

# ANNUAL REPORT 2014

## FINANCIAL STATEMENTS

### (Summary)



*This is a summary of Annual Report 2014, full version is only in Slovenian languages. This is a non-official English language translation by AG d.d. company.*

Ljubljana, April 2015

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## 1. INTRODUCTION

### 1.1. Presentation of the AG Group

As of 31 December 2014 the AG Group comprised the parent company AG d.d. and the subsidiaries.

Basic information about the AG d.d. company:

<b>Full company name:</b>	AG, družba za investicije d.d.
<b>Short company name:</b>	AG d.d.
<b>Business address:</b>	Kavčičeva ulica 66, 1000 Ljubljana, Slovenia
<b>Legal status:</b>	Joint Stock Company
<b>Year of establishment:</b>	1955, as AG d.d. from 2010
<b>Share capital (31.12.2014):</b>	16.401.898 EUR
<b>Number of shares (31.12.2014):</b>	2.764.308
<b>Chairman of the Board:</b>	Gregor Kopriva
<b>Executive director:</b>	Marjanca Drame
<b>Board of directors:</b>	Gregor Kopriva – chairman , Bosiljka Ščepanović – deputy Marjanca Drame - member
<b>Activity classification:</b>	Activities of holding companies

List of the companies included in the AG group besides the parent company AG d.d. on 31 Dec 2014:

- ETA Kamnik, d.o.o., Kajuhova pot 4, Kamnik,
- PLAMA-PUR, d.d. Podgrad, Podgrad 17, Podgrad,
- Strenia IND d.o.o. , Kavčičeva ulica 66, Ljubljana,
- Mestni pristan d.o.o., Jurčičev trg 1, Ljubljana,

All subsidiaries were fully consolidated in the AG group. Companies Sončni vrt d.o.o., Bogojina 163d, Bogojina *and* Panonska energetika d.o.o., Bogojina 163d, Bogojina, are accounted in the consolidated statements using the equity method, i.e. the attributable profit or loss is added to the financial result of the Group, and equity revaluation adjustment is attributed to the equity of the Group. The parent company and subsidiaries prepare separate financial statements in accordance with Slovene Accounting Standards.

The consolidated financial statements of AG group have been prepared in accordance with the International Financial Reporting Standards. Financial statements of the company AG d.d. were compiled in accordance with the Slovene Accounting Standards (SRS) and with the Companies Act (ZGD-1).

Board of directors approved the issue of the financial statements on 24 April 2015.

The financial statements are presented in euro, which is the functional currency of the company. All financial informations are presented in euro. When adding together, minor differences can appear due to rounding off.

The main financial indicators of subsidiaries in 2014 are shown below.

<i>Company</i>	<i>Assets as at 31 December 2014</i>	<i>Equity as at 31 December 2014</i>	<i>Total revenue 2014</i>	<i>Net profit 2014</i>	<i>% ownership</i>
ETA d.d.	21.781.120	12.929.043	17.627.736	1.432.097	100 %
Plama-Pur d.d.	23.887.119	19.195.782	36.331.089	3.585.442	50 %
Strenia IND d.o.o.	3.905.963	457.534	3.893.506	-31.219	100 %
Mestni pristan d.o.o.	2.254.449	1.052.687	46.064	-15.848	100 %
Sončni vrt d.o.o.	1.095.122	977.751	84.092	1.769	50 %
Panonska energetika d.o.o.	949.218	784.867	0	-7.075	50%

As at 31 December 2014, AG group employed 386 associates. Number of employees by Education level is shown in the table below:

<i>Education level</i>	<i>I.</i>	<i>II.</i>	<i>III.</i>	<i>IV.</i>	<i>V.</i>	<i>VI.</i>	<i>VII.</i>	<i>VIII.</i>	<i>Total</i>
Number of employees as at 31 December 2014	79	38	18	95	82	34	32	8	386
Number of employees as at 31 December 2013	106	15	18	102	83	34	35	6	399

## 1.2. Highlights on the operation of the AG group and company AG d.d.

	<i>AG Group</i>		<i>AG d.d.</i>	
	<i>31.12.2014</i>	<i>31.12.2013</i>	<i>31.12.2014</i>	<i>31.12.2013</i>
Assets	59.167.038	58.974.369	22.783.098	19.253.014
Long-term financial investments	3.062.612	3.585.293	15.658.818	17.725.301
Short-term financial investments	4.375.544	3.435.983	2.513.063	28.908
Equity	37.806.990	35.176.644	17.838.785	14.195.667
Long-term financial liabilities	5.313.946	9.573.858	4.084.894	4.615.519
Short-term financial liabilities	7.292.028	5.618.645	713.169	279.910
Long-term operating liabilities	835.115	852.799	1.389	1.170
Short-term operating liabilities	6.669.411	6.493.109	131.049	146.526
Revenue	57.904.435	55.902.157	38.428	39.711
Operating profit (EBIT)	4.291.423	3.605.034	-162.947	-140.298
Financial revenues	1.436.839	421.770	2.883.171	1.150.529
Financial expenses	1.739.428	1.517.948	1.926.484	775.267
Net profit for the accounting period	3.566.325	2.290.654	793.741	234.964

### 1.3. Ownership of the AG share

Ownership structure as of 31<sup>st</sup> December 2014:

<b>DELNIČAR</b>	<b>Number of shares</b>	<b>% ownership</b>
ZIF Moneta a.d.	1.459.654	52,80%
Bank Alpinum AG (fiduciary account)	423.954	15,34%
Raiffeisen bank d.d. BIH (fiduciary account)	195.950	7,09%
SGKB (LUX) Fund – Danube Tiger fund	162.600	5,88%
Julius Bear Multipartner Balkan Tiger fund	132.067	4,78%
Other legal entities	382.927	13,85%
Individual shareholders	7.156	0,26%
<b>Total</b>	<b>2.764.308</b>	<b>100%</b>

### 1.4. Major events and achievements in 2014

In 2014 AG d.d. invested in shares and stocks in accordance with business politics and opportunities on the market. Significant events in 2014 are:

August	<p>Annual Shareholders Meeting of AG d.d. (ASM); Major resolutions were:</p> <ul style="list-style-type: none"> <li>- ASM has considered the Annual Report of the AG Group and AG d.d. for 2013 with the Auditors Opinion;</li> <li>- ASM discharged the Board of directors from liability with respect to their work in financial year 2013.</li> <li>- ASM appointed the certified auditor KPMG to audit the 2014 Annual report.</li> </ul>
September	<p>Capital Increase with cash contributions in amount of EUR 2.749.622,47, effected by issue of 463.410 new ordinary freely transferable no-par value shares. After the capital increase, the share capital of AG d.d. totals EUR 16.401.897,67 and is divided into 2.764.308 shares.</p>
October	<p>Listing the newly issued share (463.410) of AG d.d. for trading on a regulated market, i.e. Ljubljana Stock Exchange, d.d., in the Entry Market, where the existing shares are already listed.</p>

### 1.5. Major events after the year-end

No events with significant influence on the financial position of the Group or company AG d.d. have occurred.

