
SIX-MONTHLY REPORT

OF THE
IMPOL GROUP AND
IMPOL 2000, D.D.

JAN-JUN 2016

impol
Aluminium Industry



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AN IN-DEPT REVIEW

**DETAILED EXAMINATION OF
IMPOL GROUP OPERATIONS IN
FIRST SIX MONTHS
OF 2016**

THE FIRST SIX MONTHS OF 2016

Table 1: Key indicators

	Metric unit	Jan–Jun 2014	Jan–Jun 2015	Jan–Jun 2016
The development in quantitative sales				
Volume of sales of aluminium semi-finished products	in 000 tonnes	97.1	99.3	104.8
Financial data				
Net revenue from sales	in million EUR	245.44	296.89	276.32
Share of exports	in %	94%	94%	94%
EBITDA*	in million EUR	24.2	24.8	33.2
EBIT	in million EUR	16.0	17.4	25.7
EBITDA Margin	in %	9.8%	8.4%	12.0%
Net profit or loss	in million EUR	10.41	11.85	19.35
Investments	in million EUR	6.64	3.97	14.95
Statement of financial position on 30 June 2016				
Total assets	in million EUR	329.4	351.4	370.4
Capital/equity	in million EUR	105.8	118.6	144.8
Net debt**	in million EUR	141.6	152.9	117.1
Net debt/EBITDA*		3.52	3.85	2.06
The share of capital in funding	in %	32%	34%	39%
Employees				
Number of employees on 30 June 2016		1,873	1,856	2,148

*EBITDA = operating profit or loss + depreciation

**Net debt = financial liabilities – cash and cash equivalents – current financial investments

***The indicators take into account the EBITDA for the last 12 months (1 July 2015–30 June 2016)

Chart 1: EBITDA margin

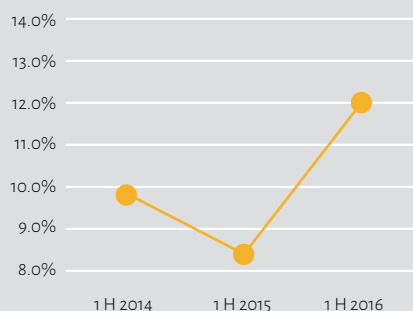
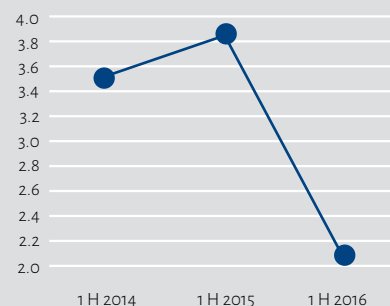


Chart 2: Net debt/EBITDA



Characteristics of Impol Group Operations in First Six Months of 2016

- The first half of 2016 continued to mark a positive trend in increasing the demand for the products of the Impol Group, which enabled the set monthly targets in all sales programmes to be achieved and even exceeded.
- In comparison with the first half of the previous year, the quantitative sales in the first six months of 2016 increased by more than five percent.
- Proceeds from the sales in the first six months of 2016 compared to the first half of the previous year were lower, however, this drop resulted from the decreased value of aluminium on the stock exchange, which is the basis for determining the sales prices of products and the purchase prices of raw materials.
- The Impol Group has managed to maintain and even increase profitability in specific segments, also with the support of favourable conditions in the upstream and downstream market. Purchase premiums for the input raw materials have also decreased this year and at the same time we managed to maintain sales prices due to an increase in demand, which has had a favourable impact on sales margins.
- In comparison with the first half of 2015, we have recorded a 33.9% increase in EBITDA and a decrease in net debt ratio as compared to EBITDA.
- On 30 June 2016, the Impol Group employed 2,148 people, of which 1,175 worked in companies in Slovenia, 680 in Serbia, 288 in Croatia, 3 in the United States and 2 in Hungary.

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

Parent Company

In compliance with the Companies Act, Impol 2000, d.d., with the registered office in Slovenska Bistrica, Partizanska 38, being the holding company of the Impol Group and a large public limited company, is obliged to prepare a consolidated annual report and have its operations audited. With the issue of bonds at the end of 2015 the company was transformed to a public limited company.

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

On 9 November 1998, the Company's decision Srg 98/01486 on increasing the share capital with in-kind contributions, i.e., with the shares of Impol, d.d., Slovenska Bistrica, was registered in the Register of Companies at the Regional Court in Maribor, with the entry number 1/10469/00.

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

After the registration of the increase in the share capital as at 15 February 2000, the Company's share capital amounted to EUR 4,451,540. The Company's share capital is divided into 1,066,767 registered pro rata shares. Carrying amount of the share of Impol 2000, d.d., as at 30 June 2016 is presented in Table 2.

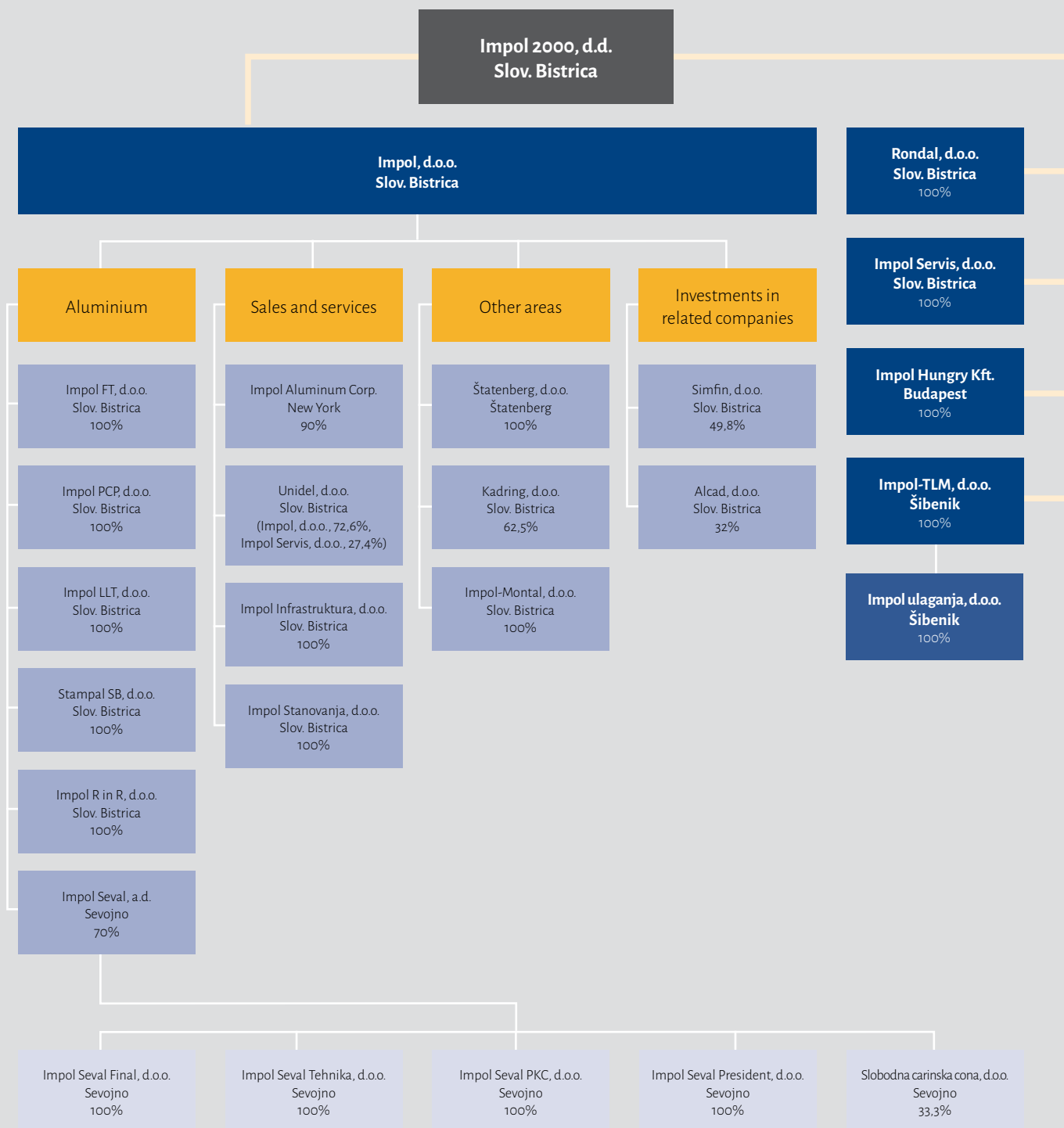
Table 2: Carrying amount of the share of Impol 2000, d.d., (parent company within the Impol group) in EUR

Year	Carrying amount of the share of Impol 2000, d.d., (parent company)	Carrying amount of a share – consolidated – including the equity of minority shareholders	Carrying amount of a share – consolidated – excluding the equity of minority shareholders
30 June 2016	51.90	135.79	123.29
2015	51.66	119.58	108.57
2014	49.61	99.88	91.04
2013	47.93	89.61	80.54
2012	45.88	77.78	69.83
2011	40.85	69.21	61.21
2010	36.19	56.46	49.90
2009	32.13	52.75	46.41
2008	26.54	53.33	47.27
2007	23.70	50.19	42.06

Table 3: Ten largest shareholders of Impol 2000, d.d., on 30 June 2016

Shareholder	Number of shares	share
Bistral, d.o.o.	111,449	10.45
Impol-Montal, d.o.o.	80,482	7.54
Karona, d.o.o.	71,535	6.71
Alu-Trg, d.o.o.	58,882	5.52
Upimol 2000, d.o.o.	54,787	5.14
Alumix, d.o.o.	53,400	5.01
Simpal, d.o.o.	53,400	5.01
Danilo Kranjc	31,903	2.99
Simfin, d.o.o.	19,173	1.80
Varimat, d.o.o.	17,206	1.61
Other (mostly natural persons)	514,550	48.23

Chart 3: Organisation scheme as at 30 June 2016



Consolidated calculations include all companies in which the Impol Group holds more than 50% management rights, meaning that Simfin d.o.o., Alcad d.o.o., Impol Brazil and Slobodna carinska cona are not included in the consolidation. They are calculated under equity method for associates.

The Impol Group operates within the holding company, Impol 2000, d.d., with its direct subsidiaries Impol, d.o.o., Rondal d.o.o., Impol

Hungary Kft. and Impol Servis, d.o.o., and Impol-TLM, d.o.o., which from 2 March 2016 it also owns Impol ulaganja, d.o.o., with its registered office in Croatia, and Impol, d.o.o., which operates with thirteen active subsidiaries, four active sub-subsidiaries, and two active associated companies.

Of 26 Group companies, 9 operate abroad. Impol Hungary Kft. and Impol-TLM, d.o.o., are direct subsidiaries of Impol 2000, d.d., whereas two subsidiaries of Impol, d.o.o., also operate abroad: IAC, New York, USA, and Impol Seval, a.d., Serbia, which is the 100% owner of four companies.

IMPORTANT BUSINESS EVENTS AND ACHIEVEMENTS OF THE IMPOL GROUP IN THE FIRST SIX MONTHS OF 2016

Through Impol-TLM, d.o.o., in Croatia which the Impol Group established in 2015, the Group managed to lease production assets to set up the programme of rolled aluminium products in Šibenik. The above mentioned Impol-TLM purchased Adrial Ulaganja, d.o.o., on 2 March 2016 (which was later renamed into Impol ulaganja, d.o.o.). In April this year, first rolled products manufactured by Impol-TLM were launched to the market and production has increased. On 28 May 2016, this positive trend was interrupted by the fire on one of the key machines – a hot rolling mill. In co-operation with external experts, the Impol Group carried out repairs on the machine and successfully completed them in August. The hot rolling mill was restarted at the beginning of September 2016 and, thus, optimal production flow in Impol-TLM will be established in the last quarter of 2016.

The investments of the Impol Group prioritise the launch of production in Croatia and in this regard the Impol Group directed a lot of its energy in the first six months in the establishment of the system of management at Impol-TLM, d.o.o., and Impol ulaganja, d.o.o., in accordance with the corporate rules of the Impol Group.

The Impol Group also carried out a number of minor investments, which already successfully contribute to the increase in production capacities and to the achievement of strict quality requirements of the customers:

- A new one chamber melting furnace was purchased for the foundry and a new line for continuous homogenisation of rods.
- For extrusion a new ultrasonic device was acquired.
- In Serbia, we are modernising a hot rolling mill and in Slovenia we are investing in the modernisation of a cold rolling mill for the production of rolled products.
- A new line for the production of forgings was launched.
- Laboratory equipment was modernised and this enables the production of reliable and credible chemical, mechanical and metallographic tests.

A new energy management information system, ENIS, was implemented for energy use optimisation. We also continued to update the business information system.

We are preparing a strategy of the Impol Group until 2025, where the Impol Group will pursue a major strategic objective, namely to achieve a sales volume in the amount of EUR 1 billion by 2025.

In accordance with the preparation of the renewed strategy, we are preparing an investment programme for the following investment period. The Impol Group has determined following priorities:

- Increase of the capacity of rolling with the support of investment in the purchase of production means of TLM-Aluminium, d. d., in bankruptcy and with the support of the modernisation of the equipment in Impol Seval, Sevojno, Serbia.
- Increase of the capacity extrusion in Slovenska Bistrica and development of the finalisation of extruded products.
- The adoption of the technology of casting rods and an increase in sales opportunities in this segment.
- Gradual introduction of digitalisation and the establishment of a smart factory system.

In the field of human resources management, we actively engaged in introducing the principles of lean operations, with a focus on reducing work-related accidents. We have introduced a system of line supervision on the situation of safety and quality in a majority of production processes and the activities for informing employees have been enhanced. As a result, the number of accidents at work in five largest companies of the Impol Group has decreased by 30 percent.

Important business events after the operative period

On 15 July 2016, 19th General Meeting of Impol 2000, d.d., took place and it was attended by 539,301 (50.78%) shares with the right to cast votes. The General Meeting took note of the adoption of the Annual Report of the company and the consolidated Annual Report of the Impol Group for 2015. It decided to use EUR 1,504,141.47 for dividend payments, which is EUR 1.14 per share, from the formed profit of Impol 2000, d.d., in the amount of EUR 32,998,861.46. The remaining EUR 31,494,719.99 in undistributed distributable profit remained undistributed. In the beginning of September 2016, the dividends were paid to all shareholders who entered in the Shareholder Register on 11 July 2016. The shareholders granted discharge to the Management Board and to the Executive Directors of Impol 2000, d.d., Auditor, d.o.o., was appointed as the approved auditor for 2016.

Foreseen operations in the second six months of 2016

As regards the operations of the Impol Group, the second six months of 2016 are presumed to be less profitable, mainly because of two factors:

- due to holidays in August, in particular in Italy, the level of dispatch becomes lower and this has been foreseen in the annual plan;

- in December, sales stops in the second half of the month and in the last week of the month production also stops due to the planned annual refits.

Despite this we expect the operations in the second six months of 2016 to follow the trends of the first six months with the above mentioned specific issues and thus we expect a year of exceptional profitability.

Operations of the Impol Group

The first six months of 2016 of operations of the Impol Group were marked by the continuation of positive trends from 2015, which is visible in operating results.

Table 4: Key data from the operations for Impol Group

	Metric unit	Jan–Jun 2014	Jan–Jun 2015	Jan–Jun 2016
Consolidated net revenue sales revenue	million EUR	245.4	296.9	276.3
• From sold products	million EUR	215.2	259.6	242.2
Consolidated operating expenses	million EUR	227.4	279.5	246.6
• Depreciation	million EUR	8.2	7.4	7.5
Operating profit or loss	million EUR	16.0	17.4	25.7
Financial revenues/expenses difference	million EUR	-4.0	-3.4	-3.4
Net profit or loss	million EUR	10.4	11.9	19.3
Capital/equity	million EUR	105.8	118.6	144.9
Assets	million EUR	329.4	351.4	370.4
Carrying amount of a share in EUR (including the equity of minority owners)	million EUR	99.9	119.7	135.8
Added value per employee	EUR	45,235	54,401	54,768
Sales revenue profitability – margin	%	4.2%	4.0%	7.0%
Return on assets (ROA)	%	3.2%	3.4%	5.2%
Return on equity (ROE)	%	9.8%	10.0%	13.4%

ANALYSIS OF THE PERFORMANCE OF THE IMPOL GROUP AND IMPOL 2000, D.D.

Impol Group Performance

Notes to the income statement of the Impol Group

In the first six months of 2016, the Impol Group generated net sales revenue of EUR 276.3 million, which is 6.9% less than in the first six months of 2015 despite a more than 5% increase in the quantitative sales. The reason lies in the fall of the quoted aluminium prices which serve as the basis for establishing the purchase and sales prices of aluminium. Thus the average quoted aluminium price in the first six months of 2016 amounted to EUR 1,383.90/t and in the first six months of 2015 it amounted to EUR 1,598.69/t. The revenues generated in the domestic market account for 6.3% in the structure of sales revenues, and compared to the previous six months they decreased by 1.5%. Revenues generated in foreign markets accounted for 93.7% of total revenues and in comparison with the first six months of 2015 they fell by 7.3%. Most of the revenues generated by the Impol Group in foreign markets are achieved in the markets of the European Union, which is presented later in the report.

- Operating expenses of the Impol Group amounting to EUR 246.6 million are by 11.8% lower than in the comparable period of 2015. The costs of goods, material and services, which account for 86.2% in the structure, fell by 14% compared to the first six months of 2015.
- The most important category of operating expenses is the cost of material which amounted to EUR 164.9 million in the first six months of 2016.
- Their proportion in total operating expenses equals 66.9%. The largest share of costs of material represents the costs of raw materials, and the remaining costs are the costs of energy products, water, packaging and other materials.
- Costs of services which account for 8.2% of total operating expenses amounted to EUR 20.2 million in the first six months of 2016 and increased by 11.1% compared to the first six months of 2015.
- Labour costs amounting to EUR 24.6 million are by 10.9% higher than in the comparable six months of 2015.
- Write-offs in the amount of EUR 8.5 million are 12% lower than in the first six months of 2015, mainly as a result of lower operating expenses from revaluation of current assets. Depreciation charge in the first six months of 2016 amounted to EUR 7.5 million, which is almost 1.3% more than in the first six months of 2015.
- Other operating expenses in the first six months of 2016 amounted to EUR 0.7 million, which is 103% more than in the first six months of 2015. The biggest proportion of other operating expenses is the cost associated with the environmental taxes (concession for water, land use fee, etc.).
- In the first six months of 2015, the Impol Group thus generated EUR 25.7 million of operating profit (EBIT) and EUR 33.2 million of cash flow from operations (EBITDA), whereas in the first six months of 2015 EBIT amounted to EUR 17.4 million and EBITDA amounted to EUR 24.8 million.
- In the first six months of 2016, the Impol Group generated EUR 3.4 million of loss from financing (in the same period of 2015 EUR -3.4 million).
- In the first six months, financial expenses which mainly included liabilities to banks and interest of issued bonds, amounted to EUR 4.3 million (first six months of 2015 EUR 4.6 million).
- In the first six months of 2016, the Impol Group generated net profit of EUR 19.3 million, which is 63% more than in the same period of 2015, when the net profit amounted to EUR 11.8 million.

