ANNUAL REPORT

2013

EUROPEAN MANUFACTURER SINCE 1919

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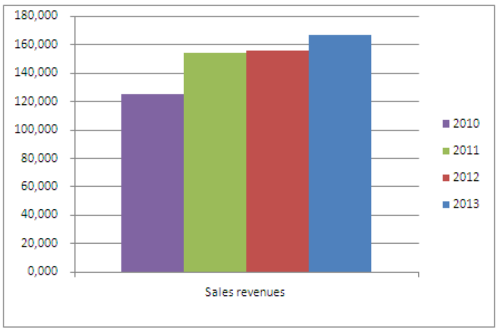
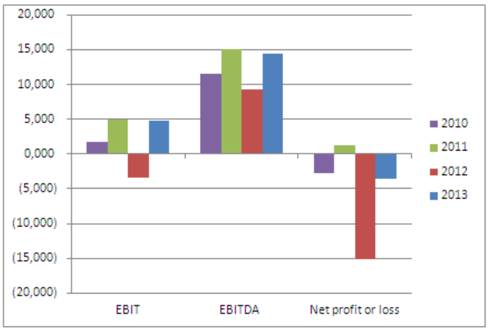
Key performance data for Unior

(in thousands of EUR)	2013	2012	2011	2010
Profit or loss				
Sales revenues	166,532	155,874	154,617	125,532
EBIT	4,823	(3,370)	5,032	1,683
EBITDA	14,365	9,229	15,039	11,585
Net profit or loss	(3,543)	(15,082)	1,31	(2,780)
Financial position				
Total assets	293,927	306,105	319,721	303,609
Total equity	103,353	107,137	121,539	118,57
Financial liabilities	145,696	142,986	143,492	141,953
Operating liabilities	38,656	49,269	46,411	35,359
Return indicators				
EBIT margin (in %)	2.90	(2.16)	3.25	1.34
EBITDA margin (in %)	8.63	5.92	9.73	9.23
ROA - return on assets (in %)	(1.18)	(4.82)	0.42	(0.94)
ROE - return on equity (in %)	(3.31)	(12.37)	1.10	(2.44)
Financial health indicators				
Equity / total assets (in %)	35.16	35.00	38.01	39.05
Financial liabilities / EBITDA	10.14	15.49	9.54	12.25
Employees				
Employees - year end	2,122	2,137	2,223	2,200

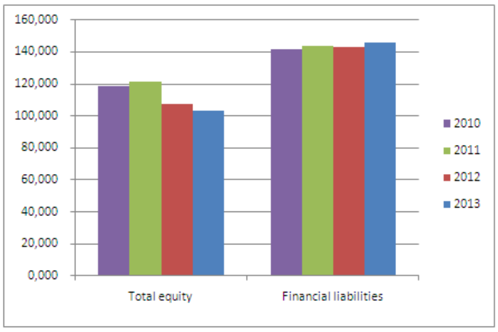
Sales revenues (in thousands of EUR)



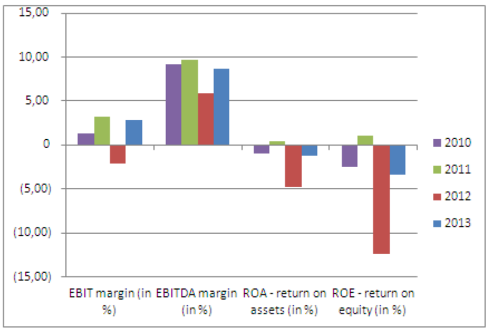
EBIT, EBITDA and net profit or loss (in thousands of EUR)



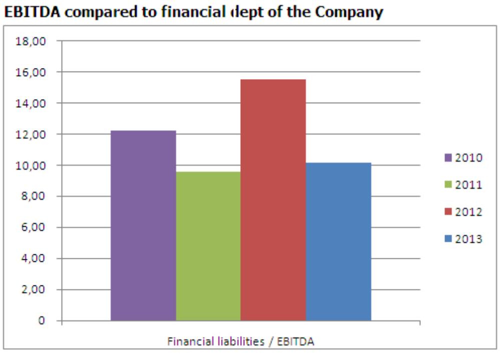
Equity and financial liabilities (in thousands of EUR)



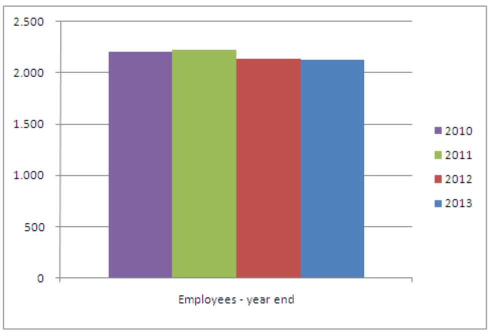
Return indicators of Unior



EBITDA compared to financial dept of the Company



Changes in the number of the Company's employees



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1 Statement of the President of the Management Board

Dear shareholders, business partners and co-workers!

In the business year 2013, Unior d.d. had to face a number of challenges. The company was burdened with debt and was unable to pay the principal amounts of loans and therefore had to reach an agreement with the banks on loan reprogramming. What is more, ever since the beginning of the crisis in 2008, Unior's operations have failed to meet its stakeholders' expectations. In 2012, the company suffered a record loss of EUR 15.1 million, mainly as a result of the revaluation of its investments and other assets, which was exacerbated by an operating loss caused largely by one-off expenses. These business results lead to a disturbance and often also the distrust of the owners, banks, clients, suppliers and last but not least the employees. There were many who, quite rightly, doubted whether the business recovery foreseen in the company's business plan for 2013 and in its restructuring plan had any chance of succeeding at all.

In July 2013, Unior managed to conclude long-term negotiations with all the banks by signing a general agreement on financial restructuring. Based on its wording, Unior d.d. plans to halve its indebtedness by 2019 by repaying the principal amounts from operations and by divesting the non-core assets. In this respect, the sale of RTC Krvavec and the activities of the company's Tourism programme represent the most important items. As indicated by the agreement, while Unior failed to pay the principal amounts, it did pay the interest on a regular basis. The agreement also defines the minimum value of key performance indicators to be reached by the company until 2016, not only in order to preserve the validity of the agreement but also to improve the operation, reduce indebtedness and strengthen the overall business condition of Unior. In Slovenia, the concluded general agreement on financial restructuring is seen as an example of a well-timed and well-thought-out financial restructuring, which is essential if the company wants to continue to run its business smoothly.

In order to secure its future, Unior had to embark in 2013 on an effective implementation of the measures designed to strengthen its operation. This meant that the company began a process of business restructuring involving more than 80 concrete measures and activities across all business areas and processes, which were expected to raise the operating result by EUR 6.8 million. The achieved business turnaround in 2013 was largely achieved through a sound implementation of the foreseen activities and measures, which lead us to exceed the expected outcome by over 10 per cent. It should be pointed out that in 2012, the company registered an operating loss of EUR 3.4 million, whereas in 2013, its operating profit amounted to EUR 4.8 million. Of course this would never have been possible without our employees who were committed to fulfil their tasks.

In 2013, Unior crossed several important milestones in is operation. To begin with, the company recorded its biggest sales in history, both in the Forge Programme and in the Special Machines Programme. Secondly, the Forged Parts Processing Plant located in Slovenske Konjice celebrated its 20th anniversary and, for the first time ever, exceeded one million euros in monthly sales in October. This is an important achievement, since it is the forged parts processing activity that we see as having the most value added potential and additional growth opportunities in the future. To continue, Rogla and Terme Zreče were granted the olympic sports centre status for some sporting disciplines until 2017 by the Olympic Committee of Slovenia. In February, we also organised a Snowboarding World Cup event. As for the Hand Tools Programme, it once again after a number of years saw positive results thanks to the measures implemented. In 2013, Unior d.d. registered the highest net sales of EUR 166.5 million in its history.

As foreseen by the business plan, the Sinter Programme was combined with the Forge Programme as of 1 January 2013, which enabled us to rationalise our operation. In May, the process of shutting down the Vitanje hand tools processing plant was completed. The activity was moved partly to Zreče and partly to Lenart, which resulted in reduced operating costs. In addition, the programme of the divestment of non-core assets was initiated. The company sold its shares in the companies Solion from Russia, and in the companies Roboteh and Bionic from Slovenia, which are all outside Unior's core business.

A considerable amount of energy and time was invested into talking to some of our customers and suppliers that were starting to feel uncertain about Unior d.d. due to its considerable debt, unclear outcome of the negotiations on loan restructuring and, last but not least, the uncertain situation in Slovenia. With the solid results appearing in the course of 2013 and the honouring of promises in the second half of 2013, the company's tainted reputation began to recover and the customers and suppliers regained their trust in Unior.

In December, the new Supervisory Board came into office, composed of: Branko Pavlin, Chairman of the Supervisory Board, Franc Dover, Deputy Chairman and the members Marko Pahor, Drago Rabzelj, Marjan Adamič and Darko Dujmović.

As already mentioned, in 2013, Unior d.d. recorded EUR 166.5 million of net sales, i.e. 6.8 per cent higher than in 2012 and 0.9 per cent more than envisaged. In 2012, the company had EUR 9.2 million of EBITDA, EUR 14.4 million in 2013 or 56 per cent more than in 2012, but 7.1 per cent less than planned. The gross added value per employee amounted to EUR 28,791, i.e. 8.2 per cent more than the year before, but 1.3 per cent less than planned. In foreseeing the net profit or loss for 2013, there was no value adjustment for investments due to unpredictability, which means that the planned net profit or loss foresaw a profit of EUR 45,000. With the exclusion of value adjustment for investments and deferred taxes, the company recorded a net profit or loss of EUR 95,000, partly at the expense of lower financing costs, which was the result of the lower value of the Euribor than envisaged. By taking into account the value adjustment for investments, the company registered EUR 3.5 million of net loss. The value adjustment for the shares of Banka Celje, which we tried to sell during the year, added another EUR 4 million of loss to the result.

In 2013, Unior had on average 2075 employees, i.e. 2.2 per cent less than planned and 2.8 per cent less than in 2012. Currently there is no recruitment of new employees, with the exception of specific jobs facing a deficit (CNC operators, forgers and occasionally chefs and waiters).

The year 2013 was focused on preserving and improving the cash flow, with the actual amount of investment reaching only EUR 5 million per year, which is significantly less than a few years ago when Unior had invested more than EUR 10 million per year. An additional improvement was made to liquidity by obtaining a better inventory turnover, whose value decreased by EUR 5.5 million in the year. This enabled us to reduce the rate of outstanding liabilities to suppliers.

In 2013, Unior d.d. exceeded every minimum value of performance indicators determined in the general agreement on financial restructuring, surpassed many of its ambitious goals and came close to others, and last but not least significantly improved all the indicators compared to 2012. By doing so, our company is is gradually regaining our stakeholders' trust. There should be no reason for the management's dissatisfaction with the results achieved in 2013, which of course does not mean there's any room for complacency.

The business plan for 2014 foresees EUR 165.6 million revenues, i.e. EUR 0.9 million less than in 2013. Every programme is expected to see a growth in sales, with the exception of Special

Machines, which saw record sales in 2013. The business restructuring measures will continue in 2014 and will include EUR 3.3 million worth of concrete measures aimed at strengthening the business result. In 2014, Unior intends to achieve EUR 3.9 million of net profit or loss, without the effects of possible value adjustments. As for the cash flow in 2014, the general agreement stipulates a repayment of part of the principle values, along with investing EUR 6.2 million and retaining the average number of employees. The gross value added per employee is expected to rise to EUR 31,365 per employee on a yearly basis i.e. by 8.9 per cent. The 2014 objectives are realistic and achievable, and once again represent a considerable step forward in our operations compared to 2013.

Darko Hrastnik
President of the Management Board

2 Report of the Supervisory Board

The Supervisory Board in 2013 supervised the operation of the company Unior d.d. and its subsidiaries in accordance with the powers conferred on it by law, the company's Articles of Association and the Supervisory Board's rules of procedure, and performed other tasks within its competence. In its IVth term of office, which ended on 12 December 2013, the Supervisory Board had the following six members: Matej Golob Matzele, Chairman, Franc Dover, Deputy Chairman, Rok Vodnik, Emil Kolenc, Marjan Adamič and Stanko Šrot. Since the Supervisory Board's term of office was drawing to a close, new members, i.e. shareholders' representatives, were elected at the company's 17th General Meeting, whereas the workers' council elected two new employees' representatives. The new Supervisory Board commenced its term of office on 13 December 2013, composed of the following: Branko Pavlin, Deputy Chairman, Franc Dover, Marko Pahor, Drago Rabzelj, Marjan Adamič and Darko Dujmović.

The company had to come to terms with dynamic and demanding operations in an unpredictable environment, which was reflected also in the 2013 business year through the rationalisation and stabilisation of operations and a search for new development and market opportunities. 2013 was characterised in particular by the financial restructuring procedure of the company, which managed to involve all the 12 business banks it cooperates with, as well as the bank SID, in concluding a final agreement on financial restructuring considered a crucial step in ensuring the future functioning of the company in terms of providing the guarantee potential to carry out major projects, a stable cash flow and long-term business stability.

Unior ended 2013 by achieving the majority of the goals defined in the business plan and in the general agreement on financial restructuring. Its operation passed several important milestones. On 1 January 2013, the Sinter Programme was combined with the Forge Programme, which saw a reduction in operating expense leading to improved efficiency and profitability. In 2013, the Forge Programme saw record sales of forged parts with a turnover of EUR 77 million, whereas the Special Machines Programme also achieved the highest sales of metal processing machines ever registered and a turnover of EUR 26 million. In May 2013, the hand tool production process of the plant in Vitanje was moved in one part to the Zreče plant and the other to the plant in Lenart owing to cost rationalisation. In February, an FIS Snowboarding World Cup event was held in Rogla, while both of the tourist centres, i.e. Rogla and Terme, were granted the license to carry out events in a number of sporting disciplines between 2013 and 2017 from the Olympic Committee of Slovenia.

The Supervisory Board's Activity

In 2013, the Supervisory Board had seven regular meetings and four meetings by correspondence. The Supervisory Board was regularly updated with information on all the latest management decisions.

The Management Board provided the Supervisory Board with monthly reports on Unior d.d.'s operation, as well as quarterly reports on the Unior Group's operation, which enabled the Supervisory Board to duly fulfil its supervisory role. The Management Board reports were divided into individual sections and were separate for all four company divisions, giving a summarised view of all the business effects. The reports allowed the Management Board to indicate all the most important categories affecting the operation of the company. These categories are as follows: balance sheets, income statement, sales balance, cost balance, cash flow balance and other economic and technical indicators. After signing the general agreement on financial restructuring, the Management Board also regularly reported on fulfilling the obligations contained therein, in particular by showing the key performance indicators, which achieved the defined limit values in 2013. Apart from the statements for 2013, the comparable statements for the previous years and the statements of plans for the current year were also included.

Based on the estimates provided by the Management Board, the Supervisory Board continuously monitored the market situation. Special attention was paid to the volume of orders for individual programmes and their subsidiaries, the movement of the prices of materials, raw materials, energy products and other factors affecting the company's business.

At its regular meetings, the Supervisory Board examined the quarterly business reports for 2013, was updated on the company's current operation and the estimated operation for the coming short-term periods. A significant amount of attention was invested into securing financial sustainability and current liquidity, cost rationalisation in terms of optimum organisation and debt repayment options, while in July the Supervisory Board endorsed the signature of the general agreement on financial restructuring with the reprogrammed payment of financial liabilities by 2019. At the end of the year, the Supervisory Board supported the company's business plan for 2014, focusing on the comprehensive management of operations: decreasing the company's indebtedness, increasing the profitability of operations, rationalising the operations and managing the cost of goods, materials and services, employment and the operation of subsidiaries, as well as the process of handling key and promising staff.

In February, the Supervisory Board conducted its first regular meeting in 2013, where it took note of the unaudited business results for 2012, which took the form of a negative income statement, primarily due to an impairment of assets. As a result, the Supervisory Board insisted on the necessity of implementing the measures aimed at improving the quality of operations, primarily through the suitable management of claims, financial and capital investment and rationalisation measures, and at strengthening the profitability of all segments of Unior's operations. It highlighted the need to speed up the activities contained in the restructuring programme.

At its regular meeting in March, the Supervisory Board took note of the statistical data for 2012, with the report on current operations and the report on the performance of the financial restructuring project, with the company's reorganisation carried out by Unior together with the company PwC and with the specific plan of measures designed to globally improve operations and measures related to financial and capital investment. In terms of ensuring financial sustainability, the Supervisory Board considered that the negotiations on financial restructuring should be stepped up. It also took note of the report on the proceedings between the companies Unior d.d. and Rhydcon d.o.o. and the fact that due to the imminent end of the current term of office, the process of appointing new Supervisory Board members should be undertaken.

In April, the Supervisory Board held two meetings, by correspondence and a regular one. At the meeting by correspondence, it appointed a new external member of the Human Resources Committee and authorised the Supervisory Board's Chairman to form a Nomination Board to appoint new members of the Supervisory Board of the company Unior d.d. At its regular meeting in April, the Supervisory Board examined the usual formal items on the agenda, as well as the Audit Committee's report on the management of the company's claims and the report on the review of the audited annual report of the company Unior and the audited consolidated annual report of the Unior Group for 2012. It adopted and confirmed the report as it was submitted and also endorsed the report on the verification results for 2012. In addition, it adopted a statement on corporate management in accordance with the provisos of the Corporate Governance Code of Joint Stock Companies. Upon the Audit Committee's motion, it decided to propose to the company's General Meeting that the operational audit for 2013 be performed by the audit company Deloitte revizija d.o.o. Within the framework on current operations, which started to show signs of improvement as early as in the first quarter, the Supervisory Board still paid considerable attention to rationalising operations by stressing the importance of suitable cost management, the consistent implementation of additional measures and current liquidity. It requested that the Management Board provide regular reports on the agreements made with banks and any deviations.

At the meeting by correspondence held in May, the Supervisory Board took note of the unaudited report on operations for January to March 2013 for the company as well as the Unior Group. It concluded that the first quarterly result was positive and better compared to the same period of the previous year, and even better than planned. Despite the improvement, however, it believed that Unior should continue the appropriate management of all costs, inventories, claims, liabilities, sales promotion and productivity improvement.

At its regular meeting in June, the Supervisory Board took note of the report of the Human Resources Committee on the acceptable level of remuneration to the Management Board for 2012 waived by both its members, Telfast even though they were entitled to it. Upon the motion of the Human Resources Committee, the Supervisory Board determined and adopted for 2013 the same criteria on affording a suitable remuneration to the Management Board of the company. The Supervisory Board also took note of the report of the Nomination Board on the short list of candidates for Supervisory Board members and suggested four to be nominated as Supervisory Board members of the company Unior d.d. at the General Meeting. At the Supervisory Board's meeting, the latter examined in detail the report and the content of the general agreement on the financial restructuring of the company and authorised the Management Board to finalise it. It confirmed the agenda for the company's 17th General Meeting, took note of the sale of Banka Celje's shares and the sale of stakes in subsidiaries. With reference to the proceedings between the companies Unior d.d and Rhydcon d.o.o., it hoped that the interests of the company Unior d.d. would be protected.

In July, the Supervisory board carried out two meetings by correspondence, At the first one, it endorsed the final wording of the general agreement on financial restructuring signed on 22 July 2013 by all the commercial banks that are the company's business partners, which represented a crucial step in ensuring the future functioning of Unior. This achievement fills us with confidence of stability, both within the company and in an unpredictable environment. At the second meeting by correspondence, the Supervisory Board agreed to remove items 4 and 7 from the agenda of the convened 17th General Meeting and confirmed the consolidated text of the General Meeting's new agenda. It agreed with the convening of an extraordinary General Meeting and confirmed the wording of the grounds provided in the resolution on appointing the audit company for 2013.

At the end of August, the Supervisory Board held a regular meeting at which it took note of the interim report, current operations and the report on fulfilling the commitments to banks, which are contained in the agreement on financial restructuring. It pointed out the need to strengthen credibility through continuous positive operations and emphasises the importance of a suitable management of cash flow and outstanding liabilities, primarily in the last quarter of the year, in order to achieve the objectives set out in the 2013 business plan. It requested that the Management Board compile a report on the supply procedures and the service cost structure, as well as a report on establishing insurance for company assets for the last four years.

At is meeting in October, apart from the current operations, the Supervisory Board also took note of the future operational guidelines, the recommendation to the Management Board on the implementation of measures needed to further stabilise operations. It also took note of a detailed report of the Audit Committee on the supply and service procedures and the report on pursuing the strategic tasks and measures aimed at improving operations, which have already started to show positive effects. The Supervisory Board was also informed about the construction of the running centre in Rogla and agreed on the need to successfully complete the investment undertaken. Within the framework of regular reports, the Supervisory Board took note of the implementation of the obligations laid out in the general agreement on financial restructuring and the proceedings between the companies Unior and Rhydcon d.o.o., against which a legal action was brought to recover debt after a failed mediation.

At the end of November, the Supervisory Board held its last meeting of the IVth term of office, during which it took note of the unaudited nine-month report and the report on current operations, which revealed the impact of the measures carried out during the course of the year in all segments of operation. The Supervisory Board took note of the guidelines from Unior d.d.'s business plan for 2014 and requested that the Management Board draft the business plan in a way ensuring that the key performance indicators outlined in the general agreement on financial restructuring were achieved and that the company's operations resemble as close as possible the base case scenario for the 2014 business year, which was developed together with the company PwC. It also confirmed the financial calendar of the company's notifications for 2014.

The new Supervisory Board had its first regular meeting in December, at which it elected the President and Vice-President among its members and formed the Supervisory Board's committees. It discussed and confirmed the company's business plans for 2014 and recommended that the Management Board regularly reports on all the important factors influencing the operations of the company.

The Supervisory Board deemed that in 2013 its actions were independent of the Management Board and that there had been no conflict of interest in the work performed by its own members.

Apart from a few instances of justified non-attendance, all the members were present at the meetings. The President and the member of the Management Board were invited to all the meetings, whereas the programme directors were invited if needed. The material used at the meetings was of good quality, providing the Supervisory Board members with proper information.

Annual Report

The Audit Committee reviewed the annual report of the company Unior d.d. and the Unior Group, as well as the report of the audit company Deloitte Revizija d.o.o. from Ljubljana, and compiled a draft report on verification for the Supervisory Board.

Based on the review of the annual report and the consolidated annual report, the auditors' report and the report of the Supervisory Board's Audit Committee, the Supervisory Board considers the non-consolidated and consolidated financial statements to be a true and fair view of the financial position of the company Unior d.d. and the Unior Group on 31 December 2013 and their income statement, the statement of other comprehensive income and cash flows for the year then ended in accordance with the international financial reporting standards as adopted by the EU. The Supervisory Board has no comments with regard to the annual report of the company Unior d.d. and the Unior Group for the business year 2013 and therefore accepts it.

Findings and the Proposal for Covering Loss

The Supervisory Board took note of the resolution by the Management Board according to which the net loss for the current year 2013 remains uncovered and is brought forward. The established accumulated loss from the 2013 business year amounts to EUR 25,436,927.90 and is composed of the net loss for the business year amounting to EUR 3,542,813.86 and the net loss brought forward of EUR 21,894,114.04. The Supervisory Board examined the Management Board's motion that the loss should remain uncovered and be brought forward, and agreed with it.

The Supervisory Board proposes that the General Meeting grants a discharge to the Management Board and the Supervisory Board for operations in 2013.

In forming the draft resolution on the allocation of loss for the current year of 2013, the Management Board and the Supervisory Board took into account the valid provisions of the Companies act and the Articles of Association of Unior d.d.

The report has been compiled by the Supervisory Board in accordance with the provisions of Article 282 of the Companies Act (ZGD-1) and is intended for the General Meeting of Shareholders.

MSc. Branko Pavlin
Chairman of the Supervisory Board

3 Presentation of the Company

History

The beginnings of Unior reach back to 1919, when the Štajerska železo-industrijska družba company was founded, though the roots of the blacksmith trade in Zreče stretch even further back. In 1950, the plant was renamed Tovarna kovanega orodja Zreče - TKO (Zreče Forged Tools Factory) and was nationalised. In the nineteen-seventies, with new forms of development, the company got a new name - Unior Tovarna kovanega orodja Zreče. The company transformed into a public limited company in 1997.

UNIOR Today

The UNIOR public limited company is organised into four programmes:

- Forged Parts,
- Hand Tools,
- Special Machines, and
- Tourism.

Mission

We are a development partner in metal manufacturing, forming and processing and an ally to nature and the people.

Values

Our values are: responsibility, loyalty, partnership, innovation, excellence, honesty, courtesy and perseverance. Our core skills are: broad technical and technological knowledge, diligence and the ability to identify business opportunities in our key business segments. Our core capabilities provide us with the following competitive advantages: a global presence, certain programmes or companies within the Group being among the key players in certain market segments or markets, as well as flexibility and competitiveness in terms of price and quality.

Vision

In 2016, we shall be known as a progressive international company in metal processing and tourism activities. By employing our own innovation process in collaboration with the buyers, suppliers, related companies and research organisations, we shall develop, manufacture and market solutions with ever increasing value added. Our gross value added per employee shall be EUR 34,000 and shall equal at least the Slovenian average for industrial companies. Our sales shall be worth EUR 190 million. We shall achieve positive economic value added (EVA) and shall guarantee the safety of the investments of our owners with a return on equity (ROE) of no less than 6%. We shall further guarantee a good future for our employees. The Company's indebtedness does not exceed six times EBITDA.

UNIOR Group

The UNIOR Group is composed of twenty subsidiaries and eight associated companies in twenty countries around the world.

Company	Country	Continent
RC SIMIT	Slovenia	Europe
RHYDCON	Slovenia	Europe
ROGLA INVESTICIJE	Slovenia	Europe
RTC KRVAVEC	Slovenia	Europe
ŠTORE STEEL	Slovenia	Europe
UNIOR BIONIC	Slovenia	Europe
UNIOR PRODUKTIONS- UND HANDELSGESELLSCHAFT	Austria	Europe
UNIOR BULGARIA	Bolgaria	Europe
UNIOR SAVJETOVANJE I TRGOVINA	Bosnia and Herzegovina	Europe
UNIOR TEHNA	Bosnia and Herzegovina	Europe
UNIOR FRANCE	France	Europe
UNIOR HELLAS	Greece	Europe
UNIDAL	Croatia	Europe
UNIOR ITALIA	Italy	Europe
UNIOR KOMERC	Macedonia	Europe
UNIOR DEUTSCHLAND	Germany	Europe
UNIOR COFRAMA	Poland	Europe
UNIOR TEPID	Romania	Europe
UNIOR PROFESSIONAL TOOLS	Russia	Europe
SINTER	Serbia	Europe
UNIOR COMPONENTS	Serbia	Europe
UNIOR TEOS ALATI	Serbia	Europe
UNIOR ESPANA	Spain	Europe
UNIOR INTERNATIONAL	Great Britain	Europe
UNIOR HUNGARIA	Hungary	Europe
NINGBO UNIOR FORGING	China	Asia
UNIOR SINGAPORE	Singapore	Asia
UNIOR USA CORPORATION	USA	North America

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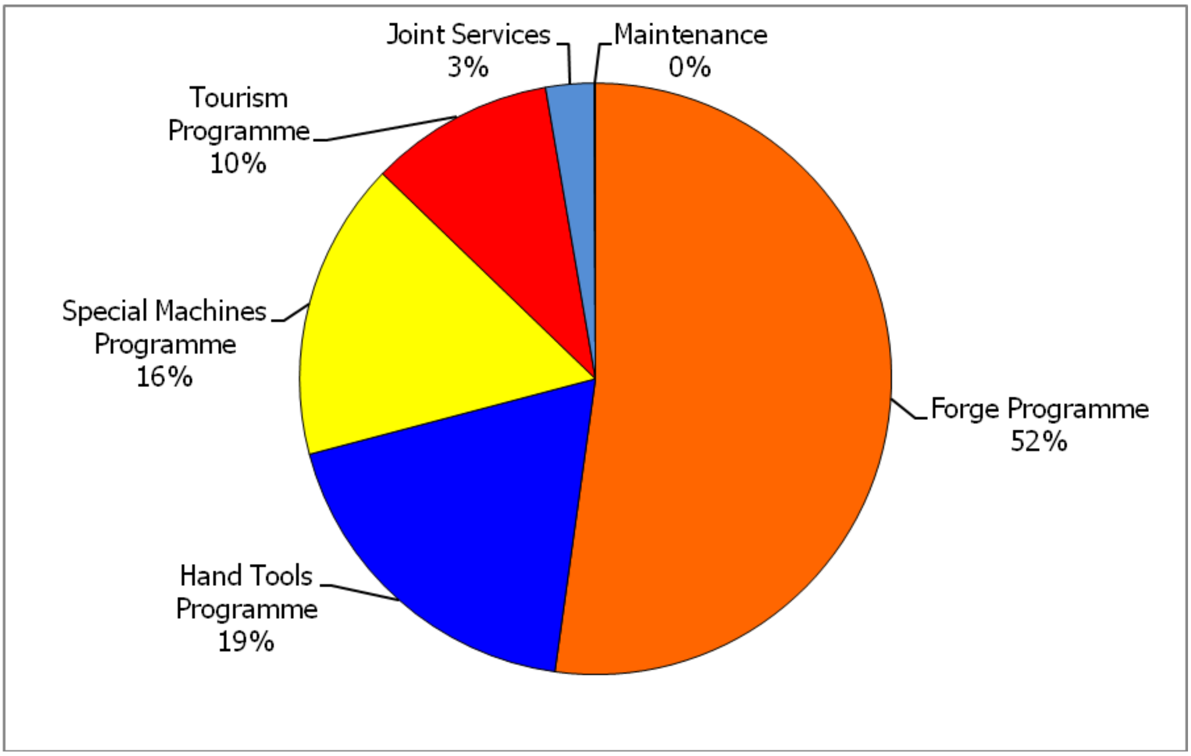
4 The Company's Programmes and Activities

Sales revenues of Unior by programme in 2013



Forged Parts Programme

The Forged Parts Programme develops, forges and processes forgings and assemblies for the automotive industry and other buyers.

The vision for 2016 envisages a global, modern and successful developing program among the most successful group in the automotive industry or their suppliers. The revenues for 2016 shall be EUR 100 million, 15 million of which are to come from processed forgings. The production of 30 million of forging parts for steering mechanisms for cars and over 15 millions of connecting rods ranks us on the first or third place among forging in our field on the European market. The gross value added per employee will be EUR 33,500.

In 2013 the sales revenues were EUR 86,9 million, EUR 9,3 million came from processed forgings. The turnover of Sinter Program was EUR 4,7 million.

We produced 12 million rods and 29 million parts for steering mechanisms for cars. The gross value added per employee was close to EUR 30.000. the key strategic objectives were: increasing the value added of forgings by processing, cost control, automation and adaption to the market (the search for new markets, market opportunities and the development of alternative technologies).

The Forged Parts Programme is the oldest programme and the foundation from which Unior evolved into the company it is today. In 2013, it contributed 52% to the total sales revenues of the Company. We exclusively supply manufacturers from the automotive industry (80% of our sales goes to this industry) with demanding forgings that comply with the high safety requirements. These are primarily parts of the steering mechanism for cars, load-bearing parts of the chassis, connecting rods and other forged parts that are not axisymmetric. A small part of the programme includes forgings for the Hand Tools Programme within the scope of the Company.

We operate as a development supplier on the market and, together with our customers, are developing and optimising particular forgings for later use. We supply directly to OEM automotive industry assembly line, and are a tier 1 and tier 2 supplier.

As a supplier to the automotive industry, we are committed to observing the most stringent quality standards. To this end, we have acquired the ISO/TS 16949 standard and our buyers also regularly monitor and control the quality of our products.

Co-ownership of the Štore Steel d.o.o. steelworks, which is an important supplier of high quality steel, and our own plant for tool- and machine-building allow us to comprehensively monitor all the requirements stipulated by our buyers for aspects ranging from the steel itself to the finished forged part.

In 2013, we took ever the Sinter Program, managed to reverse the declining trend, and tried to solve new open projects.

The production of sintered parts (made of metal powder) places Unior among the most important suppliers of the automotive systems industry. Our products comply with the most stringent quality requirements and standards. They are installed into BMW, Audi, VW, Volvo and other car brands. The main products of this programme are parts of steering mechanisms for cars and parts for the fittings of builder's joinery, sliders, rotors and casings for oil pumps, self-lubricating slide bearings and sleeves, gears and parts for braking mechanisms.

Hand Tools Programme

We create sophisticated hand tools within the scope of the Hand Tools Programme.

The vision for 2016 stipulates a global presence and a focus on products and services with increasingly higher value for the buyers, which enables the achievement of EUR 33,000 worth of gross value added per employee. We will be successful in the development, manufacture and sale of special tools (cycling, automotive, motorcycle, VDE DP), within the scope of which we will achieve 30% of our total turnover. The cold Forge Programme will enable us to achieve a turnover of EUR 5 million. The key strategic orientations include: the reorganisation of sales and the distribution network, the development and marketing of specialised tools, the expansion of the production and sales of cold forging products, lean manufacturing, production and inventory planning and the computerisation of the operations performed through the sales network – B2B.

The hand tools production and sales programme encompasses 5,500 products, the most important of which are: wrenches, pliers, socket wrenches and accessories, metal packaging, removers, hammers, spanners, clamps, scissors, plumbing tools, tools for electricians, electronics repairers, roofers and special-purpose tools for servicing bicycles and cars.

We focus on the development, manufacture and marketing of high quality, functional hand tools with a long service life that are intended for professional users. A special feature of the Unior tools is the attractive relationship between superior quality and affordable price. The tools are made using state-of-the-art computer controlled machines for the thermal, mechanical and surface treatment of materials, which enables us to closely adapt to the needs of our customers.

Our hand tools are available to users worldwide. A widespread network of distributors is responsible for their sale. Unior hand tools meet the demanding global and European DIN standards. Tools for work under high voltage have been VDE-certified since 1991. All employees are engaged in the processes of designing quality improvements and mutual learning.

Special Machines Programme

The Special Machines Programme enables competitiveness thanks to the latest machines and individual technological solutions.

In the vision for 2016, we defined our objective to achieve an annual turnover of EUR 24 million and a gross value added of EUR 47,000 per employee. We strive to establish ties within the scope of equitable and quality strategic partnerships, which will ensure the necessary stability and further development. We shall be the leader in the field of deep-drilling and recognised as a reliable and responsible engineering company.

By adjusting the manufacturing program, increasing the flexibility of products and aiming for a higher customer’s satisfaction, we expect to long-term meet the expectations of our customers and expanding our business outside Europe's borders. Based on the importance of the machine concepts we estimate that we can be on the top in the field of deep drilling. Concepts such as flexible manufacturing cells, five-axis machining centers, and flexible machines with a rotary table will complement the planned scope of operations.

In order to achieve competitiveness, we dedicated all our development investments to working engine and chassis components (crankshaft, camshaft, gearbox axles and peripheral units). We have reached the level of a development supplier. Our competitive advantage lies in constant harmonisation with the customer and the joint search for cheaper solutions. Naturally, we incorporate the latest achievements in the construction of machinery and technology for cutting materials into our solutions. In spite of managing a narrow segment of processing, each product is a prototype tailored to the customers' requirements and the specificities of the product that is processed on the machine.

The operations of the Special Machines Programme are based on the international quality standards because of our own needs and the requirements of our buyers. We currently hold certificates for ISO 9001, ISO 14001 and, most importantly, the VDA 6.4 standard. Focus on the customer, respect for contractual obligations and a high degree of organisation ensure that all the requirements stipulated by the certificates are met.

Tourism Programme

The Tourism Programme offers natural and healthy living for our guests.

The vision for 2016 shows a shift towards increasing the quality of services for demanding guests, which will create EUR 21 million in annual turnover and 210,000 overnight stays per year. The gross value added per employee will be EUR 32,000. We will be recognisable for specialised health services and included in the network of global training centres for top-level athletes.

The life style of the joint-stock Unior Company is shown by the vitality of the Tourism Programme, developing since 1970s and based on unique natural beauties and resources offers a range of services focusing on sport, recreation, health, wellness, business tourism and cuisine.

Today, when tourism in Slovenia is reaching new dimensions within and outside of EU, Rogla and Terme Zreče give priority to three primary tourist services: family holydays, health rehabilitation and preparations for top-level athletes. Simultaneously, we strive to protect the nature and respect local tradition by integrating the local community and continual development of the destination.

Due to difficult economic situation in the Slovenian economy and the continuing economic crisis in some neighboring countries, the Tourism Program is setting rather moderately optimistic business goals. 2013 left a negative mark not only in the business of the Tourism Program but also in the majority of Slovene tourist companies and health resorts.

Weather is also a major impact on the turnover in tourism.

Thus, we have set additional measurements (on revenues and costs) to meet the set goals. A special attention is paid to the content and quality of our offer, simultaneously not forgetting the operative and cost efficiency, growth and development.

By organising world-class events (FIS World Cup Snowboard) and European Cups (FIS Europe cups in Cross country skiing &Snowboard) we strengthen our image and recognisability on the international markets.

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5 Major Events in 2013

Merger of Programs Forged Parts and Sinter
On 1 January 2013, the programs Forged Parts and Sinter were merged in accordance with the restructuring guidelines due to business rationalisation.

Replacing the management of the Tourism Program
On 11 February 2013, Mrs. Simona Mele took over the management of the Tourism Program. Mrs. Mele succeeded Mr. Damjan Pintar.

Disposal of a stake in the company Solin Ltd.
On 28 May 2013, a contract regarding selling the 20% equity stake in the associated company Solin Ltd. in Russia was signed.

Disposal of a stake in the company Roboteh d.o.o.
On 30 May 2013, a contract regarding selling the 24,97% equity stake in the associated company Roboteh d.o.o. was signed.

Closing the company UNIOR Australia Tool
On 19 June 2013, the subsidiary UNIOR Australia Tool was closed due to an insufficient business.

General Meeting of Shareholders of Unior d.d.
On 17 July 2013, the 17th regular General Meeting was held, at which the shareholders considered:

- the information regarding the Annual Report, the auditor's opinion and the written report of the Supervisory Board regarding the Annual Report,
- decided on the accumulated loss and granting a discharge to the Management and Supervisory Boards,
- appointed new members of Supervisiory Board,
- changed the Rules of Procedure of General Meetings.

Signed the General Contract for Financial Restructuring
On 22 July 2013, the Company signed the General contract for financial restructuring with all banks conducting business with. The General Contract provides a stable cash flow, conditions to achieve set goals and a long-term financial stability of the company.

Extraordinary General Meeting of UNIOR d.d.
On 21 August 2013, the second Extraordinary General Meeting was held, the shareholders

- appointed an auditing company for 2013.

Replacing the management of the Tourism Program
On 1 September 2013, Mrs. Barbara Soršak took over the management of the Tourism Program. Mrs. Soršak succeeded Mrs. Simona Mele.

Disposal of a stake in the company Unior Bionic d.o.o.
On 21 October 2013, a contract regarding selling the 91,592% equity stake in the company Unior Bionic d.o.o. was signed. The equity shares will go to the new buyer on 1 January 2014.

New Supervisory Board of the Company
On 13 December 2013, new Supervisory Board was formed for a four-year term. Mr. Branko Pavlin was appointed President of the Supervisory Board, Mr. Franc Dover was appointed Deputy

President of the Supervisory Board, and Mr. Marko Pahor, Mr. Drago Rabzelj, Mr. Marjan Adamič and Mr Darko Dujmović were appointed members of the Supervisory Board.

Change of the significant interest of company ownership

On 16 December 2013, the company was notified regarding change of the significant interest of the company's ownership. On 11 December 2013, the company Štore Steel d.o.o. obtained 245.689 shares of UKIG and thus owning 346.182 shares of UKIG, representing 12,1963% of all UKIG shares. Transfer of shares to the new owner will be postponed after the purchase price is paid, but no later than at the end of May 2014.

6 The Most Important Markets and Buyers

UNIOR is a supplier to the automotive industry, which is why developments in this industry are crucial for our business. Our major buyers include all the most prominent manufacturers: Volkswagen, Audi, BMW, Renault, Dacia, Peugeot, ZF Lemförder & ZF Lenksysteme, Volvo, Bosch Siemens Group, Daimler, Jtekt, GKN, Arvin Meritor, General Motors and Cimos. Among the other sectors our buyers operate in, it is also worth mentioning the craftsmen, repairers and end users who are primarily important for the Hand Tools Programme.

Our main market is the European Union, where we export 90% of all products in the field of metal manufacturing and processing, which means that we generate 80% of all sales revenues through sales on this market. Among the other markets that are most important for us are the European markets outside the EU and the Asian markets.

Forged Parts Programme

Like other programmes, the EU market is also the most important for forgings from the Zreče forge and the Croatian Unidal company since we generate 96% of all the sales revenues on this market – somewhat over 4% of these revenues are generated in Slovenia. The majority of the products (90%) are intended directly for the automotive industry (the buyers include VW, Audi, Renault, Dacia, Mercedes, and BMW) and their sub-suppliers (Friedrichshafen AG, TRW, JTEKT, SEAC, GKN, and Mahle).

We have thus consolidated our position in the field of connecting rods. We have obtained new contracts from the VW Group (EA 211, EA 888) that will enable us to maintain the number of connecting rods produced at the level of 12 to 13 million over the next couple of years. In addition to the above contract, a turnover was also made with a new project from Renault Group and development project from BMW Group, bringing additional turnover in the next years.
We also take part in the development of engines built into hybrid vehicles. Our strongest competitors on the most important markets are European manufactures (Mahle-Brockhaus, STP, Kanca, and Ateliers des Janves).

We are the leading manufacturer in the field of steering mechanisms for cars. In the area of steering mechanisms, we have managed to retain our share of supply to the ZF Group. We have significantly strengthened our position with TRW, where we secured strategic project MQB, thus enabling us a further healthy growth. SEAC remains a stable buyer with the programme for Toyota. We have recorded significant growth and secured new contracts for the project of the JTEKT company, where the share of processing is becoming increasingly important with a realisation of more than EUR 3,5 million.

The competition from Asia (primarily China and India) is very active on our most important markets for steering mechanisms. Our key advantages in our battle with these competitors are cooperation with the Štore Steel steelworks in the development of materials, cooperation with buyers in development projects, high productivity, technological advantages and flexibility.

The principal market for the Sinter Programme is the European Union, where the domestic (Slovenian) market accounted for 18.4% of all revenues generated from sales in the EU in 2013.

Our largest buyers include ZF Lenksysteme Nacam, ZF Lemforder Schaltungsysteme, Mahle, Audi, Willi Elbe and BPW Group. We are facing a much stronger competition than forged parts and machining program. Those warranting special mention are the American company GKN, the Austrian company Miba Group, and the French company Federal Mogul.

Among the providers of sintered products, there are both large multinational companies as well as smaller adaptive (niche) manufacturers.

Major global producers seek to manage the entire supply chain, also the automation of production is greatly increased, all of which impedes the functioning of smaller niche manufacturers. However, they are still present and successful since key customers (automotive and also increasingly other industries) support the existence of competitive and flexible providers.

Hand Tools Programme

With export sales hand tools programme accounts for 90% of all revenues from sales and is among five most important European manufacturers of high quality hand tools. The market share in the worldwide professional consumption of hand tools is 1% and is comparable to other European competitors. The market share in the states of former Yugoslavia is at 65% since the trademark is already well known and established there.

The most important markets are the markets of European Union, Russia and Arabic market. The sale aims at professional users – industry, craftsman. Among our buyers are also airports, railroads, shipyards and petrochemical industry due to functionality and safety of the tools. The trademark Unior is gaining its importance in individual trade niches (cycling, motorcycle, and electrician).

The world market is faced with a decline of the hand tools consumption, whit increased pressure to lower the selling price for the final consumer, thus forcing us to cut our sales chain. The main growth force remains cold forged parts for the industry of the East European markets.

The main goal remains acquiring new buyers and to promote trade of new products.

Special Machines Programme

Sales and trends do not depend on our products, but on the investments policy of our buyers. After an extreme growth of the economy in Germany and intensification of production resources in China and Mexico, we were forced to adapt our sales strategies to current buyer’s guidelines. We are following a dynamic investment cycles of our buyers ever since entering into the automotive industry in 1995. Realistically we cannot expect continuity every year but it gives us an extra force to work even closer with the most demanding buyers.

The globalisation of the world market and an increased importance of the buyer’s subsidiaries – VW, AUDI, BMW and Daimler, yearly change our market shares. To insure the growth we constantly have to search for new potential, including outside of the automotive industry, such as aviation or oil industry. In addition to the renowned competitor the Spanish Etxetar, wishing to remain the leading company on the world market for crankshafts, we are also faced with our German competitors, such as Elha, Licon, Anger and similar companies.

The years 2012 and 2013 were marked with an intense transition to a non-European market. With a successfully closed project for crankshaft machining, we made a major step towards making a name for the UNIOR trademark in the field of special machines. We are close to reaching our goal

– becoming one of the three most important global suppliers in this field. We are confident that this intense road associated with the growth and business quality can be continued in the next years, of course with ensured proper resources for the production of machines. By selection of buyers and market segmenting, we introduced new sales policy, trying to obtain some strategic suppliers of end buyers as our buyer. We expect that the ongoing development of flexible machines will meet the demands of new buyers; a step forward will have to be made towards decreasing the costs of realisations and lowering the final prices due to the impact of the competition.

Tourism Programme

We are strengthening the marketing on foreign markets, while setting the goal to maintain the revenues from Slovenian guests. We are adapting the offer to individual target groups and building new model of additional and more effective marketing outside of hotel services.
Despite of the already implemented steps, the revenues from ZZZS (health treatments) will continue to decrease even in the future. Thus Terme Zreče, with the help of renowned doctors, specialists in specific fields, is introducing new private clinics.

With intensive activities on foreign markets, we are increasing the overnight stays of foreign guests form near and far. The share of foreign overnight stays is increasing since 2012. Due to excellent conditions for the preparation of sports teams, the marketing of our services to excellent sports teams is gaining on its importance. In cooperation with scientific research institutions and EU support, we are developing a system for rehabilitation and preparation of sport teams.

Assuming that individual guests represent a larch share of revenues in the Tourism Programme, the revenues from health insurances, related to health treatments, rank on the highest places. In the past year, we have significantly increased the revenues from two Slovenian tourist agencies. In the future, we will increase the revenues from individual guest, thus improving the realised price of our services. Due to a specificity of tourism, we have more business partners with lesser revenues.

7 Shares

Upon the establishment of the Unior public limited company, 2,138,200 shares were issued with a face value of EUR 8.35. Since then, the Company has carried out two capital increases. The first was performed on 1 December 1999, when an additional 200,214 shares were issued, and the second on 1 February 2010, when 500,000 new shares were issued. UNIOR thus had 2,838,414 shares as at 31 December 2012, which have been registered as no-par value shares since 2006. They are issued in dematerialized (book-entry) form and registered as of 21 January 2000 in the Central Securities Register kept by the KDD - Central Securities Clearing Corporation, d.d., in Ljubljana.

Significant data on shares

	2013	2012	2011	2010
Total number of shares	2,838,414	2,838,414	2,838,414	2,838,414
Number of treasury shares	2,330	2,330	2,330	71,245
Number of shareholders	1,285	1,312	1,32	1,319
Dividends per share	0	0	0	0
Value of treasury shares in the balance sheet (in thousands of EUR)	100	100	100	2,719

Treasury Shares

The Unior Group has a total of 2,330 treasury shares representing 0.08% of the total equity. The shares are owned by Unior Deutschland GmbH, Remseck. Unior d.d. holds no treasury shares.