## 2. FINANCIAL STATEMENT OF THE AG GROUP

### 2.1. Consolidated balance sheet of the AG Group as at 31 December 2014

	31.12.2014	31.12.2013
	(in EUR)	
<b>ASSETS</b>	<b>59.167.038</b>	<b>58.974.369</b>
<b>A. LONG-TERM ASSETS</b>	<b>26.081.256</b>	<b>31.075.845</b>
I. Intangible assets	105.391	166.207
II. Tangible fixed assets	19.318.691	23.912.437
<i>Land</i>	4.476.619	8.073.282
<i>Buildings</i>	7.542.322	8.284.045
<i>Other equipment</i>	7.299.750	7.555.111
III. Investment property	2.432.594	2.252.996
IV. Long-term financial investments	3.062.612	3.585.293
V. Long-term operating receivables	350.000	350.000
VI. Deferred tax	811.968	808.912
<b>B. SHORT-TERM ASSETS</b>	<b>33.037.391</b>	<b>27.883.183</b>
I. Non-current assets held for sell	4.039.724	0
II. Inventories	9.601.372	9.000.922
III. Short-term financial investments	4.375.544	3.435.983
<i>Short-term financial investments except loans</i>	1.684.820	26.418
<i>Short-term loans</i>	2.690.724	3.409.565
III. Short-term operating receivables	14.253.426	14.861.899
<i>Short-term operating receivables to Group companies</i>	0	0
<i>Short-term trade receivables</i>	13.379.328	14.257.308
<i>Short-term operating receivables to other entities</i>	874.098	604.591
III. Cash and cash equivalents	767.325	584.378
<b>C. SHORT-TERM DEFERRED COSTS AND ACCRUED</b>	<b>43.391</b>	<b>15.342</b>
<b>REVENUES</b>		

	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>EQUITY AND LIABILITIES</b>	<b>59.167.038</b>	<b>58.974.369</b>
<b>A. Equity</b>	<b>37.806.990</b>	<b>35.176.644</b>
I. Share capital	16.401.898	13.652.275
II. Share premium	173.186	72.837
III. Revenue reserves	466.951	333.834
<i>Legal reserves</i>	466.951	333.834
<i>Other revenue reserves</i>	0	0
IV. Retained net profit or loss from previous periods	5.452.736	3.612.779
V. Net profit or loss for the financial year	1.640.487	1.077.640
VI. Revaluation reserve	4.054.222	6.979.850
VII. Equity of non-controlling interests	9.617.510	9.447.429
<b>B. Provisions</b>	<b>1.064.113</b>	<b>973.685</b>
<b>C. Long-term liabilities</b>	<b>6.149.061</b>	<b>10.426.657</b>
I. Long-term financial liabilities	5.313.946	9.573.858
<i>Long-term financial liabilities to banks</i>	3.703.799	7.779.002
<i>Long-term financial liabilities - bonds</i>	1.610.147	1.794.856
II. Deferred tax liabilities	835.115	852.799
<b>Č. Short-term liabilities</b>	<b>13.961.439</b>	<b>12.111.754</b>
I. Short-term financial liabilities	7.292.028	5.618.645
<i>Short-term financial liabilities to banks</i>	7.025.614	3.739.642
<i>Other short-term financial liabilities</i>	266.414	1.879.003
II. Short-term operating liabilities	6.669.441	6.493.109
<i>Short-term trade payables</i>	5.092.173	4.749.810
<i>Other short-term operating liabilities</i>	1.577.238	1.743.299
<b>D. Short-term accrues costs and deferred revenues</b>	<b>185.435</b>	<b>285.629</b>

## 2.2. Consolidated Income statement

		<i>1-12/2014</i>	<i>1-12/2013</i>
A.	Revenue	57.904.435	55.902.157
B.	Change in the value of inventories of products and work in progress	41.864	-1.248.882
C.	Other operating revenues	277.776	561.510
Č.	Gross profit	58.224.075	55.214.785
D.	Costs of good, materials and services	-41.839.582	-38.639.225
E.	Labour cost	-9.851.970	-10.184.403
F.	Depreciation and amortisation	-1.981.628	-2.322.775
G.	Provisions	0	-42.965
H.	Other operating expenses	-259.472	-420.383
I.	Operating profit (EBIT)	4.291.423	3.605.034
J.	Financial revenues	1.436.839	421.770
K.	Financial expenses	-1.739.428	-1.517.948
L.	Profit from continuing operations	3.988.834	2.508.856
M.	Other income	66.797	117.860
N.	Other expenses	-21.749	-18.752
O.	Profit before tax	4.033.882	2.607.964
P.	Corporate income tax	-488.518	-421.284
R.	Deferred tax	20.961	103.974
S.	Net profit for the period	3.566.325	2.290.654
	Of which attributable to non-controlling interests	1.792.721	1.213.004

**2.3. Consolidated statement of comprehensive income**

	<b>2014</b>	<b>2013</b>
<b><i>Net profit for the period</i></b>	<b>3.566.325</b>	<b>2.290.654</b>
Other comprehensive income:		
Change in fair value of available-for-sale financial assets	56.041	34.937
Change in fair value of tangible fixed assets		-198.237
Deferred tax on change in fair value of available-for-sale financial assets		-111.089
Change in fair value of available-for-sale financial assets transferred to profit or loss	-111.134	8.687
Other comprehensive income for the period	-55.093	-265.702
<b><i>Total comprehensive income for the period</i></b>	<b>3.511.232</b>	<b>2.024.952</b>

## 2.4. Consolidated cash flow statement

	2014	2013
<b><i>Cash flows from operating activities</i></b>		
<b>Items of the income statement</b>		
Operating income (excl. Revaluation income) in and financial income from operating receivables	58.290.872	55.332.645
Operating expenses excl. amortisation and financial expenses from operating liabilities	-	-49.493.509
Taxes	-509.479	-317.310
	<b>5.808.620</b>	<b>5.521.826</b>
<b>Changes in net operating assets (receivables for premium, deferred tax assets/liabilities) of operating items of the balance sheet</b>		
Change in operating receivables	-16.527	-1.138.326
Change in inventories	-600.450	1.556.629
Change in deferred costs and accrued revenues	-33.049	-2.712
Change in operating liabilities	176.302	75.769
Change in accrues costs and deferred revenues	-9.766	307.701
Change in deferred tax liabilities	-17.684	86.071
	<b>-501.174</b>	<b>885.132</b>
<b>Net cash from/used in operating activities (a + b)</b>	<b>5.307.446</b>	<b>6.406.958</b>
<b><i>Cash flow from investing activities</i></b>		
<b>Cash receipt from investing activities</b>		
Interest received from investing activities and dividends	171.535	421.770
Proceeds from sale of tangible assets	50.171	149.679
Proceeds from sale of long-term financial investments	689.952	65.348
Proceeds from sale of short-term financial investments	1.722.770	2.121.557
	<b>2.634.428</b>	<b>2.758.354</b>
<b>Cash disbursements in investing activities</b>		
Purchase of intangible assets	-12.421	-86.310
Purchase of property and equipment	-1.975.712	-951.816
Purchase of investment property	-185.000	-2.252.996
Purchase of long-term financial investments	0	-2.326.820
Purchase of short-term financial investments	-5.427.779	-3.205.595
	<b>-7.600.912</b>	<b>-8.823.537</b>
<b>Net cash from/used in investing activities(a + b)</b>	<b>-4.966.484</b>	<b>-6.065.183</b>
<b><i>Cash flows from financing activities</i></b>		
<b>Cash receipts from financing activities</b>		
Proceeds from paid-in capital	2.849.972	4.419.259
Proceeds from long-term borrowing	0	770.519
Proceeds from short-term borrowing	4.212.771	3.900.000
	<b>7.062.743</b>	<b>9.089.778</b>