Notes on the Statement of Financial Position of the Impol Group

On 30 June 2016, the assets of the Impol Group equalled EUR 370.4 million, which is 2.2% more than total assets of the Group at the end of 2015.

Non-current assets increased by EUR 7.5 million, which was primarily a result of more investment and of the acquisition of assets and liabilities of Impol ulaganja, d.o.o., which, in 2016, was included in consolidation for the first time.

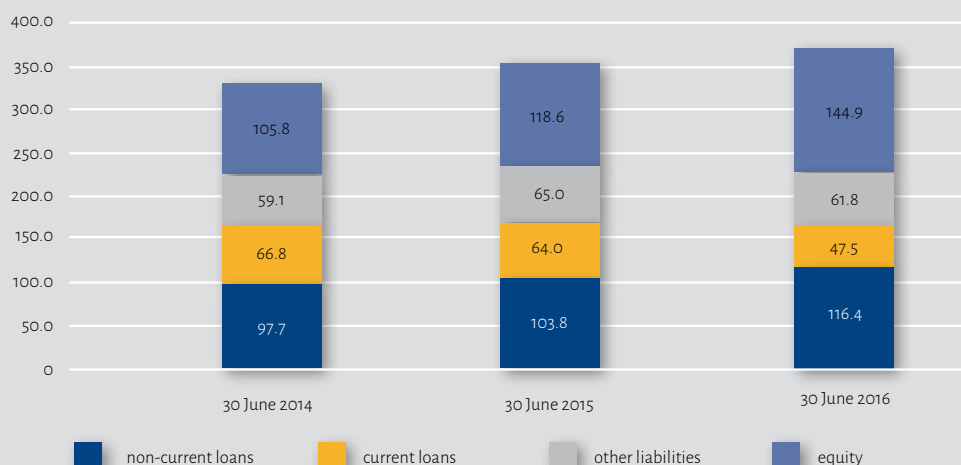
Current assets on 30 June 2016 equalled EUR 228.9 million, which is comparable with the amount on the last day of 2015. The inventories have decreased by EUR 5 million and operating receivables have increased by EUR 34.9 million, which is a result of increased sales and receivables due from other companies, in particular the VAT refund claims.

As at 30 June 2016, total liabilities of the Impol Group equalled EUR 370.4 million and have increased in the first six months of 2016 by EUR 7.9 million if compared to the amount on 31 December 2015 and by EUR 19 million if compared to the amount on 30 June 2015. The Group decreased its current liabilities by EUR 11.7 million and maintained its non-current liabilities at the level of 2015. Compared to 30 June 2015, it increased the amount of non-current loans by EUR 12.6 million and decreased the amount of current loans by EUR 16.5 million.

As at 30 June 2016, net debt of the Impol Group, calculated as a difference between total financial liabilities and cash and cash equivalents and short-term financial investments, amounted to EUR 117.1 million, which is EUR 0.9 million less than on the last day of 2015.

Total capital of the Impol Group increased in the first six months of 2016 by EUR 17.3 million and compared to 30 June 2015 it increased by EUR 26.3 million.

Chart 4: Structure of liabilities in million EUR



Performance of Impol 2000, d.d.

Notes to the income statement of Impol 2000, d.d.

In the first six months of 2016, Impol 2000, d.d., (hereinafter: the Company) generated net sales revenues of EUR 9.8 million from the sales of products, services and merchandise, which is 20.5% more than in the same period of 2015. In the domestic market, the Company generated net revenues arising from the sales of products, services and merchandise of EUR 8 million, which is 14.5% more than in the first six months of 2015. In foreign markets, it generated net revenues arising from the same areas equalling to EUR 1.8 million, which is 56.8% more than in the first six months of 2015. In the first six months of 2016, operating expenses of the Company increased by 24.8% compared to the same period of 2015 and stood at EUR 8.6 million. Costs of goods and material sold account for 69.6% of total operating expenses and are followed by labour costs equalling 19.6%, and costs of services with 8.6%.

In the first six months of 2016, the Company generated EUR 1.19 million of operating profit which is comparable to the same period of 2015.

Operating cash flow (EBITDA) in the amount of EUR 1.2 million was positive. In 2015, the Company generated EUR 0.08 million of profit from financial revenues. In the same period, financial expenses amounted to EUR 0.97 million and they are EUR 0.6 million higher compared to the first six months of 2015 as a result of financial expenses from financial liabilities arising from bonds. In the first six months of 2016, the Company generated net profit after tax of EUR 0.25 million, while in the first six months of 2015, it amounted to EUR 0.7 million.

Notes to the income statement of Impol 2000, d.d.

On 30 June 2016, the assets of the Company equalled EUR 109.7 million, which is 1.9% more than at the end of 2015. In the first six months of 2016, non-current assets increased by 2.1% compared to the end of 2015. The increase in assets was a result of the increase of participating interests in Group companies.

As at 30 June 2016, total liabilities of the Company stood at EUR 109.7 million and were EUR 2 million higher than the liabilities of the previous year.

The capital of the Company in the amount of EUR 55.3 million was 0.5% or EUR 0.25 million higher than in 2015.

As at 30 June 2016, net debt, calculated as a difference between total financial liabilities and cash and cash equivalents and short-term financial investments, amounted to EUR 14.1 million, which is EUR 0.36 million less than on the last day of 2015.

Sales

Trends of external business environment

- Because of low aluminium prices and numerous competitive advantages of the metal over its substitutes, the demand for aluminium products has been increasing in the first six months of 2016 and it can be sensed in all the industrial markets.
- Political environment of the European Union is becoming less stable and the financial public was also shocked by the announced exit of Great Britain from the
- European Union. For now, the latter has not affected the business events in aluminium industry to a greater extent.
- The producers of aluminium foils have united in their fight against dumping prices of Chinese competitors. Furthermore, the European market has witnessed a decline in the interest in the Far East producers' products.
- An unstable political environment in Turkey draws attention of the European producers of aluminium products because Turkey is one of the important exporters of standard aluminium products. A crisis of confidence in the Turkish market could consequently mean new business opportunities for their competition.
- In the first six months of 2016, the USD gained in strength compared to the EUR, which means an improvement of opportunities for exporting products to the markets of
- Northern America.
- Automotive industry has been continuing to increase its share of aluminium in vehicles and consequently, in order to maintain high quality and stability, their representatives orient themselves towards concluding non-current strategic contracts.

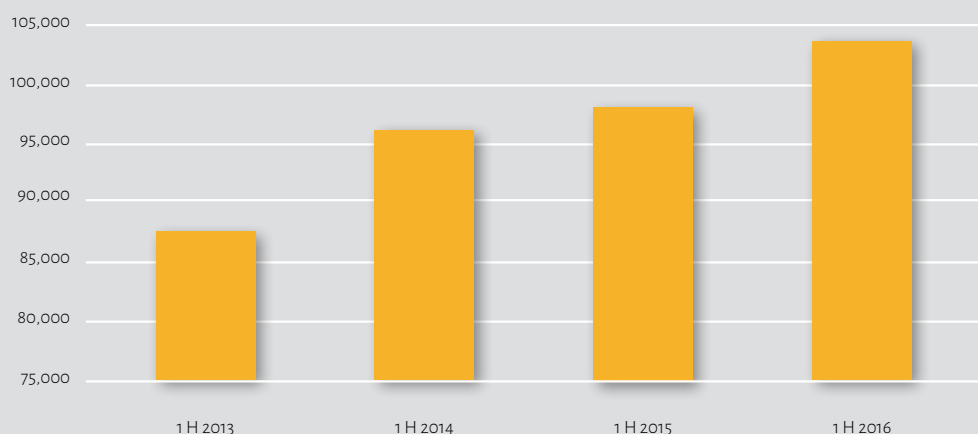
Trends of operations of the Impol Group in sales

In the first six months of 2016, the demand for Impol's products has grown which enabled an increase in the volume of sales for 6% and at the same time the sales prices have been maintained and the purchase prices of the raw materials have reached higher sales margins.

Table 5: Sales in tonnes for periods of six months

	1st six months in 2013	1st six months in 2014	1st six months in 2015	1st six months in 2016
Quantity of sales in tonnes	87,950	97,132	99,280	104,845

Chart 5: Sales in tonnes



The chart shows a growth in the sales of products by individual periods of six months and indicates that the sales has been increasing on a yearly basis and that the Impol Group has been spreading its market. Namely, the trend in net sales revenue does not indicate any growth caused by the above mentioned development in the quoted price of aluminium.

Dispersion of sales

Impol's strategic advantage is the dispersion of sales across markets, industries and customers. Such sales policy has continued in 2016. In the first six months of the year, we exported 94.7% of our products. Europe remains to be the most important market, where the large-

est share of our products is exported to Germany (37%), followed by Italy (15%) and France (5%), whereas the shares of export to other countries do not exceed 5%. In the first six months of 2016, we exported the Impol products to 49 different countries around the world.

Chart 6: Sales of products by region

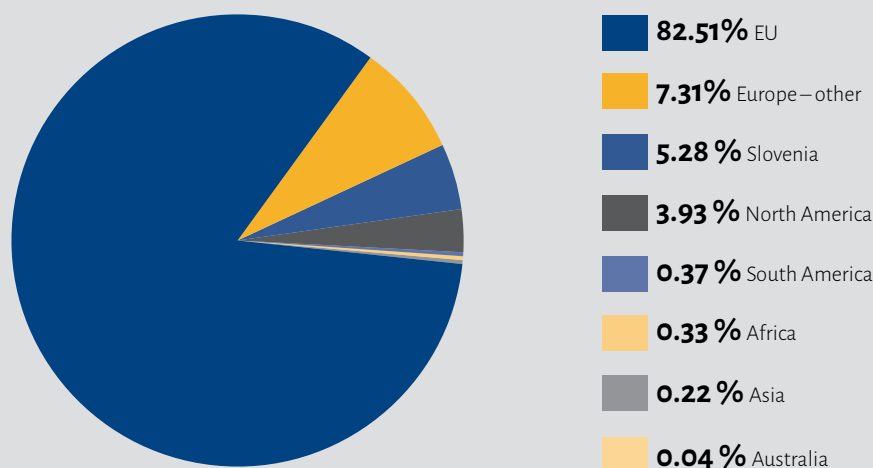
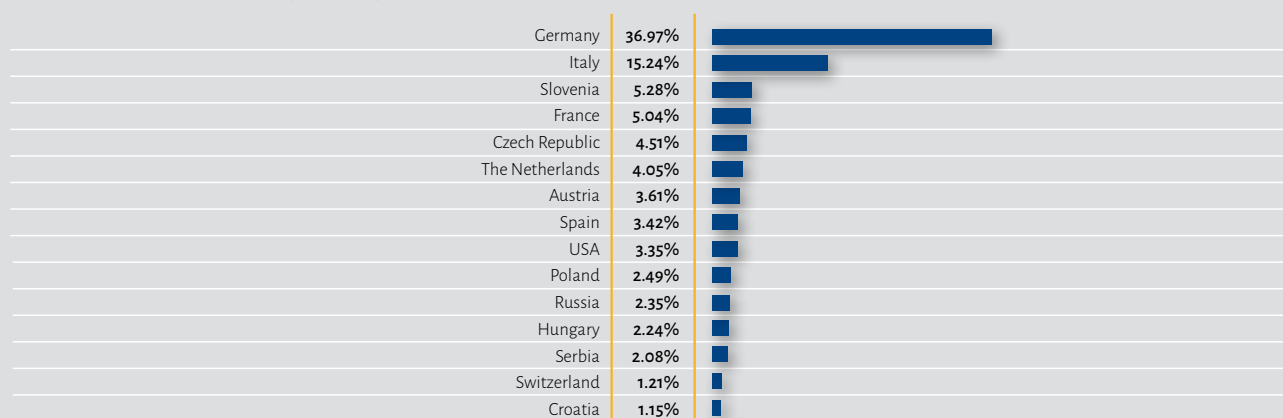
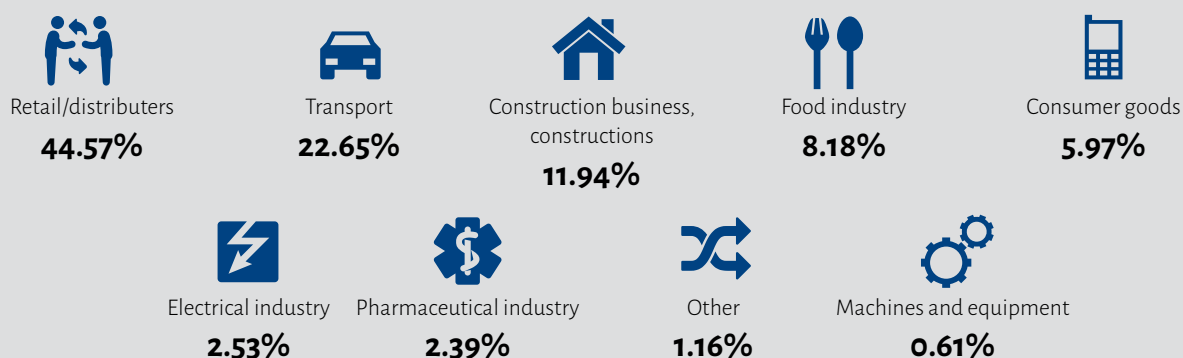


Chart 7: Sales of products by country



Customers buy more than a half of the Impol's products and the remaining part (45%) is bought by traders who sell them further via their intermediaries. The largest share among end-consumers belongs to transport (23%), followed by construction (12%) and food industry (8%).

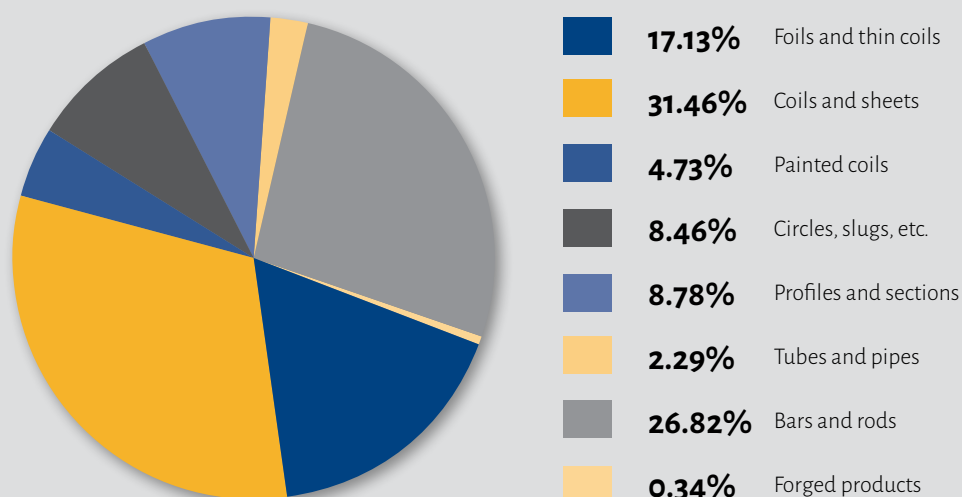
Chart 8: Share of sales by industry



Sales of products by programmes

The Impol sales program consists of two market segments – rolling and extrusion. Positive trend of demand growth characterised both segments.

Chart 9: Sales by types of products



Key characteristics of rolled product sales:

- The increase in production capacity with the launch of production in Croatia has also been successfully followed by sales. We have managed to increase the volume of sales to the existing customers and we have also revived business relationships with former buyers of the Croatian company in bankruptcy.
- The market share has increased in all segments of rolled products, including the segment of foils and thin strips which represent products with a higher added value.
- The activities in the field of sales process integration within the Impol Group have continued.

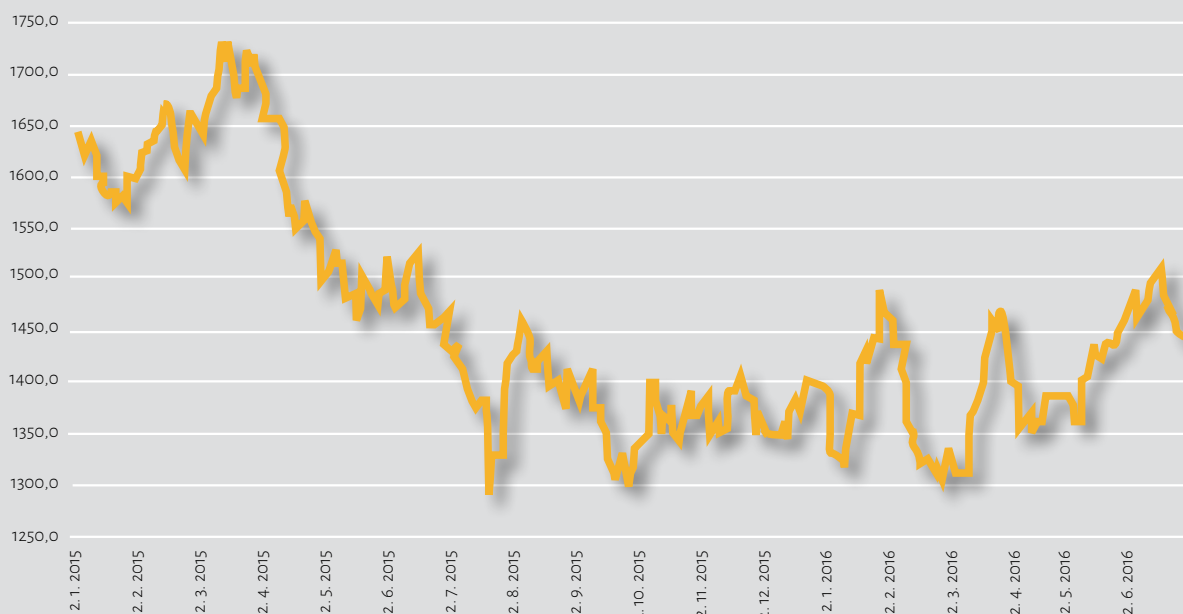
Key characteristics of extruded product sales:

- In the first six months of 2016, the demand for extruded products has been encouraging.
- All the extrusion programmes earned profit and their operations have been better than in the previous year.
- The trend of increasing the market share in automotive industry has continued and the Group established long-term cooperation with the customers.
- Under the project of restructuring the Profile Unit, the Group has managed to get new buyers for demanding shapes of profiles with which the share of standard products decreased and the profitability of the sales programme has improved.
- New products have been successfully launched to the market: “crash” profiles and profiles and tubes for finalisation.

Purchasing

Trends in the segment of purchasing

In the first two months of 2016, the quoted prices of aluminium sharply declined and then high volatility followed without a distinct trend. In the period between April and June, the quoted prices were growing. The whole period was also characterised by a slight decline in the MB prices on the market. Since we concluded flexible purchase price formulas at the end of 2015, this trend reflected in lower costs for raw materials and this influenced the growth of sales margins and thus an increased profitability.

