458
Long-term financial liabilities	131,111,055	–39,433,783	91,677,272	89,070,513
Long-term operating liabilities	101,756	0	101,756	231,945
TOTAL long-term financial and operating liabilities	131,212,811	–39,433,783	91,779,028	89,302,458

a) When they arise, long-term financial and operating liabilities are recorded based on their acquisition values. If expressed in a foreign currency, they are converted into domestic currency on the basis of the middle exchange rate of the Bank of Slovenia valid on the balance date.

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

c) The portion of long-term debts due within one year of the date of the balance sheet is shown as short-term financial and operating liabilities.

d) Interest rates for long-term loans are as follows.

- In euros they range between 6-month Euribor + 1.4% to 3-month Euribor + 5.75% (depending on the area).
- Long-term liabilities are secured with a mortgage on the property of Impol, d.d., on a part of the equipment and the shares.

With respect to the consolidated financial statements, in the case of consolidating the equity no hidden reserves (land, equipment) that would result in a deferred tax liability are established.

Payments of long-term loans by year are as follows:

Payments of long-term loans — Table 55

Year	Payment in euros
2012	39,433,783
2013	32,100,561
2014	41,350,065
2015	15,322,777

The outstanding balance of 3,005,625 Euro shall be repaid in the coming years.

ACCOUNTING REPORT

Short-Term Liabilities

Short-term financial and operating liabilities — Table 56

in euros

	31 Dec 2011	31 Dec 2010
Short-term operating liabilities to associated companies as suppliers	**278,412**	**282,241**
Short-term operating liabilities to other companies as suppliers	29,136,071	28,344,153
Short-term operating liabilities based on advances received – other companies	1,736,633	1,098,221
Other short-term operating liabilities to other companies	7,207,084	7,077,095
TOTAL short-term operating liabilities	**38,358,200**	**36,801,710**
Of which:		
Short-term operating liabilities	38,358,200	36,801,710
Short-term portion of long-term operating liabilities	0	0
Total short-term operating liabilities	**38,358,200**	**36,801,710**
Short-term portion of long-term financial liabilities to banks	39,337,535	36,460,817
Short-term portion of long-term financial liabilities to other companies (excluding financial-leasing liabilities)	96,248	260,362
Short-term portion of long-term financial-leasing liabilities to other companies	0	28,511
Short-term financial liabilities to banks	71,846,148	88,174,126
Short-term financial liabilities to other companies (excluding financial-leasing liabilities)	1,261,274	811,231
Short-term financial-leasing liabilities to other companies	18,983	14,021
TOTAL short-term financial liabilities	**112,560,188**	**125,749,068**
Of which:		
Short-term financial liabilities	73,126,405	88,999,378
Short-term portion of long-term financial liabilities	39,433,783	36,749,690
Total short-term financial liabilities	**112,560,188**	**125,749,068**
TOTAL short-term financial and operating liabilities	**150,918,388**	**162,550,778**

Short-term operating liabilities — Table 57

in euros

	31 Dec 2011	31 Dec 2010
Short-term operating liabilities to associated companies as suppliers	278,412	282,241
Short-term operating liabilities to other companies as suppliers	29,136,071	28,344,153
Total short-term operating liabilities to suppliers	**29,414,483**	**28,626,394**
Short-term operating liabilities based on advances received	1,736,633	1,098,221
Total short-term operating liabilities based on advances received	**1,736,633**	**1,098,221**
Short-term operating liabilities to employees	1,747,755	2,313,064
Short-term operating liabilities to state institutions	3,802,163	3,406,314
Short-term interests payable – other companies	675,125	734,334
Other short-term operating liabilities – other companies	982,041	623,383
Total other short-term operating liabilities	**7,207,084**	**7,077,095**
Total short-term operating liabilities	**38,358,200**	**36,801,710**

Interest rates for short-term loans are as follows:

- between EURIBOR 6M + 2.85% and the fixed interest rate of 7.7%

Short-term liabilities are secured partly with a mortgage, and partly with bills of exchange, assignment of credit, and indemnities. Short-term financial liabilities include the liabilities based on received loans with repayment terms of less than one year. Short-term financial liabilities stated in a foreign currency are converted into the domestic currency at the exchange rate of the Bank of Slovenia valid on the date when an obligation arises. The exchange rate difference up to the balance-sheet date is recognised as a financial expense.

