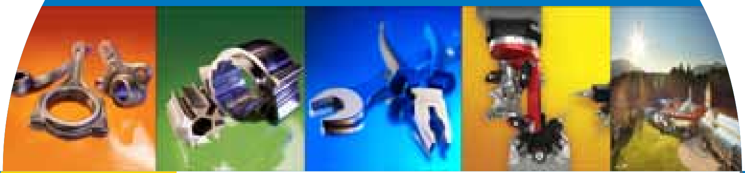
2012 | ANNUAL REPORT



UNIOR®

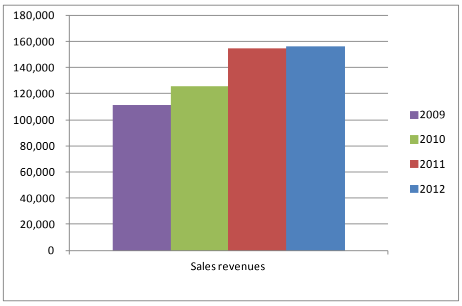
The synergy among several programmes provides us numerous competitive advantages.

European manufacturer
Since 1919

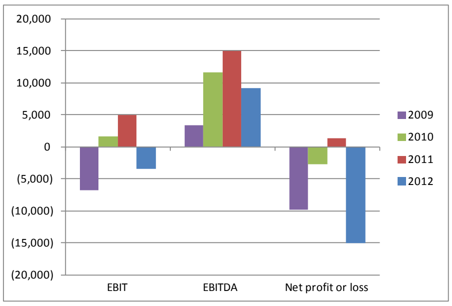
Key performance data for Unior

(in thousands of EUR)	2012	2011	2010	2009
Profit or loss				
Sales revenues	155,874	154,617	125,532	111,410
EBIT	(3,370)	5,032	1,683	(6,815)
EBITDA	9,229	15,039	11,585	3,411
Net profit or loss	(15,082)	1,310	(2,780)	(9,766)
Financial position				
Total assets	306.105	319,721	303,609	285,806
Total equity	107,137	121,539	118,570	106,719
Financial liabilities	142,986	143,492	141,953	145,665
Operating liabilities	49,269	46,411	35,359	25,615
Return indicators				
EBIT margin (in %)	(2.16)	3.25	1.34	(6.12)
EBITDA margin (in %)	5.92	9.73	9.23	3.06
ROA - return on assets (in %)	(4,82)	0.42	(0.94)	(3.32)
ROE - return on equity (in %)	(12.37)	1.10	(2.44)	(8.38)
Financial health indicators				
Equity/total assets (in %)	35,00	38.01	39.05	37.34
Financial liabilities/EBITDA	15.49	9.54	12.25	42.71
Employees				
Employees – year-end	2,137	2,223	2,200	2,169

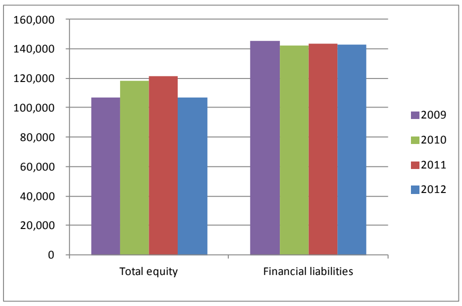
Sales revenues (in thousands of EUR)



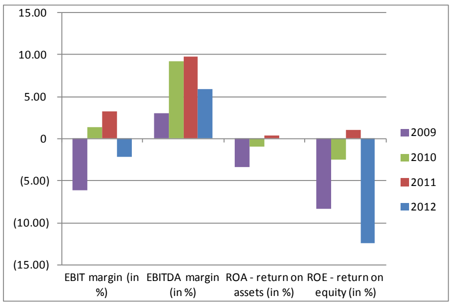
EBIT, EBITDA and net profit or loss (in thousands of EUR)



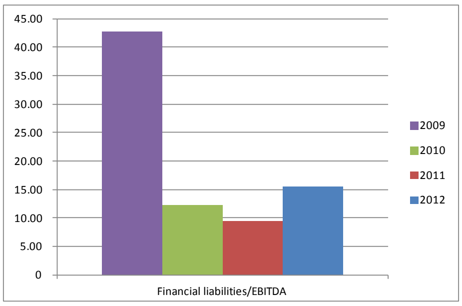
Equity and financial liabilities (in thousands of EUR)



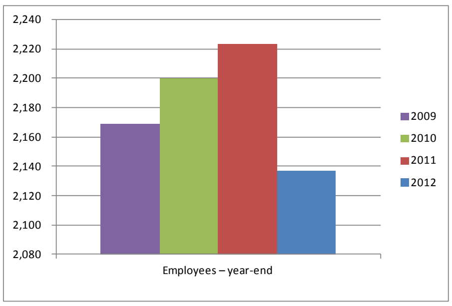
Return indicators of Unior



EBITDA compared to financial debt of the Company



Changes in the number of the Company's employees



UNIOR®

European manufacturer

Since 1919

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Statement of the President of the Management Board

Dear shareholders, business partners and co-workers,

We have had a demanding and turbulent year, which has been more or less true for all the years since 2008.

At the start of 2012, the global economy recorded a 3.2-percent growth, while in the European Union – the most important market of Unior – the respective figure was negative, i.e. 0.3%. Among the major markets of the Company, I would like to highlight the economic growth of 0.7% in Germany, our biggest export market, and Slovenia, which last year witnessed negative economic growth of 2.3%.

Last year was characterised by the crisis in Slovenia, which in Unior's case is primarily reflected in two effects: the banking system crisis and the decline in consumption. The banking system crisis was mainly evident in restricted access to loans, more demanding agreements with banks on the renewal of loan agreements and a gradual increase in margins. As a result, much of our time and energy last year was devoted to cash flow hedging. The decline in consumption was chiefly manifested in the Tourism Programme, with domestic guests still accounting for the majority.

The most significant and largest segment of Unior's revenues is represented by the automotive industry, to which the Company supplies forges, purpose-built machines and sintered parts. According to statistical data on first-time vehicle registration in the European Union countries, the number of first-time registrations in 2012 decreased by 8.2% compared to 2011, whereas the manufacture of motor vehicles dropped by 5.4%. Unior's customers come from countries recording a lower production decrease and as a development supplier, the Company won new projects from these customers as well as boosted its market share to compensate for the decline in consumption.

Owing to the uncertain development of the financial environment in the country, the crisis primarily engulfing Slovenia and the European Union, the considerable indebtedness of the Company and its failure to achieve the planned business results in recent years, we launched the financial restructuring and reorganisation of Unior in August on the initiative of the Supervisory Board. Together with PWC, the selected external consultant, we produced the final document at the end of November, presenting it to all banks that Unior has business cooperation with. From 1 October 2012 and presumably by the end of May 2013, Unior is at a standstill, having agreed with the banks that until a master agreement is signed, Unior will not receive new funds nor repay contractual obligations arising from principals, though it will regularly repay bank interest. According to the master agreement, Unior will repay half its debt by the end of 2019, so that its loan liabilities would total only EUR 70.9 million in 2019, which is an acceptable level of indebtedness. Loan repayment will be financed by cash flow from operating activities and the disposal of assets not needed for the Company's core activity.

In 2012, the Company generated EUR 155.9 million of revenue, which is 0.8% more than the year before and no less than 7.3% or EUR 13 million below the plan. The greatest lag behind the sales plan was seen in the Hand Tools, Tourism and Sinter Programmes. Falling behind the planned

sales, which was even more distinct in the last two months of the year owing to the general economic situation and the related inventory optimisation at major customers, and the lack of success in adjusting costs are the two main reasons for the Company's failure to achieve the planned result, which was below the 2011 figure. The net result for 2012 is EUR 1.6 million lower than in 2011, even without taking into account the impact of all the extraordinary costs primarily related to value adjustments of inventory and receivables, and the impairments of assets.

In the light of the current general economic situation, the new Management Board, whose term of office started in November 2012, paid special attention to analysing the Company's assets and the balance of its operating expenses. These were the main reasons behind the net loss of EUR 15.1 million. The impairment of assets totalled EUR 5.9 million. It is worth noting the impairment of investment in bank shares held by Unior and the impairment of investments held by the Company mainly in subsidiary trading companies whose basic mission is to sell Unior hand tools. Operating expenses included additional costs, much higher than in previous years. Most of them are one-offs, totalling EUR 5.9 million, with the bulk accounted for by value adjustments of inventory and receivables, provisions for unused holiday leave and out-of-court settlements.

At the end of 2012, Unior had 2,137 employees, which is no fewer than 86 or 3.9% less than at 2011 year-end and below the plan. Downsizing took place in all programmes except for the Special Machines Programme, where the employee number increased due to the higher volume of sales.

Investments significantly shrank compared to previous years as a result of cash flow hedging. In 2012, investments amounted to EUR 6.7 million, while in 2011 the respective figure was EUR 14 million. Major investments include a press for cold forging in the Hand Tools Programme and the opening of the Atrij Hotel in Zreče.

The 2013 Business Plan has been aligned with the basic scenario projected by the final report on business restructuring and was prepared together with PWC. In 2013, Unior will generate EUR 165 million in revenues or 5.8% more than in 2012. Unior is planned to earn EUR 45,000 in net profit. Given the volume of orders, the sales achieved and the result in the first months of 2013, the set goals are realistic and attainable.

In 2012, the Unior Group generated EUR 201 million in consolidated revenues, which is 10.7% less than in 2012. If the revenues earned by the Štore Steel company in 2011 are excluded from consolidation, sales revenues of the Group in 2012 exceeded the 2011 figure by 1.5%. In 2012, the Group posted a loss of EUR 9.1 million, chiefly owing to the loss incurred by Unior d.d.

The Management Board of the Company has no reason to be satisfied with the 2012 performance,but we believe that the consistent implementation of the measures and activities projected in the financial restructuring plan and the additionally adopted measures for improving performance will bring about a turnaround in 2013 and result in the achievement of the targets

Darko Hrastnik

President of the Management Board

1 | Report of the Supervisory Board

Establishing of connections allows us to create better stories. Connections shape us into what we are. Only the most genuine and strong connections can create friendship and trust-worthy partnership relations.

Dear shareholders, business partners and co-workers,

The Supervisory Board oversaw the operations of the company Unior d.d. and its subsidiaries in 2012 within the scope of the authorisation laid down by the law, the Company's Articles of Association, the Corporate Governance Code for Joint Stock Companies, the Corporate Governance Code of Kapitalska družba d.d. and the Rules of Procedure of the Supervisory Board. The Supervisory Board operated in its full composition of six members: Matej Golob Matzele as Chairman, Dr. Karl Kuzman as Deputy Chairman, who was replaced by Franc Dover, MSc, at the General Meeting of Shareholders of Unior d.d. on 11 July 2012 due to resignation for personal reasons, Rok Vodnik, Emil Kolenc (both are representatives of the owners), Marjan Adamič and Stanko Šrot (both are representatives of the employees)..

PoThe 2012 business year was extremely demanding for Unior d.d. and its Supervisory Board. It was characterised by the further aggravation of the economic situation, primarily in terms of liquidity, some disputable deals that led to the early discharge of the President of the Management Board, activities related to the start of the Company's restructuring and reorganisation, and the loss resulting from deteriorated performance and impairments. Being aware of the necessity of changes, the Supervisory Board immediately responded to these problems and in cooperation with the Management Board, launched measures and activities to the benefit of Unior d.d. These measures and activities already started being implemented in 2012 and they will provide long-term stability of the Company according to the formulated financial restructuring plans.

The Work of the Supervisory Board

In 2012, the Supervisory Board held eleven regular meetings and one extraordinary meeting, as well as four correspondence meetings. The Supervisory Board was given information on all the important decisions of the Company's Management Board concurrently.

The Management Board issued monthly reports on the operations of Unior d.d. to the Supervisory Board and communicated quarterly reports on the operations of the Unior Group as well. The reporting of the Management Board to the Supervisory Board enabled the proper performance of the latter's supervisory role. The reports of the Management Board were usually prepared by specific area and separately for the Company's five production programmes with a concise review of all the business effects. In its reports, the Management Board reported all the major categories that affect the operations of the public limited company. These categories are the balance sheet, profit or loss, sales, costs, cash flows and other economic and technical indicators. Comparative statements for the previous year were added to the statements for 2012, as were statements on the plans for the current year.

The Supervisory Board continuously monitored the conditions on the market based on the estimates provided by the Management Board. The Supervisory Board paid special attention to the volume of orders for individual production programmes and the Company's subsidiaries, as well as the movement of the prices of materials, raw materials, energy products and other factors affecting the Company's business. It closely monitored the Company's liquidity and solvency indicators, the movement in inventories and receivables, the level of indebtedness as well as the financial and business restructuring measures. In doing so, the Supervisory Board had a distinctly proactive role.

The Supervisory Board considered the business reports at its regular meetings for each quarter of 2012 and was informed about the current operations and presented with an assessment of the operations for the following short-term periods. It also devoted a lot of attention to management of the current liquidity and debt repayment options, as a result of which it suggested that the Management Board find a financial consultant to prepare the Company's restructuring. In November, the Supervisory Board supported the financial restructuring plan of the Company, which was drafted by the Management Board in cooperation with the financial consultant PricewaterhouseCoopers d.o.o. At the end of the year, it also confirmed the Company's Business Plan for the 2013 financial year with an emphasis 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, the operations of the subsidiaries and the process of handling key and promising staff.

The Supervisory Board held its first regular meeting in 2012 in February. At this meeting, it was informed about the current operations and focused on measures to streamline and improve the operations.

In March, it held a regular and a correspondence meeting. At the latter, it appointed an external member to the Audit Committee, Gregor Korošec. At the regular meeting, the Supervisory Board was informed about the current operations and discussed the statistical data for 2011. It requested the Management Board to ensure comprehensive cost management in all areas of the Company's business and as part of its concern for current liquidity, requested regular reports on negotiations with commercial banks. During the discussion, it recommended that the Management Board study the possibility of hiring an external institution to consult the Company on restructuring the sources of financing and on reorganisation. The Supervisory Board authorised its Chairman to form a Nomination Board for the appointment of substitute Supervisory Board members of Unior d.d.

In April, it held a regular and a correspondence meeting. At the correspondence meeting, it adopted and approved the criteria for keeping separate accounting records by activity, which had been prepared and proposed by the Management Board according to the Transparency of Financial Relations and Maintenance of Separate Accounts for Different Activities Act. At its regular meeting, the Supervisory Board acknowledged the Audit Committee's report on the Audited Annual Report of Unior and the Audited Consolidated Annual Report of the Unior Group, and adopted and approved it in the form proposed. It also adopted the report on verification results for 2011, the statement on corporate governance and the statement on compliance with the Corporate Governance Code for Joint Stock Companies, as well as acknowledged the statements of individual members of the Supervisory Board regarding the dependence or independence of their position in performing the function of a Supervisory Board member. The Supervisory Board acknowledged the report of the Nomination Board and following its proposal, suggested that the General Meeting of Shareholders appoint Franc Dover, MSc, as substitute member of the Supervisory Board. Based on the opinion of the Human Resources Committee, the Supervisory Board set the variable remuneration of both Management Board members and laid down the criteria applying to the variable remuneration in 2012. It acknowledged the report on the implementation of the Union Group's strategy for 2011–2014 and the information about the current operations of the Company. It was also informed about the conclusion of the agreement with SID banka d.d. on the approval of a loan in the amount of EUR 16.8 million for financing technological and development projects in the field of cold and hot forging, sintering and high-capacity mechanical treatment. The Management Board informed the Supervisory Board about the procedures initiated for selecting a financial consultant for the Company's financial restructuring.

At the regular meeting in May, the Supervisory Board acknowledged the unaudited report on the operations for January–March 2012 for the Company and the Group. It was informed about the proposal of the Audit Committee on the selection of the certified auditing company Deloitte revizija d.o.o. as auditor for 2012, as well as approving and endorsing the agenda of the 16th General Meeting of Shareholders of Unior d.d.

In July, the Supervisory Board held three meetings: a regular, an extraordinary and a correspondence meeting. At the regular meeting it learned about the details of the current operations and the financial and liquidity position of the Company. It also acknowledged and endorsed the Management Board's report on the progress of selecting a financial consultant for restructuring and reorganisation of Unior d.d. The Supervisory Board offered the President of the Management Board re-appointment for an additional term.

Given the information published in the public media on 12 July 2012 about the extortion of the President of Unior's Management Board, the Supervisory Board held an extraordinary meeting on 13 July 2012 to become familiar with and clarify the information. After new facts had been published in the media, previously unknown to the Supervisory Board, the latter held a correspondence meeting on 19 July 2013, where it instructed its Audit Committee to look into all the transactions between Unior d.d. and Rhydcon d.o.o. in the past five years.

In August, the Supervisory Board held a regular meeting on 7, 13 and 17 of August 2012. On these occasions it acknowledged the minutes and findings of the Supervisory Board's Audit Committee regarding the transactions between Unior d.d. and Rhydcon d.o.o., as well as the Management Board's clarifications thereof, and obtained an adequate legal opinion about these transactions. At the meeting, the President of the Management Board informed the Supervisory Board that he had filed a self-indictment regarding these transactions with the Celje District State Prosecutor's Office on 4 July 2012. Based on the reports, opinions and explanations received, the Supervisory Board established that the invoiced transactions related to the delivery of goods and services had in fact not been conducted and therefore decided that these transaction should be reviewed by an external auditor. With regards to the examined cash operations, the Supervisory Board was unable to claim that the responsible persons received personal gain. It also established that when offering another term to the President of the Management Board, it had not been familiar with the facts that came to its knowledge from the media and later at the meetings of the Supervisory Board, and on 24 July 2012 the President of the Management Board, Gorazd Korošec, informed the Supervisory Board of his refusal of another term. At its meeting on 17 August 2012, the Supervisory Board signed an agreement to protect the interests of Unior d.d. with the President of the Management Board, according to which the term of office of the Management Board President, Gorazd Korošec, would terminate early and Unior d.d. would offer him a new employment contract. On the basis of the signed agreement, the Supervisory Board discharged Gorazd Korošec from the position of Management Board President and all authorisations of the Management Board were assumed by Darko Hrastnik, member of the Management Board, on 17 August 2012. The Supervisory Board adopted a resolution to start looking for a new president of the Management Board. It appointed Franc Dover, MSc, Deputy Chairman of the Supervisory Board.

At the end of August, the Supervisory Board held another regular meeting, at which it familiarised itself with the semi-annual report on the operations and current operations. It was informed about the offers of staffing agencies for selecting the Management Board members. The Management Board informed the Supervisory Board about the start of the procedure for the financial restructuring and reorganisation of the Company with the selected consultant PricewaterhouseCoopers d.o.o.

In September, the Supervisory Board held a correspondence meeting. At this meeting, it authorised the Human Resources Committee to select the staffing agency to handle the procedure for selecting candidates for the Management Board of Unior d.d., and to propose suitable candidates to the Company's Supervisory Board.

At the October meeting, the Supervisory Board acknowledged the current operations and the guidelines of the Business Plan for 2013, and put forward additional recommendations to the Management Board in this respect. It also acknowledged the report on the progress of the financial restructuring project and endorsed the proposed orientations. At this meeting it also learned about the report of the Human Resources Committee and the progress of the procedure for selecting the Management Board of Unior d.d.

In November the Supervisory Board had three meetings – one correspondence and two regular. At the correspondence meeting it learned about the report of the Human Resources Committee on short-listing the candidates for the Management Board members and approved their selection. At the first regular meeting in November, the Supervisory Board was informed about the current operations and approved the project for the financial restructuring and reorganisation of Unior d.d., which was prepared by the Management Board in cooperation with PricewaterhouseCoopers d.o.o. At the same meeting, it held interviews with the Management Board member candidates and appointed a two-member Management Board, i.e. Darko Hrastnik as President and Branko Bračko as member. At the second regular meeting in November, the Supervisory Board acknowledged the unaudited report on operations for January–September 2012, the current operations and the report on the progress of the project for the financial restructuring and reorganisation of the Company. It also familiarised itself with the report of the Audit Committee about the report on actual findings stemming from the agreed procedures for Unior d.d., which was prepared by the auditing company Deloitte revizija d.o.o.

At the December meeting the Supervisory Board discussed and approved the Business Plan for 2013 and assigned the Management Board to regularly report on negotiations with banks, suppliers, owners and implemented measures of financial and business restructuring, as well as measures aimed at streamlining the operations.

The Supervisory Board estimates that in 2012, its operation in relation to the Management Board was independent and that there was no conflict of interest in the activities of the Supervisory Board's members.

With the exception of infrequent justified absences, all the members participated in the meetings. The President and member of the Management Board were invited to all the meetings of the Supervisory Board and the executive directors of programmes were invited as appropriate. The materials for the meetings were prepared with a high level of quality and ensured that the members of the Supervisory Board were provided with quality information.

Committees of the Supervisory Board

In 2012, two permanent committees functioned and reported on their work to the Supervisory Board according to their powers.

The Audit Committee, comprising Emil Kolenc (Chairman), Marjan Adamič (member) and Gregor Korošec (external member as of 19 March 2012), held five meetings in 2012. Its members decided on the findings arrived at during the audit of the Annual Report of Unior d.d. for the 2011 business year, conducted the procedures to propose the appointment of an auditing company for the 2012 business year, carried out the procedures to order an examination of transactions between Unior d.d. and Rhydcon d.o.o. on the Supervisory Board's instructions, and at the last meeting last year discussed the report on the actual findings stemming from the agreed procedures between the two companies.

The Human Resources Committee, composed of Matej Golob Matzele (Chairman), Stanko Šrot (member) and Primož Klemen (external member), met seven times in 2012. At these meetings, its members decided on the criteria and level of variable remuneration of the Management Board and conducted candidacy procedures for the Management Board.

In April 2012, the Supervisory Board established a Nomination Board according to the recommendations of the Corporate Governance Code for Joint Stock Companies and the Corporate Governance Code of Kapitalska družba d.d. The Board was headed by Primož Klemen as an independent external expert. The Nomination Board also included Andreja Cencelj and Adrijan Rožič as the representatives of the largest shareholders. The Nomination Board accredited and nominated the candidates for the substitute member of the Supervisory Board based on the criteria and procedures applied to determine the adequacy of candidates for supervisory bodies, as adopted by the Council of the Capital Assets Management Agency of the Republic of Slovenia.

Annual Report

The Supervisory Board's Audit Committee reviewed the Annual Report of Unior d.d. and the Unior Group, the report compiled by Deloitte revizija d.o.o. from Ljubljana and prepared the draft report on verification for the Supervisory Board.

Based on the review of the Annual Report and the Consolidated Annual Report, the Auditor's Report and the Report of the Supervisory Board's Audit Committee, the Supervisory Board finds that the consolidated and non-consolidated financial statements provide a true and fair view of the financial position of Unior d.d. and the Unior Group as at 31 December 2012 as well as of the profit or loss, other comprehensive income and cash flows for the year then ended, in accordance with the International Financial Reporting Standards endorsed by the European Union. The Supervisory Board has no objections to the Annual Report of Unior d.d. and the Unior Group for 2012 and adopts it.

Findings and the Proposal for Covering Loss

The Supervisory Board acknowledged the resolution of the Company's Management Board, according to which the net loss for 2012 remains uncovered and is brought forward. The established accumulated loss from the 2012 financial year is EUR 21,894,114.04 and is composed of the net loss for the financial year in the amount of EUR 15,081,809.96 and the net loss brought forward in the amount of EUR 6,812,304.08. The Supervisory Board discussed the proposal of the Management Board that the loss should remain uncovered and be brought forward, and agreed with it.

Given the findings presented in audit reports and legal opinions about the transactions between Unior d.d. and Rhydcon d.o.o., the Supervisory Board proposes that the General Meeting of Shareholders should not grant a discharge from liability to Gorazd Korošec. It does, however, propose that the General Meeting of Shareholders grants a discharge to Darko Hrastnik, Branko Bračko and the Supervisory Board for operations in 2012.

In formulating the draft resolution concerning the allocation of loss for 2012, the Management and Supervisory Boards observed the applicable provisions of the Companies Act and the Articles of Association of Unior d.d.

The report was prepared 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.

Matej Golob Matzele
Chairman of the Supervisory Board

2 | Presentation of the Company

Mutual connections and integration have been crucial for the growth and development of our company on a global scale since 1919. Our story originates from the rich blacksmith tradition in Slovenia.

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 five programmes:

- **Forged Parts,**
- **Sinter,**
- **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

We have set highly ambitious goals with our vision. In 2014, 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 183 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 6.6%. We shall further guarantee a good future for our employees. We shall be an integrative link within a dynamic Group that will utilise its synergies and together achieve a total of EUR 440 million in sales, a return on equity (ROE) of 7.3% and provide employment for 4,216 people.

UNIOR Group

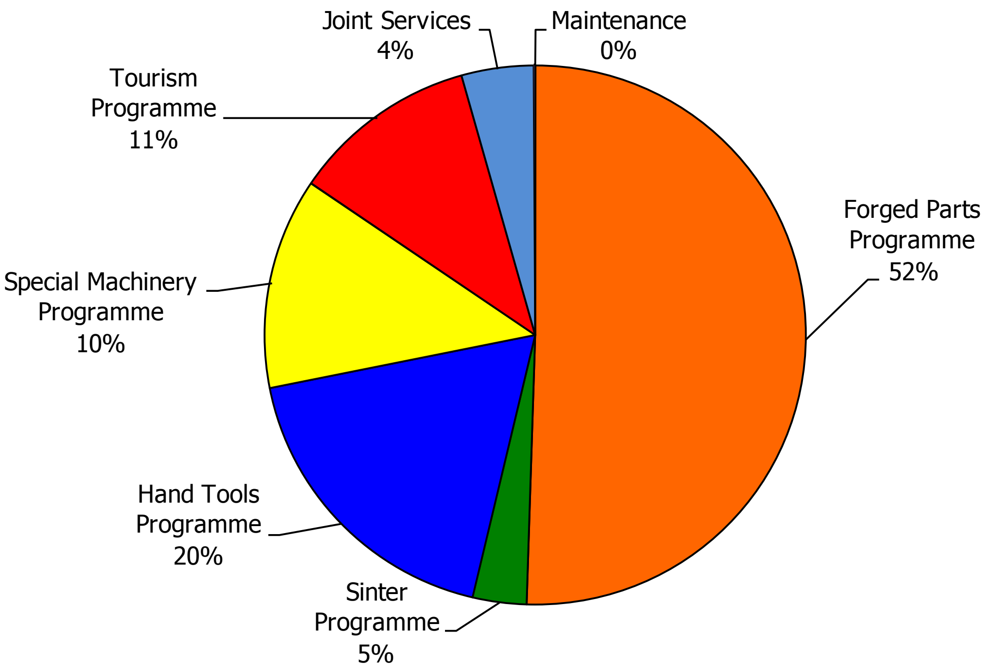
The UNIOR Group is composed of twenty-one subsidiaries and eleven associated companies in twenty-one countries around the world.

Company	Country	Continent
RC SIMIT	Slovenia	Europe
RHYDCON	Slovenia	Europe
ROBOTEH	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	Bulgaria	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
SOLION	Russia	Europe
UNIOR PROFESSIONAL TOOLS	Russia	Europe
SINTER	Serbia	Europe
UNIOR COMPONENTS	Serbia	Europe
UNIOR FORMINGTOOLS	Serbia	Europe
UNIOR TEOS ALATI	Serbia	Europe
UNIOR ESPANA	Spain	Europe
UNIOR INTERNATIONAL	Great Britain	Europe
UNIOR HUNGARIA	Hungary	Europe
UNIOR AUSTRALIA TOOL	Australia	Australia
NINGBO UNIOR FORGING	China	Asia
UNIOR SINGAPORE	Singapore	Asia
UNIOR USA CORPORATION	USA	North America

3 | The Company's Programmes and Activities

Together we are stronger. The synergy among several programmes provides us numerous competitive advantages. We grow together professionally, connected and globally.

Sales revenues of Unior by programme in 2012



Forged Parts Programme

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

The vision for 2014 envisages sales in the amount of EUR 72 million, 13 million of which are to come from processed forgings. We shall produce 10 million connecting rods. A growing proportion of sales will be achieved outside the automotive industry, which will reduce our dependence on major buyers. The gross value added per employee will be EUR 33,000. The key strategic objectives are: to increase the value added of forgings by processing, cost control, automation and adaptation 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 2011, 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 are a tier 1 and tier 2 supplier, so we supply part of the production range directly to the automotive industry assembly line (for VW, Audi, Renault, Ferrari) and part to their sub-suppliers who subsequently process these pieces and supply them as part of a larger assembly.

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.

Sinter Programme

The Sinter Programme is a reliable partner in the development of metal powder compaction and sintering technology.

The vision for 2014 promises a fast-growing programme that is attractive for employment and various partnerships with buyers and suppliers in the automotive and other industries. In 2014, we will generate EUR 12 million worth of sales at the Zreče location. The gross value added per employee will be EUR 38,000. The key strategic orientations are: the expansion of operations, cost management and the automation of production.

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 makes. 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. They are used in engines, gearboxes, steering wheels and other car parts, power tools for outdoor use, builder's joinery and household appliances, small domestic appliances and similar products.

Using mechanical and hydraulic CNC presses, we can produce products featuring either simple or complex shapes. For products requiring high density, we use double sintering or hot pressing procedures. The main production processes are supported by secondary processes such as machining, the application of surface protection, smoothing and sandblasting, heat treatment and hardening directly by sintering, oil impregnation and steam treatment.

The Sinter Programme is designed in line with the ISO 9001 international quality management standard, the ISO/TS 16949 quality management standard in the automotive industry and the ISO 14001 environmental management standard, for which we have obtained certificates. The Company fully adapts to the customer requirements and carries out frequent control inspections of the manufacturing processes and products, which are either performed by the buyers themselves or they may choose to rely on the assigned standards.

Hand Tools Programme

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

The vision for 2014 stipulates a global presence and a focus on products and services with increasingly higher value for the buyers, which enables the achievement of EUR 32,000 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 6 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 2014, we defined our objective to achieve an annual turnover of EUR 20 million and a gross value added of EUR 48,000 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. The key strategic orientations include: human resources development, technical development, the effective implementation of projects and project marketing.

The Special Machines Programme specialises in the development and manufacture of complex purpose-built machining centres, such as flexible machines with a rotary table, flexible manufacturing cells, machines for deep drilling, five-axis machining centres. Our machining centres are mostly used in the automotive industry.

In order to achieve competitiveness, we dedicated all our development investments to working engine and chassis components (elbow shaft, cam shaft, 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 2014 shows a shift towards increasing the quality of services for demanding guests, which will create EUR 25 million in annual turnover and 230,000 overnight stays per year. The gross value added per employee will be EUR 33,000. We will be recognisable for specialised health services and included in the network of global training centres for top-level athletes. The key strategic orientations are: quality of services, growth on foreign markets, the development of new tourism products and operational efficiency.

On Mount Rogla, Unior has developed an attractive tourist offer for all seasons. In the winter, guests can enjoy well-arranged ski slopes with two four-seater chair lifts, eleven T-bar lifts and artificial snowmaking, all of which ensures one hundred days of winter fun. In the summer, Rogla is a friendly destination for cycling, hiking and mushrooming enthusiasts, as well as for those who enjoy other forms of recreation. When marketing the products of both centres, we give priority to natural sights and simultaneously develop a range of services focusing on health, well-being and active holidays. Unior is becoming an increasingly important provider of business tourism, accompanied by gastronomic development with an emphasis on regional cuisine.

