ELEKTRO MARIBOR

Annual Report 2015

Annual Report of Elektro Maribor d.d. Company and Elektro Maribor Group 2015

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ABBREVIATIONS

AČR	Accrued revenues and deferred expenses
ADMS	Advanced distribution network management
AMI	Advanced Metering Infrastructure)
BDP / GDP	Gross domestic product
BTP	Database of technical data
CAPEX	Capital Expenditure
CIGRE-CIRED	Slovenian Power Engineers Association
CIM	Common Information Model
DCV	Dispatch Management Centre
DEEO	Electricity distribution network
DEES	Electricity distribution system
DV	Power line
DVLM	Remotely controlled separation point
EBIT	Operating profit/loss
EBITDA	Profit before interest, taxes, write offs and depreciation
EEN	Electric device
EFQM	European Foundation for Quality Management
eIS	Renewed information system
EURIBOR	Euro Interbank Offered Rate
EZ-1	Energy Act
GIZ	Economic Interest Grouping
GRI	Global Resource Planning
GVIN	Online business credit rating information
GWh	Gigawatt hours
IIS	Integrate information system
ISO	International Standardisation Organisation
IT	Information technology
KB	Cable line
kV	Kilovolt
LAN	Local Area Network
MAIFI	Average number of planned short-term interruptions
MFE	Small photovoltaic power plant
MHE	Small hydroelectric power plant
MPLS	Multi Protocol Label Switching
MVA	Mega volt ampere
MW	Megawatt
MWh	Megawatt hours
NN / LV	Low voltage
NNO	Low voltage network
NZR	Protection and rescue plan
OE / RU	Regional unit
OHSAS	Occupational Health and Safety Advisory Services
OPEX	Operating expense
PČR	Accrued expenses and deferred revenue
PKP	Corporate Collective Agreement
PLC	Power Line Carrier
ROA	Return on Assets
ROE	Return on Equity
RP / SS	Switching station
RS	Republic of Slovenia
RTP	Switching transformer station
RVC	Difference between revenues and operating cost (material, services, salaries)
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SDH	Slovenian Sovereign Holding
SE / SU	Service unit
SERŠ	Secondary School for Electric Engineering and Computer Science
SHE / MHPP	Medium-sized hydroelectric power plant
SIST	Slovenian Institute for Standardization
SKD	Standard classification of activities
SN / MV	Medium voltage

SNO	Medium-voltage network
SODO	Slovenian Distribution network system operator
SONDO	System operational instructions for electricity distribution network
SRS / SAS	Slovenian accounting standards
TP / TS	Transformer station
TRR	Transaction (bank) account
TTP	Gravity transformer station
TWh	Terawatt hours
UMAR / IMAD	Institute of Macroeconomic Analyses and Development
URE / EE	Energy efficiency
VN / HV	High voltage

I. Introduction

1 LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD (G4 1)*

To our stakeholders,

Electro Maribor Company successfully completed its operations in 2015, which was a record year in spite of specific challenges having a significant impact on the company's operations. The company makes significant efforts to provide secure, reliable and efficient operations, and maintenance and development of the distribution system; all these with the aim of ensuring efficient, reliable, and high-quality electricity supply to consumers in a long-term. We are striving to meet high expectations of employees, shareholders and a wider community, in which we operate.

A record business result was achieved in 2015 by devoted and successful work of all employees. The 2015 business year was concluded with a profit after tax amounting to EUR 11.3 million. Important factors that contributed to a better result of the company compared to the plan include mostly revenues in the regulated activity, higher revenues from sales of services on the market, which were exceeded mainly through the implementation of major infrastructure facilities, such as the electrification of the Pragersko–Hodoš railway line and works on the Draženci–Gruškovje motorway section, and streamlining of the operations by reducing costs of material and services. Significant challenge in operations is erosion in the regulated activity and stagnation in the volume of electricity consumption as a result of complex economic concepts in the company's supply area.

In company's operations, we consider the expectations and recommendations of SDH d.d., the manager of capital assets. In the past financial year, we exceeded all the expected values of SDH d.d. indicators for 2015.

Compared to the entire Slovenian power distribution industry, our company has the features that define and significantly influence our operations. Namely, we take care of 25 % of the network with 23 % of consumers connected to it, and 30 % of the production facilities, while distributing 21 % of electricity and generating 25 % of value added and the same amount of profit.

In 2015, we developed the company's strategy. The company's operations are based on the vision of a leading electricity company, the mission of sustainable and competitive operations, maintenance and development of an efficient electricity distribution system, and provision of high-quality electricity services in accordance with the values of transparency, business excellence and quality, and responsibility to social and natural environment, shareholders and employees. We will continue operating in a socially responsible way, with a successful implementation of our mission and supporting the activities consistent with our philosophy. As an ambassador of corporate integrity, we developed the integrity plan aimed at strengthening integrity and transparency, and preventing and suppressing corruption and other unethical practices.

We have operated in a balanced way over the years, both in the regulated and the other activity, as we have kept achieving positive business results in both activities as the only entity in the industry. The company's operations are subjected to the rules of regulation, which is based on the criteria of previous operations; it over-weights the volume of electricity consumption, and does not reflect actual operating costs. In 2015, we generated the controlled costs in the amount of EUR 21 million, which represents a 4-percent decrease compared to the plan. The amount of the achieved controlled costs brought us close to the target value of these costs in the regulation.