<b>Cash disbursements in financing activities</b>		
Interest paid	-682.573	-769.177
Redemption of equity	-2.057.462	-1.162.194
Repayment of long-term financial liabilities	-1.130.625	-980.900
Repayment of short-term financial liabilities	-3.350.098	-5.826.991
	<b>-7.220.758</b>	<b>-8.739.262</b>
<b>Net cash from/used in financing activities (a + b)</b>	<b>-158.015</b>	<b>350.516</b>
<b><i>Closing balance of cash and cash equivalents</i></b>	<b>767.325</b>	<b>584.378</b>
<b>Net increase / decrease in cash and cash equivalents for the period</b>	<b>182.947</b>	<b>692.291</b>
<b>Opening balance of cash and cash equivalents</b>	<b>584.378</b>	<b>187.086</b>

## 2.5. Consolidated statement of changes in equity

Consolidated statement of changes in equity for the year ended 31 December 2014

	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserves</i>	<i>Other revenue reserves</i>	<i>Total revenue reserves</i>	<i>Revaluation reserve</i>	<i>Retained net profit from prev. periods</i>	<i>Net profit for the finan. year</i>	<i>Non-controlling interest</i>	<i>Total</i>
<b>Balance as at 1.1.2014</b>	<b>13.652.275</b>	<b>72.837</b>	<b>333.834</b>	<b>-</b>	<b>333.834</b>	<b>6.979.850</b>	<b>3.612.779</b>	<b>1.077.640</b>	<b>9.447.429</b>	<b>35.176.644</b>
<b>Changes in share capital</b>	<b>2.749.623</b>	<b>100.349</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2.783.123</b>	<b>674.905</b>	<b>-</b>	<b>-1.622.640</b>	<b>-880.886</b>
Subscription of new equity capital	2.749.623									2.749.623
Share premium		100.349								100.349
Acquisition of subsidiary						-2.783.123	674.905		-314.286	-2.422.504
Changes in ownership interests (subsidiary)										-
Pay-out of dividends									-1.308.354	-1.308.354
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-142.505</b>	<b>87.412</b>	<b>1.773.604</b>	<b>1.792.721</b>	<b>3.511.232</b>
Net profit for the period								1.773.604	1.792.721	3.566.325
Change in fair value of financial investments						56.041				56.041
Change in deferred tax liabilities						17.904		-17.903		-
Transfer of amortisation of revalued property						-105.315		105.315		-
Change in fair value of available-for-sale financial assets transferred to profit or loss						-111.134				-111.134
<b>Changes in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>543.883</b>	<b>-543.883</b>	<b>-</b>	<b>-</b>
Transfer of earnings							543.883	-543.883		
<b>Closing balance in the financial period (31 Dec. 2014)</b>	<b>13.652.275</b>	<b>72.837</b>	<b>333.834</b>	<b>0</b>	<b>333.834</b>	<b>6.979.850</b>	<b>3.612.779</b>	<b>1.077.640</b>	<b>9.447.429</b>	<b>35.176.644</b>

Consolidated statement of changes in equity for the year ended 31 December 2013

	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserves</i>	<i>Other revenue reserves</i>	<i>Total revenue reserves</i>	<i>Revaluation reserve</i>	<i>Retained net profit from prev. periods</i>	<i>Net profit for the finan. year</i>	<i>Non-controlling interest</i>	<i>Total</i>
<b>Balance as at 1.1.2013</b>	<b>9.274.157</b>	<b>31.696</b>	<b>333.834</b>	<b>-</b>	<b>333.834</b>	<b>7.332.964</b>	<b>4.122.501</b>	<b>543.883</b>	<b>10.712.000</b>	<b>32.351.035</b>
<b>Changes in share capital</b>	<b>4.378.118</b>	<b>41.141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1.141.017</b>	<b>-</b>	<b>-2.477.575</b>	<b>800.667</b>
Subscription of new equity capital	4.378.118									4.378.118
Share premium		41.141								41.141
Acquisition of subsidiary							70.000			70.000
Changes in ownership interests (subsidiary)							-1.079.017		-698.771	-1.777.788
Pay-out of dividends							-132.000		-1.778.804	-1.910.804
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-353.114</b>	<b>87.412</b>	<b>1.077.640</b>	<b>1.213.004</b>	<b>2.024.942</b>
Net profit for the period								1.077.640	1.213.004	2.290.644
Change in fair value of available-for –sale financial assets						34.937				34.937
Change in fair value of tangible fixed assets						-198.237				-198.237
Change in deferred tax liabilities						-93.186	-17.903			-111.089
Transfer of amortisation of revalued property						-105.315	105.315			0
Change in fair value of available-for-sale financial assets transferred to profit or loss						8.687				8.687
<b>Changes in equity</b>	<b>-</b>	<b>-</b>	<b>133.117</b>	<b>-</b>	<b>133.177</b>	<b>-</b>	<b>1.077.640</b>	<b>-1.210.757</b>	<b>-</b>	<b>-</b>
Transfer of earnings							1.077.640	-1.077.640		-
<b>Closing balance in the financial period (31 Dec. 2013)</b>	<b>16.401.898</b>	<b>173.186</b>	<b>466.951</b>	<b>-</b>	<b>466.951</b>	<b>4.054.222</b>	<b>5.452.736</b>	<b>1.640.487</b>	<b>9.617.510</b>	<b>37.806.990</b>

## 2.6. Independent auditor's report



### Independent Auditor's Opinion

To the Shareholders of AG d.d.

#### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the company AG d.d. and its subsidiaries (the AG Group), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the AG Group as at 31 December 2014, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

#### *Report on Other Legal and Regulatory Requirements*

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.

**KPMG SLOVENIJA,**  
podjetje za revidiranje, d.o.o.

Matjaž Prešeren  
*Certified Auditor*

Boris Drobnič  
*Partner*

Ljubljana, 23 April 2015

*KPMG Slovenija, d.o.o.*  
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The Independent Auditor's Report hereof is a translation of the original Independent Auditor's Report in Slovene, issued on the financial statements and the notes thereto in Slovene and is not to be signed. This translation is provided for reference purposes only.