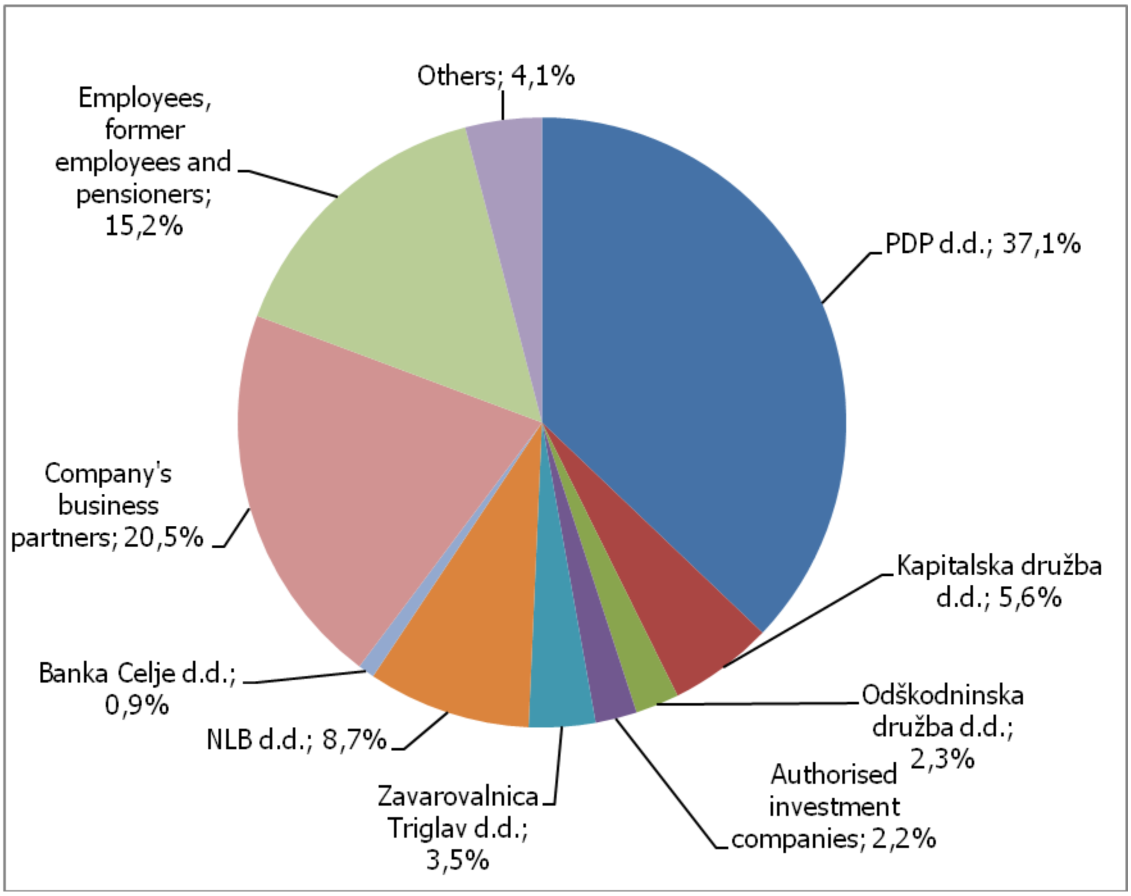
Ownership Structure

The ten largest shareholders as at 31 December 2013

Shareholder	Number of shares	Equity stake
PDP d.d.	1,053,418	37.11%
NLB d.d.	245,689	8.66%
KAPITALSKA DRUŽBA d.d.	157,572	5.55%
RHYDCON d.o.o.	141,790	5.00%
ŠTORE STEEL d.o.o.	100,493	3.54%
ZAVAROVALNICA TRIGLAV d.d.	100,000	3.52%
SLOVENSKA ODŠKODNINSKA DRUŽBA d.d.	65,661	2.31%
KD DIVIDENDNI, DELNIŠKI	57,750	2.03%
OFENTAVŠEK ANTON	56,862	2.00%
ŽELEZAR ŠTORE D.P. d.d.	43,627	1.54%
Ten largest shareholders total	**2,022,862**	**71.27%**
Other shareholders	815,552	28.73%
TOTAL	**2,838,414**	**100.00%**

Ownership structure as at 31 December 2013

Shareholder	Number of shares	Equity stake
PDP d.d.	1,053,418	37.1%
Kapitalska družba d.d.	157,572	5.6%
Odškodninska družba d.d.	65,661	2.3%
Authorised investment companies	62,549	2.2%
Zavarovalnica Triglav d.d.	100,000	3.5%
NLB d.d.	245,689	8.7%
Banka Celje d.d.	25,000	0.9%
Company's business partners	580,786	20.5%
Employees, former employees and pensioners	432,536	15.2%
Others	115,203	4.1%
TOTAL	**2,838,414**	**100.00%**



Listing of the Shares on the Stock Exchange

At the 14th regular General Meeting of the Company held on 21 July 2010, the decision was made for the shares of UNIOR d.d. to be listed on the regulated securities market of the Ljubljana Stock exchange. On 13 July 2011, the Company obtained a decision from the Securities Market Agency with ref. no. 40200-10/2011-6. The Prospectus was published on 16 August 2011 and the shares were listed as of 18 August 2011 on the Ljubljana Stock Exchange. The first trading day was 22 August 2011.

Informing the Shareholders

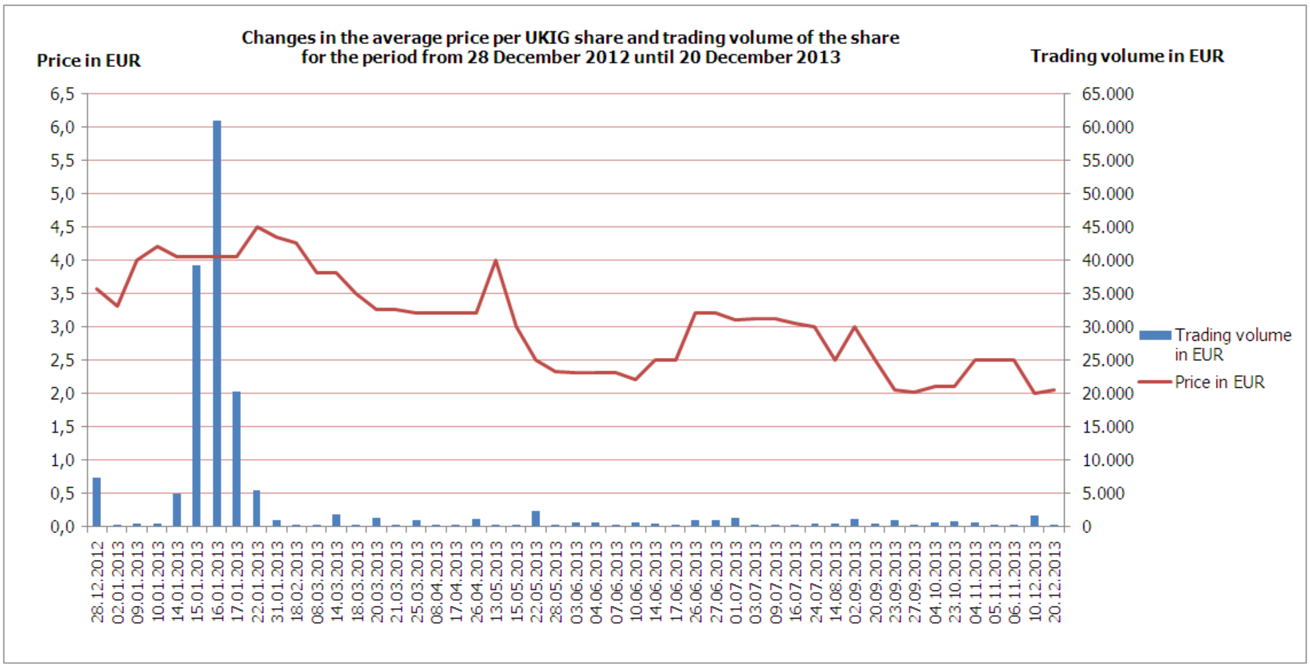
After listing the shares on the stock exchange, the Company follows the practice of notifying all of the shareholders and new interested investors in accordance with the law and customary business practice through the SEOnet electronic notification system of the Ljubljana Stock Exchange and the Company's website.

Performance indicators per share

	2013	2012	2011	2010
Earnings per share	-1.25	-5.31	0.46	-0.98
Book value per share (in EUR)	36.41	37.75	42.82	41.77
Sales per share (in EUR)	58.67	54.92	54.47	44.23
Cash flow per share (in EUR)	4.92	2.14	5.05	4.48
Pay-out ratio	0%	0%	0%	0%

Trading in UKIG Shares

The stock market price of a UKIG share as at 20 December 2013 (closing price) was EUR 2.05. The total turnover generated between 28 December 2012 and 2 December 2013 amounted to EUR 154,184.60. The price-to-book value ratio of the share as at 20 December 2013 was 0.06.



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8 Social Responsibility

The commitment of Unior d.d. to a sustainable development was emphasized on December 2013 with the accession to the Declaration for Sustainable Development of Savinjska region. Sustainable development is one of the key development directions of the Unior Group. Among basic guidelines of the Unior Company is the awareness that in addition to good business results, employees and their quality of life in the Company also play an important role.

8.1 Employees

At the end of the year, there were 2,122 employees working at Unior. Their number decreased during the course of the year by 0.7 % or 15 employees. Due to increased orders, the number of employees increased in the Forged Parts Programme. Due to poorer summer season and employee transfer to the external cleaning service, the number of employees decreased the most in the Tourism Programme.

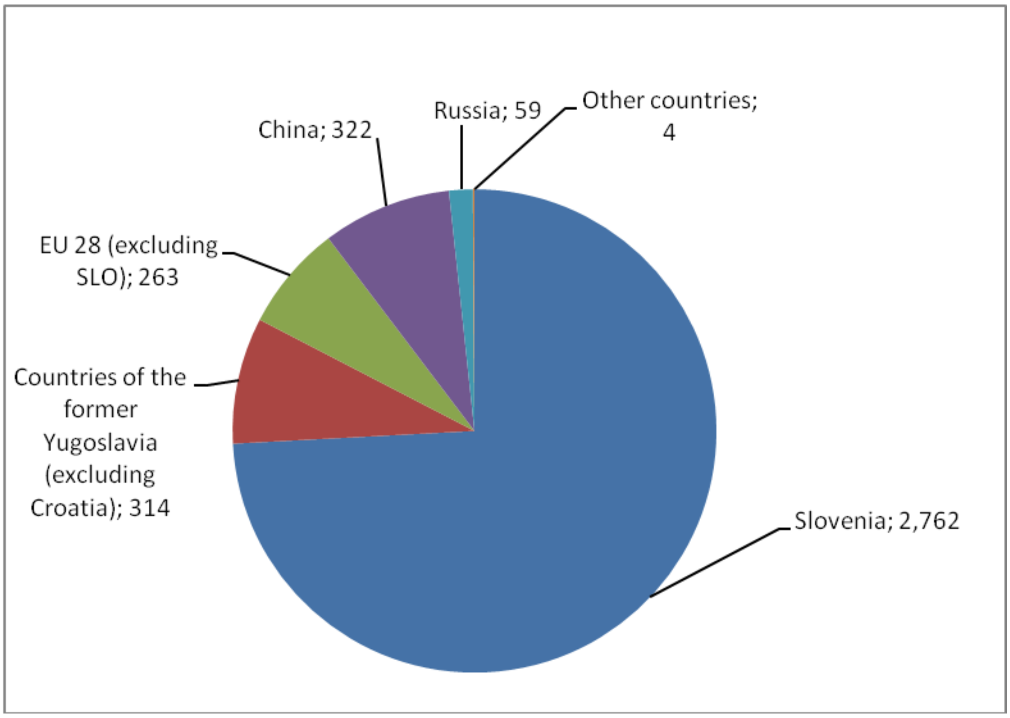
Data on employees

	2013	2012	2011	2010
Total number of employees	2,122	2,137	2,223	2,200
– Forged Parts Programme	*932*	*901*	*955*	*931*
– Hand Tools Programme	*384*	*378*	*427*	*446*
– Special Machines Programme	*176*	*183*	*153*	*135*
– Tourism Programme	*405*	*452*	*461*	*460*
– Joint Services	*131*	*131*	*125*	*130*
– Maintenance	*94*	*92*	*102*	*98*
No. of employees leaving the Company	207	243	203	170
New employees	192	157	226	201
Average years of service at the Company	17.5	17.5	16.5	18.5
Average age	41.4	40.9	40.5	40.8
Average number of employees based on hours worked	2,023	2,072	2,098	2,057
Average absence from work (in hours)	121.1	134.5	141.0	148.7
Cost of education and training (in EUR)	142,552	309,658	379,824	493,410
Average salary (in EUR)	1,360	1,307	1,295	1,248

Altogether 207 employees left the Company, whereby the majority of these were employees with expired fixed-term contract, followed by consensually terminations and termination of the employment contact, based on employees wish. The number of newly hired increased the most in the Forged Parts Programme and Tourism Programme because of the winter season. The average age of all the employees remained at nearly the same level due to employments of younger people and retirements.

Structure of employees by county (Unior Group)

	Number of employees
Slovenia	2,762
Countries of the former Yugoslavia (excluding Croatia)	314
EU 28 (excluding SLO)	263
China	322
Russia	59
Other countries	4
TOTAL	**3,724**



Sick Leave and Injuries at Work

The cost of sick leave at Unior is relatively high, which is a result of the specificity of the Company's metal processing activity and the high average age of employees. Despite this, however, the number of sick leave hours due to illness or injury (excluding maternity leave) decreased by 5.9% in 2013.

In 2013, we had 96 injuries at work, which is 9.4% less than in 2012 and 23.6% less lost days due to injuries at work. The measures in the area of health and safety at work have primarily been directed towards prevention:

- training workers regarding the hazards in the workplace and the obligations regarding safe work (838 people underwent refreshment training, 171 training sessions were held for individuals, and 179students);
- preventative medical examinations of employees (386 employees received medical examinations);
- the implementation of tests for alcohol intoxications at workplace (98 tests);

- the implementation of systematic control of sick leave by an external contractor (started in October 2013, over 200 controls per month, the percentage of sick leave compared to 2012 decreased in each month);
- inspections of the working and safety equipment from the standpoint of safety and the elimination of deficiencies (200 inspections, for which certificates were issued);
- systematic treatment of accidents and the prompt elimination of deficiencies;
- revision of the instructions for the safe handling of work equipment and fire safety is carried out during inspections of work equipment;
- preventative drills for evacuation from the facilities in case of fire;
- risk assessment review;
- introduction and preparation for certification of the occupational health and safety management system in accordance with the requirements of the OHSAS 18001 standard.

Education and Training

Employees are provided with opportunities for continuous professional training at Unior. Within the Company, the expertise of employees is passed down to other co-workers. New employees by way of a system of scholarships for pupils and students were recruited. In 2013, EUR 142,552 thousand for education and training were allocated, which is less than the year before. Savings in other forms of education and training were achieved and no new contracts on the co-financing of off-the-job studies were signed. The number of new contracts for student and pupil scholarships was also reduced.

Employee Structure by Education

	Level of qualification	31 Dec. 2013	31 Dec. 2012
I	Unskilled	446	462
II	Semi-skilled	152	151
IV	Skilled	728	741
V	Secondary vocational education	486	479
VI	Higher vocational education	124	121
VII/1	Graduate vocational education	102	93
VII/2	University vocational education	73	80
VIII/1	Master’s degree	11	10
VIII/2	PhD	0	0
TOTAL		**2,122**	**2,137**

Average Salaries

The average monthly gross salary per employee in 2013 amounted to EUR 1,306 and it was higher by 4.1% during the same period last year. With a 1.8% rise in consumer prices, this represents a 2.2% real increase in average salaries. The net salary increased during this period by 3.6% or by 1.8% in real terms.

Informing Employees

In 2013, much attention was paid to inform employees regarding the process of financial restructuration and to encourage them to lead a healthy life style in and out of office. Employees are informed through various communication tools, which were enriched with LCD displays in 2013. The provision of information to employees is arranged systematically and conducted using various tools: with an internal quarterly newspaper, if necessary with a newsletter, e-news, regular notices on notice boards and via the intranet, gaining on content value. The Company encourages interpersonal communication, taking place hierarchically according to a time schedule for communication of the workers' council, trade unions, the Management Board, the Executive Committee, the expanded college, workers assemblies and sectoral meetings. The Company is striving to promote interpersonal communication between employees with various social events as well.

8.2 Company

At Unior, we are aware of the importance of an active and responsible engagement in the wider social environment. Our responsibility and added value is growing with a total growth. By providing funding and awareness building, we are trying to help individual organisations and societies carry out various activities thus contributing to improve the quality of life of fellow citizens and region development. With sponsorships and donation founds we support numerous cultural, sport and humanitarian projects. We support many cultural, sporting and humanitarian projects through annual sponsorship and donations.

In the area of **sports**, we allocate funds to the Zreče Football Club, the Zreče Volleyball Club, and the Unior Celje Ski Club. We also make provisions for the health and recreation of our employees by way of supporting the Unior Sports Club, of which more than a half of our employees are members.

In the area of **culture**, we support various events in the town of Zreče and its surroundings. We provide sponsorships and donations to culture through our involvement in various foundations, and we also support the programme activities of the municipality.

When it comes to **humanitarian activity**, we take part in various charitable campaigns. We also endorse the volunteer fire service of Zreče.

8.3 Environmental Protection

Since 2004, UNIOR d.d. has an established and certified environmental management system in accordance with the ISO 14001 standard. In 2013, the Bureau Veritas certification company recertified the environmental management system. The audit found two non-compliances, one of which was already improved, as for the other a programme was set. Because of the increase in cooling wastewater from the forge plant, we submitted an application in December 2011 for a change of the environmental permit. In 2013, the energy sector has optimized the cooling system thus the change of the environmental permit was not necessary. We monitored the environmental indicators such as emissions into water and air, the consumption of energy products, natural resources, chemicals and waste generated and disposed of, and the generation of noise pollution. Based on these environmental indicators and the identified environmental aspects, legal and other requirements, the results of monitoring activities, information received from employees, stakeholders, neighbours and buyers, we have set up programmes and determined the objectives for the coming years.

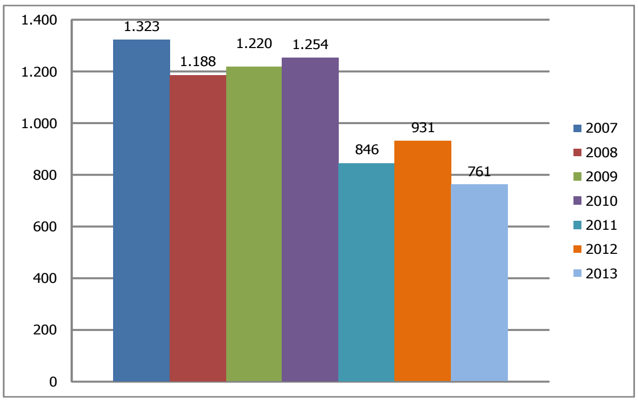
Energy Consumption and Energy Efficiency

We monitor the consumption of drinking and process water and take appropriate action (the elimination of leakage, the introduction of solutions to reduce consumption). We build our employees' awareness of the need to conserve energy – the closing of valves for water and air, switching off lights during breaks and other appropriate measurements. We monitor energy consumption and take action when it exceeds the set targets. We have installed meters on every major energy consumer, which measure the energy consumed and the quantities produced. Since we are continuously monitoring this data, we are able to detect when a machine is poorly utilised or in need of major repair. We started a project for the utilisation of waste heat. We are performing the automation of the process water pumping station with the installation of frequency-controlled pumps.

Waste Water

The Company uses sanitary and process water. Process and cooling wastewater are mainly found on the location upper zone Zreče, thus we are bound to IPPC. Before releasing waste water into the environment (sewers, into watercourses or on land), we carry out continuous internal and external measurements of water quality depending on the quantity and type of waste water. Based on the external measurements, an authorised company calculates the water load units and compiles a projection for the calculation of the environmental charges for the loading of water with pollutants.

Loading of the environment with waste water (Load unit – LU)

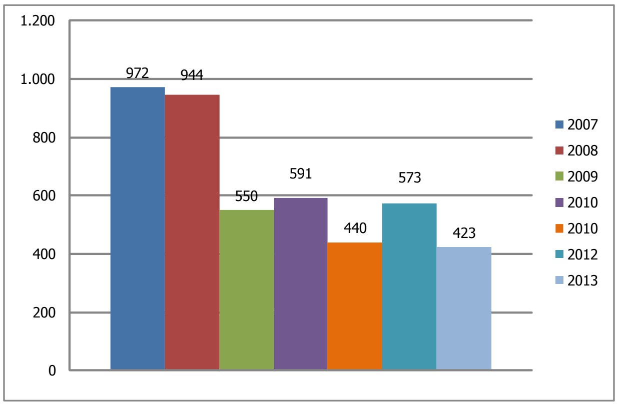


In 2013, the total load units of wastewater were reduced by 18% compared to 2012 and by 10% compared to 2011. The reduced total load units are due to lower pollution and somewhat lower quantity of wastewater. Thus, the cost of the environmental charges will be lower compared to previous years.

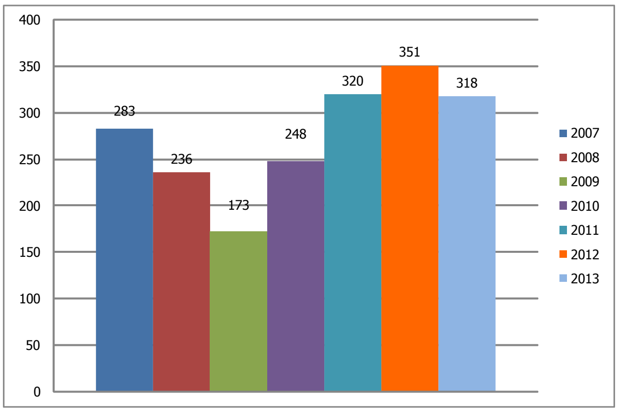
Waste

The diagrams below show that the total quantity of waste compared to the previous years has decreased. The amount of hazardous and non-hazardous waste per tonne of manufactured products has also decreased. At the expense of lowering the amount of mixed municipal waste, the amount of separated fractions have increased, that is packaging and paper, which does not represent a cost for company and can be further thermal or materially transformed. The amount of secundary waste have increased, which is probably due to the introduction of useful waste divestment system, which is in the domain of Environmental Protection and the Purchasing departments. In 2013, we began keeping records of waste through statutory web application IS-Waste, led by the Environmental Agency.

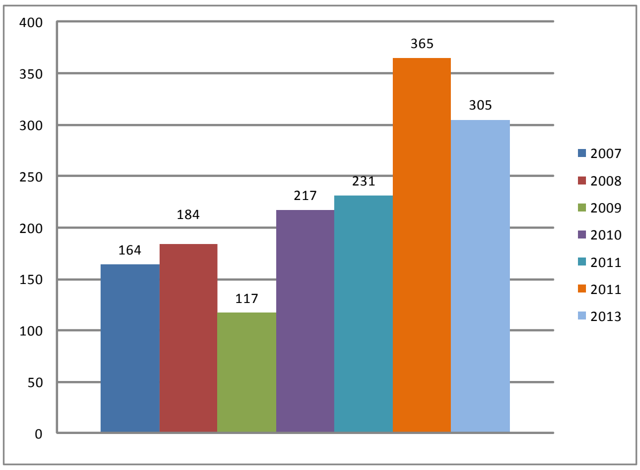
Quantity of municipal waste (tonnes)



Quantity of hazardous waste (tonnes)



Quantity of packaging (tonnes)



Air Emissions

In 2013, we performed 14 measurements of emissions into the air, which are prescribed by the law. The measurements took place on locations Kovačnica Zreče, Obdelovalnica Zreče and Kovačnica Vitanje. We did not exceed the limits at any measurement location.

Noise

In 2013, noise measurements were performed on locations Obdelava odkovkov Slovenjske Konjice, Ročno orodje Lenart and Kovačnica Vitanje. It was found that Unior's activity on locations Obdelava odkovkov Slovenjske Konjic, Ročno orodje Lenart do not exceed the legally prescribed limit values, and that the measured values are so low that it is no longer necessary to conduct measurements at this two locations.

Chemicals

In 2013, the Register of chemicals was finished and is accessible on the intranet. Based on location, all chemicals with corresponding safety data sheet and instructions for safe handling with hazardous substances are listed. Provided that the technological processes allow it, we replace the more dangerous chemicals with less dangerous ones.

9 Corporate Governance

Unior employs a two-tier governance system. The tasks of the Management Board and of the Supervisory Board are separated in accordance with the legislation and the Articles of Association so that the Management Board manages the business of the Company and the Supervisory Board is responsible for supervising the operations. The Company also has an Executive Board composed of the executive directors of individual programmes, the Executive Director for General Affairs and the President of the Management Board. The main task of the members of the Executive Board is to manage each individual programme independently and within the scope of the authorisations granted to them.

As a private company limited by shares, we endeavoured in the past to achieve the maximum possible transparency of operations and to provide honest and correct information to our shareholders and other stakeholders on conducting business at the Company. With the listing of our shares on the stock exchange in 2011, we began introducing even more stringent corporate governance standards at the Company and adapting our operations to the regulatory requirements, stock exchange rules and the strict standards that apply for the environment. We now operate as a public limited company.

As early as in the process of preparing for the listing on the stock exchange, we appointed a person responsible for investor relations at the Company. Investors and other stakeholders are notified about all events at the Company through the SEOnet stock exchange system and the issuer's website. The website for investors was overhauled and now offers comprehensive and up-to-date information on topics that are of interest to this target group. In doing this, we have increased the transparency of our operations and provided investors with access to information so that they can make quality and informed investment decisions.

9.1 Management Board

The Company has a two-member Management Board. The President of the Management Board is Mr. Darko Hrastnik, who was appointed to the position on 15 November 2012. His term of office expires on 31 May 2014. This is his first term as the President of the Management Board. Before that, he was twice a member of the Management Board. Mr. Branko Bračko was appointed member of the Management Board on 15 November 2012. His term expires on 14 November 2017. He is a member of the Management Board for the first time.

Information on the Work and Leadership Experience of the Management Board Members

Darko Hrastnik, President of the Management Board
Education: Bachelor of Metallurgical Engineering

Work and leadership experience:

2000–	Unior	
	2012–	President of the Management Board
	2009–2012	Member of the Management Board
	2007–2009	Executive Director of the Hand Tools Programme
	2004–2007	Director of the Hand Tools Programme

	2002–2003	Member of the Management Board
	2000–2002	Assistant to the Director of the Forged Parts Programme responsible for the following areas: sintering, forged part processing at Slovenske Konjice, cold forging and demanding project assignments
1999–2008	Higher Vocational College in Celje, associate lecturer for the Business Administration and Management course	
1996–2000	MPP Livarna, d.o.o., Maribor, General Manager	
1994–1996	TAM Metalurgija, d.o.o., Marketing Director	
1994–1994	Livarna Ferralit, d.o.o., Žalec, Head of Production	
1989–1993	Livarna, d.o.o., Štore	
	1992–1993	Technical Director
	1989–1992	Development Department

Branko Bračko, member of the Management Board
Education: Bachelor of Metallurgical Engineering

Work and leadership experience:

2012–	Unior d.d., member of the Management Board
2009–2012	Unior Formingtools d.o.o. Kragujevac (Serbia), Director
2009–2012	Unior d.d., Deputy Executive Director of the Special Machinery Programme
2008–2009	Weba Maribor d.o.o., procurator
2002–2007	Unior d.d., Deputy Director of the Special Machinery Programme
2001–2002	MPP Tehnološka oprema d.o.o., Maribor, Assistant Director
1994–2001	Unior d.d., Special Machinery Programme, Head of Technology, Head of Processing, Head of Assembly, Head of Production
1992–1994	Carrera Optyl d.o.o. Ormož, Assistant Head of Production

9.2 Executive Board

The Executive Board is composed of the members of the Management Board, the Executive Directors, and other members invited by the Management Board. The main tasks of the Executive Board are the independent management of each individual programme or service. The Board works closely with the Management Board and executes its functions at the strategic and operational levels, and also functions as a consulting body for the Management Board.

The Executive Board is composed of:

- Mr. Darko Hrastnik, President of the Management Board;
- Mr. Branko Bračko, member of the Management Board;
- Mr. Robert Ribič, Director of the Forged Parts Programme;
- Mr. Danilo Lorger, Director of the Hand Tools Programme;
- Mr. Andrej Purgaj, Director of the Special Machinery Programme;
- Mrs. Barbara Soršak, Director of the Tourism Programme;
- Mr. Marjan Korošec, Director of General Affairs sector;
- Mr. Bogdan Polanec, Director of Finance-accounting sector;
- Mr. Boštjan Slapnik, Director of Purchasing sector;

- Mr. Zlatko Zobovič, Director of Controlling sector;
- Mr. Andrej Kokol, Director of ITS, strategic development, mass innovation and entrepreneurship sectors;
- Mr. Ivan Bašič,Director of Maintenance sector;
- Mr. Dani Kukovič, Director of energetics sector.

9.3 Supervisory Board

The Supervisory Board operates within the scope of the authorisations conferred on it by Article 280 of the Companies Act. Its main task in the two-tier system is to oversee the operations of the Management Board and thereby protect the interests of the Company's stakeholders.

At the 13th General Meeting held on 22 July 2009, a new six-member Supervisory Board was elected for a period of four years, namely from 13 December 2009 until 12 December 2013. Mr. Rok Vodnik, MSc, was appointed substitute member of the Supervisory Board at the extraordinary General Meeting held on 13 April 2011; at the 16th General Meeting, Mr. Franc Dover, MSc, was appointed substitute member of the Supervisory Board.

The representatives of the owners within the Supervisory Board are:

- Matej Golob Matzele, B.Sc.Ec. (*Chairman*),
- MSc. Franc Dover, (Deputy),
- Emil Kolenc, B.Sc.Ec.
- MSc. Rok Vodnik,

The representatives of employees are:

- MSc. Marjan Adamič,
- Stanko Šrot.

At the 17th General Meeting held on 17 July 2013, a new six-member Supervisory Board was elected for a period of four years, namely from 13 December 2013 until 12 December 2017.

The representatives of the owners within the Supervisory Board are:

- MSc. Branko Pavlin (Chairman),
- MSc. Franc Dover, (Deputy),
- Prof. Dr. Marko Pahor,
- Drago Rabzelj, B.Sc.Ec..

The representatives of employees are:

- MSc. Marjan Adamič,
- Darko Dujmović, B.Sc.Ec..

The Supervisory Board of the Company has two Committees, Audit Committee and Human Resources Committee.

Audit Committee:

- Drago Rabzelj, B.Sc.Ec.(*Chairman*),
- Prof. Dr. Marko Pahor, (Deputy),
- MSc. Marjan Adamič,
- Gregor Korošec, B.Sc.Ec. (External member).

Human Resources Committee:

- MSc. Franc Dover, (*Chairman*),
- MSc. Branko Pavlin,
- Darko Dujmović, B.Sc.Ec..

9.4 General Meeting of Shareholders

The General Meeting of Shareholders is the Company's highest body where the will of the shareholders is exercised directly and key decisions are taken. Each of the Company's shares provides one vote, though treasury shares do not provide voting rights. The Company has not issued preference shares or shares with limited voting rights.

As a rule, the Company's Management Board convenes the General Meeting once a year in July by publishing the information in the Delo newspaper, the SEOnet information system and on the Company's website no later than thirty days before the scheduled date. All shareholders who are registered in the Company's share register as at the cut-off date, which is published in the notification on the convening of the General Meeting, as well as their representatives and proxies are entitled to attend and vote at the General Meeting. The documentary materials for the General Meeting are available for inspection at the Company's registered office as of the convening until the meeting is held.

At the General Meeting, the Management Board presents to the shareholders all the information necessary to assess the individual items on the agenda, taking into account the legal and any other restrictions regarding their disclosure.

On 17 July 2013, a 17th regular General Meeting was held and the shareholders:

- considered the information on the Annual Report, the auditor's opinion and the written report of the Supervisory Board regarding the Annual Report;
- decided on the accumulated loss and granting a discharge from liability to the Management and the Supervisory Boards;
- appointed new members of the Supervisory Board;
- Changed the Rules of Procedure of the General Meeting.

On 21 August 2013, the second extraordinary General Meeting was held and the shareholders:

- appointed the auditing company for 2013;

The notices about the resolutions passed at the General Meeting were published on SEOnet and the Company's website on 17 July 2013 and 21 August 2013.

The regular General Meeting in 2014 is planned to be held on 11 July. The notification of the convening of the General Meeting with the envisaged content of resolutions, place, time and the conditions for participation and voting will be published in the Delo newspaper, the SEOnet information system and on the Company's website on 9 May 2014.

9.5 Remuneration to the Management Board and the Supervisory Board

Remuneration to the Management Board and the Supervisory Board

(in EUR)	Gross values 2013	Gross values 2012	Net values 2013	Net values 2012
Darko Hrastnik	93,646	91,818	43,007	42,042
Gorazd Korošec***	0	63,110	0	31,194
Branko Bračko**	81,891	10,827	40,556	5,800
Management Board total	**175,537**	**102,645**	**83,563**	**73,236**
Matej Golob Matzele	5,297	4,929	4,105	3,820
Karl Kuzman****	0	1,560	0	1,209
Franc Dover	3,790	1,107	2,937	858
Rok Vodnik	3,537	3,165	2,741	2,453
Emil Kolenc	5,201	5,113	4,031	3,962
Stanko Šrot	4,662	3,948	3,613	3,060
Marjan Adamič	4,711	4,491	3,651	3,481
Gregor Korošec*	978	1,004	758	778
Katarina Praznik*	0	251	0	194
Primož Klemen*	353	362	273	281
Andreja Kert*	176	0	137	0
Marko Mlakar*	176	0	137	0
Supervisory Board total	**28,881**	**25,930**	**22,383**	**20,096**

* Members of the Supervisory Board's committees

** in year 2012 member of the board from 15.11.2012

***in year 2012 president of the board until 17.08.2012

**** in year 2012 member of the board until 11.07.2012

The Management Board

All members of the Management Board received fixed remuneration under an employment contract concluded with the Company's Supervisory Board for their work in 2013. The members did receive variable remuneration according to the contract, but were not rewarded with options, as this was not provided for under the contract. They have not received any session attendance fees either, which would result from membership in the supervisory boards of subsidiaries. Since 1 September 2011, the amounts of remuneration to the Management Board have been adjusted to comply with the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities.

The Supervisory Board

The members of the Supervisory Board receive session attendance fees for their work. The members of special committees within the Supervisory Board receive an additional session attendance fee for their work in these committees. In addition to the above, they also receive per diems and have their travel expenses reimbursed in accordance with the regulations. The Supervisory Board is also entitled to a share of the profits provided the profits are appropriated for distribution to the shareholders. The total amount of remuneration may not exceed 3% of the amount allocated for dividends decreased by the total amount of annual session attendance fees in the previous year. The receipts of an individual member of the Supervisory Board paid out as a reward for the profits achieved by the Company may not exceed EUR 15,000. In 2013, the reward was not paid out. The payment of session attendance fees to the Supervisory Board is consistent with the position of the Government of the Republic of Slovenia with respect to the mitigation of the impact of the financial crisis.

9.6 Trading in the Shares of the Management Board and the Supervisory Board

The internal owners (employees, the Management Board and the Supervisory Boards) at Unior together hold an 8.74% interest, whereby the Management Board holds 0.06% and the Supervisory Board 0.32% of the Company's shares. In 2013, the number of shares and participating interests owned by the Management Board and the Supervisory Board did not change.

Trading in the Shares of the Management Board and the Supe

	Holding		Net acquisition	
	2013	**2012**	**2013**	**2012**
Darko Hrastnik	1,505	1,505	0	0
Branko Bračko	250	250	0	0
Management Board total	**1,755**	**1,755**	**0**	**0**
Matej Golob Matzele	0	0	0	0
Franc Dover	0	0	0	0
Rok Vodnik	0	0	0	0
Emil Kolenc	0	0	0	0
Marjan Adamič	5,154	5,154	0	0
Stanko Šrot	3,887	3,887	0	0
Supervisory Board total	**9,041**	**9,041**	**0**	**0**
Total number of issued shares	**2,838,414**	**2,838,414**		

As a public limited company, we have a list of persons with access to insider information. These persons have limits imposed on the volume of trading prior to publication in accordance with the legislation and the rules of the Ljubljana Stock Exchange.

9.7 Statement on the Management of the Company and on the Compliance of the Company's Management with the Provisions of the Corporate Governance Code for Joint Stock Companies

The Management Board and the Supervisory Board of Unior Kovaška industrija d.d. hereby declare that the governance of the Company in the 2013 financial year complied with the provisions of the Companies Act, the Financial Instruments Market Act, the Rules of the Ljubljana Stock Exchange and other applicable regulations in force.

The statement on the governance of the Company forms an integral part of the 2013 Annual Report and will be available on the Company's website at www.unior.si for no less than five years following its publication.

The governance system at Unior d.d. ensures direction and provides for the control of the Company and its subsidiaries. It lays down the distribution of the rights and responsibilities between the management bodies; sets the rules and procedures for corporate decision-making at the Company; provides a framework for setting, achieving and monitoring the realisation of business objectives and introduces values, principles and standards for fair and responsible decision-making and conduct within the scope of all of the aspects of our operations.

The corporate governance system is a means for achieving the Company's long-term strategic goals and a way for the Management Board and the Supervisory Board of Unior d.d. to fulfil their obligations vis-à-vis the Company's shareholders and other stakeholders. The vision and goal of Unior d.d. and its subsidiaries are the introduction of modern governance principles and the highest possible level of compliance with advanced domestic and foreign practices.

Notes According to the Companies Act

Pursuant to the fifth paragraph of Article 70 of the Companies Act, which lays down the minimum required content of the Corporate Governance Statement, Unior d.d. is hereby providing the following notes:

1. *Description of the main characteristics of the internal control systems and risk management in the company in relation to the financial reporting procedure:*

   Unior d.d. manages the risks and implements internal control procedures on all levels. The purpose of internal controls is the assurance of accuracy, reliability and transparency of all processes as well as the management of the risks associated with financial reporting. The internal control system simultaneously sets up the mechanisms that prevent the irrational use of assets and cost effectiveness.

   The internal control system comprises procedures that ensure that:
   - business events are recorded based on authentic bookkeeping documents, which serve for the accurate and fair recording of these events and provide a guarantee that the Company disposes of its assets fairly and honestly;
   - business events are recorded and financial statements are compiled in accordance with the applicable legislation in force;
   - eventual unauthorised acquisition, use and disposal of the Company's assets that could materially affect the financial statements are prevented or detected in time.

The internal control of the company is implemented by the finance sector and accounting and controlling, which are responsible for the financial statement in accordance with accounting, tax and other regulations in force. Authorised external auditors annually verify the adequacy of the internal control within the information system.

2. *Material direct and indirect ownership of the Company's securities in terms of the achievement of a qualified holding as laid down by the act governing takeovers.*

   The data on the achievement of a qualified holding as laid down by the Takeovers Act is published promptly in the electronic notification system of the Ljubljana Stock Exchange and communicated to the Securities Market Agency. The holder of the qualifying holding (which is laid down by the Takeovers Act) at Unior d.d. as at 31 December 2013 was the company PDP, Posebna družba za podjetniško svetovanje, d.d. with an equity stake of 1,053,418 shares or 37.1%.

3. *Notes on each holder of securities that carry special control rights.*

   The individual shareholders of Unior d.d. have no special control rights arising from the ownership of the Company's shares.

4. *Notes on all voting right limitations.*

   The shareholders of Unior d.d. have no limitations on the exercise of their voting rights.

5. *The Company's rules on the appointment and replacement of the members of the management and supervisory bodies and the amendment to the Articles of Association.*

   The Company's rules do not specifically regulate the appointment and replacement of the members of the management and supervisory bodies and the amendment to the Articles of Association. We observe the applicable legislation in force in its entirety.

6. *The authorisations of the members of the Company's management – specifically the authorisations for the issuance and repurchase of treasury shares.*

   Unior d.d. did not have the authorisation for the issuance and repurchase of treasury shares in 2013.

7. *Functioning of the Company's General Meeting and its key competencies.*

   The General Meeting met twice in 2013. The competencies of the General Meeting and the rights of the shareholders are provided for by the law and are exercised in the manner laid down by the Company's Articles of Association, the Rules of Procedure of the General Meeting and the Chair of the General Meeting. The course of the voting at the General Meeting of the public limited company Unior is explained in greater detail in chapter 9.4 (The General Meeting) of the 2013 Annual Report.

8. *Data on the composition and functioning of the management and supervisory bodies and their respective committees.*

   A comprehensive presentation of the management and supervisory bodies and their respective committees is provided in chapter 9 (Corporate Governance) of the 2013 Annual Report.

Statement of Compliance with the Corporate Governance Code for Joint Stock Companies

The Management Board and the Supervisory Board of Unior Kovaška industrija d.d. hereby declare that the Company observes the provisions of the Corporate Governance Code for Joint Stock Companies dated 8 December 2009, which entered into force on 1 January 2010 (hereinafter referred to as: the Code), with certain deviations that do not affect good governance practices and that are explained herein.

The Statement of Compliance with the Code forms an integral part of the 2013 Annual Report and will be available on the Company's website at www.unior.si for no less than five years following its publication.

The Code is published on the website of the Ljubljana Stock Exchange at www.ljse.si.

The Statement relates to the period of the 2012 financial year, i.e. from 1 January 2013 to 31 December 2013. There were no changes in the Company's governance from the end of the financial year until the publication of the Statement.

Below, the Company's Management Board and Supervisory Board provide explanations for deviations from the individual provisions of the Code:

- Provision 1: the Company operates in line with the basic goal, which is to maximise the value of the Company, and other goals such as the long-term creation of value for the shareholders and the observation of social and environmental aspects with the aim of ensuring the Company's sustainable development, even though this is not provided for in the Company's Articles of Association.

- Provision 2: the management of the Company is geared towards meeting the objectives defined in the document Restructuring of the UNIOR d.d. Company, composed by PricewaterhousCoopers and Management Board and is also the base for the General Contract for financial restructuring. The objectives for 2016 are defined in this document. The Company’s Supervisory Board approved both documents. The Company's Management Board and Supervisory Board did not adopt a special document entitled Company Management Policy.

- Provision 5.2: by collecting authorisations for the General Meeting in an organised manner, the Company provides for the publication of this information, namely by publishing the list of authorised persons and their contact details, the deadlines for the collection and the proxy form, while it does not publish all of the costs incurred by the Company in relation to the organised collection of proxies on the day of the General Meeting.

- Provision 7: the provision stating that the procedure for the selection of candidates who are to serve as Supervisory Board members and for the formulation of a proposal for the General Meeting resolution on the appointment of Supervisory Board members should be transparent and defined in advance has not been fully observed because we do not have a procedure for the selection of candidates arranged, nor do we have a description of the roles and expertise, experience and skills necessary for the discharge of the Supervisory Board member function (Supervisory Board member profile) prepared in advance.

- Provision 8: all Supervisory Board members have signed a special statement, in which they stated their position regarding the fulfilment of every independence criterion in line with the Code and indicated that they consider themselves independent if they meet all the criteria and dependent if they do not meet the said criteria. They further expressly stated that they are professionally qualified for the work within the Supervisory Board and that they possess sufficient experience and knowledge for such work. These statements are, however, not published on the Company's website.

  Provision 8.7: the Rules of Procedure of the Supervisory Board do not contain provisions governing communication with the public with regard to the decisions adopted at meetings. Public communication takes place through the Chairman of the Supervisory Board, while the more important resolutions of the Supervisory Board are published on the website of the Ljubljana Stock Exchange, the SEOnet and on the Company's website.

- Provision 11: the Supervisory Board has no Supervisory Board Secretary, and all the tasks of a Supervisory Board Secretary are performed by the Director of General Affairs.

- Provision 19: the Company has an effective internal control system set up that also ensures quality risk management. The Company, together with the Audit Committee, also provides for a substantive, periodical and unbiased oversight over the internal control system that is adapted to the Company's activity and scope of operations. Several professional services are responsible for the abovementioned tasks, which has proved an effective operating practice that was also confirmed by the external auditors, which is why we do not have an internal auditing service organised as a separate service within the Company. Using a uniform financial reporting policy, a uniform controlling system and IT solutions, we carry out systematic internal controls at the companies within the Unior Group, which we also supervise via regular monthly reports.

- Provision 20: the Company does not have a specifically defined communication strategy as a component part of the Company's governance policy and the rules on the limitation of trading in the Company's shares. Professional services are assigned to implement the Company's communications and provide for the transparency of the Company's operations by observing the provisions of the Code. A list of persons with access to insider information has also been compiled in line with the provisions of the decision of the Securities Market Agency on the special rules for the communication of insider information and investment recommendations.

- Provision 21.3: the Company does not publish its communications in a foreign language that is usually used in international financial circles, but does draw up its Annual Report in a foreign language.

Zreče, 17. april 2014

Darko Hrastnik
President of the Management Board

MSc. Branko Pavlin
Chairman of the Supervisory Board

Branko Bračko
Member of the Management board

EUROPEAN MANUFACTURER SINCE 1919

9.8 Business Risks

Risk area	Risk description	Management method	Exposure
Development Process Risk	the risk that developed product will not have appropriate properties	control of the development process and production	Moderate
The Availability of Production Capacities	disturbances in production, unplanned delays	regular preventive maintenance, investment in new equipment	Moderate
The Reliability of Suppliers	the possibility of irregular, inadequate supplies and uncompetitive prices	analysis of individual suppliers and adoption of appropriate measures in case of inadequate cooperation	Moderate
Environmental Protection	the risk of incidents with harmful impact on the environment	internal regulations of emergency	Moderate
Sources of Information	the risk of disruptions in business processes due to a disturbance in the area of information sources	security checks and measures to eliminate disturbances in the area of information sources	Moderate
Employees	risks in keeping key personnel, lack of qualified staff, dialogue with employees	human resources development, education, sistematic work with key personnel, reward system, annual interviews	Moderate
Occupational Safety and Health	the risk of accidents and injuries in the workplace	verification of technologies, a risk assessment of jobs	Moderate
Protection of Property	the risk of alienation, destruction and damage to property	prepared security plan	Moderate

We include the following risks among our business risks: the risks related to the development processes, available production capacities, supplier reliability, environmental protection, information sources, employees, safety and health of employees at work and the protection of property.

Development Process Risk

Because the final product has to be of high quality, safe, efficient and environmentally friendly, we are introducing processes that reduce – even in the early stages of development – the risk that the product will have negative characteristics. We therefore introduce new development methods and mitigate those risks with our own knowledge and experience. We focus on the management of risks that can lead to the recall of products that have our own products incorporated into them. We mitigate product risks with development and quality assurance systems within the scope of manufacturing and sales processes, and with the insurance of the producer's product liability and the insurance of the costs of product recall from the market.

The Availability of Production Capacities

The quality, reliable and safe functioning of production facilities is ensured through the regular maintenance of production equipment and energy infrastructure. The education and training system involving honing the skills of the technical staff contributes to the mitigation of the risk.

The Reliability of Suppliers

The important raw materials for production are supplied by a limited number of suppliers. This ensures safe, high quality and competitive supplies. Suppliers are analysed and these analyses serve as the basis for reaching an agreement with our business partners as to the measures required.

Environmental Protection

We have a constructive role in raising the awareness of the local and broader community. We also work with environmental organisations and on various projects. You can learn more about environmental protection in the chapter devoted to the issue.

Sources of Information

The risks arising from the information system involve significant risks of potential disruptions in the functioning of applications and the system software, hardware, and communication and network connections in the system. We further devote attention to the risks related to information security.

We manage the effects of these risks by way of:

– IT management (master document);
– the security forum;
– the elementary security policies according to BS 7799-2:2002;
– the procedures/controls;
– the risk assessment according to PSIST BS 7799.

Employees

In the area of HR operational risks, we pay particular attention to social dialogue with employees, the lack of professionally qualified personnel and the loss of key personnel. Such risks are mitigated through conducting annual performance appraisal interviews with colleagues, education and training, a suitable reward system as well as other measures. On account of absences from work, we are faced with managing the risk of potential disruptions to business processes. We strive to avoid these risks by including employees in health-prevention programmes and by observing good practices for occupational health and safety.

Occupational Safety and Health

We perform regular assessments of the risks inherent in individual positions of employment resulting from individual technological processes.

Protection of Property

A security plan has been drawn up to manage the security of property. A risk assessment was performed of the individual facilities at risk. The assessment took into account the likelihood of a particular event materialising, the probability of timely detection and the possibility of eliminating the consequences.

Property and Liability Insurance

By way of property insurance, Unior ensures that it will receive financial compensation for:

- damage to property resulting from the effects of natural forces, the technical characteristics of the products and the human factor;
- damage from the activities of employees and visitors of the tourist centres;

damage arising from the producer's liability for products that are manufactured by the Forged Parts and Hand Tools Programmes.

10 Business Report

10.1 The Situation in the Economy and in the Automotive Industry

In 2013, the global economy was still relatively weak but is slowly growing due to some of the most developed countries, while the growth in developing countries is gradually slowing down. The gross domestic product rose by 2.9% on a global scale. In USA, having the largest global economy, the domestic product rose by 1.9%. Growth slowed down in China, India and Russia, which recorded 7.7%, 4.4% and 1.5% growth respectively.

In 2013, the gross domestic product in the euro zone fell by 0.4% due to adverse first quarter and low activity at the end of 2012 but the economic growth was recorded in the second half of 2013.

In 2013, Slovenia recorded a 1.1% drop in GDP, which was more promising as predicted by trends. After relatively poor economic trend in the first half of 2013, the export of Slovenian companies grew in the second half. The growth of export significantly contributed towards gradual stopping the adverse economic trend. According to the first calculations, the trends for 2014 could slightly improve, but Slovenia will not record any growth in 2014.

Macroeconomic indicators of Unior's key markets in 2013

	EU	Euro area	Germany	France	Slovenia
GDP growth	0,1%	-0,4%	0,4%	0,2%	-1,1%
Unemployment	10,8%	12,0%	5,3%	10,3%	10,1%

In 2013, industrial production dropped by 0.7% and 0.5% in the euro area and the European Union respectively. In Slovenia, the industrial production dropped by 0.7% compared to 2012. In the second half of 2013, the industrial production stopped dropping and is currently positive. Compared to 2012, the industrial production in 2013 rose in mining and energy supply, gas and steam, while it declined for 1.3% in the processing industry.

The recovery of euro zone remains gradual, whereby the unemployment rate stays high. The inflation is under 1%, which is also an indicator for weak consumption. The total annual inflation in the euro zone equalled 0.8%. In Slovenia, the respective figure was 1.8% and 0.7% y-o-y.

According to the last estimates by IMF, in 2014 the GDP could increase by 3.7%, and 3.9 in the following year. Despite better prospects, the economic growth and development do not reach the same value as prior the crisis, but the optimism is growing. This can be supported by the growth of industrial production global market. The estimates are that both should grow in 2014 by 4.5% and 5.2% in 2015. According to analysts, in 2014 the Europe’s growth will increase, the key European industry branches will improve and GDP should reach 1.2% growth in the euro zone. Growth projections for Germany, France and Italy – the drivers of the European economic dynamics – for 2014 equal 1.8% for Germany and 1% for France, and 0.6% for Italy.

The Automotive Industry

There were a total of 87.2 million motor vehicles produced in 2013 around the world, which is 3.6% more than in 2012. Following the dramatic fall in global automotive production to 61.8 million vehicles due to the economic crisis in 2009, the production globally rose to a record level, but with considerable differences among regions.
Asia maintained the leading position with the total production reaching 48.8 million vehicles, followed by the USA with 21.1 million, whereas Europe fell back to 19.7 million vehicles, a decrease of 0.5%, as a result of which its share in the global automotive industry now equals only 22.6%.