In 2015, the company’s network distributed 2,167 GWh of electricity. Total volume of distributed electricity was larger than in 2014 by 1.5 %, but it remained at the level of 2013. Following a decline in 2014, the consumption in Slovenian electricity distribution companies increased in 2015 compared to 2013. In our supply area, however, the decline in 2014 was more severe than in other companies, while the growth trend was weaker than in other electricity distribution companies due to challenging conditions in the economy of our supply area. Due to the impact of the distributed electricity volume on the volume of funds in the regulated activity, this trend represents a significant challenge for the company, requiring an additional engagement from the company's employees.

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* Reporting in accordance with GRI G4 guidelines

Compared to the previous year, investments grew by 11 %. We started the construction of the largest investment in 2015, namely, the high-voltage 110-kilovolt power line Murska Sobota–Mačkovci, which will be completed in 2016. The delay, which occurred in the construction due to the revision of the public procurement process and a late acquisition of a partial building permit, was successfully offset by restructuring of investments. We successfully completed the construction of an important large investment of 110/20-kV switching transformer station Podvelka, which is important for a stable electricity supply to inhabitants and the economy of the Drava Valley and the northern areas of Pohorje and Kozjak. We also started the reconstruction of the switching transformer station in Slovenska Bistrica.

We are significantly increasing the proportion of own investments. In order to carry them out successfully, we employed 100 fixed-term employees from the local area also in 2015 due to the increased volume of work. With a purpose to finance the investments, we raised a long-term loan with the European Investment Bank with the best interest rate offered. Compared to the previous year, we reduced our net financial debt, while having the lowest debt and the highest credit rating excellence of AAA.

At the forefront of our efforts for sustainable development, we are building more robust and smart grids. This is also important in terms of achieving the required supply quality parameters in supplying our consumers. Using own resources, we completed in 2015 the rehabilitation of the network damaged by the freezing rain; with underground and insulated overhead lines, we are increasing the robustness of the network and its resistance to growing intensity of weather impacts (a proportion of the underground network is approaching 50 %). We built 20 new and reconstructed 90 transformer stations. We reconstructed and constructed anew 94.25 km of low-voltage overhead power lines, and laid anew and reconstructed 130.61 km of low-voltage cable lines. Smart meters have been installed in as many as 53 % of the metering points, which are included in the advanced metering system.

In spite of challenging market conditions in 2015, we performed well in rendering services on the market, because we achieved the margin of EUR 1.5 million. We are constantly striving to optimise costs at all levels of our operations; consequently, through successful implementation of public procurement in the past year, we generated savings with the purchase of materials and significantly reduced their inventories.

We are also aware that the development is of crucial importance for good performance. We are building the Internet of things; we have successfully introduced a new technology, i.e., an unmanned remotely operated aircraft. We continue introducing e-business in our work processes.

We are aware of the responsibility for sustainable operations and reporting. Therefore, in the context of the Annual Report, this year again, for the third year in a row, we are reporting on sustainable development according to the revised international sustainability reporting guidelines G4 of GRI.

We will face major challenges that will affect company's operations also in 2016. A new Act on the methodology determining the regulatory framework and the methodology for charging the network charge for the electricity system operators was adopted in 2015. In the new regulatory period of 2016-2018, the company is required to reduce controlled operating and maintenance costs at annual basis for the overall and individual effectiveness. Key guidance for successful operations will include further streamlining of operations and compliance with requirements of the regulator as to reduce controlled operating and maintenance costs, and obligations under applicable collective agreements with social partners. We will continue doing our best to carry out contractual obligations of the Contract on the lease of electricity distribution infrastructure and provision of services for SODO d.o.o, comply with recommendations and guidelines of SDH, reduce long-term borrowings, in order to strengthen social partnership and provide safe environment for employees, and to enable sustainable and socially responsible operations.

I would like to express my sincere appreciation to all our employees for their devoted and successful implementation of our mission and the business results achieved. Many thanks also to our supervisors, network users, business partners, and shareholders, for their correct cooperation and their trust.

Respectfully,

President of the Management Board:
Boris Sovič, M.Sc.

2 REPORT OF THE SUPERVISORY BOARD

Composition

The Supervisory Board of the Elektro Maribor d.d. company worked in 2015 in the following composition:

- Tomaž Orešič – Chairman,
- Mateja Čuk – Deputy Chairperson,
- Ciril Pucko – Member,
- Roman Ferenčak – Member
- Dušan Kovačič – Member,
- Darko Nemec – Member.

Membership in other bodies

Members of the Supervisory Board do not participate as members in management and supervisory bodies of associated and non-associated companies (Item 8.2. of the Code of corporate governance for companies with capital assets of the state, adopted on 3 February 2016 by the Slovenian Sovereign Holding (SDH - Slovenski državni holding d.d.).

Monitoring company's business operations

The Supervisory Board of the Elektro Maribor d.d. company performed in 2015 their work in the said composition in accordance with the basic function of supervising the management of the company's operations and with a duty of a diligent and prudent management, on the basis of its competences set out by applicable regulations and the company's acts. The Supervisory Board supervised the management and operations of the Elektro Maribor d.d. company based on the provisions of the Companies Act, the Articles of Association of Elektro Maribor d.d., and the applicable laws.

The work of the Supervisory Board was organised and carried out according to the provisions of the Rules of Procedure of the Supervisory Board. The Supervisory Board prepared itself for the topics discussed, provided constructive suggestions and, based on the materials prepared by the company's Management Board, adopted its decisions in a responsible manner. The company's Management Board was invited to attend all the meetings of the Supervisory Board in 2015 and, in addition to the submitted materials, presented further explanations.