Chart 10: Changes in the prices of aluminium on the LME in the period between January 2015 and June 2016

Impol Group has been increasing the purchase of secondary aluminium and therefore investing in the modernisation of the foundries. In the first six months of 2016, the ratio of primary and secondary aluminium purchase was 70:30 and thus the usage of the secondary aluminium exceeded the indicators of the annual plan. The later has been reflected positively in the decrease of the expenses for the input raw materials.

In the first six months the greatest challenge in the segment of procurement was represented by the supply of production capacities in Šibenik, Croatia, where the raw materials needed to be supplied in the form of rolling slabs in dimensions not produced by global producers. The Group is completely dependent on the regional producer with limited capacities.

Risk management

In the first six months of 2016, the operations with LME prices were complicated due to a sharp decline in LME prices until March and later – when quoted prices began to grow – it was necessary to feed the in-process for new production capacities which meant that surpluses have been sold in the market.

Risks

The exposure to various risks is regularly monitored in the Impol Group and measures to manage these risks are adopted accordingly. In the Impol Group, risk management is based on the principle that the risk assessment and management is the integral part of all business activities.

Impol Group faces a number of risks in its business process, in particular the ones presented in Table 6.

Table 6: Risk types and their management through the application of special measures

Business risks	Risk description	Management method employed	Exposure
Market and price risks	<p>Sales:</p> <ul style="list-style-type: none"> Market prices do not keep in step with changes in purchase prices or they only adjust to the latter with a lag of several months. Customer service – delays resulting from production stoppages, inadequately organised logistics cause excessive costs and delays. <p>Purchasing:</p> <ul style="list-style-type: none"> Aluminium – unexpected events in the areas of prices and purchase premiums, exchange rate risk (negative exchange rate differences), unreliable supply sources and associated negative effects on production, liquidity gaps caused by the need to purchase large quantities all at once. Energy products – unexpected increase in prices, 	<ul style="list-style-type: none"> Conclusion of contracts by determining sales premiums so that the changes in purchase premiums are translated in the sales premiums. Continuous training for quality and full compliance with all the obligations. Conclusion of contracts for longer, at least one year delivery periods. Integration of suppliers as financiers. Majority of energy is purchased for a period of at least two years in advance. 	Moderate
Investment risks	<ul style="list-style-type: none"> Increase in fixed costs and the resulting need to increase the volume of sales coupled with the threat of an increase in losses. Being late in mastering the technical-technological aspects of new investments, new markets; neglecting the costs resulting from the above. Cash flow being too weak to ensure the return of invested assets. Neglect of investments into durable current assets and their subsequent financing with short-term sources of financing despite the investment definitely being a long-term one. 	<ul style="list-style-type: none"> When planning the required added value per employee, Impol starts from the finding that the said value must, in addition to meeting the requirements arising from current operations and the dividend-related expectations of the shareholders, also meet the need of investing no less than EUR 10 thousand per year in order to preserve the existing position of employment and that at least a total of EUR 1 million must be earmarked for all types of investments for each new position of employment taking into account the expected growth in the number of new positions of employment. 	Moderate
Human resources	<ul style="list-style-type: none"> Lack of mobility and the associated costs that are higher than would be justified. Inadequate assurance of knowledge retention. Risk associated with the acquisition of key personnel. 	<ul style="list-style-type: none"> By introducing new IT applications, the company ensures the capture of a broader scope of employee knowledge and important data that are thus made available to a broader circle of employees, working with the key personnel, introduction of the governance standards, permanent education and training. 	Moderate
Research and development	<ul style="list-style-type: none"> Efficiency of development processes and provision of new products. 	<ul style="list-style-type: none"> Introduction of a comprehensive system of applicative and technological development, integration as a development supplier to customers. 	Moderate
Environmental protection	<ul style="list-style-type: none"> Discharges of hazardous substances. 	<ul style="list-style-type: none"> Constant monitoring of emissions, integration of devices to prevent or reduce risks. 	Moderate
Financial risks	Risk description	Management method employed	Exposure
Liquidity risk	<ul style="list-style-type: none"> Lack of liquid assets required to settle operating and financing liabilities. Liquidity risk is a risk of incurring loss owing to short-term insolvency. 	<ul style="list-style-type: none"> Pre-agreed credit lines and drawing up of outflow and inflow plans. 	Minor
Risk of a change in the prices of aluminium raw materials	<ul style="list-style-type: none"> Aluminium is a commodity and its prices change continuously. Customers seek to purchase products based on the pre-arranged price basis for aluminium. 	<ul style="list-style-type: none"> Hedging – forwards and futures contracts. 	Moderate
Foreign exchange risk	<ul style="list-style-type: none"> The threat of loss on account of unfavourable exchange rate fluctuations – this applies to USD in particular. 	<ul style="list-style-type: none"> Hedging by means of appropriate derivative financial instruments and the option of purchasing basic raw materials in the local currency. 	Moderate
Interest Rate Risk	<ul style="list-style-type: none"> Risk associated with changes in the terms and conditions for financing and borrowing. 	<ul style="list-style-type: none"> Monitoring of the ECB's and FED's policies, hedging using appropriate derivative financial instruments interest rate swaps, shifting from a fixed to a floating interest rate. 	Moderate
Credit risk	<ul style="list-style-type: none"> Risk of customer failure to settle their liabilities. 	<ul style="list-style-type: none"> Securing trade receivables - primarily receivables from foreign debtors through Prva kreditna zavarovalnica and foreign insurance firms, monitoring of customer credit ratings, limiting maximum exposure to individual customers. Transactions with customers located in high-risk markets are only performed on the basis of advance payments or prime bank guarantees. 	Moderate to high
Claims for damages and lawsuit risk	<ul style="list-style-type: none"> Risk of claims for damages being filed by third parties as a result of loss events caused inadvertently by the company through its activities, possession of items and placement of products on the market. 	<ul style="list-style-type: none"> General liability and product liability insurance (mainly for the segment of the manufacture of products intended for the means of transport industry). 	Low to moderate
Damage to property risk	<ul style="list-style-type: none"> The threat of damage to property resulting from destructive natural forces; machinery break-down, fire, etc. 	<ul style="list-style-type: none"> Conclusion of non-life insurance, machinery breakdown insurance, business interruption insurance, fire insurance and other specific insurance types. 	Moderate

Operational risk is the risk of incurring losses coupled with legal risk arising from:

1. inadequate or incorrect implementation of internal procedures,
2. other incorrect actions by the people belonging to the company's internal business area,
3. inadequate or incorrect functioning of systems within the company's internal business area,
4. external events or acts.

This is why Impol constantly improves or adapts its organisational structure (this is also why the governance system is being changed in 2015 from a two-tier to a one-tier system) and also continuously improves the entire IT system in order to ensure that business events are monitored in real time.

Table 7: Operational risks

Operational risks	Risk description	Management method employed	Exposure
Risks in production	<ul style="list-style-type: none"> Failure to manage the technological processes (recurring problems and associated dissatisfaction of customers). Excessive inventories – foreign exchange, cost, liquidity and other risks. Equipment reliability – insurance costs, deductibles. Bottlenecks – disruptive inventories, disrupted flow with logistical difficulties, failures to meet delivery deadlines, etc. 	<ul style="list-style-type: none"> Planning of the entire supply chain and the provision of sufficient production capacities. 	Moderate
Information technology risks	<ul style="list-style-type: none"> Failure to manage internal controls. Failure to ensure substitution of absent workers. Multiple processing of the same data. Disruptions in the production process due to disturbances in the field of information sources. 	<ul style="list-style-type: none"> Security measures, a plan for uninterrupted operation of information technology. 	Moderate
Risks associated with employees	<ul style="list-style-type: none"> Occurrence of accidents and injuries, unplanned absence. 	<ul style="list-style-type: none"> Measures in the field of risk assessment at the workplace, continuous education and training in the working environment, a system of replacement. 	Moderate

Executive Directors' liability declaration

The Executive Directors are responsible for drawing up a six-monthly report of the Impol Group, so that it gives a true and fair view of the financial situation of the Impol Group and Impol 2000, d.d., and we hereby state the following:

- we are responsible for taking appropriate measures to safeguard the property, to continuously monitor other operating risks and to adopt measures intended to minimise them;
- the financial report of the Impol Group and Impol 2000, d.d., for the first six months of 2016 has been prepared in accordance with the international accounting standards and that the presentation of assets and liabilities, financial position, income statement and comprehensive income of Impol 2000, d.d., and other companies, included in consolidation, is true and fair as a whole;
- business report of the Impol Group and Impol 2000, d.d., for the first six months of 2016 includes a fair presentation of the development and business results of the company and its financial position, including the description of the fundamental types of risks, to which Impol 2000, d.d., and other companies, included in consolidation, are exposed to as a whole;
- report of the Impol Group and Impol 2000, d.d., for the first six months of 2016 includes a fair presentation of important operations with related persons and it is prepared in accordance with international accounting standards.

Edvard Slaček
(Chief Executive Officer)



Irena Šela
(Executive Director
of Finance)



Slovenska Bistrica, 19 September 2016

The Management Board hereby confirms the Financial Statements for Impol 2000, d.d., for the period between 1 January 2016 to 30 June 2016 and the accounting policies used. This Six-Monthly Report was adopted by the Management Board of the company at its session held on 19 September 2016.

Jernej Čokl
(President of the
Management Board)




Vladimir Leskovar
(Vice President of the
Management Board)



Janko Žerjav
(Member of the
Management Board)



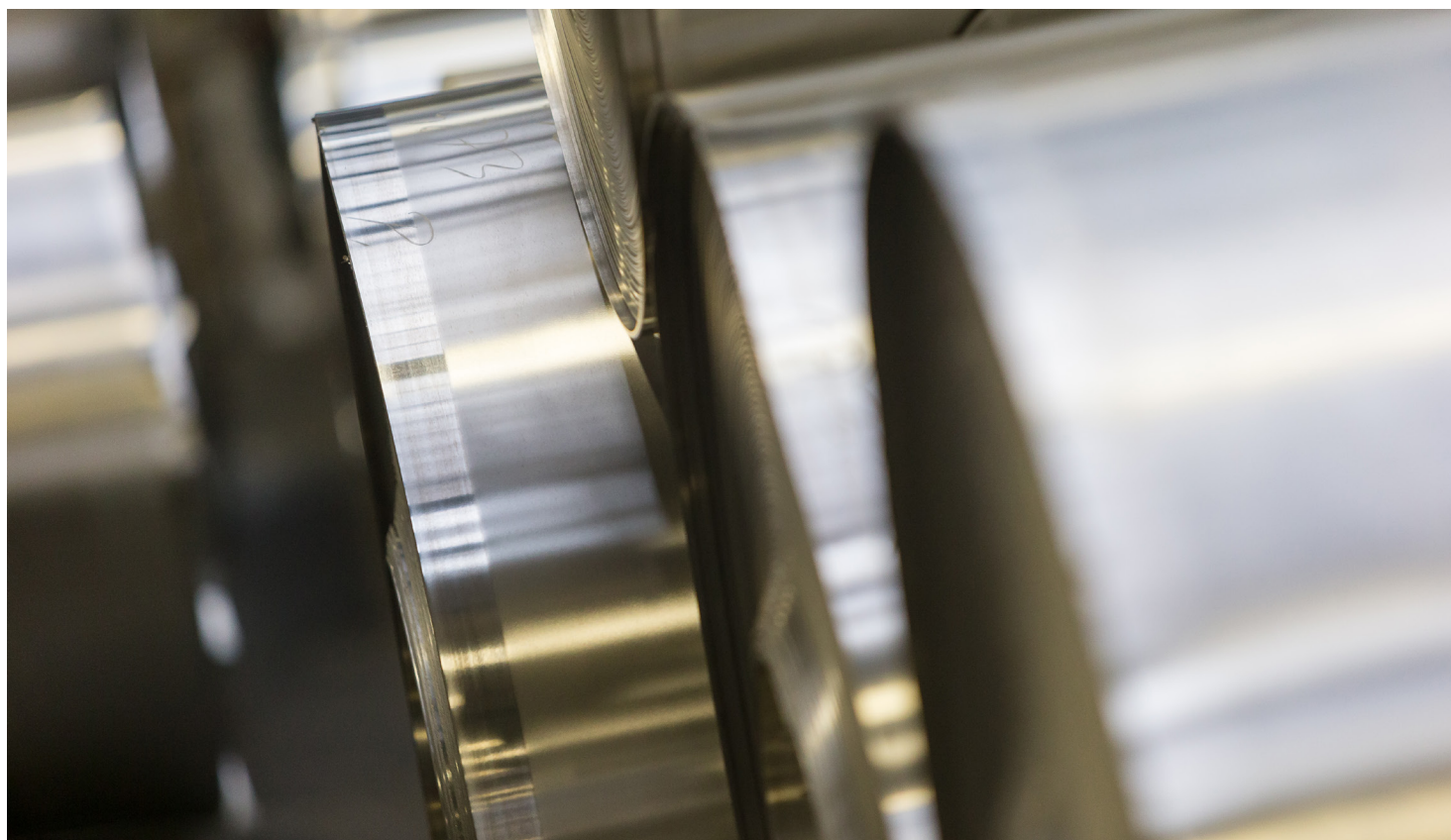
Milan Cerar
(Member of the
Management Board)



Bojan Gril
(Member of the
Management Board)



Slovenska Bistrica, 19 September 2016



FINANCIAL REPORT FOR THE IMPOL GROUP FOR THE FIRST SIX MONTHS OF 2016

**FIRST SIX
MONTHS
IN NUMBERS**

CONSOLIDATED FINANCIAL STATEMENTS OF THE IMPOL

Accounting policies and notes form an integral part of the financial statements presented below and should be read in connection to them.

Group Income Statement

Table 8: Group income statement in EUR

Item	Note	Jan-Jun 2016	Jan-Jun 2015
1. Net revenue from sales	1	276,322,561	296,886,999
a) Net revenue from sales in the domestic market		17,350,544	17,614,134
b) Net revenue from sales in the foreign market		258,972,017	279,272,865
2. Change in the value of product inventories and unfinished production		-8,665,236	-1,482,605
3. Capitalised own products and services		381,695	385
4. Other operating revenue (including operating revenue from revaluation)		4,207,741	1,779,742
5. Costs of goods, materials and services	2	212,723,854	247,298,098
a) Cost of sold goods and materials and costs of materials used		192,526,251	229,147,325
b) Costs of services		20,197,603	18,150,773
6. Labour costs	2	24,596,062	22,187,527
a) Costs of salaries		17,885,675	15,806,691
b) Social security costs (pension insurance costs are shown separately)		4,120,328	3,631,525
c) Other labour costs		2,590,059	2,749,311
7. Writedowns	2	8,511,621	9,676,567
a) Depreciation		7,480,689	7,384,462
b) Operating expenses from revaluation of intangible assets and tangible fixed assets		955,964	150
c) Operating expenses from revaluation associated with current operating assets		74,968	2,291,955
8. Other operating expenses	2	729,572	358,102
9. Financial revenue from participating interests	3	90,575	4,811
a) Financial revenue from participating interests in other companies		90,575	4,811
10. Financial revenue from loans granted	3	13,907	4,216
a) Financial revenue from loans to others		13,907	4,216
11. Financial revenue from operating receivables	3	858,720	1,178,158
a) Financial revenue from operating receivables due from others		858,720	1,178,158
12. Financial expenses from financial liabilities	3	3,375,647	3,687,384
a) Financial expenses from loans from banks		2,377,578	2,679,440
b) Financial expenses from bonds issued		944,809	
c) Financial expenses incurred in connection with other financial liabilities		53,260	1,007,944
13. Financial expenses from operating liabilities	3	998,584	887,205
a) Financial expenses from trade payables and bills of exchange payable		227,296	4,625
b) Financial expenses from other operating liabilities		771,288	882,580
14. Income tax		2,733,856	2,299,843
15. Deferred taxes		191,525	122,084
16. Net profit or loss for the accounting period		19,349,242	11,854,896
a) Of which equity profit/loss that belongs to minority shares		1,783,108	876,100
b) Profit/loss that belongs to owners of the parent company		17,566,134	10,978,796
Result of continuing operations		19,349,242	11,854,896
Result of discontinued operations			

Table 9: Group statement of comprehensive income in EUR

	Note	Jan–Jun 2016	Jan–Jun 2015
Net profit or loss for the accounting period		19,349,242	11,854,896
Changes in surplus from revaluation of intangible and tangible fixed assets (+/-)			
Changes in the surplus from revaluation of financial assets available for sale (+/-)	13	-218,211	
Gains and losses resulting from the conversion of Financial Statements of foreign companies (effects of changes to the exchange rate) (+/-)	13	-558,763	273,470
Actuarial gains and losses of defined benefit plans (employee benefits) (+/-)			
Other items of comprehensive income (+/-)			
Total comprehensive income for the accounting period		18,572,268	12,128,366
• Of which total comprehensive income of minority equity		1,635,822	849,589
• Of which total comprehensive income attributable to owners of the parent company		16,936,446	11,278,777

Table 10: Balance sheet of the Group in EUR

		Note	30 June 2016	31 December 2015
A.				
			140,512,311	133,040,860
	I.			
		5	2,159,949	1,786,630
	1.		1,840,720	1,467,401
	2.		319,229	319,229
	II.			
		6	132,236,118	125,043,592
	1.		42,890,490	36,795,864
	a)		4,765,547	3,740,137
	b)		38,124,943	33,055,727
	2.		68,678,621	72,068,086
	3.		3,570,623	3,599,838
	4.		17,096,384	12,579,804
	a)		13,312,974	11,502,974
	b)		3,783,410	1,076,830
	III.			
		7	3,601,134	3,696,605
	IV.			
		8	1,555,471	1,554,417
	1.		1,163,024	1,169,046
	a)		656,620	656,633
	b)		506,404	512,413
	2.		392,447	385,371
	a)		392,447	385,371
	V.			
			1,250	1,250
	1.		1,250	1,250
	VI.			
			958,389	958,366
B.			228,979,771	229,328,199
	I.			
		9	92,810,783	97,858,243
	1.		74,593,623	72,182,684
	2.		9,274,027	9,830,248
	3.		6,306,925	14,521,829
	4.		2,636,208	1,323,482
	II.			
		10	5,153,990	6,179,902
	1.		28,108	0
	a)		28,108	0
	2.		5,125,882	6,179,902
	a)		5,125,882	6,179,902
	III.			
		11	89,413,835	54,452,700
	1.		64,018,203	47,453,396
	2.		25,395,632	6,999,304
	IV.			
		12	41,601,163	70,837,354
C.			950,727	109,974
			370,442,809	362,479,033