## 2.7. Notes to the financial statements of the AG Group

### 2.7.1. Notes to the consolidated balance sheet

#### Changes in tangible fixed assets

<i>Cost Value</i>	<i>Land</i>	<i>Buildings</i>	<i>Equipment</i>	<i>Tangible fixed assets under construction</i>	<i>Total</i>
Balance as at 31 Dec. 2013	8.073.282	29.248.079	42.361.275	420.607	80.103.243
Adjustments (changes of group)	-3.610.898	-2.107.566	-1.083		-5.719.547
Balance as at 1 Jan. 2014	4.462.384	27.140.513	42.360.192	420.607	74.383.696
Increase, purchase	14.235	989.400	1.310.206	1.635.119	3.948.960
Decrease		11.446	567.455	2.013.731	2.592.632
<b>Balance as at 31 Dec 2014</b>	<b>4.476.619</b>	<b>28.118.467</b>	<b>43.102.943</b>	<b>41.995</b>	<b>75.740.024</b>
<b>Value adjustment</b>					
Balance as at 31 Dec. 2013	-	20.964.034	35.226.772	-	56.190.806
Adjustments (changes of group)		-1.028.377	-850		-1.029.227
Balance as at 1 Jan. 2014	-	19.935.657	35.225.922	-	55.161.579
Amortisation		641.671	1.172.895		1.814.566
Decrease		1.182	553.629		554.811
<b>Balance as at 31 Dec. 2014</b>	<b>-</b>	<b>20.576.146</b>	<b>35.845.188</b>	<b>-</b>	<b>56.421.333</b>
<b>Carrying amount</b>	<b>4.476.619</b>	<b>7.542.322</b>	<b>7.257.755</b>	<b>41.995</b>	<b>19.318.691</b>
<b>Balance as at 1 Jan. 2014</b>	<b>8.073.282</b>	<b>8.284.045</b>	<b>7.134.503</b>	<b>420.607</b>	<b>23.912.437</b>
<b>Balance as at 31 Dec. 2014</b>	<b>4.476.619</b>	<b>7.542.322</b>	<b>7.257.755</b>	<b>41.995</b>	<b>19.318.691</b>

If land and buildings were disclosed at cost, the book value would amount:

	<i>Cost value</i>	<i>Value adjustment</i>	<i>Carrying amount</i>
Land	1.384.086	-	1.384.086
Buildings	25.111.831	19.421.077	5.537.285
<b>Total</b>	<b>26.495.917</b>	<b>19.421.077</b>	<b>7.121.124</b>

Companies in the group have real estates in Kamnik, Ljubljana and Nova Gorica. All fixed assets are insured for risks of earthquakes, fire and machinery breakdown.

### Changes in intangible fixed assets

	Trade mark, industrial property rights	Total
<b>Balance as at 1 Jan. 2014</b>		
Cost value	815.873	815.873
Value adjustment	649.666	649.666
<b>Carrying amount</b>	<b>166.207</b>	<b>166.207</b>
<b>Balance as at 31 Dec. 2014</b>		
Carrying amount at the beginning of the period	<b>166.207</b>	<b>166.207</b>
Investments	12.421	12.421
Transfer from investment property	0	0
Amortisation	73.237	73.237
<b>Carrying amount</b>	<b>105.391</b>	<b>105.391</b>
<b>Balance as at 31 Dec. 2014</b>		
Cost value	828.294	828.294
<b>Value adjustment</b>	<b>722.903</b>	<b>722.903</b>
<b>Carrying amount</b>	<b>105.391</b>	<b>105.391</b>

### Investment property

	<i>Investment property</i>	<i>Total</i>
<b>Cost value</b>		
Balance as at 31 Dec. 2013	2.270.000	2.270.000
Increase, purchase	185.000	185.000
Decrease	0	0
<b>Balance as at 31 Dec. 2014</b>	<b>2.455.000</b>	<b>2.455.000</b>
<b>Value adjustment</b>		
Balance as at 31 Dec. 2013	17.004	17.004
Amortisation	29.875	29.875
Decrease	24.473	24.473
<b>Balance as at 31 Dec. 2014</b>	<b>22.406</b>	<b>22.406</b>
<b>Carrying amount</b>		
<b>Balance as at 31 Dec. 2013</b>	<b>2.252.996</b>	<b>2.252.996</b>
<b>Balance as at 31 Dec. 2014</b>	<b>2.432.594</b>	<b>2.432.594</b>

Investment property refers to real estate in Ljubljana, which was purchased in 2014 .

### Long-term financial investment

	<b>31.12.2014</b>	<b>31.12.2013</b>
1. Long-term financial investments, excluding loans	2.773.672	2.747.577
- Stocks and shares	2.773.672	2.722.660
- Other long-term financial investments	-	24.917
2. Long-term loans	288.940	837.716
- long-term loans to other entities	288.940	837.716
<b>Total</b>	<b>3.062.612</b>	<b>3.585.293</b>

Long-term financial investments as at 31 Dec. 2014:

<b>Financial Investment</b>	<b>Amount (in EUR)</b>
DUIF Invest Nova	715.809
HEK d.o.o.	540.000
Panonska energetika d.o.o.	493.467
Sončni vrt d.o.o.	439.747
Zavarovalnica Triglav	290.564
Plama –pur BH Kakanj	196.847
Long-term loans	288.940
Other investments	97.238
<b>Total</b>	<b>3.062.612</b>

### Inventories

	<b>31.12.2014</b>	<b>31.12.2013</b>
Material	4.718.141	4.149.233
Unfinished products	3.450.555	2.892.453
Products and Merchandise	1.431.833	1.946.944
Advances for inventories	843	12.293
<b>Total</b>	<b>9.601.372</b>	<b>9.000.922</b>

### Operating and other receivables

	<i>31.12.2014</i>	<i>31.12.2013</i>
Trade receivables	13.379.328	14.257.308
Other receivables	874.098	604.591
<b>Total</b>	<b>14.253.426</b>	<b>14.861.899</b>

	<i>Net value as at 31 Dec.2014</i>	<i>Net value as at 31 Dec.2013</i>
Domestic trade receivables	7.381.518	8.170.600
Trade receivables from rest of the world	5.997.810	6.086.708
<b>Total</b>	<b>13.379.328</b>	<b>14.257.308</b>

The majority of domestic trade receivables are insured.

Structure of trade receivables:

	<b>31.12.2014</b>
Non-past-due receivables	9.197.542
Past due up to 30 days	2.695.100
Past due 31 to 60 days	155.196
Past due more than 60 days	1.331.490
<b>Total</b>	<b>13.379.328</b>

#### Assets held for sell

	<b>31.12.2014</b>	<b>31.12.2013</b>
Non-current assets held for sell	4.039.724	0

Non-current assets held for sell refer to the ILJG shares (company S-Real d.d.)

#### Short-term financial investments

	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Short-term financial investments</b>	<b>4.375.544</b>	<b>3.435.983</b>
1. Short-term financial investments, excluding loans	1.684.820	26.418
2. Short-term loans	2.690.724	3.409.565

Short-term loans are secured with blank bills of exchange and shares.

#### Changes in short term financial investments

	<i>Stocks and shares</i>	<i>Loans</i>	<i>Total</i>
<b>Balance as at 31 Dec. 2013</b>	<b>26.418</b>	<b>3.409.565</b>	<b>3.435.983</b>
Value adjustment	-	-	-
<b>Balance as at 1 Jan. 2014</b>	<b>26.418</b>	<b>3.409.565</b>	<b>3.435.983</b>
Increase, purchase	1.658.778	-	1.658.778
Decrease	376	718.841	719.217
Transfer to long-term financial investment	-	-	-
<b>Balance as at 31 Dec. 2014</b>	<b>1.684.820</b>	<b>2.690.724</b>	<b>4.375.544</b>

Short-term financial investments include shares and interest in companies in Slovenia and other countries in region (Croatia, Bosnia...).