Global production of motor vehicles

	In millions					Annual growth			
	2009	2010	2011	2012	2013	2010	2011	2012	2013
EUROPE	**17.0**	**19.8**	**21.0**	**19.8**	**19.7**	**16.8%**	**5.7%**	**-5.4%**	**-0.5%**
EU27	15.2	17.1	17.5	16.2	16.2	12.5%	2.4%	-7.3%	-0.3%
EU15	12.2	13.8	14.1	12.8	12.8	12.9%	2.1%	-9.4%	-0.2%
Germany	5.2	5.9	6.1	5.6	5.7	13.4%	4.1%	-8.1%	1.2%
Spain	2.2	2.4	2.4	2.0	2.2	10.0%	-0.6%	-16.6%	9.3%
France	2.0	2.2	2.2	2.0	1.7	8.9%	0.6%	-12.3%	-11.6%
Great Britain	1.1	1.4	1.5	1.6	1.6	27.8%	5.1%	7.7%	1.3%
Rest of Europe	1.8	2.7	3.4	3.6	3.5	54.5%	26.2%	4.6%	-1.3%
AMERICA	**12.6**	**16.4**	**17.8**	**20.1**	**21.1**	**30.3%**	**8.7%**	**12.9%**	**5.2%**
USA	5.7	7.8	8.7	10.3	11.0	35.4%	11.6%	19.3%	6.9%
ASIA & OCEANIA	**31.8**	**40.9**	**40.6**	**43.7**	**45.8**	**28.9%**	**-0.9%**	**7.8%**	**4.6%**
China	13.8	18.3	18.4	19.3	22.1	32.4%	0.8%	4.6%	14.8%
Japan	7.9	9.6	8.4	9.9	9.6	21.4%	-12.8%	18.4%	-3.1%
AFRICA	**0.4**	**0.5**	**0.6**	**0.6**	**0.6**	**23.7%**	**8.9%**	**5.3%**	**8.5%**
TOTAL	**61.7**	**77.6**	**79.9**	**84.2**	**87.2**	**25.8%**	**2.9%**	**5.4%**	**3.6%**

Source: OICA – Organisation Internationale des Constructeurs d'Automobiles

In 2013, for the first time the global sales of passenger cars was over 80 million and reached a record of 82.8 millions, 85% growth was generated by the growth in China. Compared to 2012, the growth was by 4.2% in 2013. For 2014, the analysts predict further sales growth to 85 million passenger cars, mainly due to Chinese and American market, as in previous years.

A decade ago, the European market was larger than the Chinese and American, but with 13 million sold passenger cars in 2013 it now fell far behind. The sales are decreasing for six years in a row. However, the estimate for this year is a 3% growth, partly due to an outdated vehicle fleet on the European highways and a gradual improvement of some larger European markets. Despite this, the factories have a pessimistic outlook, expecting the wars with prices to continue and that revenues will mainly be due to sales on markets outside EU, to China an USA.

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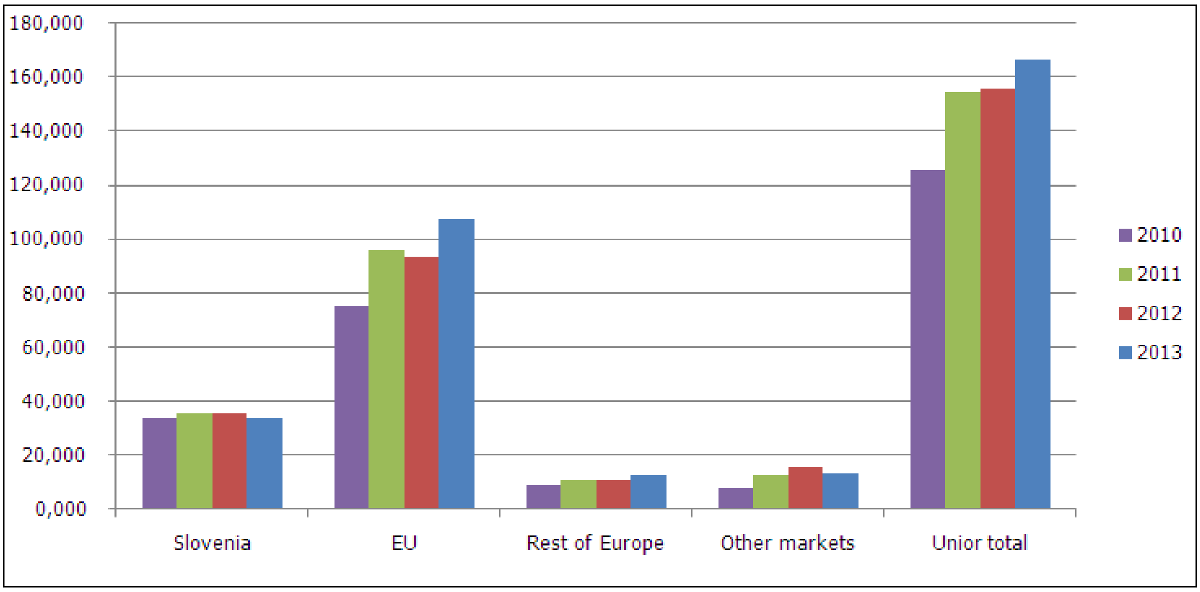
10.2 Sales

Unior's sales revenues in 2013 came in at EUR 166.5 million and increased by 6.8% within a period of one year and also representing a record sales in the history of the Company. The relatively stable market of the global automotive industry contributed the most to this result, as this industry is the biggest buyer of the Forged Parts and Special Machines Programmes.

Non-European markets account for 15% of our revenues. We recorded a decrease in sales on these markets last year, namely 3%. Within the structure of sales, EU markets account for 84.6% and remain the most important for us. We recorded a decrease of sales in Slovenia in these markets, namely 5.5% in Slovenia, mostly due to the decrease of sales in the Tourism Programme, whereas in the markets of the rest of Europe we noted a 14.3% increase in sales.

Sales revenues by market

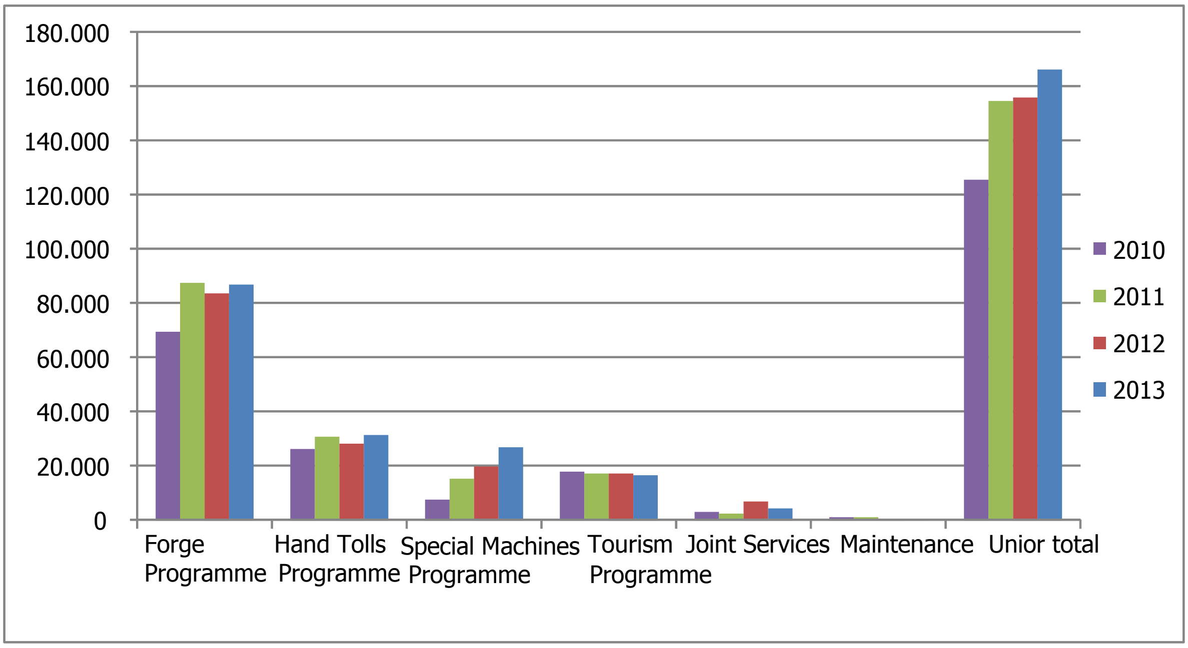
(in thousands of EUR)	2013	2012	2011	2010
Slovenia	33,757	35,710	35,292	33,783
EU	107,087	93,726	95,806	75,125
Rest of Europe	12,458	10,768	10,938	9,107
Other markets	13,230	15,670	12,581	7,517
Unior total	**166,532**	**155,874**	**154,617**	**125,532**



Sales revenues generated by the Special Machines Programme rose by 38%, the Forged Parts Programme rose by 4%, the Hand Tools Programme by 10%, while the Tourism Programme dropped by 3% compared to previous year, but relating to the drop of the purchasing capacity among population it is our estimate that the situation is not to critical.

Sales revenues by programme

(in thousands of EUR)	2013	2012	2011	2010
Forge Programme	86,929	83,757	87,489	69,358
Hand Tools Programme	31,146	28,242	30,683	26,479
Special Machines Programme	27,127	19,668	15,519	7,686
Tourism Programme	16,815	17,331	17,359	18,165
Joint Services	4,394	6,737	2,414	2,873
Maintenance	122	138	1,154	970
Unior total	**166,532**	**155,874**	**154,617**	**125,532**



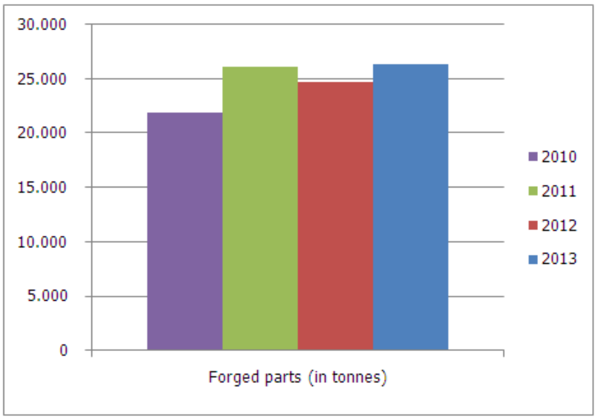
10.3 Production and Services

The production of all programmes increased compared to the previous year, a decrease was recorded only with overnight stays in the Tourism Programme. With it the production followed an increased market demand, reflecting also in a higher sales than in previous year. Production is not measured for the Special Machines Programme because there is no suitable way of measuring it because of the nature of the Programme (project work, production of unique one-off pieces).

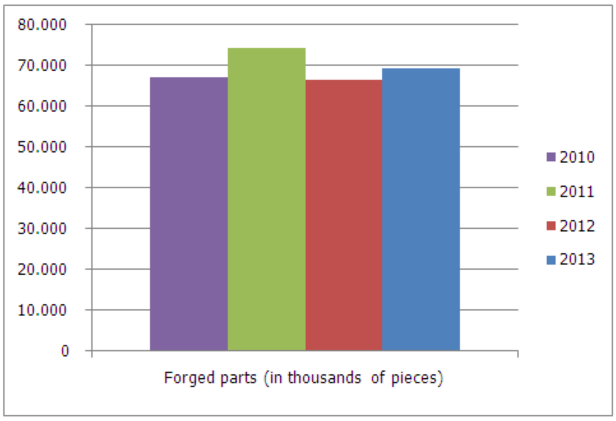
Production and services by programme

	2013	2012	2011	2010
Forged parts (in tonnes)	26,369	24,681	26,063	21,884
Forged parts (in thousands of pieces)	69,381	66,471	74,186	67,176
Hand tools (in tonnes)	2,382	2,196	2,464	2,177
Hand tools (in thousands of pieces)	4,366	4,316	5,147	4,812
Number of overnight stays within the Tourism Programme	186,440	187,224	181,598	200,107

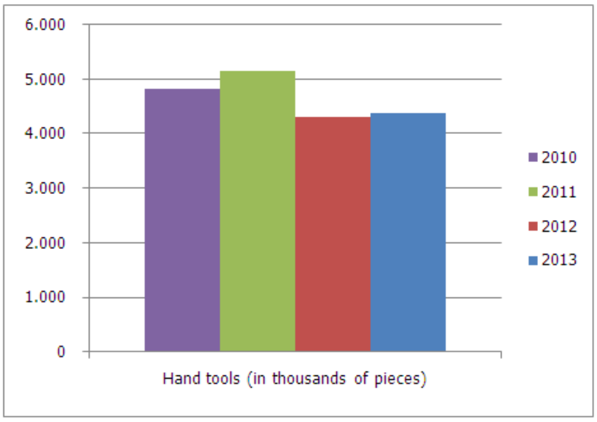
Production of forged parts (in tonnes)



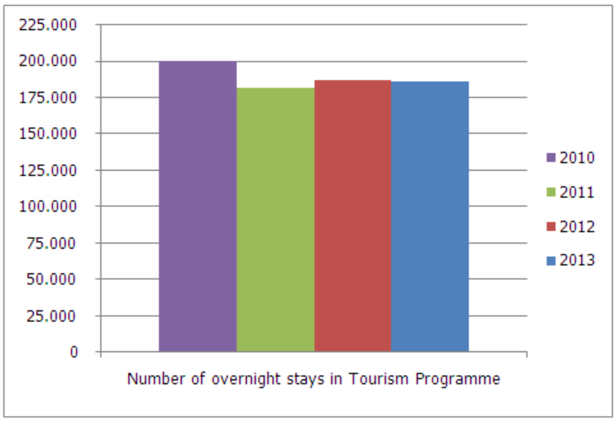
Production in forged parts (in thousands of pieces)



Production of hand tools (v tonah)



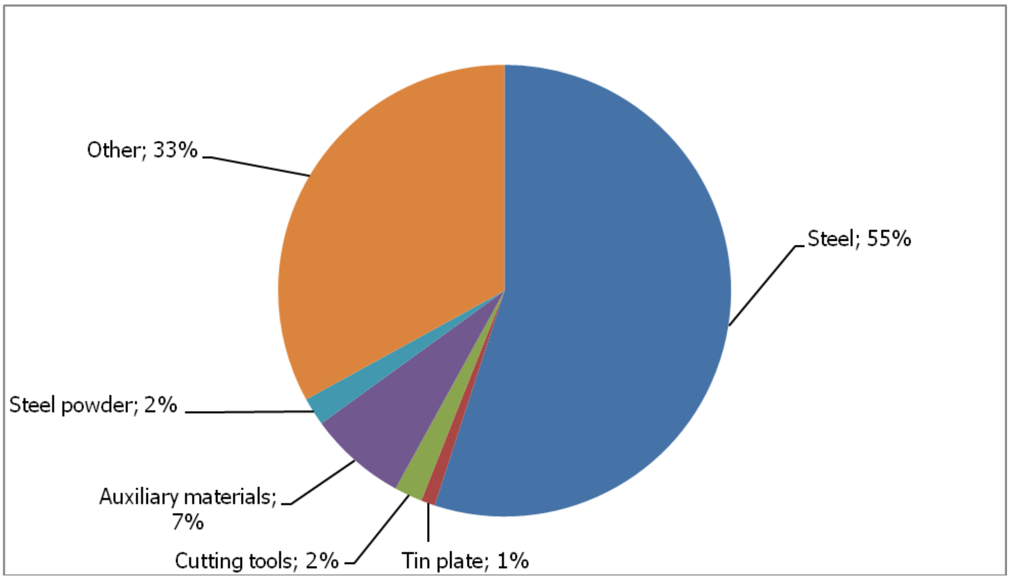
Number of overnight stays in Tourism Programme



10.4 Purchasing

The pressures on purchase prices that existed in 2012 persisted in 2013, primarily due to poor payment discipline on the Slovenian market. Despite pressure, the costs of material decreased by 0.6% in 2013.

The share of raw materials in the Company's cost of materials



Steel

The supply of ferrous metallurgy producers was good in 2013, so the users felt no major deviations from delivery terms. As a result, we successfully mitigated the suppliers' pressure to raise the prices and even achieved a reduction in the average purchase price of steel, i.e. by 4.3%. Due to lower supplements (DL and DJO) is the average purchase price of steel lower for additional 2.3%.

The purchase price of steel is set as the basic price increased by two items: the steel scrap supplement (DL) and the alloying supplement (DJO). The supplements strongly influence the determination of the final price of steel. The value of the steel scrap supplement in 2013 ranged between around 241 EUR/t and was in average lower for 28 EUR/t compared to 2012.

In 2013, Unior purchased 43,048 tonnes of steel at an average (weighted) price of 795 EUR/t. A year earlier, we purchased 39,035 tons, at the average price of 852 EUR/t. This represents a 10% increase in the quantity of steel purchased in 2013. By steel inventory optimisation measures, we succeeded in decreasing the quantity in stock and at the 2013 year-end had only 4,708 tonnes of steel in stock, which was 278 less than a year ago.

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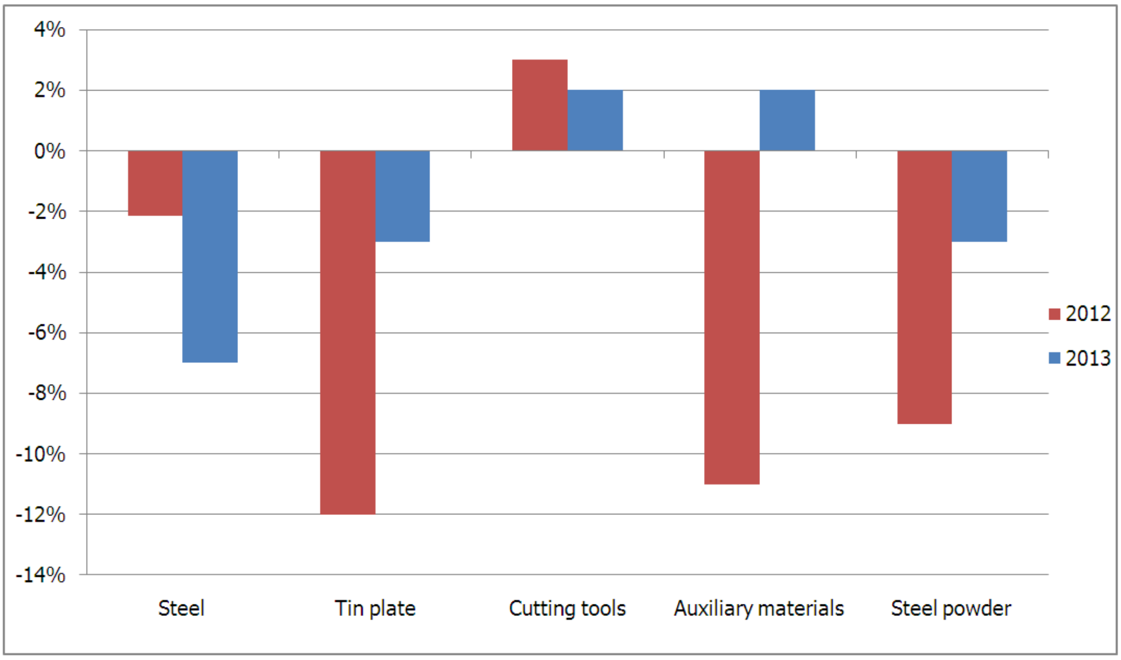
Tin Plate

The consumption of tin plate increased by 52,7% in 2013, especially in the second quarter. The price of tin plate decreased by 2.5% compared to the previous year as the conditions on the tin plate market were similar to those of the other ferrous metallurgy markets (the figure includes all tin plate – alloy and structural, but without the Special Machines Programme where we order tin plate together with the cutting service).

Changes in the prices of Unior's most important raw materials



Cutting Tools

Compared to 2012 the quantity of used cutting tools increased by 3.3% in the Forged parts Programme, but decreased in other programmes. The pressure from the suppliers to raise the prices of cutting tools was strong, which we managed to mitigate however and agree with the suppliers on a lower increase in the prices (by approximately 2%). The cost of the use of the cutting tool increased since more various assortment of cutting tool was used compared to previous year.

Steel Powder

The average price of steel powder decreased by 2.7% in 2013 compared to the average price in 2012. Alloying elements and old steel prices had the biggest impact on the change in the prices. The total quantity of powder purchased in 2013 was 630 tonnes, which represents a 48% increase compared to 2012. Despite increased production, the stock remained at 80 tons.

Auxiliary Material and Protective Equipment

The value of auxiliary material per employee as well as the total value has been decreasing, which is mainly due to the transfer of cleaning services to an external cleaning service. The use per employee has been falling for the third consecutive year, also at the expenses of extending the period of replacing the personal protective equipment.

10.5 Operating Performance

In 2013, Unior generated a net operating loss of EUR 3.5 million, compared to 2012 with a generated net operating loss of EUR 15.1 million, this represents an increase of EUR 11.6 million. The incurred loss is mainly related to asset impairments. The negative operating result totalled EUR 5.1 million, 4 million of the sum representing the investments impairments into shares of Banka Celje d.d.. If extraordinary impacts on the operating result were not considered, Unior d.d. would have generated EUR 1.6 million of operating income. Compared to profit and loss without extraordinary impacts generated in the previous year, it represents an improvement of EUR 5.4 millions (loss in the financial year 2012 without extraordinary impacts was EUR 3.8 million).
Operating result increased by EUR 8.2 million – operating profit for 2013 is EUR 4.8 million, while in 2012 the loss generated was EUR 3.4 million. Unior generated EUR 166.5 million proceeds from the sales in 2013, which is an increase of 6.8% compared to 2012. The generated business costs were EUR 161.5 million and decreased by 3.9% compared to previous year.

Sales and the profitability of the company Unior

(in thousands of EUR)	2013	2012	2011	2010
Sales revenues	166,532	155,874	154,617	125,532
Operating cost	161,483	168,042	161,821	133,987
EBIT	4,823	(3,370)	5,032	1,683
EBITDA	14,365	9,229	15,039	11,585
Net profit or loss	(3,543)	(15,082)	1,310	(2,780)

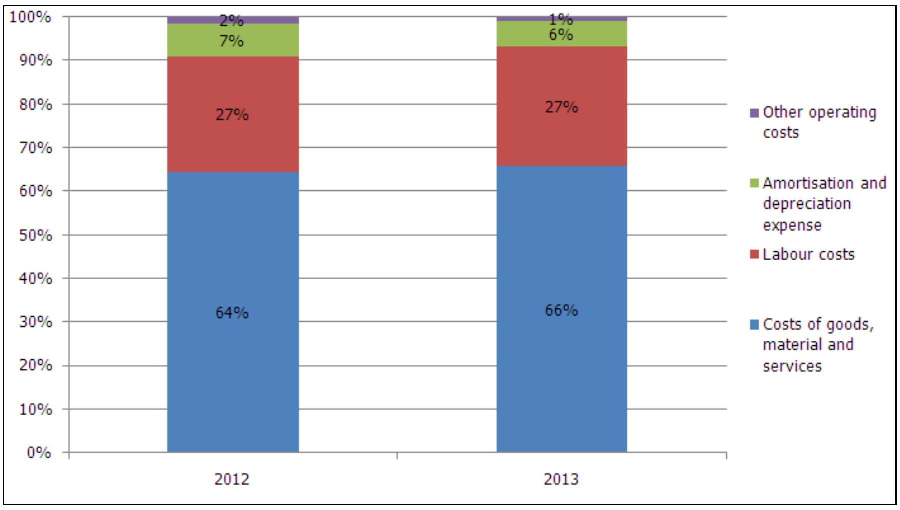
The challenges that the crisis has presented us with have thoroughly changed our fundamental objectives. In 2013, the most important objectives were protecting the cash flow and ensuring the continuous solvency of the Company with an emphasis on the regular settlement of liabilities to employees, business partners and the banks- the liquidity was improve, the delays of payments to suppliers were significantly reduced. In July, the financial restructuring was successfully closed, when an agreement with 12 banks and the General Contract for Financial Restructuring was signed. Thus enabling Unior a stable cash flow, conditions to reach the set objectives and a long-term business stability. In 2013, the Company had a moratorium on payments of principals. By 2019, the Company Unior will reduce its debt to EUR 70.9 million, with regular amortisation to banks in the amount of EUR 30.4 millions, to the SID Bank d.d. in the amount of UER 12.1 million and irregular payments in the amount of EUR 28.7 million from selling the unnecessary assets. In accordance with the Contract, the business banks and SID Bank will ensure guarantee potential for the Special Machine Programme for the production needs. Given the demanding market situation, the Company introduced a series of rapid measures, thus saving EUR 7.5 million which also reflects in a better operating result. In 2013, the Company reached all key performance indicators set by the General Contract. You can read a detailed explanation of the events on our key markets and the changes in sales revenues in the chapters of this Annual Report entitled Sales and The Most Important Markets and Buyers.

The Structure of Operating Expenses

Operating expenses decreased by 3.9% last year. The structure of expenses by type changed very little compared to the previous year – due to good stock management the cost of goods, material and services slightly decreased.

The structure of operating expenses

(in thousands of EUR)	2013	2012
Costs of goods, material and services	106,373	108,296
Labour costs	43,879	44,549
Amortisation and depreciation expense	9,542	12,599
Other operating costs	1,689	2,552
Total operating expenses	**161,483**	**168,042**



The cost of goods, materials and services decreased by 1.8%, due to planned stock management and the cost of material decreased on average by 0.6%. The cost of energy decreased by 4.5% The labour costs were lower by 1.6%.

The favourable trends in operating revenues and expenses were also reflected in the operating result (EBIT), which went from the loss in the amount of EUR 3.4 million in 2012 to generating EUR 3.4 million operating profits in 2013.

The net finance expense in 2013 came in at EUR 9.8 million, with amortisation and depreciation contributing EUR 5.1 million to loss. Interests expenditures from financial liabilities were EUR 5.9 million and were lower by 11.2% compared to previous year, due to lower referential EURIBOR rates.

Productivity

(in EUR)	2013	2012	2011	2010
Gross profit per employee	82,208	79,475	79,530	65,955
Gross value added per employee	28,791	25,977	28,311	25,768

The Company measures the productivity using the gross profit per employee indicator, which increased compared to 2011 by 3.4%, reaching a record value in the history of the Company. The second indicator, namely the gross value added per employee, increased by 10.8% and thus also reaching a record value.

10.6 Performance Indicators

	Unior d.d.		Unior Group	
	2013	2012	2013	2012
Equity financing rate *(equity/liabilities)*	0.352	0.350	0.384	0.383
Long-term financing rate *((equity + long-term debt + long-term provisions) / liabilities)*	0.811	0.580	0.791	0.599
Operating fixed assets rate *(fixed assets according at carrying amount/assets)*	0.502	0.494	0.544	0.538
Long-term assets rate *((fixed assets at carrying amount/long-term financial assets + long-term operating receivables)/assets)□*	0.636	0.640	0.626	0.628
Equity to operating fixed assets *(equity/fixed assets at carrying amount)*	0.700	0.703	0.707	0.711
Immediate solvency ratio (acid test ratio) *(liquid assets / short-term liabilities)*	0.032	0.005	0.079	0.020
Quick ratio *((liquid assets / short-term liabilities)/ □ short-term liabilities)*	0.786	0.317	0.756	0.359
Current ratio *(short-term assets/short-term liabilities)□*	1.978	0.872	1.838	0.940
Operating efficiency ratio *(operating revenues/operating expenses)□*	1.030	0.980	1.033	1.006
Net return on equity ratio (ROE) *(net profit for the financial year/average equity excluding net profit or loss for the reporting year)*	(0.033)	(0.124)	(0.024)	(0.061)
Dividend to share capital ratio *(total dividends paid out in the financial year/average share capital)*	0.000	0.000	0	0

10.7 KPI – Key Performance Indicators

On 22 July 2013, UNIOR d.d. successfully closed negotiations with 12 banks regarding financial restructuring and signed the General Contact for Financial restructuring.

The signed contract enables the Company a stable cash flow until 2019, conditions for achieving set goals and a long-term financial stability.

According to article 2.1.4 in 10.2 of the General contract, the Company has to report to the banks regarding financial commitments, also involving the fulfilment of KPI.

The fulfilled KPI in 2013 are:

KPI - Key Performance Indicators

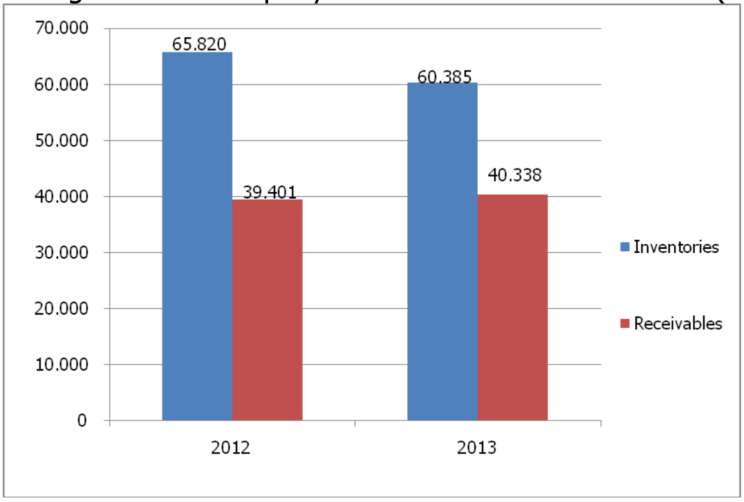
KPI	The cause of monitoring	Comment	Limit value 2013	Tolerance	Achieved I-XII 2013	Derogation from limit value
Contribution margin	Development inputs and selling prices	Minimum level of contribution margin	40%	without a derogation	44.9%	12%
EBITDA	Sales volume, the overall performance, number of employees and other expenses	The highest level of negative derogation EBITDA from baseline scenario	EUR 14.313 mio	-30%	EUR 14.365 mio	0%
Cash balance	Availability of funds	Minimum level of fast (cash) indicator, calculated as the value of funds, deposits and unused credit lines based on short-term operating liabilities	1%	- 0.5 percentage point	8%	7 from point
Overdue receivables	Optimization of overdue receivables	The share of overdue receivables of total receivables is lower than the maximum level	35%	5 precentage points	36.1%	1.1 from point
Investments (CAPEX)	Monitoring of the agreed expenditure for investments	Annual CAPEX in accordance with baseline scenario, cumulative monitoring	EUR 5.515 mio	without a derogation	EUR 5.041 mio	-9%
Overdue obligations (maturity over 60 days)	Potential risk of insolvency, ability to cover payables	The share of overdue payables (over 60 days) in total liabilities is lower than the maximum level	15%	3 precentage points	7.4%	-7.6 from point

In 2013, the Company fulfilled all KPI set in the General Contract. The limit value was exceeded only with shares of maturity of claims in total claims of the Company, but the deviation is within allowed and agreed limits.

10.8 Financial Position

In 2013, total assests decreased by 4% or by 12.2 Million EURO. Long-term assets decreased by 8.6 Million EURO, mainly due to the write-off of the bank's Bank of Celje d.d. shares among long-term financial investments and higher amortization of tangible and intangible assets compared to new investments. Short-term assets were 3.6 Million EURO, mainly due to lower stock value on 31.12.2013.

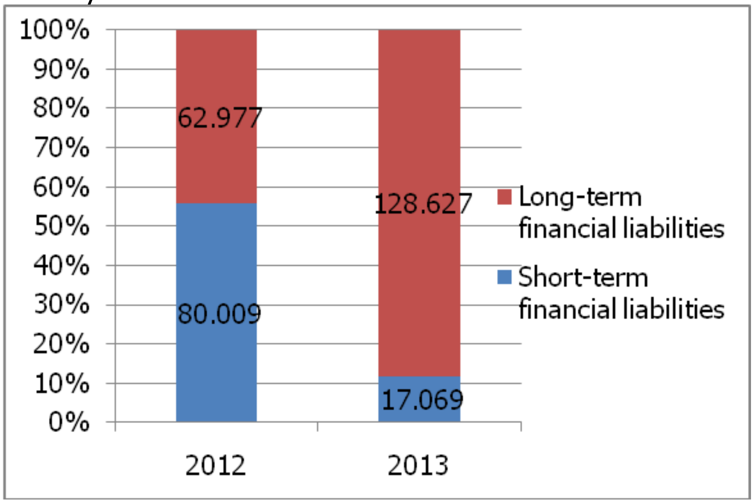
Changes in the Company's inventories and receivables (in thousands of EUR)



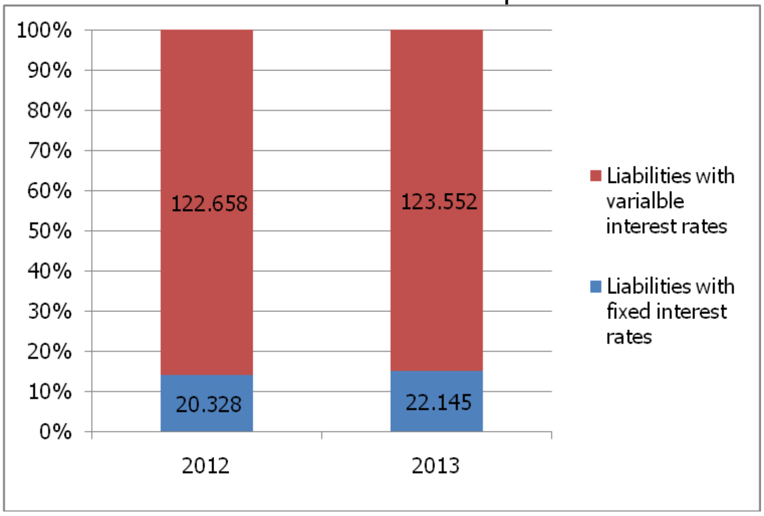
In 2013, the Company's stock decreased by 3.8 Million EURO due to the loss of the current year for 3.5 Million EUR. The capital share remained at the same level, at 35.2%.

In a year, financial liabilities increased for 2.7 Million EURO. The increase is due to approved development credit from SID Bank d.d. in the amount of 7 Million EURO, in 2012 paid of project loan from NKBM d.d. in the amount of 1 Million EURO and financial leasing of the equipment in the amount of 0.3 Million EURO. Decreases represent the repayment of the loan to SID Bank d.d. in the amount of 1.8 Million EURO, in the amount of 3.3 Million EURO of the unused approved limit from factoring and repayment of the facilities to Probanka d.d. in the amount of 0.5 Million EURO. In 2013, all short-term loans, except factoring, became long-term loans due to reprogramming and represent 88.3% of all raised loans. With respect to interest rates, the raised loans with fixed interest loans represent 15.2% of all raised loans.

Maturity structure of financial liabilities



Structure of financial liabilities with respect to interest rate variability



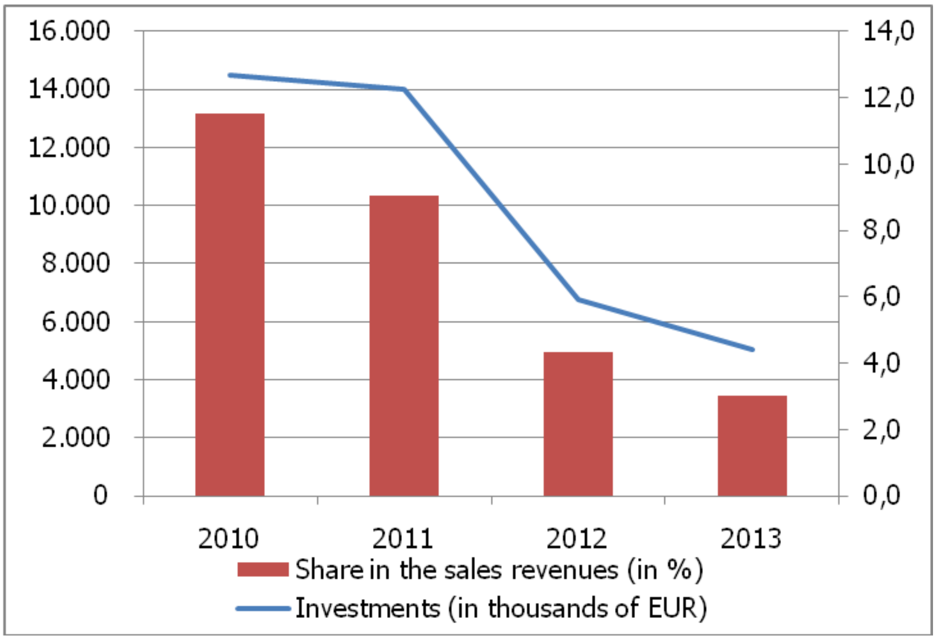
Due to a slightly improved liquidity, the liabilities decreased for 10.4 Million EURO or 22.1%. Decreasing of the liabilities towards suppliers due to increased payments were 4.8 Million EURO, due to shipment and closing of the projects in the Program Special Machines, the liabilities for the received advances decreased for 4.5 Million EURO.

10.9 Investments

In 2013, we invested EUR 5 million in new fixed assets, EUR 1.1 million of which went for our own products. The total value of investments compared to 2012 decreased by EUR 1.7 million or 25.3%. In 2013, the investments were already set by the General contact of financial restructuring, the largest investments represent finishing of the running course on Rogla, which was co-financed by EU in a form of a grant, acquisition of a vertical milling machine in the program Special Machines, snow groomer on Rogla and modernisation of other production equipment.

Investments into fixed assets and their share in the Company's sales revenues

	2013	2012	2011	2010
Investments (in thousands of EUR)	5,041	6,753	13,988	14,471
Share in the sales revenues (in %)	3.03%	4.33%	9.05%	11.53%



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Investments into fixed assets broken down by Unior's programme

(in thousands of EUR)	2013	2012
Forged Parts Programme	2,369	1,974
Hand Tools Programme	165	2,180
Special Machines Programme	639	770
Tourism Programme	1,427	1,402
Joint Services	419	391
Maintenance	22	36
TOTAL	**5,041**	**6,753**

In 2013, we allocated EUR 4.7 million to the payment of investments, which is EUR 1.9 million less than in the previous year. The payments were nearly equal to the value of the investments because the payment deadlines for investments initiated at the end of 2011 were rescheduled to 2012 by agreement. Payments for investments completed in 2013 of a similar amount were moved to 2014.

In 2014, the allowed investment activities are 6.2 million EURO, of which 1.1 million EURO are into our own products. The largest among them will be:

- New hammer, automation and modernisation in warm forging;
- Equipment for processing forged parts;
- Completion of the running course on Mount Rogla within the scope of the Tourism Programme.

Investments in Associated Companies

In 2013, we allocated EUR 100 thousand to the increase in capital and the acquisition of ownership stakes in associated companies, Unior France S.A.S., UNIOR Coframa sp. z.o.o. and UNIOR Tehna d.o.o.

We also continued with the strategy of selling off investments in the companies whose activities are not directly tied to the activity of Unior. We thus sold a 24.97% stake in Roboteh d.o.o., 20% stake in Solion Ltd in Russia and 91.592% stake in UNIOR Bionic d.o.o.

In 2013 we are planning no new investments in associated companies (except purchasing the company SPITT d.o.o.). It is estimated that 300 thousand EURO will have to be allocated to ensure compulsory positive capital in some companies.

10.10 Events after the Balance Sheet Date

New mandate of the Chairman of the Board

On 31 January 2014, the Supervisory Board appointed new five-year term to Mr. Darko Hrastnik, from 1 June 2014 to 31 May 2019.

Purchasing of the company SPITT d.o.o

On 7 March 2014, the company acquired 100% stake of the company SPITT d.o.o. in Zreče, thus ensuring an uninterrupted supply of thermal energy in the area of the tourist complex Rogla.

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10.11 Goals for 2014

In 2014, we are planning to achieve 165.6 million EURO in net sales revenues, being one percent less than in 2013. The forecast for programs Forging parts, Hand tools, and Tourism is a growth in sales, while the program Special machines cannot repeat a highly successful business year 2013. After years of a decline in the field of manufacturing personal vehicles in Europe, the European automotive industry will stabilize, thus the program Forging parts plans a 5.4% growth in sales due to new projects, signed in the last two years. The program Hand tools plans a 3.3% growth in sales, with the emphases on the growth in sales of cold-welding. The program Tourism will intensify the off-season sales, thus planning a 2.3% growth in sales. The program Special machine will have 34.6% lower sales, for the majority of realization the contracts with buyers have already been signed. At the end of 2014, a profit of 3.9 million EURO is expected, without considering the negative or positive effects of divestments of assets.

Sales and the profitability of the company Unior

(in thousands of EUR)	2014 (plan)	2013 (realisation)
Sales revenues	165,624	166,532
EBIT	8,580	4,823
EBITDA	18,009	14,365
Net profit or loss	3,856	(3,543)

Forged Parts Programme

In the Forged Parts Programme and the Sinter Programme, we are planning sales of EUR 81.7 million, representing a growth in sales for 5.4% compared to 2013. In terms of value the sales plan is based on the current basic prices of steel and steel supplements (the average in 2013 was EUR 234/t). If significant decreases are recorded in the basic prices of steel and supplements in 2014, the sales value will decrease, but this will not influence the profitability due to a proportionate decrease in the costs of material. In the last two years the sales of cars in Europe declined, but compared to 2013, in the last two months a growth in sales were recorded, thus the conjuncture is normal again. Due to very favourable sales on markets of North America and China, the production of personal vehicles is booming in Europe. In 2014, the programme Forged Parts again plans a growth in production and volume of sales, mainly due to new projects, including some large series of positions in the field of machining. An almost 20% growth in forging of the connecting rods for VW and AUDI is also expected. In the area of hot forging a EUR 66.2 million worth of sales will be achieved, representing a growth of 4%. This growth is based on new projects with the buyers VW – Audi, TRW and Seac, while in the ZF Group, we project a growth of 3.4%. The sales to VW – Audi have been increasing, primarily owing to the assumed 100% share for connecting rod 14253, the growth in the projects of connecting rods EA 211, and the new connecting rod 14261 for VW Amarok, while the massive connecting rod 14223 anded this year. A growth in sales to the buyer TRW will result from the new projects of Volvo, Fiat, MQB and GM. Seac is projecting growth mainly because of the increase in hybrid models of Toyota. For the most part, we have been implementing the strategy of increasing sales to buyers who represent direct competition to ZF, and achieving growth in the connecting rod programmes sold to the new buyer BMW and with a share in Renault. In forged part processing, we plan to generate sales of EUR 10.4 Million or 13.1% more than the year before. A higher growth is also planned at Schaeffler Group, since the realisation was relatively low in 2013. We record stable turnover with the buyer VW in the "Rasthebel" project, supplying a 100% share, which will definitely lead to a higher turnover. With the buyer JTEKT we will take on a new project A9 and slowly closing the project T7. We are hoping for a similar turnover as in 2013, mainly due to the continuing growth of the project PBV2. In spite of the problems in the freight industry, we project growth in sales to the buyer ZF Lenksysteme Eger, which will arise from new projects (forks 522) and some minor projects. We will also start with a serial supply for the project DAF for ZF Simmern. In the Sinter plant, we expect to achieve sales of EUR 5.1 million or 8.2% more than the year before, ending a persisting negative trend that started at the end of 2011. In the next year, we project a growth mainly with Mahle and AUDI, contributing to the total minimal growth. The buyer ZF Lenksystem Bremen will remain stable due to the new project Mini UKL. The decline is expected with buyers Willi Elbe and BPW.

Hand Tools Programme

The plan for Hand Tools Programme is to generate 31.9 Million EURO, which is a 3.3% growth compared to last year. The planned realization in the sales of and tolls is EUR 29.5 Million and is 2.1% higher than in 2013. A higher growth in sales will mainly be due to cold forging, where the projects (Balind, MS Hydraulic) will be mastered, starting with the serial supply as soon as possible. The plan for realization in cold forging is 2 Million EURO and is 49.1% more than in a previous year. In industrial marketing and in the sale of merchandise, a decrease is expected due to a decline in offsetting operations and a reduced demand for industrial marketing products. There are strict conditions on the global market of professional hand tools regarding competition and the tendency of lowering the selling prices. The lower end selling prices are dictating the reorganization of selling channels, thus selling the products past established links. En effective distribution and regular contacts with end buyers are important grounds for success. The growth in sales will be recorded in markets with specialized tools, where new selling network was organized in the past. While the sales to existing buyers in EU on markets with ineffective selling channels will slightly drop. Priority markets are in EU, Russia, Southeast Europe and Slovenia. The market share in the Western Europe is being maintained and the sales are being stimulated by acquiring new distributors or by larger industrial end buyers. We are trying to maintain the level of sale in the countries of Southeast Europe, since the growth is prevented by high market share and fierce liquidity situation in individual states. In general, drop in sales is due lower public contracts. The biggest opportunities for expanding the sale are in Russia, where the sale is done directly to the bigger industrial complex in the oil industry, mines, railroads and power industry.

Special Machines Programme

The plan is to achieve annual sales of 17.6 million EURO, representing a 34.6% drop compared to previous year. The sales plan is based on obtained orders at the end of 2013 and predictions for obtaining new orders. Low level of obtained orders in the last half of 2013 contributed to lowering the planned sells projections. The business year 2014 started with 60% coverage of annual orders, which is significantly less than in 2013. More factors contributed to the state, such as poor operating results in 2012, placing us into the risk group of suppliers by their risk management, poor monitoring of banks with project financing and acquiring unacceptable bank guarantee due to low credit rating of Slovene banks and country. The temporary limited acquiring of orders for complex projects or projects with higher value must in short term be replaced by transition to products with lower complexity, partly resulting on lower coverage of capacity and operating result. Intensive preparations for new conditions on every business segments are underway. The employment will partly be lowered by not renewing contracts for fixed-term employment, guaranteeing normal lowering without severance payments. The market activities have been increased. The development department started developing new machine concepts, thus regaining the competitive advantages. The programme is undergoing an intense inner restructuring, ensuring better and timely implementation of contractual obligations. In particular we wish to encourage innovation, productivity and team work, while implementing new approaches towards solving complex tasks. In 2014, the key elements are new markets, new buyers and new products, where we are trying to replace the loss of those in the previous period. New concepts, enabling a higher flexibility, shorter delivery dates and complete service have to be offered to the market. The sales activities are intensive on the markets of Asia and USA. All this requires heavy investments and adjustments; the assembly department faces the most challenging obstacles, such as different time zones and language barriers.

Tourism Programme

The plan is to achieve annual sales of 19.4 Million EURO, representing a growth of 2.3% compared to previous year. Due to recession in Slovenia and lower outerpension consumption of Slovene guests, the plan for 2014 is a moderate optimistic growth of income. For Terme Zreče the plan is a 2.7% growth of sale, reaching 10.8 Million EURO. Planned activities, in addition to the already existing ones, are aimed in marketing our products to individual guests, as groups, looking for well-being, health and relaxation. Due to natural resources and Rogla the marketing activities also include active vacation and top sport. The Hotel Atrij is mainly lucrative for preparations of top Slovene and foreign sport teams. For Rogla the plan is to achieve sales of 8.2 Million EURO, representing a 2.7% growth. Assuming the occupancy will come close to a 100% in the winter season, the additional activities are aimed towards increasing the occupancy mainly in spring, autumn and summer (individual guests). With that target group the weather plays an important group. With the range of health service, Terma Zreče is ranking among top Slovene health resorts for rehabilitation. Since the income of health department is gradually decreasing, due to ZZZS lowering the prices, despite higher or same number of referrals, the additional activities are aimed towards marketing the self-paid health services, mainly for foreign markets. Due to decreased number of Slovene guests, we are aiming towards close foreign markets (Austria, Germany, former Yugoslavia, Italy and Hungary). With online marketing, we are increasing the share of overnight stays of individual guest thus gaining new individual guests and groups. With activities, we plan to attract more guests form Russian Federation and BeNeLux. In both centers, since in 2013 over 100 top athlete teams had their preparation here, we are also increasing the marketing of top sport in 2014. Thus also gaining an increase of stays from the Arabic countries, one of the target markets for increased marketing and promotion of our top health service. With other facilities, we expect a lower realization, since the income of the magnetic resonance (from September 2014), pub Špajza and ponds Stranice in the total amount of 240 thousand EURO was excluded from the plan of sales. In marketing, we plan a 10% increase compared to 2013.