At its seven regular and eleven correspondence meetings, the Supervisory Board discussed and adopted the following important decisions:

- Approved the Annual Report of the Elektro Maribor d.d. company and the Elektro Maribor Group for 2014, and submitted comments prior to the approval;
- Discussed and approved the Elektro Maribor d.d. Company's Strategy;
- Took note of the process of loan raising by the Elektro Maribor d.d. company with the European Investment Bank (EIB) and agreed with the signature of the Financing Contract FI No. 84.538(SI) Serapis No. 2014 – 0339 with EIB, in the amount of EUR 27 Million for the period of 2015 to 2017;
- Agreed with the Annual Business Plan of the Elektro Maribor d.d. company and the Elektro Maribor Group for 2016, including a projection of operations for 2017 and 2018;
- Took note on the process of harmonising the contents of Annex No. 4 to the Contract on the lease of electricity distribution infrastructure and provision of services for the distribution network system operator, and the associated Arrangement, and agreed with the signature thereof;
- Took note on reporting to SDH d.d. and discussed the letters provided by SDH d.d.;
- Took note of the time schedule of activities aimed at convening the 20th regular General Meeting of the Elektro Maribor d.d. company;

- Agreed with the proposed allocation of the distributable profit for 2014;
- Confirmed the ABC revizija d.o.o. audit company to carry out the audit of the Elektro Maribor d.d. company's financial statements for 2015;
- Approved the materials for the 20th regular General Meeting of the Elektro Maribor d.d. company;
- Agreed with the Contract on audit of separate and consolidated financial statements for 2015;
- Took note of the document on the Preparation of a new regulatory framework;
- Took note of the document on the Information about some system changes and their potential effects on operations of the Elektro Maribor d.d. company;
- Took note of the Report on the company's activities in developing a new Act on the methodology determining the regulatory framework and the methodology for charging the network charge for the electricity system operators;
- Took note of the document on Analysis of dividend policy in Slovenian electricity distribution companies during the period of 2008 to 2014, including proposals for a common approach;
- Adopted the Rules of Procedure of the Elektro Maribor Supervisory Board;
- Adopted the Rules of Procedure of the Audit Committee of the Elektro Maribor d.d. company;
- Appointed a secretary to the Supervisory Board of the Elektro Maribor d.d. company;
- Appointed the Supervisory Board's Human Resources Committee;
- Approved the Proposed public tender on appointing the President of the Management Board of Elektro Maribor d.d. company, and the Proposed methodology and procedure for the selection of the President of the Management Board of Elektro Maribor d.d. company as proposed by the Supervisory Board's Human Resources Committee;
- Took note of the decisions made by the Supervisory Board's Audit Committee;
- Took note of the Report on implementing the work plan by the internal audit in Elektro Maribor d.d. for the period of 1 January 2014 to 31 December 2014;
- Agreed with the Internal audit's fundamental document;
- Approved the Mid-term plan of internal audits in the Elektro Maribor Group for the period of 2015 to 2017;
- Approved the Short-term plan of internal audits in the Elektro Maribor Group for 2015;
- Took note of the Information on implementing the plan of internal audits in the Elektro Maribor Group for 2015;
- Agreed with the Plan of internal audits in the Elektro Maribor Group for 2016, including a projection for 2017 and 2018;
- Took note of the summary Final report on the completed extraordinary audit of the process of dealing with Elektro Maribor d.d. debtors;
- Took note of public tender announcements;
- Took note of the joint public tender procedure on the procurement of meters and concentrators, and agreed with the signature of the contract with the successful bidder;
- Took note of the possibilities and conditions for the insurance of company's management and supervisory body members;
- Took note of information on operations;
- Took note of respective periodical reports on operations of the Elektro Maribor d.d. company and the Elektro Maribor Group;
- Took note of the progress reports on the power line 2 x 110 kV Murska Sobota–Mačkovci Project;
- Took note of information about business deals of the Elektro Maribor d.d. company with the Informatika d.d. company;
- Took note of the debt balance for the network use at a determined date;
- Took note of investments of the Elektro Maribor d.d. company;
- Discussed the proposal on the Reorganisation and classification of jobs;
- Took note of certain current legal affairs of the company;
- And other.

Attendance at sessions

Attendance of the Supervisory Board's members at individual sessions was as follows:

	Regular session	Correspondence session
Tomaž Orešič	13, 14, 15, 16, 17, 18, 19	11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21
Mateja Čuk	13, 14, 15, 16, 17, 18, 19	11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21
Ciril Pucko	13, 14, 15, 16, 18, 19	11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21
Roman Ferenčak	14, 15, 16, 17, 18	11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21
Dušan Kovačič	13, 14, 15, 16, 17, 18, 19	11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21
Darko Nemec	13, 14, 15, 16, 17, 18, 19	11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21

Activities of the Supervisory Board's committees

The Supervisory Board has established the Supervisory Board's Audit Committee, which held in 2015 ten regular sessions and one extraordinary session.