### Cash and cash equivalents

	<b>31.12.2014</b>	<b>31.12.2013</b>
Cash on hand and transaction account	134.356	421.878
Investment units	78.469	-
Short term deposits	554.500	162.500
<b>Total</b>	<b>767.325</b>	<b>584.378</b>

### Equity

	<b>31.12.2014</b>	<b>31.12.2013</b>
Share capital	16.401.898	13.652.275
Share premium	173.186	72.837
Revenue reserves	466.951	333.834
Revaluation reserve	4.054.222	6.978.850
Retained net profit or loss from previous periods	5.452.736	3.612.779
Net profit or loss for the financial year	1.640.487	1.077.640
Equity of non-controlling interests	9.617.510	9.447.429
<b>Total</b>	<b>37.806.990</b>	<b>35.176.644</b>

Reserve of treasury shares: AG group does not have treasury shares.

### Long-term liabilities

<b>Long-term financial liabilities</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Long-term financial liabilities to banks	3.703.799	7.779.002
Long-term financial liabilities – bonds	1.524.000	1.794.856
Other Long-term financial liabilities	86.147	-
<b>Total</b>	<b>5.313.946</b>	<b>9.573.858</b>

Analysis of the long-term financial liabilities to bank:

<i>Name of the bank (domestic banks)</i>	<i>Amount</i>	<i>Interest rate</i>	<i>Type of collateral</i>
Sberbank d.d.	1.545.000	Market interest rate	***
Sberbank d.d.	539.894		***
NLB d.d.	1.618.905		***

\*\*\* Long-term loans are secured with blank bills of exchange, with shares and pledged with rights on real estates.

Further explanations in connection with the issues of bonds:

- Type of bond: ordinary bond nominated in euro, nominal, issued in non-materialised form entered in the Central Securities Depository at KDD d.d. Ljubljana;
- Bond listing: in the bonds market of the Ljubljana Stock Exchange under the designation AGO1;
- Denomination structure: total issues includes 2.000 denominations at 1.000,00 EUR each;
- Interest rate: 7,5% p.a; the interest fall due for payment on 1 March each year;

- Payment of the principal and maturity date: nominal value of the principal falls entirely due in a single amount upon maturity of bonds at 1 March 2026.

#### Deferred tax liabilities

	Revaluation of tangible assets	Revaluation of financial investments	Total
Balance as at 31 Dec. 2013	851.629	1.170	852.799
Increase (in other comprehensive income)	-	219	219
Decrease	17.903	-	17.903
<b>Balance as at 31 Dec. 2014</b>	<b>851.629</b>	<b>1.389</b>	<b>835.115</b>

#### Provisions

	31.12.2014	31.12.2013
Provisions for the severance pays and similar liabilities	717.021	581.557
Other	347.092	392.128
<b>Total</b>	<b>1.064.113</b>	<b>973.685</b>

#### Changes in provisions

	Balance 31 Dec. 2014	Use or cancellation	Formation	Balance 31 Dec. 2013
Provisions for the severance pays and similar liabilities	717.021	19.832	155.296	581.557
Other	347.092	62.358	17.322	392.128
<b>Total</b>	<b>1.064.113</b>	<b>82.190</b>	<b>172.618</b>	<b>973.685</b>

Provisions for termination benefits and jubilee benefits were created in the amount of estimated future commitments for termination benefits and jubilee benefits, discounted to the balance sheet date.

#### Short-term liabilities

	31.12.2014	31.12.2013
<b>Short-term liabilities</b>	<b>13.961.439</b>	<b>12.111.754</b>
a.) Short-term financial liabilities	7.292.028	5.618.645
Short-term financial liabilities to banks	7.025.614	3.739.642
Other short-term liabilities	266.414	1.879.003
b.) Short-term operating liabilities	6.669.411	6.493.109
Short-term trade payables	5.092.173	4.749.810
Other short-term operating liabilities	1.577.238	1.743.299

**2.7.2. Notes to the consolidated income statement**

**Revenue**

	<b>1-12/2014</b>	<b>1-12/2013</b>
Revenue	57.904.435	55.902.157
Change in the value of inventories of products and work in progress	41.864	-1.248.882
Other operating revenues	277.776	561.510
<b>Gross profit</b>	<b>58.224.075</b>	<b>55.214.785</b>

<b>Sales revenue</b>	<b>1-12/2014</b>	<b>1-12/2013</b>
Domestic market	23.600.368	24.671.627
EU market	27.753.090	24.035.620
Other	6.550.977	7.194.910
<b>Total</b>	<b>57.904.435</b>	<b>55.902.157</b>

**Financial revenues**

	<b>1-12/2014</b>	<b>1-12/2013</b>
<b>Financial revenues</b>	<b>1.436.839</b>	<b>421.770</b>
Financial revenues from shares	1.289.035	135.057
Financial revenues from loans	95.436	216.783
Other financial revenues	52.368	69.930

**Other revenues**

	<b>1-12/2014</b>	<b>1-12/2013</b>
<b>Other revenues</b>	<b>66.797</b>	<b>117.860</b>

**Operating expenses**

	<b>1-12/2014</b>	<b>1-12/2013</b>
<b>Costs of good, material and services</b>	<b>41.839.582</b>	<b>38.639.225</b>
Costs of goods sold	514.082	502.868
Costs of material	34.648.039	32.069.612
Costs of services	6.677.461	6.066.745
<b>Labour costs</b>	<b>9.851.970</b>	<b>10.184.403</b>
Wages and salaries	7.109.107	7.307.152
Pension insurance costs	875.957	897.606

Social security costs	500.338	541.249
Other labour costs	1.366.568	1.438.396
<b>Depreciation and amortisation</b>	<b>1.981.628</b>	<b>2.322.775</b>
Amortisation	1.907.272	2.260.007
Operating expenses from revaluation	74.356	62.768
<b>Provisions</b>	<b>0</b>	<b>42.965</b>
<b>Other operating expenses</b>	<b>259.472</b>	<b>420.384</b>
<b>Total operating expenses</b>	<b>53.932.652</b>	<b>51.609.751</b>

**Financial expenses**

	<b>1-12/2014</b>	<b>1-12/2013</b>
<b>Financial expenses</b>	<b>1.739.428</b>	<b>1.517.948</b>
Finance costs from impairment of investments in shares and stakes	1.056.855	623.758
Financial expenses from financial liabilities	619.957	769.177
Financial expenses from operating liabilities	62.616	125.013

**Other expenses**

	<b>1-12/2014</b>	<b>1-12/2013</b>
<b>Other expenses</b>	<b>21.749</b>	<b>18.752</b>

**Profit / loss of the period**

	<b>1-12/2014</b>	<b>1-12/2013</b>
<b>Profit before tax</b>	<b>4.033.882</b>	<b>2.607.964</b>
<b>Corporate income tax</b>	<b>488.518</b>	<b>421.284</b>
<b>Deferred tax</b>	<b>20.961</b>	<b>-103.974</b>
<b>Net profit for the period</b>	<b>3.566.325</b>	<b>2.290.654</b>
<i>Of which attributable to non-controlling interest</i>	<i>1.792.721</i>	<i>1.206.940</i>