FINANCIAL REPORT

EUROPEAN MANUFACTURER SINCE 1919

11 Financial Statements

11.1 Balance Sheet as at 31 December 2013

(in EUR) Item	Note	As at 31 Dec. 2013	As at 31 Dec. 2012
ASSETS		**293,927,262**	**306,104,735**
A. NON-CURRENT ASSETS		**188,035,736**	**195,978,069**
I. Intangible assets and long-term deferred costs and accrued revenues	**17.3.2**	**4,860,735**	**5,579,767**
1. Long-term property rights		55,571	202,508
2. Goodwill		403,940	403,940
4. Long-term deferred development costs		3,767,893	4,748,822
5. Other long-term deferred costs and accrued revenues		633,331	224,497
II. Property, plant and equipment	**17.3.3**	**142,774,460**	**145,582,570**
1. Land and buildings		93,555,771	95,724,706
a) Land		33,083,325	32,979,784
b) Buildings		60,472,446	62,744,922
2. Production plant and machinery		42,850,073	45,960,410
3. Other plant and equipment, small tools and other tangible fixed assets		158,398	21,764
4. Property, plant and equipment being acquired		6,210,218	3,875,690
a) Property, plant and equipment under construction and in production		6,210,218	3,875,690
III. Investment property	**17.3.4**	**15,377,259**	**15,547,259**
IV. Long-term financial assets	**17.3.5**	**20,777,047**	**24,747,236**
1. Long-term financial assets, excluding loans		15,443,230	20,239,926
a) Shares and stakes in Group companies		11,875,014	12,369,362
b) Shares and stakes in associated companies		3,406,039	3,704,035
c) Other shares and stakes		162,177	4,166,529
2. Long-term loans		5,333,817	4,507,310
a) Long-term loans to Group companies		4,660,101	3,715,733
b) Long-term loans to others		673,716	791,577
V. Long-term operating receivables	**17.3.8**	**3,246,400**	**4,351,517**
1. Long–term operating receivables due from Group companies		2,926,297	3,912,434
2. Long-term trade receivables		123,782	95,734
2. Long-term operating receivables due from others		196,321	343,349
VI. Deferred tax assets	**17.3.15**	**999,835**	**169,720**
B. CURRENT ASSETS		**105,891,526**	**110,126,666**
I. Assets (disposal groups) held for sale	**17.3.6**	**0**	**0**
II. Inventories	**17.3.7**	**60,384,540**	**65,819,539**
1. Material		18,456,523	20,382,852
2. Work-in-progress		24,620,210	27,319,730
3. Products		14,132,081	15,299,741
4. Merchandise		3,175,726	2,817,216
III. Short-term financial assets	**17.3.9**	**3,458,949**	**4,320,914**
1. Short-term financial assets, excluding loans		0	0
a) Shares and stakes in Group companies		0	0
b) Other shares and stakes		0	0
c) Other short-term financial investments		0	0
2. Short-term loans		3,458,949	4,320,914
a) Short-term loans to Group companies		324,598	1,001,646
b) Other short-term loans		3,134,351	3,319,268
c) Short-term unpaid called-up capital		0	0
IV. Short-term operating receivables	**17.3.7**	**40,337,939**	**39,400,883**
1. Short-term operating receivables due from the Group companies		8,588,979	7,121,346
2. Short-term trade receivables		28,716,663	29,804,754
3. Short-term operating receivables due from others		3,032,297	2,474,783
V. Cash and cash equivalents	**17.3.10**	**1,710,098**	**585,330**

(in EUR) Item		Note	31 Dec. 2013	31 Dec. 2012
	EQUITY AND LIABILITIES		**293,927,262**	**306,104,735**
A.	**CAPITAL**	**12.3.9**	**103,353,018**	**107,136,622**
I.	**Called-up capital**		**23,688,983**	**23,688,983**
1.	Share capital		23688983	23688983
2.	Uncalled capital (deduction item)		0	0
II.	**Capital reserves**		**41,686,964**	**41,686,964**
III.	**Revenue reserves**		**38,559,536**	**38,559,536**
1.	Legal reserves		1,951,606	1,951,606
2.	Reserves for treasury shares and own stakes		100,190	100,190
3.	Treasury shares and own stakes (deduction item)		0	0
4.	Statutory reserves		0	0
5.	Other revenue reserves		36,507,740	36,507,740
IV.	**Revaluation surplus**		**24,854,463**	**25,095,253**
V.	**Net profit brought forward**		**0**	
VI.	**Net loss brought forward**		**21,894,114**	**6,812,304**
VII.	**Net profit for the financial year**		**0**	**0**
VIII	**Net loss for the financial year**		**3,542,814**	**15,081,810**
B.	**PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**12.3.10**	**6,222,256**	**6,713,214**
1.	Provisions for pensions and similar liabilities		2,775,495	3,024,673
2.	Other provisions		3,446,761	3,688,541
3.	Long-term accrued costs and deferred revenues		0	0
C.	**LONG-TERM LIABILITIES**		**128,892,625**	**63,828,486**
I.	**Long-term financial liabilities**	**12.3.11**	**128,627,437**	**62,997,106**
1.	Long-term financial liabilities to Group companies		0	0
2.	Long-term financial liabilities to banks		128,241,722	62,527,106
3.	Long-term financial liabilities arising from bonds		0	0
4.	Other long-term financial liabilities		385,715	450,000
II.	**Long-term operating liabilities**	**12.3.12**	**265,188**	**851,380**
1.	Long-term operating liabilities to Group companies		0	0
2.	Long-term trade payables		0	0
3.	Long-term bills payable		0	510,028
4.	Long-term operating liabilities from advances		0	0
5.	Other long-term operating liabilities		265,188	341,352
III.	**Deferred tax liabilities**	**12.3.13**	**0**	**0**
D.	**SHORT-TERM LIABILITIES**		**53,530,183**	**126,302,108**
I.	**Liabilities included in disposal groups**		**0**	**0**
II.	**Short-term financial liabilities**	**12.3.14**	**17,068,870**	**80,009,160**
1.	Short-term financial liabilities to Group companies		0	0
2.	Short-term financial liabilities to banks		7,870,119	78,019,549
3.	Short-term financial liabilities arising from bonds		0	0
4.	Other short-term financial liabilities		9,198,751	1,989,611
III.	**Short-term operating liabilities**	**12.3.15**	**36,461,313**	**46,292,948**
1.	Short-term operating liabilities to Group companies		880,777	1,497,251
2.	Short-term trade payables		28,250,400	32,389,008
3.	Short-term bills payable		510,028	510,028
4.	Short-term operating liabilities from advances		2,787,455	7,365,347
5.	Other short-term operating liabilities		4,032,653	4,531,314
E.	**SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**12.3.16**	**1,929,180**	**2,124,305**

Notes on the financial statements form an integral part of the financial statements.

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11.2 Income Statement for the Period from 1 January 2013 to 31 December 2013

(in EUR)				
	Item	Note	2013	2012
A.	**Net sales revenues**	**12.4.1**	**166,532,202**	**155,873,612**
1.	Net revenues from sales on the domestic market		33,757,268	35,710,486
	a) Net revenues from the sale of products and services		*25,665,175*	*27,402,175*
	b) Net revenues from the sale of goods and materials		*8,092,093*	*8,308,311*
2.	Net revenues from sales on foreign market		132,774,934	120,163,126
	a) Net revenues from the sale of products and services		*120,219,531*	*107,986,421*
	b) Net revenues from the sale of goods and materials		*12,555,403*	*12,176,705*
B.	**Changes in the value of inventories of products and work-in-progress**		**(3,861,770)**	**3,407,215**
C.	**Capitalised own products and services**	**12.4.2**	**1,666,572**	**2,170,337**
D.	**Other operating revenues**	**12.4.3**	**1,968,881**	**3,220,838**
I.	**GROSS OPERATING PROFIT**		**166,305,885**	**164,672,002**
E.	**Costs of goods, material and services**	**12.4.4**	**106,373,004**	**108,296,441**
1.	Cost of goods and materials sold		12,874,214	13,633,987
2.	Cost of materials used		72,204,218	73,894,202
	a) Costs of material		*55,767,666*	*56,575,355*
	b) Costs of energy		*9,398,999*	*9,937,248*
	c) Other costs of material		*7,037,553*	*7,381,599*
3.	Cost of services		21,294,572	20,768,252
	a) Transport services		*4,254,290*	*4,084,979*
	b) Costs of maintenance		*717,312*	*882,760*
	c) Rent		*258,133*	*267,821*
	d) Other costs of services		*16,064,837*	*15,532,692*
F.	**Labour costs**	**12.4.4**	**43,879,460**	**44,594,080**
1.	Costs of wages and salaries		33,051,798	33,381,111
2.	Costs of pension insurance		517,901	490,021
3.	Costs of other social insurance		5,654,987	5,580,540
4.	Other labour costs		4,654,774	5,142,408
G.	**Amortisation and depreciation expense**	**12.4.4**	**9,541,546**	**12,598,871**
1.	Amortisation/depreciation		9,153,698	9,442,970
2.	Operating expenses from revaluation of intangible fixed assets and property, plant and equipment		13,060	23,070
3.	Operating expenses from revaluation of current assets		374,788	3,132,831
H.	**Other operating expenses**	**12.4.4**	**1,688,916**	**2,552,185**
1.	Provisions		328,630	15,036
2.	Other costs		1,360,286	2,537,149
II.	**OPERATING PROFIT OR LOSS**		**4,822,959**	**(3,369,575)**
I.	**Finance income**	**12.4.5**	**1,613,536**	**1,171,612**
1.	Finance income from participating interests		959,021	441,547
	a) Finance income from participating interest in Group companies		*642,577*	*205,464*
	b) Finance income from participating interest in associated companies		*312,744*	*228,203*
	c) Finance income from participating interest in other companies		*3,700*	*7,880*
	d) Finance income from other investments		*0*	*0*
2.	Finance income from loans granted		523,011	361,162
	a) Finance income from loans to Group companies		*347,609*	*238,366*
	b) Finance income from loans to others		*175,402*	*122,796*
3.	Finance income from operating receivables		131,504	368,903
	a) Finance income from operating receivables due from Group companies		*7,463*	*97,340*
	b) Finance income from operating receivables due from others		*124,041*	*271,563*
J.	**Finance expenses**	**12.4.5**	**11,416,167**	**12,912,857**
1.	Finance expenses from impairments and write-offs of financial assets		*5,074,398*	*5,950,733*
2.	Finance expenses from financial liabilities		5,746,523	6,636,625
	a) Finance expenses from loans received from Group companies		*0*	*66,032*
	b) Finance expenses from bank loans		*5,742,944*	*6,467,560*
	c) Finance expenses from issued bonds		*0*	*0*
	d) Finance expenses from other financial liabilities		*3,579*	*103,033*
3.	Finance expenses from operating liabilities		595,246	325,499
	a) Finance expenses from operating liabilities to Group companies		*64,039*	*1,437*
	b) Finance expenses from trade payables and bills payable		*325,803*	*247,424*
	c) Finance expenses from other operating liabilities		*205,404*	*76,638*
III.	**PROFIT OR LOSS**		**(4,979,672)**	**(15,110,820)**
	Corporate income tax	**12.5**	**0**	**0**
	Deferred tax	**12.5**	**(1,436,858)**	**(29,010)**
	NET PROFIT OR LOSS FOR THE PERIOD		**(3,542,814)**	**(15,081,810)**

Notes on the financial statements form an integral part of the financial statements.

11.3 Statement of Other Comprehensive Income

(in EUR) Item		2013	2012
1.	**Net profit or loss for the period**	**(3,542,814)**	**(15,081,810)**
2.	**Other comprehensive income for the reporting period, net of tax**	**(240,790)**	**544,083**
3.	**Items which will later not be reclassified as profit or loss**	**(240,790)**	**544,083**
3.1	Change in the surplus from revaluation of tangible assets and property, plant and equipment	(628,531)	544,083
3.2	Change in the surplus from revaluation of intangible assets and property, plant and equipment	0	0
3.3	Actuarial change in the surplus from revaluation of retained profit/loss for pension programs	387,741	0
4.	**Total comprehensive income for the reporting period**	**(3,783,604)**	**(14,537,727)**

	Loss per share	*(1,25)*	*(5,31)*
	Earnings per share	-	-

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11.4 Cash Flow Statement

(in EUR)

	Item	Note	2013	2012
A.	***Cash flows from operating activities***			
a)	**Net profit or loss**			
	Profit or loss before tax		(4,979,672)	(15,110,820)
	Income taxes and other taxes not included in operating expenses	12.5.	1,436,858	29,010
			(3,542,814)	**(15,081,810)**
b)	**Adjustments for**			
	Depreciation and amortisation (+)	12.3.1, 12.3.2	9,153,698	9,442,970
	Operating revenues from revaluation associated with investment and financing items (-)	12.4.3	(271,501)	(359,707)
	Operating expenses from revaluation associated with investment and financing items (+)	12.4.4	13,060	23,070
	Formation of value adjustments for receivables	12.3.6	437,170	2,714,643
	Formation of value adjustments for inventories	12.3.5	(458,951)	626,070
	Establishment and reversal of long-term provisions		(490,958)	402,937
	Finance income excluding finance income from operating receivables (-)	12.4.5	(1,482,032)	(802,709)
	Finance expenses excluding finance expenses from operating liabilities (+)		10,619,210	12,845,916
			17,519,606	**24,893,190**
b)	**Changes in net current assets (and accruals and deferrals, provisions and deferred tax assets and liabilities) of the operating items in the balance sheet**			
	Opening less closing operating receivables		168,061	5,651,463
	Opening less closing assets (disposal groups) for sale		0	0
	Opening less closing inventories	12.3.5	5,434,999	(1,265,039)
	Closing less opening operating debts	12.3.12, 12.3.15	(10,417,827)	1,950,624
	Closing less opening accrued costs and deferred revenues and provisions	12.3.10, 12.3.16	(195,125)	335,035
	Closing less opening deferred tax liabilities	12.5.	(1,436,858)	(29,010)
			(6,446,750)	**6,643,073**
d)	**Net cash from/used in operating activities (a + b + c)**		**7,530,042**	**16,454,453**
B.	***Cash flows from investing activities***			
a)	**Receipts from investing activities**			
	Receipts from interest and profit participations related to investing activities		1,275,958	701,714
	Receipts from disposal of intangible assets	12.4.3	9,486	9,029
	Receipts from disposal of property, plant and equipment		3,415,350	516,276
	Receipts from disposal of investment property	12.4.3	150,000	228,368
	Receipts from disposal of long-term financial assets		189,798	389,957
	Receipts from disposal of short-term financial assets		4,388,245	0
			9,428,837	**1,845,344**
b)	**Disbursements from investing activities**			
	Disbursements from acquisition of intangible assets	12.3.1	(418,320)	(2,384,695)
	Disbursements from acquisition of property, plant and equipment	12.3.2	(8,355,464)	(4,413,128)
	Disbursements from acquisition of investment property		0	(645,765)
	Disbursements from acquisition of long-term financial assets		(1,246,935)	(2,146,597)
	Disbursements from acquisition of short-term financial assets		(2,776,910)	(1,267,034)
			(12,797,629)	**(10,857,219)**
c)	**Net cash from/used in investing activities (a + b)**		**(3,368,792)**	**(9,011,875)**
C.	***Cash flows from financing activities***			
a)	**Receipts from financing activities**			
	Receipts from increase in long-term financial liabilities	12.3.11	11,833,545	21,779,771
	Receipts from increase in short-term financial liabilities	12.3.14	7,093,236	12,357,661
			18,926,781	**34,137,432**
b)	**Disbursements from financing activities**			
	Disbursements from paid interest pertaining to financing	12.4.5	(5,746,523)	(6,636,625)
	Disbursements from repayment of short-term financial liabilities	12.3.14	(16,216,740)	(34,642,971)
	Disbursements from the distribution of dividends and other profit participations		0	0
			(21,963,263)	**(41,279,596)**
c)	**Net cash from/used in financing activities (a + b)**		**(3,036,482)**	**(7,142,164)**
D.	***Cash and cash equivalents at end of period***		**1,710,098**	**585,330**
x)	Net cash for the period (sum of items Ac, Bc and Cc)		**1,124,768**	**300,414**
y)	Opening balance of cash and cash equivalents		**585,330**	**284,916**

According to IAS 7.22, which allows certain cash flows or cash receipts and payments for items in which the turnover is quick, the amounts are large and the maturities are short to be reported on a net basis, the Company disclosed receipts from the increase in short-term financial liabilities and disbursements for short-term financial liabilities. For the purpose of comparability, the comparative data has been presented according to the said standard.

11.5 Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 31 DECEMBER 2012 TO 31 DECEMBER 2013

	I. Called-up capital	II. Capital reserves	III. Revenue reserves			IV. Revaluation surplus	V. Net profit or loss brought forward	VI. Net operating profit or loss for the financial year	Total
(in EUR)	Share capital		Legal reserves	Reserves for treasury shares	Other revenue reserves		1. Net profit brought forward	1. Net profit/ loss for the financial year	
Balance as at the end of the previous reporting period	23,688,983	41,686,964	1,951,606	100,190	36,507,740	25,095,253	(6,812,304)	(15,081,810)	107,136,622
Opening balance of the reporting period	23,688,985	41,686,966	1,951,608	100,190	36,507,740	25,095,255	(6,812,304)	(15,081,810)	107,136,622
Total comprehensive income for the reporting period	0	0	0	0	0	(240,790)	0	(3,542,814)	(3,783,604)
Entry of the net profit or loss for the reporting period	0	0	0	0	0	0	0	(3,542,814)	(3,542,814)
Change of the surplus from revaluation of property, plant and equipment	0	0	0	0	0	(628,531)	0	0	(628,531)
Others ingredients of comprehensive income for the reporting period	0	0	0	0	0	387,741	0	0	387,741
Changes in equity	0	0	0	0	0	0	(15,081,810)	15,081,810	0
Allocation of the remaining net profit in the comparative reporting period to other components of equity	0	0	0	0	0	0	(15,081,810)	15,081,810	0
Closing balance of the reporting period	23,688,983	41,686,964	1,951,606	100,190	36,507,740	24,854,463	(21,894,114)	(3,542,814)	103,353,018

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 31 DECEMBER 2011 TO 31 DECEMBER 2012

	I. Called-up capital	II. Capital reserves	III. Revenue reserves			IV. Revaluation surplus	V. Net profit or loss brought forward	VI. Net operating profit or loss for the financial year	Total
(in EUR)	1. Share capital		1. Legal reserves	2. Reserves for treasury shares	5. Other revenue reserves		1. Net profit brought forward	1. Net profit/ loss for the financial year	
Balance as at the end of the previous reporting period	23,688,983	41,686,964	1,191,606	100,190	36,507,740	24,551,171	(8,257,538)	1,310,354	121,539,470
Retrospective adjustments	0	0	0	0	0	0	134,88	0	134,88
Opening balance of the reporting period	23,688,983	41,686,964	1,951,606	100,190	36,507,740	24,551,171	(8,122,658)	1,310,354	121,674,350
Total comprehensive income for the reporting period	0	0	0	0	0	544,082	0	(15,081,810)	(14,537,728)
Entry of the net profit or loss for the reporting period	0	0	0	0	0	0	0	(15,081,810)	(15,081,810)
Change of the surplus from revaluation of property, plant and equipment	0	0	0	0	0	544,082	0	0	544,082
Changes in equity	0	0	0	0	0	0	1,310,354	(1,310,354)	0
Allocation of the remaining net profit in the comparative reporting period to other components of equity	0	0	0	0	0	0	1,310,354	(1,310,354)	0
Closing balance of the reporting period	23,688,983	41,686,964	1,951,606	100,190	36,507,740	25,095,253	(6,812,304)	(15,081,810)	107,136,622

12 Notes on the Financial Statements

Unior Kovaška industrija d.d. with its registered office at Kovaška 10, Zreče, Slovenia, is the controlling undertaking of the Unior Group.

The Company's financial statements were prepared for the year ended 31 December 2013.

The list of all companies in which Unior d.d. holds at least a 20% equity stake as well as all the information on these companies are disclosed in chapter 15 of the Annual Report: Unior Group.

12.1 Statement of Compliance

The individual financial statements have been prepared in accordance with the Companies Act and the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), as well as the Interpretations adopted by the International Financial Reporting Interpretations Committee (IFRIC) and the European Union.

As regards the process of standard confirmation by the European Union, there were no differences as at the balance sheet date between the accounting policies used by Unior d.d. and the International Financial Reporting Standards (IFRS) adopted by the European Union. These required financial statements have been compiled to comply with the legal requirements. According to the law, the Company is obligated to have these financial statements audited by an independent auditor. The audit is limited to the required financial statements for general purposes, so that the legal requirement of auditing the required financial statements is met. The audit covers the required financial statements as a whole and gives no assurance as to individual line items, accounts or transactions. The audited financial statements are not intended to be used by any party for deciding on ownership, financing or any specific transactions referring to the Company. As a result, the users of the required financial statements may not rely solely on the financial statements and are obligated to conduct other appropriate procedures before adopting decisions.

The Management Board of Unior d.d. confirmed the financial statements on 17 April 2014.

12.2 Basis for the Preparation of Financial Statements

All financial statements and notes on the financial statements are prepared and presented in euros (EUR) without cents and are rounded to the nearest integer.

12.2.1 Fair Value

Fair value is used when disclosing land and investment property, while all other financial statement items are stated at cost or amortised cost.

12.2.2 Accounting Policies Used

The accounting policies used are the same ones that the Company used in previous years.

Currently, the following amended standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union are in force:

- **IFRS 13 "Fair value measurement"** – which the European Union adopted on 11 December 2012 (applies for annual periods, beginning on or after 1 January 2013);
- **Amended IFRS 1 "The first application of IFRS" –** High hyperinflation and removal of fixed dates for first-time users of IFRS, which the European Union adopted on 11 December 2012 (applies for annual periods, beginning on or after 1 January 2013)
- **Amended IFRS 1 "The first application of IFRS" –** Government loans, which the European Union adopted on 4 March 2013 (applies for annual periods, beginning on or after 1 January 2013)
- **Amended IFRS 7 "Financial instruments: disclosures" -** Offsetting Financial assets and liabilities, which the European Union adopted on 13 December 2012 (applies for annual periods, beginning on or after 1 January 2013)
- **Amended IAS 1 "Presentation of Financial Statements" –** Presentation of items of other comprehensive income, which the European Union adopted on 5 June 2012 (applies for annual periods, beginning on or after 1 July 2012)
- **Amended IAS 12 "Income tax" -** Deferred tax: Reimbursement of relevant funds, which the European Union adopted on 11 December 2012 (applies for annual periods, beginning on or after 1 January 2013)
- **Amended IAS 19 "Employee benefits" -** Improvements in accounting for post-employment benefits, which the European Union adopted on 5 June 2012 (applies for annual periods, beginning on or after 1 January 2013)
- **Amendments to various standards "Improvements to IFRS (for the period 2009 - 2011)",** arising from the annual IFRS improvements project (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34),primarily with the aim of eliminating inconsistencies and providing interpretations, which the European Union adopted on 27 March 2013 (the amendments become effective for annual periods beginning on or after 1 January 2013);
- **IFRIC 20 "Disposal costs in the production phase of a surface find" -** which the European Union adopted on 11 December 2012 (applies for annual periods, beginning on or after 1 January 2013)

The adoption of amendments to existing standards has not led to any changes in the accounting policies of the Company.

12.2.3 Foreign-Currency Transactions

Transactions denominated in a foreign currency are translated into euros according to the reference exchange rate of the European Central Bank as at the day of the transaction. Cash assets and liabilities denominated in a foreign currency as at the balance sheet date are translated into the domestic currency according to the reference exchange rate of the European Central Bank applying as at the last day of the reporting period. Exchange rate differences are recognised in the income statement.

12.2.4 Operating Profit/Loss

Operating profit or loss is defined as operating profit or loss before tax and financial items. Financial items include interest on bank balances, deposits, investments available for sale, interest paid on loans, profit or loss from the disposal of available-for-sale financial instruments, and exchange rate gains and losses from the translation of all monetary assets and liabilities in a foreign currency.

12.2.5 Significant Estimates and Judgements

In accordance with the International Financial Reporting Standards, the Company's management issues estimates, judgements and assumptions for the preparation of financial statements, namely those that affect the application of policies and the disclosed values of assets and liabilities, revenues and expenses. The estimates are formulated according to experience from previous years and the expectations in the reporting period. The actual results may differ from these estimates, which is why the estimates are constantly verified and revised.

Deferred Taxes
Based on the estimate that there will be sufficient profit available in the future, we formed deferred tax assets arising from:
- provisions for jubilee awards and severance pay upon retirement;
- impairments of trade receivables;
- investment tax relief for investments into research and development;
- unused tax losses.

Deferred taxes are presented in greater detail in chapter 12.3.13.
Deferred tax assets that are recognised as part of the provisioning for jubilee awards and severance pay are decreased by appropriate amounts using the provisions formed and increased by appropriate amounts with respect to the newly formed provisions.

The tax rate used for the calculation of the amount of deductible temporary differences is 17%. Based on the conditions set out in IAS 12 (36) and the Business Plan for the coming period, we estimate that we will have taxable profits at our disposal to cover the unused tax losses in the coming years.

The disclosed deferred tax liabilities arise from taxable temporary differences from the upward revaluation of land (at fair value directly in equity).

As at the reporting date, we verify the disclosed amount of deferred assets and deferred tax liabilities. If the Company does not have sufficient profits available, the disclosed amount of deferred tax assets is lowered accordingly.

Provisions
The Company's management confirms the content and the amount of the provisions formed, namely on the basis of:
- the calculation of provisions for jubilee awards and severance pay;
- the estimate of the potential expected amount of damages communicated by the Company's legal department or other external attorney on the basis of existing lawsuits and claims for damages.

The amounts of the provisions formed are the best estimate of future expenditure.

12.2.6 Summary of Significant Accounting Policies and Disclosures

We present individual categories in accordance with the International Financial Reporting Standards that prescribe disclosures. We also present all the important issues. The accounting policies used as well as the nature and the level of importance of the disclosures are defined in the internal acts of the Company. We have also disclosed comparative information from the previous period and included the said information in the quantitative and descriptive sections for all the significant information that is reported in financial statements. The comparative information is adjusted to conform to the presentation of information in the current year.

The accounting policies provided below have been consistently applied in all the periods reported in the financial statements.

Property, Plant and Equipment

The revaluation model is applied to land valuation. We use the cost model for measuring buildings, plant and equipment. An asset is disclosed at cost less the accumulated depreciation and any accumulated impairment losses. The manner and methods for the valuation of assets due to impairment are described below under the heading "Impairment of Property, Plant and Equipment". The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. The cost of an item of property, plant and equipment comprises: its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management; and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. The revaluation of land is performed based on an appraisal by a chartered valuation surveyor. The revaluation is disclosed through equity as a revaluation surplus.

In the case of a significant cost value of an item of property, plant and equipment, which contains components with different estimated useful lives, we divide the item into its component parts. Each component part is treated separately. Land is treated separately and is not depreciated.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset increase the cost of that asset. The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when the expenditures, borrowing costs and the activities necessary to prepare the asset for its intended use or sale arise.

Financial lease

At the beginning of a lease, we recognise the financial lease in the balance sheet as an asset and liability at amounts equal to the fair value of the leased asset or, if the value is lower, at the present value of the minimum lease payments, whereby both values are determined upon the conclusion of the lease. When calculating the present value of the minimum lease payments, the discount rate is the interest rate associated with the lease (lease rate) provided that it can be determined; otherwise, we use the assumed interest rate for borrowing, which should be paid by the lessee. We add all of the initial direct costs borne by the lessee to the amount recognised as an asset.

Subsequent expenditure

Subsequent expenditure associated with the replacement of an item of property, plant and equipment increases its cost value. Other subsequent expenditures associated with an item of property, plant and equipment increase its cost value if it is likely that its future economic benefits will exceed the originally estimated ones, or that the useful life will prolong. All other expenditures are recognised as expenses when they arise.

Depreciation

The depreciation amount for each period is recognized in profit or loss. We begin to depreciate an asset when it is available for use. Fixed assets are depreciated according to the straight-line depreciation method taking into account the estimated useful life of each item of property, plant and equipment. The depreciation method used is examined at the end of each financial year. The residual value of an asset is, as a rule, only taken into account for important items, also taking into account the costs of the liquidation of the item of property, plant and equipment. We do not depreciate land and works of art.

Depreciation rates applied by the Company:

	Lowest %	Highest %
Property, plant and equipment		
Real estate:	0,5	10,0
Built buildings	0,5	5,0
Other buildings	2,0	10,0
Equipment:		
Production equipment	0,6	20,0
Computer and electr. equipment	6,0	25,0
Fork lifts and hoists	11,0	12,5
Automobiles and tractors	12,5	25,0
Cleaning and heating equipment	7,0	23,1
Measuring and control devices	4,2	28,0
Furniture – office and other	10,0	17,5
Other equipment	5,0	50,0

Derecognition

The recognition of the carrying amount of individual items of property, plant and equipment is reversed upon disposal or if we do not expect any future economic benefits from its use or disposal. Gains or losses arising from the derecognition of an item of property, plant and equipment are included in the profit or loss when any of the conditions are met.

Intangible Assets

An intangible asset is initially recognised at cost. After the initial recognition, intangible assets are disclosed at cost less the accumulated amortisation and the eventual impairment loss. Development costs incurred shall be recognised as intangible asset if the Company can demonstrate the following: the technical feasibility of completing the project so that it will be available for use or sale; its intention to complete the project and use or sell it; its ability to use or sell the project; the likelihood that the project will generate future economic benefits (the existence of a market for the output of the project or the project itself or, if the project is to be used internally, the usefulness of the project; the availability of technical, financial and other resources to complete the development and to use or sell the project; and its ability to reliably measure the expenditure attributable to the intangible asset during its development (the capitalisation of costs).

Goodwill
Goodwill is valued at the fair value of the transferred purchase consideration, including the recognised value of any non-controlling interest in the acquiree less the net recognised value of the acquired assets and liabilities valued as at the acquisition date. The transferred purchase consideration includes the fair value of the transferred assets, liabilities to the previous owners of the acquiree and the shares issued by the company. The Company's management performs an annual assessment of whether an impairment of the intangible asset is necessary.

Emission coupons
Long-term deferred costs of emission coupons allocated by the Slovenian Environment Agency operating within the scope of the Ministry of the Environment and Spatial Planning are disclosed as part of the intangible fixed assets.

Amortisation
Amortisation begins when an asset is available for use, i.e. when it is at the location and in the condition necessary for it to function as planned.
The carrying amount of an intangible asset is decreased according to the straight-line depreciation method over the asset's useful life.
The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. If the expected useful life of the asset differs from previous estimates, the amortisation period is changed accordingly.
The useful life of an intangible asset that arises from contractual or other legal rights does not exceed the period of validity of contractual or other legal rights, but may be shorter depending on the period in which we expect to use the asset. The estimated useful life of other intangible assets is five years.

Amortisation rates applied by the Company:

	Lowest %	Highest %
Intangible fixed assets	10,0	20,0

Investment Property
We hold investment property with the aim of generating rent or increasing the value of a long-term investment. We use the fair value method for the measurement of investment property, whereby an appraisal from a chartered valuation surveyor serves as the basis for the measurement. Revenues are recognised in the income statement. Investment property is not depreciated.

Financial Assets
Financial investments into subsidiaries, associates and joint ventures or other companies are valued at cost. The same method is also used for unrelated undertakings.

Financial Instruments
We classify financial instruments into the following classes:

1. held-to-maturity investments;
2. loans and receivables;
3. available-for-sale financial assets.

The Company determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 includes inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 consists of inputs for assets or liabilities that are not based on observable market data.

Quoted prices are used as the basis for determining the fair value of financial instruments. If a financial instrument is not quoted on a regulated market and the market is assessed as inactive, the Company uses the inputs of Levels 2 and 3 for determining the fair value of a financial instrument.

1. Held-to-Maturity Investments

This group was formed for financial assets that we could decide, in the event of potential recognition, to keep in our portfolio until maturity. We would recognise them by the settlement date and measure them at amortised cost using the effective interest method. We have not yet classified any financial assets in this group.

2. Loans and Receivables

The second group includes all loans, borrowings and receivables that are recognised as at the settlement date and measured at amortised cost using the effective interest method.

Operating receivables

We record long-term and short-term trade receivables due from our buyers, the state and the employees in the books of account separately. We also disclose interest on the above receivables among operating receivables. Long-term and short-term operating receivables are initially disclosed at amounts arising from the contracts or relevant bookkeeping documents. We translate the operating receivables denominated in foreign currencies on the last day of the financial year into the domestic currency according to the reference exchange rate of the European Central Bank.

The suitability of the disclosed size of an individual receivable is determined at the end of the reporting period based on informed evidence regarding the doubt that these receivables will be repaid. We impair receivables after the management performs an individual assessment of the programmes as regards the risk that the receivables will not be repaid.

Commodity loans

The Company extends commodity loans to companies within the Group and associated companies for their operations. Commodity loans are recognised among long-term operating receivables. We charge interest on commodity loans. Value adjustments for commodity loans are made after the Company's management assess them individually.

Loans granted

Upon initial recognition, loans granted are disclosed at their amortised cost taking into account the effective interest method. Depending on their maturity date, they are classified as long-term or short-term assets as at the settlement date. With the aim of managing credit risk, we determine the maturity of the loan and the settlement method according to the borrower's credit standing. These loans are secured or collateralised by traditional security or collateral instruments (e.g. blank bills of exchange, pledge of securities and other property or movables, the possibility of a unilateral offsetting of mutual obligations, etc.). In case of a failure to settle outstanding contractual obligations by the borrower, we start liquidating the security or collateral instruments or start making impairments of the investment if legal proceedings are instituted.

Loans received

We record the received loans at the amortised cost upon their initial recognition, whereby we take into account the effective interest method. The structure of received loans is dominated by bank loans with the repayment of the principal on the expiry of the loan agreement. Depending on maturity, they are classified as long-term or short-term financial liabilities upon recognition. On the last day of the year, all financial liabilities that fall due within the next year are transferred to short-term financial liabilities. Loans received are secured or collateralised with blank bills of exchange, receivables and mortgages on movable and immovable property.

3. Available-for-sale Financial Assets

We classify all investments into securities among the available-for-sale financial assets. Upon initial recognition, they are measured at fair value, to which we add the transaction costs arising from the acquisition of the financial asset. We determine the fair value as the value determined by the market, such as the closing stock exchange price of a share or the published daily value of a mutual fund unit. Changes in fair value are recognised directly in the statement of other comprehensive income. We apply the average cost method for posting purposes. Profits or losses are transferred to the profit or loss upon derecognition. We use the trading date when accounting for the acquisition and sale.

All other financial assets, for which no active market exists and where fair value cannot be reliably measured, are measured at cost.

Inventories

Inventories are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business decreased by the estimated costs of completion and sale. The unit price of an item held in inventory includes the costs incurred when acquiring inventories and bringing them to their present location and condition. For finished products and work-in-progress, the costs include a corresponding proportion of production costs with the normal use of production assets. The consumption of inventories is disclosed according to the weighted average cost method. At the end of the year, the Company verifies the inventories that have not had any movements in the current year and impairs them to their realisable value.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and sight deposits held in accounts. The balance of cash and cash equivalents denominated in foreign currencies is translated into the domestic currency according to the reference exchange rate of the European Central Bank applying as at last day of the financial year.

Equity

Share Capital

The share capital of Unior d.d. is divided into 2,838,414 ordinary registered no-par value shares that are freely transferable.

Dividends

Dividends are recognised in the Company's financial statements when the General Meeting of Shareholders adopts the decision to distribute dividends.

The Redemption of Treasury Shares

We did not trade in treasury shares in 2013.

Provisions

Provisions for lawsuits

We have formed provisions for loss and damages related to alleged violations within the scope of operations. The amount of the provisions is determined according to the known amount of the claim for damages or according to the estimated amount if the claim is not yet known. We regularly verify the eligibility of the provisions formed.

Provisions for severance pay and jubilee awards
In accordance with the corporate collective agreement and statutory provisions, the Company is required to account and pay jubilee awards and severance pay upon retirement. For the measurement of these types of earnings, we use a simplified method of accounting, which requires the valuation of actuarial liabilities in accordance with the expected growth in salaries from the date of valuation up to the envisaged retirement of an employee. This means the imputation of earnings in proportion to the work performed. The estimated liability is recognised in the amount of the present value of expected future expenditures. When measuring them, we also estimate the projected increase in salaries and staff turnover.
Based on the calculation, we recognise gains or losses in the current year in the income statement. The main parameters considered in the calculation are the pensionable age of 60, the required length of service of 40 years, a 5% discount and a 0,6% increase in salaries.

Government Grants
Government grants are recognised at fair value, but not until there is reasonable assurance that Unior d.d. can comply with the conditions attached to them and not until it receives them. Government grants are recognised as income in periods matched to the related costs these grants are supposed to cover. If a government grant relates to a particular asset, it is recognised as deferred income, which Unior d.d. recognises in the income statement in the period of the expected useful life of the asset in equal annual amounts.

Financial Liabilities
Financial liabilities are initially recognised at fair value excluding any transaction costs incurred. In subsequent periods, financial liabilities are measured at the amortised cost using the effective interest method. Any difference between receipts (excluding transaction costs) and liabilities is recognised in the income statement throughout the period of financial liability.

Corporate Income Tax
Corporate income tax is accounted in accordance with the Corporate Income Tax Act. The basis for the accounting of the income tax is the gross profit increased by expenses not recognised for tax purposes and decreased by legally permitted tax relief. The tax liability for corporate income tax is calculated from the resulting amount. In 2013, the tax base was positive, but because of the compliance with recognized relief, the tax base is zero.

Deferred Taxes
With the aim of demonstrating an appropriate profit or loss in the reporting period, we also accounted for deferred taxes. These are disclosed as deferred tax assets and deferred tax liabilities. We used the balance sheet liability method when accounting for deferred taxes. The carrying amounts of assets and liabilities were compared with their tax base, and the difference between the two values was defined as a permanent or temporary difference. Temporary differences were divided into taxable and deductible. The taxable temporary differences increased the taxable amounts and deferred tax liabilities, while the deductible temporary differences decreased our taxable amounts and increased the deferred tax assets.

Revenues
Revenue from services rendered

Operating revenues are recognised when it is reasonable to expect that they will lead to receipts if these have not been realised upon their occurrence and if they can be reliably measured.
When recognising revenues from the services rendered, we use the method of the percentage of completion as at the balance sheet date. According to this method, revenues are recognised in the reporting period in which the services were rendered. We disclose the amounts of each significant category of revenue recognised in the period and the already generated revenues on domestic and foreign markets. Revenues on the domestic market are the revenues earned in Slovenia, and foreign markets are the EU countries and third countries.

Revenues from the sale of products, goods and material
Revenues from the sale of products, goods and material are measured on the basis of the prices indicated in invoices and other documents decreased by discounts granted upon sale or later. The substantively matching items from previous periods are also disclosed among the revenues from the sale of products, goods, material and the services rendered.

Rental income
Rental income mainly comprises income from investment property, i.e. buildings and land that we let under operating leases. The Company classifies rental income as operating income.

Other operating revenues with operating revenues from revaluation
We disclose grants, subsidies, premiums and revenues from revaluation generated from the sale of fixed assets and the reversal of provisions in the net amount among other revenues.

Finance income and expenses
Finance income comprises income from the interest received for the loans granted, dividend income, income from the disposal of available-for-sale financial assets and exchange rate gains. Interest income is recognised upon its occurrence using the effective interest rate. Dividend income is disclosed in the profit or loss when the right to the payout is exercised.

Finance expenses comprise interest costs on borrowings, exchange rate losses and losses arising from the impairment of financial assets, which are recognised in the income statement. Borrowing costs are recognised in the income statement using the effective interest rate method.

Gross Operating Profit
Gross operating profit comprises sales revenues, changes in the value of inventories of finished products and work-in-progress, capitalised own products and services as well as other operating revenues.

Expenses – Costs
Costs are recognised as expenses in the period in which they arise. We classify them according to their nature. We disclose them according to their types within the scope of the Company's three-digit chart of accounts. Expenses are recognised if the decrease in economic benefits in the reporting period is associated with decreases in assets or increases in debt and if this decrease can be reliably measured.

Profit or Loss
Profit or loss consists of the operating profit or loss increased by the finance income and decreased by finance expenses.

The Impairment of Property, Plant and Equipment
If there is any indication that an asset may be impaired, we estimate its recoverable amount. If the asset's recoverable amount cannot be estimated, the Company determines the recoverable amount of the cash-generating unit the asset belongs to. Impairment is disclosed in the income statement and, in the case of the revaluation of land, in the capital revaluation surplus. Impairment losses need to be reversed if there are changes in the estimates that were used to determine the recoverable amount of the assets. The loss due to the impairment of the asset is reversed only up to the amount that does not entail the increased carrying amount of an asset exceeding the carrying amount that would have been determined after the deduction of the depreciation write-off, if the impairment loss was not recognised for the asset in prior years. The reversal of losses is recognised as revenue in profit or loss. For land we determine fair value by valuation.

Impairment of Intangible Assets
We verify intangible assets as at the reporting date for impairment purposes.
Where the recoverable amount is lower than the carrying amount of an asset, the carrying amount is decreased to the asset's recoverable amount. The Company states such a decrease as an impairment loss and posts it as an operating expense from revaluation.

Impairment of Financial Assets
At each reporting date, the Company performs a test of the assessment of impairment of financial assets according to selected criteria defined in the rules on accounting in order to determine whether there is objective evidence of potential impairment of the financial asset. If such reasons exist, we calculate the amount of the impairment loss.

If we find that it is necessary to perform an impairment of the financial assets disclosed at amortised cost, the amount of the loss is measured as the difference between the carrying amount of the financial asset and the present value of expected future cash flows discounted by the original effective interest rate. We recognise the amount of the loss in profit or loss. If the reasons for the impairment of financial assets cease to exist, the reversal of the impairment of a financial asset disclosed at amortised cost is recognised in profit or loss.

In the case of financial assets (investments) held in subsidiaries, associates, joint ventures and other companies that are disclosed at cost, we have to judge whether an impairment is necessary, in which case we recognise it in profit or loss as a finance expense from revaluation.

For financial assets classified into the group of available-for-sale financial assets, we measure the amount of impairment losses, which is then recognised in profit or loss as the difference between the carrying amount of the asset and the market or fair value as at the cut-off balance sheet date. The impairment of these assets is performed in the case of a significant or prolonged decline in the estimated value below the cost of the asset. The amount of this impairment is the difference between the cost and the fair value of the asset (investment).

Statement of Other Comprehensive Income
The statement of other comprehensive income shows items (including potential adjustments for reclassification) that are not recognised in the profit or loss as required or permitted by other IFRS.

Cash Flow Statement
The Company reports cash flows from operations using the direct method based on the items in the balance sheet as at 31 December 2013 and 31 December 2012, as well as the income statement for 2013 and the additional data required for the adjustment of outflows and inflows.

Statement of Changes in Equity
The statement of changes in equity shows the movement of the individual components of equity in the financial year (the total revenues and expenditures as well as the transactions with owners in their capacity as owners), including the allocation of net profit. The statement of comprehensive income, which increases the net profit of the current year by all of the revenues that we recognised directly in equity, is included.

12.2.7 New Standards and Interpretations that have not yet Entered into Force

Standards and interpretations issued by the IASB and adopted by the European Union that have not yet entered in force

On the day these financial statements were approved, the following standards, amendments and interpretations were issued, as adopted by the EU, but have not yet taken effect:

- **IFRS 10 "Consolidated Financial Statements",** adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IFRS 11 "Joint Arrangements"**, adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IFRS 12 "Disclosure of Interests in Other Entities"**, adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IAS 27 (as revised in 2011) "Separate Financial Statements"**, adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IAS 28 (as revised in 2011) "Investments in Associates and Joint Ventures"**, adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **Amended IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities"**, – guidelines for transition adopted by the European Union on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014);
- **Amended IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities"**, **and IAS 27 (as revised in 2011) "Separate Financial Statements"**, – Investment companies adopted by the European Union on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014);
- **Amended IAS 32 "Financial Instruments: Presentation"** – Financial Asset and Liability Offsetting, adopted by the European Union on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **Amended IAS 36 "Impairment of assets"** - Disclosure of the recoverable amount of non-financial assets, adopted by the European Union on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).
- **Amended IAS 39 "Financial Instruments: Recognition and Measurement" -** Novation of derivatives and continued hedge accounting, adopted by the European Union on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014);

Standards and interpretations issued by the IASB, but not yet adopted by the European Union

At present the IFRS, adopted by the EU, do not significantly differ from the regulations that were adopted by the International Accounting Standards Board (IASB), with the exception of the following standards, amendments to existing standards and interpretations, which were not endorsed for application in European Union as at 30 April 2014 (listed below are the dates of entry into force apply to the entire IFRS):

- **IFRS 9 "Financial Instruments" and further amendments** (effective date is not yet fixed);
- **Amended IAS 19 "Employee benefits" –** Defined benefit plans: Employee contributions (effective for annual periods beginning on or after 1 January 2014);
- **Amendments to various standards "Improvements to IFRS (for the period 2010 - 2012)"**, arising from the annual IFRS improvements project (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38),primarily with the aim of eliminating inconsistencies and providing interpretations (the amendments become effective for annual periods beginning on or after 1 January 2014).
- **Amendments to various standards "Improvements to IFRS (for the period 2011 - 2013)"** arising from the annual IFRS improvements project (IFRS 1, IFRS 3, IFRS 13 and IAS 40),primarily with the aim of eliminating inconsistencies and providing interpretations (the amendments become effective for annual periods beginning on or after 1 January 2014).
- **IFRIC 21 "Duties"** (effective for annual periods beginning on or after 1 January 2014).

The Company expects that the adoption of these standards, amendments and notes will not have a significant impact on its financial statements in the period of their initial application.

At the same time, hedge accounting in relation to a financial assets and liabilities portfolio whose principles the European Union has not yet adopted, is still unregulated.

In the Company's estimate, the application of hedge accounting in relation to the portfolio of financial assets and liabilities according to the requirements under **IAS 39 "Financial Instruments: Recognition and Measurement"** will not have a significant impact on its financial statements if applied on the balance-sheet date.

12.3 Notes on the Balance Sheet

12.3.1 Intangible Fixed Assets

(in EUR)	Goodwill	Deferred costs of development	Investments in rights to ind. property	Other intangible assets	IFA under acquisition	Total
Cost						
As at 31 December 2012	484,728	9,428,681	1,828,733	224,497	0	11,966,639
Direct increases – investments	0	0	0	8,416	409,904	418,320
Transfer from investments in progress	0	0	0	0	0	0
Decreases during the year	0	0	0	(9,486)	0	(9,486)
As at 31 December 2013	484,728	9,428,681	1,828,733	223,427	409,904	12,375,473
Value adjustment						
As at 31 December 2012	80,788	4,679,859	1,626,225	0	0	6,386,872
Amortisation for the year	0	980,929	146,937	0	0	1,127,866
As at 31 December 2013	80,788	5,660,788	1,773,162	0	0	7,514,738
Current value as at 31 December 2013	**403,940**	**3,767,893**	**55,571**	**223,427**	**409,904**	**4,860,735**
Current value as at 31 December 2012	403,940	4,748,822	202,508	224,497	0	5,579,767

(in EUR)	Goodwill	Deferred costs of development	Investments in rights to ind. property	Other intangible assets	IFA under acquisition	Total
Cost						
As at 31 December 2011	484,728	7,315,081	1,776,504	14,660	0	9,590,973
Direct increases – investments	0	0	0	218,866	2,165,829	2,384,695
Transfer from investments in progress	0	2,113,600	52,229	0	(2,165,829)	0
Decreases during the year	0	0	0	(9,029)	0	(9,029)
As at 31 December 2012	484,728	9,428,681	1,828,733	224,497	0	11,966,639
Value adjustment						
As at 31 December 2011	80,788	3,698,930	1,348,435	0	0	5,128,153
Amortisation for the year	0	980,929	277,790	0	0	1,258,719
As at 31 December 2012	80,788	4,679,859	1,626,225	0	0	6,386,872
Current value as at 31 December 2012	**403,940**	**4,748,822**	**202,508**	**224,497**	**0**	**5,579,767**
Current value as at 31 December 2011	403,940	3,616,151	428,069	14,660	0	4,462,820

In 2013, the Company received 8,416 emission coupons from the Slovenian Environment Agency operating within the scope of the Ministry of the Environment and Spatial Planning. These coupons are recorded in the books of account at the value of 1 euro. In 2013, the Company settled its liabilities for 2012 in the amount of 9,486 coupons. The Company discloses liabilities for 9,125 emission coupons for production in 2013. On 31 December 2013 the state of emission coupons amounts to 16,037.

The cost of intangible fixed assets with a current value of zero that are still in use is 2,321,572 EUR.

The Company has no intangible fixed assets pledged as collateral for its debts.

12.3.2 Property, Plant and Equipment

(in EUR)	Land	Buildings	Production equipment	Small tools	Fixed assets under acquisition	Total
Cost						
As at 31 December 2012	32,979,784	118,005,043	140,152,790	433,677	3,875,690	295,446,984
Direct increases – investments	6,000	0	4,595	0	8,344,869	8,355,464
Transfer from investments in progress	125,000	281,346	5,448,400	155,595	(6,010,341)	0
Decreases during the year	(31,645)	0	(6,532,913)	(428)	0	(6,564,986)
Revaluation due to impairment	4,186	0	0	0	0	4,186
As at 31 December 2013	33,083,325	118,286,389	139,072,872	588,844	6,210,218	297,241,648
Value adjustment						
As at 31 December 2012	0	55,260,121	94,192,380	411,913	0	149,864,414
Depreciation for the year	0	2,553,822	5,453,049	18,961	0	8,025,832
Decreases during the year	0	0	(3,422,630)	(428)	0	(3,423,058)
As at 31 December 2013	0	57,813,943	96,222,799	430,446	0	154,467,188
Current value as at 31 December 2013	**33,083,325**	**60,472,446**	**42,850,073**	**158,398**	**6,210,218**	**142,774,460**
Current value as at 31 December 2012	32,979,784	62,744,922	45,960,410	21,764	3,875,690	145,582,570

(in EUR)	Land	Buildings	Production equipment	Small tools	Fixed assets under acquisition	Total
Cost						
As at 31 December 2011	34,103,054	106,281,686	135,380,266	452,977	18,277,062	294,495,045
Direct increases – investments	0	0	0	0	4,413,128	4,413,128
Transfer from investments in progress	0	11,850,252	6,964,248	0	(18,814,500)	0
Decreases during the year	(130,284)	(126,895)	(2,191,724)	(19,300)	0	(2,468,203)
Upward revaluation	(992,986)	0	0	0	0	(992,986)
As at 31 December 2012	32,979,784	118,005,043	140,152,790	433,677	3,875,690	295,446,984
Value adjustment						
As at 31 December 2011	0	52,689,651	90,636,217	414,491	0	143,740,359
Depreciation for the year	0	2,570,470	5,597,059	16,722	0	8,184,251
Decreases during the year	0	0	(2,040,896)	(19,300)	0	(2,060,196)
As at 31 December 2012	0	55,260,121	94,192,380	411,913	0	149,864,414
Current value as at 31 December 2012	**32,979,784**	**62,744,922**	**45,960,410**	**21,764**	**3,875,690**	**145,582,570**
Current value as at 31 December 2011	34,103,054	53,592,035	44,744,049	38,486	18,277,062	150,754,686

Among property, plant and equipment the company has reported amounts of assets that were gained by financial lease in the cost of 4,046,441 and the present value of EUR 3,372,165 on 31 December 2013.

The Company has fixed assets worth EUR 182,016,650 pledged as collateral or security for its debts, which represents most of its assets.

Land was revalued to its fair value based on an appraisal report made by a chartered valuation surveyor on 31 December 2012. The method used by the surveyor is the market sales method, except for Terme Zreče, where the residual method of valuation was applied, and for Vrtnarija Zreče, where it applied the yield based method. For the purposes of Annual Report 2013, a chartered valuation surveyor made a statement that valuations which were made on 31 December 2012 are also credible and taken into account for the year 2013, because the conditions in the real estate market haven't changed drastically.