Thanks to the renovated medical section and new top-class accommodation, restaurant and seminar facilities, Terme Zreče is transforming from a provider of services for the traditional rehabilitation of the locomotor apparatus into a provider of highly demanding rehabilitation services on an international scale. It cooperates with the most distinguished experts in specific fields.

In collaboration with scientific and research institutions and with the support of the European Union, we have been developing a programme for athlete rehabilitation and preparation. The Rogla and Terme Zreče centres are becoming increasingly important destinations for athlete preparations in cooperation with sports organisations. Rogla has developed into an internationally visible centre, organising international sports competitions for athletes and disabled athletes.

Unior is also the owner of the Krvavec ski resort and co-owner of the Rimske Toplice thermal spa. Tourism activity generated 11.1% of the total sales revenues of the Company in 2012.

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HOTELS & RESORTS
Najdi svoj nasmeh!

Major Events in 2012

Acquisition of Energometall Kft. in Hungary

- On 1 January 2012 the Company acquired a 70% interest in Energometall Kft., a Hungarian company selling hand tools, by capital increase. The new company in the Unior Group is named Unior Hungaria Kft.

The opening of the Atrij Hotel in Zreče

- On 2 March 2012, a ceremony was held upon the opening of the new Atrij Hotel in Zreče. The premises of the new Idila Wellness & Spa Centre were also opened. The Minister of Economic Development and Technology, Radovan Žerjav, MSc, was presented at the opening. The new premises bring an additional 100 beds, 173 seats at the restaurant, new congress facilities and 440 square metres of wellness premises.

Disposal of a stake in Starkom d.o.o.

- On 20 March 2012, Unior signed a contract with the German partner Daimler AG on the sale of a 49% equity stake in Starkom d.o.o. as well as a long-term lease contract for the premises in Maribor, needed by Starkom d.o.o., which is not 100% owned by Daimler AG.

Raising a loan from SID banka d.d.

- On 25 April 2012, the Management Board of Unior d.d. and the Management Board of SID banka d.d. entered into an agreement on the approval of a 10-year loan totalling EUR 16.8 million for financing development projects. According to the schedule of development activities, Unior d.d. will be able to gradually draw the loan until April 2014, i.e. EUR 10.3 million in 2012, EUR 4.5 million in 2013 and EUR 2 million in 2014.

General Meeting of Shareholders of Unior d.d.

- On 11 July 2012, the 16th 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, discussed the rules on determining the rights of Management Board members arising from the employment relationship, was informed about the resignation of the Supervisory Board member Dr. Karl Kuzman, appointed a substitute member of the Supervisory Board, appointed an auditing company for 2012 and amended and supplemented the wording of the Company's Articles of Association.

New member of the Supervisory Board

- A new member of the Supervisory Board, i.e. Franc Dover, MSc, was appointed at the General Meeting of Shareholders for a term of office from 11 July 2012 until 12 December 2013. He replaced Dr. Karl Kuzman, who resigned on 19 December 2011 with a request for discharge at the first General Meeting of Shareholders in 2012. Franc Dover, MSc, was appointed Deputy Chairman of the Supervisory Board at the meeting of the Supervisory Board held on 17 August 2012.

Change of the Company's Management Board

- On 17 August 2012, the Supervisory Board of the Company signed an agreement with the President of the Management Board, Gorazd Korošec, stipulating that his term of office would be terminated early on the day of signature. He was discharged early by the Supervisory Board based on this agreement. Until a new president is appointed, the Management Board shall have a single member and is represented by Darko Hrastnik.

The selection of a financial consultant.

- The management of Unior has adopted measures to adapt to the changed market environment and selected the company PricewaterhouseCoopers as the financial consultant, which has been helping us prepare and implement all the financial and substantive measures to ensure a positive effect on the Company's operations, its viability and short- and long-term development. The ultimate goal of our activities is a sustainable capital structure, optimal corporate organisation and improved business performance with an emphasis on profitability and cash flow.

New Management Board of the Company

- At its meeting on 14 November 2012, the Supervisory Board appointed Darko Hrastnik as President of the Management Board of Unior d.d. for a term of office from 15 November 2012 until 31 May 2014, and Branko Bračko was appointed member of the Management Board of Unior d.d. for a term of office from 15 November 2012 until 14 November 2017.

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 97% of all the sales revenues on this market – somewhat over 5% 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, and BMW) and their sub-suppliers (Friedrichshafen AG, TRW, JTEKT, SEAC, GKN, and Meritor).

In 2011, we managed to attract several strategically important buyers and projects (contracts) that we have strived for in recent years.

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 10 to 11 million over the next couple of years. In addition to the above contract, we have obtained a new strategic project from Renault for a completely new generation of engines. We have managed to obtain contracts in the area of

connecting rods for two development projects with a »new buyer«, BMW, that will help us reduce our dependence on the VW Group.

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).

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 4 new strategic projects in 2011 that will enable 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 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.

Sinter Programme

The principal market for the Sinter Programme is the European Union, where the domestic (Slovenian) market accounted for 14.4% of all revenues generated from sales in the EU in 2011. We generate by far the largest portion of our revenues from sales to the automotive industry (80% for passenger cars and 8% for trucks). Our buyers also come from other industries, namely small household appliances (8%) and the construction industry (4%). Our largest buyers include ZF Lenksysteme Nacam, ZF Lemforder Schaltungsysteme, Willi Elbe, BPW Group and Roto Lož. We are facing competition from all over the world. Those warranting special mention are the American company GKN, the Austrian company Miba Group, and the French company Federal Mogul.

It is becoming increasingly evident in the Sinter Programme that practically no product or service can ensure a lasting competitive advantage. Thus we stepped onto a new path by creating new products and services as well as managing resources as a competitive combination that gives us the competitive edge and places us one step ahead of all other providers in the development, production and sales of sinter components.

The providers of sintered products include both large multinationals and smaller and more adaptable (niche) manufacturers.

The larger global manufacturers are attempting to corner the entire purchasing chain and the automation of production has increased significantly, which is putting smaller niche manufacturers at a disadvantage. They are nevertheless still present and successful as the key buyers (the automotive industry and increasingly also other industries) support the existence of competition and the adaptability of providers.

Hand Tools Programme

The EU market is also the most important one for hand tools because we generate 68% sales revenue in this market. The bulk (80%) of sales revenues is generated with the sales of tools to craftsmen, repairers, the industry and other end professional customers.

Our strongest competitors on the most important markets are the European hand tools manufacturers (Facom, Knipex, Gedore, Stahlwille and the like). Recently, however, the Chinese and Taiwanese manufacturers have been increasingly entering the market and offering tools at very low prices.

A marked sales increase, exceeding 10%, is evident in the Russian Federation, Spain, Iraq, Ukraine, the Netherlands and Taiwan. On the other hand, we are faced with a decline in sales, partly related to the economic situation in the country, resulting in price sensitivity on the markets. A major drop in sales was recorded in Croatia, Serbia, Hungary, Italy, Poland, Portugal, Saudi Arabia and Syria.

The sales on the domestic market decreased by 20% in 2012 compared to 2011, primarily due to the political and economic situation in the Slovenian market. The sales strategy focuses on market niches and boosting sales in the markets (Russian Federation, Africa) with a high share of the petrochemical industry, mining, ship building, energy, etc.

Special Machines Programme

After an intensive penetration of the automotive industry on the German market in 1995, the globalisation of the world market has led to a fluctuation in the current market share of the Special Machines Programme. Products (machines) are sold exclusively to the automotive industry. Our largest German business partners are Volkswagen, Audi, BMW and Daimler, though the bulk of our buyers' investments go to their subsidiaries outside Europe, so more than 50% of the exports of capital goods are expected to go to countries outside Europe, with the focus on the Chinese and Asian markets, whereas 30% and 20% will go to EU countries and Germany respectively. This change was already visible in 2012 and will most likely persist. Our biggest competitors on the most important markets are the German companies Elha and Licon and the Spanish company Etxetar.

To avoid »bad« years, which are related to a halt or reduction in capital goods purchase, we have been intensively building partnerships with the companies GROB and Heller that are not based on capital ties. As a result, we hope to ensure long-term stable operations and the constancy of orders.

In 2012, we anchored the Company on the market with the concept of machines for processing crankshafts; our goal is to become one of the three top global suppliers in this segment. We are convinced that we can continue this intensive path related to the increase in volume and quality of operations, provided adequate resources for building machinery are secured. Through the selection of buyers and market segmentation, we have introduced a new sales policy, with which we aim to attract certain strategic suppliers to today's end consumers. We expect that the development of flexible machines that we have carried out so far will meet the needs of the new buyers, but we will need to take a step forward in lowering the prices of implementation and the prices paid by end users on account of the impact of the competition.

Tourism Programme

In spite of increased activities on foreign markets since 2010, the domestic market remains the most important market for the Tourism Programme. Most of the services are marketed through the Company's sales department, though we also have a wide-spread distribution network comprising business partners in Slovenia and abroad. The bulk of turnover is accounted for by partners in the healthcare segment, namely: Vzajemna zdravstvena zavarovalnica d.v.z., Adriatic Slovenica d.d., HIIS Celje OU, Triglav, zdravstvena zavarovalnica, d.d., and the travel agencies OBS, posredništvo d.o.o., Kompas d.d., Kompas Zagreb d.d., and Turistična agencija Sonček d.o.o.

At Terme Zreče, the increase in the number of overnight stays is to a high degree due to the start of operation of the renovated Terme Zreče complex, featuring the new Atrij Hotel. This facility enables us to start marketing services for demanding target groups. Overnight stays rose by 20% on foreign markets. The highest rise was seen in guests from the Russian Federation, the Germanic markets, and the former Yugoslavia (by 29% in total). In terms of individual target groups, the biggest growth was recorded in overnight stays by top athletic teams, increasing four-fold.

On Mount Rogla, the highest increase in overnight stays was due to guests from the former Yugoslavia, the Russian Federation, Germany and Italy (by 11% in total), still, this increase did not compensate for a 11% drop in overnights stays by Slovenian guests (in total, overnight stays on Mount Rogla decreased by 4% compared to 2011). By actively marketing our services to sports clubs and associations, we achieved considerable growth (22%) in overnight stays in the target group of top athletes.

Owing to the unfavourable weather, visits by skiers decreased in the season, as did the related consumption at the accompanying facilities.

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

	2012	2011	2010	2009
Total number of shares	2,838,414	2,838,414	2,838,414	2,338,414
Number of treasury shares	2,330	2,330	71,245	71,245
Number of shareholders	1,312	1,320	1,319	1,207
Dividends per share	-	-	-	-
Value of treasury shares in the balance sheet (in thousands of EUR)	100	100	2,719	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.

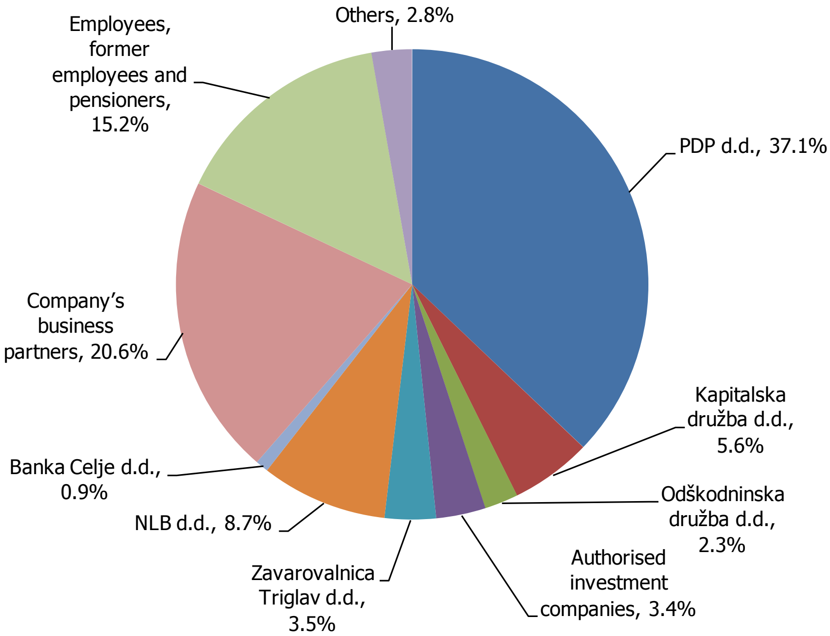
Ownership Structure

The ten largest shareholders as at 31 December 2012

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%
KD DELNIŠKI DOHODKOVNI	91,252	3.21%
SLOVENSKA ODŠKODNINSKA DRUŽBA d.d.	65,661	2.31%
OFENTAVŠEK ANTON	56,862	2.00%
ŽELEZAR ŠTORE D.P. d.d.	43,627	1.54%
Ten largest shareholders total	**2,056,364**	**72.45%**
Other shareholders	782,050	27.55%
TOTAL	**2,838,414**	**100.00%**

Ownership structure as at 31 December 2012

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	96,051	3.4%
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	584,852	20.6%
Employees, former employees and pensioners	431,639	15.2%
Others	78,532	2.8%
TOTAL	**2,838,414**	**100.0%**



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.

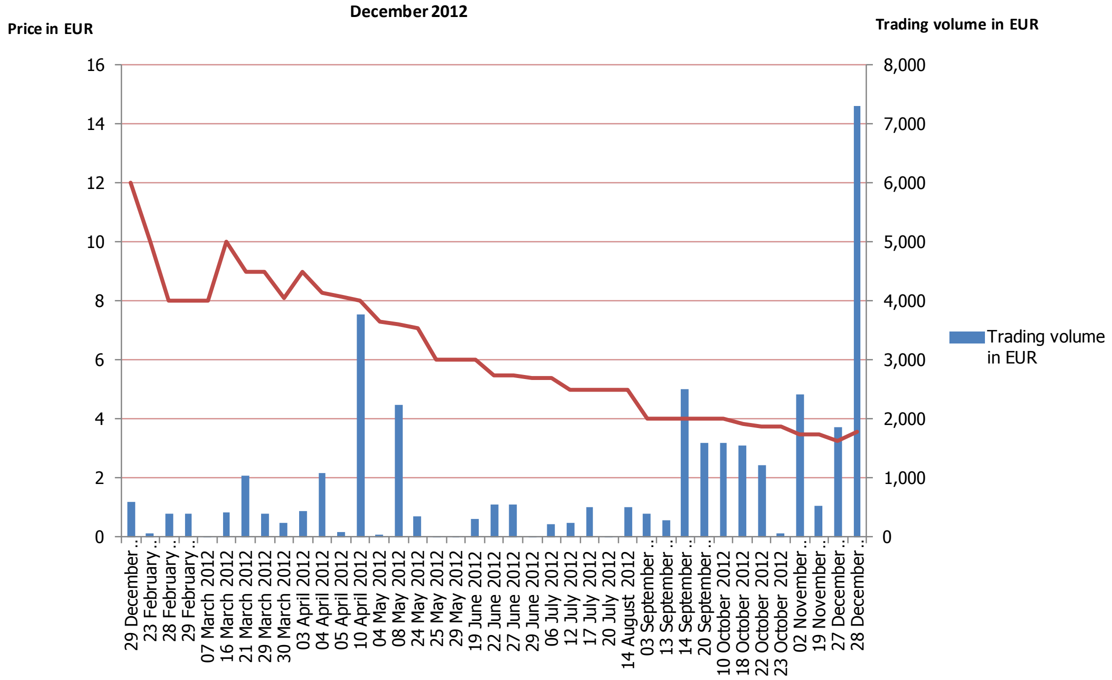
Performance indicators per share

	2012	2011	2010	2009
Earnings per share	–5.31	0.46	–0.98	–4.18
Book value per share (in EUR)	37.75	42.82	41.77	45.64
Sales per share (in EUR)	54.92	54.47	44.23	47.64
Cash flow per share (in EUR)	2.14	5.05	4.48	1.46
Pay-out ratio	0%	0%	0%	0%

Trading in UKIG Shares

The stock market price of a UKIG share as at 28 December 2012 (closing price) was EUR 3.56. The total turnover generated between 29 December 2011 and 28 December 2012 amounted to EUR 35,334.22. The price-to-book value ratio of the share as at 28 December 2012 was 0.09.

Changes in the average price per UKIG share and trading volume of the share for the period from 29 December 2011 until 28 December 2012



Social Responsibility

Sustainable development is one of the main development orientations of the Company and the Unior Group, and represents an important factor of the Company's performance together with social responsibility. Long-term goals can only be realised through good relationships that start at the Company and continue with a responsible attitude towards the social and natural environments.

Employees

At the end of the year, there were 2,137 employees working at Unior. Their number decreased during the course of the year by 3.9% or 86 employees. In line with the situation in the area of orders, the number of employees increased in the Special Machines Programme, which recorded the largest increase in sales. Most of the new employments are fixed-term. The number of employees in support services (Joint Service and Maintenance) has minimally decreased in line with the rationalisation of operations.

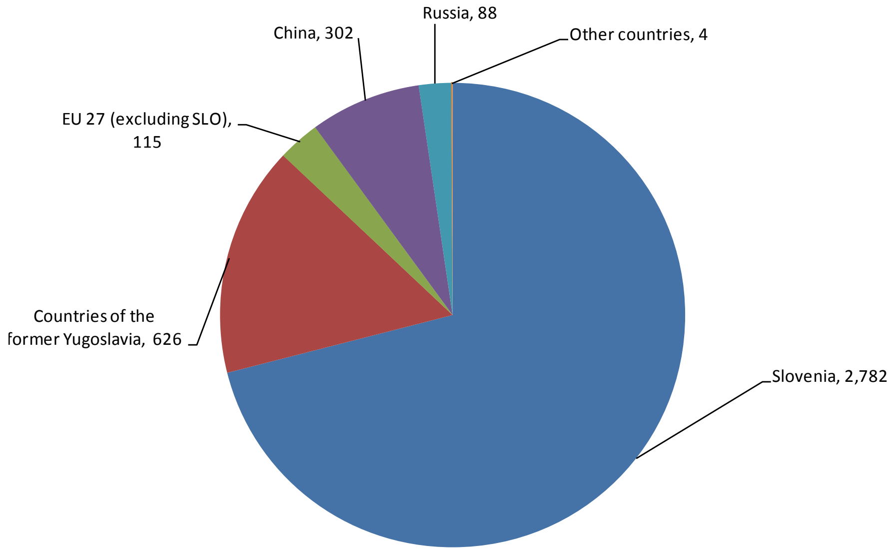
Data on employees

	2012	2011	2010	2009
Total number of employees	2,137	2,223	2,200	2,169
– Forged Parts Programme	813	837	809	776
– Sinter Programme	88	118	122	117
– Hand Tools Programme	378	427	446	411
– Special Machines Programme	183	153	135	139
– Tourism Programme	452	461	460	485
– Joint Services	131	125	130	142
– Maintenance	92	102	98	99
No. of employees leaving the Company	243	203	170	245
New employees	157	226	201	62
Average years of service at the Company	17.5	16.5	18.5	20.5
Average age	40.9	40.5	40.8	40.7
Average number of employees based on hours worked	2,072	2,098	2,057	1,991
Average absence from work (in hours)	134.5	141.0	148.7	129.3
Cost of education and training (in EUR)	309,658	379.824	493,410	628,051
Average salary (in EUR)	1,307	1,295	1,248	1,139

All the employees who left the Company did so consensually, whereby the majority of these employees were retired. Workers for the Special Machinery Programme were newly recruited, as were hospitality industry workers for the Tourism Programme, who were hired specifically for the winter season. Because of the sizable number of retirements and the employment of young people, the average age of all the employees remained at nearly the same level.

Structure of employees by county (Unior Group)

	Number of employees
Slovenia	2,782
Countries of the former Yugoslavia	626
EU 27 (excluding SLO)	115
China	302
Russia	88
Other countries	4
TOTAL	**3,917**



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 4.6% in 2012.

In 2012, we had 106 injuries at work, which is 23.7% less than in 2011. The measures in the area of health and safety at work have primarily been directed towards prevention:

- training the management staff in responsibility from the point of view of safe work;
- training workers regarding the hazards in the workplace and the obligations regarding safe work (233 people underwent refreshment training, 130 training sessions were held for individuals, and 127 students and 204 management employees underwent training);
- preventative medical examinations of employees (404 employees received medical examinations);
- the implementation of regular maintenance work for normal production progress, inspections of the working and safety equipment from the standpoint of safety and the elimination of deficiencies (272 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. We recruit new employees by way of a system of scholarships for pupils and students. Even in the time of the economic crisis, we did our best to provide our employees with access to new knowledge. In 2012, we allocated EUR 310 thousand for education and training, which is less than the year before. We achieved savings in other forms of education and training and did not enter into any new contracts on the co-financing of off-the-job studies. We also reduced the number of new contracts for student and pupil scholarships.

Employee Structure by Education

	Level of qualification	31. Dec. 2012	31. Dec. 2011
I	Unskilled	462	513
II	Semi-skilled	151	156
IV	Skilled	741	761
V	Secondary vocational education	479	498
VI	Higher vocational education	121	118
VII/1	Graduate vocational education	93	90
VII/2	University vocational education	80	80
VIII/1	Master’s degree	10	7
VIII/2	PhD	0	0
TOTAL		**2,137**	**2,223**

Average Salaries

The average monthly gross salary per employee in 2012 amounted to EUR 1,307 and was higher by 0.9% y-o-y, while it was higher by 3.8% during this period last year. With a 2.6% rise in consumer prices, this represents a 1.6% real decrease in average salaries. The net salary increased during this period by 0.9% or fell by 1.6% in real terms.

Informing Employees

The provision of information to employees is arranged systematically and conducted using various tools: with an internal quarterly newspaper and, as appropriate, a newsletter, regular notices on notice boards and via the intranet. The Company encourages interpersonal communication that takes 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.

Company

We are aware at Unior of the importance of an active and responsible engagement in the wider social environment. By providing funding and awareness-building, we are trying to help individual organisations and societies carry out various activities. We responsibly participate in the development of the Zreče Municipality by investing in tourism development and do our very best to find ways to contribute to a better quality of life for our fellow citizens and to the development of the region. We allocate sponsorship and donation funds to the current initiatives and event organisation to various societies and organisations. 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.

Environmental Protection

In 2012, UNIOR d.d. successfully maintained an environmental management system in accordance with the ISO 14001 standard. The environmental management system was certified by the Bureau Veritas certification company. The audit found no non-compliances. The recommendations have been gradually introduced into our environmental management system. Because of the increase in cooling waste water from the forge plant, we submitted an application in December 2011 for a change of the environmental permit, but have not received a reply in 2012. 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.

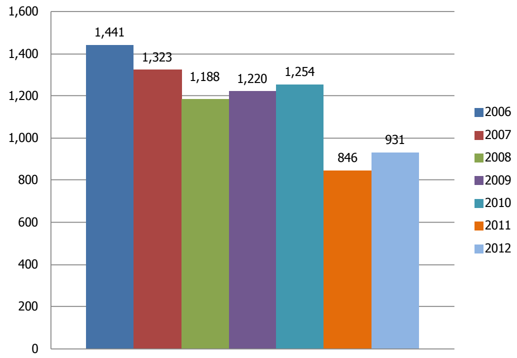
Energy Consumption and Energy Efficiency

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 the like. 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. Alongside the continuous monitoring of 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. 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. In 2012, the total load units of waste water rose by 10% compared to 2011, mainly due to higher water consumption in the lower zone at Zreče and the increase in pool waste water at Rogla.

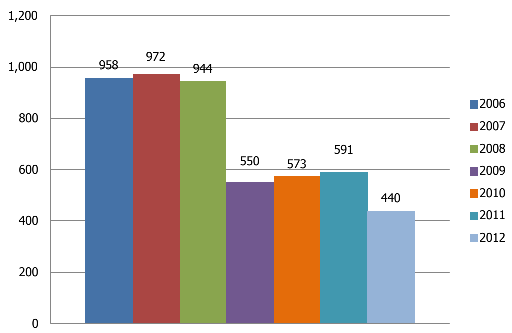
Loading of the environment with waste water (Load unit – LU)



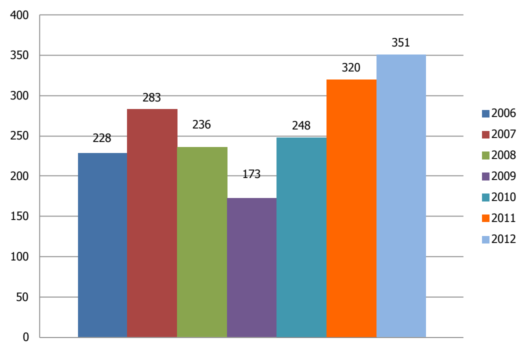
Waste

The diagrams below show that the total quantity of waste per tonne of product has slightly increased, which is the result of more efficient waste management and smaller quantity of products manufactured in 2012. Because of the decrease in the quantities of mixed municipal waste, the quantities of separated fractions (packaging and paper) have increased. These separated fractions do not represent a cost for the Company because they are further heat treated or processed. The total cost of waste removal dropped by 15% in 2012.

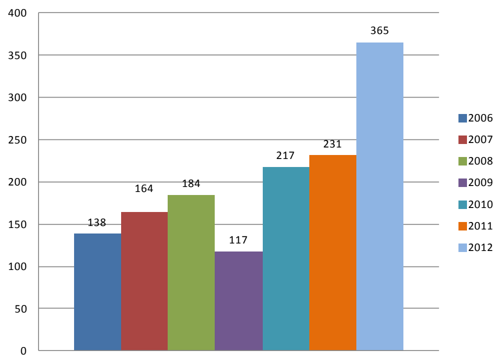
Quantity of municipal waste (tonnes)



Quantity of hazardous waste (tonnes)



Quantity of packaging (tonnes)



Air Emissions

In 2012, we performed 29 measurements of emissions into the air, which are prescribed by the law. We did not exceed the limits at any measurement location.

Noise

Noise measurements were performed in 2012 at the lower zone in Zreče. It was found that Unior's activity at the lower zone in Zreče does 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 location. In 2012, we obtained an opinion from the providers and authorised institutions that noise measurements were no longer needed at the locations of Stari trg and the Forged Parts plant in Slovenske Konjice.

Chemicals

In 2012, all employees dealing with hazardous substances underwent training. In cooperation with the IT Department, we produced a new application called Register of chemicals, which is already accessible on the intranet. Due to the application replacement, the Register of chemicals project has been somewhat delayed and will be completed in 2013. Provided that the technological processes allow it, we replace the more dangerous chemicals with less dangerous ones.

4 | Corporate Governance

Creative culture and environmental responsibility lead us to new technical and technological challenges whereby we surpass our limits and create new value for customers.

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.

Management Board

Until 17 August 2012, the Company had a two-member Management Board. The President of the Management Board was Gorazd Korošec, who was appointed to the position on 12 December 2007. His term of office was terminated early on 17 August 2012 by signing an agreement with the Supervisory Board. This was his second term as the President of the Management Board. Before that, he acted as the Deputy President of the Management Board. Currently, he is assistant to the Management Board on strategic matters. Darko Hrastnik was appointed to the position of Management Board member on 1 June 2009, whereby his term of office expires on 31 May 2014. He is discharging the function of Management Board member for the second time. From

17 August 2012 until 15 November 2012, the Company had a one-member Management Board, consisting of Darko Hrastnik. Since 15 November 2012, the Management Board has had two members, i.e. Darko Hrastnik as President with the term of office expiring on 31 May 2014, and Branko Bračko as member with the term of office expiring on 14 November 2017.

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

Gorazd Korošec, assistant to the Management Board
Education: Bachelor of Economics

Work and leadership experience:

1993–	Unior	
	2012–	Assistant to the Management Board
	2007–2012	President of the Management Board
	2002–2007	President of the Management Board
	1997–2002	Deputy President of the Management Board
	1996–1997	Assistant to the General Manager for Business Administration
	1993–1996	Director of the Financial and Accounting Division
1982–1993	Comet Zreče	
		Director of the company Ekonomski biro
		Director of the ADP Division
		Head of the Planning and Analyses Service
1980–1982	Unior	
	1981–1982	Analyst at the Planning and Analyses Department
	1980–1980	Trainee

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

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:

- **Darko Hrastnik**, BSc (Metallurgical Engineering), President of the Management Board;
- **Branko Bračko**, BSc (Mechanical Engineering), member of the Management Board;
- **Robert Ribič**, BSc (Mechanical Engineering), Director of the Forged Parts Programme;
- **Danilo Lorger**, BSc (Chemical Technology), Director of the Hand Tools Programme;
- **Andrej Purgaj**, BSc (Mechanical Engineering), Director of the Special Machinery Programme;
- **Damjan Pintar**, professor of sports education, Director of the Tourism Programme.

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. 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, Franc Dover, MSc, was appointed substitute member of the Supervisory Board.

The representatives of the owners within the Supervisory Board are:

- **Matej Golob Matzele**, BSc Econ. (Chairman),
- **Prof. Dr. Karl Kuzman** (Deputy) – until 11 July 2012,
- **Franc Dover**, MSc (Deputy) – from 11 July 2012,
- **Emil Kolenc**, BSc Econ.,
- **Rok Vodnik**, MSc.

The representatives of employees are:

- **Marjan Adamič**, MSc,
- **Stanko Šrot**.

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 11 July 2012, a 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;
- discussed the rules on determining the rights of the Management Board members arising from the employment relationship;
- received information about the resignation of the member of the Supervisory Board, Dr. Karl Kuzman;
- appointed a substitute member of the Supervisory Board;
- appointed the auditing company for 2012;
- amended and supplemented the wording of the Company's Articles of Association.

The notice about the resolutions passed at the General Meeting was published on SEOnet and the Company's website on 11 July 2012.

The regular General Meeting in 2013 is planned to be held on 17 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 no less than thirty days prior to the meeting.

Remuneration to the Management Board and the Supervisory Board

(in EUR)	Gross values 2012	Gross values 2011	Net values 2012	Net values 2011
Darko Hrastnik	91,818	120,705	42,042	54,791
Gorazd Korošec***	63,110	128,695	31,194	63,008
Branko Bračko***	10,827	0	5,800	0
Management Board total	**165,755**	**249,400**	**79,036**	**117,799**
Matej Golob Matzele	4,929	3,744	3,820	2,902
Dr. Karl Kuzman**	1,560	3,739	1,209	2,898
Franc Dover**	1,107	0	858	0
Rok Vodnik	3,165	726	2,453	563
Emil Kolenc	5,113	3,418	3,962	2,649
Stanko Šrot	3,948	2,899	3,060	2,247
Marjan Adamič	4,491	3,375	3,481	2,616
Katarina Praznik*	251	443	194	343
Gregor Korošec*	1,004	0	778	0
Primož Klemen*	362	181	281	140
Supervisory Board total	**25,930**	**18,525**	**20,096**	**14,358**

* Members of the Supervisory Board's committees
** Dr. Karl Kuzman until 11 July 2012, Franc Dover from 11 July 2012
*** Gorazd Korošec until 17 August 2012, Branko Bračko from 15 November 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 2012. 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. All employees working under an individual employment contract have had their salaries reduced by up to 10%, depending on the performance of an individual programme or the Company as a whole.