Short-term operating liabilities include short-term liabilities to suppliers, liabilities based on advances, as well as short-term financial and operating liabilities to others. Of which 983,853 Euros are short-term operating liabilities, which have already been overdue since 31/12/2011. Short-term liabilities are initially entered as amounts recorded in corresponding documents, based on the assumption that the creditors will request a discharge of the debt.

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

Short-Term Accruals

Short-term accruals — Table 58

in euros

	31 Dec 2011	31 Dec 2010
Accrued costs or expenses	154,834	5,629
Short-term deferred revenues	1,411,688	1,639,705
VAT on given advances	107,857	389,472
TOTAL	1,674,379	2,034,806

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

Off-Balance-Sheet Records

Off-balance-sheet records — Table 59

in euros

	31 Dec 2011	31 Dec 2010
Given collaterals as security for liabilities	0	0
Received collaterals as security for claims	0	101,263
Goods received for consignment	0	160,512
Other	4,032,327	5,358,331
TOTAL off-balance-sheet records	4,032,327	5,620,106

With the off-balance-sheet accounts the group follows the liabilities relating to securities and other guarantees not shown as liabilities in the balance sheet. Off-balance-sheet accounts are also used to follow the balance of derivative instruments (hedgings, etc.). However, the effects arising from derivative instruments are initially reflected in revenues, expenses, receivables and payables.

Operating Revenues

Operating revenues — Table 60

in euros

	Operating Revenues generated with companies		2011	2010
	associates	others		
Net sales revenues	80,301	473,531,242	473,611,543	421,140,272
Value adjustment of product inventories and work in progress		−2,273,446	−2,273,446	5,308,835
Capitalised own products and services		891	891	3,463
Other operating revenues	0	3,136,658	3,136,658	3,930,393
Of which:				
a) Revenues from the disposal of provisions			251,998	430,718
b) Other revenues related to business performance (subsidies, grants, supports, compensations, premiums, etc.)			2,841,048	3,438,200
c) Revalued operating expenses			43,612	61,475
Of which:				
i. Relating to the disposal of tangible fixed assets			6,025	9,036
ii. Relating to operating receivables			21,643	50,496
iii. Relating to operating liabilities			15,944	1,943
TOTAL	80,301	474,395,345	474,475,646	430,382,963

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

ACCOUNTING REPORT

Net Sales Revenues by Area

Net sales revenues by area — **Table 61**

in euros

	2011	2010
Revenue from sales in Slovenia	50,035,844	46,512,539
associated companies	80,301	80,151
other companies	49,955,543	46,432,388
Revenue from sales in the EU	382,665,127	324,903,143
associated companies	0	0
other companies	382,665,127	324,903,143
Revenue from sales elsewhere in Europe	23,709,972	33,141,692
associated companies	0	0
other companies	23,709,972	33,141,692
Revenue from sales in other markets	17,200,600	16,582,898
associated companies	0	0
other companies	17,200,600	16,582,898
TOTAL	473,611,543	421,140,272

Operating Expenses

In principle, operating expenses for the period equal the costs increased by the costs of completed products and work in progress in opening inventories, and decreased by the accrued costs for closing inventories. Selling costs as well as general and administrative expenses are included fully in expenses as soon as they arise. Inventories are evaluated on the basis of direct production prices (for more information, see the section Inventories on page 77). Inventories of work in progress are evaluated with respect to the degree of their completion. For the purpose of completing the accounts for 2011, the FIFO method was used for the entire Impol Group.