### 3. FINANCIAL STATEMENT OF THE AG D.D.

#### 3.1. Balance sheet of the AG d.d. as at 31 December 2014

	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>ASSETS</b>	<b>22.783.098</b>	<b>19.253.014</b>
<b>A. LONG-TERM ASSETS</b>	<b>16.087.346</b>	<b>19.137.724</b>
I. Tangible fixed assets	243.528	229.427
II. Intangible assets	-	-
III. Investment property	185.000	1.182.996
IV. Long-term financial investments	15.658.818	17.725.301
<b>B. SHORT-TERM ASSETS</b>	<b>6.695.752</b>	<b>115.290</b>
I. Non-current assets held for sell	4.039.724	-
II. Inventories	-	-
II. Short-term operating receivables	58.131	86.209
<i>Short-term operating receivables to Group companies</i>	-	-
<i>Short-term trade receivables</i>	43.368	69.924
<i>Short-term operating receivables to other entities</i>	14.763	16.285
III. Short-term financial investments	2.513.063	28.908
<i>Short-term financial investments except loans</i>	26.042	26.418
<i>Short-term loans</i>	2.487.021	2.490
IV. Cash and cash equivalents	84.834	173
<b>C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES</b>	<b>-</b>	<b>-</b>

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>22.783.098</b>	<b>19.253.014</b>
<b>EQUITY AND LIABILITIES</b>		
<b>A. EQUITY</b>	<b>17.838.785</b>	<b>14.195.667</b>
I. Share capital	16.401.898	13.652.275
II. Share premium	173.185	72.837
III. Revenue reserves	395.346	333.834
<i>Legal reserves</i>	<i>395.346</i>	<i>333.834</i>
<i>Other revenue reserves</i>	-	-
IV. Retained net profit or loss from previous periods	129.836	-105.127
V. Net profit or loss for the financial year	732.229	234.964
VI. Revaluation reserve	6.291	6.884
<b>B. PROVISIONS</b>	-	-
<b>C. FINANCIAL AND OPERATING LIABILITIES</b>	<b>4.086.283</b>	<b>5.043.125</b>
I. Long-term financial and operating liabilities	4.084.894	4.616.689
<i>Long-term financial liabilities to banks</i>	<i>2.084.894</i>	<i>2.615.519</i>
<i>Long-term financial liabilities – bonds</i>	<i>2.000.000</i>	<i>2.000.000</i>
<i>Deferred tax liabilities</i>	<i>1.389</i>	<i>1.170</i>
II. Short-term financial and operating liabilities	844.219	426.436
<i>Short term financial liabilities</i>	<i>713.169</i>	<i>279.910</i>
<i>Short-term operating liabilities</i>	<i>131.050</i>	<i>146.526</i>
<b>D. SHORT-TERM ACCRUES COSTS AND DEFERRED REVENUES</b>	<b>13.811</b>	<b>14.222</b>

### 3.2. Income statement

		<i>1-12/2014</i>	<i>1-12/2013</i>
A.	Revenue	13.956	30.871
B.	Other operating revenues	24.473	8.840
C.	Gross profit	38.429	39.711
D.	Costs of good, materials and services	-140.113	-130.675
E.	Labour cost	-38.444	-30.273
F.	Depreciation and amortisation	-20.900	-18.766
G.	Revaluation of current assets	0	0
H.	Other operating expenses	-1.918	-295
I.	Operating profit (EBIT)	-162.946	-140.298
J.	Financial revenues	2.883.170	1.150.529
M.	Financial expenses	-1.926.484	-775.267
N.	Profit from continuing operations	793.741	234.964
O.	Other income	0	0
P.	Other expenses	0	0
R.	Net profit for the period	793.741	234.964

**3.3. Statement of comprehensive income**

	<i>2014</i>	<i>2013</i>
<b>Net profit for the period</b>	<b>793.741</b>	<b>234.964</b>
<b>Other comprehensive income:</b>		
Change in fair value of financial assets	-594	4.156
<b>Other comprehensive income for the period</b>	<b>-594</b>	<b>4.156</b>
<b>Total comprehensive income for the period</b>	<b>793.147</b>	<b>239.120</b>

### 3.4. Cash flow statement

	2014	2013
<b>A. Cash flow from operating activities</b>		
<b>a) Items of the income statement</b>		
Operating income (excl. revaluation) and fin. income from operating receivables	42.788	39.711
Operating expenses exc. amortisation and financial expenses from operating liabilities	-188.008	-161.243
Tax on profit and other taxes not included in operating expenses	-	-
	<b>-145.219</b>	<b>-121.532</b>
<b>Changes in net operating assets (receivables for premium, deferred tax assets/liabilities) of operating items of the balance sheet</b>		
<b>b)</b>		
Change in operating receivables	15.631	403.526
Change in deferred costs and accrued revenues	-	-
Change in operating liabilities	-15.477	-378.449
Change in accrues costs and deferred revenues	-410	518
Change in deferred tax liabilities	218	774
	<b>-38</b>	<b>26.370</b>
<b>c) Net cash from/used in operating activities (a + b)</b>	<b>-145.257</b>	<b>-95.163</b>
<b>B. Cash flow from investing activities</b>		
<b>a) Cash receipt from investing activities</b>		
Interest received from investing activities and dividends	2.878.811	1.146.707
Proceeds from sale of tangible assets	-	7.539
Proceeds from sale of Investment property	997.996	-
Proceeds from sale of long-term financial investments	2.697.472	-
Proceeds from sale of short-term financial investments	-	488.501
	<b>6.574.279</b>	<b>1.642.747</b>
<b>b) Cash disbursements in investing activities</b>		
Purchase of tangible assets	-15.085	-12.817
Purchase of investment property	-	-1.200.000
Purchase of long-term financial investments	-1.152.000	-3.493.264
Purchase of short-term financial investments	-7.577.790	-
	<b>-8.744.876</b>	<b>-4.706.081</b>
<b>c) Net cash from/used in investing activities (a + b)</b>	<b>-2.170.595</b>	<b>-3.063.334</b>
<b>C. Cash flow from financing activities</b>		
<b>a) Cash receipt from financing activities</b>		
Proceeds from paid-in capital	2.849.972	4.419.259
Proceeds from long-term borrowing	-	770.519
Proceeds from short-term borrowing	433.259	-
	<b>3.283.231</b>	<b>5.189.778</b>
<b>b) Cash disbursements in financing activities</b>		
Interest paid	-352.093	-775.267
Redemption of equity	-	-
Repayment of long-term financial liabilities	-530.625	-
Repayment of short-term financial liabilities	-	-1.132.991
Dividends and other profit participations paid	-	-132.000
	<b>-882.718</b>	<b>-2.040.258</b>
<b>c) Net cash from/used in financing activities (a + b)</b>	<b>2.400.513</b>	<b>3.149.520</b>
<b>Č. Closing balance of cash and cash equivalents</b>	<b>84.834</b>	<b>173</b>
<b>x) Net increase / decrease in cash and cash equivalents for the period</b>	<b>84.660</b>	<b>-8.977</b>
<b>y) Opening balance of cash and cash equivalents</b>	<b>173</b>	<b>9.151</b>