12.3.3 Investment Property

(in EUR)	2013	2012
Land	9,336,900	9,336,900
Buildings	6,040,359	6,210,359
Total	**15,377,259**	**15,547,259**

Changes in investment property

(in EUR)	2013	2012
Opening balance as at 1 January	**15,547,259**	**15,025,172**
Acquisitions	0	780,646
Revaluation	0	(258,559)
Disposals	(170,000)	0
Closing balance as at 31 December	**15,377,259**	**15,547,259**

Investment property comprises land and buildings intended for resale or letting out for rental income. Properties are located in Maribor and on Mount Rogla (bungalows). Investment property is stated at fair value. Fair value was determined based on an appraisal by a chartered property surveyor.
The value of the investment property for production halls in Maribor was appraised according to the market sales method to determine the value of land and, according to the yield based method, to determine the value of equipment. The bungalows on Mount Rogla were valued based on the method applying the HBU analysis of land, whereas equipment was valued according to the market sales method and yield based method. Valuations were made on 31 December 2012. For the purposes of Annual Report 2013, a chartered valuation surveyor made a statement that valuations which were made on 31 December 2012 are also credible and taken into account for the year 2013, because the conditions in the real estate market haven't changed drastically.

The rental costs totalled EUR 258,133,16 in 2013.

The minimum sum of rents from operating leases – receivables

(in EUR)	2013	2012
Up to 1 year	1,146,000	1,146,000
From 2 to 5 years	4,584,000	4,584,000
More than 5 years	3,438,000	3,438,000
Total	**9,168,000**	**9,168,000**

The minimum sum of rents from operating leases – liabilities

(in EUR)	2013	2012
Up to 1 year	39,600	39,600
From 2 to 5 years	158,400	158,400
More than 5 years	118,800	118,800
Total	**316,800**	**316,800**

12.3.4 Long-Term Financial Assets

Investments in shares and stakes in subsidiaries

(in EUR)	Stake	2013	2012
in the country			
RTC KRVAVEC d.o.o., Cerklje	98,555	610,065	610,065
UNIOR BIONIC d.o.o., Zreče	91,592	0	0
ROGLA INVESTICIJE d.o.o., Zreče	100,000	385,368	385,368
		995,433	995,433
abroad:			
UNIOR Produktions- und Handels- GmbH, Ferlach	99,550	0	0
UNIOR DEUTSCHLAND GmbH, Remseck	100,000	1,052,614	1,052,614
UNIOR FRANCE S.A.S., Melun	100,000	0	0
UNIOR ITALIA S.R.L., Limbiate	95,000	71,202	71,202
UNIOR ESPANA S.L., Uharte-Arakil	95,000	398,718	398,718
UNIOR HELLAS S.A., Metamorfosis	50,000	0	0
UNIOR INTERNATIONAL Ltd., Lincolnshire	50,000	0	0
UNIOR KOMERC d.o.o., Skopje	85,000	0	305,238
UNIOR PROFESSIONAL TOOLS Ltd., St. Peterburg	55,000	178,332	178,332
UNIOR COMPONENTS a.d., Kragujevac	92,307	4,398,158	4,398,158
NINGBO UNIOR FORGING Co. Ltd., Yuyao	50,000	1,983,530	1,983,530
UNIOR USA CORPORATION, Olney	100,000	845	845
UNIOR BULGARIA Ltd., Sofia	58,000	0	0
UNIOR COFRAMA sp. z o.o., Poznan	56,000	77,892	71,400
UNIDAL d.o.o., Vinkovci	51,000	2,718,290	2,868,290
UNIOR SAVJETOVANJE IN TRGOVID d.o.o., Sarajevo	80,000	0	12,271
UNIOR HUNGARIA Kft., Nagyrecse	70,000	0	33,331
		10,879,581	11,373,929
Total subsidiaries		**11,875,014**	**12,369,362**

Investments in shares and stakes in associated companies

(in EUR)	Stake	2013	2012
in the country			
RHYDCON d.o.o., Šmarje pri Jelšah	33,500	448,116	448,116
ŠTORE STEEL d.o.o., Štore	29,253	1,274,260	1,274,260
ROBOTEH d.o.o., Šmarje pri Jelšah	24,970	0	14,000
RC SIMIT d.o.o., Kidričevo	20,000	200,000	200,000
		1,922,376	1,936,376
abroad:			
UNIOR SINGAPORE Pte. Ltd., Singapore	40,000	0	0
UNIOR FORMINGTOOLS d.o.o., Kragujevac	24,000	0	291,891
SOLION Ltd., St. Peterburg	0,000	0	9,724
UNIOR TEOS ALATI d.o.o., Belgrade	20,000	423,000	423,000
UNIOR TEPID, S.R.L. Romania, Brasov	49,000	765,075	765,075
SINTER a.d., Užice	25,067	227,969	227,969
UNIOR TEHNA d.o.o., Sarajevo	25,000	67,619	50,000
		1,483,663	1,767,659
Total associated companies		**3,406,039**	**3,704,035**

In 2013, the Company sold a 24,97% equity stake in company Roboteh d.o.o for EUR 81,000, 20% equity stake in company Solion Ltd Russia for EUR 98,798 and 91,592% equity stake in company Unior Bionic d.o.o. for EUR 50,000. For recapitalization of equity stakes in associated companies we have dedicated EUR 100,303 namely for companies Unior France S.A.S., Unior Coframa sp. z.o.o. and Unior Tehna d.o.o..

Long-term assets available for sale

(in EUR)	2013	2012
BANKA CELJE d. d., Celje	0	3,986,066
CIMOS d.d., Koper	29,953	29,953
GIZ LTO ROGLA, Zreče	12,519	12,519
GTC KOPE d.o.o., Slovenj Gradec	48,450	48,450
INTEREUROPA d.d., Koper	660	824
RRA d.o.o., Celje	16,733	16,733
SKUPNA POKOJNINSKA DRUŽBA d.d., Ljubljana	22,306	22,306
SLOV. INVESTICIJSKA BANKA d.d., Ljubljana	0	18,122
SLOVENSKE ŽELEZARNE d.d., Ljubljana	7,270	7,270
STROJEGRADNJA d.d., Trbovlje	8,321	8,321
TERMIT d.d., Domžale	412	412
TITAN d.d., Kamnik	12,640	12,640
CENTER SLOV. ORODJARSKEGA GROZDA, Celje	2,913	2,913
SINTER a.d., Užice	0	0
RIMSKE TERME d.o.o., Rimske Toplice	0	0
Total in other companies and banks	**162,177**	**4,166,529**

Long-term financial investments in liabilities

(in EUR)	2013	2012
Long-term loan SINTER a.d., Užice	314,902	314,902
Long-term loan Jorgić Broker a.d., Belgrade	79,655	76,348
Long-term loan MERKUR d.d., Kranj	100,083	100,083
Long-term loan RTC KRVAVEC d.d., Cerklje	3,792,598	3,554,981
Long-term loan UNIOR HUNGARIA Kft.	858,599	812,042
Long-term loan UNIOR BIONIC d.o.o.	150,333	0
Long-term loan TEMNIK Primož	32,056	0
Long-term loan Huser Switzerland	0	3,199
Long-term deposit Nova KBM d.d.	147,020	147,020
Long-term deposit NLB d.d.	0	150,025
Transfer to short-term investments	(141,429)	(651,290)
Total in liabilities	**5,333,817**	**4,507,310**
Total long-term financial assets excluding treasury shares	**20,777,047**	**24,747,236**

The long-term loan to RTC Krvavec d.d. is collateralised with a mortgage on immovable and movable property owned by RTC Krvavec d.d. The mortgage value is EUR 6,511,881 and the due date of the loan is 31 December 2019, with an interest rate of 6-month Euribor + 3%. The long-term loan to Unior Hungaria Kft. is collateralised with a mortgage on immovable property owned by Unior Hungaria Kft.. The mortgage value is EUR 753,075 and the due date of the loan is 31 December 2016, with an interest rate of 6-month Euribor + 6%.

Other long-term investments into loans are not secured with pledged property.

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Changes in long-term investments in shares and stakes in 2013

(in EUR)	2013	2012
Investments in shares and stakes as at 1 January	**24,747,237**	**29,092,466**
Increases:		
Acquisitions of shares and stakes	100,303	1,253,332
Increase of investments in liabilities	1,146,632	906,297
Other increases – reversal of impairments	1,136,470	180
Decreases:		
Sale of shares and stakes	(23,724)	(304,054)
Eliminations	(1,154,591)	0
Repayments of long-term loans granted	(25,471)	(108,294)
Short-term part of investments in liabilities	(291,454)	(651,290)
Other decreases – impairment	(4,858,355)	(5,441,400)
Balance as at 31 December	**20,777,047**	**24,747,237**

Equity and profit or loss of associates

Company name	Country of the company	Percentage of participation in capital	Amount of capital in EUR	Operating profit or loss for the period in EUR	Audited finan. statements
Subsidiaries:					
RTC KRVAVEC d.d.	Slovenia	98,555	11,827,053	7,530	NO
UNIOR BIONIC d.o.o.	Slovenia	91,592	(13,894)	(30,427)	NO
ROGLA INVESTICIJE d.o.o.	Slovenia	100,000	483,522	(1,353)	NO
UNIOR Produktions- und Handels-GmbH	Austria	99,550	(175,564)	(68,643)	NO
UNIOR DEUTSCHLAND GmbH	Germany	100,000	1,312,511	236,266	NO
UNIOR FRANCE S.A.S.	France	100,000	(57,944)	(130,132)	YES
UNIOR ITALIA S.R.L.	Italy	95,000	169,937	(108,773)	NO
UNIOR ESPAÑA S.L.	Spain	95,000	395,512	(4,330)	NO
UNIOR HELLAS S.A.	Greece	50,000	(52,967)	(194,710)	NO
UNIOR INTERNATIONAL Ltd.	Great Britain	50,000	(278,681)	(88,265)	YES
UNIOR KOMERC d.o.o.	Macedonia	85,000	92,217	(344,376)	YES
UNIOR PROFESSIONAL TOOLS Ltd.	Russia	55,000	1,522,680	505,330	YES
UNIOR USA CORPORATION	USA	100,000	4,869	1,981	NO
UNIOR BULGARIA Ltd.	Bulgaria	58,000	(40,391)	(8,789)	NO
UNIOR COFRAMA sp.z o.o.	Poland	56,000	243,005	36,845	YES
UNIOR HUNGARIA Kft.	Hungary	70,000	(80,320)	(123,703)	NO
UNIOR COMPONENTS a. d.	Serbia	92,307	9,808,763	(95,556)	YES
NINGBO UNIOR FORGING Co. Ltd.	China	50,000	7,495,271	1,452,221	YES
UNIDAL d.o.o.	Croatia	51,000	2,019,387	(309,529)	YES
UNIOR SAVJETOVANJE I TRGOVINA BH d.o.	Bosnia and Herzego	80,000	(37,002)	(17,453)	NO
Associated companies:					
ŠTORE STEEL d.o.o.	Slovenia	29,253	41,972,990	222,214	YES
RHYDCON d.o.o.	Slovenia	33,500	1,860,987	31,978	NO
RC SIMIT d.o.o.	Slovenia	20,000	1,014,194	4,808	YES
UNIOR TEPID S.R.L.	Romania	49,000	2,665,956	366,922	YES
UNIOR SINGAPORE Pte. Ltd.	Singapore	40,000	113,123	(39,969)	YES
UNIOR TEHNA d.o.o.	Bosnia and Herzego	25,000	415,560	119,749	YES
UNIOR TEOS ALATI d.o.o.	Serbia	20,000	2,107,033	352,833	NO
SINTER a.d.	Serbia	25,067	1,164,029	(180,945)	YES

12.3.5 Inventories

(in EUR)	2013	2012
Material	18,959,087	21,073,351
Work-in-progress	24,574,300	27,292,365
Products	14,355,334	16,035,975
Merchandise	3,216,534	2,888,899
Stocktaking surpluses	88,104	128,314
Stocktaking deficits	159,083	(172,512)
Value adjustment	(967,902)	(1,426,853)
Total	**60,384,540**	**65,819,539**

(in EUR)	2013	2012
Value adjustment of inventories:		
– material	564,712	632,507
– finished products	329,883	721,043
– merchandise	73,307	73,303
Total	**967,902**	**1,426,853**

(in EUR)	2013	2012
Balance of inventory value adjustments as at 1 January	**1,426,853**	**800,783**
– material	(67,795)	124,563
– finished products	(391,160)	485,462
– merchandise	4	16,045
Balance as at 31 December	**967,902**	**1,426,853**

Inventories worth EUR 18.3 million have been pledged to banks as collateral for financial liabilities. The carrying amount of inventories is equal to their net realisable value.

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12.3.6 Operating Receivables

Operating receivables

(in EUR)	2013	2012
Long-term operating receivables		
Long-term operating receivables due from subsidiaries	2,926,297	3,912,434
Long-term operating receivables due from associates	123,782	95,734
Long-term trade receivables	594,924	586,773
Short-term part of long-term operating receivables	0	0
Value adjustment of long-term operating receivables	(398,603)	(243,424)
Total long-term operating receivables	**3,246,400**	**4,351,571**
Short-term operating receivables		
Short-term operating receivables due from subsidiaries	10,403,490	8,218,308
Short-term operating receivables due from associates	1,005,716	1,578,975
Short-term trade receivables		
– at home	5,864,837	6,024,244
– abroad	21,792,246	22,458,717
Short-term operating receivables from interest	0	0
Receivables for VAT	1,857,557	968,506
Advance payments	1,069,070	1,844,964
Other short-term operating receivables	1,174,740	1,506,277
Short-term part of long-term operating receivables	0	0
Value adjustments of short-term operating receivables	(2,829,717)	(3,199,108)
Total short-term operating receivables	**40,337,939**	**39,400,883**

In 2013, the Company made value adjustments of trade receivables as follows.

(in EUR)	2013	2012
Balance as at 1 January	**3,199,108**	**701,401**
Collected receivables previously written-off	(13,120)	(67,626)
Final write-off of receivables	(793,441)	(149,310)
Value adjustments during the year:	437,170	2,714,643
Balance as at 31 December	**2,829,717**	**3,199,108**

The Company has no secured or collateralised short-term operating receivables, but has short- and long-term operating receivables pledged to banks as collateral for long-term loans and factoring in the amount of EUR 27,554,320.

Maturity of the Company's receivables	2013	2012
Outstanding receivables	31,386,149	29,876,024
Overdue up to 90 days	6,043,917	5,814,674
Overdue from 91 to 180 days	971,184	1,247,575
Overdue from 181 to 360 days	1,155,351	1,389,352
Overdue by more than 360 days	781,338	1,073,258
Total	**40,337,939**	**39,400,883**

12.3.7 Short-Term Financial Assets

(in EUR)	2013	2012
Loans granted:		
– to subsidiaries	183,169	837,297
– to associated companies	1,794,125	2,862,362
– receivables purchased for trading	270,391	318,888
Short-term investments in deposits	1,069,835	138,018
Short-term part of long-term investments in liabilities	141,429	651,290
Value adjustments of short-term financial assets	0	(486,941)
Total	**3,458,949**	**4,320,914**

The Company's short-term financial assets have not been pledged.

Changes in short-term financial assets

(in EUR)	2013	2012
Balance as at 1 January	**4,320,914**	**2,889,531**
Increases:		
Increase in short-term loans to Group companies	4,204,498	954,629
Increase in short-term loans to associated companies	924,895	3,438,149
Increase in short-term loans to others	88,807,059	616,032
Decreases:		
Decrease in short-term loans to Group companies	(5,389,916)	(725,590)
Decrease in short-term loans to associated companies	(1,993,132)	(1,228,931)
Decrease in short-term loans to others	(87,902,310)	(1,148,114)
Other decreases – impairment	486,941	(474,792)
Balance as at 31 December	**3,458,949**	**4,320,914**

Increases and decreases of short-term financial assets in amount of EUR 86,185,000 represent short-term excess liquidity assets linked on days during the year.

12.3.8 Bank Balances, Cheques and Cash

Bank balances, cheques and cash

(in EUR)	2013	2012
Cash in hand and cheques received	16,093	16,293
Bank balances	1,694,005	569,037
Total	**1,710,098**	**585,330**

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12.3.9 Equity

The total equity of Unior d.d. comprises called-up capital, capital surplus, revenue reserves, surplus from revaluation, retained net loss and net loss for the financial year.

The Company's share capital as at 31 December 2013 was registered in the amount of EUR 23,688,983 as disclosed in the balance sheet. It is divided into 2,838,414 no-par value shares. The book value per share as at 31 December 2013 was EUR 36,41 or 3,55% less than the year before.

The changes in equity in the current year represent:

- the decrease of revaluation surplus because of changes in tax rates from 15% to 17% for deferred taxes in amount of EUR 610,012,
- the decrease of revaluation surplus because of land sale or exchange in amount of EUR 18,519
- the increase of revaluation surplus from actuarial gains in calculating provisions for severance pay in the amount of EUR 387,741.

Net loss for the current year is EUR 3,542,814.

Accumulated loss is a category according to the Companies Act.

Accumulated loss

(in EUR)	**2013**
a) Loss for the current year	(3,542,814)
b) Net profit brought forward	0
c) Net loss brought forward	(21,894,114)
d) Decrease in capital reserves	0
e) Decrease in revenue reserves:	
– decrease in other revenue reserves	0
f) Increase in revenue reserves:	
– increase in reserves for treasury shares	0
– increase in other revenue reserves for the profit of the current year	0
g) Accumulated loss	**(25,436,928)**

12.3.10 Long-Term Provisions and Deferred Income

(in EUR)	Provisions for severance pay and jubilee awards	Provisions for annuities	Provisions for rehabilitation of the environment	Grants received for fixed assets	Provisions for long-term deferred revenues	Total
As at 31 December 2012	**3,024,673**	**266,628**	**265,099**	**2,978,098**	**178,716**	**6,713,214**
Established provisions	316,308	12,322	0	20,276	0	348,906
Drawn provisions	(177,745)	(16,614)	(113,653)	(117,163)	(26,948)	(452,123)
Reversal of provisions	(387,741)	0	0	0	0	(387,741)
As at 31 December 2013	**2,775,495**	**262,336**	**151,446**	**2,881,211**	**151,768**	**6,222,256**

(in EUR)	Provisions for severance pay and jubilee awards	Provisions for annuities	Provisions for rehabilitation of the environment	Grants received for fixed assets	Provisions for long-term deferred revenues	Total
As at 31 December 2011	**3,383,579**	**268,087**	**378,752**	**2,647,980**	**204,264**	**6,882,662**
Established provisions	0	15,037	0	446,821	900	462,758
Drawn provisions	(185,361)	(16,496)	(113,653)	(116,703)	(26,448)	(458,661)
Reversal of provisions	(173,545)	0	0	0	0	(173,545)
As at 31 December 2012	**3,024,673**	**266,628**	**265,099**	**2,978,098**	**178,716**	**6,713,214**

Provisions for jubilee awards and severance pay were made in the amount of the estimated future payouts for jubilee awards and severance pay discounted at the balance-sheet date. The main parameters considered in the calculation are the pensionable age of 60, the required length of service of 40 years, a 5% discount and a 0,6% increase in salaries.

Provisions for annuities were formed for employees who were injured during work in company and have permanent consequences. In 2013, a new annuity was established in amount of EUR 12,332.

A long-term provision for environmental rehabilitation was made within the scope of the ownership transformation and was confirmed by the Ministry of the Environment and Spatial Planning for buildings, technology and plants intended for decreasing the burdening of the environment, namely:

- reconstruction of the treatment plant on Mount Rogla;
- reconstruction of the treatment plant within the scope of the cold forging plant; and
- reconstruction of the galvanising plant.

The provision was disclosed on 31 December 2013 in the amount of EUR 151,446. The provision for environmental rehabilitation shall be drawn in accordance with the depreciation of listed fixed assets.

The disclosure of long-term provisions comprises funds received from the Ministry of the Economy for co-financing the investments in the renovation and development of tourism facilities in Zreče, Rogla and Krvavec and the reconstruction of the thermal spa after the fire, co-financing the construction of hotel Atrij in Zreče, co-financing of development projects. The provisions are drawn in accordance with the depreciation of co-financed fixed assets. On 31 December 2013 the state of provision amounts to EUR 2,881,211.

The value of the provision for the rent paid by Mobitel d.d. is EUR 151,768.
There are no unfulfilled conditions or contingent liabilities arising from government grants.

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12.3.11 Long-Term Financial Liabilities

Changes in long-term financial liabilities

(in EUR)	Principal of debt 1 Jan. 2013	Restructuring transfer from short-term FL	New loans in the year	Return on the unpaid short-term part	Repayments in the year	Principal of debt 31 Dec. 2013	Part that falls due in 2014	Long-term part
Bank or creditor								
Domestic banks	62,002,558	40,716,518	10,818,467	20,680,459	(250,000)	133,968,002	(7,827,926)	126,140,076
Foreign banks	524,548	0	0	520,791	0	1,045,339	(42,193)	1,003,146
Other creditors	450,000	0	0	128,572	0	578,572	(192,857)	385,715
Finance lease	0		1,265,078	0	0	1,265,078	(166,578)	1,098,500
Total loans obtained	**62,977,106**	**40,716,518**	**12,083,545**	**21,329,822**	**(250,000)**	**136,856,991**	**(8,229,554)**	**128,627,437**

(in EUR)	Principal of debt 1 Jan. 2012	New loans in the year	Return on the unpaid short-term part	Repayments in the year	Principal of debt 31 Dec. 2012	Part that falls due in 2013	Long-term part
Bank or creditor							
Domestic banks	74,524,493	17,545,805	4,048,042	0	96,118,340	(34,115,782)	62,002,558
Foreign banks	923,701	0	121,638	0	1,045,339	(520,791)	524,548
Other creditors	514,286	0	64,286	0	578,572	(128,572)	450,000
Total loans obtained	**75,962,480**	**17,545,805**	**4,233,966**	**0**	**97,742,251**	**(34,765,145)**	**62,977,106**

The interest rates on the long-term loans obtained are within the range of six-month Euribor + 0.9% to six-month Euribor + 4.5%, and from three-month Euribor + 0.5% to three-month Euribor + 4.25%, one-month Euribor + 4.75%, one-month Libor + 5.15% and the real interest rate between 4.9% and 6.4%. The Company has taken out long-term loans with a reference interest rate for one-month, three-month and six-month Euribor and one-month Libor.

Maturity of long-term financial liabilities by year

(in EUR)	**2013**	**2012**
Maturity from 1 to 2 years	8,582,894	23,540,102
Maturity from 2 to 3 years	8,582,895	13,476,036
Maturity from 3 to 4 years	8,390,037	10,066,688
Maturity from 4 to 5 years	8,390,037	5,429,280
Maturity of more than 5 years	94,681,574	10,465,000
Total	**128,627,437**	**62,977,106**

Long-term and short-term liabilities arising from financing are collateralised by mortgages on immovable and movable property of Unior d.d. in the amount of EUR 217,241,167 and of RTC Krvavec d.d. in the amount of EUR 8,500,000, as well as bills of exchange written. These amounts comprise the value of the secured loan agreements.

12.3.12 Long-Term Operating Liabilities

(v EUR)	2013	2012
Long-term operating liabilities arising from lease	775,216	1,361,408
Short-term part of long-term operating receivables	(510,028)	(510,028)
Total	**265,188**	**851,380**

Long-term operating liabilities comprise a raised commodity loan in the segment of telecommunications and long-term bills payable.

12.3.13 Deferred Tax Assets and Liabilities

(in EUR)	2013	2012
Long-term deferred tax asset	6,209,923	4,773,064
Long-term deferred tax liability	(5,210,088)	(4,603,344)
Net long-term deferred tax asset	**999,835**	**169,720**

Changes in deferred tax assets	**2013**	**2012**
Balance of the deferred tax asset as at 1 January	**4,773,064**	**4,744,056**
Decrease:		
– long-term provisions for jubilee awards and severance pay	0	(136,344)
– reversal of tax relief for investments into research and development	0	(859,290)
– impairment of trade receivables	(683,163)	0
Increases:		
– long-term provisions for jubilee awards and severance pay	18,133	339,586
– impairment of trade receivables	1,186	0
– impairment of financial assets	1,074,145	0
– tax relief for investments	357,110	0
– investments into research and development	669,448	0
– tax loss	0	685,056
Balance of the deferred tax asset as at 31 December	**6,209,923**	**4,773,064**

Changes in deferred tax liabilities	**2013**	**2012**
Balance of the deferred tax liability as at 1 January	**4,603,344**	**6,140,413**
Decrease	0	(1,537,069)
Increase	606,744	0
Balance of the deferred tax liability as at 31 December	**5,210,088**	**4,603,344**

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Deferred taxes are disclosed according to the balance sheet liability method, whereby the temporary difference between the carrying amount of the assets and the liabilities is taken into account for financial reporting and tax reporting purposes. The deferred tax is disclosed in the amount that will have to be paid according to expectations upon the reversal of temporary differences pursuant to the laws that have been enacted or substantially enacted at the reporting date.

Deferred tax assets arise from the calculated provisions for jubilee awards and severance pay, the impairment of trade receivables, tax relief for R&D and the disclosed tax loss. The tax rate applied to all items is 17%.

Long-term deferred tax liabilities relate to the recalculation of property (land) to a fair value that is disclosed in the surplus from revaluation. The tax rate applied is 17%.

12.3.14 Short-Term Financial Liabilities

Changes in short-term financial liabilities

(in EUR)	Balance of debt as at 1 Jan. 2013 with the short-term part of long-term liab.	New loans in the year	Liability for paid-up capital	Transfer of the unpaid short-term part to long-term liab.	Restructuring transfer on long-term FL	Repayments in the year	Transfer of the short-term part of long-term liabilities	Balance of debt as at 31 Dec. 2013
Bank or creditor								
Domestic banks	77,498,758	23,343	0	(20,680,459)	(40,724,933)	(16,116,709)	7,827,926	7,827,926
Foreign banks	520,791	0	0	(520,791)	0	0	42,193	42,193
Other lenders	1,989,611	47,699,218	0	(128,572)	0	(40,720,941)	192,857	9,032,173
Finance lease	0	0	0	0	0	0	166,578	166,578
Total loans obtained	**80,009,160**	**47,722,561**	**0**	**(21,329,822)**	**(40,724,933)**	**(56,837,650)**	**8,229,554**	**17,068,870**

(in EUR)	Balance of debt as at 1 Jan. 2012 with the short-term part of long-term liab.	New loans in the year	Liability for paid-up capital	Transfer of the unpaid short-term part to long-term liab.	Repayments in the year	Transfer of the short-term part of long-term liabilities	Balance of debt as at 31 Dec. 2012
Bank or creditor							
Domestic banks	66,545,253	75,060,122	0	(4,048,042)	(94,174,357)	34,115,782	77,498,758
Foreign banks	487,850	0	0	(121,638)	(366,212)	520,791	520,791
Other lenders	496,222	8,180,505	0	(64,286)	(6,751,402)	128,572	1,989,611
Total loans obtained	**67,529,325**	**83,240,627**	**0**	**(4,233,966)**	**(101,291,971)**	**34,765,145**	**80,009,160**

Among short-term financial liabilities the company shows a rented short term loan from company Petrol Energy d.o.o. and also financing with factoring. By signing the General contract on financial restructuring, all other financial liabilities have become long-term.

The interest rate on short-term loans is 6.45% and three-month Euribor + 3.75% for financing with factoring.

Short-term liabilities arising from financing are collateralised by mortgages on movable property in the amount of EUR 12,100,000 as well as bills of exchange written and trade receivables pledged. This amount comprises the value of the secured loan agreements.

12.3.15 Short-Term Operating Liabilities

(in EUR)	2013	2012
Short-term operating liabilities to subsidiaries		
Slovenia	2,995	8,105
Abroad	877,782	1,489,146
Short-term operating liabilities to associates		
Slovenia	6,817,236	7,040,226
Abroad	142,790	260,320
Short-term operating liabilities to other suppliers		
Slovenia	16,304,981	17,155,104
Abroad	4,985,393	7,933,358
Short-term operating liabilities to the state	552,909	577,205
Short-term operating liabilities to employees	3,068,485	3,322,831
Short-term operating liabilities for advances	2,787,455	7,365,347
Short-term operating liabilities for interest	247,660	450,137
Other short-term liabilities	163,599	181,141
Short-term part of long-term operating receivables	510,028	510,028
Total	**36,461,313**	**46,292,948**

Maturity of the Company's operating liabilities as at 31 December 2013

(in EUR)	2013	2012
Outstanding liabilities	24,132,532	29,495,345
Overdue up to 90 days	10,878,391	13,180,298
Overdue from 91 to 180 days	691,278	2,011,752
Overdue from 181 to 360 days	470,972	844,529
Overdue over 360 days	288,140	761,024
Total	**36,461,313**	**46,292,948**

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12.3.16 Accrued Costs and Deferred Revenues

(in EUR)	2013	2012
Short-term deferred revenues	256,917	307,548
Short-term accrued costs and expenditures	1,637,243	1,787,628
VAT from advances granted	35,020	29,129
Total	**1,929,180**	**2,124,305**

The following is disclosed among the accrued costs and deferred revenues:

- short-term deferred revenues from the advance sale of ski pass tickets in the amount of EUR 256,917;
- accrued costs comprising the accounted commissions from the sale of tools and machinery in the amount of EUR 574,731, accrued expenses for sale of furnace in amount of EUR 187,500 and the liability for unused holiday leave for 2013 in the amount of EUR 875,012;
- VAT from advances granted in the amount of EUR 35,020.

12.3.17 Contingent Liabilities

(in EUR)	2013	2012
Guarantees and warranties given	6,648,543	8,903,351
Total	**6,648,543**	**8,903,351**

The guarantees and warranties provided to related parties are worth EUR 6,644,967.

12.4 Notes on the Income Statement

12.4.1 Net Sales Revenues

Net sales revenues by geographical segment

(in EUR)	2013	2012
Slovenia		
– subsidiaries	38,720	83,274
– associates	203,847	1,310,714
– other buyers	33,514,701	34,316,498
Rest of the world		
– subsidiaries	14,863,268	12,132,591
– associates	3,867,303	3,782,945
– other buyers	114,044,363	104,247,590
Total	**166,532,202**	**155,873,612**

12.4.2 Capitalised Own Products and Services

Capitalised own products and own services are products made by the Company itself or the services provided by the Company for its own needs that are included in either property, plant and equipment or intangible fixed assets, and the related services also performed by the Company itself. Their amount must not exceed the costs incurred by the construction or making of a product or the provision of a service.

Capitalised own products and services

(in EUR)	2013	2012
Capitalised own products and services	1,613,013	1,674,087
Capitalised own tools	53,559	496,250
Total	**1,666,572**	**2,170,337**

As part of its capitalised own products and own services, the Company discloses the value of own investments into maintenance activities for other programmes in the amount of EUR 1,613,013. The largest amount is represented by the general overhauls of machines at the forging plant.

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12.4.3 Other Operating Revenues

(in EUR)	2013	2012
Rewards for exceeding the quota of disabled employees	243,432	240,542
Paid receivables that were already included in the value adjustment	13,120	67,626
Damages received	124,002	64,985
Reversal of long-term provisions	536,701	699,141
Profit from disposal of fixed assets	271,501	131,339
Revaluation of investment property to fair value	0	228,368
Subsidies, grants and similar revenues	108,971	176,394
Emission coupon sales	9,486	9,029
Other	661,668	1,603,414
Total	**1,968,881**	**3,220,838**

12.4.4 Costs and Expenses

(in EUR)	Prod. costs	Costs of sales	Costs of general activities	Total
Cost of goods sold/production costs	12,874,214	0	0	12,874,214
Cost of material	65,915,567	4,928,060	1,360,591	72,204,218
Cost of services	15,472,763	3,427,644	2,394,165	21,294,572
Cost of wages and salaries	24,358,100	*5,641,225*	*3,052,473*	*33,051,798*
Cost of social insurance	4,240,260	*912,385*	*502,342*	*5,654,987*
Cost of pension insurance	397,346	*78,603*	*41,952*	*517,901*
Other labour costs	*3,185,621*	*1,092,092*	*377,061*	*4,654,774*
Total labour costs	32,181,327	7,724,305	3,973,828	43,879,460
Amortisation and depreciation	6,053,920	2,303,731	796,047	9,153,698
Operating expenses from revaluation of current assets	183,074	191,714	0	374,788
Operating expenses from revaluation of intangible assets and property, plant and equipment	13,060	0	0	13,060
Other costs	827,267	459,577	402,072	1,688,916
Total costs	**133,521,192**	**19,035,031**	**8,926,703**	**161,482,926**

Other labour cost comprises the costs of holiday allowance, meal allowance, travel allowance and certain other payments to employees.

As part of its other costs, the Company discloses:

(in EUR)	2013	2012
– provisions for severance pay and jubilee awards and annuities	328,630	15,036
– charge for the use of building land	267,740	270,569
– environmental protection expenditures	111,528	112,752
– bonuses to pupils and students undergoing practical training	427,314	405,560
– scholarships to pupils and students	59,162	185,584
– damages paid to employees	55,369	106,815
– financial aid - grants	163,147	218,519
– costs incurred from the sale of apartments	1,164	2,082
– impairment of investment property	20,000	935,709
– other operating expenses	254,862	299,559
Total	**1,688,916**	**2,552,185**

The contractual amount for auditing the Annual Report of Unior d.d. and the Unior Group came in at EUR 26,500. The audit was performed by Deloitte Revizija d.o.o. Ljubljana.

12.4.5 Finance Income and Expenses

Finance income

(in EUR)	2013	2012
Finance income from participating interests		
Finance income from participating interests in Group companies	642,577	205,464
Finance income from participating interests in associated companies	312,744	228,203
Finance income from participating interests in other companies	3,700	7,880
Total	959,021	441,547
Finance income from loans granted		
Finance income from loans granted to Group companies	347,609	238,366
Finance income from loans granted to others	175,402	122,796
Total	523,011	361,162
Finance income from operating receivables		
Finance income from operating receivables due from Group companies	7,463	97,340
Finance income from operating receivables due from others	124,041	271,563
Total	131,504	368,903
Total finance income	**1,613,536**	**1,171,612**

The finance income from participating interests in Group companies comprises the profit of Unior Professional Tools Ltd., Ningbo Unior Forging Co. Ltd. and profit from the sale of company Unior Bionic d.o.o.. Finance income from participating interests in associates comprises the profit of

Unior Teos d.o.o., Unior Tepid s.r.l., Unior Tehna d.o.o. and profit from the sale of shares in companies Roboteh d.o.o. and Solion Ltd..

Finance expenses

(in EUR)	2013	2012
Finance expenses from impairments and write-offs of financial assets	5,074,398	5,950,733
Finance expenses from financial liabilities		
Finance expenses from loans received from Group companies	0	66,032
Finance expenses from bank loans	5,742,944	6,467,560
Finance expenses from other financial liabilities	3,579	103,033
Total	5,746,523	6,636,625
Finance expenses from operating liabilities		
Finance expenses from operating liabilities to Group companies	64,039	1,437
Finance expenses from trade payables and bills payable	325,803	247,424
Finance expenses from other operating liabilities	205,404	76,638
Total	595,246	325,499
Total finance expenses	**11,416,167**	**12,912,857**

The Impairment of Financial Assets

Investments in the following companies were impaired: Unior France S.A.S. in the amount of EUR 76,192, Unidal d.o.o. in the amount of EUR 150,000, Unior Hungaria Kft. in the amount of EUR 33,332, Unior Svetovanje d.o.o. in the amount of EUR 12,271, Unior Formingtools d.o.o. in the amount of EUR 291,892 and Unior Komerc d.o.o. in the amount of EUR 305,238. We also impaired the shares of Banka Celje d.d. in the amount of EUR 3,986,066; impairment of long-term loan of company Lesne gradnje d.o.o. in the amount of EUR 198,603. Because of the liquidation of SIB Banka the investment in the amount of EUR 17,441 was written off, a deposit of company Huser in the amount of EUR 3,199 was written off, revaluation of shares of Interevropa had a negative effect in the amount of EUR 165.

12.5 Corporate Income Tax Account and Deferred Taxes

(in EUR)	2013	2012
Corporate income tax	0	0
Deferred taxes	(1,436,858)	(29,010)
Total	**(1,436,858)**	**(29,010)**

Reconciliation of the taxable and accounting profit multiplied by the tax rate in Slovenia:

(in EUR)	2013	2012
Net profit or loss for the period before taxes	(4,979,672)	(15,110,820)
Corporate income tax in Slovenia, 20%	(846,544)	(2,719,948)
Non-taxable income	13,724	8,296
Expenses not recognised for tax purposes	7,064,979	332,021
Value adjustment of receivables	481,052	575,839
Provisioning	(471,834)	(544,441)
Tax relief for investments in research and development	149,715	763,571
Tax relief for investments	355,909	12,000
Tax relief for employment of disabled people	280,996	0
Tax relief for supplementary pension insurance	75,840	0
Tax loss	0	1,577,507
Corporate income tax	(1,436,858)	(29,010)
Effective tax rate in %	28,9	0,2

In 2013, a taxable base was disclosed in the amount of EUR 2,099,031,40. The company has taken advantage of tax relief for employing people with disabilities in the amount of EUR 1,652,914,95 and for voluntary supplementary pension insurance in the amount of EUR 4546,116,45. The tax relief facilities that can be applied in the following periods comprise a total of EUR 28,562,380,81.

Deferred Taxes

The profit ascertained according to the tax legislation differs from the profit ascertained pursuant to the accounting principles and the IFRS. The deferral of taxes is accounted only for temporary differences in the tax burden between the business accounts and tax statements, i.e. for those that are reconciled in the defined period.

A deferred tax asset is calculated using the temporary difference in the long-term provisions for severance pay and jubilee awards, the impairment of trade receivables, unused tax relief facilities and tax losses.
The effect of deferred taxes on the net profit or loss is EUR 1,436,858, which increases the net profit or loss for the current year.

12.6 Related-Party Transactions

12.6.1 Sales to Associated Companies

Sales to related parties

(in EUR)	2013	2012
Subsidiaries:		
In the country:		
RTC KRVAVEC d.d., Cerklje	130,933	82,333
UNIOR BIONIC d.o.o., Zreče	29,606	941
Abroad:		
UNIOR Produktions- und Handels- GmbH, Ferlach	1,157,743	3,179,334
UNIOR DEUTSCHLAND GmbH, Remseck	636,978	411,664
UNIOR FRANCE S.A.S., Melun	2,059,611	1,973,737
UNIOR ITALIA S.R.L., Limbiate	916,417	944,214
UNIOR ESPANA S.L., Uharte-Arakil	435,405	478,034
UNIOR HELLAS S.A., Metamorfosis	175,449	52,617
UNIOR INTERNATIONAL Ltd., Lincolnshire	829,512	817,686
UNIOR KOMERC d.o.o., Skopje	95,671	143,447
UNIOR PROFESSIONAL TOOLS Ltd., St. Peterburg	4,666,024	3,067,294
UNIOR AUSTRALIA TOOL Co. PTY Ltd., Melbourne	560	(883)
UNIOR USA CORPORATION, Olney	15,778	15,892
UNIOR BULGARIA Ltd., Sofia	160,710	183,816
UNIOR COFRAMA sp.z o.o., Poznan	203,042	52,503
UNIOR HUNGARIA Kft., Nagyrecse	235,09	263,780
UNIOR COMPONENTS a.d., Kragujevac	288,046	132,548
NINGBO UNIOR FORGING Co. Ltd., Yuyao	986,545	282,448
UNIDAL d.o.o., Vinkovci	1,998,885	134,301
UNIOR Savjetovanje i trgovina BH d.o.o., Sarajevo	0	159
Total subsidiaries	**15,022,005**	**12,215,865**
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore	61,938	115,908
RHYDCON d.o.o., Šmarje pri Jelšah	71,523	78,884
ROBOTEH d.o.o., Šmarje pri Jelšah*	2,617	7,845
RC SIMIT d.o.o., Kidričevo	65,979	1,108,076
Abroad:		
UNIOR TEPID S.R.L., Brasov	2,351,935	2,043,197
UNIOR SINGAPORE Pte. Ltd., Singapore	294,434	252,108
UNIOR TEHNA d.o.o., Sarajevo	306,629	363,120
UNIOR TEOS ALATI d.o.o., Belgrade	775,033	720,515
SINTER a.d., Užice	90,075	125,356
UNIOR FORMINGTOOLS d.o.o., Kragujevac**	61,689	278,650
Total associated companies	**4,081,853**	**5,093,659**
Total sales to related parties	**19,103,858**	**17,309,524**

* Roboteh d.o.o. is among associated companies until 30 May 2013.

** Unior Formingtools d.o.o. is among associated companies until 31 May 2013.

12.6.2 Purchases from Associated Companies

Purchases from related parties

(in EUR)	2013	2012
Subsidiaries:		
In the country:		
RTC KRVAVEC d.d., Cerklje	72,630	60,325
UNIOR BIONIC d.o.o., Zreče	228	0
Abroad:		
UNIOR Produktions- und Handels- GmbH, Ferlach	1,229,021	2,961,788
UNIOR DEUTSCHLAND GmbH, Remseck	297,766	699,716
UNIOR FRANCE S.A.S., Melun	0	4,904
UNIOR ITALIA S.R.L., Limbiate	31,117	29,421
UNIOR INTERNATIONAL Ltd., Lincolnshire	136,329	38,969
UNIOR KOMERC d.o.o., Skopje	32,119	29,128
UNIOR AUSTRALIA TOOL Co. PTY Ltd., Melbourne	0	7,500
UNIOR BULGARIA Ltd., Sofia	0	2,500
UNIOR COFRAMA sp.z o.o., Poznan	8,747	5,570
UNIOR HUNGARIA Kft. Nagyrecse	1,966	0
UNIOR COMPONENTS a.d., Kragujevac	695,050	1,083,686
UNIDAL d.o.o., Vinkovci	4,330,182	2,277,873
UNIOR Savjetovanje i trgovina BH d.o.o., Sarajevo	299	0
Total subsidiaries	**6,835,454**	**7,201,380**
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore	19,765,014	18,925,080
RHYDCON d.o.o., Šmarje pri Jelšah	0	0
ROBOTEH d.o.o., Šmarje pri Jelšah*	336,091	177,602
RC SIMIT d.o.o., Kidričevo	885,427	467,800
Abroad:		
UNIOR TEPID S.R.L., Brasov	45,708	147,121
UNIOR SINGAPORE Pte. Ltd., Singapore	11,425	0
UNIOR TEHNA d.o.o., Sarajevo	8,117	10,802
UNIOR TEOS ALATI d.o.o., Belgrade	306,115	290,746
SINTER a.d., Užice	357,975	294,403
UNIOR FORMINGTOOLS d.o.o., Kragujevac**	743,305	327,844
Total associated companies	**22,459,177**	**20,641,398**
Total purchases from related parties	**29,294,631**	**27,842,778**

* Roboteh d.o.o. is among associated companies until 31 May 2013

** Unior Formingtools d.o.o. is among associated companies until 31 May 2013

12.6.3 Operating Receivables from Associated Companies

Operating receivables due from related parties

(in EUR)	2013	2012
Subsidiaries:		
In the country:		
RTC KRVAVEC d.d., Cerklje	24,557	30,796
UNIOR BIONIC d.o.o., Zreče	20,806	923
ROGLA INVESTICIJE d.o.o., Zreče	0	65,160
Abroad:		
UNIOR Produktions- und Handels- GmbH, Ferlach	477,177	621,158
UNIOR DEUTSCHLAND GmbH, Remseck	125,275	339,424
UNIOR FRANCE S.A.S., Melun	1,478,868	1,417,388
UNIOR ITALIA S.R.L., Limbiate	510,778	451,386
UNIOR ESPANA S.L., Uharte-Arakil	860,074	843,621
UNIOR HELLAS S.A., Metamorfosis	37,848	0
UNIOR INTERNATIONAL Ltd., Lincolnshire	910,061	857,612
UNIOR KOMERC d.o.o., Skopje	1,358,109	1,273,556
UNIOR PROFESSIONAL TOOLS Ltd., St. Peterburg	1,924,771	1,355,773
UNIOR USA CORPORATION, Olney	0	9,326
UNIOR BULGARIA Ltd., Sofia	772,290	770,270
UNIOR COFRAMA sp.z o.o., Poznan	59,575	50,700
UNIOR HUNGARIA Kft., Nagyrecse	102,992	99,991
UNIOR COMPONENTS a.d., Kragujevac	0	117,638
NINGBO UNIOR FORGING Co. Ltd., Yuyao	416,879	451,124
UNIDAL d.o.o., Vinkovci	2,435,216	2,277,934
Total subsidiaries	**11,515,276**	**11,033,780**
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore	223	80
RHYDCON d.o.o., Šmarje pri Jelšah	26,478	20,347
ROBOTEH d.o.o., Šmarje*	0	167
RC SIMIT d.o.o., Kidričevo	5,512	433,200
Abroad:		
UNIOR TEPID S.R.L., Brasov	534,492	535,716
UNIOR SINGAPORE Pte. Ltd., Singapore	40,884	42,410
UNIOR TEHNA d.o.o., Sarajevo	173,493	168,237
UNIOR TEOS ALATI d.o.o., Belgrade	92,443	80,376
SINTER a.d., Užice	175,941	195,966
UNIOR FORMINGTOOLS d.o. o., Kragujevac**	0	643,408
Total associated companies	**1,049,466**	**2,119,907**
Total operating receivables due from related parties	**12,564,742**	**13,153,687**

* Roboteh d.o.o. is among associated companies until 31 May 2013

** Unior Formingtools d.o.o. is among associated companies until 31 May 2013

12.6.4 Operating Liabilities to Associated Companies

Operating liabilities to related parties

(in EUR)	2013	2012
Subsidiaries:		
In the country:		
RTC KRVAVEC d.d., Cerklje	2,970	8,106
UNIOR BIONIC d.o.o., Zreče	25	0
Abroad:		
UNIOR Produktions- und Handels- GmbH, Ferlach	335,744	286,412
UNIOR DEUTSCHLAND GmbH, Remseck	136,267	479,220
UNIOR FRANCE S.A.S., Melun	0	4,904
UNIOR ITALIA S.R.L., Limbiate	14,351	15,477
UNIOR INTERNATIONAL Ltd., Lincolnshire	112	15,824
UNIOR COFRAMA sp.z o.o., Poznan	304	0
UNIOR HUNGARIA Kft. Nagyrecse	87	0
UNIOR COMPONENTS a.d., Kragujevac	251,510	686,870
NINGBO UNIOR FORGING Co. Ltd., Yuyao	0	0
UNIDAL d.o.o., Vinkovci	138,968	0
UNIOR Savjetovanje i trgovina BH d.o.o., Sarajevo	439	439
Total subsidiaries	**880,777**	**1,497,252**
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore	6,694,614	6,565,574
RHYDCON d.o.o., Šmarje pri Jelšah	0	0
ROBOTEH d.o.o., Šmarje*	0	12,032
RC SIMIT d.o.o., Kidričevo	108,263	462,619
Abroad:		
UNIOR TEPID S.R.L., Brasov	8,804	0
UNIOR SINGAPORE Pte. Ltd., Singapore	3,485	0
UNIOR TEHNA d.o.o., Sarajevo	4,798	0
UNIOR TEOS ALATI d.o.o., Belgrade	23,162	55,466
SINTER a.d., Užice	111,374	132,896
UNIOR FORMINGTOOLS d.o.o., Kragujevac**	0	71,957
Total associated companies	**6,954,500**	**7,300,544**
Total operating liabilities to related parties	**7,835,277**	**8,797,796**

* Roboteh d.o.o. is among associated companies until 31 May 2013

** Unior Formingtools d.o.o. is among associated companies until 31 May 2013

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12.6.5 Receivables and Liabilities from Loans and Interest Arising from Related-Party Transactions

Loans to related parties

Receivables from loans and interest due from related parties

(in EUR)	2013	2012
RTC Krvavec d.d., Cerklje	3,859,539	3,880,069
UNIOR BIONIC d.o.o., Zreče	15,333	0
RHYDCON d.o.o., Šmarje pri Jelšah	563,863	547,440
RC SIMIT d.o.o., Kidričevo	1,230,262	2,314,922
UNIOR SAVJETOVANJE IN TRGOVID d.o.o., Sarajevo	26,576	24,954
ROGLA INVESTICIJE d.o.o., Zreče	89,652	313
SINTER a.d., Užice	314,902	314,902
UNIOR HUNGARIA Kft., Nagyrecse	858,599	812,042
Total	**7,093,726**	**7,894,642**

12.7 Receipts of the Management Board and Supervisory Board

Remuneration to the Management Board and the Supervisory Board

	Gross values		Net values	
(in EUR)	2013	2012	2013	2012
Darko Hrastnik	93,646	91,818	43,007	42,042
Gorazd Korošec***	0	63,110	0	31,194
Branko Bračko**	81,891	10,827	40,556	5,800
Management Board total	**175,537**	**165,755**	**83,563**	**79,036**
Matej Golob Matzele	5,297	4,929	4,105	3,820
Karl Kuzman****	0	1,560	0	1,209
Franc Dover	3,790	1,107	2,937	858
Rok Vodnik	3,537	3,165	2,741	2,453
Emil Kolenc	5,201	5,113	4,031	3,962
Stanko Šrot	4,662	3,948	3,613	3,060
Marjan Adamič	4,711	4,491	3,651	3,481
Katarina Praznik*	0	251	0	194
Gregor Korošec*	978	1,004	758	778
Primož Klemen*	353	362	273	281
Andreja Kert*	176	0	137	0
Marko Mlakar*	176	0	137	0
Supervisory Board total	**28,881**	**25,930**	**22,383**	**20,096**

* Members of the Supervisory Board's committees

** in year 2012 member of the board from 15.11.2012

***in year 2012 president of the board until 17.08.2012

**** in year 2012 member of the board until 11.07.2012

12.8 Proposal for the Allocation of Loss for the Year

The Management Board of the Company adopted the audited financial statements on 17 April 2014 by way of a resolution.