	Regular session	Extraordinary session
Ciril Pucko	7, 8, 9, 10, 11, 12, 13, 14, 15, 16	1
Roman Ferenčak	8, 9, 10, 11, 12, 13, 14, 15	
Ivana Kuhar	7, 8, 9, 10, 11, 12, 13, 14, 15, 16	1

At its sessions, the Supervisory Board's Audit Committee:

Discussed the Elektro Maribor d.d. Company's Strategy; discussed the Short-term plan of internal audits in the Elektro Maribor Group for 2015; discussed the Mid-term plan of internal audits in the Elektro Maribor Group for the period of 2015 to 2017; proposed to the Supervisory Board to suggest any additional audits; developed the proposal on the content and format of information to the Supervisory Board in respect of outstanding receivables from customers for the network use; discussed the reports on implementing the work plan by the internal audit; reviewed investments of Elektro Maribor d.d. and its subsidiaries in 2014; discussed the draft Annual Report of the company and the Elektro Maribor d.d. Group; discussed the Auditor's report for the company and the Elektro Maribor Group for 2014; reviewed received bids for audit of financial statements for 2015 and proposed to the Supervisory Board to appoint the audit company; took note of the Auditor's letter to the management of Elektro Maribor d.d. for 2014; discussed the draft Rules of Procedure of the Audit Committee; discussed reports on operations of the Elektro Maribor d.d. company and the Elektro Maribor Group; familiarised with the amendment of the Companies Act (ZGD-1) relating to the area of internal audit; took note of the Internal audit's fundamental document; reviewed the contract with the external auditor of financial statements for 2015 and the Elektro Maribor d.d. company; discussed the Final report – the risk management process in OVEN d.o.o company; discussed the Plan of internal audits in the Elektro Maribor Group for 2016, including projections for 2017 and 2018; discussed the Annual Business Plan of the Elektro Maribor d.d. company and the Elektro Maribor Group for 2016, including a projection of operations for 2017 and 2018, and other.

In February 2016, the Supervisory Board's Audit Committee carried out a self-assessment of its performance for 2015.

At its 17th regular session, the Supervisory Board appointed the Supervisory Board's Human Resources Committee involving Mateja Čuk, M.Sc. – Chairperson, Ciril Pucko – Member, and Maja Fesel Kamenik – External Member, for the purpose of carrying out the process of selecting the President of the Management Board of the Elektro Maribor d.d. company.

Expectations of the Slovenian Sovereign Holding

The Supervisory Board monitored operations of the Elektro Maribor d.d. company also in terms of expectations of the Slovenian Sovereign Holding (Slovenski državni holding d.d.).

The Chairman of the Supervisory Board regularly participated at briefings made by the company's Management Board and Supervisory Board at the Slovenian Sovereign Holding.

Performance self-assessment

In March 2016, the Supervisory Board carried out a self-assessment of its performance for 2015.

The Supervisory Board's activity in the past year was mostly focused on monitoring the company's operations compared to the planned results, on the basis of reports prepared by the company's Management Board.

The Supervisory Board finds out that the reports and information were prepared and elaborated timely and in a high quality, which allowed the Supervisory Board to perform its work smoothly, in accordance with the company's Articles of Association and applicable laws.

Annual Report audit

Audit of the Annual Report of the Elektro Maribor d.d. company for 2015 was carried out by the audit company ABC revizija, družba za revizijo in sorodne storitve d.o.o., which issued a favourable opinion of the Elektro Maribor d.d. Annual Report on 15 April 2016.

Proposal on allocation of distributable profit

The Supervisory Board agreed with the proposed distribution of the net profit for the business year 2015 and the distributable profit for 2015 upon the proposal made by the company's Management Board. The proposal will be forwarded to the General Meeting of Shareholders.

Review and approval of the company's Annual Report and the Consolidated Annual Report, and the position on the Audit Report, including proposed resolutions for 2015

The company's Management Board provided the Supervisory Board with the audited Annual Report, including the Auditor's Report, in a statutory term. The Supervisory Board discussed the company's Annual Report for 2015, including the report made by the audit company ABC revizija, družba za revizijo in sorodne storitve d.o.o.

In accordance with the provisions of Articles 270 and 294 of the Companies Act (ZGD-1), the Supervisory Board ensured that the entire remuneration of the management is in appropriate proportion to the management assignments and the company's financial position, and in accordance with the policy concerning such remuneration; it also found out that remuneration of the members of the management and supervision bodies was appropriately declared in the Annual Report.

The Supervisory Board established that the contents of the Annual Report and the Consolidated Annual Report show operations of the company in 2015 in realistic terms. The Supervisory Board also took note of the opinion of the approved audit company, ABC revizija, družba za revizijo in sorodne storitve, d.o.o., according to which the company's financial statements present fairly the financial position of the company, and adopted the following decisions:

- The Supervisory Board finds the Annual Report compiled in accordance with the provisions of the Companies Act and the Accounting Standards.
- According to the Supervisory Board, the Annual Report and the information therein are a true representation of the company's operations in the previous business year.
- Upon the final review of the company's Annual Report, the Supervisory Board has no comments, and approves the company's Annual Report for 2015.
- The Supervisory Board expresses a favourable opinion of the Auditor's report on the company's financial statements and consolidated financial statements for 2015, as it establishes that it was made according to the law and based on a diligent and comprehensive overview of the company's Annual Report and operations.
- Upon the final review of the Annual Report of the Elektro Maribor d.d. company and the Elektro Maribor Group for 2015, the Supervisory Board approved the Annual Report of the Elektro Maribor d.d. company and the Elektro Maribor Group for 2015.
- The Supervisory Board proposes to the company's General Meeting to:
  - Adopt a resolution to award a discharge to the Management Board – to the President of the Management Board, Boris Sovič, M.Sc. for 2015; the Supervisory Board believes that the Management Board has managed the company successfully, carefully, and in accordance with regulations and company's rules.
  - Adopt a resolution to award a discharge to the Supervisory Board for 2015, because it believes that the company operated in accordance with the goals set and the plan for 2015.
- The Supervisory Board adopts the Supervisory Board's Report on the review of the company's Annual Report and the Consolidated Annual Report for 2015.
- The Supervisory Board took note of the proposal to convene the General Meeting of Shareholders and of the draft resolutions enclosed to this decision, and fully agrees with the agenda and the proposed resolutions.