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 2012, 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.

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 8.73% interest, whereby the Management Board holds 0.7% and the Supervisory Board 0.3% of the Company's shares. In 2012, 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 Supervisory Board

	Holding		Net acquisition during the year	
	2012	2011	2012	2011
Darko Hrastnik	1,505	1,505	0	0
Gorazd Korošec**	18,347	18,347	0	0
Branko Bračko**	250	250	0	0
Management Board total	**20,102**	**20,102**	**0**	**0**
Matej Golob Matzele	0	0	0	0
Dr. Karl Kuzman*	570	570	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	**9,611**	**9,611**	**0**	**0**
Total number of issued shares	**2,838,414**	**2,838,414**		

* Dr. Karl Kuzman until 11 July 2012, Franc Dover from 11 July 2012

** Gorazd Korošec until 17 August 2012, Branko Bračko from 15 November 2012

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.

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 2012 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 2012 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. <u>Description of the main characteristics of the internal control systems and risk management in the company in relation to the financial reporting procedure:</u>

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.

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 2012 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 2012.

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

The General Meeting met once in 2012. 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 2012 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 2012 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 2012 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 2012 to 31 December 2012. 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 Unior Group Strategy for the 2011–2014 Period. The Strategy was approved by the Company's Supervisory Board at its session held on 18 February 2011. 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, 24 April 2013

Darko Hrastnik	**Matej Golob Matzele**	**Branko Bračko**
President of the Management Board	Chairman of the Supervisory Board	Member of the Management board

Business 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

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, Sinter and Hand Tools Programmes.

5 | Business Report

Unior's innovative strength is proved by numerous patents. In-house development has secured Unior the position of the development supplier for the automotive industry.

The Situation in the Economy and in the Automotive Industry

In 2012, the global economy was fragile and the economic growth in developed countries was weak. The gross domestic product rose by 3.2% on a global scale. Growth slowed down in most of the Western countries as well as the Asian giants, i.e. China and India, which recorded 7.8% and 4.5% growth respectively. Russia was no exception, witnessing a 3.4% growth in GDP. The main reasons for the slow-down were the drop in raw material prices, a lower volume of global trade and a decline in industrial production. In the last months of the year, only the financial markets somewhat improved, capital flows increased, margins on government bonds decreased and stock indexes climbed.

The gross domestic product in the euro area fell by 0.6% in 2012 and by 0.3% in the entire European Union. Economic trends were the least promising in the last quarter, when Germany and France again slid downward, while Spain merely confirmed that it was in recession.

Slovenia recorded a 2.3% drop in GDP; in the last quarter alone, GDP decreased by 3% compared to the respective period the year before. After the decline in 2009 and two years of weak growth, the economic activity again deteriorated. Slovenia remains among the EU countries with the greatest lag behind the average economic activity level in 2008.

Macroeconomic indicators of Unior's key markets in 2012

	EU	Euro area	Germany	France	Spain	Slovenia
GDP growth	-0.3%	-0.6%	0.7%	0.0%	-1.4%	-2.3%
Unemployment	10.5%	11.4%	5.5%	10.2%	25.0%	8.9%

In 2012, industrial production dropped by 2.4% and 2.1% in the euro area and the European Union respectively. The decline in production in the European Union was reflected in Slovenian companies as well, which in the last quarter of 2012 recorded a further shrinkage of the already weak industrial production. In the entire year of 2012, Slovenian producers produced 0.4% more than in 2011, with the greatest rise seen in energy supply (10.5%) and the greatest decline in mining (6.6%). In the production of metal products, which is the segment that Unior d.d. operates in, industrial production fell by 1.1%.

In spite of fluctuations and differences in movement, the raw material prices in 2012 ranged close to the 2011 average. In view of the trends in global production and demand, a slight decrease was to be expected. Apparently, the markets of raw materials have very quickly adapted to the supply, where this was made possible by the production and storage method. The total annual inflation in the euro area equalled 2.2%. In Slovenia the respective figure was 2.6% and 2.7% y-o-y.

The economic activity indicators published by the OECD indicate rather stable prospects for 2013 in the USA and Great Britain. A similar state applies to Japan and Brazil. However, the indicators referring to China, India and Russia fall behind the long-term trend. The expectations in the euro area are still below the long-term trend, with Germany having a slightly more favourable prospect. According to analysts, the euro area will record a mild recession involving a 0.3% shrinkage in gross domestic product, while the entire European Union will witness a minimum, 0.1%, growth. Growth projections for Germany, France and Italy – the drivers of the European economic dynamics – for 2013 equal 0.5% for Germany and 0.1% for France, while Italy will supposedly experience a 1% economic contraction.

The Automotive Industry

There were a total of 84.1 million motor vehicles produced in 2012 around the world, which is 5.3% more than in 2011. 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 43.7 million vehicles, followed by the USA with 20 million, whereas Europe fell back to less than 20 million vehicles, a decrease of 7.3%, as a result of which its share in the global automotive industry now equals only 19%.

The sales of passenger cars rose in all global regions, except the European Union, where a drop of 8.2% was noted. Only 12 million cars were registered anew, the lowest figure since 1995.

According to the estimates of the International Organisation of Motor Vehicle Manufacturers (OICA), global sales of vehicles will rise by about 3% in 2013, primarily owing to good projections for China and the USA, while the outlook for the European Union is a cause of concern.

Global production of motor vehicles

	In milions					Annual growth			
	2008	2009	2010	2011	2012	2009	2010	2011	2012
EUROPE	**21.8**	**17.0**	**19.8**	**21.0**	**19.8**	**-22.1%**	**16.8%**	**5.7%**	**-5.4%**
EU27	18.4	15.2	17.1	17.5	16.2	-17.5%	12.5%	2.4%	-7.3%
EU15	15.2	12.2	13.8	14.1	12.8	-19.3%	12.9%	2.1%	-9.2%
Germany	6.0	5.2	5.9	6.1	5.6	-13.8%	13.4%	4.1%	-8.1%
Spain	2.5	2.2	2.4	2.4	2.0	-14.6%	10.0%	-0.6%	-16.6%
France	2.6	2.0	2.2	2.2	2.0	-20.3%	8.9%	0.6%	-12.3%
Great Britain	1.6	1.1	1.4	1.5	1.6	-33.9%	27.8%	5.1%	7.7%
Rest of Europe	3.3	1.8	2.7	3.4	3.6	-47.3%	54.5%	26.2%	4.3%
AMERICA	**16.9**	**12.6**	**16.4**	**17.8**	**20.0**	**-25.6%**	**30.3%**	**8.7%**	**12.5%**
USA	8.7	5.7	7.8	8.7	10.3	-34.1%	35.4%	11.6%	19.3%
ASIA & OCEANIA	**31.3**	**31.8**	**40.9**	**40.6**	**43.7**	**1.5%**	**28.9%**	**-0.9%**	**7.7%**
China	9.3	13.8	18.3	18.4	19.3	48.3%	32.4%	0.8%	4.6%
Japan	11.6	7.9	9.6	8.4	9.9	-31.5%	21.4%	-12.8%	18.4%
AFRICA	**0.6**	**0.4**	**0.5**	**0.6**	**0.6**	**-29.1%**	**23.7%**	**8.9%**	**5.3%**
TOTAL	**70.5**	**61.7**	**77.6**	**79.9**	**84.1**	**-12.5%**	**25.8%**	**2.9%**	**5.3%**

Source: OICA – Organisation Internationale des Constructeurs d’Automobiles

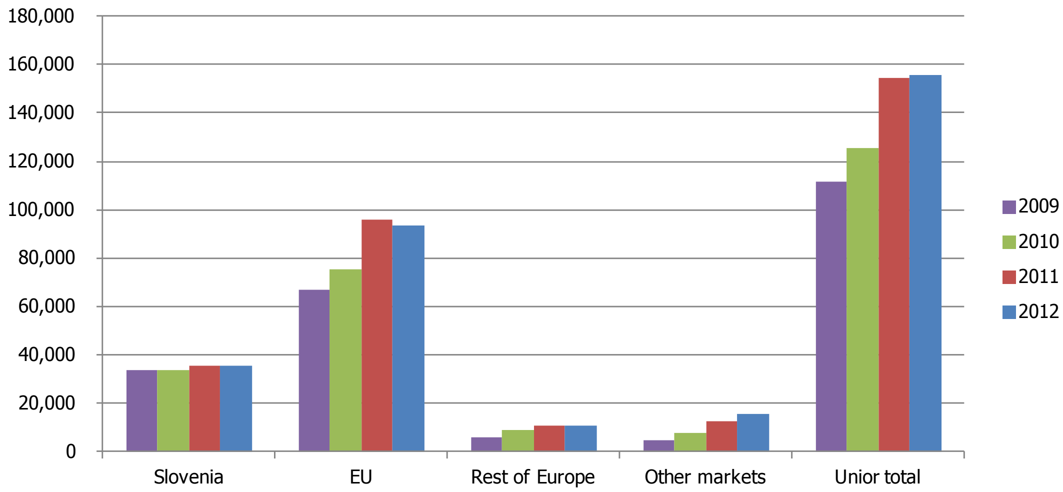
Sales

Unior's sales revenues in 2012 came in at EUR 155.9 million and increased by 0.8% within a period of one year. 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, Sinter and Special Machinery Programmes.

Non-European markets account for 17% of our revenues. We recorded the largest growth in percentage terms on these markets last year, namely 24.5%. Within the structure of sales, EU markets account for 83% and remain the most important for us. We recorded growth of sales in these markets, namely 1.2% in Slovenia, whereas in the markets of the rest of Europe we noted a 2.2% drop in sales.

Sales revenues by market

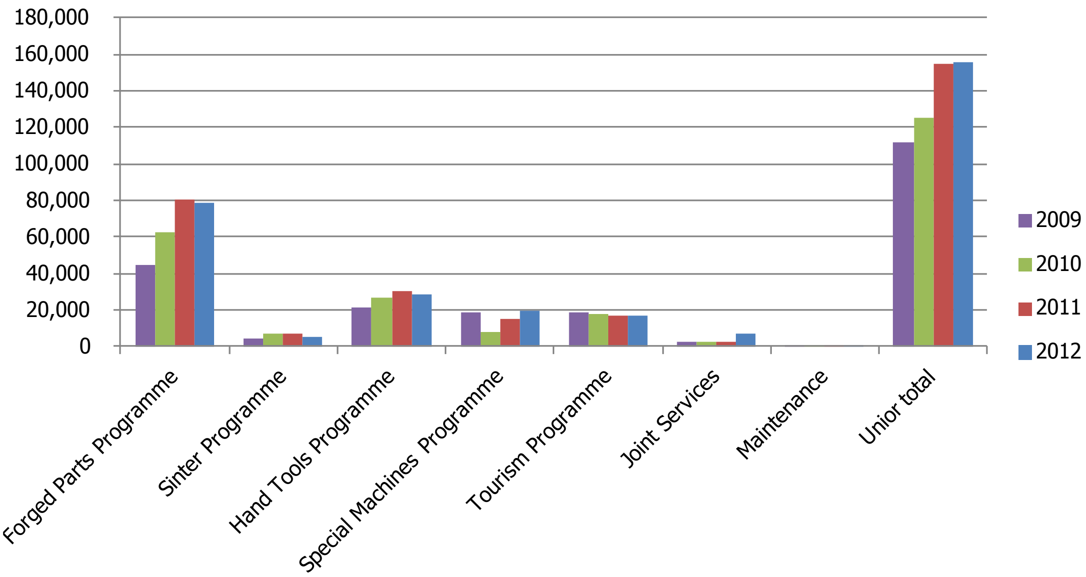
(in thousands of EUR)	2012	2011	2010	2009
Slovenia	35,710	35,292	33,783	33,612
EU	93,726	95,806	75,125	67,083
Rest of Europe	10,768	10,938	9,107	6,100
Other markets	15,670	12,581	7,517	4,615
Unior total	**155,874**	**154,617**	**125,532**	**111,410**



Sales revenues generated by the Special Machinery Programme rose by 27%, while the Forged Parts Programme and the Hand Tools Programme recorded a 2% and 8% drop respectively. The sales of the Tourism Programme stagnated compared to the year before, which is estimated as favourable given the decrease in purchasing power.

Sales revenues by programme

(in thousands of EUR)	2012	2011	2010	2009
Forged Parts Programme	78,732	80,008	62,655	44,276
Sinter Programme	5,026	7,481	6,702	4,518
Hand Tools Programme	28,242	30,683	26,479	21,635
Special Machines Programme	19,668	15,519	7,686	18,812
Tourism Programme	17,331	17,359	18,165	18,677
Joint Services	6,737	2,414	2,873	2,725
Maintenance	138	1,154	970	767
Unior total	**155,874**	**154,617**	**125,532**	**111,410**



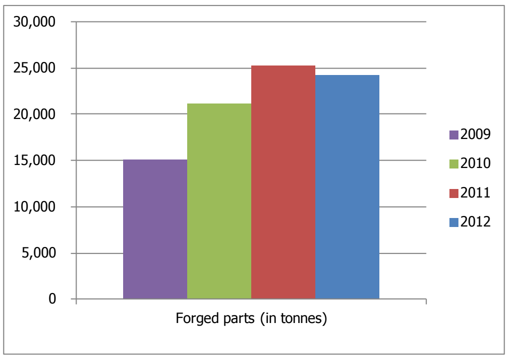
Production and Services

The production of all programmes decreased compared to the previous year. With sales figures similar to the year before, we devote more care to planning the inventories of finished products. In the Tourism Programme, an increase was noted in the number of overnight stays, as the newly opened Atrij Hotel provided new accommodation capacities. 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).

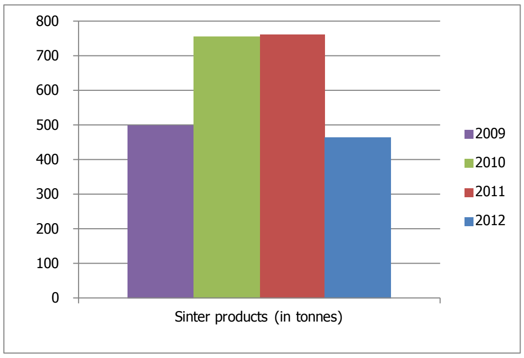
Production and services by programme

	2012	2011	2010	2009
Forged parts (in tonnes)	24,217	25,303	21,130	15,074
Forged parts (in thousands of pieces)	52,557	55,840	48,229	35,381
Sinter products (in tonnes)	464	760	754	500
Sinter products (in thousands of pieces)	13,914	18,346	18,947	14,711
Hand tools (in tonnes)	2,196	2,464	2,177	1,390
Hand tools (in thousands of pieces)	4,316	5,147	4,812	3,113
Number of overnight stays within the Tourism Programme	187,224	181,598	200,107	201,427

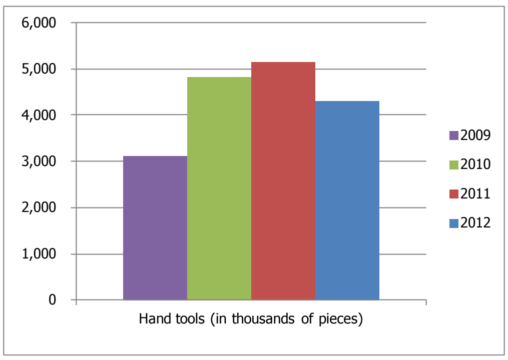
Production of forged parts



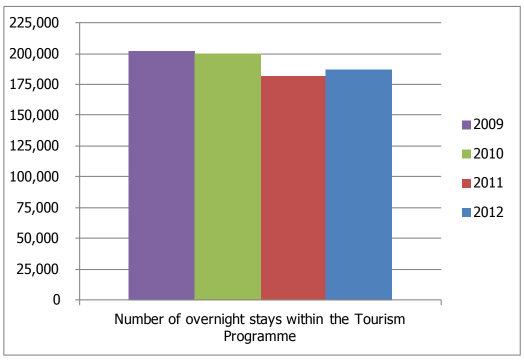
Production of sintered products



Production of hand tools



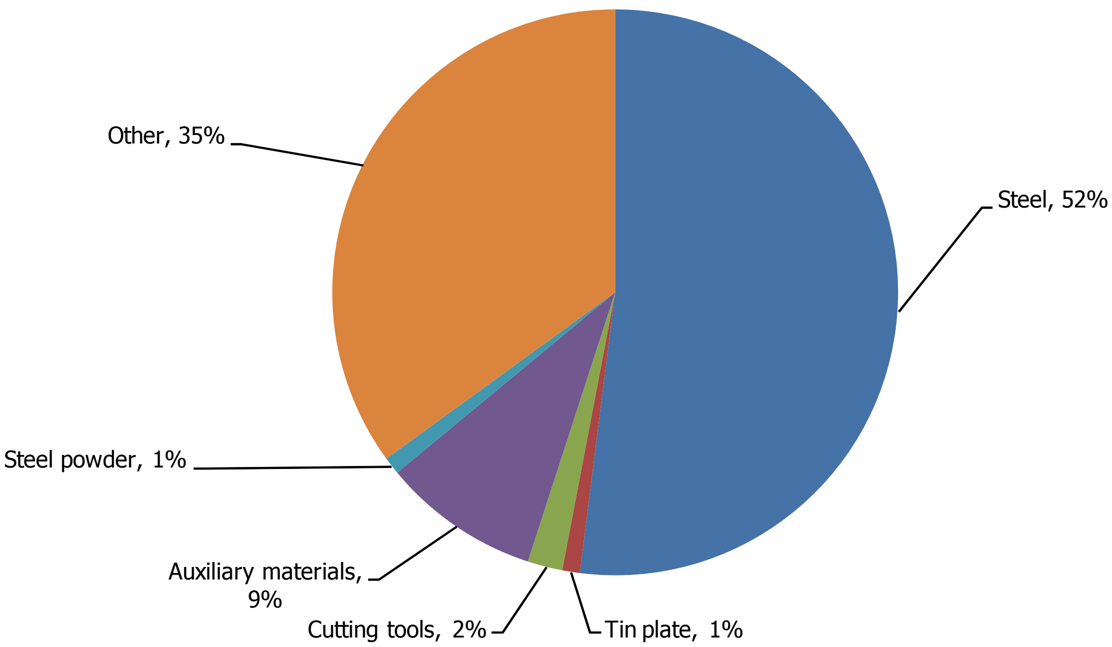
Overnight stays within the Tourism Programme



Purchasing

The pressures on purchase prices that existed in 2011 persisted in 2012, primarily due to poor payment discipline on the Slovenian market. In 2012, the costs of material grew by 2.7%, but mainly because of the greater quantities necessary.

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



Steel

The supply of ferrous metallurgy producers was good in 2012, 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 2.13%.

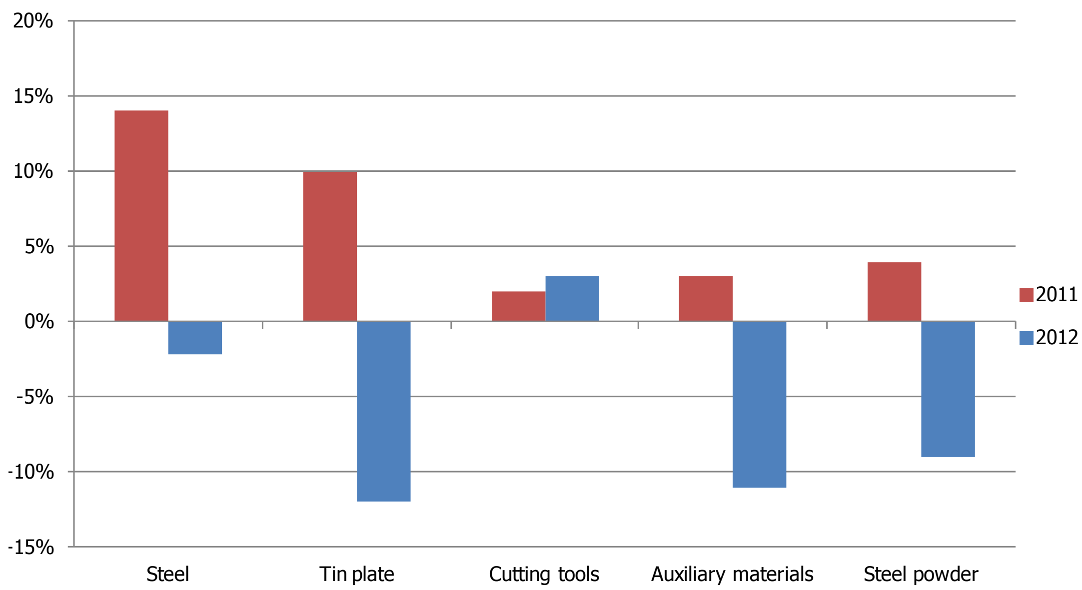
In 2012, Unior purchased 39,248 tonnes of steel at an average (weighted) price of 871 EUR/t. A year earlier, we purchased 43,719 tons, at the average price of 890 EUR/t. This represents a 10.2% decrease in the quantity of steel purchased in 2012. By steel inventory optimisation measures, we succeeded in decreasing the quantity in stock and at the 2012 year-end had only 5,242 tonnes of steel in stock, which was 1,231 less than a year ago.

The purchase price of steel is set as the basic price increased by two items: the steel scrap supplement and the alloying supplement. The supplements strongly influence the determination of the final price of steel. The value of the steel scrap supplement in 2012 ranged between around 250 EUR/t and was somewhat lower than at the end of the year before.

Tin Plate

The consumption of tin plate decreased by 28.3% in 2012, especially in the first quarter. The price of tin plate decreased by 12.7% 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

The use of cutting tools decreased in terms of quantity with respect to 2011 because of the reduction in existing inventories. We additionally introduced consignment sales, namely for the Forged Parts Programme (location of the machine building plant at Zreče). 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 3%). On account of the monopoly or stock market elements required in the production of hard metal, we expect additional pressures to raise the prices of cutting tools.

Steel Powder

The average price of steel powder decreased by 9% in 2012 compared to the average price in 2011. Alloying elements had the biggest impact on the change in the prices, and a change was noted in the consumption range. The total quantity of powder purchased in 2012 was 424 tonnes, which represents a 55% decrease compared to 2011. This was influenced by a production decline in the Sinter Programme. In view of this we halved the stock of powder in the warehouse.

Auxiliary Material and Protective Equipment

The value of auxiliary material per employee as well as the total value have been decreasing, which is the result of lower prices and the reduced use of auxiliary material. The use per employee has been falling for the third consecutive year.

Operating Performance

In 2012, Unior generated a net operating loss of EUR 15.1 million, while in 2011, we recorded a profit of EUR 1.3 million. The incurred loss is mainly related to asset impairments. The negative operating result totalled EUR 3.4 million, but it is worth stressing that in the respective year sales rose by 0.8% compared to the year before. If extraordinary impacts on the operating result were not considered, Unior d.d. would have generated EUR 2 million of operating income and EUR 3.8 million of net loss in 2012.

Sales and the profitability of the company Unior

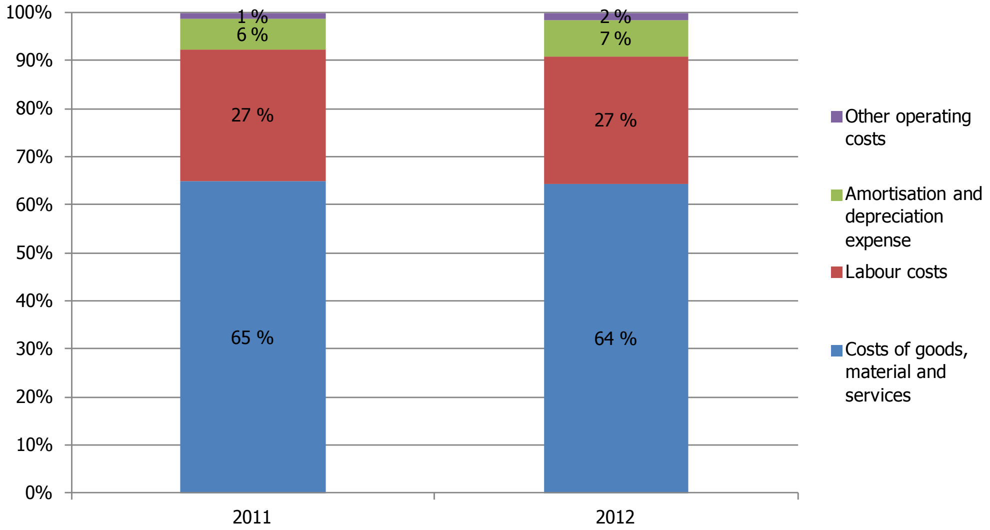
(in thousands of EUR)	2012	2011	2010	2009
Sales revenues	155,874	154,617	125,532	111,410
Operating cost	168,042	161,821	133,987	118,057
EBIT	(3,370)	5,032	1,683	(6,815)
EBITDA	9,229	15,039	11,585	3,411
Net profit or loss	(15,082)	1,310	(2,780)	(9,766)

The challenges that the crisis has presented us with have thoroughly changed our fundamental objectives. Growth and the achievement of the highest profitability of operations were less important again in 2012 than 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 Company has already been conducting financial restructuring and closing discussions with banks on the financial reprogramming of liabilities are being held in cooperation with the consultant from PricewaterhouseCoopers. By reprogramming liabilities, the Company wants to achieve a positive cash flow. Reprogramming will enable us a moratorium on the payment of principals in 2013, and steady repayment until 2019 of EUR 5.1 million annually. By 2019, the Company will have paid off EUR 28.7 million of loans defined as a bullet loan financed by available funds from the sale of redundant assets. In 2019, the Company's indebtedness will be sustainable, i.e. EUR 70.9 million. Such strategy provides a solid basis for improving future performance. Given the demanding market situation, the Company introduced a series of rapid measures, including the suspension of all non-urgent investments, the acceleration of divestment and the search for internal reserves. 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 rose by 3.8% last year. The structure of expenses by type changed very little compared to the previous year, mainly due to amortisation and depreciation (receivable due from an associated company in Greece).

(in thousands of EUR)	2012	2011
Costs of goods, material and services	108,296	105,245
Labour costs	44,594	44,357
Amortisation and depreciation expense	12,599	10,007
Other operating costs	2,552	2,212
Total operating expenses	**168,042**	**161,821**



The cost of goods, materials and services increased by 2.9%. The increase could be attributed almost entirely to the higher cost of energy resulting from price increase. The labour costs were higher by only 0.5%, which is even less than the increase in the total employee constancy bonus (0.6% annually).

The unfavourable trends in operating revenues and expenses were also reflected in the operating result (EBIT), which went from EUR 5.0 million in 2011 to a loss of EUR 3.4 million in 2012. If the amortisation and depreciation are excluded, Unior d.d. would have generated EUR 2 million of operating income.

The net finance expense in 2012 came in at EUR 11.7 million, with amortisation and depreciation contributing EUR 6 million to loss. At the same time, there was no positive impact from revenues as there was the year before, when the Company sold its interest in Štore Steel d.o.o.

Productivity

(in EUR)	2012	2011	2010	2009
Gross profit per employee	79,475	80,527	65,955	56,317
Gross value added per employee	25,977	28,666	25,768	21,145

Productivity is measured by the Company using the gross profit per employee indicator, which decreased compared to 2011 by 1.3%, but still exceeded the pre-crisis level from 2008. In spite of the decrease in the second indicator, namely the gross value added per employee, which fell by 9.4%, this indicator still signifies a long-term growth trend and almost reached the 2008 level – the year before the onset of the global economic crisis.

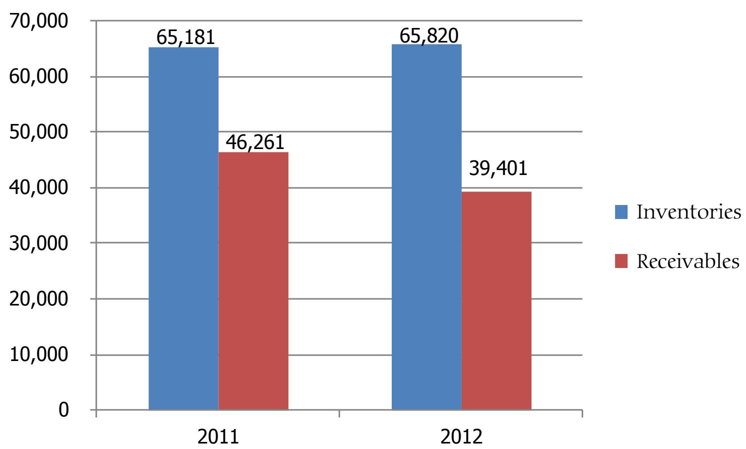
Performance Indicators

	UNIOR d. d.		Unior Group	
	2012	2011	2012	2011
Equity financing rate (equity/liabilities)	0.350	0.380	0.383	0.392
Long-term financing rate ((equity + long-term debt + long-term provisions) / liabilities)	0.580	0.644	0.599	0.642
Operating fixed assets rate (fixed assets according at carrying amount/assets)	0,494	0.487	0.538	0.525
Long-term assets rate ((fixed assets at carrying amount/long-term »financial assets + long-term operating receivables)/assets)»	0,640	0.643	0.628	0.624
Equity to operating fixed assets (equity/fixed assets at carrying amount)	0.709	0.780	0.711	0.746
Immediate solvency ratio (acid test ratio) (liquid assets / short-term liabilities)	0.005	0.003	0.020	0.028
Quick ratio »((liquid assets / short-term liabilities)/ » short-term liabilities)	0.317	0.404	0.359	0.441
Current ratio »(short-term assets/short-term liabilities)»	0,872	1.015	0.940	1.066
Operating efficiency ratio »(operating revenues/operating expenses)»	0.980	1.031	1.006	1.034
Net return on equity ratio (ROE) (net profit for the financial year/average equity excluding net profit or loss for the reporting year)	(0.124)	0.011	-0.061	0.002
Dividend to share capital ratio (total dividends paid out in the financial year/average share capital)	0.000	0.000	0.000	0.000

Financial Position

In 2012, the Company's total assets decreased by 4.3% or EUR 13.6 million. Long-term assets decreased by EUR 9.1 million and short-term assets by EUR 4.5 million.

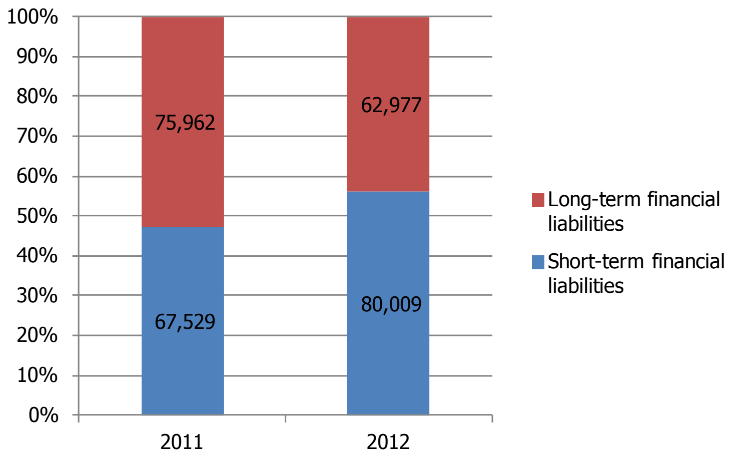
Changes in the Company's inventories and receivables (in thousands of EUR)



The Company's capital decreased by EUR 14.4 million in 2012, which was the result of the loss for the current year, totalling EUR 15.1 million. The share of capital thus decreased within the scope of the Company's liabilities by 3 percentage points and amounted to 35% of the liabilities.