Costs by Function Group

Costs by function group — **Table 62**

in euros

	Production costs	Sales costs	General and administrative expenses	TOTAL 2011	TOTAL in 2011 Purchased from: associates	TOTAL in 2011 Purchased from: other companies	TOTAL 2010
Purchase costs of goods and materials sold	0	78,876,737	0	78,876,737	0	78,876,737	74,127,337
Costs of materials	277,830,244	3,822,748	237,917	281,890,909	0	281,890,909	265,783,856
Costs of services	4,746,485	16,491,696	7,554,195	28,792,376	293,228	28,499,148	23,000,864
Labour costs	26,639,320	1,439,940	10,679,458	38,758,718	0	38,758,718	36,364,065
Depreciation	14,100,238	136,807	1,330,625	15,567,670	0	15,567,670	14,384,649
Revalued operating expenses	167,341	3,402,279	39,654	3,609,274	0	3,609,274	280,642
a) Relating to tangible fixed assets	165,556		11,643	177,199			138,591
b) Relating to inventories	1,758			1,785			8,931
c) Relating to operating receivables		3,402,279	28,011	3,430,290			133,120
Provisions	6,034	940	79,424	86,398	0	86,398	69,475
Other operating expenses	10	283,137	295,322	578,469	0	578,469	414,043
TOTAL	323,489,672	104,454,284	20,216,595	448,160,551	293,228	447,867,323	414,424,931

The above costs and expenses are presented, in detail, in the table entitled Consolidated Profit-and-Loss Account on page 60.

Financial Revenues and Expenses

Financial Revenues and Expenses — **Table 63**

in euros

Financial revenues from financial assets	Total	Of which relating to companies: associated	Of which relating to companies: other	Total
Financial revenues from shares – profit shares, dividends	83,215	0	83,215	64,991
Financial revenues from lending – interest	185,528	0	185,528	143,797
Financial revenues from operating receivables – interest	2,376,692	6	2,376,686	233,939
Financial revenues from operating receivables – exchange-rate difference	5,142,809	0	5,142,809	9,053,183
Financial revenues from financial assets distributed on the basis of fair value through profit-and-loss account – other investments	0	0	0	14,615
TOTAL	7,788,244	6	7,788,238	9,510,525
Financial expenses for financial assets				
Financial expenses for loans (excluding bank loans) – interest	297,869	0	297,869	0
Financial expenses for bank loans – interest	10,173,701	0	10,173,701	9,029,502
Financial expenses for other financial liabilities – interest	191,171	0	191,171	59,314
Financial expenses for other financial liabilities – exchange-rate differences	5,440,837	0	5,440,837	6,299,603
Financial expenses for operating liabilities – interest	44,127	0	44,127	34,225
a) Financial expenses relating to liabilities to suppliers – interest	8,844	0	8,844	16,754
b) Financial expenses relating to other operating liabilities – interest	35,283	0	35,283	17,471
Financial expenses for operating liabilities – exchange-rate differences	2,206,156	0	2,206,156	3,650,713
a) Financial expenses relating to liabilities to suppliers – exchange-rate differences	0	0	0	6,746
b) Financial expenses relating to other operating liabilities – exchange-rate differences	2,206,156	0	2,206,156	3,643,967
Financial expenses for financial assets distributed on the basis of fair value through profit-and-loss account	541,538	0	541,538	107,692
Financial expenses due to impairment	1,062	0	1,062	0
TOTAL	18,896,461	0	18,896,461	19,181,049

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

Other Revenues and Expenses

Other revenues and expenses — **Table 64**

in euros

Other Revenues	Total 2011	Of which relating to companies: associated	Of which relating to companies: other	Total 2010
Subsidies, grants and similar revenues not related to business performance	35,782	0	35,782	54,580
Received compensations and payments of fines	313,585	0	313,585	420,715
Recovered written-off receivables	160,324	0	160,324	0
Other revenues	307,448	0	307,448	34,449
TOTAL	817,139	0	817,139	509,744
Other financial expenses				
Fines and compensations	12,115	0	12,115	1,165
Other expenses	9,466	0	9,466	13,626
TOTAL	21,581	0	21,581	14,791

If the group's capital was revalued with respect to the consumer-prices increase (2%), the profit would be lower by 1.194.865 euros, not considering the effects of the corporation tax.