The established accumulated loss from the 2013 financial year is EUR 25,436,928 and is composed of the net loss for the 2013 financial year in the amount of EUR 3,542,814 and net loss brought forward in the amount of EUR 21,894,114.

The accumulated loss shall remain uncovered and shall be brought forward to the following year.

12.9 Risk Management

We detect the opportunities and threats that arise in the environment and the business system in a timely manner and thus improve our operations.

Unior d.d. encounters risks in the international environment on a daily basis, which is the reason why it devotes a lot of attention to the area of risk management. The activities that we perform are geared towards ensuring appropriate exposure to the various forms of risk in accordance with the adopted policies, which consequently enhances the probability that the planned business objectives will be achieved. Compared to the previous year, we directed our efforts in 2013 primarily towards opportunities in the economic environment. We dealt with the operating performance and employees, with an emphasis on the promotion of innovation and project management.

FINANCIAL RISKS

Risk area	Risk description	Management method	Exposure
Credit risk	The risk of a default on the part of the buyers	Limiting exposure to individual buyers and monitoring of the buyers' credit ratings□	Moderate
The risk of short-term liabilities exceeding short-term assets	Deficit in liquid assets	Planning the liquid asset requirements	Moderate
Foreign exchange risk	The possibility of loss due to unfavourable changes in exchange rates	Monitoring of financial markets	Moderate
Interest rate risk	The possibility of loss due to unfavourable changes in interest rates	Monitoring of the changes in interest rates and negotiations with credit institutions	Moderate
Property risk	The risk of damage to property caused by accidents	Measures in accordance with the regulations on fire protection, conclusion of fire insurance policies	Moderate
The risk of damages claims and lawsuits	The risk of damages claims for damage inadvertently caused by the Company through its activity, possession of items and through placing products and services on the market	Insurance for all types of liability	Moderate

The exposure to individual types of financial risks is assessed on the basis of their effect on cash flows.

Credit Risks

Credit risks are managed by way of the regular supervision of operations and the financial position of all new and existing business partners, the limitation of exposure to individual business partners, and the active receivables collection process. Through the regular monitoring of outstanding and past due trade receivables, the ageing structure of receivables and changes in the payment deadlines, the Company maintains its credit exposure within an acceptable range.

Liquidity Risk

The liquidity risks comprise risks related to the shortage of available financial assets and the consequent inability of the Company to settle its liabilities within the agreed deadlines. Because of an efficient cash management through a savings account and the fact that the company has successfully completed negotiations with banks and concluded a General contract on financial restructuring in 2013 which ensures a positive cash flow until year 2019, we estimate that exposure to liquidity risk is moderate.

Foreign Exchange Risk

The major part of the Company's cash flows is generated in euros. The change in the foreign currency exchange rates in 2013 did not significantly affect the Company's results.

The Risk of Changes in Interest Rates

We also devote a lot of attention to interest rates that can decrease the economic benefits when they change. In line with the financial policy, we made efforts in 2013 to keep the existing interest rates for short-term and long-term loans unchanged. A signed General contract on financial restructuring also ensures stable margins in bank loans until the end of year 2014. At the onset of the economic crisis, reference interest rates for all the loans that we have taken out began decreasing, however in the year 2013 there has been a slight increase of reference interest rates.

Balance of the liabilities tied to an individual variable interest rate in 2013

(in EUR)	Amount of the liability as at 31 Dec. 2013	Interest rate	Hypothetical rise in interest rates by 15%	by 50%	by 100%
Interest rate type					
1-month EURIBOR	3,000,000	0,2340	1,053	3,510	7,020
3-month EURIBOR	44,252,601	0,2930	19,449	64,830	129,660
6-month EURIBOR	75,559,452	0,3920	44,429	148,097	296,193
1-month LIBOR	739,518	0,1690	187	625	1,250
Total effect	**123,551,572**		**65,118**	**217,062**	**434,123**

Balance of the liabilities tied to an individual variable interest rate in 2012

(in EUR)	Amount of the liability as at 31 Dec. 2012		Hypothetical rise in interest rates by 15%	by 50 %	by 100 %
Interest rate type					
1-month EURIBOR	3,000,000	0,1110	499	1,665	3,330
3-month EURIBOR	48,503,832	0,1850	13,460	44,866	89,732
6-month EURIBOR	70,406,435	0,3190	33,689	112,298	224,597
1-month LIBOR	747,933	0,2117	238	792	1,583
Total effect	**122,658,200**		**47,886**	**159,621**	**319,242**

12.10 The Provision of Public Utility Services

1. *The provision of the public utility service for the drainage and treatment of waste water in the area covered by the Rogla Development Plan in the Zreče Municipality*

   In accordance with the Concession Contract for the Provision of the Public Utility Service for the Drainage and Treatment of Waste Water in the Area Covered by the Rogla Development Plan in the Zreče Municipality, Unior d.d. is obliged to manage the system for the collection, treatment and drainage of waste water in the area covered by the Rogla Development Plan in the Zreče Municipality and the provision of the public utility service for the drainage and treatment of water in the area covered by the Rogla Development Plan in the Zreče Municipality. In line with Article 9, the concessionaire charges the public utility service users a fee for the provision of the above public utility service. The basic price is laid down in the Concession Contract and is adjusted each year in line with the Contract.

Income Statement for the Activity of Public Utility Service Provision - Drainage and Treatment of Waste Water

(v EUR)	**2013**	**2012**
Revenues from the drainage and treatment of waste water	93,862	96,511
Total revenues	**93,862**	**96,511**
Cost of material	5,704	9,063
Cost of services	20,584	22,616
Depreciation/amortisation	19,913	19,913
Labour costs	25,340	26,424
Finance expenses	14,646	13,425
Total operating costs	**86,187**	**91,442**
PROFIT OR LOSS	**7,675**	**5,069**

The revenues from the provision of the public utility service are monitored for the purpose of separate accounting of the activity of public utility service provision in accordance with the Concession Contract for the Provision of the Public Utility Service for the Drainage and Treatment of Waste Water in the Area Covered by the Rogla Development Plan in the Zreče Municipality within the scope of cost centres established for this purpose. The revenues comprise the drainage fee, the connection fee and the fee for the treatment of waste water. The persons liable for the sewage charges are the owners and tenants or users of the tourist facilities on Mount Rogla.

2. *The provision of the public utility service of heat supply in the area of the Development Plan for the Town Centre of Zreče*

   In accordance with the Concession Contract for the Provision of the Public Utility Service of Heat Supply in the Area Covered by the Development Plan for the Town Centre of Zreče, Unior d.d. is obliged to construct, manage and maintain the network for the distribution of heat for general consumption purposes in the area covered by the Development Plan for the Town Centre of Zreče that has been designated for the introduction of the district heating system on the energy map. The Concession Contract was concluded with the Zreče Municipality for a period of 20 years. Pursuant to the above Contract, Unior d.d. transferred the concession to the company SPITT d.o.o., on October 2013 the concession was transferred back to company Unior d.d..

Income Statement for the Activity of Public Utility Service Provision - Heat Supply

(v EUR)	2013	2012
Revenues from the supply of natural gas and electricity	842,617	1,007,748
Total revenues	**842,617**	**1,007,748**
Cost of material	711,319	833,810
Cost of services	0	15,000
Depreciation/amortisation	89,415	89,130
Labour costs	35,062	45,120
Total operating costs	**835,796**	**983,060**
PROFIT OR LOSS	**6,821**	**24,688**

The revenues from the provision of the public utility service are monitored for the purpose of the separate accounting of the activity of public utility service provision in accordance with the Concession Contract for the Provision of the Public Utility Service of Heat Supply in the Area Covered by the Development Plan for the Zreče Town Centre within the scope of costs centres established for this purpose. The revenues comprise the heat supply fees charged to the users.

Throughout the period, Unior d.d. operated at a loss with regard to the work performed under the above concession contracts and thus did not form provisions for this purpose.

3. *The provision of the public utility service for construction and management of cross-country ski center on Rogla*

On the basis of a municipal ordinance on public-private partnership to implement the project "Construction of cross-country ski center on Rogla", a municipality Zreče has chosen a company Unior d.d. as a concessionaire for this project. Concession contract was concluded on 29 November 2013 for the period of 30 years. Concession areas includes the construction and management of facilities for cross-country ski center on Rogla listed below:

Facility	number of parcels in the cadastral municipality 1091 - Hudinja
the start finish area	1095/172
multi-purpose facility	1095/212, 1095/213, 1095/210, 1095/211, 1095/180
skate track	1095/176, 1095/181, 1095/182, 1095/184, 1091/2, 1092/7, 1095/171
accumulation lake and service facility	1095/175, 1092/9

In 2013, company Unior d.d. has paid a concession in the amount of EUR 281,499.

Note – Criteria

For the purpose of the separate disclosure and accounting of the public utility service activity under the concession contracts, Unior d.d. has organised separate costs centres, namely:

- cost centre designated 34500 – Cross-country ski center on Rogla;
- cost centre designated 32900 – Wastewater treatment plant on Rogla;
- cost centre designated 52100 – SPTE;
- cost centre designated 52200 – Energetics – cogeneration 2
- cost centre designated 54000 – Gas Distribution for GKN.

The direct costs of the public utility service are recorded according to their nature types and depending on which element of the business process incurs them: costs of the means for work or depreciation/amortisation, labour costs, cost of services, costs of the work items or the costs of materials.

The indirect costs of the public utility service are ascertained using the required criteria for the purpose of their allocation to individual activities and for the separate accounting of individual activities.

The indirect costs of the public utility service are the general costs of the Company's Joint Services Department. The criterion applied is the share of the revenue of an individual activity in the total revenues of the Company.

In accordance with Article 10 of the Act amending the Transparency of Financial Relations and the Maintenance of Separate Accounts for Different Activities Act, we provided the criteria for the allocation of revenues from the provision of the public utility services that have been set out and verified by the auditor. The objective eligibility of the criteria was verified by the selected auditing company, Ernst & Young in year 2011.

13 Statement on the Management Board's Responsibility

The Management Board is responsible for the preparation of the Annual Report so that it presents a true and fair view of the Company's assets and liabilities and its operating results for 2013.

The Management Board confirms that it has consistently applied the relevant accounting policies and made the accounting estimates according to the principles of prudence and due diligence. The management further confirms that the financial statements, together with the notes, have been compiled on the basis of the assumptions of going concern as well as in accordance with the applicable legislation in force and the International Financial Reporting Standards.

The Management Board is also responsible for the adequacy of the accounting practices, the adoption of suitable measures for safeguarding assets and for the prevention and detection of fraud and other irregularities or illegal acts.

At any time within a period of five years following the lapse of the year in which the tax must be assessed, the tax authorities may audit the Company's operations, which may consequently result in additional tax liabilities, default interest and penalties arising from the corporate income tax or other taxes and levies. The Company's Management Board has no knowledge of any circumstances that could give rise to a potential material liability in that respect.

Zreče, 17 April 2014

President of the Management Board
Darko Hrastnik, BSc (Metallurgical Engineering)

Member of the Management Board
Branko Bračko, BSc (Mechanical Engineering)

14 Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
for the owners of the company UNIOR d.d.

Report on financial statements

We have audited the accompanying non-consolidated financial statements of the company Unior d.d., composed of its balance sheet of 31 December 2013, income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows, as well as other explanatory notes.

The management's responsibility for financial statements

The management's responsibility is to prepare financial statements and present them semi-annually in accordance with the international financial reporting standards as adopted by the EU, as well as to provide the immediate internal control it considers needed to produce financial statements free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. The audit was conducted in accordance with the international auditing standards, which require us to adhere to ethical requirements as well as plan and perform the audit so as to provide a reasonable assurance against material misstatement in financial statements.

The audit includes the performance of procedures aimed at obtaining audit evidence on the amounts and disclosures in the financial statements. The procedures are selected depending on the auditor's judgement and include an assessment of the risk of misstatement in the financial statements due to fraud or error. In estimating such risks, the auditor examines the internal control related to the preparation and the company's truthful representation of its financial statements, in order to determine the appropriate audit procedures in view of the circumstances and not to express an opinion on the successfulness of the internal control of the company. The audit also contains an evaluation of the suitability of the accounting guidelines used and the grounds for accounting estimates made by the management, as well as an evaluation of the overall presentation of the financial statements.

In our opinion, the audit evidence we obtained constitutes a sufficient and appropriate basis for our auditor's opinion.

Opinion

We believe that the non-consolidated financial statements give a true and fair view of the financial position of the company Unior d.d. on 31 December 2013 and its income statement, statement of other comprehensive income and cash flows for the year then ended in accordance with the international financial reporting standards as adopted by the EU.

Emphasised Matters

Consolidated Financial Statements

The company Unior d.d. is the controlling company in the Unior Group. The consolidated financial statements of the Group, produced in accordance with the international financial reporting standards, as adopted by the EU, are represented separately. We audited the consolidated financial statements of the Unior Group and on 15 April 2014 issued an opinion without reservation.

Our opinion is not modified with respect to these emphasised matters.

Report on other legislative and regulatory requirements

The management is also responsible for compiling a business report pursuant to the provisos of the Companies Acts (ZGD-1). It is our responsibility to provide an assessment of the compliance of the business report with the audited financial statements. The procedures we conducted in this respect have been consistent with the international standard on auditing 720 and are solely limited to the assessment of compliance of the business report with the audited financial statements. In our opinion, the business report is consistent with the audited financial statements.

DELOITTE REVIZIJA d.o.o.

In Ljubljana, 17 April 2014

15 Unior Group

15.1 The Composition of the Unior Group

Subsidiaries

Company	Country	Share in %
UNIOR PRODUKTIONS UND HANDELS GmbH	Austria	**99.55**
UNIOR DEUTSCHLAND GmbH	Germany	**100.00**
UNIOR FRANCE S. A. S.	France	**100.00**
UNIOR ITALIA S. R. L.	Italy	**95.00**
UNIOR ESPANA S. L.	Spain	**95.00**
UNIOR HELLAS S. A.	Greece	**50.00**
UNIOR INTERNATIONAL Ltd.	Great Britain	**50.00**
UNIOR KOMERC d.o.o.	Macedonia	**85.00**
UNIOR PROFESSIONAL TOOLS Ltd.	Russia	**55.00**
UNIOR USA CORPORATION	USA	**100.00**
UNIOR BULGARIA Ltd.	Bulgaria	**58.00**
UNIOR COFRAMA sp. z o. o.	Poland	**56.00**
UNIOR COMPONENTS a. d.	Serbia	**92.31**
NINGBO UNIOR FORGING Co. Ltd.	China	**50.00**
UNIDAL d.o.o.	Croatia	**51.00**
UNIOR SAVJETOVANJE I TRGOVINA BH d.o.o.	Bosnia and Herzegovina	**80.00**
UNIOR HUNGARIA Kft.	Hungary	**70.00**
RTC KRVAVEC d.d.	Slovenia	**98.56**
UNIOR BIONIC d.o.o.	Slovenia	**91.59**
ROGLA INVESTICIJE d.o.o.	Slovenia	**100.00**

EUROPEAN MANUFACTURER SINCE 1919

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Associates

Company	Country	Share in %
ŠTORE STEEL d.o.o.	Slovenia	**29.25**
RHYDCON d.o.o.	Slovenia	**33.50**
RC SIMIT, d.o.o.	Slovenia	**20.00**
UNIOR TEPID S. R. L.	Romania	**49.00**
UNIOR SINGAPORE Pte. Ltd.	Singapore	**40.00**
UNIOR TEHNA, d.o.o.	Bosnia and Herzegovina	**25.00**
UNIOR TEOS ALATI d.o.o.	Serbia	**20.00**
SINTER a.d.	Serbia	**25.07**

The consolidated financial statements of the Unior Group include all the companies in which the parent company Unior d.d. holds a 50% or greater stake.

The consolidated financial statements also include associated companies according to the equity method. These companies are: Štore Steel d.o.o., Rhydcon d.o.o. and RC Simit d.o.o. in Slovenia and Unior Tepid S.R.L., Unior Singapore PTE Ltd., Unior Tehna d.o.o., Unior Teos Alati d.o.o. and Sinter a.d. abroad. The stake of the parent company, Unior d.d., in these companies is at least 20% and less than 50%.

We have increased equity stake to 100% in Unior France S.A.S. in year 2013. With the purchase of 5% stake we have increased ownership to 56% in Unior Coframa sp. z o.o..

In 2013, four companies have exited Unior Group. In May 2013 we have sold the entire stake of 24, 97% in Slovenian company Roboteh and entire stake of 20% in Russian company Solion. At the end of May a company Unior Formingtools in Serbia has ceased to operate, due to the small scale of operations an Australian company named Unior Australia Tool (hand tools sale) was closed in June.

15.2 Presentation of the Companies Included in Consolidation

15.2.1 Subsidiaries

RTC KRVAVEC d.d.

Address of the company:	Grad 76, 4207 CERKLJE NA GORENJSKEM
Country:	Slovenia
Telephone:	+386 4 252 59 30
Fax:	+386 4 252 59 31
Website:	http://www.rtc-krvavec.si
E-mail:	info@rtc-krvavec.si
The company's activity:	Recreational tourist ski centre
Number of employees:	44

UNIOR BIONIC d.o.o.

Address of the company:	Kovaška cesta 10, 3214 ZREČE
Country:	Slovenia
Telephone:	+386 3 757 81 00
Fax:	+386 3 576 21 03
E-mail:	bionic@unior.si
The company's activity:	The development, production and marketing of medicinal products
Number of employees:	1

ROGLA INVESTICIJE d.o.o.

Address of the company:	Kovaška cesta 10, 3214 ZREČE
Country:	Slovenia
Telephone:	+386 3 757 81 00
Fax:	+386 3 576 21 03
E-mail:	unior@unior.si
The company's activity:	Trading in own real estate
Number of employees:	0

UNIOR PRODUKTIONS- und HANDELS- GmbH

Address of the company:	Auengasse 9, 9170 FERLACH
Country:	Austria
Telephone:	+43 4227 35 14
Fax:	+43 4227 35 15 18
Website:	http://www.unior.com
E-mail:	office@unior.at
The company's activity:	The sale of hand tools
Number of employees:	12

UNIOR DEUTSCHLAND GmbH

Address of the company:	Am Oberen Schlossberg 5, 71686 REMSECK	
Country:	Germany	
Telephone:	+49 1 634 469 908,	+49 7146 28 500
Fax:	+386 3 576 26 43,	+49 7146 28 5020
Website:	http://www.unior-werkzeug.de	
E-mail:	deutschland@unior.si,	unior@unior-deutschland.com
The company's activity:	The sale of hand tools and CNC machining, and machine servicing	
Number of employees:	2	

UNIOR FRANCE S.A.S.

Address of the company:	166-172 Rue du General Delestraint, 77000 MELUN
Country:	France
Telephone:	+33 1 64 37 23 00
Fax:	+33 1 64 39 40 90
E-mail:	contact@uniortools.fr
The company's activity:	The sale of hand tools
Number of employees:	10

UNIOR ITALIA S.R.L.

Address of the company:	Via Caserta 8, 20812 LIMBIATE (MB)
Country:	Italy
Telephone:	+39 02 99 04 3403
Fax:	+39 02 99 04 3414
E-mail:	unioritalia@unioritalia.it
The company's activity:	The sale of hand tools
Number of employees:	2

UNIOR ESPAÑA S.L.

Address of the company:	Poligon Sargaitz 2, Nave A5, 31840 UHARTE - ARAKIL (Navarra)
Country:	Spain
Telephone:	+34 948 56 71 13
Fax:	+34 948 46 42 48
Website:	http://www.unior.es
E-mail:	unior@unior.es
The company's activity:	The sale of hand tools
Number of employees:	2

UNIOR HELLAS S.A.

Address of the company:	Pierias & Kimis 30, 14451 METAMORFOSIS (Athens)
Country:	Greece
Telephone:	+30 210 28 52 881-885
Fax:	+30 210 28 52 886
Website:	http://www.unior.net, http://www.uniorgr.com
E-mail:	unior@hol.gr, info@uniorgr.com
The company's activity:	The sale of hand tools
Number of employees:	10

UNIOR INTERNATIONAL Ltd.

Address of the company:	Unit 7, Belton Lane Industrial Estate, GRANTHAM (Lincolnshire) NG31 9HN
Country:	Great Britain
Telephone:	+44 1476 567 827
Fax:	+44 1476 590 703
E-mail:	sales@unior.co.uk
The company's activity:	The sale of hand tools
Number of employees:	7

UNIOR KOMERC d.o.o.

Address of the company:	Ul. 36, br. 20, 1041 ILINDEN
Country:	Macedonia
Telephone:	+389 2 43 20 57
Fax:	+389 2 43 20 89
Website:	http://www.uniorkomerc.com.mk
E-mail:	contact@uniorkomerc.com.mk
The company's activity:	The sale of hand tools
Number of employees:	6

UNIOR PROFESSIONAL TOOLS Ltd.

Address of the company:	23A, Syzranskaya, 196105 SAINT PETERSBURG
Country:	Russia
Telephone:	+7 812 449 83 50
Fax:	+7 812 449 83 51
Website:	http://www.unior.ru
E-mail:	sales@unior.ru
The company's activity:	The sale of hand tools
Number of employees:	59

UNIOR USA CORPORATION

Address of the company:	3550 N. Union Drive, 62450 OLNEY (Illinois)
Country:	USA
Telephone:	+ 001 618 393 29 55
Fax:	+ 001 618 393 29 56
E-mail:	Karl@KHSBicycleParts.com
The company's activity:	The sale of hand tools
Number of employees:	0

UNIOR BULGARIA Ltd.

Address of the company:	Bul. Car Boris III, 136 B, P.O. Box 168, 1618 SOFIA
Country:	Bulgaria
Telephone:	+359 2 9559 233
Fax:	+359 2 9559 380
Website:	http://www.unior.bg
E-mail:	office@unior.bg
The company's activity:	The sale of hand tools

Number of employees: 7

UNIOR COFRAMA sp. z o.o.

Address of the company:	Ul. Glowna 10, 61-005 POZNAN
Country:	Poland
Telephone:	+48 61 877 05 06
Fax:	+48 61 666 37 28
Website:	http://www.unior.pl
E-mail:	unior@unior.pl
The company's activity:	The sale of hand tools
Number of employees:	12

UNIOR COMPONENTS a.d.

Address of the company:	Kosovska 4, 34000 KRAGUJEVAC
Country:	Serbia
Telephone:	+ 381 34 306 300
Fax:	+ 381 34 306 336
Website:	http://www.unior-components.com
E-mail:	contact@unior-components.com
The company's activity:	The manufacture of machinery tools
Number of employees:	151

NINGBO UNIOR FORGING Company Ltd.

Address of the company:	Xindongwu, Moushan, YUYAO, ZHEJIANG
Country:	China
Telephone:	+ 86 574 6249 6150
Fax:	+ 86 574 6249 6152
Website:	http://www.unior.cn
E-mail:	info@unior.cn
The company's activity:	The production of steel forgings for the automotive industry
Number of employees:	322

UNIDAL d.o.o.

Address of the company:	Ulica Kneza Mislava 42, 32100 VINKOVCI
Country:	Croatia
Telephone:	+385 32 323 999
Fax:	+385 32 323 206
E-mail:	kovacnica@dalekovod.hr
The company's activity:	Company for the production of forgings
Number of employees:	154

UNIOR SAVJETOVANJE I TRGOVINA BH d.o.o.

Address of the company:	Ul. Dr. Silve Rizvanbegović B1 B, 71000 SARAJEVO, ILIDŽA
Country:	Bosnia and Herzegovina
Telephone:	+387 33 809 132
Website:	http://www.unior.ba
E-mail:	uniorsavjetovanje@bih.net.ba

The company's activity:	Trade and consulting
Number of employees:	1

UNIOR Hungaria Kft.

Address of the company:	Napfeny utca 1, 8756 NAGYRECSE
Country:	Hungary
Telephone:	+36 93 571 070
Fax:	+36 93 571 073
Website:	http://www.unior.hu
E-mail:	info@unior.hu
The company's activity:	The sale of hand tools
Number of employees:	6

15.2.2 Associates

ŠTORE STEEL d.o.o.

Address of the company:	Železarska 3, 3220 ŠTORE
Country:	Slovenia
Telephone:	+386 3 780 51 00
Fax:	+386 3 780 53 83
Website:	http://www.store-steel.si
E-mail:	info@store-steel.si
The company's activity:	Company for the production of steel
Number of employees:	526

RHYDCON d.o.o.

Address of the company:	Obrtniška ulica 5, 3240 ŠMARJE PRI JELŠAH
Country:	Slovenia
Telephone:	+386 3 818 30 50
Fax:	+386 3 582 11 35
E-mail:	info@rhydcon.si
The company's activity:	Fastening elements for hydraulic systems
Number of employees:	17

RC SIMIT d.o.o.

Address of the company:	Tovarniška cesta 10, 2325 KIDRIČEVO
Country:	Slovenia
Telephone:	+386 2 799 55 25
Fax:	+386 2 799 56 35
Website:	http://www.rcsimit.si
E-mail:	info@rcsimit.si
The company's activity:	Development centre for advanced materials and technologies
Number of employees:	52

UNIOR TEPID S.R.L.

Address of the company:	str. Bruxelles, nr. 10, 507165 PREJMER, jud. BRASOV
Country:	Romania

Telephone:	+40 268 322 483
Fax:	+40 268 317 786
Website:	http://www.sculeserioase.ro
E-mail:	tepid@tepid.ro
The company's activity:	The sale of hand tools
Number of employees:	39

UNIOR SINGAPORE Pte. Ltd.

Address of the company:	40 Jalan Pemimpin #01-02B, SINGAPORE 577185
Country:	Singapore
Telephone:	+65 625 825 86
Fax:	+65 625 807 47
Website:	http://www.unior.com.sg
E-mail:	unior@singnet.com.sg
The company's activity:	The sale of hand tools
Number of employees:	4

UNIOR TEOS ALATI d.o.o.

Address of the company:	Gospodara Vučića 22, 11000 BELGRADE
Country:	Serbia
Telephone:	+381 11 744 03 30
Fax:	+381 11 744 03 30
Website:	http://www.uniorteos.com
E-mail:	office@uniorteos.com
The company's activity:	The sale of hand tools
Number of employees:	16

SINTER a.d.

Address of the company:	Miloša Obrenovića 2, 31000 UŽICE
Country:	Serbia
Telephone:	+381 31 592 201
Fax:	+381 31 563 462
Website:	http://www.sinter.co.rs
E-mail:	info@sinter.co.rs
The company's activity:	The production of metal powders and sintered parts
Number of employees:	125

UNIOR TEHNA d.o.o.

Address of the company:	Ul. Lužansko polje 7, 71000 SARAJEVO, ILIDŽA
Country:	Bosnia and Herzegovina
Telephone:	+387 33 776 376
Fax:	+387 33 776 371
Website:	www.uniortehna.ba
E-mail:	sead@uniortehna.ba
The company's activity:	The sale of hand tools
Number of employees:	15

16 Consolidated Financial Statements

16.1 Consolidated Balance Sheet as at 31 December 2013

(in EUR) Item	Note	As at 31 Dec. 2013	As at 31 Dec. 2012
ASSETS		**356,096,522**	**368,980,126**
A. NON-CURRENT ASSETS		**224,408,424**	**232,476,865**
I. Intangible assets and long-term deferred costs and accrued revenues	**17.3.2**	**5,658,243**	**6,461,163**
1. Long-term property rights		161,308	328,405
2. Goodwill		521,448	562,979
4. Long-term deferred development costs		4,342,156	5,336,350
5. Other long-term deferred costs and accrued revenues		633,331	233,429
II. Property, plant and equipment	**17.3.3**	**187,971,091**	**192,085,354**
1. Land and buildings		121,350,062	123,089,364
a) Land		39,672,204	39,563,087
b) Buildings		81,677,858	83,526,277
2. Production plant and machinery		53,918,585	57,932,026
3. Other plant and equipment, small tools and other tangible fixed assets		6,350,749	5,828,170
4. Property, plant and equipment being acquired		6,351,695	5,235,794
a) Property, plant and equipment under construction and in production		6,351,696	5,235,794
III. Investment property	**17.3.4**	**15,969,429**	**15,547,259**
IV. Long-term financial assets	**17.3.5**	**13,141,117**	**17,357,117**
1. Long-term financial assets, excluding loans		12,285,495	16,381,826
a) Shares and stakes in associated companies		12,072,955	12,154,544
b) Other shares and stakes		165,446	4,169,810
c) Other long-term financial assets		47,094	57,472
2. Long-term loans		855,622	975,291
a) Long-term loans to others		855,622	975,291
V. Long-term operating receivables	**17.3.8**	**320,103**	**439,083**
1. Long-term trade receivables		123,782	95,734
2. Long-term operating receivables due from others		196,321	343,349
VI. Deferred tax assets	**17.3.15**	**1,355,441**	**586,889**
B. CURRENT ASSETS		**131,688,098**	**136,503,261**
I. Assets (disposal groups) held for sale	**17.3.6**	**319,900**	**832,605**
II. Inventories	**17.3.7**	**73,258,254**	**79,249,613**
1. Material		22,010,073	22,665,809
2. Work-in-progress		25,620,612	29,220,071
3. Products		15,064,516	16,172,980
4. Merchandise		10,563,053	11,190,753
III. Short-term financial assets	**17.3.9**	**3,983,105**	**4,327,498**
1. Short-term financial assets, excluding loans		131	131
a) Other shares and stakes		0	0
b) Other short-term financial investments		131	131
2. Short-term loans		3,982,974	4,327,367
a) Other short-term loans		3,982,975	4,327,368
IV. Short-term operating receivables	**17.3.7**	**48,461,264**	**49,170,134**
1. Short-term trade receivables		39,364,222	40,575,082
2. Short-term operating receivables due from others		9,097,042	8,595,052
V. Cash and cash equivalents	**17.3.10**	**5,665,575**	**2,923,411**

EUROPEAN MANUFACTURER SINCE 1919

EUROPEAN MANUFACTURER SINCE 1919

Consolidated Balance Sheet as at 31 December 2013 (continuation)

(in EUR) Item		Note	As at 31 Dec. 2013	As at 31 Dec. 2012
	EQUITY AND LIABILITIES		**356,096,522**	**368,980,126**
A.	**CAPITAL**	**17.3.11**	**136,826,304**	**141,239,093**
A1.	**EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY**		**130,052,353**	**134,566,393**
I.	**Called-up capital**		**23,688,983**	**23,688,983**
1.	Share capital		23,688,983	23,688,983
2.	Uncalled capital (deduction item)		0	0
II.	**Capital reserves**		**41,686,964**	**41,686,964**
III.	**Revenue reserves**		**38,701,953**	**38,783,591**
1.	Legal reserves		1,986,340	1,985,969
2.	Reserves for treasury shares and own stakes		100,190	100,190
3.	Treasury shares and own stakes (deduction item)		(100,190)	(100,190)
4.	Statutory reserves		0	0
5.	Other revenue reserves		36,715,613	36,797,622
IV.	**Revaluation surplus**		**28,556,172**	**28,814,097**
V.	**Net profit or loss brought forward**		**3,074,557**	**12,532,536**
VI.	**Net profit or loss for the financial year**		**(3,960,632)**	**(9,474,725)**
VII.	**Equity translation adjustment**		**(1,695,644)**	**(1,465,053)**
A2.	**EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS**		**6,773,951**	**6,672,700**
B.	**PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**17.3.12**	**7,731,540**	**7,507,067**
1.	Provisions for pensions and similar liabilities		3,538,046	3,585,458
2.	Other provisions		3,894,243	3,921,609
3.	Long-term accrued costs and deferred revenues		299,251	0
C.	**LONG-TERM LIABILITIES**		**137,118,373**	**72,190,272**
I.	**Long-term financial liabilities**	**17.3.13**	**136,853,185**	**71,261,541**
1.	Long-term financial liabilities to banks		135,687,228	69,802,713
2.	Long-term financial liabilities arising from bonds		0	0
3.	Other long-term financial liabilities		1,165,957	1,458,828
II.	**Long-term operating liabilities**	**17.3.14**	**265,188**	**851,380**
1.	Long-term trade payables		0	0
2.	Long-term bills payable		0	510,028
3.	Long-term operating liabilities from advances		0	0
4.	Other long-term operating liabilities		265,188	341,352
III.	**Deferred tax liabilities**	**17.3.15**	**0**	**77,351**
D.	**SHORT-TERM LIABILITIES**		**71,637,576**	**145,172,416**
I.	**Liabilities included in disposal groups**		**0**	**0**
II.	**Short-term financial liabilities**	**17.3.16**	**23,719,605**	**87,776,125**
1.	Short-term financial liabilities to banks		14,425,149	85,178,110
2.	Short-term financial liabilities arising from bonds		0	0
3.	Other short-term financial liabilities		9,294,456	2,598,015
III.	**Short-term operating liabilities**	**17.3.17**	**47,917,971**	**57,396,291**
1.	Short-term trade payables		31,994,186	36,827,880
2.	Short-term bills payable		5,278,955	4,578,273
3.	Short-term operating liabilities from advances		2,810,428	8,131,764
4.	Other short-term operating liabilities		7,834,402	7,858,374
E.	**SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**17.3.18**	**2,782,729**	**2,871,278**

Notes on the financial statements form an integral part of the financial statements.

16.2 Consolidated Income Statement for the Period from 1 January 2013 to 31 December 2013

(in EUR) Item		Note	2013	2012
A.	**Net sales revenues**	**17.4.2**	**214,758,107**	**201,857,936**
1.	Net revenues from sales on the domestic market		36,928,721	38,799,973
	a) Net revenues from the sale of products and services		*28,397,697*	*30,168,709*
	b) Net revenues from the sale of goods and materials		*8,531,024*	*8,631,264*
2.	Net revenues from sales on foreign market		177,829,386	163,057,963
	a) Net revenues from the sale of products and services		*144,273,937*	*132,044,537*
	b) Net revenues from the sale of goods and materials		*33,555,449*	*31,013,426*
B.	**Changes in the value of inventories of products and work-in-progress**		**(4,274,020)**	**3,108,315**
C.	**Capitalised own products and services**	**17.4.3**	**1,671,960**	**2,170,337**
D.	**Other operating revenues**	**17.4.4**	**2,567,803**	**3,652,734**
I.	**GROSS OPERATING PROFIT**		**214,723,850**	**210,789,322**
E.	**Costs of goods, material and services**	**17.4.5**	**135,642,328**	**135,739,803**
1.	Cost of goods and materials sold		19,531,603	17,596,660
2.	Cost of materials used		87,016,687	90,603,007
	a) Costs of material		*66,228,284*	*69,117,040*
	b) Costs of energy		*12,704,799*	*13,107,463*
	c) Other costs of material		*8,083,604*	*8,378,504*
3.	Cost of services		29,094,038	27,540,136
	a) Transport services		*5,829,298*	*5,514,123*
	b) Costs of maintenance		*1,240,823*	*1,501,591*
	c) Rent		*913,864*	*866,700*
	d) Other costs of services		*21,110,053*	*19,657,722*
F.	**Labour costs**	**17.4.5**	**55,432,317**	**56,242,902**
1.	Costs of wages and salaries		42,344,675	42,464,001
2.	Costs of pension insurance		636,652	613,975
3.	Costs of other social insurance		7,250,054	7,151,674
4.	Other labour costs		5,200,936	6,013,252
G.	**Amortisation and depreciation expense**	**17.4.5**	**14,352,693**	**14,589,324**
1.	Amortisation/depreciation		12,496,411	12,675,413
2.	Operating expenses from revaluation of intangible fixed assets and property, plant and equipment		249,472	537,820
3.	Operating expenses from revaluation of current assets		1,606,810	1,376,091
H.	**Other operating expenses**	**17.4.5**	**2,492,271**	**2,990,750**
1.	Provisions		389,158	21,550
2.	Other costs		2,103,113	2,969,200
II.	**OPERATING PROFIT OR LOSS**		**6,804,241**	**1,226,543**
I.	**Finance income**	**17.4.6**	**1,179,776**	**1,309,651**
1.	Finance income from participating interests		330,491	236,617
	a) Finance income from participating interest in associated companies		*276,11*	*228,203*
	c) Finance income from participating interest in other companies		*53,868*	*7,939*
	d) Finance income from other investments		*513*	*475*
2.	Finance income from loans granted		186,322	147,172
3.	Finance income from operating receivables		662,963	925,862
J.	**Finance expenses**	**17.4.6**	**12,173,592**	**11,444,013**
1.	Finance expenses from impairments and write-offs of financial assets		*4,244,325*	*2,840,480*
2.	Finance expenses from financial liabilities		6,756,559	7,641,671
	a) Finance expenses from bank loans		*6,547,104*	*7,439,403*
	b) Finance expenses from issued bonds		*0*	*0*
	c) Finance expenses from other financial liabilities		*209,455*	*202,268*
3.	Finance expenses from operating liabilities		1,172,708	961,862
	a) Finance expenses from trade payables and bills payable		*395,914*	*318,919*
	b) Finance expenses from other operating liabilities		*776,794*	*642,943*
III.	**PROFIT OR LOSS**		**(4,189,575)**	**(8,907,819)**
	Corporate income tax	**17.5**	**664,82**	**266,580**
	Deferred tax	**17.5**	**(1,436,998)**	**(52,508)**
	NET PROFIT OR LOSS FOR THE PERIOD		**(3,417,397)**	**(9,121,891)**
	a) attributable TO THE OWNERS OF THE PARENT COMPANY		(3,960,632)	(9,474,725)
	b) attributable TO THE NON-CONTROLLING INTERESTS		543,235	352,834
	PROFIT OR LOSS FROM CONTINUING OPERATION	**17.4**	**(2,981,143)**	**(8,728,815)**
	PROFIT OR LOSS FROM DISCONTINUING OPERATION	**17.4**	**(436,254)**	**(393,076)**

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Consolidated Income Statement for the Period from 1 January 2013 to 31 December 2013 (continuation)

(in EUR)		
Item	**2013**	**2012**
The share of owners of the controlling interest in net profit (loss)	(3,960,632)	(9,474,725)
The share of owners of the non - controlling interest in net profit (loss)	543,235	352,834
Net earnings (loss) per share of owners of the controlling interest	(1,40)	(3,340)
Net earnings (loss) per share of owners of the non-controlling interest	0,19	0,12
Net earnings (loss) per share from continued operation	(1,05)	(3,08)
Net earnings (loss) per share from discontinued operation	(0,15)	(0,14)

Notes on the financial statements form an integral part of the financial statements.

16.3 Consolidated Statement of Other Comprehensive Income

(in EUR)			
	Item	**2013**	**2012**
1.	**Net profit or loss for the period**	**(3,417,397)**	**(9,121,891)**
2.	**Other comprehensive income for the reporting period, net of tax**	**(641,501)**	**3,171,440**
3.	**Items which will later not be reclassified as profit or loss**	**(641,501)**	**3,171,441**
3.1	Change in the surplus from revaluation of tangible assets and property, plant and equipment	(645,666)	3,785,311
3.2	Change in the surplus from revaluation of intangible assets and property, plant and equipment	0	0
3.3	Actuarial change in the surplus from revaluation of retained profit/loss for pension programs	387,741	0
3.4	Gains and losses arising from translation of financial statements of companies abroad	(383,576)	(613,871)
4.	**Total comprehensive income for the reporting period**	**(4,058,898)**	**(5,950,451)**
	Total comprehensive income for the reporting period attributable to the owners of the parent company	(4,449,148)	(6,511,948)
	Total comprehensive income for the reporting period attributable to the non-controlling interests	390,25	561,497

The changes in the total comprehensive income are presented in item 16.5. Consolidated Statement of Changes in Equity.

16.4 Consolidated Cash Flow Statement

(in EUR)

	Item	Note	2013	2012
A.	***Cash flows from operating activities***			
a)	**Net profit or loss**			
	Profit or loss before tax		(4,189,575)	(8,907,819)
	Income taxes and other taxes not included in operating expenses	17.5	772,178	(214,072)
			(3,417,397)	**(9,121,891)**
b)	**Adjustments for**			
	Depreciation and amortisation (+)	17.3.2, 17.3.3	12,496,411	12,675,413
	Operating revenues from revaluation associated with investment and financing items (-)	17.4.4	(562,038)	(448,488)
	Operating expenses from revaluation associated with investment and financing items (+)	17.4.4	249,472	537,820
	Formation of value adjustments for receivables	17.3.8	932,207	1,120,410
	Formation of value adjustments for inventories	17.3.7	(112,705)	778,066
	Establishment and reversal of long-term provisions	17.3.12	224,473	402,937
	Finance income excluding finance income from operating receivables (-)	17.4.6	(516,813)	(383,789)
	Finance expenses excluding finance expenses from operating liabilities (+)	17.4.6	10,799,083	10,482,151
			23,510,090	**25,164,520**
b)	**Changes in net current assets (and accruals and deferrals, provisions and deferred tax assets and liabilities) of the operating items in the balance sheet**			
	Opening less closing operating receivables	17.3.8	(104,357)	4,478,022
	Opening less closing deferred tax assets	17.3.15	(768,552)	(474,795)
	Opening less closing assets (disposal groups) for sale	17.3.6	512,705	(432,805)
	Opening less closing inventories	17.3.7	6,104,064	(319,475)
	Closing less opening operating debts	17.3.14, 17.3.17	(10,064,512)	1,259,459
	Closing less opening accrued costs and deferred revenues and provisions	17.3.12, 17.3.18	(88,549)	472,727
	Closing less opening deferred tax liabilities	17.3.15	(77,351)	(1,160,148)
			(4,486,552)	**3,822,985**
d)	**Net cash from/used in operating activities (a + b + c)**		**15,606,141**	**19,865,614**
B.	***Cash flows from investing activities***			
a)	**Receipts from investing activities**			
	Receipts from interest and profit participations related to investing activities		375,001	383,789
	Receipts from disposal of intangible assets	17.4.4	103,359	9,029
	Receipts from disposal of property, plant and equipment		4,832,530	617,047
	Receipts from disposal of investment property		150,000	228,368
	Receipts from disposal of long-term financial assets		320,031	1,225,601
	Receipts from disposal of short-term financial assets		3,973,468	1,326,442
			9,754,389	**3,844,276**
b)	**Disbursements from investing activities**			
	Disbursements from acquisition of intangible assets	17.3.2	(617,867)	(3,052,248)
	Disbursements from acquisition of property, plant and equipment	17.3.3	(12,726,987)	(8,193,633)
	Disbursements from acquisition of investment property		0	(645,765)
	Disbursements from acquisition of long-term financial assets		(153,703)	(80,689)
	Disbursements from acquisition of short-term financial assets	17.3.5	(3,629,075)	(2,907,730)
			(17,127,632)	**(14,880,065)**
c)	**Net cash from/used in investing activities (a + b)**		**(7,373,243)**	**(11,035,789)**
C.	***Cash flows from financing activities***			
a)	**Receipts from financing activities**			
	Receipts form paid-up capital	17.3.11	0	33,320
	Receipts from increase in long-term financial liabilities	17.3.13	13,483,545	25,383,770
	Receipts from increase in short-term financial liabilities	17.3.16	9,393,871	12,697,495
			22,877,416	**38,114,585**
b)	**Disbursements from financing activities**			
	Disbursements from paid interest pertaining to financing	17.4.6	(6,756,559)	(7,641,671)
	Disbursements from repayment of long-term financial liabilities	17.3.13	(639,407)	(31,700,208)
	Disbursements from repayment of short-term financial liabilities	17.3.16	(20,702,885)	(8,217,203)
	Disbursements from the distribution of dividends and other profit participations	17.3.11	(269,299)	(183,598)
			(28,368,150)	**(47,742,680)**
c)	**Net cash from/used in financing activities (a + b)**		**(5,490,734)**	**(9,628,095)**
D.	***Cash and cash equivalents at end of period***		**5,665,575**	**2,923,411**
x)	Net cash for the period (sum of items Ac, Bc and Cc)		**2,742,164**	**(798,270)**
y)	Opening balance of cash and cash equivalents		**2,923,411**	**3,721,681**

According to IAS 7.22, which allows certain cash flows or cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short to be reported on a net basis, the Group disclosed receipts from the increase in short-term financial liabilities and disbursements for short-term financial liabilities. For the purpose of comparability, the comparative data was presented according to the said standard for the past year.

16.5 Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 31 DECEMBER 2012 TO 31 DECEMBER 2013

	I. Called-up capital	II. Capital reserves	III. Revenue reserves				IV. Revaluation surplus	V. Net profit or loss brought forward	VI. Net operating profit or loss for the financial year	VII. Equity translation adjustment	Total equity attributable to the owners of the parent company	Equity attributable to non-controlling interests	Total equity
(in EUR)	Share capital		Legal reserves	Reserves for treasury shares	Treasury shares	Other revenue reserves		Net profit/loss brought forward	Net profit/ loss for the financial year				
A.1. Balance as at the end of the previous reporting period	**23,688,983**	**41,686,964**	**1,985,969**	**100,190**	**(100,190)**	**36,797,622**	**28,814,097**	**12,532,536**	**(9,474,725)**	**(1,465,053)**	**134,566,393**	**6,672,700**	**141,239,093**
Retrospective adjustments								(71,461)			(71,461)	36,709	(34,752)
A.2. Opening balance of the reporting period	**23,688,985**	**41,686,964**	**1,985,969**	**100,190**	**(100,190)**	**36,797,622**	**28,814,097**	**12,461,075**	**(9,474,725)**	**(1,465,053)**	**134,494,932**	**6,709,409**	**141,204,341**
B.1. Changes in equity capital - transactions with owners	**0**	**0**	**0**	**0**	**0**	**23,332**	**0**	**(16,763)**	**0**	**0**	**6,569**	**(325,708)**	**(319,139)**
Dividend distribution	0	0	0	0	0	0	0	0	0	0	0	(269,299)	(269,299)
Other changes in equity	0	0	0	0	0	23,332	0	(16,763)	0	0	6,569	(56,409)	(49,840)
B.2. Total comprehensive income for the reporting period	**0**	**0**	**0**	**0**	**0**	**0**	**(257,925)**	**0**	**(3,960,632)**	**(230,591)**	**(4,449,148)**	**390,250**	**(4,058,898)**
Entry of the net profit or loss for the reporting period	0	0	0	0	0	0	0	0	(3,960,632)	0	(3,960,632)	543,235	(3,417,397)
Change of the surplus from revaluation of property, plant and equipment	0	0	0	0	0	0	(645,666)	0	0	0	(645,666)	0	(645,666)
Others ingredients of comprehensive income for the reporting period	0	0	0	0	0	0	387,741	0	0	0	387,741	0	387,741
Gains and losses from foreign currency translation of the financial statements of foreign operations	0	0	0	0	0	0	0	0	0	(230,591)	(230,591)	(152,985)	(383,576)
B.3. Changes in equity	**0**	**0**	**371**	**0**	**0**	**(105,341)**	**0**	**(9,369,755)**	**9,474,725**	**0**	**0**	**0**	**0**
Allocation of the remaining net profit in the comparative reporting period to other components of equity	0	0	371	0	0	0	0	(9,475,096)	9,474,725	0	0	0	0
Other transfers within capital	0	0	0	0	0	(105,341)	0	105,341	0	0	0	0	0
Closing balance of the reporting period	**23,688,983**	**41,686,964**	**1,986,340**	**100,190**	**(100,190)**	**36,715,613**	**28,556,172**	**3,074,557**	**(3,960,632)**	**(1,695,644)**	**130,052,353**	**6,773,951**	**136,826,304**

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 31 DECEMBER 2011 TO 31 DECEMBER 2012

	I. Called-up capital	II. Capital reserves	III. Revenue reserves				IV. Revaluation surplus	V. Net profit or loss brought forward	VI. Net operating profit or loss for the financial year	VII. Equity translation adjustment	Total equity attributable to the owners of the parent company	Equity attributable to non-controlling interests	Total equity
(in EUR)	Share capital		Legal reserves	Reserves for treasury shares	Treasury shares	Other revenue reserves		Net profit/loss brought forward	Net profit/ loss for the financial year				
A.1. Balance as at the end of the previous reporting period	**23,688,983**	**41,686,964**	**1,985,662**	**100,190**	**(100,190)**	**36,446,224**	**25,278,044**	**13,424,783**	**(352,263)**	**(891,777)**	**141,266,620**	**6,114,447**	**147,381,067**
Retrospective adjustments								(15,179)			(15,179)	(29,250)	(44,429)
A.2. Opening balance of the reporting period	**23,688,983**	**41,686,964**	**1,985,662**	**100,190**	**(100,190)**	**36,446,224**	**25,278,044**	**13,409,604**	**(352,263)**	**(891,777)**	**141,251,441**	**6,085,197**	**147,336,638**
B.1. Changes in equity capital - transactions with owners	**0**	**0**	**0**	**0**	**0**	**11,159**	**0**	**(184,259)**	**0**	**0**	**(173,100)**	**26,006**	**(147,094)**
Entry of additional capital payments	0	0	0	0	0	0	0	0	0	0	0	33,320	33,32
Dividend distribution	0	0	0	0	0	0	0	0	0	0	0	(183,598)	(183,598)
Other changes in equity	0	0	0	0	0	11,159	0	(184,259)	0	0	(173,100)	176,284	3,184
B.2. Total comprehensive income for the reporting period	**0**	**0**	**0**	**0**	**0**	**0**	**3,536,053**	**0**	**(9,474,725)**	**(573,276)**	**(6,511,948)**	**561,497**	**(5,950,451)**
Entry of the net profit or loss for the reporting period	0	0	0	0	0	0	0	0	(9,474,725)	0	(9,474,725)	352,834	(9,121,891)
Change of the surplus from revaluation of property, plant and equipment	0	0	0	0	0	0	3,536,053	0	0	0	3,536,053	249,258	3,785,311
Gains and losses from foreign currency translation of the financial statements of foreign operations	0	0	0	0	0	0	0	0	0	(573,276)	(573,276)	(40,595)	(613,871)
B.3. Changes in equity	**0**	**0**	**307**	**0**	**0**	**340,239**	**0**	**(692,809)**	**352,263**	**0**	**0**	**0**	**0**
Allocation of the remaining net profit in the comparative reporting period to other components of equity	0	0	307	0	0	2,912	0	(355,482)	352,263	0	0	0	0
Other transfers within capital	0	0	0	0	0	337,327	0	(337,327)	0	0	0	0	0
C. Closing balance of the reporting period	**23,688,983**	**41,686,964**	**1,985,969**	**100,190**	**(100,190)**	**36,797,622**	**28,814,097**	**12,532,536**	**(9,474,715)**	**(1,465,053)**	**134,566,393**	**6,672,700**	**141,239,093**

17 Notes on the Financial Statements

Unior Kovaška industrija d.d. with its registered office at Kovaška 10, Zreče, Slovenia, is the controlling undertaking of the Unior Group.