The financial liabilities decreased during the year by EUR 1.9 million. The total decrease represents a decrease in the liabilities to banks for the loans obtained. In 2011, short-term loans represented 47% of all of the loans the Company obtained, while in 2012 this percentage was 55%, however the share of the short-term part of the long-term loans was EUR 7.4 million higher in 2012. In terms of the type of interest rate, the loans with a fixed interest rate represent 14.2% of all the loans obtained.

Maturity structure of financial liabilities



Structure of financial liabilities with respect to interest rate variability

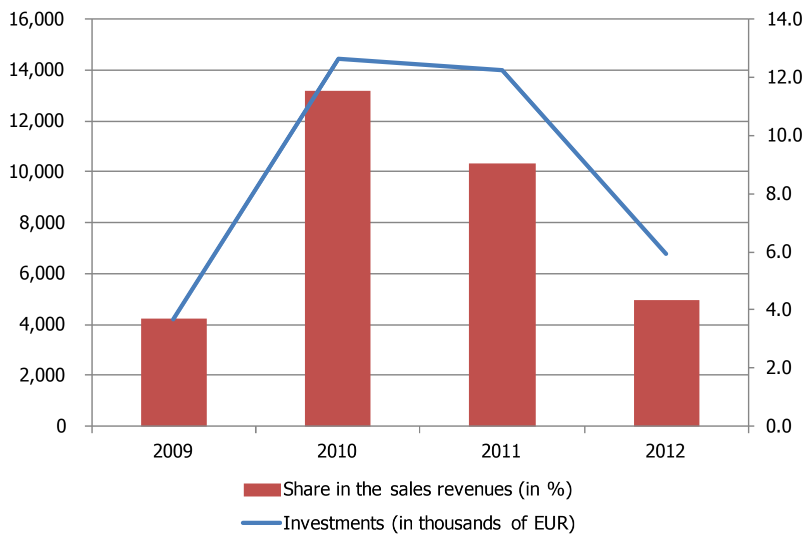
Operating liabilities grew owing to the somewhat poorer liquidity, i.e. by EUR 1.9 million or 4.3%. Despite this increase, we settled our trade payables within similar deadlines as in previous years. Individual extensions of these deadlines were only made in agreement with the suppliers.

Investments

In 2012, we invested EUR 6.8 million in new fixed assets, EUR 1.7 million of which went for our own products. The total value of investments compared to 2011 decreased by EUR 7.2 million. In 2012, we completed new investments as the achievement of good sales results would otherwise have been compromised. Investments in the Tourism Programme (construction of a hotel in Zreče and a running course on Rogla) were also funded with a grant from the EU, namely 25% in Zreče and 50% on Rogla. We realised all of our planned investments worth EUR 6.5 million in 2012. The largest investments in 2012 were the press for cold forging and the completion of the construction of the Atrij Hotel in Zreče.

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

	2012	2011	2010	2009
Investments (in thousands of EUR)	6.753	13.988	14.471	4.217
Share in the sales revenues (in %)	4,33	9,05	11,53	3,70



Investments into fixed assets broken down by Unior's programme

(in thousands of EUR)	2012	2011
Forged Parts Programme	1,878	1,981
Sinter Programme	96	251
Hand Tools Programme	2,180	1,185
Special Machines Programme	770	2,392
Tourism Programme	1,402	6,492
Joint Services	391	1,524
Maintenance	36	163
TOTAL	**6,753**	**13,988**

In 2012, we allocated EUR 6.6 million to the payment of investments, which is EUR 8.6 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 2010 were rescheduled to 2011 by agreement. Payments for investments completed in 2012 of a similar amount were moved to 2013.

In 2013, we are planning to slow our investment activity compared to 2012 and are thus planning to allocate EUR 5.5 million to investments into new fixed assets. The largest among them will be:

- depreciation and renovation in hot forging;
- equipment for forge part processing;
- completion of the running course on Mount Rogla within the scope of the Tourism Programme.

Investments in Associated Companies

We allocated EUR 1.3 million to the increase in capital and the acquisition of ownership stakes in associated companies in 2012. The companies Unior France S.A.S. and Unior Bionic d.o.o. were recapitalised by debt-to-equity swap, Unior Italia S.r.l. by a cash contribution, and we acquired a stake in Unior Hungaria Kft.

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 25% stake in Unior Formingtools d.o.o. in Serbia in 2012.

In 2013 we are planning no new investments in associated companies.

Events after the Balance Sheet Date

Merger of the Forged Parts and Sinter Programmes

Due to the streamlining of operations, the Forged Parts and Sinter Programmes were merged on 1 January 2013 according to the restructuring guidelines.

Replacement of the management of the Tourism Programme

On 11 February 2013, the management of the Tourism Programme was assumed by Simona Mele, who replaced the former Director Damjan Pintar.

Goals for 2013

For 2013, we are planning to achieve a 5.9% growth in net sales revenues so that they reach EUR 165 million, as well as end-of-year minimum profit of EUR 45 thousand. The situation regarding orders for the Forged Parts Programme is encouraging so we are planning a 7.1% growth in sales. We are planning a 9% growth in the sale of the products from the Hand Tools Programme and a 20.2% growth in the sales of the Special Machines Programme, as all of the contracts with the buyers have already been signed. As regards the Tourism Programme, we are expecting to see the effects of the new Atrij Hotel and a better winter season, and are thus planning a 5.7% growth in sales.

Sales and the profitability of the company Unior

(in thousands of EUR)	2013 (plan)	2012 (realization)
Sales revenues	165,005	155,874
EBIT	6,072	(3,370)
EBITDA	15,568	9,229
Net profit or loss	45	(15,082)

Forged Parts Programme

In the Forged Parts Programme and the Sinter Programme, we are planning sales of EUR 80.5 million. Without the Sinter Programme, sales are projected at EUR 76.2 million, i.e. a growth of 7.4%. In terms of value the sales plan is based on the current basic prices of steel and steel supplements (the average in 2012 was EUR 260/t). If significant decreases are recorded in the basic prices of steel and supplements in 2013, the sales value will decrease, but this will not influence the profitability due to a proportionate decrease in the costs of material. In the area of hot forging, we will achieve EUR 66.9 million worth of sales, which will represent a growth of 6%. This growth is based on new projects with the buyers VW – Audi, TRW and Seac, while in the ZF Group, we project minimum growth or the same turnover as in 2012. The sales to VW – Audi have been increasing, primarily owing to the assumed 100% share for connecting rod 14223, the growth in the projects of connecting rods 14251 and 53, and the new connecting rod 14261 for VW amarok. 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 also achieving growth in the connecting rod programmes sold to the new buyer BMW. In forged part processing, we plan to generate sales of EUR 9.3 million or 19.3% more than the year before. The increase will mainly be the result of higher sales to existing buyers (Schaeffler Group, JTEKT, VW, ZF Lenksysteme Eger). We record stable turnover with the buyer VW in the »Rasthebel« project and on 1 January 2013 we will take over a 100% share (currently 80%), which will definitely lead to a higher turnover. We expect to significantly increase the turnover with the buyer JTEKT, chiefly owing to the new project PSA 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. In the Sinter plant, we expect to achieve sales of EUR 4.3 million or 12.1% less than the year before, which is the result of the persisting trend that started at the end of 2011 with the downsizing of orders for individual projects for the buyers ZF, Mitec and BPW, who in the past represented key buyers.

Hand Tools Programme

We are planning for the sales of the Hand Tools Programme to generate EUR 30.55 million. The planned realisation in the sales of hand tools is EUR 27.5 million, which is 2.8% higher than it was in 2012. We are planning to achieve higher growth in cold forging and thus sales of EUR 2.5 million. In industrial marketing and in the sale of merchandise, we expect a small decrease due to a decline in offsetting operations and a reduced demand for industrial marketing products. The global decline in the use of hand tools is the result of the decreased use of general hand tools in construction because investment activities slumped significantly in most of the countries where we sell our hand tools. In 2013, we plan to further boost the sales of specialised programmes to mitigate the downward trend in the sales of general hand tools. The conditions on the hand tools market are very tight, because our competition is reducing their selling prices on individual markets with discounts. We are expecting additional problems with receivables as the liquidity situation is deteriorating on individual markets. The sales plan for 2013 entails increasing sale prices by 3.5% for the products from the sales catalogue that will be carried out on 1 March, and the total increase in the prices of 2.9% on an annual basis – all of which is in line with the assumption that the general economic conditions around the world will not deteriorate compared to 2012. There are no indications at the moment that the sales plan will not be achieved, which is why we estimate that the objectives for 2013 are attainable.

Special Machines Programme

We are planning to achieve annual sales of EUR 22.25 million within the scope of the Special Machines Programme. The sales will possibly be higher, but we are limited by production and financial resources. If these resources are provided, the plan could be exceeded. In the sales plan for 2013, we mostly considered the orders won in 2012 and the realistic projections of new orders necessary to achieve the business plan. In comparison to the past year, the current volume of orders is more favourable, as 100% of the 2013 plan was already covered by orders at the end of 2012. We also have a relatively favourable negotiating position for future orders, since in the first quarter of 2013 we have scheduled negotiations that could bring us orders up to the third quarter of 2014. Bid documentation has been completed but, of course, it is difficult to specify the yield as of now, since the competition is always present and follows our development. In spite of the close connection with the German automotive industry, we are forced to look for new opportunities in countries with strengthening automotive production. We have been working intensively in Asia and America, which already proved to be the right orientation in 2012. All this requires heavy investments and adjustments, with most difficulties arising in assembly due to distance, prolonged absence of individual employees and naturally a different culture of life at work sites. The key elements in 2013 are the new non-European markets, new buyers and new products, whereby we try to compensate for the loss in 2009 and 2010. We estimate that owing to a longer cycle, the comprehensive approach will not yield results until up to 2015.

Tourism Programme

We are planning to realise sales worth EUR 20.4 million within the scope of the Tourism Programme. We plan to increase the occupancy of both centres by accelerating marketing activities on all foreign markets and in Slovenia, focusing on various target groups (seminars, sports, hiking). Depending on the activity in individual markets, in 2013 we will considerably increase the number of overnight stays of guests from the Russian Federation, Germanic countries, Benelux, Turkey and the countries of the former Yugoslavia. In spite of the recession and the ever poorer social situation in Slovenia, we project a higher number of overnight stays of Slovenian guests, which will mainly be achieved through activities targeted at individual target groups. At Terme Zreče, we plan to increase sales by 5% to EUR 11.5 million. The new Atrij Hotel, which opened in March 2012, represents a redesigned business concept, allowing the separation of target groups and more target-oriented marketing, enabling us to attract more demanding guests from abroad, as the new investment provides completely separate healthcare, wellness and business tourism services. In 2012, the skiing season on Mount Rogla was shorter but it appeared in December that a normal winter season could be expected. As a result, we plan to generate sales of EUR 8.2 million or 6.1% more. The sales to major buyers in healthcare are for the most part expected to grow moderately, since last year the HIIS decreased the value of points for service charging. However, the accelerated activities on the market, in cooperation with doctors, build up the reputation of the spa and strengthen the existing contacts with customers. We expect the realisation of external facilities to be 5% higher, while marketing will record a similar figure to 2012.

6 | FINANCIAL REPORT

2012 | ANNUAL REPORT

Financial Statements
Balance Sheet as at 31 December 2012

(in EUR)	Item	Note	31 Dec. 2012	31 Dec. 2011
	ASSETS		**306,104,735**	**319,720,883**
A.	**NON-CURRENT ASSETS**		**195,978,069**	**205,105,220**
I,	**Intangible assets and long-term deferred costs and accrued revenues**	**1**	**5,579,767**	**4,462,820**
1.	Long-term property rights		202,508	428,069
2.	Goodwill		403,940	403,940
4.	Long-term deferred development costs		4,748,822	3,616,151
5.	Other long-term deferred costs and accrued revenues		224,497	14,660
II.	**Property, plant and equipment**	**2**	**145,582,570**	**150,754,686**
1.	Land and buildings		95,724,706	87,695,089
	a) Land		32,979,784	34,103,054
	b) Buildings		62,744,922	53,592,035
2.	Production plant and machinery		45,960,410	44,744,049
3.	Other plant and equipment, small tools and other tangible fixed assets		21,764	38,486
4.	Property, plant and equipment being acquired		3,875,690	18,277,062
	a) Property, plant and equipment under construction and in production		3,875,690	18,277,062
III.	**Investment property**	**3**	**15,547,259**	**15,025,172**
IV.	**Long-term financial assets**	**4**	**24,747,236**	**29,092,466**
1.	Long-term financial assets, excluding loans		20,239,926	24,731,870
	a) Shares and stakes in Group companies		12,369,362	14,623,596
	b) Shares and stakes in associated companies		3,704,035	4,008,090
	c) Other shares and stakes		4,166,529	6,100,184
2.	Long-term loans		4,507,310	4,360,596
	a) Long-term loans to Group companies		3,715,733	3,564,919
	b) Long-term loans to others		791,577	795,677
V.	**Long-term operating receivables**	**6**	**4,351,517**	**5,770,076**
1.	Long–term operating receivables due from Group companies		3,912,434	5,276,533
2.	Long-term trade receivables		95,734	948
3.	Long-term operating receivables due from others		343,349	492,595
VI.	**Deferred tax assets**		**169,720**	**0**
B.	**CURRENT ASSETS**		**110,126,666**	**114,615,663**
I.	**Assets (disposal groups) held for sale**		**0**	**0**
II.	**Inventories**	**5**	**65,819,539**	**65,180,570**
1.	Material		20,382,852	21,488,432
2.	Work-in-progress		27,319,730	22,322,307
3.	Products		15,299,741	16,978,842
4.	Merchandise		2,817,216	4,390,989
5.	Advances for inventories		0	0
III.	**Short-term financial assets**	**7**	**4,320,914**	**2,889,531**
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 assets		0	0
2.	Short-term loans		4,320,914	2,889,531
	a) Short-term loans to Group companies		1,001,646	1,259,549
	b) Other short-term loans		3,319,268	1,629,982
	c) Short-term unpaid called-up capital		0	0
IV.	**Short-term operating receivables**	**6**	**39,400,883**	**46,260,646**
1.	Short-term operating receivables due from the Group companies		7,121,346	6,910,851
2.	Short-term trade receivables		29,804,754	34,051,724
3.	Short-term operating receivables due from others		2,474,783	5,298,071
V.	**Cash and cash equivalents**	**8**	**585,330**	**284,916**

(in EUR)	Item	Note	31 Dec. 2012	31 Dec. 2011
	EQUITY AND LIABILITIES		**306,104,735**	**319,720,883**
A.	**CAPITAL**	**9**	**107,136,622**	**121,539,470**
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**		**38,559,536**	**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**		**25,095,253**	**24,551,171**
V.	**Net profit brought forward**		**0**	
VI.	**Net loss brought forward**		**6,812,304**	**8,257,538**
VII.	**Net profit for the financial year**		**0**	**1,310,354**
VIII.	**Net loss for the financial year**		**15,081,810**	**0**
B.	**PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**10**	**6,713,214**	**6,882,662**
1.	Provisions for pensions and similar liabilities		3,024,673	3,383,579
2.	Other provisions		3,688,541	3,499,083
3.	Long-term accrued costs and deferred revenues		0	0
C.	**LONG-TERM LIABILITIES**		**63,828,486**	**77,621,507**
I.	**Long-term financial liabilities**	**11**	**62,977,106**	**75,962,480**
1.	Long-term financial liabilities to Group companies		0	0
2.	Long-term financial liabilities to banks		62,527,106	75,448,194
3.	Long-term financial liabilities arising from bonds		0	0
4.	Other long-term financial liabilities		450,000	514,286
II.	**Long-term operating liabilities**	**12**	**851,380**	**262,670**
1.	Long-term operating liabilities to Group companies		0	0
2.	Long-term trade payables		0	0
3.	Long-term bills payable		510,028	0
4.	Long-term operating liabilities from advances		0	0
5.	Other long-term operating liabilities		341,352	262,670
III.	**Deferred tax liabilities**	**13**	**0**	**1,396,357**
D.	**SHORT-TERM LIABILITIES**		**126,302,108**	**112,460,359**
I.	**Liabilities included in disposal groups**		**0**	**0**
II.	**Short-term financial liabilities**	**14**	**80,009,160**	**67,529,325**
1.	Short-term financial liabilities to Group companies		0	0
2.	Short-term financial liabilities to banks		78,019,549	67,033,103
3.	Short-term financial liabilities arising from bonds		0	0
4.	Other short-term financial liabilities		1,989,611	496,222
III.	**Short-term operating liabilities**	**15**	**46,292,948**	**44,931,034**
1.	Short-term operating liabilities to Group companies		1,497,251	982,325
2.	Short-term trade payables		32,389,008	33,651,680
3.	Short-term bills payable		510,028	0
4.	Short-term operating liabilities from advances		7,365,347	5,208,893
5.	Other short-term operating liabilities		4,531,314	5,088,136
E.	**SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**16**	**2,124,305**	**1,216,885**

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

Income Statement for the Period from 1 January 2012 to 31 December 2012

(in EUR) Item		Note	2012	2011
A.	**Net sales revenues**	**18**	**155,873,612**	**154,617,189**
1.	Net revenues from sales on the domestic market		35,710,486	35,292,004
	a) Net revenues from the sale of products and services		27,402,175	28,078,960
	b) Net revenues from the sale of goods and materials		8,308,311	7,213,044
2.	Net revenues from sales on foreign market		120,163,126	119,325,185
	a) Net revenues from the sale of products and services		107,986,421	107,722,646
	b) Net revenues from the sale of goods and materials		12,176,705	11,602,539
B.	**Changes in the value of inventories of products and work-in-progress**		**3,407,215**	**4,827,216**
C.	**Capitalised own products and services**	**19**	**2,170,337**	**4,220,683**
D.	**Other operating revenues**	**20**	**3,220,838**	**3,187,804**
I.	**GROSS OPERATING PROFIT**		**164,672,002**	**166,852,892**
E.	**Costs of goods, material and services**	**21**	**108,296,441**	**105,245,161**
1.	Cost of goods and materials sold		13,633,987	10,579,504
2.	Cost of materials used		73,894,202	72,732,764
	a) Costs of material		56,575,355	55,285,654
	b) Costs of energy		9,937,248	9,255,989
	c) Other costs of material		7,381,599	8,191,121
3.	Cost of services		20,768,252	21,932,893
	a) Transport services		4,084,979	4,329,799
	b) Costs of maintenance		882,760	890,391
	c) Rent		267,821	281,107
	d) Other costs of services		15,532,692	16,431,596
F.	**Labour costs**	**21**	**44,594,080**	**44,356,606**
1.	Costs of wages and salaries		33,381,111	32,584,972
2.	Costs of pension insurance		490,021	496,747
3.	Costs of other social insurance		5,580,540	5,561,923
4.	Other labour costs		5,142,408	5,712,964
G.	**Amortisation and depreciation expense**	**21**	**12,598,871**	**10,007,412**
1.	Amortisation/depreciation		9,442,970	9,313,129
2.	Operating expenses from revaluation of intangible fixed assets and property, plant and equipment		23,070	144,809
3.	Operating expenses from revaluation of current assets		3,132,831	549,474
H.	**Other operating expenses**	**21**	**2,552,185**	**2,211,824**
1.	Provisions		15,036	580,806
2.	Other costs		2,537,149	1,631,018
II.	**OPERATING PROFIT OR LOSS**		**(3,369,575)**	**5,031,889**
I.	**Finance income**	**22**	**1,171,612**	**7,678,711**
1.	Finance income from participating interests		441,547	7,080,717
	a) Finance income from participating interest in Group companies		205,464	6,436,652
	b) Finance income from participating interest in associated companies		228,203	602,625
	c) Finance income from participating interest in other companies		7,880	41,440
	d) Finance income from other investments		0	0
2.	Finance income from loans granted		361,162	258,405
	a) Finance income from loans to Group companies		238,366	205,980
	b) Finance income from loans to others		122,796	52,425
3.	Finance income from operating receivables		368,903	339,589
	a) Finance income from operating receivables due from Group companies		97,340	47,893
	b) Finance income from operating receivables due from others		271,563	291,696
J.	**Finance expenses**	**22**	**12,912,857**	**11,764,970**
1.	Finance expenses from impairments and write-offs of financial assets		5,950,733	4,956,897
2.	Finance expenses from financial liabilities		6,636,625	6,611,745
	a) Finance expenses from loans received from Group companies		66,032	57,160
	b) Finance expenses from bank loans		6,467,560	6,463,581
	c) Finance expenses from issued bonds		0	0
	d) Finance expenses from other financial liabilities		103,033	91,004
3.	Finance expenses from operating liabilities		325,499	196,328
	a) Finance expenses from operating liabilities to Group companies		1,437	918
	b) Finance expenses from trade payables and bills payable		247,424	77,067
	c) Finance expenses from other operating liabilities		76,638	118,343
III.	**PROFIT OR LOSS**		**(15,110,820)**	**945,630**
	Corporate income tax	**23**	**0**	**0**
	Deferred tax	**23**	**(29,010)**	**(364,724)**
	NET PROFIT OR LOSS FOR THE PERIOD		**(15,081,810)**	**1,310,354**

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

Statement of Other Comprehensive Income

(in EUR)			
	Item	**2012**	**2011**
1.	**Net profit or loss for the period**	**(15,081,810)**	**1,310,354**
2.a	Change in the surplus from revaluation of intangible assets and property, plant and equipment	(992,986)	2,073,618
2.b	Change in the surplus from revaluation of intangible assets and tangible assets (property, plant and equipment) – deferred tax	1,537,069	(414,723)
3.	Change in the surplus from revaluation of available-for-sale financial assets	0	0
	Other comprehensive income for the reporting period, net of tax	**544,083**	**1,658,895**
	Total comprehensive income for the reporting period	**(14,537,727)**	**2,969,249**
	Loss per share	(5,31)	-
	Earnings per share	-	0,46

Cash Flow Statement

(in EUR) Item	2012	2011
A. Cash flows from operating activities		
a) Net profit or loss		
Profit or loss before tax	(15,110,820)	945,630
Income taxes and other taxes not included in operating expenses	29,010	364,724
	(15,081,810)	**1,310,354**
b) Adjustments for		
Depreciation and amortisation (+)	9,442,970	9,313,129
Operating revenues from revaluation associated with investment and financing items (-)	(359,707)	(135,815)
Operating expenses from revaluation associated with investment and financing items (+)	23,070	144,809
Formation of value adjustments for receivables	2,714,643	412,670
Formation of value adjustments for inventories	626,070	124,654
Establishment and reversal of long-term provisions	402,937	167,249
Finance income excluding finance income from operating receivables (-)	(802,709)	(7,502,074)
Finance expenses excluding finance expenses from operating liabilities (+)	12,845,916	11,568,642
	24,893,190	**14,093,264**
c) 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	5,651,463	(5,340,770)
Opening less closing inventories	(1,265,039)	(8,980,034)
Closing less opening operating debts	1,950,624	10,502,389
Closing less opening accrued costs and deferred revenues and provisions	335,035	884,341
Closing less opening deferred tax liabilities	(29,010)	(364,724)
	6,643,073	**(3,298,798)**
d) Net cash from/used in operating activities (a + b + c)	**16,454,453**	**12,104,820**
B. Cash flows from investing activities		
a) Receipts from investing activities		
Receipts from interest and profit participations related to investing activities	701,714	902,470
Receipts from disposal of intangible assets	9,029	178,639
Receipts from disposal of property, plant and equipment	516,276	3,400,354
Receipts from disposal of investment property	228,368	1,474,827
Receipts from disposal of long-term financial assets	389,957	7,867,368
Receipts from disposal of short-term financial assets	0	12,149
	1,845,344	**13,835,807**
b) Disbursements from investing activities		
Disbursements from acquisition of intangible assets	(2,384,695)	(82,982)
Disbursements from acquisition of property, plant and equipment	(4,413,128)	(17,865,243)
Disbursements from acquisition of investment property	(645,765)	(283,000)
Disbursements from acquisition of long-term financial assets	(2,146,597)	(1,377,910)
Disbursements from acquisition of short-term financial assets	(1,267,034)	(1,231,522)
	(10,857,219)	**(20,840,657)**
c) Net cash from/used in investing activities (a + b)	**(9,011,875)**	**(7,004,850)**
C. Cash flows from financing activities		
a) Receipts from financing activities		
Receipts from increase in long-term financial liabilities	21,779,771	34,704,869
Receipts from increase in short-term financial liabilities	12,357,661	14,595,695
	34,137,432	**49,300,564**
b) Disbursements from financing activities		
Disbursements from paid interest pertaining to financing	(6,636,625)	(6,611,745)
Disbursements from repayment of short-term financial liabilities	(34,642,971)	(47,762,101)
Disbursements from the distribution of dividends and other profit participations	0	191
	(41,279,596)	**(54,373,655)**
c) Net cash from/used in financing activities (a + b)	**(7,142,164)**	**(5,073,091)**
D. Cash and cash equivalents at end of period	**585,330**	**284,916**
x) Net cash for the period (sum of items Ac, Bc and Cc)	300,414	26,879
y) Opening balance of cash and cash equivalents	284,916	258,037

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.

Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 31 DECEMBER 2011 TO 31 DECEMBER 2012	I. Called-up capital	III. Capital reserves	III. Revenue reserves			IV. Revaluation surplus	V. Net profit or loss brought forward	VI. Net operating profit or loss for the fin. year	Total
(in EUR)	Share capital		Legal reserves	Reserves for treasury shares	Other revenue reserves		Net profit brought forward	Net profit/loss for the fin. 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**	**24,551,171**	**(8,257,538)**	**1,310,354**	**121,539,470**
Retrospective adjustments	0	0	0	0	0	0	134,880	0	134,880
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**

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 31 DECEMBER 2010 TO 31 DECEMBER 2011	I, Called-up capital	III, Capital reserves	III, Revenue reserves			IV, Revaluation surplus	V, Net profit or loss brought forward	VI, Net operating profit or loss for the fin, year	Total
(in EUR)	Share capital		Legal reserves	Reserves for treasury shares	Other revenue reserves		Net profit brought forward	Net profit/loss for the fin, year	
Balance as at the end of the previous reporting period	**23,688,983**	**41,686,964**	**1,951,606**	**2,718,960**	**33,888,970**	**22,892,276**	**(5,477,688)**	**(2,780,041)**	**118,570,030**
Opening balance of the reporting period	**23,688,983**	**41,686,964**	**1,951,606**	**2,718,960**	**33,888,970**	**22,892,276**	**(5,477,688)**	**(2,780,041)**	**118,570,030**
Changes in equity – transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**191**	**0**	**191**
Entry of additional capital payments	0	0	0	0	0	0	191	0	191
Total comprehensive income for the reporting period	**0**	**0**	**0**	**0**	**0**	**1,658,895**	**0**	**1,310,354**	**2,969,249**
Entry of the net profit or loss for the reporting period	0	0	0	0	0	0	0	1,310,354	1,310,354
Change of the surplus from revaluation of property, plant and equipment	0	0	0	0	0	1,658,895	0	0	1,658,895
Changes in equity	**0**	**0**	**0**	**(2,618,770)**	**2,618,770**	**0**	**(2,780,041)**	**2,780,041**	**0**
Allocation of the remaining net profit in the comparative reporting period to other components of equity	0	0	0	0	0	0	(2,780,041)	2,780,041	0
Decrease in reserves for treasury shares and stakes and allocation to other capital elements	0	0	0	(2,618,770)	2,618,770	0	0	**0**	**0**
Closing balance of the reporting period	**23,688,983**	**41,686,964**	**1,951,606**	**100,190**	**36,507,740**	**24,551,171**	**(8,257,538)**	**1,310,354**	**121,539,470**

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 2012.

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.

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 24 April 2013.

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.

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. The fair value of the investment in shares of Banka Celje d.d. was determined based on an estimate.

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 and adopted by the European Union are in force:

- **Revised IFRS 7 »Financial Instruments: Disclosures«** – Transfers of financial assets, which the European Union adopted on 22 November 2011 (applies for annual periods, beginning on or after 1 July 2011).

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

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.

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.

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 15%. 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.

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 or sale 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.

<u>Subsequent expenditure</u>
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.

<u>Depreciation</u>
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 adopts the decision to distribute dividends.

The Redemption of Treasury Shares

We did not trade in treasury shares in 2012.

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 65, the required length of service of 40 years, a 6% discount and a 2% 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 2012, the tax base was negative.

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.

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 2012 and 31 December 2011, as well as the income statement for 2012 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.

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);
- **IFRS 13 »Fair Value Measurement«,** adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **IFRS 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);
- **IFRS 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);
- **Revised IFRS 1 »First-Time Adoption of IFRS«** – Severe Hyperinflation and Relief for First-Time Adopters of IFRS, adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Revised IFRS 7 »Financial Instruments: Disclosures«** – Asset and Liability Offsetting, adopted by the European Union on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amended IAS 1 »Presentation of Financial Statements«** – The Presentation of Items of Other Comprehensive Income, adopted by the European Union on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012);
- **Amended IAS 12 »Income Taxes«** – Deferred Tax: Recovery of Underlying Assets, adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amended IAS 19 »Employee Benefits«** – Improvements to Calculation of Post-Employment Benefits, adopted by the European Union on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013);
- **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);
- **IFRIC 20 »Stripping Costs in the Production Phase of a Surface Mine«,** adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013).

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 as at 24 April 2013:

- **IFRS 9 »Financial Instruments«** (effective for annual periods beginning on or after 1 January 2015);
- **Revised IFRS 1 »First-Time Adoption of IFRS«** – Government Loans (effective for annual periods beginning on or after 1 January 2013);
- **Revised IFRS 9 »Financial Instruments« and IFRS 7 »Financial Instruments: Disclosures«** – Mandatory Effective Date and Transition Disclosures;

- **Revised IFRS 10 »Consolidated Financial Statements«, IFRS 11 »Joint Arrangements« and IFRS 12 »Disclosure of Interests in Other Entities«** – Transition Guidance (effective for annual periods beginning on or after 1 January 2013);
- **Revised IFRS 10 »Consolidated Financial Statements«, IFRS 12 »Disclosure of Interests in Other Entities« and IAS 27 »Separate Financial Statements«** – Investment Entities (effective for annual periods beginning on or after 1 January 2014);
- **Amendments to various standards »Improvements to IFRS (2012)«,** arising from the annual IFRS improvements project, published on 17 May 2012 (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34), primarily with the aim of eliminating inconsistencies and providing interpretations (the amendments become effective for annual periods beginning on or after 1 January 2013).

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.