### 3.5. Statement of changes in equity

#### Statement of changes in equity for the year ended 31 December 2014

	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserves</i>	<i>Other revenue reserves</i>	<i>Total revenue reserves</i>	<i>Revaluation reserve</i>	<i>Retained net profit from prev. periods</i>	<i>Net profit for the finan. year</i>	<i>Total</i>
<b>Balance as at 1.1.2014</b>	<b>13.652.275</b>	<b>72.837</b>	<b>333.834</b>	<b>0</b>	<b>333.834</b>	<b>6.884</b>	<b>-</b>	<b>129.836</b>	<b>14.195.667</b>
<b>Changes in share capital</b>	<b>2.749.623</b>	<b>100.349</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>2.849.972</b>
Subscription of new equity capital	2.749.623				-			-	2.749.623
Share premium		100.349			-			-	100.349
Pay-out of dividends									0
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-594</b>	<b>0</b>	<b>793.740</b>	<b>793.146</b>
Net profit for the period								793.740	793.740
Change in fair value of financial investments					-	-594			-594
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>61.512</b>	<b>0</b>	<b>61.512</b>	<b>0</b>	<b>129.836</b>	<b>-191.348</b>	<b>0</b>
Transfer of earnings							129.836	-191.348	
<b>Closing balance in the financial period (31 Dec. 2014)</b>	<b>16.401.898</b>	<b>173.186</b>	<b>395.346</b>	<b>0</b>	<b>395.346</b>	<b>6.291</b>	<b>129.836</b>	<b>732.228</b>	<b>17.838.785</b>
<b>Profit for appropriation</b>							<b>129.836</b>	<b>732.228</b>	<b>862.064</b>

**Statement of changes in equity for the year ended 31 December 2013**

	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserves</i>	<i>Other revenue reserves</i>	<i>Total revenue reserves</i>	<i>Revaluation reserve</i>	<i>Retained net profit from prev. periods</i>	<i>Net profit for the finan. year</i>	<i>Total</i>
<b>Balance as at 1.1.2013</b>	9.274.157	31.696	333.834	0	333.834	2.728	-174.658	201.531	9.669.288
<b>Changes in share capital</b>	4.378.118	41.141	0	0	0	0	-132.000	0	4.287.259
Subscription of new equity capital	4.378.118				-			-	4.378.118
Share premium		41.141			-			-	41.141
Pay-out of dividends							-132.000		-132.000
<b>Comprehensive income for the period</b>	0	0	0	0	0	4.156	0	234.964	239.120
Net profit for the period								234.964	234.964
Change in fair value of financial investments					-	4.156			4.156
<b>Changes in equity</b>	0	0	0	0	0	0	201.531	-201.531	0
Transfer of earnings							201.531	-201.531	
<b>Closing balance in the financial period (31 Dec. 2013)</b>	13.652.275	72.837	333.834	0	333.834	6.884	-105.127	234.964	14.195.667
<b>Profit for appropriation</b>							-105.127	234.964	129.837

### 3.6. Independent auditor's report



## Independent Auditor's Opinion

To the Shareholders of AG d.d.

### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the company AG d.d. and its subsidiaries (the AG Group), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the AG Group as at 31 December 2014, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

### *Report on Other Legal and Regulatory Requirements*

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.

**KPMG SLOVENIJA,**  
podjetje za revidiranje, d.o.o.

Matjaž Prešeren  
*Certified Auditor*

Boris Drobnič  
*Partner*

Ljubljana, 23 April 2015

*KPMG Slovenija, d.o.o.*  
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The Independent Auditor's Report hereof is a translation of the original Independent Auditor's Report in Slovene, issued on the financial statements and the notes thereto in Slovene and is not to be signed. This translation is provided for reference purposes only.

### 3.7. Notes to the financial statements of the AG d.d.

#### 3.7.1. Notes to the balance sheet

##### Changes in tangible fixed assets

	Land	Buildings	Equipment	Total
<b>Cost Value</b>				
Balance as at 31 Dec. 2013	224.413	101.879	9.638	335.930
Increase, Purchase	14.235		850	15.085
Decrease				
31 Dec. 2014	238.648	101.879	10.488	351.015
<b>Value adjustment</b>				
Balance as at 31 Dec. 2013		-101.203	-5.300	-106.503
Amortisation		-676	-308	-984
Balance as at 31 Dec. 2014		-101.879	-5.608	107.487
<b>Carrying amount</b>				
<b>Balance as at 31 Dec. 2013</b>	<b>224.413</b>	<b>676</b>	<b>4.338</b>	<b>229.427</b>
<b>Balance as at 31 Dec. 2014</b>	<b>238.648</b>	<b>0</b>	<b>4.880</b>	<b>243.528</b>

As of the Balance sheet date, AG d.d. had one part of the real estates pledged as loan security. The Company has no property (or equipment) under finance lease.

##### Investment property

	Investment property	Total
<b>Cost value</b>		
Balance as at 31 Dec. 2013	1.200.000	1.200.000
Increase, purchase	185.000	185.000
Decrease	-1.200.000	-1.200.000
Balance as at 31 Dec. 2014	185.000	185.000
<b>Value adjustment</b>		
Balance as at 31 Dec. 2013	-17.004	-17.004
Amortisation	-7.469	-7.469
Decrease	24.473	24.473
Balance as 31 Dec. 2014	0	0
<b>Carrying amount</b>		
<b>Balance as at 31 Dec. 2013</b>	<b>1.182.996</b>	<b>1.182.966</b>
<b>Balance as at 31 Dec. 2014</b>	<b>185.000</b>	<b>185.000</b>

Investment property refers to real estate in Ljubljana, which was purchase in 2014.

<b>Long-term financial investment</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Long-term financial investment, excluding loans</b>	<b>14.506.818</b>	<b>17.725.301</b>
<i>Stocks and shares - subsidiary companies</i>	<i>13.791.009</i>	<i>17.009.492</i>
<i>Other stocks and shares</i>	<i>715.809</i>	<i>715.809</i>
<b>Long-term loans to other entities</b>	<b>1.152.000</b>	<b>-</b>
<b>Total</b>	<b>15.658.818</b>	<b>17.725.301</b>

Long-term financial investments as at 31 Dec. 2014:

<i>Financial investment</i>	<i>Amount</i>
Eta Kamnik, d.d. (100%)	6.401.080 EUR
Plama-Pur d.d. (50%)	5.837.800 EUR
Mestni pristan d.o.o. (100%)	1.000.000 EUR
DUF Invest Nova a.d.	715.809 EUR
Strenia IND d.o.o. (100%)	552.129 EUR
<b>Total</b>	<b>14.506.818</b>

Changes in long-term financial investments:

	<b>Long-term financial investments</b>	<b>Total</b>
<b>Balance as at 31 Dec. 2013</b>	17.725.301	17.725.301
Increase	492.915	492.915
Purchase	492.915	492.915
Transfer from short-term financial investments	-	-
Decrease	-2.233.943	-2.233.943
Sale	1.712.932	1.712.932
Revaluation	521.011	521.011
Transfer to short-term financial investments	-1.477.455	-1.477.455
<b>Balance as at 31 Dec. 2014</b>	<b>14.506.818</b>	<b>14.506.818</b>

#### **Non-current assets held for sell**

	<b>31.12.2014</b>	<b>31.12.2013</b>
Non-current assets held for sell	4.039.724	0

Non-current assets held for sell refer to the ILJG shares (company S-Real d.d.)