The Group's financial statements were prepared for the year ended 31 December 2013.

17.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Companies Act and the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), as well as the Interpretations adopted by the International Financial Reporting Interpretations Committee (IFRIC) and the European Union.

As regards the process of standard confirmation by the European Union, there were no differences as at the balance sheet date between the accounting policies used by Unior d.d. and the International Financial Reporting Standards (IFRS) adopted by the European Union. These required financial statements have been compiled to comply with the legal requirements. According to the law, the Company is obligated to have these financial statements audited by an independent auditor. The audit is limited to the required financial statements for general purposes, so that the legal requirement of auditing the required financial statements is met. The audit covers the required financial statements as a whole and gives no assurance as to individual line items, accounts or transactions. The audited financial statements are not intended to be used by any party for deciding on ownership, financing or any specific transactions referring to the Company. As a result, the users of the required financial statements may not rely solely on the financial statements and are obligated to conduct other appropriate procedures before adopting decisions.

The Management Board of Unior d.d. confirmed the financial statements on 17 April 2014.

17.2 Basis for the Preparation of Financial Statements

All financial statements and notes on the financial statements are prepared and presented in euros (EUR) without cents and are rounded to the nearest integer.

17.2.1 Fair Value

Fair value is used when disclosing land and investment property, while all other financial statement items are stated at cost or amortised cost.

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17.2.2 Accounting Policies Used

The accounting policies used are the same ones that the Company used in previous years.

Currently, the following amended standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union are in force:

- **IFRS 13 "Fair value measurement"** – which the European Union adopted on 11 December 2012 (applies for annual periods, beginning on or after 1 January 2013);
- **Amended IFRS 1 "The first application of IFRS" –** High hyperinflation and removal of fixed dates for first-time users of IFRS, which the European Union adopted on 11 December 2012 (applies for annual periods, beginning on or after 1 January 2013)
- **Amended IFRS 1 "The first application of IFRS" –** Government loans, which the European Union adopted on 4 March 2013 (applies for annual periods, beginning on or after 1 January 2013)
- **Amended IFRS 7 "Financial instruments: disclosures" -** Offsetting Financial assets and liabilities, which the European Union adopted on 13 December 2012 (applies for annual periods, beginning on or after 1 January 2013)
- **Amended IAS 1 "Presentation of Financial Statements" –** Presentation of items of other comprehensive income, which the European Union adopted on 5 June 2012 (applies for annual periods, beginning on or after 1 July 2012)
- **Amended IAS 12 "Income tax" -** Deferred tax: Reimbursement of relevant funds, which the European Union adopted on 11 December 2012 (applies for annual periods, beginning on or after 1 January 2013)
- **Amended IAS 19 "Employee benefits" -** Improvements in accounting for post-employment benefits, which the European Union adopted on 5 June 2012 (applies for annual periods, beginning on or after 1 January 2013)
- **Amendments to various standards "Improvements to IFRS (for the period 2009 - 2011)",** arising from the annual IFRS improvements project (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34),primarily with the aim of eliminating inconsistencies and providing interpretations, which the European Union adopted on 27 March 2013 (the amendments become effective for annual periods beginning on or after 1 January 2013);
- **IFRIC 20 "Disposal costs in the production phase of a surface find" -** which the European Union adopted on 11 December 2012 (applies for annual periods, beginning on or after 1 January 2013)

The adoption of amendments to existing standards has not led to any changes in the accounting policies of the Company.

17.2.3 Foreign-Currency Transactions

Transactions denominated in a foreign currency are translated into euros according to the reference exchange rate of the European Central Bank as at the day of the transaction. Cash assets and liabilities denominated in a foreign currency as at the balance sheet date are translated into the domestic currency according to the reference exchange rate of the European Central Bank applying as at the last day of the reporting period. Exchange rate differences are recognised in the income statement.

For the purpose of consolidation the balance sheets of subsidiaries that are not disclosed in euros were translated according to the closing mid-market reference exchange rate of the European

Central Bank as at 31 December 2013, while the income statements of the subsidiaries were translated using the average exchange rate of the European Central Bank for 2013. The difference is disclosed under the equity adjustment from foreign currency translation.

17.2.4 Operating Profit/Loss

Operating profit or loss is defined as operating profit or loss before tax and financial items. Financial items include interest on bank balances, deposits, investments available for sale, interest paid on loans, profit or loss from the disposal of available-for-sale financial instruments, and exchange rate gains and losses from the translation of all monetary assets and liabilities in a foreign currency.

17.2.5 Significant Estimates and Judgements

In accordance with the International Financial Reporting Standards, the Company's management issues estimates, judgements and assumptions for the preparation of financial statements, namely those that affect the application of policies and the disclosed values of assets and liabilities, revenues and expenses. The estimates are formulated according to experience from previous years and the expectations in the reporting period. The actual results may differ from these estimates, which is why the estimates are constantly verified and revised.

Deferred Taxes

Based on the estimate that there will be sufficient profit available in the future, we formed deferred tax assets arising from:

- provisions for jubilee awards and severance pay upon retirement;
- impairments of trade receivables;
- investment tax relief for investments into research and development;
- unused tax losses.

Deferred taxes are presented in greater detail in chapter 17.3.15.

Deferred tax assets that are recognised as part of the provisioning for jubilee awards and severance pay are decreased by appropriate amounts using the provisions formed and increased by appropriate amounts with respect to the newly formed provisions.
The tax rate applied for the calculation of deductible temporary differences is as prescribed by the tax legislation of the country in which the relevant Group company operates and ranges between 10% and 30%. Based on the conditions set out in IAS 12 (36) and the Business Plan for the coming period, we estimate that we will have taxable profits at our disposal to cover the unused tax losses in the coming years.

The disclosed deferred tax liabilities arise from taxable temporary differences from the upward revaluation of land (at fair value directly in equity).

As at the reporting date, we verify the disclosed amount of deferred assets and deferred tax liabilities. If the Company does not have sufficient profits available, the disclosed amount of deferred tax assets is lowered accordingly.

Provisions

The Company's management confirms the content and the amount of the provisions formed, namely on the basis of:

- the calculation of provisions for jubilee awards and severance pay;
- the estimate of the potential expected amount of damages communicated by the Company's legal department or other external attorney on the basis of existing lawsuits and claims for damages.

The amounts of the provisions formed are the best estimate of future expenditure.

17.2.6 Summary of Significant Accounting Policies and Disclosures

We present individual categories in accordance with the International Financial Reporting Standards that prescribe disclosures. We also present all the important issues. The accounting policies used as well as the nature and the level of importance of the disclosures are defined in the internal acts of the Company. We have also disclosed comparative information from the previous period and included the said information in the quantitative and descriptive sections for all the significant information that is reported in financial statements. The comparative information is adjusted to conform to the presentation of information in the current year.
The accounting policies provided below have been consistently applied in all the periods reported in the financial statements.

Property, Plant and Equipment
The revaluation model is applied to land valuation. We use the cost model for measuring buildings, plant and equipment. An asset is disclosed at cost less the accumulated depreciation and any accumulated impairment losses. The manner and methods for the valuation of assets due to impairment are described below under the heading "Impairment of property, plant and equipment". The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. The cost of an item of property, plant and equipment comprises: its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management; and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. The revaluation of land is performed based on an appraisal by a chartered valuation surveyor. The revaluation is disclosed through equity as a revaluation surplus.

In the case of a significant cost value of an item of property, plant and equipment, which contains components with different estimated useful lives, we divide the item into its component parts. Each component part is treated separately. Land is treated separately and is not depreciated.

<u>Borrowing costs</u>
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset increase the cost of that asset. The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when the expenditures, borrowing costs and the activities necessary to prepare the asset for its intended use arise.

<u>Financial lease</u>
At the beginning of a lease, we recognise the financial lease in the balance sheet as an asset and liability at amounts equal to the fair value of the leased asset or, if the value is lower, at the present value of the minimum lease payments, whereby both values are determined upon the conclusion of the lease. When calculating the present value of the minimum lease payments, the

discount rate is the interest rate associated with the lease (lease rate) provided that it can be determined; otherwise, we use the assumed interest rate for borrowing, which should be paid by the lessee. We add all of the initial direct costs borne by the lessee to the amount recognised as an asset.

Subsequent expenditure

Subsequent expenditure associated with the replacement of an item of property, plant and equipment increases its cost value. Other subsequent expenditures associated with an item of property, plant and equipment increase its cost value if it is likely that its future economic benefits will exceed the originally estimated ones, or that the useful life will prolong. All other expenditures are recognised as expenses when they arise.

Depreciation

The depreciation amount for each period is recognized in profit or loss. We begin to depreciate an asset when it is available for use. Fixed assets are depreciated according to the straight-line depreciation method taking into account the estimated useful life of each item of property, plant and equipment. The depreciation method used is examined at the end of each financial year. The residual value of an asset is, as a rule, only taken into account for important items, also taking into account the costs of the liquidation of the item of property, plant and equipment. We do not depreciate land and works of art.

Depreciation rates applied by the Group:

	Lowest %	Highest %
Property, plant and equipment		
Real estate:	**0,5**	**10,0**
Built buildings	0,5	5,0
Other buildings	2,0	10,0
Equipment:		
Production equipment	0,6	20,0
Computer and electr. equipment	6,0	33,3
Fork lifts and hoists	11,0	12,5
Automobiles and tractors	12,5	25,0
Cleaning and heating equipment	7,0	25,0
Measuring and control devices	4,2	28,0
Furniture – office and other	10,0	17,5
Other equipment	4,0	50,0

Derecognition

The recognition of the carrying amount of individual items of property, plant and equipment is reversed upon disposal or if we do not expect any future economic benefits from its use or disposal. Gains or losses arising from the derecognition of an item of property, plant and equipment are included in the profit or loss when any of the conditions are met.

Intangible Assets

An intangible asset is initially recognised at cost. After the initial recognition, intangible assets are disclosed at cost less the accumulated amortisation and the eventual impairment loss. Development costs incurred shall be recognised as intangible asset if the Company can demonstrate the following: the technical feasibility of completing the project so that it will be available for use or sale; its intention to complete the project and use or sell it; its ability to use or sell the project; the likelihood that the project will generate future economic benefits (the existence of a market for the output of the project or the project itself or, if the project is to be used internally, the usefulness of the project; the availability of technical, financial and other resources to complete the development and to use or sell the project; and its ability to reliably measure the expenditure attributable to the intangible asset during its development (the capitalisation of costs).

Goodwill
Goodwill is valued at the fair value of the transferred purchase consideration, including the recognised value of any non-controlling interest in the acquiree less the net recognised value of the acquired assets and liabilities valued as at the acquisition date. The transferred purchase consideration includes the fair value of the transferred assets, liabilities to the previous owners of the acquiree and the shares issued by the company. The Company's management performs an annual assessment of whether an impairment of the intangible asset is necessary.

Emission coupons
Long-term deferred costs of emission coupons allocated by the Slovenian Environment Agency operating within the scope of the Ministry of the Environment and Spatial Planning are disclosed as part of the intangible fixed assets.

Amortisation
Amortisation begins when an asset is available for use, i.e. when it is at the location and in the condition necessary for it to function as planned.
The carrying amount of an intangible asset is decreased according to the straight-line depreciation method over the asset's useful life.
The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. If the expected useful life of the asset differs from previous estimates, the amortisation period is changed accordingly.
The useful life of an intangible asset that arises from contractual or other legal rights does not exceed the period of validity of contractual or other legal rights, but may be shorter depending on the period in which we expect to use the asset. The estimated useful life of other intangible assets is five years.

Depreciation rates applied by the Group:

	Lowest %	Highest %
Intangible fixed assets	5,0	20,0

Investment Property
We hold investment property with the aim of generating rent or increasing the value of a long-term investment. We use the fair value method for the measurement of investment property, whereby an appraisal from a chartered valuation surveyor serves as the basis for the measurement. Revenues or expenses are recognised in the income statement. Investment property is not depreciated.

Financial Assets
Financial investments into subsidiaries, associates and other companies are valued at cost. The same method is also used for unrelated undertakings.

Financial Instruments
We classify financial instruments into the following classes:
1. Held-to-maturity investments
2. Loans and receivables
3. Available-for-sale financial assets

The fair value of financial instruments is determined by taking into account the following fair value hierarchy:

- Level 1 comprises quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 includes inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 consists of inputs for assets or liabilities that are not based on observable market data.

Quoted prices are used as the basis for determining the fair value of financial instruments. If a financial instrument is not quoted on a regulated market and the market is assessed as inactive, we use the inputs of Levels 2 and 3 for determining the fair value of a financial instrument.

1. **Held-to-Maturity Investments**

The first group was formed for financial assets that we could decide, in the event of potential recognition, to keep in our portfolio until maturity. We would recognise them by the settlement date and measure them at amortised cost using the effective interest method. We have not yet classified any financial assets in this group.

2. **Loans and Receivables**

The second group includes all loans, borrowings and receivables that are recognised as at the settlement date and measured at amortised cost using the effective interest method.

Operating receivables

We record long-term and short-term trade receivables due from our buyers, the state and the employees in the books of account separately. We also disclose interest on the above receivables among operating receivables. Long-term and short-term operating receivables are initially disclosed at amounts arising from the contracts or relevant bookkeeping documents. We translate the operating receivables denominated in foreign currencies on the last day of the financial year into the domestic currency according to the reference exchange rate of the European Central Bank.

The suitability of the disclosed size of an individual receivable is determined at the end of the reporting period based on informed evidence regarding the doubt that these receivables will be repaid. We impair receivables after the management performs an individual assessment of the programmes as regards the risk that the receivables will not be repaid.

Commodity loans

The Company extends commodity loans to companies within the Group and associated companies for their operations. Commodity loans are recognised among long-term operating receivables. We charge interest on commodity loans. Value adjustments for commodity loans are made after the Company's management assess them individually.

Loans granted

Upon initial recognition, loans granted are disclosed at their amortised cost taking into account the effective interest method. Depending on their maturity date, they are classified as long-term or short-term assets as at the settlement date. With the aim of managing credit risk, we determine the maturity of the loan and the settlement method according to the borrower's credit standing. These loans are secured or collateralised by traditional security or collateral instruments (e.g. blank bills of exchange, pledge of securities and other property or movables, the possibility of a unilateral offsetting of mutual obligations). In case of a failure to settle outstanding contractual obligations by the borrower, we start liquidating the security or collateral instruments or start making impairments of the investment if legal proceedings are instituted.

Loans received

We record the received loans at the amortised cost upon their initial recognition, whereby we take into account the effective interest method. The structure of received loans is dominated by bank loans with the repayment of the principal on the expiry of the loan agreement. Depending on maturity, they are classified as long-term or short-term financial liabilities upon recognition. On the last day of the year, all financial liabilities that fall due within the next year are transferred to short-term financial liabilities. Loans received are secured or collateralised with blank bills of exchange, receivables and mortgages on movable and immovable property.

3. Available-for-Sale Financial Assets

We classify all investments into shares and securities among the available-for-sale financial assets. Upon initial recognition, they are measured at fair value, to which we add the transaction costs arising from the acquisition of the financial asset. We determine the fair value as the value determined by the market, such as the closing stock exchange price of a share or the published daily value of a mutual fund unit. Changes in fair value are recognised directly in the statement of other comprehensive income. We apply the average cost method for posting purposes. Profits or losses are transferred to the profit or loss upon derecognition. We use the trading date when accounting for the acquisition and sale.

All other financial assets, for which no active market exists and where fair value cannot be reliably measured, are measured at cost.

Inventories

Inventories are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business decreased by the estimated costs of completion and sale. The unit price of an item held in inventory includes the costs incurred when acquiring inventories and bringing them to their present location and condition. For finished products and work-in-progress, the costs include a corresponding proportion of production costs with the normal use of production assets. The consumption of inventories is disclosed according to the weighted average cost method. At the end of the year, the Company verifies the inventories that have not had any movements in the current year and impairs them to their realisable value.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and sight deposits held in accounts. The balance of cash and cash equivalents denominated in foreign currencies is translated into the domestic currency according to the reference exchange rate of the European Central Bank applying as at last day of the financial year.

Equity

Share Capital

The share capital of Unior d.d. is divided into 2,838,414 ordinary registered no-par value shares that are freely transferable.

Dividends

Dividends are recognised in the Company's financial statements when the General Meeting of Shareholders adopts the decision to distribute dividends.

The Redemption of Treasury Shares

We did not trade in treasury shares in 2013.

Provisions

Provisions for lawsuits

We have formed provisions for loss and damages related to alleged violations within the scope of operations. The amount of the provisions is determined according to the known amount of the claim for damages or according to the estimated amount if the claim is not yet known. We regularly verify the eligibility of the provisions formed.

Provisions for severance pay and jubilee awards

In accordance with the corporate collective agreement and statutory provisions, the Company is required to account and pay jubilee awards and severance pay upon retirement. For the measurement of these types of earnings, we use a simplified method of accounting, which requires the valuation of actuarial liabilities in accordance with the expected growth in salaries from the date of valuation up to the envisaged retirement of an employee. This means the imputation of earnings in proportion to the work performed. The estimated liability is recognised in the amount of the present value of expected future expenditures. When measuring them, we also estimate the projected increase in salaries and staff turnover.
Based on the calculation, we recognise gains or losses in the current year in the income statement. The main parameters considered in the calculation are the pensionable age of 60, the required length of service of 40 years, a 5% discount and a 0,6% increase in salaries.

Government Grants

Government grants are recognised at fair value, but not until there is reasonable assurance that Unior d.d. can comply with the conditions attached to them and not until it receives them. Government grants are recognised as income in periods matched to the related costs these grants are supposed to cover. If a government grant relates to a particular asset, it is recognised as deferred income, which Unior d.d. recognises in the income statement in the period of the expected useful life of the asset in equal annual amounts.

Financial Liabilities

Financial liabilities are initially recognised at fair value excluding any transaction costs incurred. In subsequent periods, financial liabilities are measured at the amortised cost using the effective interest method. Any difference between receipts (excluding transaction costs) and liabilities is recognised in the income statement throughout the period of financial liability.

Corporate income tax

Corporate income tax is accounted in accordance with the Corporate Income Tax Act. The basis for the accounting of the income tax is the gross profit increased by expenses not recognised for tax purposes and decreased by legally permitted tax relief. The tax liability for corporate income tax is calculated from the resulting amount. In 2013, the tax base was positive, because recognized reliefs were taken into account, the tax base is zero.

Deferred Taxes

With the aim of demonstrating an appropriate profit or loss in the reporting period, we also accounted for deferred taxes. These are disclosed as deferred tax assets and deferred tax liabilities. We used the balance sheet liability method when accounting for deferred taxes. The carrying amounts of assets and liabilities were compared with their tax base, and the difference between the two values was defined as a permanent or temporary difference. Temporary differences were divided into taxable and deductible. The taxable temporary differences increased the taxable amounts and deferred tax liabilities, while the deductible temporary differences decreased our taxable amounts and increased the deferred tax assets.

Revenues

Revenue from services rendered

Operating revenues are recognised when it is reasonable to expect that they will lead to receipts if these have not been realised upon their occurrence and if they can be reliably measured.
When recognising revenues from the services rendered, we use the method of the percentage of completion as at the balance sheet date. According to this method, revenues are recognised in the reporting period in which the services were rendered. We disclose the amounts of each significant category of revenue recognised in the period and the already generated revenues on domestic and foreign markets. Revenues on the domestic market are the revenues earned in Slovenia, and foreign markets are the EU countries and third countries.

Revenues from the sale of products, goods and material

Revenues from the sale of products, goods and material are measured on the basis of the prices indicated in invoices and other documents decreased by discounts granted upon sale or later. The substantively matching items from previous periods are also disclosed among the revenues from the sale of products, goods, material and the services rendered.

Rental income

Rental income mainly comprises income from investment property, i.e. buildings and land that we let under operating leases. The Company classifies rental income as operating income.

Other operating revenues with operating revenues from revaluation

We disclose grants, subsidies, premiums and revenues from revaluation generated from the sale of fixed assets and the reversal of provisions in the net amount among other revenues.

Finance income and expenses

Finance income comprises income from the interest received for the loans granted, dividend income, income from the disposal of available-for-sale financial assets and exchange rate gains. Interest income is recognised upon its occurrence using the effective interest rate. Dividend income is disclosed in the profit or loss when the right to the payout is exercised.

Finance expenses comprise interest costs on borrowings, exchange rate losses and losses arising from the impairment of financial assets, which are recognised in the income statement. Borrowing costs are recognised in the income statement using the effective interest rate method.

Gross Operating Profit

Gross operating profit comprises sales revenues, changes in the value of inventories of finished products and work-in-progress, capitalised own products and services as well as other operating revenues.

Expenses – Costs

Costs are recognised as expenses in the period in which they arise. We classify them according to their nature. We disclose them according to their types within the scope of the Company's three-digit chart of accounts. Expenses are recognised if the decrease in economic benefits in the reporting period is associated with decreases in assets or increases in debt and if this decrease can be reliably measured.

Profit or Loss

Profit or loss consists of the operating profit or loss increased by the finance income and decreased by finance expenses.

The Impairment of Property, Plant and Equipment

If there is any indication that an asset may be impaired, we estimate its recoverable amount. If the asset's recoverable amount cannot be estimated, the Company determines the recoverable amount of the cash-generating unit the asset belongs to. Impairment is disclosed in the income statement and, in the case of the revaluation of land, in the capital revaluation surplus. Impairment losses need to be reversed if there are changes in the estimates that were used to determine the recoverable amount of the assets. The loss due to the impairment of the asset is reversed only up to the amount that does not entail the increased carrying amount of an asset exceeding the carrying amount that would have been determined after the deduction of the depreciation write-off, if the impairment loss was not recognised for the asset in prior years. The reversal of losses is recognised as revenue in profit or loss. For land we conclude the fair value by valuation.

Impairment of Intangible Assets

We verify intangible assets as at the reporting date for impairment purposes.
Where the recoverable amount is lower than the carrying amount of an asset, the carrying amount is decreased to the asset's recoverable amount. The Company states such a decrease as an impairment loss and posts it as an operating expense from revaluation.

Impairment of Financial Assets

At each reporting date, the Company performs a test of the assessment of impairment of financial assets according to selected criteria defined in the rules on accounting in order to determine whether there is objective evidence of potential impairment of the financial asset. If such reasons exist, we calculate the amount of the impairment loss.

If we find that it is necessary to perform an impairment of the financial assets disclosed at amortised cost, the amount of the loss is measured as the difference between the carrying amount of the financial asset and the present value of expected future cash flows discounted by the original effective interest rate. We recognise the amount of the loss in profit or loss. If the reasons for the impairment of financial assets cease to exist, the reversal of the impairment of a financial asset disclosed at amortised cost is recognised in profit or loss.

In the case of financial assets (investments) held in subsidiaries, associates, joint ventures and other companies that are disclosed at cost, we have to judge whether an impairment is necessary, in which case we recognise it in profit or loss as a finance expense from revaluation.

For financial assets classified into the group of available-for-sale financial assets, we measure the amount of impairment losses, which is then recognised in profit or loss as the difference between the carrying amount of the asset and the market or fair value as at the cut-off balance sheet date. The impairment of these assets is performed in the case of a significant or prolonged decline in the estimated value below the cost of the asset. The amount of this impairment is the difference between the cost and the fair value of the asset (investment).

Statement of Other Comprehensive Income

The statement of other comprehensive income shows items (including potential adjustments for reclassification) that are not recognised in the profit or loss as required or permitted by other IFRS.

Cash Flow Statement
The Company reports cash flows from operations using the direct method based on the items in the balance sheet as at 31 December 2013 and 31 December 2012, as well as the income statement for 2013 and the additional data required for the adjustment of outflows and inflows.

Statement of Changes in Equity
The statement of changes in equity shows the movement of the individual components of equity in the financial year (the total revenues and expenditures as well as the transactions with owners in their capacity as owners), including the allocation of net profit. The statement of comprehensive income, which increases the net profit of the current year by all of the revenues that we recognised directly in equity, is included.

17.2.7 New Standards and Interpretations that have not yet Entered into Force

Standards and interpretations issued by the IASB and adopted by the European Union that have not yet entered in force

On the day these financial statements were approved, the following standards, amendments and interpretations were issued, as adopted by the EU, but have not yet taken effect:

- **IFRS 10 "Consolidated Financial Statements",** adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IFRS 11 "Joint Arrangements"**, adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IFRS 12 "Disclosure of Interests in Other Entities"**, adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IAS 27 (as revised in 2011) "Separate Financial Statements"**, adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IAS 28 (as revised in 2011) "Investments in Associates and Joint Ventures"**, adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **Amended IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities"**, – guidelines for transition adopted by the European Union on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014);
- **Amended IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities", and IAS 27 (as revised in 2011) "Separate Financial Statements"**, – Investment companies adopted by the European Union on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014);
- **Amended IAS 32 "Financial Instruments: Presentation"** – Financial Asset and Liability Offsetting, adopted by the European Union on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **Amended IAS 36 "Impairment of assets"** - Disclosure of the recoverable amount of non-financial assets, adopted by the European Union on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).
- **Amended IAS 39 "Financial Instruments: Recognition and Measurement" -** Novation of derivatives and continued hedge accounting, adopted by the European Union on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014);

Standards and interpretations issued by the IASB, but not yet adopted by the European Union

At present the IFRS, adopted by the EU, do not significantly differ from the regulations that were adopted by the International Accounting Standards Board (IASB), with the exception of the following standards, amendments to existing standards and interpretations, which were not endorsed for application in European Union as at 30 April 2014 (listed below are the dates of entry into force apply to the entire IFRS):

- **IFRS 9 "Financial Instruments" and further amendments** (effective date is not yet fixed);
- **Amended IAS 19 "Employee benefits" –** Defined benefit plans: Employee contributions (effective for annual periods beginning on or after 1 January 2014);
- **Amendments to various standards "Improvements to IFRS (for the period 2010 - 2012)"**, arising from the annual IFRS improvements project (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38),primarily with the aim of eliminating inconsistencies and providing interpretations (the amendments become effective for annual periods beginning on or after 1 January 2014).
- **Amendments to various standards "Improvements to IFRS (for the period 2011 - 2013)"** arising from the annual IFRS improvements project (IFRS 1, IFRS 3, IFRS 13 and IAS 40),primarily with the aim of eliminating inconsistencies and providing interpretations (the amendments become effective for annual periods beginning on or after 1 January 2014).
- **IFRIC 21 "Duties"** (effective for annual periods beginning on or after 1 January 2014).

The Company expects that the adoption of these standards, amendments and notes will not have a significant impact on its financial statements in the period of their initial application.

At the same time, hedge accounting in relation to a financial assets and liabilities portfolio whose principles the European Union has not yet adopted, is still unregulated.

In the Company's estimate, the application of hedge accounting in relation to the portfolio of financial assets and liabilities according to the requirements under **IAS 39 "Financial Instruments: Recognition and Measurement"** will not have a significant impact on its financial statements if applied on the balance-sheet date.

17.3 Notes on the Balance Sheet

17.3.1 Balance Sheet by Division

(in EUR)	Item	Tourism act. 2013	Metal act. 2013	Total 2013	Tourism act. 2012	Metal act. 2012	Total 2012
	ASSETS	**92,384,066**	**263,712,456**	**356,096,522**	**91,889,014**	**227,091,112**	**368,980,126**
A.	**NON-CURRENT ASSETS**	**89,534,976**	**134,873,448**	**224,408,424**	**88,682,770**	**143,794,095**	**232,476,865**
I.	**Intangible assets and long-term deferred costs and accrued revenues**	**513,702**	**5,144,541**	**5,658,243**	**256,44**	**6,204,723**	**6,461,163**
1.	Long-term property rights	42,293	119,015	161,308	47,257	281,148	328,405
2.	Goodwill	0	521,448	521,448	0	562,979	562,979
3.	Long-term deferred development costs	2,203	4,339,953	4,342,156	2,818	5,333,532	5,336,350
4.	Other long-term deferred costs and accrued revenues	469,206	164,125	633,331	206,365	27,064	233,429
II.	**Property, plant and equipment**	**88,824,829**	**99,146,262**	**187,971,091**	**88,213,848**	**103,871,506**	**192,085,354**
1.	Land and buildings	74,000,796	47,349,266	121,350,062	73,849,695	49,239,669	123,089,364
2.	Production plant and machinery	5,558,784	48,359,801	53,918,585	6,220,999	51,711,027	57,932,026
3.	Other plant and equipment, small tools and other tangible fixed assets	5,105,594	1,245,155	6,350,749	4,646,734	1,181,436	5,828,170
4.	Property, plant and equipment being acquired	4,159,655	2,192,040	6,351,695	3,496,420	1,739,374	5,235,794
III.	**Investment property**	**196,897**	**15,765,532**	**15,962,429**	**196,897**	**15,350,362**	**15,547,259**
IV.	**Long-term financial assets**	**15,585**	**13,125,532**	**13,141,117**	**15,585**	**17,341,532**	**17,357,117**
1.	Long-term financial assets, excluding loans	15,585	12,269,910	12,285,495	15,585	16,366,241	16,381,826
2.	Long-term loans	0	855,622	855,622	0	975,291	975,291
V.	**Long-term operating receivables**	**0**	**320,103**	**320,103**	**0**	**439,083**	**439,083**
1.	Long-term trade receivables	0	123,782	123,782	0	95,734	95,734
2.	Long-term operating receivables due from others	0	196,321	196,321	0	343,349	343,349
VI.	**Deferred tax assets**	**(16,037)**	**1,371,478**	**1,355,441**	**0**	**586,889**	**586,889**
B.	**CURRENT ASSETS**	**2,849,090**	**128,839,008**	**131,688,098**	**3,206,244**	**133,297,017**	**136,503,261**
I.	**Assets (disposal groups) held for sale**	**0**	**319,900**	**319,900**	**512,705**	**319,900**	**832,605**
II.	**Inventories**	**392,612**	**72,865,642**	**73,258,254**	**389,169**	**78,860,444**	**79,249,613**
1.	Material	357,248	21,652,825	22,010,073	349,015	22,316,794	22,665,809
2.	Work-in-progress	3,774	25,616,838	25,620,612	14,183	29,205,888	29,220,071
3.	Products	6,601	15,057,915	15,064,516	4,87	16,168,110	16,172,980
4.	Merchandise	24,989	10,538,064	10,563,053	21,101	11,169,652	11,190,753
III.	**Short-term financial assets**	**3,348**	**3,979,757**	**3,983,105**	**14,812**	**4,312,686**	**4,327,498**
1.	Short-term financial assets, excluding loans	0	131	131	0	131	131
2.	Short-term loans	3,348	3,979,626	3,982,974	14,812	4,312,555	4,327,367
IV.	**Short-term operating receivables**	**1,999,744**	**46,461,520**	**48,461,264**	**2,165,733**	**47,004,401**	**49,170,134**
1.	Short-term trade receivables	1,374,346	37,989,876	39,364,222	1,606,518	38,968,564	40,575,082
2.	Short-term operating receivables due from others	625,398	8,471,644	9,097,042	559,215	8,035,837	8,595,052
V.	**Cash and cash equivalents**	**453,386**	**5,212,189**	**5,665,575**	**123,825**	**2,799,586**	**2,923,411**

	(in EUR) Item	Tourism act. 2013	Metal act. 2013	Total 2013	Tourism act. 2012	Metal act. 2012	Total 2012
	EQUITY AND LIABILITIES	**92,384,066**	**263,712,456**	**356,096,522**	**91,889,014**	**277,091,112**	**368,980,126**
A.	**CAPITAL**	**46,842,773**	**89,983,531**	**136,826,304**	**55,917,059**	**85,322,034**	**141,239,093**
A1.	**EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY**	**46,671,873**	**83,380,480**	**130,052,353**	**55,744,994**	**78,821,399**	**134,566,393**
I.	**Called-up capital**	**6,483,792**	**17,205,191**	**23,688,983**	**6,483,792**	**17,205,191**	**23,688,983**
1.	Share capital	6,483,792	17,205,191	23,688,983	6,483,792	17,205,191	23,688,983
2.	Uncalled capital (deduction item)	0	0	0	0	0	0
II.	**Capital reserves**	**11,409,929**	**30,277,035**	**41,686,964**	**11,409,929**	**30,277,035**	**41,686,964**
III.	**Revenue reserves**	**7,704,084**	**30,997,869**	**38,701,953**	**14,374,239**	**24,409,352**	**38,783,591**
1.	Legal reserves	583,616	1,402,724	1,986,340	583,245	1,402,724	1,985,969
2.	Reserves for treasury shares and own stakes	0	100,190	100,190	0	100,190	100,190
3.	Treasury shares and own stakes (deduction item)	0	(100,190)	(100,190)	0	(100,190)	(100,190)
4.	Statutory reserves	0	0	0	0	0	0
5.	Other revenue reserves	7,120,468	29,595,145	36,715,613	13,790,994	23,006,628	36,797,622
IV.	**Revaluation surplus**	**15,492,240**	**13,063,932**	**28,556,172**	**15,445,288**	**13,368,809**	**28,814,097**
V.	**Net profit or loss brought forward**	**7,961,747**	**(4,887,190)**	**3,074,557**	**9,797,327**	**2,735,209**	**12,532,536**
VI.	**Net profit or loss for the financial year**	**(2,379,919)**	**(1,580,713)**	**(3,960,632)**	**(1,765,581)**	**(7,709,144)**	**(9,474,725)**
VII.	**Equity translation adjustment**	**0**	**(1,695,644)**	**(1,695,644)**	**0**	**(1,465,053)**	**(1,465,053)**
A2.	**EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS**	**170,900**	**6,603,051**	**6,773,951**	**172,065**	**6,500,635**	**6,672,700**
B.	**PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**3,910,660**	**3,820,880**	**7,731,540**	**3,399,369**	**4,107,698**	**7,507,067**
1.	Provisions for pensions and similar liabilities	529,540	3,008,506	3,538,046	567,173	3,018,285	3,585,458
2.	Other provisions	3,081,869	812,374	3,894,243	2,832,196	1,089,413	3,921,609
3.	Long-term accrued costs and deferred revenues	299,251	0	299,251	0	0	0
C.	**LONG-TERM LIABILITIES**	**32,955,062**	**104,163,311**	**137,118,373**	**16,822,486**	**55,367,786**	**72,190,272**
I.	**Long-term financial liabilities**	**32,946,064**	**103,907,121**	**136,853,185**	**13,038,004**	**58,223,537**	**71,261,541**
1.	Long-term financial liabilities to banks	32,654,126	103,033,102	135,687,228	13,038,004	56,764,709	69,802,713
2.	Long-term financial liabilities arising from bonds	0	0	0	0	0	0
3.	Other long-term financial liabilities	291,938	874,019	1,165,957	0	1,458,828	1,458,828
II.	**Long-term operating liabilities**	**265,188**	**0**	**265,188**	**341,352**	**510,028**	**851,380**
1.	Long-term trade payables	0	0	0	0	0	0
2.	Long-term bills payable	0	0	0	0	510,028	510,028
3.	Long-term operating liabilities from advances	0	0	0	0	0	0
4.	Other long-term operating liabilities	265,188	0	265,188	341,352	0,000	341,352
III.	**Deferred tax liabilities**	**(256,190)**	**256,190**	**0**	**3,443,130**	**(3,365,779)**	**77,351**
D.	**SHORT-TERM LIABILITIES**	**7,532,072**	**64,105,504**	**71,637,576**	**14,500,684**	**130,671,732**	**145,172,416**
I.	**Liabilities included in disposal groups**	0	**0**	**0**	0	**0**	**0**
II.	**Short-term financial liabilities**	**2,381,853**	**21,337,752**	**23,719,605**	**8,601,965**	**79,174,160**	**87,776,125**
1.	Short-term financial liabilities to banks	2,332,445	12,092,704	14,425,149	8,461,815	76,716,295	85,178,110
2.	Short-term financial liabilities arising from bonds	0	0	0	0	0	0
3.	Other short-term financial liabilities	49,408	9,245,048	9,294,456	140,150	2,457,865	2,598,015
III.	**Short-term operating liabilities**	**5,150,219**	**42,767,752**	**47,917,971**	**5,898,719**	**51,497,572**	**57,396,291**
1.	Short-term trade payables	3,455,421	28,538,765	31,994,186	3,497,475	33,330,405	36,827,880
2.	Short-term bills payable	0	5,278,955	5,278,955	0	4,578,273	4,578,273
3.	Short-term operating liabilities from advances	839,065	1,971,363	2,810,428	881,229	7,250,535	8,131,764
4.	Other short-term operating liabilities	855,733	6,978,669	7,834,402	1,520,015	6,338,359	7,858,374
E.	**SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**1,143,499**	**1,639,230**	**2,782,729**	**1,249,416**	**1,621,862**	**2,871,278**

New Fixed Capital Formation

In 2013, the Unior Group invested a total of EUR 9,608,231 in new fixed capital formation, EUR 5,503,330 of which went to the metal processing activity and EUR 4,104,901 was spent within the scope of the tourism activity.

Investments into intangible fixed assets came in at EUR 617,867, EUR 346,098 of which was used for the metal processing activity and EUR 271,769 for the tourism activity

Investments into tangible fixed assets came in at EUR 8,990,364, EUR 5,157,232 of which was used for the metal processing activity and EUR 3,833,132 for the tourism activity.

In 2013, there wasn’t any investments into investment property .

17.3.2 Intangible Fixed Assets

UNION GROUP (in EUR)	Goodwill	Deferred costs of development	Investments in rights to ind. property	Other intangible assets	IFA under acquisition	Total
Cost						
As at 31 December 2012	944,731	10,092,794	2,301,804	353,553	8,933	13,701,815
Increases upon mergers by acquisition	0	0	0	0	0	0
Direct increases – investments	0	133,676	65,871	8,416	409,904	617,867
Transfer from investments in progress	0	0	0	0	0	0
Decreases during the year	(342,495)	0	(157,586)	(138,542)	(8,933)	(647,556)
Other changes (movements, currency exchange rates)	0	(9,948)	(799)	0	0	(10,747)
As at 31 December 2013	602,236	10,216,522	2,209,290	223,427	409,904	13,661,379
Value adjustment						
As at 31 December 2012	**381,752**	**4,756,444**	**1,973,399**	**129,057**	**0**	**7,240,652**
Increases upon mergers by acquisition	0	0	0	0	0	0
Amortisation for the year	0	1,122,022	189,506	0	0	1,311,528
Decreases during the year	(300,964)	0	(114,176)	(129,057)	0	(544,197)
Other changes (movements, currency exchange rates)	0	(4,100)	(747)	0	0	(4,847)
As at 31 December 2013	80,788	5,874,366	2,047,982	0	0	8,003,136
Current value as at 31 December 2013	**521,448**	**4,342,156**	**161,308**	**223,427**	**409,904**	**5,658,243**
Current value as at 31 December 2012	562,979	5,336,350	328,405	224,496	8,933	6,461,163

UNIOR GROUP (in EUR)	Goodwill	Deferred costs of development	Investments in rights to ind. property	Other intangible assets	IFA under acquisition	Total
Cost						
As at 31 December 2011	1,192,866	7,459,086	2,253,604	143,716	9,997	11,059,269
Increases upon mergers by acquisition	155,586	0	44,237	0	0	199,823
Direct increases – investments	0	646,822	12,928	218,866	2,173,632	3,052,248
Transfer from investments in progress	0	2,113,600	61,096	0	(2,174,696)	0
Decreases during the year	(403,721)	(125,760)	(69,941)	(9,029)	0	(608,451)
Other changes (movements, currency exchange rates)	0	(954)	(120)	0	0	(1,074)
As at 31 December 2012	944,731	10,092,794	2,301,804	353,553	8,933	13,701,815
Value adjustment						
As at 31 December 2011	381,752	3,830,000	1,681,359	129,057	0	6,022,168
Increases upon mergers by acquisition	0	0	38,315	0	0	38,315
Amortisation for the year	0	1,054,138	323,811	0	0	1,377,949
Decreases during the year	0	(125,760)	(69,941)	0	0	(195,701)
Other changes (movements, currency exchange rates)	0	(1,934)	(145)	0	0	(2,079)
As at 31 December 2012	381,752	4,756,444	1,973,399	129,057	0	7,240,652
Current value as at 31 December 2012	**562,979**	**5,336,350**	**328,405**	**224,496**	**8,933**	**6,461,163**
Current value as at 31 December 2011	811,114	3,629,086	572,245	14,659	9,997	5,037,101

In 2013, the Group received 8,416 emission coupons from the Slovenian Environment Agency operating within the scope of the Ministry of the Environment and Spatial Planning. These coupons are recorded in the books of account at the value of 1 euro. In 2013, the Group settled its liabilities for 2012 in the amount of 9,486 coupons. The Group discloses liabilities for 9,125 emission coupons for production in 2013. On 31 December 2013 the state of emission coupons is 16,037.

17.3.3 Property, Plant and Equipment

Unior Group (in EUR)	Land	Buildings	Production equipment	Other equip. and small tools	Fixed assets under acquisition	Total
Cost						
As at 31 December 2012	39,563,087	156,604,245	163,028,162	13,224,199	5,235,794	377,655,487
Increases upon merges by acquisition	0	0	0	0	0	0
Direct increases – investments	45,690	1,882,091	1,068,597	1,102,522	8,628,087	12,726,987
Transfer from investments in progress	125,000	285,315	6,844,967	237,711	(7,492,993)	0
Decreases during the year	(31,645)	0	(9,192,173)	(418,669)	0	(9,642,487)
Revaluation due to impairment/strenghtening	4,186	0	0	0	0	4,186
Transfers between groups	0	0	0	0	0	0
Other changes (exchange rate changes)	(34,114)	(1,254,741)	(250,513)	(78,587)	(19,193)	(1,637,148)
As at 31 December 2013	39,672,204	157,516,910	161,499,040	14,067,176	6,351,695	379,107,025
Value adjustment						
As at 31 December 2012	0	73,077,968	105,096,136	7,396,029	0	185,570,133
Increases upon merges by acquisition	0	0	0	0	0	0
Depreciation for the year	0	3,339,710	7,211,954	604,103	0	11,155,767
Decreases during the year	0	0	(4,587,159)	(222,798)	0	(4,809,957)
Transfers between groups	0	1,901	0	(1,901)	0	0
Other changes (exchange rate changes)	0	(580,527)	(140,476)	(59,006)	0	(780,009)
As at 31 December 2013	0	75,839,052	107,580,455	7,716,427	0	191,135,934
Current value as at 31 December 2013	**39,672,204**	**81,677,858**	**53,918,585**	**6,350,749**	**6,351,695**	**187,971,091**
Current value as at 31 December 2012	39,563,087	83,526,277	57,932,026	5,828,170	5,235,794	192,085,354

(in EUR)	Land	Buildings	Production equipment	Small tools	Fixed assets under acquisition	Total
Cost						
As at 31 December 2011	37,184,918	143,090,663	157,296,409	12,797,518	18,905,925	369,275,433
Increases upon mergers by acquisition	370,106	642,026	37,516	101,299	0	1,150,947
Direct increases – investments	0	168,411	2,147,128	653,619	5,224,475	8,193,633
Transfer from investments in progress	0	11,872,203	7,018,476	0	(18,890,679)	0
Decreases during the year	(130,284)	(126,895)	(2,665,049)	(221,085)	0	(3,143,313)
Revaluation due to impairment/strenghtening	2,188,461	0	0	0	0	2,188,461
Transfers between groups	2,716	29,852	0	0	0	32,568
Other changes (exchange rate changes)	(52,830)	927,985	(806,318)	(107,152)	(3,927)	(42,242)
As at 31 December 2012	39,563,087	156,604,245	163,028,162	13,224,199	5,235,794	377,655,487
Value adjustment						
As at 31 December 2011	0	69,038,947	100,701,199	7,010,010	0	176,750,156
Increases upon mergers by acquisition	0	240,216	29,440	62,342	0	331,998
Depreciation for the year	0	3,391,209	7,260,583	573,046	0	11,224,838
Decreases during the year	0	0	(2,290,256)	(182,010)	0	(2,472,266)
Transfers between groups	0	16,518	0	0	0	16,518
Other changes (exchange rate changes)	0	391,078	(604,830)	(67,359)	0	(281,111)
As at 31 December 2012	0	73,077,968	105,096,136	7,396,029	0	185,570,133
Current value as at 31 December 2012	**39,563,087**	**83,526,277**	**57,932,026**	**5,828,170**	**5,235,794**	**192,085,354**
Current value as at 31 December 2011	37,184,918	74,051,716	56,595,210	5,787,508	18,905,925	192,525,277

The Group discloses the following assets it obtained through the financial lease of its property, plant and equipment (tangible assets):

- MRI machine for the Tourism Programme (with a cost of EUR 1,136,942 and a current value as at 31 December 2013 of EUR 0);
- LASCO forging production line at Ningbo Unior Forging Co. (with a cost of EUR 752,064 and a current value as at 31 December 2013 of EUR 300,827);
- UK-74 forging production line at Unidal d.o.o. (with a cost of EUR 695,581 and a current value as at 31 December 2013 of EUR 534,633).

The Group has fixed assets that, according to appraisals, are worth EUR 188,782,829 pledged as collateral or security for its debts.

17.3.4 Investment Property

(in EUR)	2013	2012
Land	9,336,900	9,336,900
Buildings	6,625,529	6,210,359
Total	**15,962,429**	**15,547,259**

Changes in investment property

(in EUR)	2013	2012
Opening balance as at 1 January	**15,547,259**	**16,266,220**
Acquisitions	0	780,646
Revaluation	0	(258,559)
Disposals	(170,000)	0
Other changes (movements, currency exchange rates)	585,170	(1,241,048)
Closing balance as at 31 December	**15,962,429**	**15,547,259**

Investment property comprises land and buildings intended for resale or letting out. These comprise land and buildings at the locations in Maribor and bungalows on Mount Rogla. Other changes refer to the elimination of investment property at the location in Kragujevac due to letting out to a company from the Group.

Investment property is stated at fair value. Fair value was determined based on an appraisal by a chartered property surveyor.

The value of the investment property for production halls in Maribor was appraised according to the market sales method to determine the value of land and, according to the yield based method, to determine the value of equipment. The bungalows on Mount Rogla were valued based on the method applying the HBU analysis of land, whereas equipment was valued according to the market sales method and yield based method. Valuations were made on 31 December 2012. For the purposes of Annual Report 2013, a chartered valuation surveyor made a statement that valuations which were made on 31 December 2012 are also credible and taken into account for the year 2013, because the conditions in the real estate market haven't changed drastically

Rental costs totalled EUR 913,864 in 2013.

The minimum sum of rents from operating leases – receivables

(in EUR)	2013	2012
Up to 1 year	1,268,092	1,260,545
From 2 to 5 years	5,072,368	5,042,180
More than 5 years	3,804,276	3,781,635
Total	**10,144,736**	**10,084,360**

The minimum sum of rents from operating leases – liabilities

(in EUR)	2013	2012
Up to 1 year	695,331	638,479
From 2 to 5 years	2,781,324	2,553,916
More than 5 years	2,085,993	1,915,437
Total	**5,562,648**	**5,107,832**

17.3.5 Long-Term Financial Assets

Investments in shares and stakes in associated companies

(in EUR)	Stake	2013	2012
in the country			
ŠTORE STEEL d.o.o., Štore	29,253	9,090,735	8,997,401
RHYDCON d.o.o. Šmarje pri Jelšah	33,500	610,724	573,073
ROBOTEH d.o.o., Šmarje pri Jelšah	0,000	0	54,327
RC SIMIT d.o.o., Kidričevo	20,000	202,839	201,877
		9,904,298	9,826,678
abroad:			
UNIOR TEPID, S.R.L. Romania, Brasov	49,000	1,306,318	1,232,999
UNIOR SINGAPORE Pte. Ltd., Singapore	40,000	45,249	61,237
UNIOR TEHNA d.o.o., Sarajevo, Bosnia and Herzegovina	25,000	103,890	91,571
SOLION Ltd., St. Peterburg, Russia	0,000	0	77,163
UNIOR TEOS ALATI d.o.o., Belgrade, Serbia	20,000	421,407	400,786
SINTER a.d., Užice, Serbia	25,067	291,793	338,904
UNIOR FORMINGTOOLS d.o.o., Kragujevac	0,000	0	125,206
		2,168,657	2,327,866
Total associated companies		**12,072,955**	**12,154,544**

	2013	2012
Available long-term assets for sale		
Investments in shares and stakes in other companies and banks:		
BANKS	5,347	4,009,533
INSURANCE COMPANIES	24,588	24,588
OTHER COMPANIES	182,605	193,161
	212,540	4,227,282
Long-term financial investments into debts		
Long-term loans to others	855,622	975,291
	855,622	975,291
Total long-term financial investments without treasury shares	**13,141,117**	**17,357,117**

Investments in associates are accounted for in the consolidated financial statements using the equity method. The profits and losses of associated companies disclosed in the consolidated balance sheet either increase or decrease the value of long-term financial assets, while they increase finance income or expenses in the consolidated income statement.

The Group recorded a positive effect in the amount of EUR 71,133 in 2013 resulting from the profits and losses of associated companies.