Notes on the Balance Sheet

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 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
Impairment	0	0	0	0	0	0
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 EUR)	Goodwill	Deferred costs of development	Investments in rights to ind, property	Other intangible assets	IFA under acquisition	Total
Cost						
As at 31 December 2010	569,727	7,306,081	1,703,002	99,117	93,702	9,771,629
Direct increases – investments	0	0	0	11,476	71,506	82,982
Transfer from investments in progress	0	9,000	73,502	0	(82,502)	0
Decreases during the year	(84,999)	0	0	(95,933)	(82,706)	(263,638)
As at 31 December 2011	484,728	7,315,081	1,776,504	14,660	0	9,590,973
Value adjustment						
As at 31 December 2010	165,787	3,035,941	1,053,141	0	0	4,254,869
Amortisation for the year	0	662,989	295,294	0	0	958,283
Impairment	(84,999)	0	0	0	0	(84,999)
As at 31 December 2011	80,788	3,698,930	1,348,435	0	0	5,128,153
Current value as at 31 December 2011	**403,940**	**3,616,151**	**428,069**	**14,660**	**0**	**4,462,820**
Current value as at 31 December 2010	403,940	4,270,140	649,861	99,117	93,702	5,516,760

In 2012, the Company received 11,476 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 2012, the Company settled its liabilities for 2011 in the amount of 9,029 coupons. The Company discloses liabilities for 9,486 emission coupons for production in 2012.

The cost of intangible fixed assets with a current value of zero that are still in use is EUR 1,182,007.

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

2. Property, Plant and Equipment

(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
Direct increases – advances	0	0	0	0	0	0
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)
Revaluation due to impairment	(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

(in EUR)	Land	Buildings	Production equipment	Small tools	Fixed assets under acquisition	Total
Cost						
SAs at 31 December 2010	32,140,229	103,921,163	129,810,236	448,275	14,116,649	280,436,552
Direct increases – investments	530,098	0	0	0	15,166,925	15,697,023
Direct increases – advances	0	0	0	0	0	0
Transfer from investments in progress	0	2,391,655	8,609,877	4,980	(11,006,512)	0
Decreases during the year	(640,891)	(31,132)	(3,039,847)	(278)	0	(3,712,148)
Upward revaluation	2,073,618	0	0	0	0	2,073,618
As at 31 December 2011	34,103,054	106,281,686	135,380,266	452,977	18,277,062	294,495,045
Value adjustment						
As at 31 December 2010	0	50,334,388	87,272,099	378,364	0	137,984,851
Depreciation for the year	0	2,372,005	5,946,436	36,405	0	8,354,846
Decreases during the year	0	(16,742)	(2,582,318)	(278)	0	(2,599,338)
As at 31 December 2011	0	52,689,651	90,636,217	414,491	0	143,740,359
Current value as at 31 December 2011	**34,103,054**	**53,592,035**	**44,744,049**	**38,486**	**18,277,062**	**150,754,686**
Current value as at 31 December 2010	32,140,229	53,586,775	42,538,137	69,911	14,116,649	142,451,701

The Company 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 2012 of EUR 61,584.

The Company has fixed assets worth EUR 184,847,828 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.

3. Investment Property

(in EUR)	2012	2011
Land	9,336,900	3,846,666
Buildings	6,210,359	11,178,506
Total	**15,547,259**	**15,025,172**

Changes in investment property

(in EUR)	2012	2011
Opening balance as at 1 January	**15,025,172**	**16,054,047**
Acquisitions	780,646	283,000
Revaluation	(258,559)	0
Disposals	0	(1,311,875)
Closing balance as at 31 December	**15,547,259**	**15,025,172**

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.

The rental costs totalled EUR 267,821 in 2012.

The minimum sum of rents from operating leases – receivables

(in EUR)	2012	2011
Up to 1 year	1,146,000	1,213,090
From 2 to 5 years	4,584,000	4,852,360
More than 5 years	3,438,000	3,639,269
Total	**9,168,000**	**9,704,719**

The minimum sum of rents from operating leases – liabilities

(in EUR)	2012	2011
Up to 1 year	39,600	48,619
From 2 to 5 years	158,400	194,474
More than 5 years	118,800	145,856
Total	**316,800**	**388,949**

4. Long-Term Financial Assets

(in EUR)	Stake	2012	2011
Investments in shares and stakes in subsidiaries			
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	93.280	0	61,316
UNIOR ITALIA S.R.L., Limbiate	95.000	71,202	1,110,521
UNIOR ESPANA S.L., Uharte-Arakil	95.000	398,718	398,718
UNIOR HELLAS S.A., Metamorfosis	50.000	0	441,662
UNIOR INTERNATIONAL Ltd., Lincolnshire	50.000	0	112,861
UNIOR KOMERC d.o.o., Skopje	85.000	305,238	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 AUSTRALIA TOOL Co. PTY Ltd., Melbourne	100.000	0	505,899
UNIOR BULGARIA Ltd., Sofia	58.000	0	126,508
UNIOR COFRAMA sp, z o.o., Poznan	51.000	71,400	71,400
UNIDAL d.o.o., Vinkovci	51.000	2,868,290	2,868,290
UNIOR SAVJETOVANJE IN TRGOVID d.o.o., Sarajevo	80.000	12,271	12,271
UNIOR HUNGARIA Kft., Nagyrecse	70.000	33,331	0
		11,373,929	13,628,163
Total subsidiaries		**12,369,362**	**14,623,596**
Investments in shares and stakes in associated companies			
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	14,000	14,000
RC SIMIT d.o.o., Kidričevo	20.000	200,000	200,000
		1,936,376	1,936,376
abroad:			
UNIOR SINGAPORE Pte, Ltd,, Singapore	40.000	0	0
UNIOR FORMINGTOOLS d,o,o,, Kragujevac	24.000	291,891	595,946
SOLION Ltd,, St, Peterburg	20.000	9,724	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	50,000	50,000
		1,767,659	2,071,714
Total associated companies		**3,704,035**	**4,008,090**

In 2012, the Company sold a 25% equity stake in Unior Formingtools d.o.o. for EUR 282,000 and converted receivables into equity to increase the capital of Unior France S.A.S by EUR 520,000 and of Unior Bionic d.o.o. by EUR 300,000. The cash contribution for the capital increase of Unior Italia S.R.L. totalled EUR 200,000 and the Company acquired a stake in Unior Hungaria Kft. worth EUR 233,332.

(in EUR)	2012	2011
Long-term assets available for sale		
BANKA CELJE d.d., Celje	3,986,066	5,919,900
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	824	645
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	18,122	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	**4,166,529**	**6,100,184**
Long-term financial investments in liabilities	**2012**	**2011**
Long-term loan BIVA-HIŠE d.o.o., Gomilsko	0	0
Long-term loan SINTER a.d., Užice	314,902	314,902
Long-term loan Jorgić Broker a.d., Belgrade	76,348	76,694
Long-term loan MERKUR d.d., Kranj	100,083	133,446
Long-term loan RTC KRVAVEC d.d., Cerklje	3,554,981	4,226,147
Long-term loan UNIOR HUNGARIA Kft.	812,042	0
Long-term loan Huser Switzerland	3,199	3,199
Long-term deposit Probanka d.d.	0	61,330
Long-term deposit Nova KBM d.d.	147,020	147,020
Long-term deposit NLB d.d.	150,025	59,086
Transfer to short-term investments	(651,290)	(661,228)
Total in liabilities	**4,507,310**	**4,360,596**
Total long-term financial assets excluding treasury shares	**24,747,236**	**29,092,466**

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 30 September 2017, with an interest rate of 6-month Euribor + 3%. Other long-term investments into loans are not secured with pledged property.

Changes in long-term investments in shares and stakes in 2012

(in EUR)	2012	2011
Investments in shares and stakes as at 1 January	**29,092,466**	**34,102,165**
Increases:		
Acquisitions of shares and stakes	1,253,332	670,640
Increase of investments in liabilities	906,297	707,270
Return on the short-term part of investments in liabilities	0	661,228
Other increases – reversal of impairments	180	0
Decreases:		
Sale of shares and stakes	(304,054)	(1,397,403)
Repayments of long-term loans granted	(108,294)	(33,363)
Short-term part of investments in liabilities	(651,290)	(661,228)
Other decreases – impairment	(5,441,400)	(4,956,843)
Balance as at 31 December	**24,747,237**	**29,092,466**

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	11,907,560	6,220	NO
UNIOR BIONIC d.o.o.	Slovenia	91.592	16,532	4,140	NO
ROGLA INVESTICIJE d.o.o.	Slovenia	100.000	484,875	(50,447)	NO
UNIOR Produktions- und Handels-GmbH	Austria	99.550	(106,921)	(39,178)	NO
UNIOR DEUTSCHLAND GmbH	Germany	100.000	1,119,591	197,781	NO
UNIOR FRANCE S.A.S.	France	93.280	(4,004)	(80,207)	YES
UNIOR ITALIA S.R.L.	Italy	95.000	277,960	(143,066)	NO
UNIOR ESPAÑA S.L.	Spain	95.000	399,842	(5,036)	NO
UNIOR HELLAS S.A.	Greece	50.000	141,744	(339,001)	NO
UNIOR INTERNATIONAL Ltd.	Great Britain	50.000	(192,839)	(20,551)	YES
UNIOR KOMERC d.o.o.	Macedonia	85.000	439,518	(68,373)	NO
UNIOR PROFESSIONAL TOOLS Ltd.	Russia	55.000	1,550,098	532,910	YES
UNIOR AUSTRALIA TOOL Co. PTY Ltd.	Australia	100.000	5,253	(20,469)	NO
UNIOR USA CORPORATION	USA	100.000	3,095	1,553	NO
UNIOR BULGARIA Ltd.	Bulgaria	58.000	(31,602)	(43,429)	NO
UNIOR COFRAMA sp. z o.o.	Poland	51.000	203,757	23,120	YES
UNIOR HUNGARIA Kft.	Hungary	70.000	44,076	(76,251)	NO
UNIOR COMPONENTS a. d.	Serbia	92.307	9,935,200	207,521	YES
NINGBO UNIOR FORGING Co. Ltd.	China	50.000	6,308,837	615,173	YES
UNIDAL d.o.o.	Croatia	51.000	2,348,218	33,088	YES
UNIOR SAVJETOVANJE I TRGOVINA BH d.o.o.	Bosnia and Herzegovina	80.000	(19,549)	(22,063)	NO
Associated companies:					
ŠTORE STEEL d.o.o.	Slovenia	29.253	42,168,405	(1,745,802)	YES
RHYDCON d.o.o.	Slovenia	33.500	1,829,008	(270,173)	NO
ROBOTEH d.o.o.	Slovenia	24.970	217,570	27,930	NO
RC SIMIT d.o.o.	Slovenia	20.000	1,009,386	1,935	YES
UNIOR TEPID S.R.L.	Romania	49.000	2,516,324	269,541	YES
UNIOR SINGAPORE Pte. Ltd.	Singapore	40.000	153,092	75,018	YES
UNIOR TEHNA d.o.o.	Bosnia and Herzegovina	25.000	366,286	70,475	YES
SOLION Ltd.	Russia	20.000	385,815	36,230	YES
UNIOR TEOS ALATI d.o.o.	Serbia	20.000	2,003,932	517,700	NO
SINTER a.d.	Serbia	25.067	1,351,967	16,021	YES
UNIOR FORMINGTOOLS d.o.o.	Serbia	24.000	521,691	(393,076)	YES

5. Inventories

(in EUR)	2012	2011
Material	21,073,351	22,033,933
Work-in-progress	27,292,365	22,336,477
Products	16,035,975	17,298,227
Merchandise	2,888,899	4,426,055
Stocktaking surpluses	128,314	48,343
Stocktaking deficits	(172,512)	(161,682)
Value adjustment	(1,426,853)	(800,783)
Total	**65,819,539**	**65,180,570**

(in EUR)	2012	2011
Value adjustment of inventories:		
– material	632,507	507,944
– finished products	721,043	235,581
– merchandise	73,303	57,258
Total	**1,426,853**	**800,783**

(in EUR)	2012	2011
Balance of inventory value adjustments as at 1 January	**800,783**	**676,129**
Increase:		
– material	124,563	97,724
– finished products	485,462	26,930
– merchandise	16,045	0
Balance as at 31 December	**1,426,853**	**800,783**

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. The Company performed an additional value adjustment of EUR 626,070 for inventories that did not record any changes in the previous year.

6. Operating Receivables

(in EUR)	2012	2011
Long-term operating receivables		
Long-term operating receivables due from subsidiaries	3,912,434	5,276,533
Long-term operating receivables due from associates	95,734	948
Long-term trade receivables	586,773	547,261
Short-term part of long-term operating receivables	0	0
Value adjustment of long-term operating receivables	(243,424)	(54,666)
Total long-term operating receivables	**4,351,517**	**5,770,076**
Short-term operating receivables		
Short-term operating receivables due from subsidiaries	8,218,308	6,910,851
Short-term operating receivables due from associates	1,578,975	1,400,467
Short-term trade receivables		
– at home	6,024,244	7,200,913
– abroad	22,458,717	26,151,745
Short-term operating receivables from interest	0	0
Receivables for VAT	968,506	1,921,664
Advance payments	1,844,964	1,148,633
Other short-term operating receivables	1,506,277	2,227,774
Short-term part of long-term operating receivables	0	0
Value adjustments of short-term operating receivables	(3,199,108)	(701,401)
Total short-term operating receivables	**39,400,883**	**46,260,646**

In 2012, the Company made value adjustments of trade receivables as follows,

(in EUR)	2012	2011
Balance as at 1 January	**701,401**	**868,162**
Collected receivables previously written-off	(67,626)	(49,166)
Final write-off of receivables	(149,310)	(530,265)
Value adjustments during the year:	2,714,643	412,670
Balance as at 31 December	**3,199,108**	**701,401**

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 in the amount of EUR 42,875,185,

Maturity of the Company's receivables	2012	2011
Outstanding receivables	29,876,024	36,234,707
Overdue up to 90 days	5,814,674	6,052,491
Overdue from 91 to 180 days	1,247,575	1,429,561
Overdue from 181 to 360 days	1,389,352	1,093,908
Overdue by more than 360 days	1,073,258	1,449,979
Total	**39,400,883**	**46,260,646**

7. Short-Term Financial Assets

(in EUR)	2012	2011
Loans granted:		
– to subsidiaries	837,297	598,321
– to associated companies	2,862,362	653,143
– receivables purchased for trading	318,888	1,014,287
Short-term investments in deposits	138,018	0
Short-term part of long-term investments in liabilities	651,290	661,228
Value adjustments of short-term financial assets	(486,941)	(37,448)
Total	**4,320,914**	**2,889,531**

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

Changes in short-term financial assets

(in EUR)	2012	2011
Balance as at 1 January	**2,889,531**	**1,670,158**
Increases:		
Increase in short-term loans to Group companies	954,629	701,189
Increase in short-term loans to associated companies	3,438,149	1,403,908
Increase in short-term loans to others	616,032	1,966,604
Decreases:		
Decrease in short-term loans to Group companies	(725,590)	(407,464)
Decrease in short-term loans to associated companies	(1,228,931)	(1,402,914)
Decrease in short-term loans to others	(1,148,114)	(1,029,801)
Other decreases – impairment	(474,792)	(12,149)
Balance as at 31 December	**4,320,914**	**2,889,531**

8. Bank Balances, Cheques and Cash

(in EUR)	2012	2011
Cash in hand and cheques received	16,293	17,625
Bank balances	569,037	267,291
Total	**585,330**	**284,916**

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 2012 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 2012 was EUR 37.75 or 11.85% less than the year before.

The changes in equity in the current year represent:
- the decrease in retained loss arising from the revaluation adjustment of investment property in the previous period in the amount of EUR 134,880;
- the surplus from the revaluation of land increased by EUR 544,082.

Net loss for the current year is EUR 15,081,810.
Accumulated loss is a category according to the Companies Act.

Accumulated loss

(in EUR)	2012
a) Loss for the current year	(15,081,810)
b) Net profit brought forward	0
c) Net loss brought forward	(6,812,304)
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	**(21,894,114)**

10.Long-Term Provisions and Deferred Income

(in EUR)	Provisions for severance pay and jubilee awards	Provisions for annuities	Provisions for rehabilitati on 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**

(in EUR)	Provisions for severance pay and jubilee awards	Provisions for annuities	Provisions for rehabilitati on of the environment	Grants received for fixed assets	Provisions for long-term deferred revenues prihodkov	Total
As at 31 December 2010	**3,721,125**	**207,674**	**492,405**	**1,727,813**	**230,803**	**6,379,820**
Established provisions	5,358	75,448	0	983,695	1,000	1,065,501
Drawn provisions	(288,094)	(15,035)	(113,653)	(63,528)	(27,539)	(507,849)
Reversal of provisions	(54,810)	0	0	0	0	(54,810)
As at 31 December 2011	**3,383,579**	**268,087**	**378,752**	**2,647,980**	**204,264**	**6,882,662**

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 65, the required length of service of 40 years, a 6% discount and a 2% increase in salaries.

A long-term provision 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 2012 in the amount of EUR 265,099.

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 and the reconstruction of the thermal spa after the fire. In 2012, we received EUR 435,345 worth of funds from the EU as co-financing for the construction of the Atrij Hotel in Zreče.

The value of the provision for the rent paid by Mobitel d.d. is EUR 175,324.
There are no unfulfilled conditions or contingent liabilities arising from government grants.

11. Long-Term Financial Liabilities

Changes in long-term financial liabilities

(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**

(in EUR)	Principal of debt 1 Jan. 2011	New loans in the year	Return on the unpaid short-term part	Repayments in the year	Principal of debt 31 Dec. 2011	Part that falls due in 2012	Long-term part
Bank or creditor							
Domestic banks	66,558,105	32,000,382	2,697,927	0	101,256,414	(26,731,921)	74,524,493
Foreign banks	1,404,991	0	6,560	0	1,411,551	(487,850)	923,701
Other creditors	642,858	0	0	0	642,858	(128,572)	514,286
Total loans obtained	**68,605,954**	**32,000,382**	**2,704,487**	**0**	**103,310,823**	**(27,348,343)**	**75,962,480**

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 + 4.4% and the real interest rate between 5.9% and 6.25%. The Company has taken out long-term loans with a reference interest rate for three-month and six-month Euribor.

Maturity of long-term financial liabilities by year

(in EUR)	2012	2011
Maturity from 1 to 2 years	23,540,102	33,545,890
Maturity from 2 to 3 years	13,476,036	13,761,306
Maturity from 3 to 4 years	10,066,688	11,062,536
Maturity from 4 to 5 years	5,429,280	8,032,997
Maturity of more than 5 years	10,465,000	9,559,751
Total	**62,977,106**	**75,962,480**

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 241,586,269 and of RTC Krvavec d.d. in the amount of EUR 8,500,000, as well as bills of exchange written and trade receivables pledged. These amounts comprise the value of the secured loan agreements.

12. Long-Term Operating Liabilities

(in EUR)	2012	2011
Long-term operating liabilities arising from lease	1,361,408	337,718
Short-term part of long-term operating receivables	(510,028)	(75,048)
Total	**851,380**	**262,670**

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

13. Deferred Tax Assets and Liabilities

(in EUR)	2012	2011
Long-term deferred tax asset	4,773,064	4,744,056
Long-term deferred tax liability	(4,603,344)	(6,140,413)
Net long-term deferred tax asset		
Net long-term deferred tax liability	**(169,720)**	**1,396,357**

Changes in deferred tax assets	**2012**	**2011**
Balance of the deferred tax asset as at 1 January	**4,744,056**	**4,379,333**
Decrease:		
– long-term provisions for jubilee awards and severance pay	(136,344)	(68,045)
– reversal of tax relief for investments into research and development	(859,290)	0
– impairment of trade receivables		(33,353)
Increases:		
– impairment of trade receivables	339,586	
– tax relief for investments	0	0
– investments into research and development	0	466,121
– tax loss	685,056	0
Balance of the deferred tax asset as at 31 December	**4,773,064**	**4,744,056**

Changes in deferred tax liabilities	**2012**	**2011**
Balance of the deferred tax liability as at 1 January	**6,140,413**	**5,725,687**
Decrease	(1,537,069)	0
Increase	0	414,726
Balance of the deferred tax liability as at 31 December	**4,603,344**	**6,140,413**

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 15%.

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 15%.

14. Short-Term Financial Liabilities

Changes in short-term financial liabilities

(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**

(in EUR)	Balance of debt as at 1 Jan. 2011 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. 2011
Bank or creditor							
Domestic banks	72,448,590	102,456,623	0	(2,697,927)	(132,393,954)	26,731,921	66,545,253
Foreign banks	494,196	0	0	(6,560)	(487,636)	487,850	487,850
Related parties	131,625	1,566,296	0	0	(1,697,921)	0	0
Other lenders	131,637	439,776	0	0	(203,763)	128,572	496,222
Financial lease	141,340	0	0	0	(141,340)	0	0
Total loans obtained	**73,347,388**	**104,462,695**	**0**	**(2,704,487)**	**(134,924,614)**	**27,348,343**	**67,529,325**

The balance of the unused revolving credits as at 31 December 2012 amounted to USD 14,000.

The interest rates on short-term loans obtained are within the range of three-month Euribor + 3.5% to three--month Euribor + 4.25%, and from six-month Euribor + 3.95% to six-month Euribor +4.2%, one-month Euribor + 4.75%, one-month Libor + 5.15% and the real interest rate of 6.7%. The Company has taken out loans with a reference interest rate for one-month, three-month and six-month Euribor as well as one-month Libor.

Long-term and short-term liabilities arising from financing are collateralised by mortgages on immovable and movable property in the amount of EUR 241,586,269 as well as bills of exchange written and trade receivables pledged. This amount comprises the value of the secured loan agreements.

15. Short-Term Operating Liabilities

(in EUR)	2012	2011
Short-term operating liabilities to subsidiaries		
Slovenia	8,105	42,825
Abroad	1,489,146	939,500
Short-term operating liabilities to associates		
Slovenia	7,040,226	7,067,891
Abroad	260,320	241,580
Short-term operating liabilities to other suppliers		
Slovenia	17,155,104	17,998,803
Abroad	7,933,358	8,268,358
Short-term operating liabilities to the state	577,205	575,209
Short-term operating liabilities to employees	3,322,831	3,366,630
Short-term operating liabilities for advances	7,365,347	5,208,893
Short-term operating liabilities for interest	450,137	705,227
Other short-term liabilities	181,141	441,070
Short-term part of long-term operating receivables	510,028	75,048
Total	**46,292,948**	**44,931,034**

Maturity of the Company's operating liabilities as at 31 December 2012

(in EUR)	2012	2011
Outstanding liabilities	29,495,345	31,138,554
Overdue up to 90 days	13,180,298	11,490,113
Overdue from 91 to 180 days	2,011,752	1,627,103
Overdue from 181 to 360 days	844,529	293,920
Overdue over 360 days	761,024	381,344
Total	**46,292,948**	**44,931,034**

16. Accrued Costs and Deferred Revenues

(in EUR)	2012	2011
Short-term deferred revenues	307,548	884,069
Short-term accrued costs and expenditures	1,787,628	296,760
VAT from advances granted	29,129	36,056
Total	**2,124,305**	**1,216,885**

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 303,234, accounted interest due from buyers in the amount of EUR 4,314;
- accrued costs comprising the accounted commissions from the sale of tools and machinery in the amount of EUR 599,602, the liability for unused holiday leave for 2012 in the amount of EUR 968,026, and out-of--court settlement for the liability of Biva-hiše d.o.o. – in bankruptcy, totalling EUR 220,000;
- VAT from advances granted in the amount of EUR 29,129..

17. Contingent Liabilities

(in EUR)	2012	2011
Guarantees and warranties given	8,903,351	10,621,074
Total	**8,903,351**	**10,621,074**

The guarantees and warranties provided to related parties are worth EUR 8,516,909.

Notes on the Income Statement

18. Net Sales Revenues

Net sales revenues by geographical segment

(in EUR)	2012	2011
Slovenia		
– subsidiaries	83,274	187,334
– associates	1,310,714	1,228,019
– other buyers	34,316,498	33,876,651
Rest of the world		
– subsidiaries	12,132,591	9,941,466
– associates	3,782,945	3,529,347
– other buyers	104,247,590	105,854,371
Total	**155,873,612**	**154,617,189**

19. 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)	2012	2011
Capitalised own products and services	1,674,087	3,560,813
Capitalised own tools	496,250	659,870
Total	**2,170,337**	**4,220,683**

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 1,674,087. The largest amount is represented by the general overhauls of machines at the forging plant.

The tool plant within the scope of the Sinter Programme has manufactured tools for own needs in the total value of EUR 496,250.

20. Other Operating Revenues

(in EUR)	2012	2011
Rewards for exceeding the quota of disabled employees	240,542	240,846
Subsidies for part-time employment	0	0
Paid receivables that were already included in the value adjustment	67,626	49,166
Damages received	64,985	89,454
Reversal of long-term provisions	699,141	840,458
Profit from disposal of fixed assets	131,339	86,648
Revaluation of investment property to fair value	228,368	0
Subsidies, grants and similar revenues	176,394	499,045
Emission coupon sales	9,029	8,783
Other	1,603,414	1,373,404
Total	**3,220,838**	**3,187,804**

21. Costs and Expenses

(in EUR)	Prod. costs	Costs of sales	Costs of general activities	Total
Cost of goods sold/production costs	13,633,987	0	0	13,633,987
Cost of material	66,697,227	5,261,026	1,935,949	73,894,202
Cost of services	14,604,725	3,096,719	3,066,808	20,768,252
Cost of wages and salaries	24,367,534	6,061,424	2,952,153	33,381,111
Cost of social insurance	4,190,199	945,158	445,183	5,580,540
Cost of pension insurance	373,753	77,407	38,861	490,021
Other labour costs	3,471,666	899,555	771,187	5,142,408
Total labour costs	32,403,152	7,983,544	4,207,384	44,594,080
Amortisation and depreciation	6,049,542	2,354,480	1,038,948	9,442,970
Operating expenses from revaluation of current assets	3,012,841	103,428	16,562	3,132,831
Operating expenses from revaluation of intangible assets and property, plant and equipment	23,070	0	0	23,070
Other costs	1,224,347	337,910	989,928	2,552,185
Total costs	**137,648,891**	**19,137,107**	**11,255,579**	**168,041,577**

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)	2012	2011
– provisions for severance pay and jubilee awards and annuities	15,036	580,806
– charge for the use of building land	270,569	215,704
– environmental protection expenditures	112,752	99,601
– bonuses to pupils and students undergoing practical training	405,560	621,714
– scholarships to pupils and students	185,584	248,861
– damages paid to employees	106,815	188,980
– financial aid - grants	218,519	211,440
– costs incurred from the sale of apartments	2,082	4,378
– impairment of investment property	935,709	0
– other operating expenses	299,559	40,340
Total	**2,552,185**	**2,211,824**

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.

22. Finance Income and Expenses

Finance income

(in EUR)	2012	2011
Finance income from participating interests		
Finance income from participating interests in Group companies	205,464	6,436,652
Finance income from participating interests in associated companies	228,203	602,625
Finance income from participating interests in other companies	7,880	41,440
Total	441,547	7,080,717
Finance income from loans granted		
Finance income from loans granted to Group companies	238,366	205,980
Finance income from loans granted to others	122,796	52,425
Total	361,162	258,405
Finance income from operating receivables		
Finance income from operating receivables due from Group companies	97,340	47,893
Finance income from operating receivables due from others	271,563	291,696
Total	368,903	339,589
Total finance income	**1,171,612**	**7,678,711**

The finance income from participating interests in Group companies comprises the profit of Unior Professional Tools Ltd. and Ningbo Unior Forging Co. Ltd., finance income from participating interests in associates comprises the profit of Unior Teos d.o.o., Štore Steel d.o.o. and Unior Tepid s.r.l. The dividends of Skupna d.d. are disclosed among the finance income from participating interests in other companies.

Finance expenses

(in EUR)	2012	2011
Finance expenses from impairments and write-offs of financial assets	5,950,733	4,956,897
Finance expenses from financial liabilities		
Finance expenses from loans received from Group companies	66,032	57,160
Finance expenses from bank loans	6,467,560	6,463,581
Finance expenses from other financial liabilities	103,033	91,004
Total	6,636,625	6,611,745
Finance expenses from operating liabilities		
Finance expenses from operating liabilities to Group companies	1,437	918
Finance expenses from trade payables and bills payable	247,424	77,067
Finance expenses from other operating liabilities	76,638	118,343
Total	325,499	196,328
Total finance expenses	**12,912,857**	**11,764,970**

The Impairment of Financial Assets

Investments in the following companies were impaired: Unior Italia S.r.l. in the amount of EUR 1,239,319, Unior France S.A.S. in the amount of EUR 581,316, Unior International Ltd. in the amount of EUR 112,861, Unior Bionic d.o.o. in the amount of EUR 300,000, Unior Hellas S.A. in the amount of EUR 441,662, Unior Australia Tool Co. PTY Ltd. in the amount of EUR 505,899, Unior Bulgaria Ltd. in the amount of EUR 126,508, and Unior Hungaria Kft. in the amount of EUR 200,000. We also impaired the shares of Banka Celje d.d. in the amount of EUR 1,933,834 and the short-term loan to Unior Bionic d.o.o. in the amount of EUR 486,941.

23. Corporate Income Tax Account and Deferred Taxes

(in EUR)	2012	2011
Corporate income tax	0	0
Deferred taxes	(29,010)	(364,724)
Total	**(29,010)**	**(364,724)**

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

(in EUR)	2012	2011
Net profit or loss for the period before taxes	(15,110,820)	945,630
Corporate income tax in Slovenia, 20%	(2,719,948)	189,126
Non-taxable income	8,296	2,021
Expenses not recognised for tax purposes	332,021	336,052
Value adjustment of receivables	575,839	(33,352)
Provisioning	(544,441)	(68,045)
Tax relief for investments in research and development	763,571	466,121
Tax relief for investments	12,000	(92,959)
Tax relief for employment of disabled people	0	(334,889)
Tax relief for supplementary pension insurance	0	(99,349)
Tax loss	1,577,507	0
Corporate income tax	(29,010)	(364,724)
Effective tax rate in %	0,2	(38,6)

The Company did not have a taxable base in 2012. The tax relief facilities that can be applied in the following periods comprise a total of EUR 28,161,868.

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 29,010, which increases the net profit or loss for the current year.