Review of the Report on relations with associated companies for the business year 2015 (Article 546a of the Companies Act ZGD-1)

The Supervisory Board discussed and reviewed the Report on relations with associated companies for the business year 2015 in accordance with Article 546a of the Companies Act ZGD-1.

The Supervisory Board found out that the Report contents comply with the Companies Act. The Report contains legal transactions with the associated company, as well as all performed obligations and all necessary information on completed legal transactions.

Following the review of the Report, the Supervisory Board adopts the following two decisions:

- Based on the Report on relations with associated companies for the past business year, the Supervisory Board checked all necessary circumstances and reasons for the conclusion of legal transactions, and found out that no deprivation occurred between companies.
- The Supervisory Board adopts the written Supervisory Board's Report on the review of the Report on relations with associated companies, and notifies the company's General Meeting accordingly.

In Maribor, 20 June 2016

Chairman of the Supervisory Board

Tomaž Orešič

3 ABOUT THE ANNUAL REPORT (G4 17-23, G4 28-31)*

In the context of the Annual Report of the Elektro Maribor Company 2015, for the third year in a row, we are reporting on sustainable development according to the international sustainability reporting guidelines G4 by Global Reporting Initiative – GRI and, consequently, disclosing key aspects of sustainable reporting. Sustainability reporting in 2015 is prepared in accordance with the revised sustainability reporting guidelines G4 of GRI and covers the most important economic, environmental and social impacts of the company's sustainable development and our stakeholders. When selecting indicators and aspects of reporting, we follow the principle of materiality. Indicators and aspects of sustainability reporting, which are not essential for the Elektro Maribor company, are not included in the report.

In reporting according to the GRI guidelines, we focused on the three-year period (2013-2015) Considering sustainability reporting in recent years, the company did not detect any significant change, which would affect the published data.

Reporting according to GRI is an internationally recognised and comparable reporting method, which presents information to stakeholders and a general public in a clear, transparent and measurable way. By this reporting method we allow our stakeholders to obtain sufficient information on company's socially responsible operations, which facilitates their decision-making.

The Annual Report in Slovenian and English language is published at the website www.elektro-maribor.si.

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E-mail address: info@elektro-maribor.si

Key aspects of sustainability reporting

Economic impacts	**Economic performance**	
	Indirect economic impacts	
	Purchase practice	
Environmental impacts	**Energy**	
	Waste water and waste	
Social impacts	**Labour practices and decent work**	Recruitment
		Safety and health at work
		Training and education
		Diversity and equal opportunities
		Work-related appeal mechanisms
	Human rights	Non-discrimination
	Company	Anti-corruption conduct
	Product responsibility	Product and service labelling

* Reporting in accordance with GRI G4 guidelines

II. Business Report of the Elektro Maribor d.d. Company

1 KEY DATA ON COMPANY' S OPERATIONS (G4 9, G4 EC1)*

Performance indicators for the Elektro Maribor Company

Information	2015	2014	2013
Net profit/loss for the period in EUR	11,260,107	9,238,901	7,419,853
Return on assets (ROA) in %	3.3%	2.8%	2.3%
Net return on equity (ROE) in %	4.5%	3.8%	3.1%
EBIT (Profit from operating activities) in EUR	12,253,850	10,892,662	8,197,676
EBIT margin in % (EBIT / operating revenues)	14.7%	13.5%	10.5%
EBITDA (Earnings before interest, tax, depreciation and amortisation) in EUR	31,283403	30,303,382	27,642,635
EBITDA margin in % (EBITDA / operating revenues)	37.6%	37.6%	35.4%
Total revenue in EUR	84,655,777	81,161,201	78,627,031
Operating revenue in EUR	83,181,582	80,551,933	77,992,191
Net sales revenue in EUR	62,696,245	60,518,030	61,306,370
Net sales revenue per employee from hours in EUR	75,483	73,285	79,003
Added value in EUR	59,136,921	57,613,993	52,959,624
Added value per employee from hours in EUR	71,198	69,768	68,247
Total costs and expenditure in EUR	71,872,113	70,650,411	70,878,175
Operating costs and expenses in EUR	70,927,732	69,659,271	69,794,515
Assets as at 31 December – in EUR	345,428,428	332,656,097	327,262,514
Equity as at 31 December – in EUR	253,826,936	246,910,062	240,649,237
Investments in EUR	25,428,152	22,971,243	22,068,292
Paid dividend per share in EUR for the previous year	0.12	0.09	0.09
Distributed electricity in MWh	2,167,003	2,133,961	2,165,579
Number of consumers connected to the distribution network	215,406	214,441	214,052
Distributed MWh per number of consumers	10.06	9.95	10.12
Number of employees as at 31 December	773	760	762
Average No. of employees by working hours	830.6	825.79	776.00
Percentage of women in total number of employees as at 31 December	12.3%	12.4%	12.5%
Average monthly gross salary per employee by status - in EUR	1,960	1,966	1,895