Income Tax

Income tax	Table 65	
		in euros
	2011	2010
Revenues determined in line with accounting rules	891,964,178	795,308,357
Revenue adjustment to the level of tax revenues – a deduction	−5,896,496	−5,035,770
Revenue adjustment to the level of tax revenues – an addition	−120	0
Tax revenues	886,067,562	787,064,805
Expenses determined in line with accounting	870,788,974	784,602,934
Expense adjustment to the level of tax deductible expenses – a deduction	−2,992,924	−341,892
Expense adjustment to the level of tax deductible expenses – an addition	−78,343	11,706
Tax deductible expenses	867,717,707	780,804,615
DIFFERENCES BETWEEN TAX REVENUES AND DEDUCTIBLE EXPENSES	18,349,855	6,260,190
Change in tax base in the cases of changed accounting guidelines, error corrections and revaluations	893	0
Increase in tax base by the previously established tax relief	289,943	171,180
TAX BASE	18,702,063	7,891,692
TAX LOSS	−61,372	−1,460,322
Reduction of the tax base and tax relief (not exceeding the amount of the tax basis)	−2,027,832	−1,406,611
BASE FOR INCOME TAX	16,674,231	6,486,519
INCOME TAX	2,408,247	834,083

Other Disclosures

Members of the Management Board:

- Jernej Čokl, Chairman
- Janko Žerjav, member
- Vlado Leskovar, member

Members of the Supervisory Board:

- Milan Cerar, Chairman
- Tanja Ahaj, Vice-Chairman
- Jože Kavkler, member
- Adi Žunec, member

Payments to Management Personnel:

Payments to members of Supervisory Board, managerial staff and to employees with individual contracts			Table 66	
Payments to members of Supervisory Board, managerial staff and to employees with individual contracts	Salaries and other payments (vacation bonus, cost reimbursement, participation in profit, etc.)		Number of individuals as of 31 Dec 2011	
	2011	2010	31 Dec 2011	31 Dec 2010
Management Board of Impol 2000 – of which payments to individuals	659,659	582,388	3	3
Jernej Čokl, Chairman	240,061	211,893		
Vlado Leskovar, member	208,383	182,979		
Janko Žerjav, member	211,215	187,516		
Board members (directors) of dependent companies	1,557,015	1,389,542	17	16
Members of the Supervisory Board	47,813	19,989	4	4
Employees with individual contracts	2,471,166	2,094,145	37	36
TOTAL	4,735,653	4,086,065	61	59

Recapitulation of salaries for board members, managerial staff and to employees with individual contracts		Table 67
	2011	2010
Board members	2,216,674	1,971,931
Members of the Supervisory Board	47,813	19,989
Employees with individual contracts	2,471,166	2,094,145
TOTAL	4,735,653	4,086,065

The table shows actual incomes for the calendar year.

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

Amount (cost) spent for the auditor (Companies Act-1, Article 69, paragraph 1, item 20)		Table 68
	2011	2010
Auditing of the Annual Report	78,370	82,894
Other auditing services	0	0
Taxation advisory services	0	0
Other non-auditing services	0	0
TOTAL	78,370	82,894

Jernej Čokl
(Chairman of the Board)

Janko Žerjav
(Member of the Board)

Vlado Leskovar
(Member of the Board)