Related-Party Transactions

Sales to Associated Companies

(in EUR)	2012	2011
Subsidiaries:		
In the country:		
ŠTORE STEEL d.o.o., Štore*	0	7,572
RTC KRVAVEC d.d., Cerklje	82,333	115,328
UNIOR BIONIC d.o.o., Zreče	941	64,434
Abroad:		
UNIOR Produktions- und Handels- GmbH, Ferlach	3,179,334	1,837,179
UNIOR DEUTSCHLAND GmbH, Remseck	411,664	335,996
UNIOR FRANCE S.A.S., Melun	1,973,737	2,274,544
UNIOR ITALIA S.R.L., Limbiate	944,214	1,222,462
UNIOR ESPANA S.L., Uharte-Arakil	478,034	431,122
UNIOR HELLAS S.A., Metamorfosis	52,617	52,416
UNIOR INTERNATIONAL Ltd., Lincolnshire	817,686	775,168
UNIOR KOMERC d.o.o., Skopje	143,447	302,575
UNIOR PROFESSIONAL TOOLS Ltd., St. Peterburg	3,067,294	1,947,572
UNIOR AUSTRALIA TOOL Co. PTY Ltd., Melbourne	(883)	(73,435)
UNIOR USA CORPORATION, Olney	15,892	13,196
UNIOR BULGARIA Ltd., Sofia	183,816	190,557
UNIOR COFRAMA sp.z o.o., Poznan	52,503	221,569
UNIOR HUNGARIA Kft., Nagyrecse	263,780	0
UNIOR COMPONENTS a.d., Kragujevac	132,548	40,767
NINGBO UNIOR FORGING Co. Ltd., Yuyao	282,448	47,122
UNIDAL d.o.o., Vinkovci	134,301	304,168
UNIOR Savjetovanje i trgovina BH d.o.o., Sarajevo	159	1,118
UNIOR FORMINGTOOLS d.o.o., Kragujevac**	0	17,369
Total subsidiaries	**12,215,865**	**10,128,800**
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore*	115,908	152,386
RHYDCON d.o.o., Šmarje pri Jelšah	78,884	145,391
ROBOTEH d.o.o., Šmarje pri Jelšah	7,845	3,061
RC SIMIT d.o.o., Kidričevo	1,108,076	32,277
STARKOM d.o.o., Maribor	0	894,904
Abroad:		
UNIOR TEPID S.R.L., Brasov	2,043,197	1,971,876
UNIOR SINGAPORE Pte. Ltd., Singapore	252,108	330,392
UNIOR TEHNA d.o.o., Sarajevo	363,120	0
UNIOR TEOS ALATI d.o.o., Belgrade	720,515	820,571
SINTER a.d., Užice	125,356	268,368
UNIOR FORMINGTOOLS d.o.o., Kragujevac**	278,650	138,140
Total associated companies	**5,093,659**	**4,757,366**
Total sales to related parties	**17,309,524**	**14,886,166**

* Štore Steel d.o.o. was included among subsidiaries until 31 March 2011.

** Unior Formingtools d.o.o. was included among subsidiaries until 31 March 2011.

Purchases from Associated Companie

(in EUR)	2012	2011
Subsidiaries:		
In the country:		
ŠTORE STEEL d.o.o., Štore*	0	6,401,192
RTC KRVAVEC d.d., Cerklje	60,325	183,856
UNIOR BIONIC d.o.o., Zreče	0	6,421
ROGLA INVESTICIJE d.o.o., Zreče	0	283,000
Abroad:		
UNIOR Produktions- und Handels- GmbH, Ferlach	2,961,788	1,217,106
UNIOR DEUTSCHLAND GmbH, Remseck	699,716	341,523
UNIOR FRANCE S.A.S., Melun	4,904	6,971
UNIOR ITALIA S.R.L., Limbiate	29,421	27,701
UNIOR HELLAS S.A., Metamorfosis	0	9,305
UNIOR INTERNATIONAL Ltd., Lincolnshire	38,969	56,218
UNIOR KOMERC d.o.o., Skopje	29,128	75,280
UNIOR AUSTRALIA TOOL Co. PTY Ltd., Melbourne	7,500	60,000
UNIOR BULGARIA Ltd., Sofia	2,500	2,000
UNIOR COFRAMA sp.z o.o., Poznan	5,570	11,250
UNIOR COMPONENTS a.d., Kragujevac	1,083,686	1,061,599
UNIDAL d.o.o., Vinkovci	2,277,873	882,545
UNIOR Savjetovanje i trgovina BH d.o.o., Sarajevo	0	1,715
UNIOR FORMINGTOOLS d.o.o., Kragujevac**	0	1,130,550
Total subsidiaries	**7,201,380**	**11,758,234**
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore*	18,925,080	17,819,691
RHYDCON d.o.o., Šmarje pri Jelšah	0	73,130
ROBOTEH d.o.o., Šmarje pri Jelšah	177,602	286,987
RC SIMIT d.o.o., Kidričevo	467,800	64,804
STARKOM d.o.o., Maribor	0	18,207
Abroad:		
UNIOR TEPID S.R.L., Brasov	147,121	93,017
UNIOR SINGAPORE Pte. Ltd., Singapore	0	15,027
UNIOR TEHNA d.o.o., Sarajevo	10,802	0
UNIOR TEOS ALATI d.o.o., Belgrade	290,746	231,211
SINTER a.d., Užice	294,403	572,103
UNIOR FORMINGTOOLS d.o.o., Kragujevac**	327,844	590,484
Total associated companies	**20,641,398**	**19,764,660**
Total purchases from related parties	**27,842,778**	**31,522,894**

* Štore Steel d.o.o. was included among subsidiaries until 31 March 2011.

** Unior Formingtools d.o.o. was included among subsidiaries until 31 March 2011.

Operating Receivables from Associated Companies

(in EUR)	2012	2011
Subsidiaries:		
In the country:		
RTC KRVAVEC d.d., Cerklje	30,796	22,711
UNIOR BIONIC d.o.o., Zreče	923	412,800
ROGLA INVESTICIJE d.o.o., Zreče	65,160	65,160
Abroad:		
UNIOR Produktions- und Handels- GmbH, Ferlach	621,158	2,240,447
UNIOR DEUTSCHLAND GmbH, Remseck	339,424	113,390
UNIOR FRANCE S.A.S., Melun	1,417,388	1,970,603
UNIOR ITALIA S.R.L., Limbiate	451,386	380,536
UNIOR ESPANA S.L., Uharte-Arakil	843,621	800,841
UNIOR HELLAS S.A., Metamorfosis	0	46,900
UNIOR INTERNATIONAL Ltd., Lincolnshire	857,612	1,030,507
UNIOR KOMERC d.o.o., Skopje	1,273,556	1,122,953
UNIOR PROFESSIONAL TOOLS Ltd., St. Peterburg	1,355,773	829,200
UNIOR AUSTRALIA TOOL Co. PTY Ltd., Melbourne	0	(65,381)
UNIOR USA CORPORATION, Olney	9,326	17,022
UNIOR BULGARIA Ltd., Sofia	770,270	781,563
UNIOR COFRAMA sp.z o.o., Poznan	50,700	90,689
UNIOR HUNGARIA Kft., Nagyrecse	99,991	0
UNIOR COMPONENTS a.d., Kragujevac	117,638	52,653
NINGBO UNIOR FORGING Co. Ltd., Yuyao	451,124	874,577
UNIDAL d.o.o., Vinkovci	2,277,934	1,399,095
UNIOR Savjetovanje i trgovina BH d.o.o., Sarajevo	0	1,118
Total subsidiaries	**11,033,780**	**12,187,384**
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore	80	45,106
RHYDCON d.o.o., Šmarje pri Jelšah	20,347	17,019
ROBOTEH d.o.o., Šmarje	167	0
RC SIMIT d.o.o., Kidričevo	433,200	9,014
STARKOM d.o.o., Maribor	0	89,272
Abroad:		
UNIOR TEPID S.R.L., Brasov	535,716	510,090
UNIOR SINGAPORE Pte. Ltd., Singapore	42,410	106,417
UNIOR TEHNA d.o.o., Sarajevo	168,237	88,349
UNIOR TEOS ALATI d.o.o., Belgrade	80,376	244,747
SINTER a.d., Užice	195,966	156,839
UNIOR FORMINGTOOLS d.o.o., Kragujevac	643,408	134,561
Total associated companies	**2,119,907**	**1,401,415**
Total operating receivables due from related parties	**13,153,687**	**13,588,799**

Operating Liabilities to Associated Companies

(in EUR)	2012	2011
Subsidiaries:		
In the country:		
RTC KRVAVEC d.d., Cerklje	8,106	42,825
UNIOR BIONIC d.o.o., Zreče	0	0
Abroad:		
UNIOR Produktions- und Handels- GmbH, Ferlach	286,412	427,300
UNIOR DEUTSCHLAND GmbH, Remseck	479,220	(25,552)
UNIOR FRANCE S.A.S., Melun	4,904	5,034
UNIOR ITALIA S.R.L., Limbiate	15,477	14,649
UNIOR HELLAS S.A., Metamorfosis	0	0
UNIOR INTERNATIONAL Ltd., Lincolnshire	15,824	0
UNIOR KOMERC d.o.o., Skopje	0	33,479
UNIOR COFRAMA sp.z o.o., Poznan	0	1,350
UNIOR COMPONENTS a.d., Kragujevac	686,870	456,409
NINGBO UNIOR FORGING Co. Ltd., Yuyao	0	0
UNIDAL d.o.o., Vinkovci	0	25,115
UNIOR Savjetovanje i trgovina BH d.o.o., Sarajevo	439	1,715
Total subsidiaries	**1,497,252**	**982,325**
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore	6,565,574	6,892,190
RHYDCON d.o.o., Šmarje pri Jelšah	0	0
ROBOTEH d.o.o., Šmarje	12,032	97,877
RC SIMIT d.o.o., Kidričevo	462,619	77,765
STARKOM d.o.o., Maribor	0	60
Abroad:		
UNIOR TEPID S.R.L., Brasov	0	0
UNIOR SINGAPORE Pte, Ltd., Singapore	0	0
UNIOR TEOS ALATI d.o.o., Belgrade	55,466	3,000
SINTER a.d., Užice	132,896	160,984
UNIOR FORMINGTOOLS d.o.o., Kragujevac	71,957	77,596
Total associated companies	**7,300,544**	**7,309,472**
Total operating liabilities to related parties	**8,797,796**	**8,291,797**

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

Receivables from loans and interest due from related parties

(in EUR)	2012	2011
RTC Krvavec d.d., Cerklje	3,880,069	4,438,040
UNIOR BIONIC d.o.o., Zreče	0	386,428
RHYDCON d.o.o., Šmarje pri Jelšah	547,440	321,053
RC SIMIT d.o.o., Kidričevo	2,314,922	332,268
UNIOR SAVJETOVANJE IN TRGOVID d.o.o., Sarajevo	24,954	0
ROGLA INVESTICIJE d.o.o., Zreče	313	0
UNIOR HUNGARIA Kft., Nagyrecse	812,042	0
Total	**7,579,740**	**5,477,788**

Receipts of the Management Board and Supervisory Board

	Gross values		Net values	
(in EUR)	2012	2011	2012	2011
Darko Hrastnik	91,818	120,705	42,042	54,791
Gorazd Korošec***	63,110	128,695	31,194	63,008
Branko Bračko***	10,827	0	5,800	0
Management Board total	**165,755**	**249,400**	**79,036**	**117,799**
Matej Golob Matzele	4,929	3,744	3,820	2,902
Dr. Karl Kuzman**	1,560	3,739	1,209	2,898
Franc Dover**	1,107	0	858	0
Rok Vodnik	3,165	726	2,453	563
Emil Kolenc	5,113	3,418	3,962	2,649
Stanko Šrot	3,948	2,899	3,060	2,247
Marjan Adamič	4,491	3,375	3,481	2,616
Katarina Praznik*	251	443	194	343
Gregor Korošec*	1,004	0	778	0
Primož Klemen*	362	181	281	140
Supervisory Board total	**25,930**	**18,525**	**20,096**	**14,358**

* Members of the Supervisory Board's committees
** Dr. Karl Kuzman until 11 July 2012, Franc Dover from 11 July 2012
*** Gorazd Korošec until 17 August 2012, Branko Bračko from 15 November 2012

Proposal for the Allocation of Loss for the Year

The Management Board of the Company adopted the audited financial statements on 24 April 2013 by way of a resolution.
The established accumulated loss from the 2012 financial year is EUR 21,894,114 and is composed of the net loss for the financial year in the amount of EUR 15,081,810 and net loss brought forward in the amount of EUR 6,812,304.
The accumulated loss shall remain uncovered and shall be brought forward to the following year.

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 2012 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. We estimate that the Company's solvency risk is moderate as a result of the efficient management of monies, suitable credit lines for the short-term adjustment of cash flows and adequate access to the necessary financial resources. In order to reduce liquidity risk, the Company began financial restructuring in 2012. Our goal is to agree on reprogramming the existing financial liabilities with all commercial banks, which will positively influence liquidity and ensure a positive cash flow throughout the reprogramming period (until 2019).

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 2012 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 2012 to keep the existing interest rates for short-term and long-term loans unchanged. At the onset of the economic crisis, reference interest rates for all the loans that we have taken out began decreasing, however, the Company incurred higher financing costs due to the need for greater exposure and the raising of interest margins.

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	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**

Balance of the liabilities tied to an individual variable interest rate in 2011

(in EUR)	**Amount of the liability as at** 31 Dec. 2011	Interest rate	Hypothetical rise in interest rates by 15 %	by 50 %	by 100 %
Interest rate type					
1-month EURIBOR	3,000,000	1,0830	4,873	16,245	32,490
3-month EURIBOR	59,524,932	1,3870	123,842	412,805	825,611
6-month EURIBOR	63,483,959	1,6400	156,171	520,569	1,041,137
1-month LIBOR	731,123	0,2963	325	1,083	2,166
Total effect	**126,740,014**		**285,211**	**950,702**	**1,901,404**

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

(in EUR)	2012	2011
Revenues from the drainage and treatment of waste water	96,511	95,110
Total revenues	**96,511**	**95,110**
Cost of material	9,063	10,480
Cost of services	22,616	37,008
Depreciation/amortisation	19,913	19,913
Labour costs	26,424	23,960
Finance expenses	13,425	13,425
Total operating costs	**91,442**	**104,786**
PROFIT OR LOSS	**5,069**	**(9,676)**

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., with the consent of the Zreče Municipality and by way of the Contract on the Management and Provision of Public Utility Services.

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

(in EUR)	2012	2011
Revenues from the supply of natural gas and electricity	1,007,748	901,995
Total revenues	**1,007,748**	**901,995**
Cost of material	833,810	753,229
Cost of services	15,000	15,452
Depreciation/amortisation	89,130	80,259
Labour costs	45,120	44,528
Total operating costs	**983,060**	**893,468**
PROFIT OR LOSS	**24,688**	**8,527**

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.

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 32900 – Rogla Treatment Plant;
- cost centre designated 52100 – Co-Generation of Heat and Electricity (SPTE);
- cost centre designated 52200 – Energy – Co-Generation 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.

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 2012.

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, 24 April 2013

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

Hrastnik

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

Deloitte Revizija d.o.o.
Dunajska cesta 165
1000 Ljubljana
Slovenija

Tel: + 386 (0)1 3072 800
Fax: + 386 (0)1 3072 900
www.deloitte.si

INDEPENDENT AUDITOR'S REPORT to the Shareholders of UNIOR d.d.

Report on Financial Statements

We have audited the enclosed non-consolidated financial statements of the company Unior d.d. that include the balance sheet as at 31 December 2012, the income statement, the statement of other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and a summary of the major accounting policies and other explanatory notes..

The Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements according to the International Financial Reporting Standards endorsed by the EU and for the internal control needed, in the opinion of the management, to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

The Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's assessment and include assessment of the risk of misstatements in the financial statements due to deception or error. When assessing these risks, the auditor reviews internal controls related to the preparation and fair presentation of the Company's financial statements in order to determine the appropriate auditing procedures, depending on the circumstances, and not to express an opinion on the efficiency of the Company's internal controls. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the non-consolidated financial statements give a true and fair view of the financial position of the company Unior as at 31 December 2012 and of its profit/loss, other comprehensive income and cash flows for the year then ended, in accordance with the International Financial Reporting Standards as endorsed by the EU.

Emphasis of Matter

Consolidated Financial Statements

The company Unior d.d. is the controlling company in the Unior Group. The consolidated financial statements of the Unior Group, prepared in accordance with International Financial Reporting Standards, endorsed by the EU, are presented separately. We have audited the consolidated financial statements of the Unior Group and on 24 April 2013 expressed an opinion without reservation.

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

Report on Other Legal and Regulatory Requirements

The management is also responsible for preparing the business report in line with the requirements of the Companies Act (ZGD-1). In the framework of our mandate, our responsibility is to verify if the business report is consistent with the financial statements. We have conducted procedures in this respect according to the International Standard on Auditing 720 and have restricted them to assessing the compliance of the business report with the audited financial statements. In our opinion, the business report is consistent with the audited financial statements.

Kristan Milošič
Certified Auditor

Dušan Hartman
Member of the Management board

Ljubljana, 24. april 2013

Deloitte.

DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

7 | UNIOR GROUP

European manufacturer
Since 1919

2012 | ANNUAL REPORT

Unior Group

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	93.28
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 AUSTRALIA TOOL Co. PTY Ltd.	Australia	100.00
UNIOR USA CORPORATION	USA	100.00
UNIOR BULGARIA Ltd.	Bulgaria	58.00
UNIOR COFRAMA sp. z o. o.	Poland	51.00
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
Associates		
ŠTORE STEEL d.o.o.	Slovenia	29.25
RHYDCON d.o.o.	Slovenia	33.50
ROBOTEH d.o.o.	Slovenia	24.97
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
SOLION Ltd.	Russia	20.00
UNIOR FORMINGTOOLS d.o.o.	Serbia	24.00
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., Roboteh 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., Solion Ltd., Unior Formingtools 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%.

Through the acquisition of a 70% interest in the Hungarian company Energometall Kft., the Unior Group gained a new member on 1 January 2012, i.e. Unior Hungaria Kft., which is engaged in the sale of hand tools in Hungary. By increasing the capital of the companies, we increased our equity stakes in Unior France S.A.S. to 93.28% and in Unior Bionic d.o.o. to 91.59%.

In March 2012 we sold the entire 49% stake in Starkom d.o.o., which is why this company has been excluded from the Unior Group as of 2012. In December 2012 we sold a 25% equity stake in Unior Formingtools d.o.o. and now hold 24% of this company.

Presentation of the Companies Included in Consolidation

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:	34

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:	10

UNIOR DEUTSCHLAND GmbH

Address of the company:	Neckaraue 25, 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:	3	

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:	13

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:	3

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:	11

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:	8

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:	10

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:	54

UNIOR AUSTRALIA TOOL Co. PTY Ltd.

Address of the company:	8 Wayne Court, Dandenong 3175, MELBOURNE (Victoria)
Country:	Australia
Telephone:	+61 97 01 3268
Fax:	+61 97 93 7077
Website:	http://www.unior-aust.com.au
E-mail:	sabina.halilovic@unior-aust.com.au
The company's activity:	The sale of hand tools
Number of employees:	0

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:	8

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 61 877 05 11
Website:	http://www.unior.pl
E-mail:	unior@unior.pl
The company's activity:	The sale of hand tools
Number of employees:	16

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:	160

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:	302

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:	153

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:	7

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:	527

ROBOTEH d.o.o.

Address of the company:	Predenca 2B, 3240 ŠMARJE PRI JELŠAH
Country:	Slovenia
Telephone:	+386 3 746 42 44
Fax:	+386 3 746 42 45
Website:	http://www.roboteh.si
E-mail:	office@roboteh.si
The company's activity:	The automation and robotisation of production processes
Number of employees:	18

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:	48

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:	34

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 FORMINGTOOLS d.o.o.

Address of the company:	Kosovska 4, 34000 KRAGUJEVAC
Country:	Serbia
Telephone:	+381 34 503 700
Fax:	+381 34 503 702
Website:	http://www.unior-formingtools.rs
E-mail:	office@unior-formingtools.rs
The company's activity:	Manufacture of machinery tools
Number of employees:	117

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:	19

SOLION Ltd.

Address of the company:	32 A, Koli Tomchaka, 196084 ST. PETERBURG
Country:	Russia
Telephone:	+7 812 449 83 50
Fax:	+7 812 449 83 51
Website:	http://www.solion.ru
E-mail:	sales@solion.ru
The company's activity:	Wholesale
Number of employees:	34

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:	152

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:	14

8 | CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

Consolidated Balance Sheet as at 31 December 2012

(in EUR)	Item	Note	As at 31 Dec. 2012	As at 31 Dec. 2011
	ASSETS		**368,980,126**	**375,983,271**
A.	**NON-CURRENT ASSETS**		**232,476,865**	**234,709,600**
I.	**Intangible assets and long-term deferred costs and accrued revenues**	**2**	**6,461,163**	**5,037,101**
1.	Long-term property rights		328,405	572,245
2.	Goodwill		562,979	811,114
4.	Long-term deferred development costs		5,336,350	3,629,086
5.	Other long-term deferred costs and accrued revenues		233,429	24,656
II.	**Property, plant and equipment**	**3**	**192,085,354**	**192,525,277**
1.	Land and buildings		123,089,364	111,236,634
	a) Land		39,563,087	37,184,918
	b) Buildings		83,526,277	74,051,716
2.	Production plant and machinery		57,932,026	56,595,210
3.	Other plant and equipment, small tools and other tangible fixed assets		5,828,170	5,787,508
4.	Property, plant and equipment being acquired		5,235,794	18,905,925
	a) Property, plant and equipment under construction and in production		5,235,794	18,905,925
III.	**Investment property**	**4**	**15,547,259**	**16,266,220**
IV.	**Long-term financial assets**	**5**	**17,357,117**	**20,275,365**
1.	Long-term financial assets, excluding loans		16,381,826	19,341,859
	a) Shares and stakes in associated companies		12,154,544	13,180,293
	b) Other shares and stakes		4,169,810	6,103,457
	c) Other long-term financial assets		57,472	58,109
2.	Long-term loans		975,291	933,506
	a) Long-term loans to others		975,291	933,506
V.	**Long-term operating receivables**	**8**	**439,083**	**493,543**
1.	Long-term trade receivables		95,734	948
2.	Long-term operating receivables due from others		343,349	492,595
VI.	**Deferred tax assets**	**15**	**586,889**	**112,094**
B.	**CURRENT ASSETS**		**136,503,261**	**141,273,671**
I.	**Assets (disposal groups) held for sale**	**6**	**832,605**	**399,800**
II.	**Inventories**	**7**	**79,249,613**	**79,708,204**
1.	Material		22,665,809	25,183,625
2.	Work-in-progress		29,220,071	24,730,684
3.	Products		16,172,980	17,815,295
4.	Merchandise		11,190,753	11,978,600
III.	**Short-term financial assets**	**9**	**4,327,498**	**2,729,880**
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		4,327,367	2,729,749
	a) Other short-term loans		4,327,367	2,729,749
IV.	**Short-term operating receivables**	**8**	**49,170,134**	**54,714,106**
1.	Short-term trade receivables		40,575,082	45,378,851
2.	Short-term operating receivables due from others		8,595,052	9,335,255
V.	**Cash and cash equivalents**	**10**	**2,923,411**	**3,721,681**

(in EUR) Item		Note	As at 31 Dec. 2012	As at 31 Dec. 2011
	EQUITY AND LIABILITIES		**368,980,126**	**375,983,271**
A.	**CAPITAL**	**11**	**141,239,093**	**147,381,067**
A1.	**EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY**		**134,566,393**	**141,266,620**
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**		**38,783,591**	**38,431,886**
1.	Legal reserves		1,985,969	1,985,662
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		36,797,622	36,446,224
IV.	**Revaluation surplus**		**28,814,097**	**25,278,044**
V.	**Net profit or loss brought forward**		**12,532,536**	**13,424,783**
VI.	**Net profit or loss for the financial year**		**(9,474,725)**	**(352,263)**
VII.	**Equity translation adjustment**		**(1,465,053)**	**(891,777)**
A2.	**EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS**		**6,672,700**	**6,114,447**
B.	**PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**12**	**7,507,067**	**7,571,967**
1.	Provisions for pensions and similar liabilities		3,585,458	3,899,547
2.	Other provisions		3,921,609	3,672,420
3.	Long-term accrued costs and deferred revenues		0	0
C.	**LONG-TERM LIABILITIES**		**72,190,272**	**86,615,359**
I.	**Long-term financial liabilities**	**13**	**71,261,541**	**85,115,190**
1.	Long-term financial liabilities to banks		69,802,713	83,909,864
2.	Long-term financial liabilities from bonds		0	0
3.	Other long-term financial liabilities		1,458,828	1,205,326
II.	**Long-term operating liabilities**	**14**	**851,380**	**262,670**
1.	Long-term trade payables		0	0
2.	Long-term bills payable		510,028	0
3.	Long-term operating liabilities from advances		0	0
4.	Other long-term operating liabilities		341,352	262,670
III.	**Deferred tax liabilities**	**15**	**77,351**	**1,237,499**
D.	**SHORT-TERM LIABILITIES**		**145,172,416**	**132,484,164**
I.	**Liabilities included in disposal groups**		**0**	**0**
II.	**Short-term financial liabilities**	**16**	**87,776,125**	**75,758,622**
1.	Short-term financial liabilities to banks		85,178,110	74,847,428
2.	Short-term financial liabilities from bonds		0	0
3.	Other short-term financial liabilities		2,598,015	911,194
III.	**Short-term operating liabilities**	**17**	**57,396,291**	**56,725,542**
1.	Short-term trade payables		36,827,880	39,735,405
2.	Short-term bills payable		4,578,273	3,112,006
3.	Short-term operating liabilities from advances		8,131,764	6,337,235
4.	Other short-term operating liabilities		7,858,374	7,540,896
E.	**SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**18**	**2,871,278**	**1,930,714**

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

Consolidated Income Statement for the Period from 1 January 2012 to 31 December 2012

(in EUR)

	Item	Notes	2012	2011
A.	**Net sales revenues**	**22**	**201,857,936**	**225,986,283**
1.	Net revenues from sales on the domestic market		38,799,973	43,500,634
	a) Net revenues from the sale of products and services		30,168,709	36,022,432
	b) Net revenues from the sale of goods and materials		8,631,264	7,478,202
2.	Net revenues from sales on foreign market		163,057,963	182,485,649
	a) Net revenues from the sale of products and services		132,044,537	150,466,841
	b) Net revenues from the sale of goods and materials		31,013,426	32,018,808
B.	**Changes in the value of inventories of products and work-in-progress**		**3,108,315**	**6,452,233**
C.	**Capitalised own products and services**	**23**	**2,170,337**	**4,231,482**
D.	**Other operating revenues**	**24**	**3,652,734**	**3,995,311**
I.	**GROSS OPERATING PROFIT**		**210,789,322**	**240,665,309**
E.	**Cost of goods, material and services**	**25**	**135,739,803**	**156,748,407**
1.	Cost of goods and materials sold		17,596,660	18,023,385
2.	Cost of materials used		90,603,007	109,560,942
	a) Costs of material		69,117,040	82,809,338
	b) Costs of energy		13,107,463	16,191,513
	c) Other costs of material		8,378,504	10,560,091
3.	Cost of services		27,540,136	29,164,080
	a) Transport services		5,514,123	6,349,751
	b) Costs of maintenance		1,501,591	2,634,382
	c) Rent		866,700	941,394
	d) Other costs of services		19,657,722	19,238,553
F.	Labour costs	25	56,242,902	58,483,323
1.	Cost of wages and salaries		42,464,001	43,615,019
2.	Costs of pension insurance		613,975	1,001,443
3.	Costs of other social insurance		7,151,674	7,184,154
4.	Other labour costs		6,013,252	6,682,707
G.	**Amortisation and depreciation expense**	**25**	**14,589,324**	**14,627,793**
1.	Amortisation/depreciation		12,675,413	13,643,190
2.	Operating expenses from revaluation of intangible fixed assets and property, plant and equipment		537,820	214,333
3.	Operating expenses from revaluation of current assets		1,376,091	770,270
H.	**Other operating expenses**	**25**	**2,990,750**	**2,797,564**
1.	Provisions		21,550	583,629
2.	Other costs		2,969,200	2,213,935
II.	**OPERATING PROFIT OR LOSS**		**1,226,543**	**8,008,222**
I.	**Finance income**	**26**	**1,309,651**	**3,788,787**
1.	Finance income from participating interests		236,617	3,032,890
	a) Finance income from stakes in associated companies		228,203	2,962,811
	b) Finance income from stakes in other companies		7,939	69,621
	c) Finance income from other investments		475	458
2.	Finance income from loans granted		147,172	62,051
3.	Finance income from operating receivables		925,862	693,846
J.	**Finance expenses**	**26**	**11,444,013**	**11,668,444**
1.	Finance expenses from impairments and write-offs of financial assets		2,840,480	2,756,681
2.	Finance expenses from financial liabilities		7,641,671	8,061,193
	a) Finance expenses from bank loans		7,439,403	7,807,487
	b) Finance expenses from issued bonds		0	0
	c) Finance expenses from other financial liabilities		202,268	253,706
3.	Finance expenses from operating liabilities		961,862	850,570
	a) Finance expenses from trade payables and bills payable		318,919	195,782
	b) Finance expenses from other operating liabilities		642,943	654,788
III.	**PROFIT OR LOSS**		**(8,907,819)**	**128,565**
	Corporate income tax	**27**	**266,580**	**239,599**
	Deferred tax	**27**	**(52,508)**	**(371,022)**
	NET PROFIT OR LOSS FOR THE PERIOD		**(9,121,891)**	**259,988**
	– attributable TO THE OWNERS OF THE PARENT COMPANY		(9,474,725)	(352,263)
	– attributable TO THE NON-CONTROLLING INTERESTS		352,834	612,251
	PROFIT OR LOSS FROM CONTINUING OPERATION	**20**	**(9,121,891)**	**(456,337)**
	PROFIT OR LOSS FROM DISCONTINUING OPERATION	**20**	**0**	**716,325**
	The share of owners of the controlling interest in net profit (loss)		(9,474,725)	(352,263)
	The share of owners of the non-controlling interest in net profit (loss)		352,834	612,251
	Net earnings (loss) per share of owners of the controlling interest		(3,34)	(0,12)
	Net earnings (loss) per share of owners of the non-controlling interest		0,12	0,22
	Net earnings (loss) per share from continued operation		(3,21)	(0,16)
	Net earnings (loss) per share from discontinued operation		0	0,25

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

Consolidated Statement of Other Comprehensive Income

(in EUR)	STATEMENT OF OTHER COMPREHENSIVE INCOME	2012	2011
1.	**Net profit or loss for the period**	**(9,121,891)**	**259,988**
2.a	Change in the surplus from revaluation of property, plant and equipment – gross amount	2,194,253	2,073,618
2.b	Change in the surplus from revaluation of property, plant and equipment – deferred tax	1,591,058	(414,723)
3.	Change in the surplus from revaluation of available-for-sale financial assets	0	0
4.	Gains and losses from foreign currency translation of the financial statements of foreign operations	(613,871)	551,290
5.	**Other comprehensive income for the reporting period, net of tax**	**3,171,440**	**2,210,185**
6.	**Total comprehensive income for the reporting period**	**(5,950,451)**	**2,470,173**
	Total comprehensive income for the reporting period attributable to the owners of the parent company	(6,511,948)	1,670,999
	Total comprehensive income for the reporting period attributable to the non-controlling interests	561,497	799,174

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

Consolidated Cash Flow Statement

(in EUR) Item	2012	2011
A. Cash flows from operating activities		
a) Net profit or loss		
Profit or loss before tax	(8,907,819)	128,565
Income taxes and other taxes not included in operating expenses	(214,072)	131,423
	(9,121,891)	**259,988**
b) Adjustments for		
Depreciation and amortisation (+)	12,675,413	13,643,190
Operating revenues from revaluation associated with investment and financing items (-)	(448,488)	(424,703)
Operating expenses from revaluation associated with investment and financing items (+)	537,820	214,333
Formation of value adjustments for receivables	1,120,410	489,154
Formation of value adjustments for inventories	778,066	(273,281)
Establishment and reversal of long-term provisions	402,937	167,249
Finance income excluding finance income from operating receivables (-)	(383,789)	(1,127,500)
Finance expenses excluding finance expenses from operating liabilities (+)	10,482,151	10,817,874
	25,164,520	**23,506,316**
c) 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	4,478,022	5,653,432
Opening less closing deferred tax assets	(474,795)	(25,882)
Opening less closing assets (disposal groups) held for sale	(432,805)	(399,800)
Opening less closing inventories	(319,475)	4,223,299
Closing less opening operating debts	1,259,459	1,491,099
Closing less opening accrued costs and deferred revenues and provisions	472,727	(1,895,425)
Closing less opening deferred tax liabilities	(1,160,148)	(382,220)
	3,822,985	**8,664,503**
d) Net cash from/used in operating activities (a + b + c)	**19,865,614**	**32,430,807**
B. Cash flows from investing activities		
a) Receipts from investing activities		
Receipts from interest and profit participations related to investing activities	383,789	1,127,500
Receipts from disposal of intangible assets	9,029	178,639
Receipts from disposal of property, plant and equipment	671,047	6,859,353
Receipts from disposal of investment property	228,368	1,374,903
Receipts from disposal of long-term financial assets	1,225,601	7,717,283
Receipts from disposal of short-term financial assets	1,326,442	2,448,427
	3,844,276	**19,706,105**
b) Disbursements from investing activities		
Disbursements from acquisition of intangible assets	(3,052,248)	(231,817)
Disbursements from acquisition of property, plant and equipment	(8,193,633)	(25,366,315)
Disbursements from acquisition of investment property	(645,765)	(283,000)
Disbursements from acquisition of long-term financial assets	(80,689)	(1,077,375)
Disbursements from acquisition of short-term financial assets	(2,907,730)	(3,622,549)
	(14,880,065)	**(30,581,056)**
c) Net cash from/used in investing activities (a + b)	**(11,035,789)**	**(10,874,951)**
C. Cash flows from financing activities		
a) Receipts from financing activities		
Receipts from paid-up capital	33,320	191
Receipts from increase in long-term financial liabilities	25,383,770	36,406,683
Receipts from increase in short-term financial liabilities	12,697,495	16,482,966
	38,114,585	**52,889,840**
b) Disbursements from financing activities		
Disbursements from paid interest pertaining to financing	(7,641,671)	(8,192,645)
Disbursements from capital repayments	0	(17,629,053)
Disbursements from repayment of long-term financial liabilities	(31,700,208)	(34,409,543)
Disbursements from repayment of short-term financial liabilities	(8,217,203)	(14,380,690)
Disbursements from the distribution of dividends and other profit participations	(183,598)	0
	(47,742,680)	**(74,611,931)**
c) Net cash from/used in financing activities (a + b)	**(9,628,095)**	**(21,722,091)**
D. Cash and cash equivalents at end of period	**2,923,411**	**3,721,681**
x) Net cash for the period (sum of items Ac, Bc and Cc)	**(798,270)**	**(166,235)**
y) Opening balance of cash and cash equivalents	**3,721,681**	**3,887,916**

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 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.