Meeting the expectations of the

Information	Expectations of SDH for 2015	Achieved in 2015	Achieved in 2014	Achieved in 2013
SDH's economic and financial indicators				
Return on assets (ROA) in %	2.8 %	3.3%	2.8%	2.3%
EBITDA margin in % (EBITDA / operating revenues)	37.4%	37.6%	37.6%	35.4%
Net financial debt/EBITDA	-	71.8%	79.6%	90.2%
CAPEX in net sales revenues	-	40.6%	38.0%	36.0%
Added value per employee from hours in EUR	-	71,198	69,768	68,247
SDH's strategic goals				
SAIDI (own reasons)	-	48.90	77.00	50.1
SAIFI (own reasons)	-	1.8	2.6	1.7
MAIFI	-	7.6	8.6	6.4
Share of loss in distributed energy	-	5.23%	4.95%	5.4%
OPEX in distributed energy (in EUR/MWh)	-	23.9	23.5	23.2

* Reporting in accordance with GRI G4 guidelines

2 CORPORATE GOVERNANCE STATEMENT

In accordance with the fifth paragraph of Article 70 of the Companies Act (ZGD-1), the Elektro Maribor d.d. company presents the corporate governance statement for the Elektro Maribor d.d. company for the period of 1 January 2015 to 31 December 2015, as follows.

The company's Management Board and the company's Supervisory Board declare that the company governance in 2015 complied with applicable laws and the Articles of Association of Elektro Maribor, podjetje za distribucijo električne energije, d.d. as of 12 December 2014.

In their work and operations, the company's Management Board and the company's Supervisory Board comply with the provisions of the Code of corporate governance for companies with capital assets of the state, which was adopted on 19 December 2014 and published on the Slovenian Sovereign Holding's (SDH d.d.) website www.sdh.si. The Code was adopted pursuant to the provisions of the Slovenian Sovereign Holding Act. The above Code was amended on 2 March 2016, which the company consistently respects in managing the company in 2016. When managing the company, the Management Board and the Supervisory Board of the company fully take into account recommendations and expectations of the Slovenian Sovereign Holding. The said recommendations were amended on 26 February 2016, which the company consistently respects in managing the company in 2016. Recommendations and expectations of the Slovenian Sovereign Holding are published on the Slovenian Sovereign Holding's website www.sdh.si.

The company's Management Board and the Supervisory Board comply in their work and operations also with the provisions of the Corporate governance code for joint stock companies, which was designed and adopted in agreement by the Ljubljana Stock Exchange, the Association of Supervisory Board Members and the Managers' Association, and adopted in the revised form on 8 December 2009 and is applicable from 1 January 2010. It is published at the website of the above-mentioned entities.

The Management Board of the parent company declares that in managing its subsidiaries, Energy plus d.o.o. and OVEN d.o.o., it exercises the same standards of corporate governance that apply to the parent company Elektro Maribor d.d.

This corporate governance statement will be published at the Elektro Maribor d.d. Company's website, www.elektro-maribor.si.

President of the Management Board:	**President of the Supervisory Board**
Boris Sovič, M.Sc	Tomaž Orešič

3 COMPANY PRESENTATION

3.1 Basic information (G4 3, 4, 5, 6, 8)*

The company Elektro Maribor, podjetje za distribucijo električne energije, d.d. is a part of the electricity system of the Republic of Slovenia, and one of five electricity distribution companies of the Republic of Slovenia.

Name:	ELEKTRO MARIBOR, podjetje za distribucijo električne energije, d.d.
Abbreviated name:	Elektro Maribor d.d.
Registered office:	Vetrinjska ulica 2, 2000 Maribor
Registration number:	5231698
Tax number:	46419853
Bank account	04515-0000570965
Share capital	EUR 139,773,510.27
Entry in the court register:	Maribor District Court, entry No. 1/00847/00
Main activity code:	D 35.130 Distribution of electricity
Number of employees as at 31 December 2015:	773
Supply area:	Northeast Slovenia
Company size according to ZGD-1:	Large company
President of the Management Board:	Boris Sovič, M.Sc.
Call centre toll-free number:	080 21 05 (24-hour service to report failures and disturbances at the network) 080 21 01 (general information)
General e-mail address:	info@elektro-maribor.si
Website:	www.elektro-maribor.si

We carry out our main activity, i.e. electricity distribution to business and household customers, in the North-eastern part of Slovenia, in the area of 3,992 km^2.

The most important activities according to Standard Classification of Activities (SKD) include:

- Distribution of electricity (35.130),
- Construction of utility projects for electricity and telecommunications (42.220),
- Electrical installation (43.210),
- Other construction installation (43.290),
- Other building completion and finishing (43.390),
- Other specialised construction activities n.e.c. (43.990),
- Engineering activities and related technical consultancy (71.12),
- Technical testing and analysis (71.200).

Our basic activities include:

- Operation and technological development: Operation of the electricity distribution system, provision of power and reliable supply of electricity with minimum interruptions due to own reasons.
- Maintenance: Keeping the quality of the electricity distribution system, which enables operational capacities and electricity supply to customers as defined by project parameters at the construction of facilities.
- Distribution network services: Professional relationship with customers in all system services of the public utility service is built on equal, partnership way, and based on transparent, legal and flexible procedures.
- Electricity installation services and metering laboratory: Providing electricity installation services for external clients and implementation of investments in electricity facilities.