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Equity and Profit or Loss of Associates

Company name	Country of the company	Percentage of participation in capital	Amount of capital in EUR	Operating profit or loss for the period in EUR	Audited finan. statements
Associated companies:					
ŠTORE STEEL d.o.o.	Slovenia	29,253	41,972,990	222,214	YES
RHYDCON d.o.o.	Slovenia	33,500	1,860,987	31,978	NO
RC SIMIT d.o.o.	Slovenia	20,000	1,014,194	4,808	YES
UNIOR TEPID S.R.L.	Romania	49,000	2,665,956	366,922	YES
UNIOR SINGAPORE Pte. Ltd.	Singapore	40,000	113,123	(39,969)	YES
UNIOR TEHNA d.o.o.	Bosnia and Herzeg	25,000	415,560	119,749	YES
UNIOR TEOS ALATI d.o.o.	Serbia	20,000	2,107,033	352,833	NO
SINTER a.d.	Serbia	25,067	1,164,029	(180,945)	YES

Changes in long-term investments in shares and stakes in 2013

(in EUR)	2013	2012
Investments in shares and stakes as at 1 January	**17,357,117**	**20,275,365**
Increases:		
Acquisitions of shares and stakes	17,619	0
Increase of investments in liabilities	61,696	142,018
Dividends and profit shares from associates	71,133	0
Other increases – revaluation	3,255	162,740
Decreases:		
Sale of shares and stakes	(131,490)	(304,054)
Repayments of long-term loans granted	(38,516)	(100,863)
Losses of associated companies	0	(884,254)
Short-term part of investments in liabilities	(150,025)	0
Other decreases – impairment	(4,049,672)	(1,933,835)
Balance as at 31 December	**13,141,117**	**17,357,117**

Changes in long-term investments in shares and stakes in associated companies:

(in EUR)	2013	2012
Carrying amount as at 1 January	**12,154,544**	**13,180,293**
Acquisitions of shares and stakes	17,619	0
Profits (losses) according to the equity method	295,629	(393,684)
Payout of the profit arising from equity interest	(276,110)	(228,203)
Foreign currency translation differences	(21,495)	(138,842)
Sale of an investment	(131,490)	(304,054)
Other changes	32,258	39,034
Carrying amount as at 31 December	**12,070,955**	**12,154,544**

17.3.6 Assets (Disposal Groups) Held for Sale

(in EUR)	2013	2012
Assets (disposal groups) held for sale	319,900	832,605
Total	**319,900**	**832,605**

Assets (disposal groups) held for sale comprise bungalows on Mount Rogla worth EUR 319,900.

17.3.7 Inventories

(in EUR)	2013	2012
Material	22,882,318	23,594,327
Work in progress	25,620,612	29,220,071
Products	15,394,399	16,894,023
Merchandise	11,110,194	11,403,166
Value adjustment	(1,749,269)	(1,861,974)
Total	**73,258,254**	**79,249,613**

(in EUR)	2013	2012
Value adjustment of inventories:		
– material	872,245	928,518
-work-in-progress	0	0
– finished products	329,883	721,043
– merchandise	547,141	212,413
Total	**1,749,269**	**1,861,974**

(in EUR)	2013	2012
Balance of inventory value adjustments as at 1 January	**1,861,974**	**1,083,908**
Increase:		
– material	(56,273)	137,449
– finished products	(391,160)	485,462
– merchandise	334,728	155,155
Balance as at 31 December	**1,749,269**	**1,861,974**

Inventories worth EUR 18.3 million have been pledged to banks as collateral for financial liabilities. The carrying amount of the inventories is the same as their net realisable value.

17.3.8 Operating Receivables

(in EUR)	2013	2012
Long-term operating receivables		
Long-term operating receivables due from associates	123,782	95,734
Long-term trade receivables	594,924	586,773
Short-term part of long-term operating receivables	0	0
Value adjustment of long-term operating receivables	(398,603)	(243,424)
Total long-term operating receivables	**320,103**	**439,083**
Short-term operating receivables		
Short-term operating receivables due from associates	1,005,716	1,578,975
Short-term trade receivables		
– at home	6,385,777	6,629,109
– abroad	33,774,534	34,057,415
Short-term operating receivables from interest	0	0
Receivables for VAT	1,961,968	1,103,793
Advance payments	1,796,017	1,732,962
Other short-term operating receivables	5,339,057	5,758,297
Short-term part of long-term operating receivables	0	0
Value adjustments of short-term operating receivables	(1,801,805)	(1,690,417)
Total short-term operating receivables	**48,461,264**	**49,170,134**

In 2013, the Group made value adjustments of trade receivables as follows:

(in EUR)	2013	2012
Balance as at 1 January 2013	**1,690,417**	**787,777**
Collected receivables previously written-off	(18,051)	(67,694)
Final write-off of receivables	(802,768)	(150,076)
Value adjustments during the year:	932,207	1,120,410
Balance as at 31 December 2013	**1,801,805**	**1,690,417**

The Group has no secured or collateralised short-term operating receivables, but has short-term and long-term operating receivables in the amount of EUR 27,554,320 pledged to banks as collateral for long-term loans and factoring.

Maturity of the Company's receivables	2013	2012
Outstanding receivables	37,673,276	36,288,414
Overdue up to 90 days	6,670,076	6,404,613
Overdue from 91 to 180 days	1,399,310	1,786,112
Overdue from 181 to 360 days	1,621,809	2,165,910
Overdue by more than 360 days	1,096,793	2,525,085
Total	**48,461,264**	**49,170,134**

17.3.9 Short-Term Financial Assets

(in EUR)	2013	2012
Loans granted:		
– to associated companies	1,794,125	2,862,362
– to other companies	45,235	120,234
– receivables purchased for trading	270,391	318,888
Short-term investments in deposits	1,723,329	1,026,014
Short-term part of long-term investments in liabilities	150,025	0
Value adjustments of short-term financial assets	0	0
Total	**3,983,105**	**4,327,498**

The Group's short-term financial assets have not been pledged.

Changes in short-term financial assets

(in EUR)	2013	2012
Balance as at 1 January	**4,327,498**	**2,729,880**
Increases:		
Increase in short-term loans to associated companies	924,895	3,438,149
Increase in short-term loans to others	88,889,180	702,691
Decreases:		
Decrease in short-term loans to associated companies	(1,993,132)	(1,228,931)
Decrease in short-term loans to others	(88,165,336)	(1,314,291)
Other decreases – impairment	0	0
Balance as at 31 December	**3,983,105**	**4,327,498**

17.3.10 Bank Balances, Cheques and Cash

(in EUR)	2013	2012
Cash in hand and cheques received	42,458	42,329
Bank balances	5,623,117	2,881,082
Total	**5,665,575**	**2,923,411**

17.3.11 Equity

The equity of the Unior Group comprises called-up capital, capital surplus, revenue reserves, surplus from revaluation, retained net profit and net loss for the financial year.

The parent company's share capital as at 31 December 2013 was registered in the amount of EUR 23,688,983 as disclosed in the balance sheet. It is divided into 2,838,414 no-par value shares. The book value per share as at 31 December 2013 was EUR 36,41 or 3,55 % less than the year before.

The changes in equity attributable to the owners of the parent company in the current year represent:

- A decrease in profit brought forward by EUR 71,461, arising from retrospective value adjustments.
- the decrease of revaluation surplus because of changes in tax rates from 15% to 17% for deferred taxes in amount of EUR 627,147,
- the decrease of revaluation surplus because of land sale or exchange in amount of EUR 18,519
- the increase of revaluation surplus from actuarial gains in calculating provisions for severance pay in the amount of EUR 387,741.
- The net profit or loss for the financial year that is attributable to the owners of the parent company represents a loss in the amount of EUR 3,960,632.
- The equity adjustment from foreign currency translation decreased by EUR 230,591 because of the appreciation of the domestic currency, the euro, vis-à-vis the currencies in other countries, in which the Unior Group has its subsidiaries.

The changes in equity attributable to the non-controlling interest in the current year represent:

- An increase in profit brought forward by EUR 36,709, arising from retrospective value adjustments,
- The net profit or loss for the financial year that is attributable to the owners of non-controlling interest represents a profit in the amount of EUR 543,235,
- Dividend payout to the owners of non-controlling interest reduced the equity by EUR 269,299,
- Other changes of equity in the amount of EUR 56,409 represent redemptions shares of owners of non-controlling interest

- The equity adjustment from foreign currency translation decreased by EUR 152,985 because of the appreciation of the domestic currency, the euro, vis-à-vis the currencies in other countries, in which the Unior Group has its subsidiaries.

17.3.12 Long-Term Provisions and Deferred Income

(in EUR)	Provisions for severance pay and jubilee awards	Provisions for annuities	Provisions for rehabilitation of the environment	Grants received for fixed assets	Provisions for long-term deferred revenues	Total
As at 31 December 2012	**3,585,458**	**266,628**	**265,099**	**3,174,935**	**214,947**	**7,507,067**
Increases	524,813	12,322	0	104,276	451,154	1,092,565
Decreases	(572,225)	(16,614)	(113,653)	(133,776)	(31,824)	(868,092)
As at 31 December 2013	**3,538,046**	**262,336**	**151,446**	**3,145,435**	**634,277**	**7,731,540**

(in EUR)	Provisions for severance pay and jubilee awards	Provisions for annuities	Provisions for rehabilitation of the environment	Grants received for fixed assets	Provisions for long-term deferred revenues	Total
As at 31 December 2011	**3,899,547**	**268,087**	**378,752**	**2,794,228**	**231,353**	**7,571,967**
Increases	63,536	15,037	0	516,821	10,042	605,436
Decreases	(377,625)	(16,496)	(113,653)	(136,114)	(26,448)	(670,336)
As at 31 December 2012	**3,585,458**	**266,628**	**265,099**	**3,174,935**	**214,947**	**7,507,067**

Provisions for jubilee awards and severance pay were made in the amount of the estimated future payouts for jubilee awards and severance pay discounted at the balance-sheet date. The main parameters considered in the calculation are the pensionable age of 60, the required length of service of 40 years, a 5% discount and a 0,6% increase in salaries.

Provisions for annuities were formed for employees who were injured during work in company and have permanent consequences. In 2013, a new annuity was established in amount of EUR 12,332.

A long-term provision for environmental rehabilitation was made within the scope of the ownership transformation and was confirmed by the Ministry of the Environment and Spatial Planning for buildings, technology and plants intended for decreasing the burdening of the environment, namely:

- reconstruction of the treatment plant on Mount Rogla;
- reconstruction of the treatment plant within the scope of the cold forging plant; and
- reconstruction of the galvanising plant.

The provision was disclosed on 31 December 2013 in the amount of EUR 151,446. The provision for environmental rehabilitation shall be drawn in accordance with the depreciation of listed fixed assets.

The disclosure of long-term provisions comprises funds received from the Ministry of the Economy for co-financing the investments in the renovation and development of tourism facilities in Zreče, Rogla and Krvavec and the reconstruction of the thermal spa after the fire, co-financing the construction of hotel Atrij in Zreče, co-financing of development projects. The provisions are drawn in accordance with the depreciation of co-financed fixed assets. On 31 December 2013 the state of provision amounts to EUR 3,145,435.

The value of the provision for the rent paid by Telekom d.d. and Mobitel d.d. is EUR 451,020.
There are no unfulfilled conditions or contingent liabilities arising from government grants.

17.3.13 Long-Term Financial Liabilities

Changes in Long-Term Financial Liabilities

(in EUR)	Principal of debt 1 Jan. 2013	Restructuring transfer from short-term FL	New loans in the year	Return on the unpaid short-term part	Repayments in the year	Principal of debt 31 Dec. 2013	Part that falls due in 2014	Long-term part
Bank or creditor								
Domestic banks	63,576,138	40,716,518	12,218,467	20,968,758	(250,000)	137,229,881	(8,847,584)	128,382,297
Foreign banks	6,226,575	0	0	1,099,663	(47,146)	7,279,092	(932,544)	6,346,548
Other creditors	882,255	0	0	200,243	(67,574)	1,014,924	(290,970)	723,954
Financial lease	576,573	0	1,265,078	159,825	(274,687)	1,726,789	(326,403)	1,400,386
Total loans obtained	**71,261,541**	**40,716,518**	**13,483,545**	**22,428,489**	**(639,407)**	**147,250,686**	**(10,397,501)**	**136,853,185**

(in EUR)	Principal of debt 1 Jan. 2012	New loans in the year	Return on the unpaid short-term part	Repayments in the year	Principal of debt 31 Dec. 2012	Part that falls due in 2013	Long-term part
Bank or creditor							
Domestic banks	75,894,706	18,037,471	4,048,042	0	97,980,219	(34,404,081)	63,576,138
Foreign banks	8,015,158	760,589	121,638	(1,571,147)	7,326,238	(1,099,663)	6,226,575
Other creditors	514,286	503,926	64,286	0	1,082,498	(200,243)	882,255
Financial lease	691,040	45,358	0	0	736,398	(159,825)	576,573
Total loans obtained	**85,115,190**	**19,347,344**	**4,233,966**	**(1,571,147)**	**107,125,353**	**(35,863,812)**	**71,261,541**

The interest rates on the long-term loans obtained are within the range of six-month Euribor + 0.7% to six-month Euribor + 4.7%, and from three-month Euribor + 0.5% to three-month Euribor + 6%, one-month Euribor + 4.75%, one-month Libor + 5.15% and the real interest rate between 4.9% and 7%. The Group has taken out long-term loans with a reference interest rate for one-month, three-month, six-month Euribor and one-month Libor.

Maturity of long-term financial liabilities by year

(in EUR)	2013	2012
Maturity from 1 to 2 years	9,870,386	25,018,401
Maturity from 2 to 3 years	9,794,005	14,954,335
Maturity from 3 to 4 years	9,601,148	11,544,987
Maturity from 4 to 5 years	9,430,261	6,907,579
Maturity of more than 5 years	98,157,385	12,836,239
Total	**136,853,185**	**71,261,541**

Long-term and short-term liabilities arising from financing are collateralised by mortgages on immovable and movable property in the amount of EUR 224,007,346, as well as bills of exchange written. This amount comprises the value of the secured loan agreements.

17.3.14 Long-Term Operating Liabilities

(v EUR)	**2013**	**2012**
Long-term operating liabilities arising from lease	775,216	1,361,408
Short-term part of long-term operating receivables	(510,028)	(510,028)
Total	**265,188**	**851,380**

Long-term operating liabilities comprise a raised commodity loan in the segment of telecommunications and a long-term liability arising from bills of exchange.

17.3.15 Deferred Tax Assets and Liabilities

(in EUR)	**2013**	**2012**
Long-term deferred tax asset	6,713,308	5,320,625
Long-term deferred tax liability	(5,357,867)	(4,811,088)
Net long-term deferred tax asset	**1,355,441**	**586,889**
Net long-term deferred tax liability	**0**	**(77,351)**

Changes in deferred tax assets	**2013**	**2012**
Balance of the deferred tax asset as at 1 January	**5,320,625**	**5,310,462**
Increase:		
– long-term provisions for jubilee awards and severance pay	19,076	0
– impairment of trade receivables	1,186	348,415
– impairment of financial assets	1,098,544	0
– tax relief for investments	357,110	0
– investments into research and development	669,448	0
– tax loss	0	685,056
Decreases:		
– long-term provisions for jubilee awards and severance pay	0	(164,018)
– reversal of tax relief for investments into research and development	0	(859,290)
– tax loss	(752,681)	0
Balance of the deferred tax asset as at 31 December	**6,713,308**	**5,320,625**
– offset with deferred tax liabilities	5,357,867	4,733,736
Net deferred tax assets as at 31 December	**1,355,441**	**586,889**

Changes in deferred tax liabilities	**2013**	**2012**
Balance of the deferred tax liability as at 1 January	**4,811,088**	**6,435,867**
Increase	624,130	0
Decrease	(77,351)	(1,624,779)
Balance of the deferred tax liability as at 31 December	**5,357,867**	**4,811,088**
– offset with deferred tax assets	5,357,867	4,733,736
Net deferred tax liability as at 31 December	**0**	**77,351**

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Deferred taxes are disclosed according to the balance sheet liability method, whereby the temporary difference between the carrying amount of the assets and the liabilities is taken into account for financial reporting and tax reporting purposes. The deferred tax is disclosed in the amount that will have to be paid according to expectations upon the reversal of temporary differences pursuant to the laws that have been enacted or substantially enacted at the reporting date.

When performing the consolidation, temporary differences can appear in the tax burden that arise from the differences between the official financial statements of a subsidiary and its financial statements adjusted to the financial reporting regulations applying to the parent company.

In the consolidated balance sheet, the tax assets and liabilities are mutually offset only in the territory of the same country, while deferred taxes arising in a different country remain unsettled both on the asset side and the liabilities side.

Deferred tax assets arise from the calculated provisions for jubilee awards and severance pay, the impairment of trade receivables, tax relief for R&D and the disclosed tax loss. The tax rate applied to all items is as prescribed by the tax legislation of the country in which the relevant Group company operates and ranges between 10% and 30%.

Long-term deferred tax liabilities relate to the recalculation of property (land) to fair value that is disclosed in the surplus from revaluation. The tax rate applied to all items is as prescribed by the tax legislation of the country in which the relevant Group company operates and ranges between 10% and 17%.

17.3.16 Short-Term Financial Liabilities

Changes in short-term financial liabilities

(in EUR)	Balance of debt as at 1 Jan. 2013 with the short-term part of long-term liab.	New loans in the year	Transfer of the unpaid short-term part to long-term liab.	Restructuring transfer on long-term FL	Repayments in the year 2013	Transfer of the short-term part of long-term liabilities	Balance of debt as at 31 Dec. 2013
Bank or creditor							
Domestic banks	77,931,266	836,454	(20,968,758)	(40,716,518)	(17,082,444)	8,847,584	8,847,584
Foreign banks	7,246,844	1,487,524	(1,099,663)	0	(3,316,087)	932,544	5,251,162
Other lenders	2,438,190	47,699,218	(200,243)	0	(40,933,679)	290,970	9,294,456
Financial lease	159,825	0	(159,825)	0	0	326,403	326,403
Total loans obtained	**87,776,125**	**50,023,196**	**(22,428,489)**	**(40,716,518)**	**(61,332,210)**	**10,397,501**	**23,719,605**

(in EUR)	Balance of debt as at 1 Jan. 2012 with the short-term part of long-term liab.	New loans in the year	Transfer of the unpaid short-term part to long-term liab.	Repayments in the year 2012	Transfer of the short-term part of long-term liabilities	Balance of debt as at 31 Dec. 2012
Bank or creditor						
Domestic banks	67,472,424	75,386,406	(4,048,042)	(95,283,603)	34,404,081	77,931,266
Foreign banks	7,375,004	4,951,017	(121,638)	(6,057,202)	1,099,663	7,246,844
Other lenders	515,678	8,537,957	(64,286)	(6,751,402)	200,243	2,438,190
Financial lease	395,516	0	0	(395,516)	159,825	159,825
Total loans obtained	**75,758,622**	**88,875,380**	**(4,233,966)**	**(108,487,723)**	**35,863,812**	**87,776,125**

Among short-term financial liabilities the Group shows a rented short term loan from company Petrol Energy d.o.o., short-term loans from foreign banks and also financing with factoring. By signing the General contract on financial restructuring, all financial liabilities have become long-term.

The interest rate on short-term loans is between 6.45% and 7% and three-month Euribor + 3.75% for financing with factoring.

Short-term liabilities arising from financing are collateralised by mortgages on movable property in the amount of EUR 12,100,000 as well as bills of exchange written and trade receivables pledged. This amount comprises the value of the secured loan agreements.

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17.3.17 Short-Term Operating Liabilities

(in EUR)	2013	2012
Short-term operating liabilities to associates		
Slovenia	6,817,236	7,040,226
Abroad	142,790	260,320
Short-term operating liabilities to other suppliers		
Slovenia	16,849,951	17,901,442
Abroad	8,184,209	11,625,892
Short-term operating liabilities to the state	606,696	623,013
Short-term operating liabilities to employees	3,625,133	3,711,794
Short-term operating liabilities for advances	2,810,428	8,131,764
Short-term operating liabilities for interest	299,143	523,906
Short-term bills payable	4,768,927	4,068,245
Other short-term liabilities	3,303,429	2,999,661
Short-term part of long-term operating receivables	510,028	510,028
Total	**47,917,971**	**57,396,291**

Short-term liabilities to the state only indicates liabilities to Slovenia, whereas liabilities of foreign companies to the states in which they operate are disclosed under other short-term liabilities.

17.3.18 Accrued Costs and Deferred Revenues

(in EUR)	2013	2012
Short-term deferred revenues	878,884	824,705
Short-term accrued costs and expenditures	1,868,825	2,017,444
VAT from advances granted	35,020	29,129
Total	**2,782,729**	**2,871,278**

The following is disclosed among the accrued costs and deferred revenues:

- short-term deferred revenues from the advance sale of ski pass tickets in the amount of EUR 878,884;
- accrued costs comprising the accounted commissions from the sale of tools and machinery in the amount of EUR 574,731, accrued costs for sale of furnace in the amount of EUR 187,500, the liability for unused holiday leave for 2013 in the amount of EUR 1,023,509 and other accrued costs of EUR 83,085;
- VAT from advances granted in the amount of EUR 35,020.

17.3.19 Contingent Liabilities

(in EUR)	2013	2012
Guarantees given	6,648,543	8,903,351
Total	**6,648,543**	**8,903,351**

Contingent liabilities comprise guarantees and warranties for loans raised from banks.

17.4 Notes on the Income Statement

Income Statement from Discontinued Operations

(in EUR) Item		2013	2012
A.	Net sales revenues	1,568,327	3,431,157
B.	Changes in the value of inventories of products and work-in-progress	(744,060)	(264,375)
C.	Capitalised own products and services	0	0
D.	Other operating revenues (including operating revenues from revaluation)	1,169	53,128
	GROSS OPERATING PROFIT	**825,436**	**3,219,910**
E.	Cost of goods, material and services	493,195	1,934,968
F.	Labour costs	464,275	1,137,682
G.	Write-downs	98,204	253,557
H.	Other operating expenses	207,325	23,069
	OPERATING PROFIT OR LOSS	**(437,563)**	**(129,366)**
I.	Finance income	34,29	33,46
J.	Finance expenses	34,475	297,747
	PROFIT OR LOSS	**(437,748)**	**(393,653)**
K.	Corporate income tax	0	0
L.	Deferred tax	(1,494)	(577)
	NET PROFIT OR LOSS FOR THE PERIOD	**(436,254)**	**(393,076)**
	- attributable TO THE OWNERS OF THE PARENT COMPANY	(104,701)	(94,338)
	- attributable TO THE NON-CONTROLLING INTERESTS	(331,553)	(298,738)

The income statement from discontinued operations represents the operations of Unior Formingtools d.o.o. which ceased their operations on 31 May 2013. The operations of this company were included in the full consolidation in the consolidated financial statements in year 2012, but in 2013 only up to 31 May. The same applies to statement of cash flow from discontinued operations.

(in EUR) Item		2013	2012
A.	Net cash flow for from operating activities	122,462	165,506
B.	Net cash flow from from investing activities	30,664	55,920
C.	Net cash flow from financing	*(157,648)*	*(227,467)*
	Total net cash flow	**(4,523)**	**(6,042)**

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17.4.1 Consolidated Income Statement by Division

(in EUR) Item	Tourism act. 2013	Metal act. 2013	Total 2013	Tourism act. 2012	Metal act. 2012	Total 2012
A. Net sales revenues	**19,585,842**	**195,172,265**	**214,758,107**	**20,117,422**	**181,740,514**	**201,857,936**
1. Net revenues from sales on the domestic market	19,583,522	17,345,199	36,928,721	19,970,473	18,829,500	38,799,973
2. Net revenues from sales on foreign market	2,32	177,827,066	177,829,386	146,949	162,911,014	163,057,963
B. Changes in inventories of finished goods and work-in-progress	**-8,678**	**-4,265,342**	**-4,274,020**	**15,295**	**3,093,020**	**3,108,315**
C. Capitalised own products and services	**0**	**1,671,960**	**1,671,960**	**0**	**2,170,337**	**2,170,337**
D. Other operating revenues	**578,179**	**1,989,624**	**2,567,803**	**492,083**	**3,160,651**	**3,652,734**
I. GROSS OPERATING PROFIT	**20,155,343**	**194,568,507**	**214,723,850**	**20,624,800**	**190,164,522**	**210,789,322**
E. Cost of goods, material and services	**9,077,798**	**126,564,530**	**135,642,328**	**9,396,407**	**126,343,396**	**135,739,803**
1. Cost of goods and materials sold	24,138	19,507,465	19,531,603	211,293	17,385,367	17,596,660
2. Cost of materials used	5,257,369	81,759,318	87,016,687	5,736,901	84,866,106	90,603,007
3. Cost of services	3,796,291	25,297,747	29,094,038	3,448,213	24,091,923	27,540,136
F. Labour costs	**8,163,406**	**47,268,911**	**55,432,317**	**8,656,441**	**47,586,461**	**56,242,902**
1. Costs of wages and salaries	6,135,544	36,209,131	42,344,675	6,550,152	35,913,849	42,464,001
2. Costs of pension insurance	78,603	558,049	636,652	77,407	536,568	613,975
3. Costs of other social insurance	992,268	6,257,786	7,250,054	1,024,142	6,127,532	7,151,674
4. Other labour costs	956,991	4,243,945	5,200,936	1,004,740	5,008,512	6,013,252
G. Amortisation and depreciation expense	**3,407,763**	**10,944,930**	**14,352,693**	**3,350,807**	**11,238,517**	**14,589,324**
1. Amortisation/depreciation	3,191,147	9,305,264	12,496,411	3,246,250	9,429,163	12,675,413
2. Operating expenses from revaluation of intangible fixed assets and property, plant and equipment	15,436	234,036	249,472	58	537,762	537,82
3. Operating expenses from revaluation of current assets	201,18	1,405,630	1,606,810	104,499	1,271,592	1,376,091
H. Other operating expenses	**579,203**	**1,913,068**	**2,492,271**	**381,555**	**2,609,195**	**2,990,750**
1. Provisions	52,317	336,841	389,158	0	21,55	21,55
2. Other costs	526,886	1,576,227	2,103,113	381,555	2,587,645	2,969,200
II. OPERATING PROFIT OR LOSS	**(1,072,827)**	**7,877,068**	**6,804,241**	**(1,160,410)**	**2,386,953**	**1,226,543**
I. Finance income	**17,575**	**1,162,201**	**1,179,776**	**69,39**	**1,240,261**	**1,309,651**
1. Finance income from participating interests	168	330,323	330,491	59	236,558	236,617
2. Finance income from loans granted	964	185,358	186,322	396	146,776	147,172
3. Finance income from operating receivables	16,443	646,52	662,963	68,935	856,927	925,862
J. Finance expenses	**1,325,502**	**10,848,090**	**12,173,592**	**673,999**	**10,770,014**	**11,444,013**
1. Finance expenses from impairments and write-offs of financial assets	0	4,244,325	4,244,325	0	2,840,480	2,840,480
2. Finance expenses from financial liabilities	1,307,631	5,448,928	6,756,559	669,746	6,971,925	7,641,671
3. Finance expenses from operating liabilities	17,871	1,154,837	1,172,708	4,253	957,609	961,862
III. PROFIT OR LOSS	**(2,380,754)**	**(1,808,821)**	**(4,189,575)**	**(1,765,019)**	**(7,142,800)**	**(8,907,819)**
Corporate income tax	**0**	**664,82**	**664,82**	**0**	**266,58**	**266,58**
Deferred tax	**(944)**	**(1,436,054)**	**(1,436,998)**	**472**	**(52,980)**	**(52,508)**
NET PROFIT OR LOSS FOR THE PERIOD	**(2,379,810)**	**(1,037,587)**	**(3,417,397)**	**(1,765,491)**	**(7,356,400)**	**(9,121,891)**
– attributable TO THE OWNERS OF THE PARENT COMPANY	(2,379,919)	(1,580,713)	(3,960,632)	(1,765,581)	(7,709,144)	(9,474,725)
– attributable TO THE NON-CONTROLLING INTERESTS	109	543,126	543,235	90	352,744	352,834

17.4.2 Net Sales Revenues

(in EUR)	2013	2012
Slovenia		
– associates	203,847	1,310,714
– other buyers	36,724,874	37,489,259
Rest of the world		
– associates	3,867,303	3,782,945
– other buyers	173,962,083	159,275,018
Total	**214,758,107**	**201,857,936**

17.4.3 Capitalised Own Products and Services

Capitalised own products and own services are products made by the Company itself or the services provided by the Company for its own needs that are included in either property, plant and equipment or intangible fixed assets, and the related services also performed by the Company itself. Their amount must not exceed the costs incurred by the construction or making of a product or the provision of a service.

(in EUR)	2013	2012
Capitalised own products and services	1,618,401	1,674,087
Capitalised own tools	53,559	496,250
Total	**1,671,960**	**2,170,337**

As part of its capitalised own products and own services, the Company discloses the value of own investments into maintenance activities for other programmes in the amount of EUR 1,618,401. The largest amount is represented by the general overhauls of machines at the forging plant.

17.4.4 Other Operating Revenues

(in EUR)	2013	2012
Rewards for exceeding the quota of disabled employees	251,693	240,542
Paid receivables that were already included in the value adjustment	18,051	67,694
Damages received	146,058	113,703
Reversal of long-term provisions	592,882	717,510
Profit from disposal of fixed assets	562,038	220,120
Revaluation of investment property to fair value	0	228,368
Subsidies, grants and similar revenues	153,653	190,088
Emission coupon sales	9,486	9,029
Other	833,942	1,865,680
Total	**2,567,803**	**3,652,734**

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17.4.5 Costs and Expenses

(in EUR)	Prod. costs	Costs of sales	Costs of general activities	Total
Cost of goods sold/production costs	19,531,603	0	0	19,531,603
Cost of material	74,972,312	7,724,734	4,319,641	87,016,687
Cost of services	17,257,042	6,615,506	5,221,490	29,094,038
Cost of wages and salaries	29,100,139	*8,621,354*	*4,623,182*	*42,344,675*
Cost of social insurance	4,889,093	*1,573,089*	*787,872*	*7,250,054*
Cost of pension insurance	486,025	*95,358*	*55,269*	*636,652*
Other labour costs	*3,559,568*	*1,168,777*	*472,591*	*5,200,936*
Total labour costs	38,034,825	11,458,578	5,938,914	55,432,317
Amortisation and depreciation	8,574,777	2,555,566	1,366,068	12,496,411
Operating expenses from revaluation of current assets	508,524	472,243	626,043	1,606,810
Operating expenses from revaluation of intangible assets and property, plant and equipment	40,631	82,392	126,449	249,472
Other costs	1,033,896	629,276	829,099	2,492,271
Total costs	**159,953,610**	**29,538,295**	**18,427,704**	**207,919,609**

Other labour cost comprises the costs of holiday allowance, meal allowance, travel allowance and certain other payments to employees.

As part of its other costs, the Company discloses:

(in EUR)	**2013**	**2012**
– provisions for severance pay and jubilee awards and annuities	329,158	21,550
– charge for the use of building land	280,825	283,528
– environmental protection expenditures	184,333	180,833
– bonuses to pupils and students undergoing practical training	444,400	413,563
– scholarships to pupils and students	59,162	185,584
– damages paid to employees	56,371	137,531
– financial aid - grants	198,747	245,519
– costs incurred from the sale of apartments	1,164	2,082
– impairment of investment property	20,000	935,709
– other operating expenses	918,111	584,851
Total	**2,492,271**	**2,990,750**

The costs of auditing the Annual Reports of the companies from the Unior Group totalled EUR 74,560.

17.4.6 Finance Income and Expenses

Finance income

(in EUR)	2013	2012
Finance income from participating interests		
Finance income from participating interests in associated companies	276,110	228,203
Finance income from participating interests in other companies	53,868	7,939
Finance income from other investments	513	475
Total	330,491	236,617
Finance income from loans granted		
Finance income from loans granted to others	186,322	147,172
Total	186,322	147,172
Finance income from operating receivables		
Finance income from operating receivables due from others	662,963	925,862
Total	662,963	925,862
Total finance income	**1,179,776**	**1,309,651**

The finance income from participating interests in associated companies comprises positive effect from the profit or loss of associated companies in the amount of EUR 71,133. It also includes paid profit in companies Unior Teos d.o.o., Unior Tepid s.r.l. and Unior Tehna d.o.o. as well as profit from the sale of shares in copanies Roboteh d.o.o. and Solion Ltd..

Finance expenses

(in EUR)	2013	2012
Finance expenses from impairments and write-offs of financial assets	4,244,325	2,840,480
Finance expenses from financial liabilities		
Finance expenses from bank loans	6,547,104	7,439,403
Finance expenses from other financial liabilities	209,455	202,268
Total	6,756,559	7,641,671
Finance expenses from operating liabilities		
Finance expenses from trade payables and bills payable	395,914	318,919
Finance expenses from other operating liabilities	776,794	642,943
Total	1,172,708	961,862
Total finance expenses	**12,173,592**	**11,444,013**

The Impairment of Financial Assets

We impaired the shares of Banka Celje d.d. worth EUR 3,986,066, the impairment of long-term credit of Lesne gradnje d.o.o. was in the amount of EUR 198,603. Write-off asset of Unior Formingtools was EUR 21,232, an impairment worth EUR 17,619 was made due to surcharges share in Unior Tehna. Due to the liquidation of SIB bank, a written off assets in the amount of EUR 17,441 was made, write off deposit of Huser was EUR 3,199, revaluation of shares in Interevropa had a negative effect in the amount of EUR 165.

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17.5 Corporate Income Tax Account and Deferred Taxes

Corporate income tax is accounted according to the legislations applicable in the countries in which the Group's subsidiaries operate.

(in EUR)	**2013**	**2012**
Corporate income tax	664,820	266,580
Deferred taxes	(1,436,998)	(52,508)
Total	**(772,178)**	**214,072**

Reconciliation of the taxable and accounting profit multiplied by the tax rate in Slovenia:

(in EUR)	**2013**	**2012**
Net profit or loss for the period before taxes	(4,189,575)	(8,907,819)
Corporate income tax in Slovenia, 17%	(712,228)	(1,603,407)
Non-taxable income	(2,259)	(12,194)
Expenses not recognised for tax purposes	1,343,432	(655,505)
Value adjustment of receivables	1,186	348,415
Provisioning	19,076	(164,018)
Tax relief for investments in research and development	669,448	(859,290)
Tax relief for investments	357,110	12,000
Other reliefs and adjustments of expenses recognised for tax purposes	(2,447,943)	3,148,071
Tax loss	0	685,056
Corporate income tax	(772,178)	214,072
Effective tax rate in %	18,4	(2,4)

Deferred Taxes

The profit ascertained according to the tax legislation differs from the profit ascertained pursuant to the accounting principles and the IFRS. The deferral of taxes is accounted only for temporary differences in the tax burden between the business accounts and tax statements, i.e. for those that are reconciled in the defined period.

A deferred tax asset is calculated using the temporary difference in the long-term provisions for severance pay and jubilee awards, the impairment of trade receivables, unused tax relief facilities and tax losses, as well as from temporary differences in the tax burden that arise from differences between the official financial statements of a subsidiary and its financial statements.

The effect of deferred taxes on the net profit or loss is EUR 1,436,998, which increases the net profit or loss for the current year.

17.6 Related-Party Transactions

17.6.1 Sales to Associated Companies

Sales to related parties

(in EUR)	2013	2012
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore	61,938	115,908
RHYDCON d.o.o., Šmarje pri Jelšah	71,236	78,884
ROBOTEH d.o.o., Šmarje pri Jelšah*	2,617	7,845
RC SIMIT d.o.o., Kidričevo	60,098	1,108,076
Abroad:		
UNIOR TEPID S.R.L., Brasov	2,351,935	2,043,197
UNIOR SINGAPORE Pte. Ltd., Singapore	294,434	252,108
UNIOR TEHNA d.o.o., Sarajevo	306,629	363,120
UNIOR TEOS ALATI d.o.o., Belgrade	775,033	720,515
SINTER a.d., Užice	90,075	125,356
UNIOR FORMINGTOOLS d.o.o., Kragujevac**	61,689	278,650
Total associated companies	**4,075,684**	**5,093,659**

* Roboteh d.o.o. is among associated companies until 30 May 2013.

** Unior Formingtools d.o.o. is among associated companies until 31 May 2013.

17.6.2 Purchases from Associated Companies

Purchases from related parties

(in EUR)	2013	2012
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore	19,765,014	18,925,080
RHYDCON d.o.o., Šmarje pri Jelšah	0	0
ROBOTEH d.o.o., Šmarje pri Jelšah*	336,091	177,602
RC SIMIT d.o.o., Kidričevo	885,427	467,800
Abroad:		
UNIOR TEPID S.R.L., Brasov	45,708	147,121
UNIOR SINGAPORE Pte. Ltd., Singapore	11,425	0
UNIOR TEHNA d.o.o., Sarajevo	8,117	10,802
UNIOR TEOS ALATI d.o.o., Belgrade	306,115	290,746
SINTER a.d., Užice	357,975	294,403
UNIOR FORMINGTOOLS d.o.o., Kragujevac**	743,305	327,844
Total associated companies	**22,459,177**	**20,641,398**

* Roboteh d.o.o. is among associated companies until 31 May 2013

** Unior Formingtools d.o.o. is among associated companies until 31 May 2013

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17.6.3 Operating Receivables from Associated Companies

Operating receivables due from related parties

(in EUR)	2013	2012
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore	223	80
RHYDCON d.o.o., Šmarje pri Jelšah	26,478	20,347
ROBOTEH d.o.o., Šmarje*	0	167
RC SIMIT d.o.o., Kidričevo	5,512	433,200
Abroad:		
UNIOR TEPID S.R.L., Brasov	534,492	535,716
UNIOR SINGAPORE Pte. Ltd., Singapore	40,884	42,410
UNIOR TEHNA d.o.o., Sarajevo	173,493	168,237
UNIOR TEOS ALATI d.o.o., Belgrade	92,443	80,376
SINTER a.d., Užice	175,941	195,966
UNIOR FORMINGTOOLS d.o. o., Kragujevac**	0	643,408
Total associated companies	**1,049,466**	**2,119,907**

17.6.4 Operating Liabilities to Associated Companies

Operating liabilities to related parties

(in EUR)	2013	2012
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore	6,694,614	6,565,574
RHYDCON d.o.o., Šmarje pri Jelšah	0	0
ROBOTEH d.o.o., Šmarje*	0	12,032
RC SIMIT d.o.o., Kidričevo	108,263	462,619
Abroad:		
UNIOR TEPID S.R.L., Brasov	8,804	0
UNIOR SINGAPORE Pte. Ltd., Singapore	3,485	0
UNIOR TEHNA d.o.o., Sarajevo	4,798	0
UNIOR TEOS ALATI d.o.o., Belgrade	23,162	55,466
SINTER a.d., Užice	111,374	132,896
UNIOR FORMINGTOOLS d.o.o., Kragujevac**	0	71,957
Total associated companies	**6,954,500**	**7,300,544**

17.6.5 Receivables and Liabilities from Loans and Interest Arising from Related-Party Transactions

Loans to related parties

Receivables from loans and interest due from related parties

(in EUR)	2013	2012
RHYDCON d.o.o., Šmarje pri Jelšah	563,863	547,440
RC SIMIT d.o.o., Kidričevo	1,230,262	2,314,922
SINTER a.d., Užice	314,902	314,902
Total	**2,109,027**	**3,177,264**

17.7 Risk Management

We detect the opportunities and threats that arise in the environment and the business system in a timely manner and thus improve our operations.

The Unior Group encounters risks in the international environment on a daily basis, which is the reason why it devotes a lot of attention to the area of risk management. The activities that we perform are geared towards ensuring appropriate exposure to the various forms of risk in accordance with the adopted policies, which consequently enhances the probability that the planned business objectives will be achieved. Compared to the previous year, we directed our efforts in 2013 primarily towards opportunities in the economic environment. We dealt with the operating performance and employees, with an emphasis on the promotion of innovation and project management.

FINANCIAL RISKS

Risk area	Risk description	Management method	Exposure
Credit risk	The risk of a default on the part of the buyers	Limiting exposure to individual buyers and monitoring of the buyers' credit ratings☐	Moderate
The risk of short-term liabilities exceeding short-term assets	Deficit in liquid assets	Planning the liquid asset requirements	Moderate
Foreign exchange risk	The possibility of loss due to unfavourable changes in exchange rates	Monitoring of financial markets	Moderate
Interest rate risk	The possibility of loss due to unfavourable changes in interest rates	Monitoring of the changes in interest rates and negotiations with credit institutions	Moderate
Property risk	The risk of damage to property caused by accidents	Measures in accordance with the regulations on fire protection, conclusion of fire insurance policies	Moderate
The risk of damages claims and lawsuits	The risk of damages claims for damage inadvertently caused by the Company through its activity, possession of items and through placing products and services on the market	Insurance for all types of liability	Moderate

The exposure to individual types of financial risks is assessed on the basis of their effect on cash flows.

Credit Risks

Credit risks are managed by way of the regular supervision of operations and the financial position of all new and existing business partners, the limitation of exposure to individual business partners, and the active receivables collection process. Through the regular monitoring of outstanding and past due trade receivables, the ageing structure of receivables and changes in the payment deadlines, the Company maintains its credit exposure within an acceptable range.

Liquidity Risk

The liquidity risks comprise risks related to the shortage of available financial assets and the consequent inability of the Company to settle its liabilities within the agreed deadlines. Because of an efficient cash management through a savings account and the fact that the company has successfully completed negotiations with banks and concluded a General contract on financial restructuring in 2013 which ensures a positive cash flow until year 2019, we estimate that exposure to liquidity risk is moderate.

Foreign Exchange Risk

The major part of the Company's cash flows is generated in euros. The change in the foreign currency exchange rates in 2013 did not significantly affect the Company's results.

The Risk of Changes in Interest Rates

We also devote a lot of attention to interest rates that can decrease the economic benefits when they change. In line with the financial policy, we made efforts in 2013 to keep the existing interest rates for short-term and long-term loans unchanged. A signed General contract on financial restructuring also ensures stable margins in bank loans until the end of year 2014. At the onset of the economic crisis, reference interest rates for all the loans that we have taken out began decreasing, however in the year 2013 there has been a slight increase of reference interest rates.

Sensitivity Analysis of Financial Liabilities with Respect to Changes in Variable Interest Rates

Balance of the liabilities tied to an individual variable interest rate in 2013

(in EUR)	Amount of the liability as at 31 Dec. 2013	Interest rate	Hypothetical rise in interest rates by 15%	by 50%	by 100%
Interest rate type					
1-month EURIBOR	3,000,000	0,2340	1,053	3,510	7,020
3-month EURIBOR	44,252,601	0,2930	19,449	64,830	129,660
6-month EURIBOR	81,246,930	0,3920	47,773	159,244	318,488
1-month LIBOR	739,518	0,1690	187	625	1,250
Total effect	**129,239,050**		**68,462**	**228,209**	**456,418**

Balance of the liabilities tied to an individual variable interest rate in 2012

(in EUR)	Amount of the liability as at 31 Dec. 2012	Interest rate	Hypothetical rise in interest rates by 15%	by 50 %	by 100 %
Interest rate type					
1-month EURIBOR	3,000,000	0,1110	500	1,665	3,330
3-month EURIBOR	49,615,823	0,1850	13,768	45,895	91,789
6-month EURIBOR	76,122,945	0,3190	36,425	121,416	242,832
1-month LIBOR	747,933	0,2117	237	792	1,583
Total effect	**129,486,701**		**50,93**	**169,768**	**339,534**

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17.8 Remuneration to the Management Board and the Supervisory Board

Remuneration to the Management Board and the Supervisory Board

	Gross values		Net values	
(in EUR)	2013	2012	2013	2012
Darko Hrastnik	93,646	91,818	43,007	42,042
Gorazd Korošec***	0	63,110	0	31,194
Branko Bračko**	81,891	10,827	40,556	5,800
Management Board total	**175,537**	**165,755**	**83,563**	**79,036**
Matej Golob Matzele	5,297	4,929	4,105	3,820
Karl Kuzman****	0	1,560	0	1,209
Franc Dover	3,790	1,107	2,937	858
Rok Vodnik	3,537	3,165	2,741	2,453
Emil Kolenc	5,201	5,113	4,031	3,962
Stanko Šrot	4,662	3,948	3,613	3,060
Marjan Adamič	4,711	4,491	3,651	3,481
Katarina Praznik*	0	251	0	194
Gregor Korošec*	978	1,004	758	778
Primož Klemen*	353	362	273	281
Andreja Kert*	176	0	137	0
Marko Mlakar*	176	0	137	0
Supervisory Board total	**28,881**	**25,930**	**22,383**	**20,096**

* Members of the Supervisory Board's committees

** in year 2012 member of the board from 15.11.2012

***in year 2012 president of the board until 17.08.2012

**** in year 2012 member of the board until 11.07.2012

The Management Board

All members of the Management Board received fixed remuneration under an employment contract concluded with the Company's Supervisory Board for their work in 2013. The members did receive variable remuneration according to the contract, but were not rewarded with options, as this was not provided for under the contract. They have not received any session attendance fees either, which would result from membership in the supervisory boards of subsidiaries. Since 1 September 2011, the amounts of remuneration to the Management Board have been adjusted to comply with the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-Governing Local Communities.

The Supervisory Board

The members of the Supervisory Board receive session attendance fees for their work. The members of special committees within the Supervisory Board receive an additional session attendance fee for their work in these committees. In addition to the above, they also receive per diems and have their travel expenses reimbursed in accordance with the regulations. The Supervisory Board is also entitled to a share of the profits provided the profits are appropriated for distribution to the shareholders. The total amount of remuneration may not exceed 3% of the amount allocated for dividends decreased by the total amount of annual session attendance fees in the previous year. The receipts of an individual member of the Supervisory Board paid out as a reward for the profits achieved by the Company may not exceed EUR 15,000. In 2013, the reward was not paid out. The payment of session attendance fees to the Supervisory Board is consistent with the position of the Government of the Republic of Slovenia with respect to the mitigation of the impact of the financial crisis.

17.9 Events After the Balance Sheet Date

Sale of share in company Unior Bionic d.o.o.
In accordance with the sales contract on 21 October 2013, a 91.592% stake in company Unior Bionic d.o.o. was transferred on new buyer on 1 January 2014 and from that day Unior Bionic d.o.o. is not part of Unior Group anymore.

Termination of operations of company Unior Savjetovanje i trgovina BH d.o.o.
We have closed a subsidiary Unior Savjetovanje i trgovina BH d.o.o. on 28 February 2014 due to insufficient volume of operations. The liquidation process of company was started.

E U R O P E A N M A N U F A C T U R E R S I N C E 1 9 1 9

18 Statement on the Management Board's Responsibility

The Management Board is responsible for the preparation of the Annual Report so that it presents a true and fair view of the Group's assets and liabilities and its operating results for 2013.

The Management Board confirms that it has consistently applied the relevant accounting policies and made the accounting estimates according to the principles of prudence and due diligence. The management further confirms that the financial statements, together with the notes, have been compiled on the basis of the assumptions of going concern of the group of related companies as well as in accordance with the applicable legislation in force and the International Financial Reporting Standards.

The Management Board is also responsible for the adequacy of the accounting practices, the adoption of suitable measures for safeguarding assets and for the prevention and detection of fraud and other irregularities or illegal acts.

The tax authorities may inspect the operations of Group companies at any time within five years after the expiry of the year for which tax must be assessed, which could result in additional payment liability for tax, default interest and penalties arising from corporate income tax or other taxes and duties. The Management Board is not aware of any circumstances that might result in a significant tax liability there from.

Zreče, 17 April 2014

President of the Management Board
Darko Hrastnik, BSc (Metallurgical Engineering)

Member of the Management Board
Branko Bračko, BSc (Mechanical Engineering)

19 Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT
for the owners of the company UNIOR d.d.

Report on financial statements

We have audited the accompanying non-consolidated financial statements of the company Unior d.d., composed of its balance sheet of 31 December 2013, income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows, as well as other explanatory notes.

The management's responsibility for financial statements

The management's responsibility is to prepare financial statements and present them semi-annually in accordance with the international financial reporting standards as adopted by the EU, as well as to provide the immediate internal control it considers needed to produce financial statements free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. The audit was conducted in accordance with the international auditing standards, which require us to adhere to ethical requirements as well as plan and perform the audit so as to provide a reasonable assurance against material misstatement in financial statements.

The audit includes the performance of procedures aimed at obtaining audit evidence on the amounts and disclosures in the financial statements. The procedures are selected depending on the auditor's judgement and include an assessment of the risk of misstatement in the financial statements due to fraud or error. In estimating such risks, the auditor examines the internal control related to the preparation and the company's truthful representation of its financial statements, in order to determine the appropriate audit procedures in view of the circumstances and not to express an opinion on the successfulness of the internal control of the company. The audit also

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contains an evaluation of the suitability of the accounting guidelines used and the grounds for accounting estimates made by the management, as well as an evaluation of the overall presentation of the financial statements.

In our opinion, the audit evidence we obtained constitutes a sufficient and appropriate basis for our auditor's opinion.

Opinion

We believe that the non-consolidated financial statements give a true and fair view of the financial position of the company Unior d.d. on 31 December 2013 and its income statement, statement of other comprehensive income and cash flows for the year then ended in accordance with the international financial reporting standards as adopted by the EU.

Emphasised Matters

Consolidated Financial Statements

The company Unior d.d. is the controlling company in the Unior Group. The consolidated financial statements of the Group, produced in accordance with the international financial reporting standards, as adopted by the EU, are represented separately. We audited the consolidated financial statements of the Unior Group and on 15 April 2014 issued an opinion without reservation.

Our opinion is not modified with respect to these emphasised matters.

Report on other legislative and regulatory requirements

The management is also responsible for compiling a business report pursuant to the provisos of the Companies Acts (ZGD-1). It is our responsibility to provide an assessment of the compliance of the business report with the audited financial statements. The procedures we conducted in this respect have been consistent with the international standard on auditing 720 and are solely limited to the assessment of compliance of the business report with the audited financial statements. In our opinion, the business report is consistent with the audited financial statements.

DELOITTE REVIZIJA d.o.o.

In Ljubljana, 17 April 2014