Statement of Changes in Equity

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 fin. year	VII. Equity translation adjustment	Total equity attributable to the owners of the parent company	Equity attributable to non-controlling interests	Total equity
	Share capital		Legal reserves	Reserves for treasury shares	Treasury shares	Other revenue reserves		Net profit brought forward	Net profit/loss for the fin. 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	33,320
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
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	(9,474,725)	(1,465,053)	134,566,393	6,672,700	141,239,093

CHANGES IN EQUITY FOR THE PERIOD FROM 31 DECEMBER 2010 TO 31 DECEMBER 2011	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 fin, year	VII, Equity translation adjustment	Total equity attributable to the owners of the parent company	Equity attributable to non-controlling interests	Total equity
	Share capital		Legal reserves	Reserves for treasury shares	Treasury shares	Other revenue reserves		Net profit brought forward	Net profit/loss fot the fin, year				
A.1. Balance as at the end of the previous reporting period	23,688,983	41,686,964	1,985,363	2,718,960	(2,718,960)	34,056,485	27,673,375	15,401,501	(1,969,908)	(1,256,144)	141,266,619	21,639,186	162,905,805
A.2. Opening balance of the reporting period	23,688,983	41,686,964	1,985,363	2,718,960	(2,718,960)	34,056,485	27,673,375	15,401,501	(1,969,908)	(1,256,144)	141,266,619	21,639,186	162,905,805
B.1. Changes in equity capital – transactions with owners	0	0	0	(2,618,770)	2,618,770	2,680,095	(4,054,226)	(296,867)	0	0	(1,670,998)	(16,323,913)	(17,994,911)
Entry of additional capital payments	0	0	0	0	0	0	0	191	0	0	191	0	191
Redemption of treasury shares and stakes	0	0	0	0	0	61,325	0	0	0	0	61,325	(127,761)	(66,436)
Sale of majority stake	0	0	0	(2,618,770)	2,618,770	2,618,770	(4,054,226)				(1,435,456)	(16,193,597)	(17,629,053)
Other changes in equity	0	0	0	0	0	0	0	(297,058)	0	0	(297,058)	(2,555)	(299,613)
B.2. Total comprehensive income for the reporting period	0	0	0	0	0	0	1,658,895	0	(352,263)	364,367	1,670,999	799,174	2,470,173
Entry of the net profit or loss for the reporting period	0	0	0	0	0	0	0	0	(352,263)	0	(352,263)	612,251	259,988
Change of the surplus from revaluation of property, plant and equipment	0	0	0	0	0	0	1,658,895	0	0	0	1,658,895	0	1,658,895
Gains and losses from foreign currency translation of the financial statements of foreign operations	0	0	0	0	0	0	0	0	0	364,367	364,367	186,923	551,290
B.3. Changes in equity	0	0	299	0	0	(290,356)	0	(1,679,851)	1,969,908	0	0	0	0
Allocation of the remaining net profit in the comparative reporting period to other components of equity	0	0	299	0	0	2,842	0	(1,973,049)	1,969,908	0	0		0
Other transfers within capital	0	0	0	0	0	(293,198)	0	293,198	0	0	0	0	0
C. Closing balance of the reporting period	23,688,983	41,686,964	1,985,662	100,190	(100,190)	36,446,224	25,278,044	13,424,783	(352,263)	(891,777)	141,266,620	6,114,447	147,381,067

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 2012.

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 24 April 2013.

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.

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. The fair value of the investment in shares of Banka Celje d.d. was determined based on an estimate.

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 and adopted by the European Union are in force:

- Revised IFRS 7 »Financial instruments: disclosures« – Transfers of financial assets, which the European Union adopted on 22 November 2011 (applies for annual periods, beginning on or after 1 July 2011).

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

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 2012, while the income statements of the subsidiaries were translated using the average exchange rate of the European Central Bank for 2012. The difference is disclosed under the equity adjustment from foreign currency translation.

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.

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.

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 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 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 electronic 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	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 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.

4. 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.

5. 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.

<u>Operating receivables</u>
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.

6. 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 adopts the decision to distribute dividends.

The Redemption of Treasury Shares
We did not trade in treasury shares in 2012.

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 65, the required length of service of 40 years, a 6% discount and a 2% 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 2012, the tax base was negative.

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.

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 2012 and 31 December 2011, as well as the income statement for 2012 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.

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);
- **IFRS 13 »Fair Value Measurement«,** adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **IFRS 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);
- **IFRS 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);
- **Revised IFRS 1 »First-Time Adoption of IFRS«** – Severe Hyperinflation and Relief for First-Time Adopters of IFRS, adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Revised IFRS 7 »Financial Instruments: Disclosures«** – Asset and Liability Offsetting, adopted by the European Union on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amended IAS 1 »Presentation of Financial Statements«** – The Presentation of Items of Other Comprehensive Income, adopted by the European Union on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012);
- **Amended IAS 12 »Income Taxes«** – Deferred Tax: Recovery of Underlying Assets, adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amended IAS 19 »Employee Benefits«** – Improvements to Calculation of Post-Employment Benefits, adopted by the European Union on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013);
- **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);
- **IFRIC 20 »Stripping Costs in the Production Phase of a Surface Mine«,** adopted by the European Union on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013).

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 as at 24 April 2013:

- **IFRS 9 »Financial Instruments«** (effective for annual periods beginning on or after 1 January 2015);
- **Revised IFRS 1 »First-Time Adoption of IFRS«** – Government Loans (effective for annual periods beginning on or after 1 January 2013);

- **Revised IFRS 9 »Financial Instruments«** and IFRS 7 »Financial Instruments: Disclosures« – Mandatory Effective Date and Transition Disclosures;
- **Revised IFRS 10 »Consolidated Financial Statements«, IFRS 11 »Joint Arrangements«** and IFRS 12 »Disclosure of Interests in Other Entities« – Transition Guidance (effective for annual periods beginning on or after 1 January 2013);
- **Revised IFRS 10 »Consolidated Financial Statements«, IFRS 12 »Disclosure of Interests in Other Entities« and IAS 27 »Separate Financial Statements«** – Investment Entities (effective for annual periods beginning on or after 1 January 2014);
- **Amendments to various standards »Improvements to IFRS (2012)«,** arising from the annual IFRS improvements project, published on 17 May 2012 (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34), primarily with the aim of eliminating inconsistencies and providing interpretations (the amendments become effective for annual periods beginning on or after 1 January 2013).

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.

Notes on the Balance Sheeta

1. Balance Sheet by Division

(in EUR)	Item	Tourism act. 2012	Metal act. 2012	Total 2012	Tourism act. 2011	Metal act. 2011	Total 2011
	ASSETS	**91,889,014**	**277,091,112**	**368,980,126**	**93,281,446**	**282,701,825**	**375,983,271**
A.	**NON-CURRENT ASSETS**	**88,682,770**	**143,794,095**	**232,476,865**	**90,275,344**	**144,434,256**	**234,709,600**
I.	**Intangible assets and long-term deferred costs and accrued revenues**	**256,440**	**6,204,723**	**6,461,163**	**70,851**	**4,966,250**	**5,037,101**
1.	Long-term property rights	47,257	281,148	328,405	58,053	514,192	572,245
2.	Goodwill	0	562,979	562,979	0	811,114	811,114
4.	Long-term deferred development costs	2,818	5,333,532	5,336,350	0	3,629,086	3,629,086
5.	Other long-term deferred costs and accrued revenues	206,365	27,064	233,429	12,798	11,858	24,656
II.	**Property, plant and equipment**	**88,213,848**	**103,871,506**	**192,085,354**	**89,636,904**	**102,888,373**	**192,525,277**
1.	Land and buildings	73,849,695	49,239,669	123,089,364	66,159,435	45,077,199	111,236,634
2.	Production plant and machinery	6,220,999	51,711,027	57,932,026	5,798,491	50,796,719	56,595,210
3.	Other plant and equipment, small tools and other tangible fixed assets	4,646,734	1,181,436	5,828,170	4,594,108	1,193,400	5,787,508
4.	Property, plant and equipment being acquired	3,496,420	1,739,374	5,235,794	13,084,870	5,821,055	18,905,925
III.	**Investment property**	**196,897**	**15,350,362**	**15,547,259**	**552,004**	**15,714,216**	**16,266,220**
IV.	**Long-term financial assets**	**15,585**	**17,341,532**	**17,357,117**	**15,585**	**20,259,780**	**20,275,365**
1.	Long-term financial assets, excluding loans	15,585	16,366,241	16,381,826	15,585	19,326,274	19,341,859
2.	Long-term loans	0	975,291	975,291	0	933,506	933,506
V.	**Long-term operating receivables**	**0**	**439,083**	**439,083**	**0**	**493,543**	**493,543**
1.	Long-term trade receivables	0	95,734	95,734	0	948	948
2.	Long-term operating receivables due from others	0	343,349	343,349	0	492,595	492,595
VI.	**Deferred tax assets**	**0**	**586,889**	**586,889**	**0**	**112,094**	**112,094**
B.	**CURRENT ASSETS**	**3,206,244**	**133,297,017**	**136,503,261**	**3,006,102**	**138,267,569**	**141,273,671**
I.	**Assets (disposal groups) held for sale**	**512,705**	**319,900**	**832,605**	**0**	**399,800**	**399,800**
II.	**Inventories**	**389,169**	**78,860,444**	**79,249,613**	**439,854**	**79,268,350**	**79,708,204**
1.	Material	349,015	22,316,794	22,665,809	407,935	24,775,690	25,183,625
2.	Work-in-progress	14,183	29,205,888	29,220,071	0	24,730,684	24,730,684
3.	Products	4,870	16,168,110	16,172,980	3,758	17,811,537	17,815,295
4.	Merchandise	21,101	11,169,652	11,190,753	28,161	11,950,439	11,978,600
III.	**Short-term financial assets**	**14,812**	**4,312,686**	**4,327,498**	**0**	**2,729,880**	**2,729,880**
1.	Short-term financial assets, excluding loans	0	131	131	0	131	131
2.	Short-term loans	14,812	4,312,555	4,327,367	0	2,729,749	2,729,749
IV.	**Short-term operating receivables**	**2,165,733**	**47,004,401**	**49,170,134**	**2,492,225**	**52,221,881**	**54,714,106**
1.	Short-term trade receivables	1,606,518	38,968,564	40,575,082	1,635,200	43,743,651	45,378,851
2.	Short-term operating receivables due from others	559,215	8,035,837	8,595,052	857,025	8,478,230	9,335,255
V.	**Cash and cash equivalents**	**123,825**	**2,799,586**	**2,923,411**	**74,023**	**3,647,658**	**3,721,681**

(in EUR) Item		Tourism act. 2012	Metal act. 2012	Total 2012	Tourism act. 2011	Metal act. 2011	Total 2011
	EQUITY AND LIABILITIES	**91,889,014**	**277,091,112**	**368,980,126**	**93,281,446**	**282,701,825**	**375,983,271**
A.	**CAPITAL**	**55,917,059**	**85,322,034**	**141,239,093**	**57,681,190**	**89,699,877**	**147,381,067**
A1.	**EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY**	**55,744,994**	**78,821,399**	**134,566,393**	**57,509,235**	**83,757,385**	**141,266,620**
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**	**14,374,239**	**24,409,352**	**38,783,591**	**13,906,065**	**24,525,821**	**38,431,886**
1.	Legal reserves	583,245	1,402,724	1,985,969	582,939	1,402,723	1,985,662
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	13,790,994	23,006,628	36,797,622	13,323,126	23,123,098	36,446,224
IV.	**Revaluation surplus**	**15,445,288**	**13,368,809**	**28,814,097**	**15,443,947**	**9,834,097**	**25,278,044**
V.	**Net profit or loss brought forward**	**9,797,327**	**2,735,209**	**12,532,536**	**11,075,197**	**2,349,586**	**13,424,783**
VI.	**Net profit or loss for the financial year**	**(1,765,581)**	**(7,709,144)**	**(9,474,725)**	**(809,695)**	**457,432**	**(352,263)**
VII.	**Equity translation adjustment**	**0**	**(1,465,053)**	**(1,465,053)**	**0**	**(891,777)**	**(891,777)**
A2.	**EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS**	**172,065**	**6,500,635**	**6,672,700**	**171,955**	**5,942,492**	**6,114,447**
B.	**PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**3,399,369**	**4,107,698**	**7,507,067**	**3,137,751**	**4,434,216**	**7,571,967**
1.	Provisions for pensions and similar liabilities	567,173	3,018,285	3,585,458	633,048	3,266,499	3,899,547
2.	Other provisions	2,832,196	1,089,413	3,921,609	2,504,703	1,167,717	3,672,420
3.	Long-term accrued costs and deferred revenues	0	0	0	0	0	0
C.	**LONG-TERM LIABILITIES**	**16,822,486**	**55,367,786**	**72,190,272**	**17,093,746**	**69,521,613**	**86,615,359**
I.	**Long-term financial liabilities**	**13,038,004**	**58,223,537**	**71,261,541**	**13,334,428**	**71,780,762**	**85,115,190**
1.	Long-term financial liabilities to banks	13,038,004	56,764,709	69,802,713	13,334,428	70,575,436	83,909,864
2.	Long-term financial liabilities from bonds	0	0	0	0	0	0
3.	Other long-term financial liabilities	0	1,458,828	1,458,828	0	1,205,326	1,205,326
II.	**Long-term operating liabilities**	**341,352**	**510,028**	**851,380**	**262,670**	**0**	**262,670**
1.	Long-term trade payables	0	0	0	0	0	0
2.	Long-term bills payable	0	510,028	510,028	0	0	0
3.	Long-term operating liabilities from advances	0	0	0	0	0	0
4.	Other long-term operating liabilities	341,352	0	341,352	262,670	0	262,670
III.	**Deferred tax liabilities**	**3,443,130**	**-3,365,779**	**77,351**	**3,496,648**	**-2,259,149**	**1,237,499**
D.	**SHORT-TERM LIABILITIES**	**14,500,684**	**130,671,732**	**145,172,416**	**14,325,144**	**118,159,020**	**132,484,164**
I.	**Liabilities included in disposal groups**	**0**	**0**	**0**	**0**	**0**	**0**
II.	**Short-term financial liabilities**	**8,601,965**	**79,174,160**	**87,776,125**	**8,774,918**	**66,983,704**	**75,758,622**
1.	Short-term financial liabilities to banks	8,461,815	76,716,295	85,178,110	8,410,150	66,437,278	74,847,428
2.	Short-term financial liabilities from bonds	0	0	0	0	0	0
3.	Other short-term financial liabilities	140,150	2,457,865	2,598,015	364,768	546,426	911,194
III.	**Short-term operating liabilities**	**5,898,719**	**51,497,572**	**57,396,291**	**5,550,226**	**51,175,316**	**56,725,542**
1.	Short-term trade payables	3,497,475	33,330,405	36,827,880	3,866,444	35,868,961	39,735,405
2.	Short-term bills payable	0	4,578,273	4,578,273	0	3,112,006	3,112,006
3.	Short-term operating liabilities from advances	881,229	7,250,535	8,131,764	800,298	5,536,937	6,337,235
4.	Other short-term operating liabilities	1,520,015	6,338,359	7,858,374	883,484	6,657,412	7,540,896
E.	**SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**1,249,416**	**1,621,862**	**2,871,278**	**1,043,615**	**887,099**	**1,930,714**

New Fixed Capital Formation

In 2012, the Unior Group invested a total of EUR 12,026,527 in new fixed capital formation, EUR 9,876,289 of which went to the metal processing activity and EUR 2,150,238 was spent within the scope of the tourism activity.

Investments into intangible fixed assets came in at EUR 3,052,248, EUR 2,836,469 of which was used for the metal processing activity and EUR 215,779 for the tourism activity

Investments into tangible fixed assets came in at EUR 8,193,633, EUR 6,389,458 of which was used for the metal processing activity and EUR 1,804,175 for the tourism activity.

Investments into investment property totalled EUR 780,646, EUR 650,362 of which was used for the metal processing activity and EUR 130,284 for the tourism activity.

2. Intangible Fixed Assets

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
PIncreases 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

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 2010	1,277,865	7,427,753	3,605,595	334,284	158,954	12,804,451
Increases upon mergers by acquisition	0	0	0	0	0	0
Direct increases – investments	0	12,807	126,027	11,476	81,507	231,817
Transfer from investments in progress	0	9,000	137,448	0	(146,448)	0
Decreases during the year	(84,999)	0	(1,620,232)	(96,293)	(82,706)	(1,884,230)
Other changes (movements, currency exchange rates)	0	9,526	4,766	(105,751)	(1,310)	(92,769)
As at 31 December 2011	1,192,866	7,459,086	2,253,604	143,716	9,997	11,059,269
Value adjustment						
As at 31 December 2010	466,751	3,151,814	2,395,420	131,940	0	6,145,925
Increases upon mergers by acquisition	0	0	0	0	0	0
Amortisation for the year	0	668,617	383,003	2,151	0	1,053,771
Decreases during the year	(84,999)	0	(1,101,947)	0	0	(1,186,946)
Other changes (movements, currency exchange rates)	0	9,569	4,883	(5,034)	0	9,418
As at 31 December 2011	381,752	3,830,000	1,681,359	129,057	0	6,022,168
Current value as at 31 December 2011	**811,114**	**3,629,086**	**572,245**	**14,659**	**9,997**	**5,037,101**
Current value as at 31 December 2010	811,114	4,275,939	1,210,175	202,344	158,954	6,658,526

In 2012, the Group received 11,476 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 2012, the Group settled its liabilities for 2011 in the amount of 9,029 coupons. The Group discloses liabilities for 9,486 emission coupons for production in 2012.

3. Property, Plant and Equipment

Unior Group (in EUR)	Land	Buildings	Production equipment and machinery	Other equip. and small tools	Fixed assets under acquisition	Total
Costs						
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 / strengthening	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

Unior Group (in EUR)	Land	Buildings	Production equipment and machinery	Other equip, and small tools	Fixed assets under acquisition	Total
Costs						
As at 31 December 2010	45,274,793	149,233,915	189,780,456	12,107,185	37,031,513	433,427,862
Increases upon mergers by acquisition	534,000	0	0	0	0	534,000
Direct increases – investments	752,003	2,692,639	1,661,224	1,002,248	16,380,607	22,488,721
Transfer from investments in progress	173,084	3,700,838	28,027,162	5,962	(31,907,046)	0
Decreases during the year	(11,671,291)	(12,643,363)	(62,946,883)	(388,633)	(2,584,770)	(90,234,940)
Revaluation due to impairment / strengthening	2,073,618	0	0	0	0	2,073,618
Transfers between groups	62,000	(62,000)	0	0	0	0
Other changes (exchange rate changes)	(13,289)	168,634	774,450	70,756	(14,379)	986,172
As at 31 December 2011	37,184,918	143,090,663	157,296,409	12,797,518	18,905,925	369,275,433
Value adjustment						
As at 31 December 2010	0	69,868,311	115,020,967	6,747,750	0	191,637,028
Increases upon mergers by acquisition	0	0	0	0	0	0
Depreciation for the year	0	3,311,084	8,705,820	572,515	0	12,589,419
Decreases during the year	0	(4,229,744)	(23,381,749)	(365,192)	0	(27,976,685)
Transfers between groups	0	0	0	0	0	0
Other changes (exchange rate changes)	0	89,296	356,161	54,937	0	500,394
As at 31 December 2011	0	69,038,947	100,701,199	7,010,010	0	176,750,156
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**
Current value as at 31 December 2010	45,274,793	79,365,604	74,759,489	5,359,435	37,031,513	241,790,834

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 2012 of EUR 61,584);
- LASCO forging production line at Ningbo Unior Forging Co. (with a cost of EUR 752,064 and a current value as at 31 December 2012 of EUR 376,033);

- 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 2012 of EUR 604,191).

The Group has fixed assets that, according to appraisals, are worth EUR 192,037,368 pledged as collateral or security for its debts.

4. Investment Property

(in EUR)	2012	2011
Land	9,336,900	5,613,255
Buildings	6,210,359	10,652,965
Total	**15,547,259**	**16,266,220**

Changes in investment property

(in EUR)	2012	2011
Opening balance as at 1 January	**16,266,220**	**18,037,995**
Acquisitions	780,646	283,000
Revaluation	(258,559)	0
Disposals	0	(2,080,508)
Other changes (movements, currency exchange rates)	(1,241,048)	25,733
Closing balance as at 31 December	**15,547,259**	**16,266,220**

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 and the transfer of the lodge on Mount Krvavec (Dom na Krvavcu) among the assets (disposal groups) held for sale due to the expiry of the lease contract.

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.

Rental costs totalled EUR 866,700 in 2012.

The minimum sum of rents from operating leases – receivables

(in EUR)	2012	2011
Up to 1 year	1,260,545	1,401,234
From 2 to 5 years	5,042,180	5,604,936
More than 5 years	3,781,635	4,203,701
Total	**10,084,360**	**11,209,871**

The minimum sum of rents from operating leases – liabilities

(in EUR)	2012	2011
Up to 1 year	638,479	679,270
From 2 to 5 years	2,553,916	2,717,078
More than 5 years	1,915,437	2,037,809
Total	**5,107,832**	**5,434,157**

5. Long-Term Financial Assets

(in EUR)	Stake	2012	2011
Investments in shares and stakes in associated companies:			
in the country:			
ŠTORE STEEL d.o.o., Štore	29.253	8,997,401	9,575,312
RHYDCON d.o.o., Šmarje pri Jelšah	33.500	573,073	703,226
ROBOTEH d.o.o., Šmarje pri Jelšah	24.970	54,327	49,431
RC SIMIT d.o.o., Kidričevo	20.000	201,877	201,490
		9,826,678	10,529,459
abroad:			
UNIOR TEPID S.R.L. Brasov, Romania	49.000	1,232,999	1,225,466
UNIOR SINGAPORE Pte. Ltd. Singapore	40.000	61,237	31,230
UNIOR TEHNA d.o.o., Sarajevo, Bosnia and Herzegovina	25.000	91,571	73,953
SOLION Ltd., St. Peterburg, Russia	20.000	77,163	67,482
UNIOR TEOS ALATI d. o. o., Belgrade, Serbia	20.000	400,786	396,205
SINTER a.d., Užice, Serbia	25.067	338,904	366,779
UNIOR FORMINGTOOLS d.o.o., Kragujevac, Serbia	24.000	125,206	489,719
		2,327,866	2,650,834
Total associated companies		**12,154,544**	**13,180,293**
Long-term assets available for sale			
Investments in shares and stakes in other companies:			
BANKS		4,009,533	5,943,357
INSURANCE COMPANIES		24,588	24,588
OTHER COMPANIES		193,161	193,621
		4,227,282	6,161,566
Long-term financial investments in liabilities			
Long-term loans to others		975,291	933,506
		975,291	933,506
Total long-term financial assets excluding treasury shares		**17,357,117**	**20,275,365**

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 negative effect in the amount of EUR 884,254 in 2012 resulting from the profits and losses of associated companies.

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	42,168,405	(1,745,802)	YES
RHYDCON d.o.o.	Slovenia	33.500	1,829,008	(270,173)	NO
ROBOTEH d.o.o.	Slovenia	24.970	217,570	27,930	NO
RC SIMIT d.o.o.	Slovenia	20.000	1,009,386	1,935	YES
UNIOR TEPID S.R.L.	Romania	49.000	2,516,324	269,541	YES
UNIOR SINGAPORE Pte. Ltd.	Singapore	40.000	153,092	75,018	YES
UNIOR TEHNA d.o.o.	Bosnia and Herzegovina	25.000	366,286	70,475	YES
SOLION Ltd.	Russia	20.000	385,815	36,230	YES
UNIOR TEOS ALATI d.o.o.	Serbia	20.000	2,003,932	517,700	NO
SINTER a.d.	Serbia	25.067	1,351,967	16,021	YES
UNIOR FORMINGTOOLS d.o.o.	Serbia	24.000	521,691	(393,076)	YES

Changes in long-term investments in shares and stakes

(in EUR)	2012	2011
Investments in shares and stakes as at 1 January	**20,275,365**	**13,700,360**
Increases:		
Acquisitions of shares and stakes	0	273,000
Increase of investments in liabilities	142,018	924,444
Dividends and profit shares from associates	0	392,745
Other increases - revaluation	162,740	9,911,584
Decreases:		
Sale of shares and stakes	(304,054)	(1,450,097)
Repayments of long-term loans granted	(100,863)	(36,728)
Losses of associated companies	(884,254)	0
Other decreases – impairment	(1,933,835)	(3,439,944)
Balance as at 31 December	**17,357,117**	**20,275,365**

Investments in shares and stakes in associated companies:

(in EUR)	2012	2011
Carrying amount as at 1 January	**13,180,293**	**2,602,963**
Acquisitions of shares and stakes	0	273,000
Profits (losses) according to the equity method	(393,684)	1,000,215
Payout of the profit arising from equity interest	(228,203)	(602,625)
Foreign currency translation differences	(138,842)	(4,844)
Sale of an investment	(304,054)	0
Other changes	**39,034**	**9,911,584**
Carrying amount as at 31 January	**12,154,544**	**13,180,293**

6. Assets (Disposal Groups) Held for Sale

(in EUR)	2012	2011
Assets (disposal groups) held for sale	832,605	399,800
Total	**832,605**	**399,800**

Assets (disposal groups) held for sale comprise bungalows on Mount Rogla worth EUR 319,900 and the lodge on Mount Krvavec (Dom na Krvavcu) in the amount of EUR 512,705.

7. Inventories

(in EUR)	2012	2011
Material	23,594,327	25,974,694
Work-in-progress	29,220,071	24,730,684
Products	16,894,023	18,050,876
Merchandise	11,403,166	12,035,858
Value adjustment	(1,861,974)	(1,083,908)
Total	**79,249,613**	**79,708,204**

(in EUR)	2012	2011
Value adjustment of inventories:		
– material	928,518	791,069
– work-in-progress	0	0
– finished products	721,043	235,581
– merchandise	212,413	57,258
Total	**1,861,974**	**1,083,908**

(in EUR)	2012	2011
Balance of inventory value adjustments as at 1 January	**1,083,908**	**1,357,189**
Decreases:		
– work-in-progress	0	(205,460)
– finished products	0	(135,721)
Increases:		
– material	137,449	67,900
– finished products	485,462	0
– merchandise	155,155	0
Balance as at 31 December	**1,861,974**	**1,083,908**

Inventories worth EUR 18.3 million have been pledged to banks as collateral for financial liabilities. The carrying amount of the inventories is higher than their net realisable value. An additional value adjustment of EUR 778,066 was made for inventories that did not record any changes in the previous year.

8. Operating Receivables

(in EUR)	2012	2011
Long-term operating receivables		
Long-term operating receivables due from associates	95,734	948
Long-term trade receivables	586,773	547,261
Short-term part of long-term operating receivables	0	0
Value adjustment of long-term operating receivables	(243,424)	(54,666)
Total long-term operating receivables	**439,083**	**493,543**
Short-term operating receivables		
Short-term operating receivables due from associates	1,578,975	1,400,467
Short-term trade receivables		
– at home	6,629,109	7,398,111
– abroad	34,057,415	37,368,050
Short-term operating receivables from interest	0	0
Receivables for VAT	1,103,793	1,972,190
Advance payments	1,732,962	1,128,337
Other short-term operating receivables	5,758,297	6,234,728
Short-term part of long-term operating receivables	0	0
Value adjustments of short-term operating receivables	(1,690,417)	(787,777)
Total short-term operating receivables	**49,170,134**	**54,714,106**

In 2012, the Group made value adjustments of trade receivables as follows:

(in EUR)	2012	2011
As at 1 January 2012	**787,777**	**1,052,157**
Collected receivables previously written-off	(67,694)	(147,327)
Final write-off of receivables	(150,076)	(606,207)
Value adjustments during the year:	1,120,410	489,154
As at 31 December 2012	**1,690,417**	**787,777**

The Group has no secured or collateralised short-term operating receivables, but has receivables pledged to banks as collateral for long-term loans.