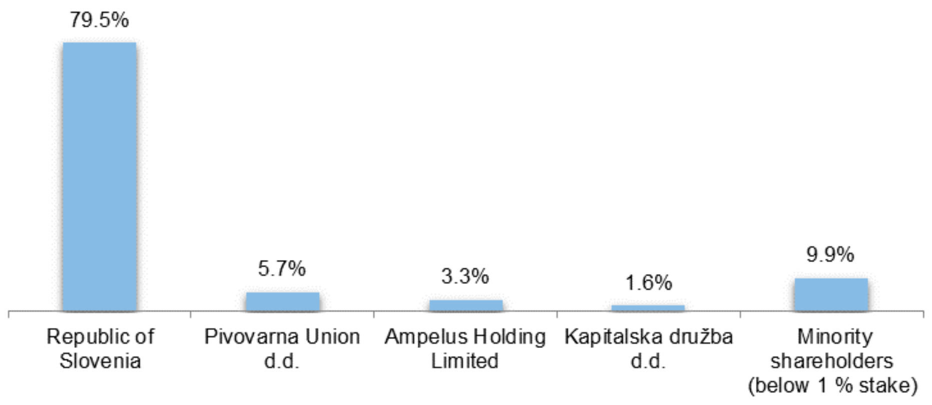
* Reporting in accordance with GRI G4 guidelines

3.2 Ownership structure and legal status (G4 7,13)*

We are organized as a public limited company, the share capital of which amounts to EUR 139,773,510 and is divided into 33,495,324 ordinary no-par value shares. Each share represents an equal stake and the corresponding amount in the share capital. The shares of the company are not traded on any regulated market. There were no significant changes in the size, structure and ownership of the company in 2015.

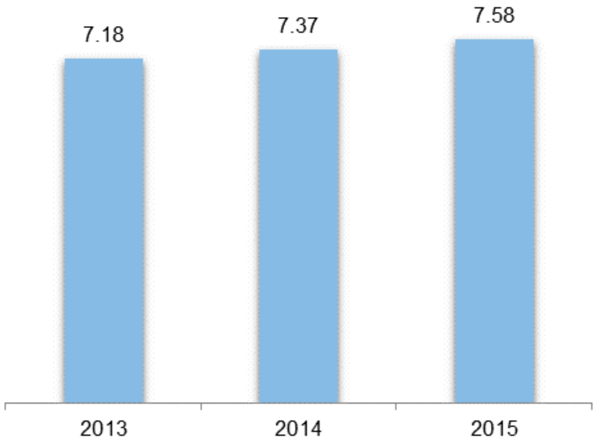
Capital ownership structure did not change in 2015.

Ownership structure (as at 31 December 2015)



At the end of 2015, the company had 1,299 shareholders compared to 1,310 at the end of 2014. The largest shareholder is the Republic of Slovenia with a 79.5-per cent share. Four shareholders have over 1-percent share.

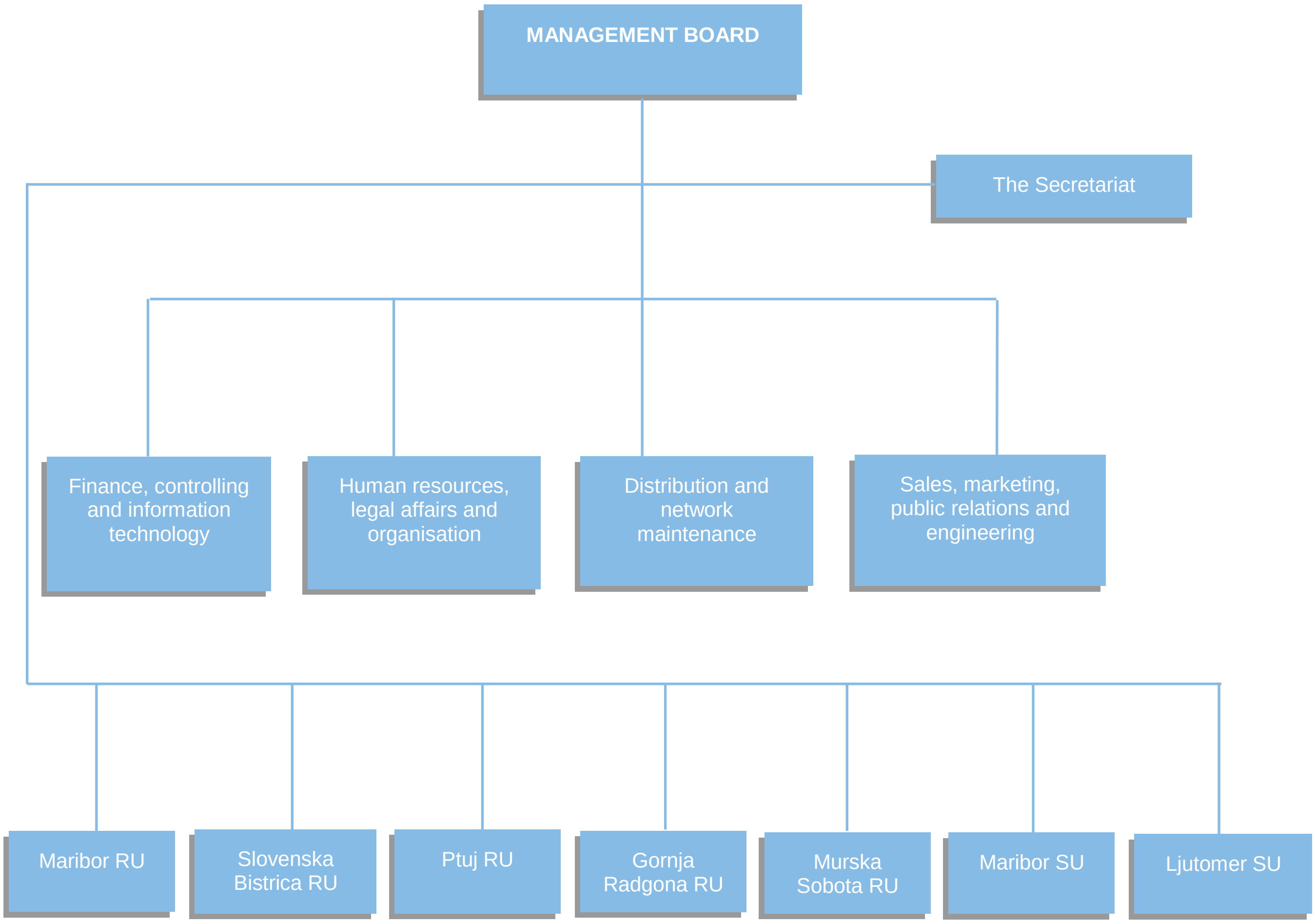
Trends in the share book value per share (in EUR)