				Note	30 June 2016	31 December 2015
A.			Equity	13	144,852,127	127,562,535
			Minority shareholders' equity		13,330,061	11,742,184
	I.		Called-up capital		4,451,540	4,451,540
		1.	Share capital		4,451,540	4,451,540
	II.		Capital reserves		10,751,254	10,751,254
	III.		Reserves from profit		6,906,327	6,906,327
		1.	Reserves for treasury shares and own participating interests		506,406	506,406
		2.	Treasury shares and own participating interests (as deductions)		-506,406	-506,406
		3.	Statutory reserves		1,173,746	1,173,746
		4.	Other reserves from profit		5,732,581	5,732,581
	IV.		Revaluation surplus		-382,158	-169,318
	V.		Revaluation adjustment of capital		-1,087,069	-670,221
	VI.		Net profit brought forward		93,316,038	74,934,946
	VII.		Net profit/loss for the financial year		17,566,134	19,615,823
B.			Provisions and non-current accrued costs and deferred revenue	14	2,393,712	2,414,420
		1.	Provisions for pensions and similar liabilities		1,748,226	1,752,717
		2.	Other provisions		1,251	1,251
		3.	Non-current accrued costs and deferred revenue		644,235	660,452
C.			Non-current liabilities	15	118,079,000	117,899,807
	I.		Non-current financial liabilities		116,353,179	116,274,737
		1.	Non-current financial liabilities to banks		75,584,007	75,616,919
		2.	Non-current financial liabilities from bonds payable		40,000,000	40,000,000
		3.	Other non-current financial liabilities		769,172	657,818
	II.		Non-current operating liabilities		224,570	294,767
		1.	Other non-current operating liabilities		224,570	294,767
	III.		Deferred tax liabilities		1,501,251	1,330,303
Č.			Current liabilities	16	101,942,649	113,687,948
	I.		Current financial liabilities		47,480,472	78,704,151
		1.	Current financial liabilities to banks		36,705,416	63,074,607
		2.	Current financial liabilities from bonds payable		10,000,000	10,000,000
		3.	Other current financial liabilities		775,056	5,629,544
	II.		Current operating liabilities		54,462,177	34,983,797
		1.	Current trade payables		41,265,975	26,711,391
		2.	Current operating liabilities from advance payments		562,489	1,834,256
		3.	Other current operating liabilities		12,633,713	6,438,150
D.			Current accrued costs and deferred revenue	16	3,175,321	914,323
			TOTAL LIABILITIES		370,442,809	362,479,033

Table 11: Group statement of changes in equity for the first six months of 2016 in EUR

	Called-up capital	Minority shareholders' equity	Capital reserves	IV				Surplus from revaluation	Revaluation adjustment of capital	Net profit brought forward	Net profit/loss for the financial year	Total EQUITY
	I	II	III	Reserves for treasury shares and own participating interests	Treasury shares and own participating interests (as deductions)	Statutory reserves	Other reserves from profit	V	VI	VII	VIII	IX
	Share capital			IV/1	IV/2	IV/3	IV/4			Net profit brought forward	Net profit of the financial year	TOTAL EQUITY
A.1	I/h	II	III	IV/1	IV/2	IV/3	IV/4	V	IV	VII/h	VIII/h	IX
	4,451,540	11,742,184	10,751,254	506,406	-506,406	1,173,746	5,732,581	-169,318	-670,221	74,934,946	19,615,823	127,562,535
a)												o
b)												o
A.2	4,451,540	11,742,184	10,751,254	506,406	-506,406	1,173,746	5,732,581	-169,318	-670,221	74,934,946	19,615,823	127,562,535
B.1		-47,945								-1,234,731		-1,282,676
		34,731								-1,234,731		-1,200,000
		-82,676										-82,676
B.2		1,635,822						-212,840	-416,848		17,566,134	18,572,268
		1,783,108									17,566,134	19,349,242
		-5,371						-212,840				-218,211
		-141,915							-416,848			-558,763
B.3										19,615,823	-19,615,823	o
										19,615,823	-19,615,823	o
C.	4,451,540	13,330,061	10,751,254	506,406	-506,406	1,173,746	5,732,581	-382,158	-1,087,069	93,316,038	17,566,134	144,852,127

Table 12: Group Statement of Changes in Equity in 2015 in EUR

	Called-up capital		Minority shareholders' equity	Capital reserves	IV				V	Revaluation adjustment of capital	Net profit brought forward	Net profit/loss for the financial year	Total EQUITY
	Share capital	Uncalled-up capital (as deduction)	II	III	Reserves for treasury shares and own participating interests	Treasury shares and own participating interests (as deductions)	Statutory reserves	Other reserves from profit					IX
	I/1	I/2	II	III	IV/h	IV/2	IV/3	IV/4	V	IV	VII	VIII	IX
A.1													
Balance at the end of the previous reporting period on 31 Dec 2015	4,451,540		9,472,165	10,751,254	506,406	-506,406	694,972	5,732,581	-7,721	-735,989	63,914,120	11,949,216	106,177,138
A.2													
Opening balance of the reporting period on 1 Jan 2015	4,451,540		9,472,165	10,751,254	506,406	-506,406	694,972	5,732,581	-7,721	-735,989	63,914,120	11,949,216	106,177,138
B.1													
Changes in equity – transactions with owners			-90,151								-927,770		-1,017,921
Disbursement of dividends			-88,837								-925,580		-1,014,417
Disbursement of bonuses to the Board and the Supervisory Board			-1,314								-2,190		-3,504
B.2													
Total comprehensive income in the reporting period	4,451,540		2,405,170						-161,597	65,768	-620	20,094,597	22,403,318
Entry of net profit/loss in the financial year			2,439,035									20,094,597	22,533,632
Changes in the surplus from revaluation of financial investments			-1,805						-71,550				-73,355
Other items of the total comprehensive income in the reporting period			-32,060						-90,047	65,768	-620		-56,959
B.3													
Changes in equity							478,774				11,949,216	-12,427,990	0
Reallocation of a part of the net profit from the comparative reporting period to other equity items											11,949,216	-11,949,216	0
Allocation of a portion of net profit from the reporting period to other equity components based on the resolution of management and supervisory bodies							478,774					-478,774	0
C.													
Closing balance of the reporting period on 31/12/2014	4,451,540		11,742,184	10,751,254	506,406	-506,406	1,173,746	5,732,581	-169,318	-670,221	74,934,946	19,615,823	127,562,535

Table 13: Group cash flow statement in EUR

Item		Jan–Jun 2016	Jan–Jun 2015
A.	Cash flows from operating activities		
a)	Items of the Income Statement	29,413,530	25,213,801
	Operating revenue (except from revaluation) and financial revenue from operating receivables	279,570,299	298,366,510
	Operating revenue excluding depreciation (except from revaluation) and financial expenses from operating liabilities	-247,231,388	-270,730,782
	Income and other tax not included in operating expenses	-2,925,381	-2,421,927
b)	Changes to net operating current assets (and accruals and deferrals, provisions and deferred tax receivables and liabilities) of the Balance Sheet operating items	-10,100,524	-14,987,557
	Opening less closing operating receivables	-35,036,221	-37,314,490
	Opening less closing deferred costs and accrued revenue	-840,753	-2,694,904
	Opening less closing deferred tax receivables	-23	-3,724
	Opening less closing inventories	5,033,417	10,115,994
	Closing less opening operating liabilities	19,258,961	12,650,909
	Closing less opening accrued costs and deferred revenue and provisions	1,313,147	1,968,528
	Closing less opening deferred tax liabilities	170,948	290,130
c)	Net cash from operating activities (a+b)	19,313,006	10,226,244
B.	Cash flows from investing activities		
a)	Cash proceeds from investing activities	7,950,611	1,293,783
	Inflows from interest and participation in others` profits relating to investing activities	54,036	4,811
	Cash proceeds from disposal of tangible fixed assets	2,647,394	
	Cash proceeds from disposal of investment property	28,046	
	Cash proceeds from disposal of non-current investments	62,424	
	Cash proceeds from disposal of current investments	5,158,711	1,288,972
b)	Cash payments from investing activities	-21,560,311	-2,901,407
	Cash disbursements to acquire intangible assets	-671,935	-673,121
	Cash disbursements to acquire tangible fixed assets	-16,738,596	-2,225,523
	Cash disbursements to acquire non-current financial investments	-15,822	-2,763
	Cash disbursements to acquire current financial investments	-4,133,958	
c)	Net cash from investing activities (a+b)	-13,609,700	-1,607,624
C.	Cash flows from financing activities		
a)	Cash proceeds from financing activities	8,698,972	20,555,574
	Cash proceeds from increase in non-current financial liabilities	0	20,555,574
	Cash proceeds from increase in current financial liabilities	8,698,972	
b)	Cash payments from financing activities	-43,638,469	-27,172,758
	Interest paid on financing activities	-2,195,542	-3,687,384
	Cash repayments of equity (acquisition of non-controlling share)	-1,200,000	
	Cash repayments of non-current financial liabilities	-3,346	
	Cash repayments of current financial liabilities	-40,156,905	-23,466,874
	Dividends and other profit shares paid	-82,676	-18,500
c)	Net cash from financing activities (a+b)	-34,939,497	-6,617,184
Č.	Closing balance of cash	41,601,163	14,562,942
a)	Net cash flow for the period	-29,236,191	2,001,436
b)	Opening balance of cash	70,837,354	12,561,506

Notes to the Financial Statements

Parent Company

In compliance with the Companies Act, the parent company Impol 2000, d.d., headquartered in Slovenska Bistrica, Partizanska 38, is a large public limited company. The company is classified under the activity code 70.100 – company management. The company's share capital in the amount of EUR 4,451,540 is divided into 1,066,767 registered pro rata shares that are not traded in the organized securities market. The shares are owned by 948 shareholders.

The consolidated financial statements for the period that ended on 30 June 2016 are presented hereafter. The consolidated financial statements include the company Impol 2000, d.d., and its subsidiaries and participations in associates.

Statement of Compliance with IFRS

The Management Board confirmed the financial statements and the consolidated financial statements on 19 September 2016.

Financial statements of the company Impol 2000, d.d., and the consolidated financial statements of the Group were prepared in accordance with the International Financial Reporting Standards (IFRS), as they were adopted by the European Union, including the notes that were adopted by the International Financial Reporting Interpretations Committee (IFRIC) and that were also adopted by the European Union, and in accordance with the Slovenian Companies Act (ZGD). This Six-Monthly Report has been prepared in accordance with the IAS 34 – Interim Financial Reporting. In the preparation of the financial statements for the period January–June 2016 the same accounting policies have been used as in the preparation of the financial statements for 2015.

On the balance sheet date, there are no differences between the applied IFRS and the IFRS adopted by the European Union in accounting guidelines of Impol, d.d., and the Impol Group as regards the process of confirming standards in the European Union. Inter-annual financial statements of the Impol Group were not audited.

Basis and estimates for preparing financial statements

Financial statements of the Group and financial statements of Impol 2000, d.d., were prepared at historical cost basis, except in case of derivatives.

Financial statements in this report are given in EUR, no cents, and EUR is also the functional currency of the Group.

Foreign currency transactions

The consolidated financial statements are presented in EUR. Items of every company in the Group that are included in financial statements are converted into the reporting currency for the purpose of the consolidated financial statements as follows:

Table 14: Exchange rates for converting balance sheet items

Currency	30 June 2016
USD	1.109
HUF	317.06
RSD	123.09
HRK	7.5273

Revenue and expenditure of foreign companies are converted into EUR according to average annual exchange rates of the financial year.

For converting balance sheet items from national currencies into EUR, the following exchange rates were used:

Table 15: Exchange rates for converting profit or loss

	Average for six months in 2016
USD	1.116
HUF	312.714
RSD	122.762
HRK	7.559

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

Segment reporting

Because the nature of product groups, the production procedure and distribution are very similar, the Group defined only one operating segment. At segment reporting, it is considered that the main operating section of the Group is the aluminium business activities. Other activities have an insignificant effect on presenting financial information.

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

DISCLOSURE FOR INDIVIDUAL ITEMS IN GROUP FINANCIAL STATEMENTS

1. Operating Revenue

Table 16: Operating revenue in EUR

	Operating revenue generated by		Jan–Jun 2016	Jan–Jun 2015
	Associates	Others		
Net revenue from sales	40,793	276,281,768	276,322,561	296,886,999
Change in the value of product inventories and unfinished production		-8,665,236	-8,665,236	-1,482,605
Capitalised own products and services		381,695	381,695	385
Other operating revenue		4,207,741	4,207,741	1,779,742
TOTAL	40,793	272,205,968	272,246,761	297,184,521

Table 17: Other operating revenue

	Jan–Jun 2016	Jan–Jun 2015
Revenues from the reversal of provisions	121,881	0
Other revenues associated with products and services (subsidies, grants, reimbursements, compensations, premiums, etc.)	1,663,052	900,880
Revaluation operating revenue (Table 18)	2,422,808	878,862
TOTAL	4,207,741	1,779,742

Table 18: Revaluation operating revenue

	Jan–Jun 2016	Jan–Jun 2015
From disposal of tangible fixed assets	1,675,296	18,721
From operating receivables	725,966	812,277
From operating liabilities	21,546	47,864
TOTAL	2,422,808	878,862

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

Table 19: Net sales revenue by business segment in EUR

	Jan–Jun 2016	Jan–Jun 2015
Revenue from sales in Slovenia	17,350,544	17,614,134
· Associates	40,793	42,759
· Other companies	17,309,751	17,571,375
Revenue from sales in the EU	232,046,480	256,448,222
· Other companies	232,046,480	256,448,222
Revenue from sales in other European countries	13,345,400	14,753,366
· Other companies	13,345,400	14,753,366
Revenue from sales on other markets	13,580,137	8,071,277
· Other companies	13,580,137	8,071,277
TOTAL	276,322,561	296,886,999

2. Operating Expenses

Table 20: Analysis of costs and expenses in EUR

	Distribution costs	General and administr. costs	Jan–Jun 2016	TOTAL purchase in 2016 from:			Jan–Jun 2015
				Group companies	Associates	Other companies	
Cost of merchandise and materials sold	0	27,627,702	0	27,627,702	0	27,627,702	28,149,536
Costs of materials	161,602,859	2,802,746	492,944	164,898,549	0	164,898,549	200,997,789
Costs of services	11,961,899	7,142,911	1,092,793	20,197,603	1,051,303	19,146,300	18,150,773
Labour costs	16,918,781	1,534,744	6,142,537	24,596,062	0	24,596,062	22,187,527
Depreciation	6,512,813	58,920	908,956	7,480,689	0	7,609,670	7,384,462
Revaluation operating expenses (Table 25)	211,990	651	818,291	1,030,932	0	1,030,932	2,292,105
Provisions	0	0	104,215	104,215	0	104,215	0
Other operating expenses	106,736	17,054	501,567	625,357	0	625,357	358,102
TOTAL	197,315,078	39,184,728	10,061,303	246,561,109	1,051,303	245,638,787	279,520,294

Table 21: Revaluation operating expenses in EUR

	Jan–Jun 2016	Jan–Jun 2015
From disposal of tangible fixed assets	955,964	150
From operating receivables	74,968	2,291,955
TOTAL	1,030,932	2,292,105

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

Table 22: Labour costs in EUR

	Jan–Jun 2016	Jan–Jun 2015
Costs of salaries	17,885,675	15,806,691
Pension insurance costs	2,351,339	2,069,969
Other insurance costs	1,768,989	1,561,556
Other labour costs	2,590,059	2,749,311
TOTAL	24,596,062	22,187,527

3. Financial Revenue and Expenses

Table 23: Financial revenue from financial investments in EUR

	Jan–Jun 2016	Jan–Jun 2015
Financial revenue from participating interests – in profits, dividends	40,061	4,811
Financial revenue from other investments – revenue from disposal of non-current financial investments	50,514	0
Financial revenue from loans – interest	3,221	4,216
Financial revenue from loans – exchange rate differences	10,686	0
Financial revenue from operating receivables - interest	133,102	97,211
Financial revenue from forwards	111,658	38,379
Financial revenue from operating receivables - exchange rate differences	613,960	1,042,568
TOTAL	963,202	1,187,185

Table 24: Financial expenses from financial investments in EUR

	Jan–Jun 2016	Jan–Jun 2015
Financial expenses from loans (excluding bank loans) – interest	5	0
Financial expenses from loans (excluding bank loans) – exchange rate differences	4,502	0
Financial expenses from loans from banks – interest	1,985,899	2,679,440
Financial expenses from loans from banks – exchange rate differences	391,679	0
Financial expenses from bonds – interest	944,809	0
Financial expenses from other financial liabilities – interest	48,753	441,018
Financial expenses from other financial liabilities – exchange rate differences	0	566,926
Financial expenses from operating liabilities – interest	264,366	285,026
Financial expenses from forwards	250,204	254,057
Financial expenses from operating liabilities – exchange rate differences	484,014	348,122
TOTAL	4,374,231	4,574,589

4. Income Tax

Table 25: Income tax in EUR

	Jan–Jun 2016	Jan–Jun 2015
Revenues determined under accounting regulations	477,706,231	519,899,174
Adjustment of revenues to the level of revenues recognised for tax purposes – decreases (-)	-476,136	
Taxable revenues	477,230,095	519,899,174
Expenses determined under accounting regulations	455,381,744	505,728,305
Adjustment of expenses to the level of expenses recognised for tax purposes – decreases (-)	-126,413	
Adjustment of expenses to the level of expenses recognised for tax purposes – increases (-)	131,965	
Expenses recognised for tax purposes	455,387,296	505,728,305
DIFFERENCE BETWEEN EXPENSES AND REVENUES RECOGNISED FOR TAX PURPOSES	21,842,799	14,170,869
Increase in tax base by the previously established tax relief (+)	11,707	
TAX BASE	24,753,982	14,170,869
TAX LOSS	-2,899,476	
Decrease in tax base and tax relief (not exceeding the tax base) (-)	-2,561,644	
TAXABLE BASE	22,192,338	14,170,869
TAX	2,733,856	2,299,843

Note: This is the sum of unconsolidated revenue and expenditure items, without deferred taxes, of individual companies of the Impol Group.

Income tax is estimated and accounted for in accordance with laws that apply in individual countries where the Group has its subsidiaries.

Earnings per share

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

Table 26: Earnings per share in EUR

	30 June 2016	30 June 2015
Profit or loss attributable to owners of the parent company	17,566,134	10,978,796
Weighted average of the number of regular shares	984,659	984,659
Basic earnings per share	17.84	11.15

Table 27: Weighted average of the number of regular shares as at 30 June 2016

	30 June 2016	30 June 2015
Regular shares as at 1 Jan	1,066,767	1,066,767
Effect of own shares*	-82,108	-82,108
Weighted average of the number of regular shares as at 30 Jun	984,659	984,659

*These are shares of the parent company Impol 2000, d.d., owned by companies in the Group, which are Impol-Montal, d.o.o., (80,482 shares) and Kadring, d.o.o., (1,626 shares).

Because the Impol Group has no preference shares or bonds that could be converted to shares, the diluted earnings per share is the same as the basic earnings per share.

Changes in other comprehensive income

Changes in other comprehensive income in the period January–June 2016 include change of fair value of hedges (interest swaps) in the amount of EUR -218,211, while the derivatives were intended for hedging the cash flow and are very efficient in balancing the cash flows from loans received.