Maturity of the Group's receivables as at 31 December 2012

(in EUR)	2012	2011
Outstanding receivables	36,288,414	40,280,528
Overdue up to 90 days	6,404,613	7,462,382
Overdue from 91 to 180 days	1,786,112	1,988,145
Overdue from 181 to 365 days	2,165,910	2,256,480
Overdue over 1 year	2,525,085	2,726,571
Total	**49,170,134**	**54,714,106**

9. Short-Term Financial Assets

(in EUR)	2012	2011
Loans granted		
– to associated companies	2,862,362	653,143
– to other companies	120,234	292,094
– receivables purchased for trading	318,888	1,014,287
Short-term investments in deposits	1,026,014	807,804
Short-term part of long-term investments in liabilities	0	0
Value adjustments of short-term financial assets	0	(37,448)
Total	**4,327,498**	**2,729,880**

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

Changes in short-term financial assets

(in EUR)	2012	2011
Balance as at 1 January	**2,729,880**	**1,555,982**
Increases:		
Increase in short-term loans to associated companies	3,438,149	1,403,908
Increase in short-term loans to others	702,691	2,218,641
Decreases:		
Decrease in short-term loans to associated companies	(1,228,931)	(1,402,914)
Decrease in short-term loans to others	(1,314,291)	(1,033,588)
Other decreases – impairment	0	(12,149)
Balance as at 31 December	**4,327,498**	**2,729,880**

10. Bank Balances, Cheques and Cash

(in EUR)	2012	2011
Cash in hand and cheques received	42,329	35,790
Bank balances	2,881,082	3,685,891
Total	**2,923,411**	**3,721,681**

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 2012 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 2012 was EUR 37.79 or 11.75 % 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 15,179, arising from retrospective value adjustments.
- The surplus from the revaluation of land increased by EUR 3,536,053.
- 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 9,474,725.
- The equity adjustment from foreign currency translation decreased by EUR 573,276 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.

- Other changes represent a decrease of EUR 184,259, resulting from the transfer to the equity of owners of non-controlling interest due to ownership changes within the Group.

The changes in equity attributable to the non-controlling interest in the current year represent:
- A decrease in profit brought forward by EUR 29,250, arising from retrospective value adjustments.
- The surplus from the revaluation of land increased by EUR 249,258.
- 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 352,834.
- Due to the entry of Unior Hungaria Kft., the equity of the owners of non-controlling interest rose by EUR 33,320.
- Dividend payout to the owners of non-controlling interest reduced the equity by EUR 183,598.
- The equity adjustment from foreign currency translation decreased by EUR 40,595 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.

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 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**

(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 2010	**5,675,674**	**207,674**	**492,768**	**2,262,730**	**253,969**	**8,892,815**
Increases	113,541	75,448	0	1,095,765	4,923	1,289,677
Decreases	(1,889,668)	(15,035)	(114,016)	(564,267)	(27,539)	(2,610,525)
As at 31 December 2011	**3,899,547**	**268,087**	**378,752**	**2,794,228**	**231,353**	**7,571,967**

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 65, the required length of service of 40 years, a 6% discount and a 2% increase in salaries.

A long-term provision 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 2012 in the amount of EUR 265,099.

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 and the reconstruction of the thermal spa after the fire as well as the funds received for investments into snowmaking equipment on Mount Krvavec. In 2012, we received EUR 435,345 worth of funds from the EU as co-financing for the construction of the Atrij Hotel in Zreče.

The value of the provision for the rent paid by Mobitel d.d. is EUR 175,324.

There are no unfulfilled conditions or contingent liabilities arising from government grants.

13. Long-Term Financial Liabilities

Changes in Long-Term Financial Liabilities

(in EUR)	Principal of debt 1 Jan. 2012	New loans in the year	Return of 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**

(in EUR)	Principal of debt 1 Jan. 2011	New loans in the year	Return of the unpaid short-term part	Repayments in the year	Principal of debt 31 Dec. 2011	Part that falls due in 2012	Long-term part
Bank or creditor							
Domestic banks	89,467,365	32,000,382	2,697,927	(21,300,749)	102,864,925	(26,970,219)	75,894,706
Foreign banks	7,812,384	1,701,814	6,560	(673,306)	8,847,452	(832,294)	8,015,158
Other creditors	642,858	0	0	0	642,858	(128,572)	514,286
Financial lease	195,787	890,769	0	0	1,086,556	(395,516)	691,040
Total loans obtained	**98,118,394**	**34,592,965**	**2,704,487**	**(21,974,055)**	**113,441,791**	**(28,326,601)**	**85,115,190**

The interest rates on the long-term loans obtained are within the range of six-month Euribor + 0.7% to six-month Euribor + 4.5%, and from three-month Euribor + 0.5% to three-month Euribor + 6% and the real interest rate between 5.9% and 6.6%. The Group has taken out long-term loans with a reference interest rate for three-month and six-month Euribor.

Maturity of long-term financial liabilities by year

(in EUR)	2012	2011
Maturity from 1 to 2 years	25,018,401	35,185,669
Maturity from 2 to 3 years	14,954,335	15,245,529
Maturity from 3 to 4 years	11,544,987	12,546,759
Maturity from 4 to 5 years	6,907,579	9,517,220
Maturity of more than 5 years	12,836,239	12,620,013
Total	**71,261,541**	**85,115,190**

Long-term and short-term liabilities arising from financing are collateralised by mortgages on immovable and movable property in the amount of EUR 247,382,228, as well as bills of exchange written and trade receivables pledged. This amount comprises the value of the secured loan agreements.

14. Long-Term Operating Liabilities

(in EUR)	2012	2011
Long-term operating liabilities arising from lease	1,361,408	337,718
Short-term part of long-term operating receivables	(510,028)	(75,048)
Total	**851,380**	**262,670**

Long-term operating liabilities comprise a raised commodity loan in the segment of telecommunications and a long-term liability arising from the investment in a press for cold forging in the Hand Tools Programme.

15. Deferred Tax Assets and Liabilities

(in EUR)	2012	2011
Long-term deferred tax assets	5,320,625	5,310,462
Long-term deferred tax liability	(4,811,088)	(6,435,867)
Net long-term deferred tax asset	**586,889**	**112,094**
Net long-term deferred tax liability	**77,351**	**1,237,499**

Changes in deferred tax assets	**2012**	**2011**
Balance of the deferred tax asset as at 1 January	**5,310,462**	**6,354,165**
Increases:		
– long-term provisions for jubilee awards and severance pay	0	25,882
– impairment of trade receivables	348,415	0
– investments into research and development	0	466,121
– tax loss	685,056	0
Decreases:		
– long-term provisions for jubilee awards and severance pay	(164,018)	(72,532)
– impairment of trade receivables	0	(33,353)
– reversal of tax relief for investments into research and development	(859,290)	0
– reversal of deferred taxes	0	(1,429,821)
Balance of the deferred tax asset as at 31 December	**5,320,625**	**5,310,462**
– offset with deferred tax liabilities	4,733,736	5,198,368
Net deferred tax assets as at 31 December	**586,889**	**112,094**

Changes in deferred tax liabilities	**2012**	**2011**
Balance of the deferred tax liability as at 1 January	**6,435,867**	**7,887,672**
Increases:	0	454,836
Decreases:	(1,624,779)	(1,906,641)
Balance of the deferred tax liability as at 31 December	**4,811,088**	**6,435,867**
– offset with deferred tax liabilities	4,733,736	5,198,368
Net deferred tax liabilities as at 31 December	**77,351**	**1,237,499**

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 15%.

16. Short-Term Financial Liabilities

(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 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 creditors	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**

(in EUR)	Balance of debt as at 1 Jan. 2011 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 2011	Transfer of the short-term part of long-term liabilities	Balance of debt as at 31 Dec. 2011
Bank or creditor						
Domestic banks	93,886,163	112,731,160	(2,697,927)	(163,417,191)	26,970,219	67,472,424
Foreign banks	6,435,315	12,803,577	(6,560)	(12,689,622)	832,294	7,375,004
Other creditors	1,015,035	640,309	0	(1,268,238)	128,572	515,678
Financial lease	333,324	0	0	(333,324)	395,516	395,516
Total loans obtained	**101,669,837**	**126,175,046**	**(2,704,487)**	**(177,708,375)**	**28,326,601**	**75,758,622**

The interest rates on short-term loans obtained are within the range of three-month Euribor + 3.5% to three--month Euribor + 4.25%, and from six-month Euribor + 3.5% to six-month Euribor 4.3%, one-month Euribor + 4.75%, one-month Libor + 5.15% and the real interest rate ranging between 2% and 6.7%. The Group has taken out loans with a reference interest rate for one-month, three-month and six-month Euribor as well as one-month Libor.

Long-term and short-term liabilities arising from financing are collateralised by mortgages on immovable and movable property in the amount of EUR 247,382,228 as well as bills of exchange written and trade receivables pledged. This amount comprises the value of the secured loan agreements.

17. Short-Term Operating Liabilities

(in EUR)	2012	2011
Short-term operating liabilities to associates		
Slovenia	7,040,226	7,067,891
Abroad	260,320	241,580
Short-term operating liabilities to other suppliers		
Slovenia	17,901,442	18,786,731
Abroad	11,625,892	13,564,155
Short-term operating liabilities to the state	623,013	613,987
Short-term operating liabilities to employees	3,711,794	3,655,610
Short-term operating liabilities for advances	8,131,764	6,337,235
Short-term operating liabilities for interest	523,906	799,596
Short-term bills payable	4,068,245	3,112,006
Other short-term liabilities	2,999,661	2,471,703
Short-term part of long-term operating receivables	510,028	75,048
Total	**57,396,291**	**56,725,542**

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.

18. Accrued Costs and Deferred Revenues

(in EUR)	2012	2011
Short-term deferred revenues	824,705	1,392,600
Short-term accrued costs and expenditures	2,017,444	502,058
VAT from advances received	29,129	36,056
Total	**2,871,278**	**1,930,714**

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 820,391, accounted interest due from buyers in the amount of EUR 4,314;
- accrued costs comprising the accounted commissions from the sale of tools and machinery in the amount of EUR 599,602, the liability for unused holiday leave for 2012 in the amount of EUR 1,106,378, and out-of-court settlement for the liability of Biva-hiše d.o.o. – in bankruptcy, totalling EUR 220,000, and other accrued costs of EUR 91,464;
- VAT from advances granted in the amount of EUR 29,129.

19. Contingent Liabilities

(in EUR)	2012	2011
Guarantees given	8,903,351	10,621,074
Total	**8,903,351**	**10,621,074**

Contingent liabilities comprise guarantees and warranties for loans raised from banks.

Notes on the Income Statement

20. Income Statement from Discontinued Operations

(in EUR)	2012	2011
A. Net sales revenues	0	27,106,433
B. Change in the value of inventories of products and work-in-progress	0	1,481,629
C. Capitalised own products and services	0	0
D. Other operating revenues (including operating revenues from revaluation)	0	23,677
GROSS OPERATING PROFIT	**0**	**28,611,739**
E. Cost of goods, material and services	0	22,315,896
F. Labour costs	0	3,304,581
G. Amortisation and depreciation expense	0	1,374,617
H. Other operating expenses	0	125,686
OPERATING PROFIT OR LOSS	**0**	**1,490,959**
I. Finance income	0	(248,079)
J. Finance expenses	0	526,555
PROFIT OR LOSS	**0**	**716,325**
K. Corporate income tax	0	0
L. Deferred tax	0	0
NET PROFIT OR LOSS FOR THE PERIOD	**0**	**716,325**
– attributable TO THE OWNERS OF THE PARENT COMPANY	0	254,140
– attributable TO THE NON-CONTROLLING INTERESTS	0	462,185

In April 2011, Unior d.d. sold a 25.1% stake in Štore Steel d.o.o. The operations of this company were included in the full consolidation in the consolidated financial statements until 31 March 2011 as a subsidiary's operations. For that reason, the revenues and expenses were lower in 2012 than in the comparative period last year in spite of a higher volume of operations.

The income statement from discontinued operations for 2011 represents the operations of Štore Steel d.o.o. adjusted for the consolidation exclusion of revenues and expenses.

21. Consolidated Income Statement by Division

(in EUR) Item	Tourism act. 2012	Metal act. 2012	Total 2012	Tourism act. 2011	Metal act. 2011	Total 2011
A. Net sales revenues	**20,117,422**	**181,740,514**	**201,857,936**	**20,010,126**	**205,976,157**	**225,986,283**
1. Net revenues from sales on the domestic market	19,970,473	18,829,500	38,799,973	19,709,422	23,791,212	43,500,634
2. Net revenues from sales on foreign market	146,949	162,911,014	163,057,963	300,704	182,184,945	182,485,649
B. Changes in inventories of finished goods and work-in-progress	**15,295**	**3,093,020**	**3,108,315**	**557**	**6,451,676**	**6,452,233**
C. Capitalised own products and services	**0**	**2,170,337**	**2,170,337**	**0**	**4,231,482**	**4,231,482**
D. Other operating revenues	**492,083**	**3,160,651**	**3,652,734**	**688,446**	**3,306,865**	**3,995,311**
I. GROSS OPERATING PROFIT	**20,624,800**	**190,164,522**	**210,789,322**	**20,699,129**	**219,966,180**	**240,665,309**
E. Cost of goods, material and services	**9,396,407**	**126,343,396**	**135,739,803**	**9,134,589**	**147,613,818**	**156,748,407**
1. Cost of goods and materials sold	211,293	17,385,367	17,596,660	279,189	17,744,196	18,023,385
2. Cost of materials used	5,736,901	84,866,106	90,603,007	5,321,497	104,239,445	109,560,942
3. Cost of services	3,448,213	24,091,923	27,540,136	3,533,903	25,630,177	29,164,080
F. Labour costs	**8,656,441**	**47,586,461**	**56,242,902**	**8,276,552**	**50,206,771**	**58,483,323**
1. Costs of wages and salaries	6,550,152	35,913,849	42,464,001	6,244,474	37,370,545	43,615,019
2. Costs of pension insurance	77,407	536,568	613,975	77,360	924,083	1,001,443
3. Costs of other social insurance	1,024,142	6,127,532	7,151,674	1,001,268	6,182,886	7,184,154
4. Other labour costs	1,004,740	5,008,512	6,013,252	953,450	5,729,257	6,682,707
G. Amortisation and depreciation expense	**3,350,807**	**11,238,517**	**14,589,324**	**3,218,375**	**11,409,418**	**14,627,793**
1. Amortisation/depreciation	3,246,250	9,429,163	12,675,413	3,035,548	10,607,642	13,643,190
2. Operating expenses from revaluation of intangible fixed assets and property, plant and equipment	58	537,762	537,820	28,772	185,561	214,333
3. Operating expenses from revaluation of current assets	104,499	1,271,592	1,376,091	154,055	616,215	770,270
H. Other operating expenses	**381,555**	**2,609,195**	**2,990,750**	**438,064**	**2,359,500**	**2,797,564**
1. Provisions	0	21,550	21,550	1,957	581,672	583,629
2. Other costs	381,555	2,587,645	2,969,200	436,107	1,777,828	2,213,935
II. OPERATING PROFIT OR LOSS	**(1,160,410)**	**2,386,953**	**1,226,543**	**(368,451)**	**8,376,673**	**8,008,222**
I. Finance income	**69,390**	**1,240,261**	**1,309,651**	**7,864**	**3,780,923**	**3,788,787**
1. Finance income from participating interests	59	236,558	236,617	454	3,032,436	3,032,890
2. Finance income from loans granted	396	146,776	147,172	460	61,591	62,051
3. Finance income from operating receivables	68,935	856,927	925,862	6,950	686,896	693,846
J. Finance expenses	**673,999**	**10,770,014**	**11,444,013**	**444,533**	**11,223,911**	**11,668,444**
1. Finance expenses from impairments and write-offs of financial assets	0	2,840,480	2,840,480	0	2,756,681	2,756,681
2. Finance expenses from financial liabilities	669,746	6,971,925	7,641,671	436,350	7,624,843	8,061,193
3. Finance expenses from operating liabilities	4,253	957,609	961,862	8,183	842,387	850,570
III. PROFIT OR LOSS	**(1,765,019)**	**(7,142,800)**	**(8,907,819)**	**(805,120)**	**933,685**	**128,565**
Corporate income tax	**0**	**266,580**	**266,580**	**0**	**239,599**	**239,599**
Deferred tax	**472**	**-52,980**	**-52,508**	**4,487**	**-375,509**	**-371,022**
NET PROFIT OR LOSS FOR THE PERIOD	**(1,765,491)**	**(7,356,400)**	**(9,121,891)**	**(809,607)**	**1,069,595**	**259,988**
– attributable TO THE OWNERS OF THE PARENT COMPANY	-1,765,581	-7,709,144	-9,474,725	-809,695	457,432	-352,263
– attributable TO THE NON-CONTROLLING INTERESTS	90	352,744	352,834	88	612,163	612,251

22. Net Sales Revenues

Net sales revenues by geographical segment

(in EUR)	2012	2011
Slovenia		
– associates	1,310,714	1,228,019
– other buyers	37,489,259	42,272,615
Rest of the world		
– associates	3,782,945	3,529,347
– other buyers	159,275,018	178,956,302
Total	**201,857,936**	**225,986,283**

23. 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)	2012	2011
Capitalised own products and services	1,674,087	3,560,813
Capitalised own tools	496,250	670,669
Total	**2,170,337**	**4,231,482**

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 1,674,087. The largest amount is represented by the general overhauls of machines at the forging plant.

The tool plant within the scope of the Sinter Programme has manufactured tools for own needs in the total value of EUR 496,250.

24. Other Operating Revenues

(in EUR)	2012	2011
Rewards for exceeding the quota of disabled employees	240,542	240,846
Paid receivables that were already included in the value adjustment	67,694	147,327
Damages received	113,703	104,997
Reversal of long-term provisions	717,510	903,048
Profit from disposal of fixed assets	220,120	106,664
Reversal of negative goodwill of the investments into subsidiaries	0	153,555
Revaluation of investment property to fair value	228,368	0
Subsidies, grants and similar revenues	190,088	516,953
Emission coupon sales	9,029	8,783
Other	1,865,680	1,813,138
Total	**3,652,734**	**3,995,311**

25. Costs and Expenses

(in EUR)	Prod. costs	Costs of sales	Costs of general activities	Total
Cost of goods sold/production costs	**17,596,660**	**0**	**0**	**17,596,660**
Cost of material	**79,450,640**	**8,606,442**	**2,545,925**	**90,603,007**
Cost of services	**18,313,836**	**4,402,044**	**4,824,256**	**27,540,136**
Cost of wages and salaries	29,284,985	9,136,627	4,042,389	42,464,001
Cost of social insurance	5,087,382	1,459,740	604,552	7,151,674
Cost of pension insurance	454,919	104,104	54,952	613,975
Other labour costs	3,984,584	1,079,308	949,360	6,013,252
Total labour costs	**38,811,870**	**11,779,779**	**5,651,253**	**56,242,902**
Amortisation/depreciation	**7,783,367**	**3,067,816**	**1,824,230**	**12,675,413**
Operating expenses from revaluation of current assets	**1,121,097**	**238,432**	**16,562**	**1,376,091**
Operating expenses from revaluation of intangible assets and property, plant and equipment	**23,070**	**464,850**	**49,900**	**537,820**
Other costs	**1,340,168**	**599,942**	**1,050,640**	**2,990,750**
Total costs	**164,440,708**	**29,159,305**	**15,962,766**	**209,562,779**

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

Other costs of the Group include:

(in EUR)	2012	2011
– provisions for severance pay and jubilee awards and annuities	21,550	583,629
– charge for the use of building land	283,528	278,600
– environmental protection expenditures	180,833	198,806
– bonuses to pupils and students undergoing practical training	413,563	649,110
– scholarships to pupils and students	185,584	266,388
– damages paid to employees	137,531	205,904
– financial aid - grants	245,519	255,535
– costs incurred from the sale of apartments	2,082	4,378
– impairment of investment property	935,709	0
– other operating expenses	584,851	355,214
Total	**2,990,750**	**2,797,564**

The costs of auditing the Annual Reports of the companies from the Unior Group totalled EUR 67,245.

26. Finance Income and Expenses

Finančni prihodki

(in EUR)	2012	2011
Finance income from participating interests		
Finance income from participating interests in associated companies	228,203	2,962,811
Finance income from participating interests in other companies	7,939	69,621
Finance income from other investments	475	458
Total	236,617	3,032,890
Finance income from loans granted		
Finance income from loans granted to others	147,172	62,051
Total	147,172	62,051
Finance income from operating receivables		
Finance income from operating receivables due from others	925,862	693,846
Total	925,862	693,846
Total finance income	**1,309,651**	**3,788,787**

The finance income from participating interests in associated companies comprises the profit of Unior Teos d.o.o., Štore Steel d.o.o. and Unior Tepid s.r.l. The dividends of Skupna d.d. are disclosed among the finance income from participating interests in other companies.

Finance expenses

(in EUR)	2012	2011
Finance expenses from impairments and write-offs of financial assets	**2,840,480**	**2,756,681**
Finance expenses from financial liabilities		
Finance expenses from bank loans	7,439,403	7,807,487
Finance expenses from other financial liabilities	202,268	253,706
Total	7,641,671	8,061,193
Finance expenses from operating liabilities		
Financial expenses from trade payables and bills payable	318,919	195,782
Finance expenses from other operating liabilities	642,943	654,788
Total	961,862	850,570
Total finance expenses	**11,444,013**	**11,668,444**

The Impairment of Financial Assets

The impairment of financial assets includes a negative effect in the amount of EUR 884,254 resulting from the profits and losses of associated companies. We also impaired the shares of Banka Celje d.d. worth EUR 1,933,834.

27. 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)	2012	2011
Corporate income tax	266,580	239,599
Deferred taxes	(52,508)	(371,022)
Total	**214,072**	**(131,423)**

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

(in EUR)	2012	2011
Net profit or loss for the period before taxes	(8,907,819)	128,565
Corporate income tax in Slovenia, 18%	(1,603,407)	25,713
Non-taxable income	(12,194)	(10,511)
Expenses not recognised for tax purposes	(655,505)	388,337
Value adjustment of receivables	348,415	(33,353)
Provisioning	(164,018)	(46,650)
Tax relief for investments in research and development	(859,290)	466,121
Tax relief for investments	12,000	(92,959)
Other reliefs and adjustments of expenses recognised for tax purposes	3,148,071	(828,120)
Tax loss	685,056	0
Corporate income tax	214,072	(131,423)
Effective tax rate in %	(2.4)	(102.2)

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 52,508, which increases the net profit or loss for the current year.

Related-Party Transactions

Sales to Associated Companies

Sales to related parties

(in EUR)	2012	2011
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore*	115,908	152,386
RHYDCON d.o.o., Šmarje pri Jelšah	78,884	145,391
ROBOTEH d.o.o., Šmarje pri Jelšah	7,845	3,061
RC SIMIT d.o.o., Kidričevo	1,108,076	32,277
STARKOM d.o.o., Maribor	0	894,904
Abroad:		
UNIOR TEPID S.R.L., Brasov	2,043,197	1,971,876
UNIOR SINGAPORE Pte. Ltd., Singapore	252,108	330,392
UNIOR TEHNA d.o.o., Sarajevo	363,120	0
UNIOR TEOS ALATI d.o.o., Belgrade	720,515	820,571
SINTER a.d., Užice	125,356	268,368
UNIOR FORMINGTOOLS d.o.o., Kragujevac**	278,650	138,140
Total associated companies	**5,093,659**	**4,757,366**

* Štore Steel d.o.o. is disclosed for 2011 from 1 April until 31 December.
** Unior Formingtools d.o.o. is disclosed for 2011 from 1 April until 31 December.

Purchases from Associated Companies

Purchases from related parties

(in EUR)	2012	2011
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore*	18,925,080	17,819,691
RHYDCON d.o.o., Šmarje pri Jelšah	0	73,130
ROBOTEH d.o.o., Šmarje pri Jelšah	177,602	286,987
RC SIMIT d.o.o., Kidričevo	467,800	64,804
STARKOM d.o.o., Maribor	0	18,207
Abroad:		
UNIOR TEPID S.R.L., Brasov	147,121	93,017
UNIOR SINGAPORE Pte. Ltd., Singapore	0	15,027
UNIOR TEHNA d.o.o., Sarajevo	10,802	0
UNIOR TEOS ALATI d.o.o., Belgrade	290,746	231,211
SINTER a.d., Užice	294,403	572,103
UNIOR FORMINGTOOLS d.o.o., Kragujevac**	327,844	590,484
Total associated companies	**20,641,398**	**19,764,660**

* Štore Steel d.o.o. is disclosed for 2011 from 1 April until 31 December.

** Unior Formingtools d.o.o. is disclosed for 2011 from 1 April until 31 December.

Operating Receivables from Associated Companies

Operating receivables due from related parties

(in EUR)	2012	2011
Associated companies:		
In the country:		
ŠTORE STEEL d.o.o., Štore	80	45,106
RHYDCON d.o.o., Šmarje pri Jelšah	20,347	17,019
ROBOTEH d.o.o., Šmarje	167	0
RC SIMIT d.o.o., Kidričevo	433,200	9,014
STARKOM d.o.o., Maribor	0	89,272
Abroad:		
UNIOR TEPID S.R.L., Brasov	535,716	510,090
UNIOR SINGAPORE Pte. Ltd., Singapore	42,410	106,417
UNIOR TEHNA d.o.o., Sarajevo	168,237	88,349
UNIOR TEOS ALATI d.o.o., Belgrade	80,376	244,747
SINTER a.d., Užice	195,966	156,839
UNIOR FORMINGTOOLS d.o.o., Kragujevac	643,408	134,561
Total associated companies	**2,119,907**	**1,401,415**

Operating Liabilities to Associated Companies

Operating liabilities to related parties

(in EUR)	2012	2011
Associates:		
in the country:		
ŠTORE STEEL d.o.o., Štore	6,565,574	6,892,190
RHYDCON d.o.o., Šmarje pri Jelšah	0	0
ROBOTEH d.o.o., Šmarje	12,032	97,877
RC SIMIT d.o.o., Kidričevo	462,619	77,765
STARKOM d.o.o., Maribor	0	60
abroad:		
UNIOR TEPID S.R.L., Brasov	0	0
UNIOR SINGAPORE Pte. Ltd., Singapore	0	0
UNIOR TEOS ALATI d.o.o., Belgrade	55,466	3,000
SINTER a.d., Užice	132,896	160,984
UNIOR FORMINGTOOLS d.o.o., Kragujevac	71,957	77,596
Total associated companies	**7,300,544**	**7,309,472**

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)	2012	2011
RHYDCON d.o.o., Šmarje pri Jelšah	547,440	321,053
RC SIMIT d.o.o., Kidričevo	2,314,922	332,268
Total	**2,862,362**	**653,320**

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 2012 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. We estimate that the Company's solvency risk is moderate as a result of the efficient management of monies, suitable credit lines for the short-term adjustment of cash flows and adequate access to the necessary financial resources. In order to reduce liquidity risk, the parent company began financial restructuring in 2012. Our goal is to agree on reprogramming the existing financial liabilities with all commercial banks, which will positively influence liquidity and ensure a positive cash flow throughout the reprogramming period (until 2019).

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 2012 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 2012 to keep the existing interest rates for short-term and long-term loans unchanged. At the onset of the economic crisis, reference interest rates for all the loans that we have taken out began decreasing, however, the Company incurred higher financing costs due to the need for greater exposure and the raising of interest margins.

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 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**		**50,930**	**169,768**	**339,534**

Balance of the liabilities tied to an individual variable interest rate in 2011

(in EUR)	**Amount of the liability as at 31 Dec. 2011**	Interest rate	Hypothetical rise in interest rates by 15 %	by 50 %	by 100 %
Interest rate type					
1-month EURIBOR	3,000,000	1,0830	4,874	16,245	32,490
3-month EURIBOR	60,433,711	1,3870	125,732	419,108	838,216
6-month EURIBOR	72,015,601	1,6400	177,158	590,528	1,181,056
1-month LIBOR	731,123	0,2963	325	1,083	2,166
Total effect	**136,180,435**		**308,089**	**1,026,964**	**2,053,928**

Remuneration to the Management Board and the Supervisory Board

(in EUR)	Gross values 2012	Gross values 2011	Net values 2012	Net values 2011
Darko Hrastnik	91,818	120,705	42,042	54,791
Gorazd Korošec***	63,110	128,695	31,194	63,008
Branko Bračko***	10,827	0	5,800	0
Management Board total	**165,755**	**249,400**	**79,036**	**117,799**
Matej Golob Matzele	4,929	3,744	3,820	2,902
Dr. Karl Kuzman**	1,560	3,739	1,209	2,898
Franc Dover**	1,107	0	858	0
Rok Vodnik	3,165	726	2,453	563
Emil Kolenc	5,113	3,418	3,962	2,649
Stanko Šrot	3,948	2,899	3,060	2,247
Marjan Adamič	4,491	3,375	3,481	2,616
Katarina Praznik*	251	443	194	343
Gregor Korošec*	1,004	0	778	0
Primož Klemen*	362	181	281	140
Supervisory Board total	**25,930**	**18,525**	**20,096**	**14,358**

* Members of the Supervisory Board's committees
** Dr. Karl Kuzman until 11 July 2012, Franc Dover from 11 July 2012
*** Gorazd Korošec until 17 August 2012, Branko Bračko from 15 November 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 2012. 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. All employees working under an individual employment contract have had their salaries reduced by up to 10%, depending on the performance of an individual programme or the Company as a whole.

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 2012, 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.

Events After the Balance Sheet Date

There were no events after the balance sheet date.

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 2012.

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 therefrom.

Zreče, 24 April 2013

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

Hrastnik

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

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Deloitte.

Deloitte Revizija d.o.o.
Dunajska cesta 165
1000 Ljubljana
Slovenija

Tel: + 386 (0)1 3072 800
Fax: + 386 (0)1 3072 900
www.deloitte.si

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of UNIOR d.d.

Report on Financial Statements

We have audited the enclosed consolidated financial statements of the company Unior d.d. and its subsidiaries (hereinafter: the Unior Group) that include the balance sheet as at 31 December 2012, the income statement, the statement of other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and a summary of the major accounting policies and other explanatory notes.

The Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these consolidated financial statements according to the International Financial Reporting Standards endorsed by the EU and for the internal control needed, in the opinion of the management, to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

The Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's assessment and include assessment of the risk of misstatements in the financial statements due to deception or error. When assessing these risks the auditor examines internal controls related to compiling and fair presentation of the Group's financial statements in order to determine the audit procedures appropriate under the circumstances and not to give an opinion on success of internal controls in the Group. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Unior Group as at 31 December 2012 and of its profit/loss, other comprehensive income and cash flows for the year then ended, in accordance with the International Financial Reporting Standards as endorsed by the EU.

Report on Other Legal and Regulatory Requirements

The management is also responsible for preparing the business report in line with the requirements of the Companies Act (ZGD-1). In the framework of our mandate, our responsibility is to verify if the business report is consistent with the financial statements. We have conducted procedures in this respect according to the International Standard on Auditing 720 and have restricted them to assessing the 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.

Kristan Milošič	Dušan Hartman
Certified Auditor	Member of the Management board

Ljubljana, 24. april 2013

Deloitte.

DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

Evropski proizvajalec od leta 1919

UNIOR d. d.
Kovaška cesta 10
3214 Zreče, Slovenija
T: +386 3 757 81 00
F: +386 3 576 21 03
E: unior@unior.si
I: www.unior.si