### Operating receivables

	<b>31.12.2014</b>	<b>31.12.2013</b>
Trade receivables	43.368	69.924
Other receivables	14.763	16.285
<b>Total</b>	<b>58.131</b>	<b>86.209</b>

### Structure of trade receivables

	<b>31.12.2014</b>	<b>31.12.2013</b>
Non-past-due receivables	14.763	20.348
Past due up to 30 days	-	-
Past due 31 to 90 days	-	-
Past due more than 90 days	43.368	65.861
<b>Total</b>	<b>58.131</b>	<b>86.209</b>

### Short-term financial investments

	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Short-term financial investments, excluding loans</b>	<b>26.042</b>	<b>26.418</b>
<i>Stocks and shares - subsidiary companies</i>	-	-
<i>Other stocks and shares</i>	26.042	26.418
<b>Short-term loans</b>	<b>2.487.021</b>	<b>2.490</b>
<i>Short-term loans to subsidiary companies</i>	49.609	-
<i>Short-term loans to other entities</i>	2.437.412	2.490
<b>Total</b>	<b>2.513.063</b>	<b>28.908</b>

### Changes in short term financial investments

	<i>Stocks and shares</i>	<i>Loans</i>	<i>Total</i>
<b>Balance as at 31 Dec. 2013</b>	<b>26.418</b>	<b>2.490</b>	<b>28.908</b>
Revaluation - appreciation	454		454
Revaluation - depreciation	-830		-830
Purchase	-	3.307.939	3.307.939
Transfer from long-term financial investments	-	48.000	48.000
Decrease		-871.408	-871.408
<b>Balance as at 31 Dec. 2014</b>	<b>26.042</b>	<b>2.487.021</b>	<b>2.513.063</b>

Short-term loans are secured with blank bills of exchange and shares.

### Cash and cash equivalents

	<b>31.12.2014</b>	<b>31.12.2013</b>
Cash on transaction account	6.365	173
Investment units	78.469	-
<b>Total</b>	<b>84.834</b>	<b>173</b>

## Equity

The AG d.d. share capital totals 16.401.897,67 EUR and is divided into 2.764.308 ordinary freely transferable no-par shares with the symbol AGOG and ISIN code SI0031110743, and represent the same class. The AGOG shares were issued in a registered, book-entry form and entered in the central register of securities kept by the Central Securities Clearing Corporation (KDD).

*Reserve of treasury shares:* AG d.d. doesn't hold treasury shares.

AG d.d. did not pay any dividend in the year 2014.

## Movement of Revaluation reserve

	31.12.2013	Increase	Decrease	31.12.2014
Revaluation reserve	6.884	455	-1.048	6.291
<b>Total</b>	<b>6.884</b>	<b>455</b>	<b>-1.048</b>	<b>6.291</b>

## Long-term liabilities

<i>Long-term financial liabilities</i>	31.12.2014	31.12.2013
Long-term financial liabilities to banks	2.084.894	2.615.519
Long-term financial liabilities – bonds	2.000.000	2.000.000
<b>Total</b>	<b>4.615.519</b>	<b>4.615.519</b>

## Analysis of the long-term financial liabilities to bank:

Name of the bank (domestic banks)	Amount	Interest rate	Type of collateral
Sberbank d.d.	1.545.000 EUR	Market interest	***
Sberbank d.d.	539.894 EUR	rate	***

\*\*\* Long-term loans are secured with blank bills of exchange, with shares and pledged with rights on real estates.

Further explanations in connection with the issues of bonds:

- Type of bond: ordinary bond nominated in euro, nominal, issued in non-materialised form entered in the Central Securities Depository at KDD d.d. Ljubljana;
- Bond listing: in the bonds market of the Ljubljana Stock Exchange under the designation AGO1;
- Denomination structure: total issues includes 2.000 denominations at 1.000,00 EUR each;
- Interest rate: 7,5% p.a; the interest fall due for payment on 1 March each year;
- Payment of the principal and maturity date: nominal value of the principal falls entirely due in a single amount upon maturity of bonds at 1 March 2026.

## Deferred tax liabilities

	31.12.2014	31.12.2013
Deferred tax liabilities	1.389	1.170
<b>Total</b>	<b>1.389</b>	<b>1.170</b>

### Short-term liabilities

<b>Short-term operating and financial liabilities</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
a.) Short-term operating liabilities	131.050	146.526
<i>Short-term trade payables</i>	25.075	143.344
<i>Other short-term operating liabilities</i>	105.975	3.182
b.) Short-term financial liabilities	713.169	279.910
<i>Short-term financial liabilities to banks</i>	453.750	-
<i>Other short-term liabilities</i>	259.419	279.910
<b>Total</b>	<b>844.219</b>	<b>426.436</b>

### 3.7.2. Notes to the income statement

#### Revenue

	<b>1-12/2014</b>	<b>1-12/2013</b>
Sales Revenue	13.956	30.871
Other operating revenues	24.473	8.840
<b>Total</b>	<b>38.429</b>	<b>39.711</b>

Sales revenues of the reporting year mainly represent rental income from investment properties.

#### Financial revenues

	<b>1-12/2014</b>	<b>1-12/2013</b>
Financial revenues from shares	2.713.824	1.030.936
Financial revenues from loans	87.704	119.055
Other financial revenues	81.643	538
<b>Total</b>	<b>2.883.171</b>	<b>1.150.529</b>

Financial revenues from shares comprise income from dividend in amount of 2.713.824 EUR.

#### Costs of good, material and services

	<b>1-12/2014</b>	<b>1-12/2013</b>
Costs of goods sold	0	0
Cost of material	1.143	563
Cost of services	138.970	130.112
<b>Total</b>	<b>140.113</b>	<b>130.675</b>

**Labour cost**

	<i>1-12/2014</i>	<i>1-12/2013</i>
1. Wages and salaries	31.174	23.951
2. Pension insurance costs	2.759	2.120
3. Social security costs	2.260	1.736
4. Other labour costs	2.251	2.466
<b>Total</b>	<b>38.444</b>	<b>30.273</b>

**Depreciation and amortisation**

	<i>1-12/2014</i>	<i>1-12/2013</i>
Amortisation	8.453	18.766
Operating expenses from revaluation	12.447	0
<b>Total</b>	<b>20.900</b>	<b>5.092</b>

**Financial expenses**

	<i>1-12/2014</i>	<i>1-12/2013</i>
Finance costs from impairment of investments in shares and stakes	1.574.328	453.592
Financial expenses from financial liabilities	352.093	321.166
Financial expenses from operating liabilities	63	509
<b>Total</b>	<b>1.926.484</b>	<b>775.267</b>