Exchange rate differences from converting financial statements of foreign companies included in consolidation in the amount of EUR -558,763 are related to:

- (a) the conversion of revenues and expenses at the exchange rates at the dates of the transactions and the assets and liabilities at the closing rate in the total amount of EUR -122,526;
- (b) the translation of opening net assets to consolidation of included companies at the closing rate which differs from the previous closing rate in the total amount of EUR -436,237.

5. Intangible assets and non-current deferred costs and accrued revenue

Table 28: Intangible assets in the first six months of 2016 in EUR

Description	Non-current property rights	Goodwill	TOTAL
Cost as at 31 Dec 2015	7,760,713	319,229	8,079,942
Adjustments after the opening balance			0
Cost as at 1 Jan 2016	7,760,713	319,229	8,079,942
Direct increases – acquisitions	671,935		671,935
Exchange rate differences	-4,335		-4,335
Decreases – exclusions, other decreases	-351		-351
Cost as at 30 Jun 2016	8,427,962	319,229	8,747,191
Value adjustment at 31 Dec 2015	6,293,312		6,293,312
Adjustment after the opening balance			0
Value adjustment at 1 Jan 2016	6,293,312	0	6,293,312
Depreciation during the year	298,307		298,307
Exchange rate differences	-4,026		-4,026
Decreases – exclusions, other decreases	-351		-351
Value adjustment at 30 Jun 2016	6,587,242	0	6,587,242
Carrying amount at 30 Jun 2016	1,840,720	319,229	2,159,949
Carrying amount at 31 Dec 2015	1,467,401	319,229	1,786,630

Table 29: Intangible assets in 2015 in EUR

Description	Non-current property rights	Goodwill	Other non-current deferred costs and accrued revenue	TOTAL
Cost as at 31 Dec 2014	7,620,816	319,229	46,623	7,986,668
Cost as at 1 Jan 2015	7,620,816	319,229	46,623	7,986,668
Direct increases – acquisitions	216,143			216,143
Transfer from investments under way	14,420			14,420
Exchange rate differences	-1,503			-1,503
Decreases – exclusions, other decreases	-89,163		-46,623	-135,786
Cost as at 31 Dec 2015	7,760,713	319,229	0	8,079,942
Value adjustment at 31 Dec 2014	5,648,097			5,648,097
Value adjustment at 1 Jan 2015	5,648,097	0	0	5,648,097
Depreciation during the year	705,150			705,150
Exchange rate differences	-1,289			-1,289
Decreases – exclusions, other decreases	-58,646			-58,646
Value adjustment at 31 Dec 2015	6,293,312	0	0	6,293,312
Carrying amount at 31 Dec 2015	1,467,401	319,229	0	1,786,630
Carrying amount at 31 Dec 2014	1,972,719	319,229	46,623	2,338,571

The disclosed intangible assets are owned by the Group and are free of debts.
More than half of all intangible assets that were used on 30 June 2016 were fully depreciated.

Goodwill

Structure of goodwill according to business combinations that generated it:

Table 30: Intangible assets in 2015 in EUR

	30 June 2016	31 December 2015
Stampal SB, d.o.o.	319,229	319,229

6. Tangible fixed assets

Table 31: Tangible fixed assets in the first six months of 2016 in EUR

Description	Land	Buildings	Property being acquired	Total property	Production equipment and machinery	Other machinery and equipment	Equipment and other tangible assets being acquired fixed	Advances to acquire tangible fixed assets	Total equipment	TOTAL
Cost as at 31 Dec 2015	3,740,137	77,266,566	1,659,821	82,666,524	294,881,964	17,787,372	9,843,153	1,076,830	323,589,319	406,255,843
Adjustments after the opening balance				0					0	0
Cost as at 1 Jan 2016	3,740,137	77,266,566	1,659,821	82,666,524	294,881,964	17,787,372	9,843,153	1,076,830	323,589,319	406,255,843
Direct increases – acquisitions	370,717	1,391,460	1,109,045	2,871,222	1,304,004	19,381	4,244,688	3,377,690	8,945,763	11,816,985
Direct increases – financial lease				0			97,881		97,881	97,881
Transfer from investments in progress		1,466,367	-1,466,367	0	1,604,998	529,623	-2,134,621		0	0
Transfer between Group companies – acquisition				0			288		288	288
Transfer of tangible fixed assets of Group companies upon acquisition*	731,122	3,978,134		4,709,256					0	4,709,256
Exchange rate differences	-8,338	-150,141	-1,861	-160,340	-756,251	-4,751	-39,053	-5,082	-805,137	-965,477
Revaluation for impairment				0					0	0
Decreases – sales	-68,091	-678,784		-746,875	-6,047,054	-8,780			-6,055,834	-6,802,709
Decreases – exclusions, other decreases				0	-2,503	-28,973		-363,628	-395,104	-395,104
Cost as at 30 Jun 2016	4,765,547	83,273,602	1,300,638	89,339,787	290,985,158	18,293,872	12,012,336	4,085,810	325,377,176	414,716,963
Value adjustment at 31 Dec 2015		44,210,839		44,210,839	222,813,878	14,187,534			237,001,412	281,212,251
Adjustments after the opening balance			0	0			0	0	0	0
Value adjustment at 1 Jan 2016	0	44,210,839		44,210,839	222,813,878	14,187,534			237,001,412	281,212,251
Depreciation		953,304		953,304	5,567,160	576,460			6,143,620	7,096,924
Transfer of tangible fixed assets of Group companies upon acquisition		90,333		90,333					0	90,333
Exchange rate differences		-105,817		-105,817	-236,686	-4,009			-240,695	-346,512
Decreases – sales				0	-5,835,605	-8,780			-5,844,385	-5,844,385
Decreases – exclusions, other decreases				0	-2,210	-27,956		302,400	272,234	272,234
Value adjustment at 30 Jun 2016	0	45,148,659	0	45,148,659	222,306,537	14,723,249	0	302,400	237,332,186	282,480,845
Carrying amount at 30 Jun 2016	4,765,547	38,124,943	1,300,638	44,191,128	68,678,621	3,570,623	12,012,336	3,783,410	88,044,990	132,236,118
Carrying amount at 31 Dec 2015	3,740,137	33,055,727	1,659,821	38,455,685	72,068,086	3,599,838	9,843,153	1,076,830	86,587,907	125,043,592

*On 2 March 2016, the subsidiary Impol-TLM, d.o.o., acquired Adrial ulaganja (which was later renamed to Impol ulaganja, d.o.o.). At the day of the acquisition, the assets acquired were estimated at a provisional value. The value of the company will be estimated at the end of 2016.

Carrying amount of the pledged tangible fixed assets/plant, property and equipment as at 30 June 2016 amounted to EUR 81,732,526.

Table 32: Tangible fixed assets in the first six months of 2016 in EUR

Description	Land	Buildings	Property being acquired	Total property	Production equipment and machinery	Other machinery and equipment	Equipment and other tangible assets being acquired fixed	Advances to acquire tangible fixed assets	Total equipment	TOTAL	SKUPA)
Cost as at 31 Dec 2014	3,723,907	78,249,195	274,017	15,000	82,262,119	289,811,858	17,218,838	8,659,272	1,024,466	316,714,434	398,976,553
Adjustments after the opening balance					0				0	0	0
Cost as at 1 Jan 2015	3,723,907	78,249,195	274,017	15,000	82,262,119	289,811,858	17,218,838	8,659,272	1,024,466	316,714,434	398,976,553
Direct increases – acquisitions	22,319	216,543	1,846,391		2,085,253	1,864,995	19,413	7,279,090	1,416,523	10,580,021	12,665,274
Transfer from investments in progress		460,426	-460,426		0	5,368,819	696,407	-6,079,646	-14,420	-14,420	-14,420
Transfer to investment property		-1,581,598			-1,581,598				0	0	-1,581,598
Exchange rate differences	-6,089	-77,353	-161		-83,603	-249,891	14,029	-15,563	-568	-251,993	-335,596
Decreases – sales					0	-218,398	-16,399		-234,797	-234,797	-234,797
Decreases – exclusions, other decreases				-15,000	-15,647	-1,696,919	-143,416		-1,363,591	-3,203,926	-3,219,573
Transfers between categories of tangible fixed assets		-647			0	1,500	-1,500		0	0	0
Cost as at 31 Dec 2015	3,740,137	77,266,566	1,659,821	0	82,666,524	294,881,964	17,787,372	9,843,153	1,076,830	323,589,319	406,255,843
Value adjustment at 31 Dec 2014		42,861,493			42,861,493	213,292,379	13,138,630		226,431,009	269,292,502	269,292,502
Adjustments after the opening balance					0				0	0	0
Value adjustment at 1 Jan 2015	0	42,861,493	0	0	42,861,493	213,292,379	13,138,630	0	226,431,009	269,292,502	269,292,502
Depreciation		1,810,292			1,810,292	11,246,243	1,193,316		12,439,559	14,249,851	14,249,851
Transfer to investment property		-423,313			-423,313				0	-423,313	-423,313
Exchange rate differences		-36,986			-36,986	-68,176	12,345		-55,831	-92,817	-92,817
Decreases – sales					0	-217,195	-16,399		-233,594	-233,594	-233,594
Decreases – exclusions, other decreases					-647	-1,440,723	-139,008		-1,579,731	-1,580,378	-1,580,378
Transfers between categories of tangible fixed assets		-647			0	1,350	-1,350		0	0	0
Value adjustment at 31 Dec 2015	0	44,210,839	0	0	44,210,839	222,813,878	14,187,534	0	237,001,412	281,212,251	281,212,251
Carrying amount at 31 Dec 2015	3,740,137	33,055,727	1,659,821	0	38,455,685	72,068,086	3,599,838	9,843,153	1,076,830	86,587,907	125,043,592
Carrying amount at 31 Dec 2014	3,723,907	35,387,702	274,017	15,000	39,400,626	76,519,479	4,080,208	8,659,272	1,024,466	90,283,425	129,684,051

More than half of all tangible fixed assets that were used on 30 June 2016 were fully depreciated.

7. Investment Property

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

Table 33: Investment property in the first six months of 2016 in EUR

Description	Land	Buildings	TOTAL
Cost as at 31 Dec 2015	372,928	7,232,259	7,605,187
Adjustments after the opening balance			0
Cost as at 1 Jan 2016	372,928	7,232,259	7,605,187
Transfer from inventory accounts (+)		14,043	14,043
Decreases (-)	-5,635	-28,931	-34,566
Cost as at 30 Jun 2016	367,293	7,217,371	7,584,664
Value adjustment at 31 Dec 2015		3,908,582	3,908,582
Adjustments after the opening balance			0
Value adjustment at 1 Jan 2016	0	3,908,582	3,908,582
Depreciation (+)		81,468	81,468
Decreases (-)		-6,520	-6,520
Value adjustment at 30 Jun 2016	0	3,983,530	3,983,530
Carrying amount at 30 Jun 2016	367,293	3,233,841	3,601,134
Carrying amount at 31 Dec 2015	372,928	3,323,677	3,696,605

Table 34: Investment property in 2015 in EUR

Description	Land	Buildings	TOTAL
Cost as at 31 Dec 2014	138,929	5,652,866	5,791,795
Transfer from tangible fixed assets (+)		1,581,598	1,581,598
Transfer from non-current assets (+)	234,721		234,721
Exchange rate differences	-722	-2,205	-2,927
Cost as at 31 Dec 2015	372,928	7,232,259	7,605,187
Value adjustment at 31 Dec 2014		3,341,043	3,341,043
Depreciation (+)		144,585	144,585
Transfer from tangible fixed assets (+)		423,313	423,313
Exchange rate differences		-359	-359
Value adjustment at 31 Dec 2015	0	3,908,582	3,908,582
Carrying amount at 31 Dec 2015	372,928	3,323,677	3,696,605
Carrying amount at 31 Dec 2014	138,929	2,311,823	2,450,752

8. Non-current financial investments

Table 35: Non-current financial investments in EUR

NON-CURRENT FINANCIAL INVESTMENTS	Cost as at 30 Jun 2016	Non-current financial investments in companies:		Value adjustment at 30 Jun 2016 Impairment	Carrying amount	
		Associates	Other		30 Jun 2016	31 Dec 2015
	=	+	+	-	=	
Non-current financial investments (+)	1,725,826	691,268	1,034,558	-170,355	1,555,471	1,554,417
TOTAL NON-CURRENT FINANCIAL INVESTMENTS	1,725,826	691,268	1,034,558	-170,355	1,555,471	1,554,417

NON-CURRENT FINANCIAL INVESTMENTS	Cost as at 30 Jun 2016	Non-current financial investments in companies:		Value adjustment at 30 Jun 2016 Impairment	Carrying amount	
		Associates	Other		30 Jun 2016	31 Dec 2015
	=	+	+	-	=	
Investments in shares and participating interest	1,197,672	691,268	506,404	-34,648	1,163,024	1,037,608
Other non-current financial investment in equity	0	0	0	0	0	131,438
TOTAL non-current financial investments excluding loans	1,197,672	691,268	506,404	-34,648	1,163,024	1,169,046
Non-current loans to companies	252,118	0	252,118	-135,707	116,411	280,843
Other non-currently invested assets	171,236	0	171,236	0	171,236	0
Non-current deposits granted	104,800	0	104,800	0	104,800	104,528
TOTAL non-current loans	528,154	0	528,154	-135,707	392,447	385,371
TOTAL NON-CURRENT FINANCIAL INVESTMENTS	1,725,826	691,268	1,034,558	-170,355	1,555,471	1,554,417

Investments in subsidiaries are excluded from the financial statements of the Group.

In the first six months of 2016, Impol 2000, d.d., purchased 35% of the non-controlling shares in Impol-TLM, d.o.o., and it thus became 100% owner of the company. In March 2016, Impol-TLM, d.o.o., assumed 100% ownership of Adrial ulaganja (which was later renamed to Impol ulaganja).

Long-term loans are mostly related to non-current fixed-term deposits at banks and loans, granted to other companies.

9. Inventories

Table 36: Inventories in EUR

	Cost (+)	Value adjustment due to impairment of inventories (-)	Carrying amount	31 Dec 2015
Raw material and material	74,489,347	0	74,489,347	72,182,684
Small tools	113,249	-8,973	104,276	0
Work in progress and services	9,274,027	0	9,274,027	9,830,248
Products	5,455,999	0	5,455,999	12,416,936
Merchandise	850,926	0	850,926	2,104,893
Advances for inventories	2,636,208	0	2,636,208	1,323,482
TOTAL	92,819,756	-8,973	92,810,783	97,858,243

10. Current financial investments

Table 37: Current financial investments in EUR

	Cost as at 30 Jun	Value adjustment due to impairment	Carrying amount 30 Jun 2016	31 Dec 2015
	=	-	=	
Current financial investments (+)	5,491,930	-337,940	5,153,990	6,179,902
TOTAL CURRENT FINANCIAL INVESTMENTS	5,491,930	-337,940	5,153,990	6,179,902

	Cost as at 30 Jun	Value adjustment due to impairment	Carrying amount 30 Jun 2016	31 Dec 2015
	=	-	=	
Receivables acquired for sale	28,108	0	28,108	0
TOTAL current financial investments excluding loans	28,108	0	28,108	0
Current loans granted (including bonds)	358,005	-337,940	20,065	75,623
Current deposits from 3 months to 1 year	5,105,817	0	5,105,817	6,104,279
TOTAL current loans granted	5,463,822	-337,940	5,125,882	6,179,902
Current unpaid called-up capital	0	0		0
TOTAL CURRENT FINANCIAL INVESTMENTS	5,491,930	-337,940	5,153,990	6,179,902

Current financial investments are not pledged as security for liabilities.

11. Current operating receivables

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

Table 38: Current operating receivables in EUR

	Current operating receivables	Current operating receivables from different companies:		Value adjustment due to impair- ment*	30 Jun 2016	31 Dec 2015
		Associates	Other			
	=	+	+	-	=	+
Current receivables due from customers	74,310,737	8,625	74,302,112	-10,291,533	64,019,204	47,453,611
• Of which overdue at 30 June	12,762,546	0	12,762,546	0	12,762,546	17,014,153
Given current advances and collaterals	376,019	0	376,019	0	376,019	321,768
Current receivables associated with financial revenues	159,507	0	159,507	-116,260	43,247	52,656
Current receivables due from state institutions	15,038,451	0	15,038,451	0	15,038,451	6,495,134
Other current operating receivables	9,936,914	0	9,936,914	0	9,936,914	129,531
TOTAL current operating receivables	99,821,628	8,625	99,813,003	-10,407,793	89,413,835	54,452,700
Current operating receivables due from customers	64,019,204					
• Local market	4,782,740					
• Foreign market	59,236,464					

*VALUE ADJUSTMENT OF CURRENT OPERATING RECEIVABLES DUE TO IMPAIRMENTS
(all adjustments apply to other customers)

	30 Jun 2016	2015
Balance as at 1 Jan (+)	11,341,009	7,447,274
Decrease in value due to settlement of receivables (-)	-710,191	-1,501,225
Decrease in value due to settlement of receivables (-)	-262,188	-79,657
Value adjustment due to impairment (+)	39,163	5,474,617
Balance as at 31 Dec	10,407,793	11,341,009

Most of the Group's receivables are insured against commercial risks. Trade receivables in the amount of EUR 14,892,333 have been pledged for financial liabilities.

12. Cash and cash equivalents

Table 39: Cash and cash equivalents in EUR

	30 Jun 2016	31 Dec 2015
Cash in hand and promptly cashable securities	6,884	5,478
Cash in banks and other financial institutions	41,594,279	70,831,876
TOTAL	41,601,163	70,837,354

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

Table 40: Current deferred costs and accrued revenue in EUR

	30 Jun 2016	31 Dec 2015
Current deferred costs or expenses	904,227	86,460
VAT from received advances	46,500	23,514
TOTAL	950,727	109,974

13. Capital/equity

Table 41: Capital/equity

	30 Jun 2016	31 Dec 2015
Capital/equity	144,852,127	127,562,535
Minority shareholders' equity	13,330,061	11,742,184
Called-up capital	4,451,540	4,451,540
Share capital	4,451,540	4,451,540
Capital reserves	10,751,254	10,751,254
Reserves from profit	6,906,327	6,906,327
Reserves for treasury shares and own participating interests	506,406	506,406
Treasury shares and own participating interests (as deductions)	-506,406	-506,406
Statutory reserves	1,173,746	1,173,746
Other reserves from profit	5,732,581	5,732,581
Revaluation surplus	-382,158	-169,318
Revaluation adjustment of capital	-1,087,069	-670,221
Net profit brought forward	93,316,038	74,934,946
Net profit/loss for the financial year	17,566,134	19,615,823

Revaluation adjustment of capital

Revaluation adjustment of capital as at 30 June 2016 equals to EUR -1,087,069 and decreased in first six months of 2016 by EUR -416,848, which corresponds to an increased due to exchange rate differences that occurred when including financial reports of foreign subsidiaries into consolidated financial statements.