Identity Cards of companies in the Impol Group

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

Subsidiaries of Impol 2000, d. d., included in the group — Table 69

Company	Registration number	Standard activity code	Country of operation
Impol, industrija metalnih polizdelkov, d. o. o., Partizanska 38, 2310 Slovenska Bistrica	5040736	25.500	Slovenia
Impol Servis, d. o. o., Partizanska 38, 2310 Slovenska Bistrica	5482593	52.461	Slovenia
Impol-Montal, podjetje za projektiranje, izdelavo in montažo, d. o. o., Partizanska 38, Slovenska Bistrica	5479355	25.120	Slovenia
Impol Stanovanja, podjetje za pridobivanje, upravljanje in oddajanje stanovanj, d. o. o., Partizanska 39, Slovenska Bistrica	5598010	68.320	Slovenia
Štatenberg, turistično gostinsko podjetje, d. o. o., Štatenberg 89, 2321 Makole	5465249	56.101	Slovenia
Unidel, podjetje za zaposlovanje in usposabljanje invalidnih oseb, d. o. o., Kraigherjeva 37, Slovenska Bistrica	5764769	14.120	Slovenia
Impol Aluminum Corporation, 12305 Schenectady, New York, 155 Erie Blvd., 2nd Floor; USA		46.720	USA
Impol Seval, a. d., Sevojno, Ulica Prvomajska bb, Srbija + 4 sub-subsidiaries	07606265	25.500	Serbia
Stampal SB, d. o. o., Partizanska 38, Slovenska Bistrica	1317610	25.500	Slovenia
Kadring, d. o. o., Trg svobode 26, Slovenska Bistrica	5870941	70.220	Slovenia
Impol FT, d. o. o., Partizanska 38, Slovenska Bistrica	2239418	25.500	Slovenia
Impol PCP, d. o. o., Partizanska 38, Slovenska Bistrica	2239442	25.500	Slovenia
Impol LLT, d. o. o., Partizanska 38, Slovenska Bistrica	2239434	24.530	Slovenia
Impol R in R, d. o. o., Partizanska 38, Slovenska Bistrica	2239400	72.190	Slovenia
Impol Infrastruktura, d. o. o., Partizanska 38, Slovenska Bistrica	2239426	68.320	Slovenia

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

Associated companies — Table 70

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

Jernej Čokl
(Chairman of the Board)

Janko Žerjav
(Member of the Board)

Vlado Leskovar
(Member of the Board)

Management Board's Statement of Responsibility

The Management Board assumes responsibility for the consolidated annual report representing a true value of the group's assets, and true operating results for 2011.

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

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

The Management Board gives its approval to the consolidated financial statements for the year completed on 31 December 2011 and to the observed accounting guidelines. The Management Board adopted this Annual Report at its session on 16/4/2012.

Jernej Čokl
(Chairman of the Board)

Janko Žerjav
(Member of the Board)

Vlado Leskovar
(Member of the Board)

Auditor's Report

AUDITOR

REVIZIJSKA DRUŽBA d.o.o. PTUJ

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of IMPOL 2000 d.d., Partizanska 38, Slovenska Bistrica, and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2011, consolidated income statement and statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. We have also reviewed the company's management business report.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of IMPOL 2000 d.d., Partizanska 38, Slovenska Bistrica, and its subsidiaries as December 31, 2011, and their financial performance and cash flows for the year then ended in accordance with Slovene Accounting Standards.

SIQ ISO 9001 Q-346 IQNet

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

AUDITOR

REVIZIJSKA DRUŽBA d.o.o. PTUJ

Other Matter paragraph

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

Ptuj, April 19th 2012

General manager
DSc. Erika Turin,
Certified auditor
Erika Turin

SIQ ISO 9001 Q-346 IQNet

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

Impol 2000, d. d. - Management proces

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President of the board
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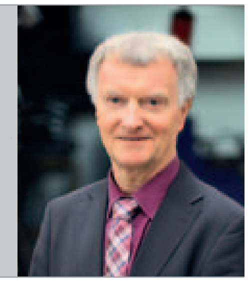

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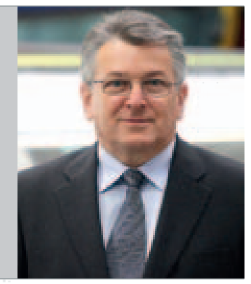

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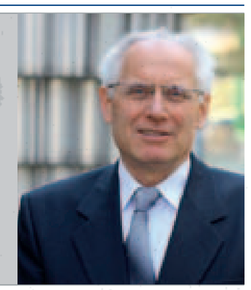

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List of Figures

List of Tables

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