Table 42: Revaluation surplus in EUR

	Balance as at 1 Jan 2016	Formed	Removed	Total as at 31 Dec 2016
Revaluation surplus:	+ / -	+ / -	- / +	=
Revaluation surplus IFI (interest rate swaps)	-73,355	-218,211	0	-291,566
Actuarial gains/losses, recognised under reservations for retirement benefits	-97,768	0	0	-97,768
TOTAL	-171,123	-218,211	0	-389,334
Of which revaluation surplus that belongs to minority shares	-1,805	-5,371	0	-7,176
Revaluation surplus that belongs to owners of the parent company	-169,318	-212,840	0	-382,158

Revaluation surplus includes changes of value of effective hedges of cash flow (interest rate swaps) in the amount of EUR -218,211.

14. Provisions and non-current accrued costs and deferred revenue

Table 43: Provisions and non-current accrued costs and deferred revenue in EUR

	Provisions		Non-current accrued costs and deferred revenue		TOTAL in EUR
	Provisions for pensions, and jubilee and retirement benefits	Other provisions for non-current accrued costs	Received government grants	Other non-current accrued costs and deferred income	
Balance as at 31 Dec 2015	1,752,717	1,251	523,846	136,606	2,414,420
Adjustments after the opening balance	0	0	0	0	0
Balance as at 1 Jan 2016	1,752,717	1,251	523,846	136,606	2,414,420
Formation (+)	0	0	110,863	0	110,863
Utilisation (-)	-1,230	0	-127,080	0	-128,310
Other decreases (-)	-3,261	0	0	0	-3,261
Balance as at 31 June 2016	1,748,226	1,251	507,629	136,606	2,393,712

Received government grants include assets from disposed of contributions of disabled persons and subsidies for improving the working conditions for disabled persons.

15. Non-current financial and operating liabilities

Table 44: Non-current financial and operating liabilities in EUR

	Total debt as at 30 June 2016	The portion falling due in 2016	30 Jun 2016	31 Dec 2015
	+	-	=	
Non-current financial liabilities relating to bonds	50,000,000	-10,000,000	40,000,000	40,000,000
Non-current financial liabilities to banks	78,416,904	-2,832,897	75,584,007	75,616,919
Non-current financial liabilities to others (excluding liabilities from finance lease)	250,939	0	250,939	218,708
Non-current financial liabilities arising from finance lease – other companies	518,233	0	518,233	439,110
Other non-current operating liabilities – other companies	224,570	0	224,570	294,767
TOTAL non-current financial and operating liabilities	129,410,646	-12,832,897	116,577,749	116,569,504

In 2015, the Impol Group issued 5-year bonds in the amount of EUR 50,000,000 with the intention to finance the investment cycle for additional long-term growth and development. Bonds have been traded at the Ljubljana Stock Exchange since 26 December 2015. The annual interest rate is 3.8 percent. Coupons are paid annually. The final maturity date is 19 October 2020. The principal amount including interest is due on 19 October 2016, 19 October 2017, 19 October 2018, 19 October 2019, and 19 October 2020, each time in the principal amount of EUR 10,000,000 plus interest. The current proportion of liabilities based on bonds, which is due on 19 October 2016, is disclosed under current financial obligations.

16. Current liabilities

Table 45: Current liabilities in EUR

A. Current operating and financial liabilities	30 Jun 2016	31 Dec 2015
Current trade payables – associates	484,708	328,196
Current trade payables – other companies	40,781,267	26,383,195
Current operating liabilities based on advances to other companies	562,489	1,834,256
Other current operating liabilities to other companies	12,633,713	6,438,150
TOTAL current operating liabilities	54,462,177	34,983,797
Current portion of non-current financial liabilities – banks	2,832,897	38,744,072
Current portion of non-current financial liabilities (excluding liabilities from finance lease) – other companies	0	5,045,575
Current portion of non-current financial liabilities – bonds	10,000,000	10,000,000
Current portion of non-current financial liabilities from finance lease – other companies	0	122,515
Current financial liabilities – banks	33,872,519	24,330,535
Current financial liabilities (excluding liabilities from finance lease) – other companies	691,423	454,399
Current financial liabilities from the distribution of profit	6,993	7,052
Current financial liabilities from finance lease – other companies	76,640	3
TOTAL current financial liabilities	47,480,472	78,704,151
TOTAL current financial and operating liabilities	101,942,649	113,687,948

Table 46: Current accrued expenses and deferred income in EUR

Current accrued costs and deferred revenue	30 Jun 2016	31 Dec 2015
Accrued costs and expenses	2,894,429	688,905
Current deferred income	42,796	37,400
VAT from given advances	238,096	188,018
TOTAL	3,175,321	914,323

Current deferred costs or expenses include costs of interest of issued bonds and deferred income based on accruals and VAT from given advances.

17. Contingent liabilities

The Group has issued guarantees in the amount EUR 3,773,087, mostly in connection with custom duties upon importation of goods and materials and minor liabilities mostly in connection with recalculated VAT at bankruptcy. There is also a lawsuit in progress regarding a guarantee issued to a bank in the amount of EUR 1,738,290. The Group estimates that these claims are unjustified, which is why the Group did not form current provisions for these purposes. In case of labour law disputes, the Group has insured possible liabilities through an insurance company.

18. Financial instruments and financial risks

Financial risks of the Impol Group have an important role considering their probability and importance, which is why special attention is paid to these categories of risk. Risks are actively monitored and managed by the Finance and Business Administration Department, the Risk Management Department (RM) and other all other relevant departments at Impol Group companies that operate outside Slovenia.

Liquidity risks

When it comes to liquidity risk management, the Impol Group examines whether it is able to settle all current operating liabilities and whether it is generating a sufficiently large cash flow to settle financing liabilities. Floating weekly and monthly planning of cash flows allows us to establish the liquid asset requirements. Potential shortages of cash are covered by bank credit lines, whereas any short-term surpluses are invested in liquid current financial assets.

The Impol Group is able to cover all matured obligations at any given time. Successful performance enables us a long-term solvency and capital increases.

Table 47: Non-current financial liabilities in EUR

	30 Jun 2016	31 Dec 2015
	=	
Non-current financial liabilities relating to bonds	40,000,000	40,000,000
Non-current financial liabilities to banks	75,584,007	75,616,919
Non-current financial liabilities to others (excluding liabilities from finance lease)	250,939	218,708
Non-current financial liabilities arising from finance lease – other companies	518,233	439,110
TOTAL non-current financial liabilities	116,353,179	116,274,737

Table 48: Maturity of non-current financial liabilities by year in EUR

	30 Jun 2016
Due in 2016	x
Due in 2017	33,644,404
Due in 2018	28,916,844
Due in 2019	25,384,262
Due in 2020 (or later in case of 31 Dec 2014)	20,944,801
Due in 2021 or later	7,462,868
TOTAL non-current financial liabilities	116,353,179

Risk of Changes in Aluminium Prices

The risk of changes in aluminium prices constitutes the greatest risk for the operations of the Impol Group alongside the sales market risk. The Impol Group follows the principle stating that as soon as a sales agreement is concluded or a sales order is received that is concluded by referring to a specific aluminium raw material price on the LME, aluminium raw materials are secured either physically or by means of forward contracts at the same price as that included in the basis for the conclusion of the sales agreement or order. The methods for the inclusion of costs and inventory management are established accordingly.

Collateral is usually provided primarily by guaranteeing adequate actual raw material sources with only the missing or excess difference being subject to forward purchases or sales on forward markets respectively.

As regards the management of the price risk arising from changes in quoted aluminium prices, it should be emphasised that quoted aluminium prices move completely randomly, but they serve as the basis for establishing daily purchase and sales prices of aluminium and of Impol's aluminium products.

Table 49: Forward purchases/sales in the first six months of 2016

	Quantity in t	Average price
Forward purchases	2,000	1,399.75 EUR/t
	500	1,552.00 USD/t
Forward sales	500	1,470.00 EUR/t

The activity of forward operations generated the forward balance of EUR -161,212.

Table 50: Financial revenue from forwards in EUR

	30 Jun 2016	2015
Financial revenue from forwards – forward purchases/sales of aluminium	83,591	193,344
Financial expenditure from forwards – forward purchases/sales of aluminium	244,803	833,740

Table 51: Balance of open forward position as at 30 June 2016

	Quantity in t	Average price
Open forward positions	1,500	1,379.67 EUR/t
	500	1,552.00 USD/t

Fair value of these financial instruments as at 30 June 2016 is EUR 155,935.

Foreign exchange risks

The majority of sales and purchasing are performed in the same currency, meaning that changes in foreign exchange rates do not bring about difficulties in these areas.

The Group is, however, exposed to such changes in two major areas, i.e. the purchasing of aluminium raw materials and when taking out loans denominated in a currency that is different than the currency of the company's accounts.

A major part of raw materials imported by Impol from outside the European Union is purchased in US Dollars, which represents an open FX position of Impol d.o.o.

In 2016, a certain portion of open USD positions was hedged by Impol, d.o.o., in compliance with the foreign exchange risk management policy by using derivative financial instruments, while the remaining part was left unhedged. For hedging, we used simple derivatives like forwards.

Table 52: Financial revenue and expenditure from forwards – foreign exchange swaps in EUR

	30 Jun 2016	2015
Financial revenue from forwards – foreign exchange swaps	28,067	40,400
Financial expenditure from forwards – foreign exchange swaps	5,430	57,887

Table 53: Balance of open forward position as at 30 June 2016

Foreign exchange forward (FX Forward) – purchase	Currency
6,000,000	USD

Fair value of foreign exchange swaps as at 30 June 2016 is EUR -291.566 (as at 31 December 2015 it amounted to EUR -73,355). Contracts fall due on monthly basis, which is between 31 May 2016 and 30 November 2016.

Table 54: Overview of USD inflows, outflows and open positions at Impol, d.o.o., in millions of USD

	2012	2013	2014	2015	Until 30 Jun 2016
Inflows	19.0	15.0	16.2	18.5	9.6
Outflows	58.0	36.0	45.1	41.5	15.9

The other part of the foreign exchange risk takes place in Serbia with the exchange between EUR/RSD and in Croatia between EUR/HRK.

The measure of the Group for reducing the effects of foreign exchange differences in Serbia and Croatia is a reduction of the need for financing the majority of raw materials by executing the majority of sales in the European Union through the company Impol, d.o.o., which then has the aluminium processed. This way, the foreign exchange risk is eliminated.

In the first six months of 2016, the Group generated a negative financial result from foreign exchange differences in the amount of EUR 255,549.

Table 55: Revenue and expenses from foreign exchange differences in EUR

	Total 30 Jun 2016	Total 30 Jun 2015
Financial revenue from operating receivables - exchange rate differences	624,646	1,042,568
TOTAL revenue from foreign exchange differences	624,646	1,042,568
Financial expenses from other financial liabilities – exchange rate differences	396,181	566,926
Financial expenses from operating liabilities – exchange rate differences	484,014	348,122
TOTAL expenses from foreign exchange differences	880,195	915,048

As at 30 June 2016, the Impol Group has outstanding trade receivables in the following currencies:

- USD: 1,057,620
- AUD: 74,383
- SEK: 84,110
- GBP: 42,600

As at 30 June 2016, the Impol Group has outstanding trade payables in the following currencies:

- USD: 68,944
- CHF: 8,177
- GBP: 16,939

Interest Rate Risk

The Impol Group has long-term loans remunerated at the EURIBOR reference interest rate. The Impol Group has approximately 33% of non-current liabilities with a fixed interest rate.

In case the interbank reference rate EURIBOR is negative (less than 0 percent), banks charge contractual interests at the EURIBOR reference interest rate of 0 percent, increased by premium.

On 30 June 2016, the interbank reference interest rate EURIBOR was negative, so its increase by 1 or ½ percentage point would not affect profit or loss.

The value of financial liabilities insured by interest swaps is EUR 26,500,000. On this basis, we recognised a part of changes at fair value of the derivative under other comprehensive income of this period, and disclosed it under revaluation surplus in the amount of EUR -218,211.

Credit risk

The credit control process encompasses customer credit rating which is carried out regularly in cooperation with a selected credit insurance firm and foreign insurance firms as well as our customer solvency monitoring system. The Group has secured the majority of buyers, especially the bigger ones, while the Group's policy is that individual buyers shall not exceed 7 percent of all sales.

By regularly monitoring open and past due trade receivables, the ageing structure of receivables and average payment deadlines, the Company maintains its credit exposure of the Impol Group within acceptable limits given the strained conditions on the market.

Carrying and fair values of financial instruments

Classification of financial instruments according to their fair value as at 30 June 2016 is shown in Table 56.

Table 56: Carrying and fair values of financial instruments in EUR

	Carrying amount	Fair value	Fair value level
Investments in associates	656,620	656,620	3
Non-current financial investments – available-for-sale assets	506,404	506,404	3
Non-current loans given	392,447	392,447	3
Non-current operating receivables	1,250	1,250	3
Current financial investments, excluding loans	28,108	28,108	3
Current loans given	5,125,882	5,125,882	3
Current operating receivables	89,413,835	89,413,835	3
Cash and cash equivalents	41,601,163	41,601,163	3
Non-current financial liabilities	116,353,179	116,353,179	3
Non-current operating liabilities	224,570	224,570	3
Current financial liabilities	47,188,906	47,188,906	3
Current financial liabilities – fair value of IFI	291,566	291,566	2
Current operating liabilities	54,462,177	54,462,177	3



FINANCIAL REPORT FOR IMPOL 2000, d.d., FOR THE FIRST SIX MONTHS OF 2016

**FIRST SIX
MONTHS
IN NUMBERS**

FINANCIAL STATEMENTS OF IMPOL 2000, D.D.

Accounting policies and notes form an integral part of the financial statements presented below and should be read in connection to them.

Income statement

Table 57: Income statement in EUR

Item	Note	Jan–Jun 2016	Jan–Jun 2015
1. Net revenue from sales	1	9,827,760	8,154,795
a) Net revenue from sales in the domestic market		8,003,603	6,991,437
b) Net revenue from sales in the foreign market		1,824,157	1,163,358
2. Other operating revenue (including operating revenue from revaluation)	1	19,244	
3. Costs of goods, materials and services	2	6,772,273	5,453,466
a) Cost of sold goods and materials and costs of materials used		6,023,748	5,101,149
b) Costs of services		748,525	352,317
4. Labour costs	2	1,700,182	1,428,760
a) Costs of salaries		1,173,252	994,472
b) Social security costs (pension insurance costs are shown separately)		196,311	152,078
c) Other labour costs		330,619	282,210
5. Writedowns	2	77,666	23,405
a) Depreciation		22,068	23,405
b) Operating expenses from revaluation associated with current operating assets		55,598	
6. Other operating expenses	2	104,215	28,947
7. Financial revenue from loans granted	3	76,036	15,344
a) Financial revenue from loans granted to Group companies		75,284	14,617
b) Financial revenue from loans to others		752	727
8. Financial revenue from operating receivables	3	8,683	26,121
a) Financial revenue from operating receivables due from others		8,683	26,121
9. Financial expenses from the impairment and write-offs of investments	3	10,000	
10. Financial expenses from financial liabilities	3	962,385	364,101
a) Financial expenses from loans received from Group companies		2,682	3,338
b) Financial expenses from loans from banks		14,389	20,724
c) Financial expenses from bonds issued		944,809	
č) Financial expenses incurred in connection with other financial liabilities		505	340,039
11. Financial expenses from operating liabilities	3	1,153	2,207
a) Financial expenses from trade payables and bills of exchange payable		70	2,205
b) Financial expenses from other operating liabilities		1,083	2
12. Income tax	4	51,654	152,213
13. Net profit or loss for the accounting period		252,195	743,161

Table 58: Statement of comprehensive income in EUR

	Jan–Jun 2016	Jan–Jun 2015
Net profit or loss for the accounting period	252,195	743,161
Total comprehensive income for the accounting period	252,195	743,161

Table 59: Balance sheet in EUR

				Note	30 Jun 2016	31 Dec 2015
A.			Fixed assets		69,563,012	68,126,592
	I.		Intangible assets and non-current deferred costs and accrued revenue	6	147,163	2,601
		1.	Non-current property rights		147,163	2,601
	II.		Tangible fixed assets	7	252,317	160,459
		1.	Production equipment and machinery		109,450	115,537
		2.	Other machinery and equipment		142,867	44,922
	III.		Investment property			0
	IV.		Non-current investments	8	69,135,645	67,935,645
		1.	Non-current investments, excluding loans		69,135,645	67,935,645
		a)	Shares and participating interests in the Group		69,135,645	67,935,645
	V.		Non-current operating receivables		0	0
	VI.		Deferred tax receivables		27,887	27,887
B.			Current assets		40,137,918	39,495,794
	I.		Assets (groups for disposal) for sale			0
	II.		Inventories	9	34,842	74,396
		1.	Products and merchandise		34,842	74,396
		2.	Advances for inventories			0
	III.		Current financial investments	10	26,589,796	3,974,518
		1.	Current loans		26,589,796	3,974,518
		a)	Current loans to Group companies		22,569,796	3,974,518
		b)	Current loans to others		4,020,000	0
	IV.		Current operating receivables	11	2,747,854	2,461,574
		1.	Current operating receivables due from Group companies		773,777	464,777
		2.	Current operating receivables due from customers		1,902,690	1,631,510
		3.	Current operating receivables due from others		71,387	365,287
	V.		Cash and cash equivalents	12	10,765,426	32,985,306
C.			Current deferred costs and accrued revenue	13	31,040	14,161
			TOTAL ASSETS		109,731,970	107,636,547
A.			Equity		55,360,177	55,107,982
	I.		Called-up capital		4,451,540	4,451,540
		1.	Share capital		4,451,540	4,451,540
	II.		Capital reserves		10,751,254	10,751,254
	III.		Reserves from profit		6,906,327	6,906,327
		1.	Statutory reserves		1,173,746	1,173,746
		2.	Other reserves from profit		5,732,581	5,732,581
	IV.		Revaluation surplus			0
		2.	Net profit brought forward		32,998,861	30,285,811
	IV.		Net profit/loss for the financial year		252,195	2,713,050
B.			Provisions and non-current accrued costs and deferred revenue		67,117	67,117
			Provisions for pensions and similar liabilities		67,117	67,117
C.			Non-current liabilities	13	40,940,123	40,861,000
	I.		Non-current financial liabilities		40,940,123	40,861,000
		1.	Non-current financial liabilities to banks		861,000	861,000
		2.	Non-current financial liabilities from bonds payable		40,000,000	40,000,000
		3.	Other non-current financial liabilities		79,123	0
	II.		Non-current operating liabilities		0	0

	III.		Deferred tax liabilities			0
Č.			Current liabilities	15	11,993,047	11,182,939
	I.		Liabilities included in groups for disposal			0
	II.		Current financial liabilities		10,582,355	10,627,052
		1.	Current financial liabilities to Group companies		500,000	500,000
		2.	Current financial liabilities to banks		60,000	120,000
		3.	Current financial liabilities from bonds payable		10,000,000	10,000,000
		4.	Other current financial liabilities		22,355	7,052
	III.		Current operating liabilities		1,410,692	555,887
		1.	Current operating liabilities to Group companies		108,495	14,077
		2.	Current trade payables		124,452	148,762
		3.	Current operating liabilities from advance payments		83,638	125,338
		4.	Other current operating liabilities		1,094,107	267,710
D.			Current accrued costs and deferred revenue	15	1,371,506	417,509
			TOTAL LIABILITIES		109,731,970	107,636,547

Table 60: Statement of changes in equity for the first six months of 2016

		Called-up capital	Capital reserves	Reserves from profit		Revaluation surplus	Net profit brought forward	Net profit or loss for the financial year	Total EQUITY
		I	II	III		IV	V	IV	VII
		Share capital		Statutory reserves	Other reserves from profit		Net profit brought forward	Net profit of the financial year	TOTAL
		I	II	III/1	III/2	IV	V	VI	VII
A.1	Balance at the end of the previous reporting period (31 Dec 2015)	4,451,540	10,751,254	1,173,746	5,732,581	0	30,285,811	2,713,050	55,107,982
a)	Retroactive calculations								
b)	Retroactive adjustments								
A.2	Opening balance of the reporting period (1 Jan 2016)	4,451,540	10,751,254	1,173,746	5,732,581		30,285,811	2,713,050	55,107,982
B.1	Changes in equity – transactions with owners								
B.2	Total comprehensive income in the reporting period							252,195	252,195
	Entry of net profit/loss in the financial year							252,195	252,195
	Other items of the total comprehensive income in the reporting period								
B.3	Changes in equity						2,713,050	-2,713,050	0
	Reallocation of a part of the net profit from the comparative reporting period to other equity items						2,713,050	-2,713,050	0
C.	Closing balance of the reporting period (30 Jun 2016)	4,451,540	10,751,254	1,173,746	5,732,581	0	32,998,861	252,195	55,360,177
	DISTRIBUTABLE PROFIT/DIS-TRIBUTABLE LOSS						32,998,861	252,195	33,251,056

Table 61: Statement of changes in equity for 2016 in EUR

		Called-up capital	Capital reserves	Reserves from profit		Revaluation surplus	Net profit brought forward	Net profit or loss for the financial year	Total
		I	II	III		IV	V	IV	VII
		Share capital		Statutory reserves	Other reserves from profit		Net profit brought forward	Net profit of the financial year	TOTAL
		I	II	III/1	III/2	IV	V	VI	VII
A.1	Balance at the end of the previous reporting period (31 Dec 2014)	4.451.540	10.751.254	694.972	5.732.581		29.487.622	1.800.950	52.918.919
A.2	Opening balance of the reporting period (1 Jan 2015)	4.451.540	10.751.254	694.972	5.732.581		29.487.622	1.800.950	52.918.919
B.1	Changes in equity – transactions with owners						-1.002.761		-1.002.761
	Disbursement of dividends						-1.002.761		-1.002.761
B.2	Total comprehensive income in the reporting period							3.191.824	3.191.824
	Entry of net profit/loss in the financial year							3.191.824	3.191.824
B.3	Changes in equity			478.774			1.800.950	-2.279.724	0
	Reallocation of a part of the net profit from the comparative reporting period to other equity items						1.800.950	-1.800.950	0
	Allocation of a portion of net profit from the reporting period to other equity components based on the resolution of management and supervisory bodies				478.774			-478.774	0
C.	Closing balance of the reporting period (31 Dec 2015)	4.451.540	10.751.254	1.173.746	5.732.581		30.285.811	2.713.050	55.107.982
	DISTRIBUTABLE PROFIT/DISTRIBUTABLE LOSS						30.285.811	2.713.050	32.998.861

Table 62: Cash flow statement in EUR

Item		Jan-Jun 2016	Jan-Jun 2015
A.	Cash flows from operating activities		
a)	Items of the Income Statement	1,330,425	1,130,668
	Operating revenue (except from revaluation) and financial revenue from operating receivables	9,855,687	8,194,054
	Operating revenue excluding depreciation (except from revaluation) and financial expenses from operating liabilities	-8,473,608	-6,911,172
	Income and other tax not included in operating expenses	-51,654	-152,214
b)	Changes to net operating current assets (and accruals and deferrals, provisions and deferred tax receivables and liabilities) of the Balance Sheet operating items	495,984	4,232
	Opening less closing operating receivables	-286,898	-248,860
	Opening less closing deferred costs and accrued revenue	-16,879	-64,042
	Opening less closing inventories	39,554	3,962
	Closing less opening operating liabilities	855,234	278,319
	Closing less opening accrued costs and deferred revenue and provisions	-95,027	34,853
c)	Net cash from operating activities (a+b)	1,826,409	1,134,900
B.	Cash flows from investing activities		
a)	Cash proceeds from investing activities	1,821,006	0
	Inflows from interest and participation in others' profits relating to investing activities	21,006	
	Cash proceeds from disposal of current investments	1,800,000	
b)	Cash payments from investing activities	-25,785,885	-1,833,365
	Cash disbursements to acquire intangible assets	-144,930	330
	Cash disbursements to acquire tangible fixed assets	-15,677	-13,695
	Cash disbursements to acquire non-current financial investments	-1,210,000	
	Cash disbursements to acquire current financial investments	-24,415,278	-1,820,000
c)	Net cash from investing activities (a+b)	-23,964,879	-1,833,365
C.	Cash flows from financing activities		
a)	Cash proceeds from financing activities	0	981,000
	Cash proceeds from increase in non-current financial liabilities	0	981,000
c)	Cash payments from financing activities	-81,410	-1,074,288
	Interest paid on financing activities	-18,005	-364,101
	Cash repayments of non-current financial liabilities	-3,346	
	Cash repayments of current financial liabilities	-60,000	-710,187
	Dividends and other profit shares paid	-59	
c)	Net cash from financing activities (a+b)	-81,410	-93,288
Č.	Closing balance of cash	10,765,426	816,505
a)	Net cash flow for the period	-22,219,880	-791,753
b)	Opening balance of cash	32,985,306	1,608,258

Notes to the Financial Statements

Reporting Entity

In accordance with the Companies Act, Impol 2000, d.d., (hereinafter also the company), with the head office at Slovenska Bistrica, Partizanska ulica 38, is a large public limited company, and is obliged to undergo regular annual audit. The company is classified under the activity code 70.100 – company management. The company's share capital in the amount of EUR 4,451,540 is divided into 1,066,767 registered pro rata shares that are not traded in the organized securities market. The shares are owned by 948 shareholders.

Below is the presentation of financial statements of Impol 2000, d.d., for the first six months of 2016.

Statement of Compliance with IFRS

The Board of Directors and Executive Directors confirmed the financial statement on 19 September 2016.

Financial statements of Impol 2000, d.d., are composed in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the notes adopted by the IFRS Interpretations Committee (IFRIC) and by the European Union, and in accordance with the provisions of the Companies Act (ZGD).

This Six-Monthly Report has been prepared in accordance with the IAS 34 – Interim Financial Reporting. In the preparation of the financial statements for the period January–June 2016 the same accounting policies have been used as in the preparation of the financial statements for 2015.

On the balance sheet date, there are no differences between the applied IFRS and the IFRS adopted by the European Union in accounting guidelines of Impol, d.d., as regards the process of confirming standards in the European Union. Inter-annual financial statements of Impol 2000, d.d., were not audited.

Bases for the Composition of Financial Statements

Financial statements of the company Impol 2000, d.d., observe historical cost.

Functional and Presentation Currency

Financial statements in this report are given in EUR, no cents, and EUR is also the functional currency of the company. For the purposes of rounding value data, there may be insignificant differences in sums found in tables.

DISCLOSURE FOR INDIVIDUAL ITEMS IN GROUP FINANCIAL STATEMENTS

1. Operating Revenue

Table 63: Operating revenue in EUR

	Operating revenue generated by			Jan–Jun 2016	Jan–Jun 2015
	Group companies	Associates	Other companies		
Net revenue from sales	3,431,287	505	6,395,968	9,827,760	8,154,795
Other operating revenue*			19,244	19,244	0
TOTAL	3,431,287	505	6,415,212	9,847,004	8,154,795

Table 64: Other operating revenue in EUR

	Jan–Jun 2016	Jan–Jun 2015
Other revenues associated with products and services (subsidies, grants, reimbursements, compensations, premiums, etc.)	157	0
Revaluation operating revenue from operating receivables	19,087	0
TOTAL	19,244	0

Table 65: Net sales revenue according to the type of goods or service in EUR

	Jan–Jun 2016	Jan–Jun 2015
From the sale of services	3,457,311	2,774,157
From the sale of products	6,370,449	5,380,620
TOTAL	9,827,760	8,154,777

Table 66: Net sales revenue by operating segments in EUR

	Jan–Jun 2016	Jan–Jun 2015
Revenue from sales in Slovenia	8,003,603	6,991,437
• Group companies	3,429,668	2,752,658
• Associates	505	
• Other companies	4,573,430	4,238,779
Revenue from sales in the EU	331,523	326,231
• Other companies	331,523	326,231
Revenue from sales in other European countries	1,492,634	837,127
• Group companies	1,619	0
• Other companies	1,491,015	837,127
TOTAL	9,827,760	8,154,795

2. Operating Expenses

Table 67: Analysis of costs and expenses in EUR

	Distribution costs	General and administr. costs	Jan–Jun 2016	TOTAL purchase in 2016 from:			Jan–Jun 2015
				Group companies	Associates	Other companies	
Cost of merchandise and materials sold	5,964,921		5,964,921	5,850,229		114,692	5,061,810
Costs of materials		58,827	58,827	14,663		44,164	39,339
Costs of services	417,088	331,437	748,525	67,802	80,518	600,205	352,317
Labour costs		1,700,182	1,700,182			1,700,182	1,428,760
Depreciation		22,068	22,068			22,068	23,405
Revaluation operating revenue (from operating receivables)		55,598	55,598			55,598	
Provisions		104,215	104,215			104,215	
Other operating expenses			0	413		-413	28,947
TOTAL	6,382,009	2,272,327	8,654,336	5,933,107	80,518	2,640,711	6,934,578

Table 68: Labour costs in EUR

	Jan–Jun 2016	Jan–Jun 2015
Costs of salaries	1,173,252	994,472
Pension insurance costs	101,245	76,495
Other insurance costs	95,066	75,583
Other labour costs	330,619	282,210
TOTAL	1,700,182	1,428,760

3. Financial Revenue and Expenses

Table 69: Financial revenue from financial investments in EUR

	Total Jan–Jun 2016	Of which from		Total Jan–Jun 2015
		Group companies	Other companies	
Financial revenue from loans – interest	76,036	75,284	752	15,344
Financial revenue from operating receivables - interest	8,683		8,683	26,121
TOTAL	84,719	75,284	9,435	41,465

Table 70: Financial expenses from financial investments in EUR

	Total Jan–Jun 2016	Of which from		Total Jan–Jun 2015
		Group companies	Other companies	
Financial expenses from loans (excluding bank loans) – interest	2,682	2,682		3,338
Financial expenses from loans from banks – interest	14,389		14,389	20,724
Financial expenses from bonds – interest	944,809		944,809	
Financial expenses from other financial liabilities – interest	505		505	340,039
Financial expenses from operating liabilities – interest	149	0	149	2,205
Financial expenses from operating liabilities – exchange rate differences	1,004	0	1,004	2
Financial expenses from the impairment	10,000	10,000		
TOTAL	973,538	12,682	960,856	366,308

In May 2016, Impol 2000, d.d., made an injection of capital to Impol Hungary in the amount of EUR 10,000 and at the same time it recognized the impairment expenses for this financial investment.

Table 71: Financial expenses from operating liabilities in EUR

	Total Jan–Jun 2016	Total Jan–Jun 2015
Financial expenses from liabilities to suppliers – interests	70	2,205
Financial expenses from other operating liabilities – interest	79	
Financial expenses from other operating liabilities – exchange rate differences	1,004	2
TOTAL	1,153	2,207

4. Income tax**Table 72: Income tax in EUR**

	Jan–Jun 2016	Jan–Jun 2015
Revenues determined under accounting regulations	9,931,723	8,196,260
Taxable revenues	9,931,723	8,196,260
Expenses determined under accounting regulations	9,627,874	7,300,886
Expenses recognised for tax purposes	9,627,874	7,300,886
DIFFERENCE BETWEEN EXPENSES AND REVENUES RECOGNISED FOR TAX PURPOSES	303,849	895,374
TAX BASE	303,849	895,374
TAX LOSS	0	0
Decrease in tax base and tax relief (not exceeding the tax base) (-)		-1
TAXABLE BASE	303,849	895,373
TAX (17%)	51,654	152,213

6. Net Earnings per Share

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

Table 73: Earnings per share in EUR

	30 Jun 2016	30 Jun 2015
Profit or loss attributable to owners of the parent company	252,195	743,161
Weighted average of the number of regular shares	1,066,767	1,066,767
Basic earnings per share (in EUR)	0.24	0.70
Regular shares as at 1 Jan	1,066,767	1,066,767
Effect of own shares	0	0
Weighted average of the number of regular shares as at 30 Jun	1,066,767	1,066,767
Effect of own shares	0	0
Weighted average of the number of regular shares as at 30 Jun	1,066,767	1,066,767

Because the company has no preference shares or bonds that could be converted to shares, the diluted earnings per share is the same as the basic earnings per share.

5. Intangible assets and non-current deferred costs and accrued revenue

Table 74: Intangible assets in the first six months of 2016 in EUR

Description	Non-current property rights	TOTAL
Cost as at 31 Dec 2015	23,793	23,793
Adjustments after the opening balance		0
Cost as at 1 Jan 2016	23,793	23,793
Direct increases – acquisitions	144,930	144,930
Cost as at 30 Jun 2016	168,723	168,723
Value adjustment at 31 Dec 2015	21,192	21,192
Adjustment after the opening balance		0
Value adjustment at 1 Jan 2016	21,192	21,192
Depreciation during the year	368	368
Value adjustment at 30 Jun 2016	21,560	21,560
Carrying amount at 30 Jun 2016	147,163	147,163
Carrying amount at 31 Dec 2015	2,601	2,601

Table 75: Intangible assets in 2015 in EUR

Description	Non-current property rights	TOTAL
Cost as at 31 Dec 2014	23,793	23,793
Adjustments after the opening balance		0
Cost as at 1 Jan 2015	23,793	23,793
Cost as at 31 Dec 2015	23,793	23,793
Value adjustment at 31 Dec 2014	20,574	20,574
Adjustment after the opening balance		0
Value adjustment at 1 Jan 2015	20,574	20,574
Depreciation during the year	618	618
Value adjustment at 31 Dec 2015	21,192	21,192
Carrying amount at 31 Dec 2015	2,601	2,601
Carrying amount at 31 Dec 2014	3,219	3,219

7. Tangible fixed assets

Table 76: Tangible fixed assets in the first six months of 2016 in EUR

Description	Production equipment and machinery	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Total equipment	TOTAL
Cost as at 31 Dec 2015	1,099,476	169,466		1,268,942	1,268,942
Adjustments after the opening balance				0	0
Cost as at 1 Jan 2016	1,099,476	169,466	0	1,268,942	1,268,942
Direct increases – acquisitions			15,677	15,677	15,677
Direct increases – financial lease			97,881	97,881	97,881
Transfer from investments in progress	2,530	111,028	-113,558	0	0
Decreases – exclusions, other decreases		-918		-918	-918
Cost as at 30 Jun 2016	1,102,006	279,576	0	1,381,582	1,381,582
Value adjustment at 31 Dec 2015	983,939	124,544		1,108,483	1,108,483
Adjustments after the opening balance				0	0
Value adjustment at 1 Jan 2016	983,939	124,544	0	1,108,483	1,108,483
Depreciation	8,617	13,083		21,700	21,700
Decreases – exclusions, other decreases		-918		-918	-918
Value adjustment at 30 Jun 2016	992,556	136,709	0	1,129,265	1,129,265
Carrying amount at 30 Jun 2016	109,450	142,867	0	252,317	252,317
Carrying amount at 31 Dec 2015	115,537	44,922	0	160,459	160,459

Table 77: Tangible fixed assets in 2015 in EUR

Description	Production equipment and machinery	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Total equipment	TOTAL
Cost as at 31 Dec 2014	1,099,476	175,258		1,274,734	1,274,734
Adjustments after the opening balance				0	0
Cost as at 1 Jan 2015	1,099,476	175,258	0	1,274,734	1,274,734
Direct increases – acquisitions			24,315	24,315	24,315
Transfer from investments in progress		25,371	-25,371	0	0
Transfer between Group companies – acquisition			1,056	1,056	1,056
Decreases – exclusions, other decreases		-31,163		-31,163	-31,163
Cost as at 31 Dec 2015	1,099,476	169,466	0	1,268,942	1,268,942
Value adjustment at 31 Dec 2014	954,152	136,987		1,091,139	1,091,139
Adjustments after the opening balance				0	0
Value adjustment at 1 Jan 2015	954,152	136,987	0	1,091,139	1,091,139
Depreciation	29,787	18,703		48,490	48,490
Decreases – exclusions, other decreases		-31,146		-31,146	-31,146
Value adjustment at 31 Dec 2015	983,939	124,544	0	1,108,483	1,108,483
Carrying amount at 31 Dec 2015	115,537	44,922	0	160,459	160,459
Carrying amount at 31 Dec 2014	145,324	38,271	0	183,595	183,595

All disclosed tangible assets (excluding assets under finance lease) are the property of Impol 2000, d.d., and are free from all encumbrances.

8. Non-current financial investments

Table 78: Non-current financial investments in EUR

NON-CURRENT FINANCIAL INVESTMENTS	Cost as at 30 Jun	Non-current financial investments in:		Value adjustment as at 30 Jun impairment (Account 069, 079)	Carrying amount	
		Group companies	Associates		30 Jun 2016	31 Dec 2015
	=		+	-	=	
Non-current financial investments (+)	69,182,017	69,147,369	34,648	-46,372	69,135,645	67,935,645
Current par of non-current investments (+)	0				0	0
TOTAL NON-CURRENT FINANCIAL INVESTMENTS	69,182,017	69,147,369	34,648	-46,372	69,135,645	67,935,645

In March 2016, Impol 2000, d.d., purchased 35% of the non-controlling shares in Impol-TLM, d.o.o., and it thus became 100% owner. The compensation to acquire the 35% share amounted to EUR 1.2 million.

A financial investment in the amount of EUR 100,000, which relates to the participating interest of Impol 2000, d.d., in the subsidiary Rondal, d.o.o., is pledged as security for liability relating to the long-term received loan, which amounts to EUR 921,000 as at 30 June 2015. The financial investment into the capital of Impol, d.o.o., (97.5387-percent ownership share) in the amount of EUR 67,588,863 is also pledged in the form of a given guarantee, and is intended for liabilities of Impol, d.o.o., to banks.

Table 79: Revaluation of non-current financial investments in EUR

	2016	Of which revaluation of non-current financial invest. to: Group companies	2015
	=	+	
Revaluation of non-current financial investments due to impairments charged to financial expenses	10,000	10,000	36,371

In May 2016, Impol 2000, d.d., made an injection of capital to Impol Hungary in the amount of EUR 10,000 and at the same time it recognized the impairment expenses for this financial investment because it was estimated that the carrying amount of the investment exceeded its recoverable amount (i.e. the current value of the future cash flows).

Table 80: Trend in investments to subsidiaries and associates in EUR

	Jan–Jun 2016	2015
Balance as at 1 Jan 2016	67,935,645	67,970,271
Acquisition of 35% of non-controlling share at Impol-TLM	1,200,0000	1,745
Injection of capital in Impol Hungary	10,000	
Impairment of investment in Impol Hungary	-10,000	-36,372
Balance as at 31 June 2016	69,135,645	67,935,645

All long-term financial investments are distributed to the group »financial assets available for sale« and are measured by acquisition cost.

The company Impol 2000, d.d., as the parent company, prepares the consolidated financial statements for the above-presented companies.

9. Inventories of Goods

Table 81: Inventories of Goods in EUR

	Cost (+)	30 Jun 2016 Revaluation of value due to impairment of inventories (-)	Carrying amount	31 Dec 2015
Merchandise	34,842		34,842	74,396
TOTAL	34,842	0	34,842	74,396

10. Current financial investments

Table 82: Current financial investments in EUR

	Cost as at 30 Jun	Current financial investments in:		Value adjustment due to impairment	Carrying amount	
		Group companies	Other companies		30 Jun 2016	31 Dec 2015
	=	+		-	=	
TOTAL current financial investments excluding loans	0	0	0	0	0	0
Current loans granted (including bonds)	22,589,796	22,569,796	20,000		22,589,796	3,974,518
Current deposits	4,000,000		4,000,000		4,000,000	0
TOTAL current loans granted	26,589,796	22,569,796	4,020,000	0	26,589,796	3,974,518
Current unpaid called-up capital	0				0	0
TOTAL CURRENT FINANCIAL INVESTMENTS	26,589,796	22,569,796	4,020,000	0	26,589,796	3,974,518

Table 83: Trend in loans granted in EUR

	Group companies
Loans as at 1 Jan 2016	3,974,518
New loans (+)	20,415,278
Refunds (-)	1,800,000
Loans granted as at 30 June 2016	22,589,796

All loans granted to associates shall bear interest at an established interest rate, increased by one percentage point. All loans are secured with a bill of exchange.

11. Current operating receivables

Receivables are secured through SID – Prva kreditna zavarovalnica, d.d., in Slovenia in the amount of EUR 1,473,792 as at balance of 30 June 2016.

Table 84: Current operating receivables in EUR

	Current operating receivables	Current operating receivables due from:		Value adjustment due to impairment*	30 Jun 2016	31 Dec 2015
		Group companies	Other companies			
	=	+	+	-	=	+
Current receivables due from customers	2,786,191	711,583	2,074,608	-171,918	2,614,273	2,089,177
· Of which overdue at 31 Dec	636,890	829	636,061		636,890	453,472
Given current advances and collaterals	2,464		2,464		2,464	1,281
Current receivables associated with financial revenues	113,345	62,194	51,151	-13,740	99,605	53,412
Current receivables due from state institutions	14,585		14,585		14,585	297,175
Other current operating receivables	16,927		16,927		16,927	20,529
TOTAL current operating receivables	2,933,512	773,777	2,159,735	-185,658	2,747,854	2,461,574

Table 85: Analysis of due trade receivables in EUR

	30 Jun 2016	31 Dec 2015
Due in 2016	427,775	
Due in 2015	30,514	260,878
Due in 2014	4,474	4,474
Due in 2013	22,474	41,745
Due in 2012 and earlier	151,653	146,375
TOTAL due trade receivables	636,890	453,472

Table 86: Trend in adjustment of current operating receivables due to impairment in EUR

	2016	Of which value adjustment of current operating receivables due from:	2015
		Other companies	
Balance as at 1 Jan (+)	163,017	163,017	156,131
Decrease in value due to settlement of receivables (-)	-17,390	-17,390	-1,315
Decrease in value due to settlement of receivables (-)	-1,894	-1,894	-22,655
Value adjustment due to impairment (+)	41,925	41,925	30,856
Balance as at 31 Dec	185,658	185,658	163,017

On 30 June 2016, the entity has no disclosed receivables due from members of the Management Board, the Supervisory Board and owners.

12. Cash and cash equivalents

Table 87: Cash and cash equivalents in EUR

	30 Jun 2016	31 Dec 2015
Cash in hand and promptly cashable securities	256	296
Cash in banks and other financial institutions	10,765,170	32,985,010
TOTAL	10,765,426	32,985,306

Table 88: Current deferred costs and accrued revenue in EUR

	30 Jun 2016	31 Dec 2015
Current deferred costs or expenses	22,907	12,562
VAT from received advances	8,133	1,599
TOTAL	31,040	14,161

Current deferred costs or expenses mainly refer to the costs of professional literature paid in advance.

15. Non-current financial and operating liabilities

Table 89: Non-current financial and operating liabilities in EUR

	Total debt as at 30 June 2016	The portion falling due in 2016	30 Jun 2016	31 Dec 2015
	+	-	=	
Non-current financial liabilities relating to bonds	50,000,000	-10,000,000	40,000,000	40,000,000
Non-current financial liabilities to banks	921,000	-60,000	861,000	861,000
Non-current financial liabilities arising from finance lease – other companies	79,123		79,123	0
TOTAL non-current financial and operating liabilities	51,000,123	-10,060,000	40,940,123	40,861,000

Table 90: Current deferred costs and accrued revenue in EUR

	30 Jun 2016	31 Dec 2015
Due in 2017	10,883,805	10,861,000
Due in 2018	10,031,872	10,000,000
Due in 2019	10,022,805	10,000,000
Due in 2020	10,001,641	10,000,000
Due in 2021		0
Due in 2022 or later		x
TOTAL non-current financial and operating liabilities	40,940,123	40,861,000

As at 30 June 2016, the company Impol 2000, d.d., has a long-term loan open in the amount of EUR 921,000. The loan falls due on 25 March 2017. It is secured with bills of exchange and pledge of business share in the company Rondal, d.o.o. The interest rate is the 6-month EURIBOR + 3.0 percent annually.

Issued bonds

In 2015, the Impol 2000, d.d., for the first time issued five-year bonds in the amount of EUR 50 million with the intention to finance the investment cycle for additional long-term growth and development. The interest rate is 3.8-percent annually. Coupons are paid annually. The final date of maturity is 19 October 2020.

Liabilities for issued bonds relate to the bonds listed as IM01. The parent company issued the bonds in the total nominal value of EUR 50,000,000. The total issue of bonds comprises 50,000 denominations of EUR 1,000.

Table 91: Depreciation plan of issued bonds in EUR

No.	Date of maturity of liability	Payment of coupon in EUR (interest)	Payment of principal value in EUR	Total payment in EUR
1	19 October 2016	1,900,000.00	10,000,000.00	11,900,000.00
2	19 October 2017	1,520,000.00	10,000,000.00	11,520,000.00
3	19 October 2018	1,140,000.00	10,000,000.00	11,140,000.00
4	19 October 2019	760,000.00	10,000,000.00	10,760,000.00
5	19 October 2020	380,000.00	10,000,000.00	10,380,000.00
Total		5,700,000.00	50,000,000.00	55,700,000.00

The interest rate for the issued bonds is stable and amounts to 3.80 percent annually. Bonds have been traded on the Ljubljana Stock Exchange.

14. Non-current financial and operating liabilities

Table 92: Non-current financial liabilities arising from finance lease in EUR

Lessor, No. of contract	Debt balance as at 1 Jan 2016	New financial leases	Attribution of interest to principal	Repayments in the current year	Debt balance as at 30 Jun 2016	Of which the proportion falling due:		Security leasing
						in 2016	after 1 Jan 2017	
(analytically by agreements)	+	+	+	-	=	-	=	
Porsche Leasing	0	97,831		-3,346	94,485	-15,362	79,123	Equipment
TOTAL	0	97,831	0	-3,346	94,485	-15,362	79,123	

15. Current liabilities

Table 93: Non-current financial liabilities arising from finance lease in EUR

Lender, No. of contract	Type of loan (with respect to the lender)	Interest rate in %	Maturity date	Debt balance as at 1 Jan 2016	New loans in the current year	Repayments in the current year	Debt balance as at 31 June 2016	Loan security*
				+	+	-	=	
Bonds	Other domestic companies	3.8	19 Oct 2016	10,000,000			10,000,000	Other companies
Rondal, d.o.o.	Group companies	POM + 1%	18 Feb 2016	500,000			500,000	Bills of exchange
NKBM, d. d.	Domestic banks	6M EUR + 3,0	25 Dec 2016	120,000		-60,000	60,000	Other companies
TOTAL				10,620,000	0	-60,000	10,560,000	

*Liabilities based on bonds are not hedged.

Table 94: Current operating and financial liabilities

Current operating and financial liabilities	30 Jun 2016	31 Dec 2015
Current trade payables – Group companies	107,653	13,015
Current trade payables – associates	58,730	12,993
Current trade payables – other companies	65,722	135,769
Current operating liabilities based on advances to other companies	83,638	125,338
Other current operating liabilities – Group companies	842	1,062
Other current operating liabilities to other companies	1,094,107	267,710
TOTAL current operating liabilities	1,410,692	555,887
Current portion of non-current financial liabilities – banks	60,000	120,000
Current portion of non-current financial liabilities – bonds	10,000,000	10,000,000
Current financial liabilities (excluding liabilities from finance lease) – Group companies	500,000	500,000
Current financial liabilities from the distribution of profit	6,993	7,052
Current financial liabilities from finance lease – other companies	15,362	0
TOTAL current financial liabilities	10,582,355	10,627,052
TOTAL current financial and operating liabilities	11,993,047	11,182,939

Current financial liabilities include the liabilities from loans whose repayment period is shorter than one year. They include EUR 10,000,000 for liabilities based on bonds which represents the current proportion of liabilities falling due in 2016.

The interests for loans between companies in the Group are calculated at the established interest rate, which applies to loans among associated entities, increased by 1 percentage point.

All current financial liabilities, except the current proportion of bonds, are secured.

Table 95: Analysis of overdue trade payables in EUR

30 Jun 2016	31 Dec 2015	31. 12. 2015
Due in 2016	504	x
Due in 2015		40,658
TOTAL trade payables already due	504	40,658

Table 96: Current accrued expenses and deferred income in EUR

	30 Jun 2016	31 Dec 2015
Accrued costs and expenses	1,330,014	385,205
Current deferred income	37,410	32,278
VAT from given advances	4,082	26
TOTAL	1,371,506	417,509

Accrued costs and expenses refer to the calculated interest from issued bonds, which occurred from the day of the issue of bonds until and including 30 June 2016. Current deferred income is formed from charged (yet unpaid) operating interest.

16. Financial instruments and financial risks

Impol 2000, d.d., faces the following risks in its business process, in particular the ones presented in Table 97.

Table 97: Risks

Risk area	Risk description	Management method employed	Exposure
Liquidity Risk	Lack of liquid assets required to settle operating and financing liabilities.	Pre-agreed credit lines and drawing up of outflow and inflow plans.	Minor
Interest Rate Risk	Risk associated with changes in the terms and conditions for financing and borrowing.	Monitoring of the ECB's and FED's policies, hedging using appropriate derivative financial instruments interest rate swaps, shifting from a fixed to a floating interest rate.	Moderate
Credit risk	Risk of customer failure to settle their liabilities.	Securing trade receivables - primarily receivables from foreign debtors through Prva kreditna zavarovalnica and foreign insurance firms, monitoring of customer credit ratings, limiting maximum exposure to individual customers. Transactions with customers located in high-risk markets are only performed on the basis of advance payments or prime bank guarantees.	Moderate to high

Liquidity Risk

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

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

Interest Rate Risk

At the end of first six months of 2016, Impol 2000 had a long-term loan remunerated at the 6-month EURIBOR reference interest rate. Having established that all offers for a change of the interest rate were unfavourable and given the presumption that the interest rate would not be rising, the Company did not enter into any new interest rate hedges.

In case the interbank reference rate EURIBOR is negative (less than 0 percent), banks charge contractual interests at the EURIBOR reference interest rate of 0 percent, increased by premium.

On 30 June 2016, the interbank reference interest rate EURIBOR was negative, so its increase by 1 or ½ percentage point would not affect profit or loss.

Credit risk

The credit control process encompasses customer credit rating which is carried out regularly in cooperation with Prva kreditna zavarovalnica and foreign insurance firms as well as our customer solvency monitoring system. By regularly monitoring open and past due trade receivables, the ageing structure of receivables and average payment deadlines, the Company maintains its credit exposure within acceptable limits given the strained conditions on the market. In 2016, the Company managed to maintain trade receivables on approximately the same level as in 2015.

Carrying and fair values of financial instruments

Classification of financial instruments according to their fair value as at 30 June 2016:

Table 98: Risks

	Carrying amount	Fair value	Fair value level
Non-current investments to associated companies	0	0	3
Non-current investments to subsidiaries	69,135,645	69,135,645	3
Current loans given to Group companies	22,569,796	22,569,796	3
Current loans to others	4,020,000	4,020,000	3
Current operating receivables	2,747,854	2,747,854	3
Cash and cash equivalents	10,765,426	10,765,426	3
Non-current financial liabilities	40,940,123	40,940,123	3
Current financial liabilities	10,582,355	10,582,355	3
Current operating liabilities	1,410,692	1,410,692	3

17. Contingent liabilities

As at 30 June 2015, Impol 2000, d.d., has guarantees in the amount of EUR 45,741,360 granted to the subsidiary Impol, d.o.o., in respect of received non-current loans at banks. The given guarantee in the amount of EUR 33,250,000 is secured by the pledge of a 97.5-percent ownership share in the company Impol, d.o.o.

18. Transactions with Related Parties

Table 99: Receivables due from Group companies in EUR

Receivables of Impol 2000, d.d., as at 30 June 2016 due from:	Group companies – receivables			TOTAL
	Non-current financial investments in equity	Current operating receivables	Short-term loans granted	
Impol, d.o.o.	67,588,863	483,957	3,750,000	71,822,820
Impol LLT, d.o.o.		15,360		15,360
Impol FT, d.o.o.		81,281		81,281
Impol PCP, d.o.o.		112,922		112,922
Impol Infrastruktura, d.o.o.		1,748		1,748
Impol R in R, d.o.o.		3,733		3,733
Rondal, d.o.o.	100,000	8,129		108,129
Impol-Montal, d.o.o.		869		869
Impol Servis, d.o.o.	245,037	286		245,323
Impol Stanovanja, d.o.o.		261		261
Kadring, d.o.o.		1,105		1,105
Stampal SB, d.o.o.		5,072		5,072
TGP Štatenberg, d.o.o.				0
Unidel, d.o.o.		2,502		2,502
Impol-TLM, d.o.o.	1,201,745	56,183	18,519,796	19,777,724
Impol ulaganja, d.o.o.		369	300,000	300,369
TOTAL	69,135,645	773,777	22,569,796	92,479,218

Table 100: Liabilities to Group companies in EUR

Liabilities of Impol 2000, d.d., as at 30 June 2016 to Group companies:	Current financial liabilities	Current operating liabilities	TOTAL
Impol, d.o.o.		100,364	100,364
Impol FT, d.o.o.		77	77
Impol PCP, d.o.o.		551	551
Impol Infrastruktura, d.o.o.		1,685	1,685
Rondal, d.o.o.	500,000	842	500,842
Impol Servis, d.o.o.		1,225	1,225
Kadring, d.o.o.		2,776	2,776
Unidel, d.o.o.		975	975
TOTAL	500,000	108,495	608,495

Table 101: Liabilities to associates in EUR

Liabilities of Impol 2000, d.d., as at 30 June 2016 to Group companies:	Current operating liabilities	TOTAL
Simfin, d.o.o.	25,612	25,612
Kadring, d.o.o.	33,118	33,118
TOTAL	58,730	58,730

Table 102: Revenues generated by Group companies in EUR

Revenues of Impol 2000, d.d., generated in 2016 with company:	Net revenues from the sale of services	Net revenues from the sale of merchandise	TOTAL operating revenues	Financial revenues from current receivables	TOTAL financial revenues from investments	TOTAL revenues
Impol, d.o.o.	2,268,969		2,268,969	20,033	20,033	2,289,002
Impol LLT, d.o.o.	75,703	6,378	82,081		0	82,081
Impol FT, d.o.o.	400,405		400,405		0	400,405
Impol PCP, d.o.o.	555,354		555,354		0	555,354
Impol Infrastruktura, d.o.o.	8,598		8,598		0	8,598
Impol R in R, d.o.o.	21,855		21,855		0	21,855
Rondal, d.o.o.	39,978		39,978		0	39,978
Impol-Montal, d.o.o.	4,272		4,272		0	4,272
Impol Servis, d.o.o.	4,188		4,188		0	4,188
Impol Stanovanja, d.o.o.	1,284		1,284		0	1,284
Kadring, d.o.o.	5,436		5,436		0	5,436
Stampal SB, d.o.o.	24,942		24,942		0	24,942
Unidel, d.o.o.	12,306		12,306		0	12,306
Impol Seval, a.d.		790	790		0	790
Impol-TLM, d.o.o.	829		829	54,882	54,882	55,711
Impol ulaganja, d.o.o.			0	369	369	369
TOTAL	3,424,119	7,168	3,431,287	75,284	75,284	3,506,571

Table 103: Expenses generated by Group companies in EUR

Expenses of Impol 2000, d.d., generated in 2016 with company:	Cost of merchandise and materials sold	Costs of services	Costs of materials	Other operating expenses	TOTAL Operating expenses	Financial expenses for write-offs	Financial interest expenses and other liabilities	TOTAL Financial expenses for investments	TOTAL expenses
Impol, d.o.o.	5,848,671	43,555	11,469		5,903,695			0	5,903,695
Impol FT, d.o.o.		77			77			0	77
Impol PCP, d.o.o.		1,104			1,104			0	1,104
Impol Infrastruktura, d.o.o.		8,446			8,446			0	8,446
Impol R in R, d.o.o.				413	413			0	413
Rondal, d.o.o.					0		2,682	2,682	2,682
Impol Servis, d.o.o.	1,558	969			2,527			0	2,527
Kadring, d.o.o.		9,639	2,439		12,078			0	12,078
Unidel, d.o.o.		3,494	755		4,249			0	4,249
Impol Seval President, d.o.o.		518			518			0	518
Impol Hungary Kft.					0	10,000		10,000	10,000
TOTAL	5,850,229	67,802	14,663	413	5,933,107	10,000	2,682	12,682	5,945,789

Table 104: Revenue generated by associates in EUR

Revenues of Impol 2000, d.d., generated in 2016 with company:	Net revenues from the sale of services	TOTAL operating revenue
Simfin, d.o.o.	505	505
TOTAL	505	505

Table 105: Expenses with associates in EUR

Expenses of Impol 2000, d.d., generated in 2016 with company:	Costs of services	TOTAL operating revenue
Simfin, d.o.o.	67,640	67,640
Kadring, d.o.o.	12,878	12,878
TOTAL	80,518	80,518

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