* Reporting in accordance with GRI G4 guidelines

3.3 Organisation

Organisational structure of the Elektro Maribor d.d. Company as at 31 December 2015 [**]



In order to achieve company's short-term and long-term business goals, lower organisational units are organised within areas, regional and service units, i.e.: services and departments with accurately distributed and defined tasks, authorities and responsibilities, as well as goals, which are operationally determined by the annual business plan. Based on these organisational units, tasks and work positions are formed as basic organisational units.

The company is strategically determined to adapt its system of organisation, which promotes the efficiency of work processes in the company. The organisational structure has to correspond to achieving the mission and basic goals of the company. In 2015, we prepared a proposal for a new company organisation, which supports the company's strategic development and attaining of the planned goals.

[**] Officially, organisational structure as at 31 December 2015 includes also the activity of electricity purchase and sale, which was in 2011 by spin-off transferred to the subsidiary company Energija plus d.o.o.

3.4 Context of operations (G4 15, 16)*

We have introduced five management systems, which represent focus for our operations, namely:

- Quality management system pursuant to the ISO 9001:2008 standard,
- Environmental management system pursuant to the ISO 14001:2004 standard,
- Health and safety at work management system pursuant to the BS OHSAS 18001:2007 standard,
- Metering laboratory management system pursuant to the EN ISO/IEC 17020:2012 standard,
- Information protection system pursuant to the ISO/IEC 27001:2005 standard.

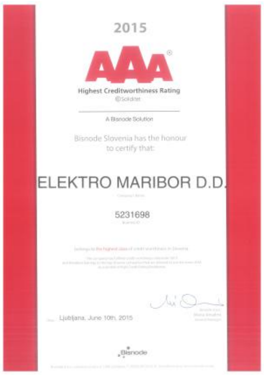
We strive for allowing our employees to balance their work and home commitments as best as they can, for which we received the full Family Friendly Company Certificate. We have signed the Declaration of Fair Business, and the Slovenian Guidelines of Corporate Integrity, the components of which are continuously considered in our operations.

POLNI CERTIFIKAT Družini prijazno podjetje

Mreža Global Compact Slovenija

SLOVENSKA KORPORATIVNA INTEGRITETA

We demonstrate successful operations also by meeting credit rating excellence criteria for 2015, as we are among the businesses that operate above-the-average well and are entitled to use the AAA status as a symbol of credit rating excellence. The company achieves a high credit rating B1++ also in the context of GVIN, which means that the company performs well and has announced good performance also for the future, without major liquidity problems.



In our operations, we mainly refer to:

- Companies Act (ZGD-1)
- Energy Act (EZ-1).
- Act on the methodology for determining network charges and criteria for establishing eligible costs for electricity networks and the methodology for charging network charges.
- Decree on the regulatory framework for 2013-2015 issued by the Energy Agency RS.
- Contract on the lease of electricity distribution infrastructure and provision of services for the distribution network system operator.
- General conditions for supply and consumption of electricity from the electricity distribution network.
- System operating instructions for the electricity distribution network.

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* Reporting in accordance with GRI G4 guidelines

We operate in the context of the associations, such as the Electricity Distribution Economic Interest Grouping (GIZ), Slovenian Chamber of Commerce and Industry, Energy Industry Chamber of Slovenia, Styrian Chamber of Commerce and Industry, Employers' Association of Slovenia, Slovenian Directors' Association, Slovenian Association for Quality and Excellence, and other professional associations related to company's operations. We have signed also the Declaration of Fair Business.

3.5 Expected company's development (G4 56)*

3.5.1 Vision, mission, values and strategy

Vision

The leading electricity company in its field of operation, based on excellence, integrity and innovation in operations, ensuring sustainable and competitive services to users of the system and its electricity suppliers, responsibility to the social and natural environments, as well as shareholders and employees.

Mission

We operate, maintain and develop efficient electricity distribution system in a sustainable and competitive way, through high-quality electricity services, we provide a high quality of life and promote economic development.

Values

We operate on the basis of respecting ethic and legal standards, integrity, quality and business excellence.

We strive for an appropriate attitude to:

- System users based on respect, trust, efficiency and security,
- Business partners based on responsible and appropriate relationships,
- Employees based on respect, ensuring suitable work environment, enabling professional self-realisation and personal growth,
- Shareholders based on stability and perspective of stakes and generated returns,
- Social environment based on responsibility, legitimacy and transparency,
- Natural environment based on sustainable development.

Strategy

In 2015, we developed the company's strategy which was approved by the Supervisory Committee. Implementation of the strategy is based on realisation of the annual company's business plan. At its annual strategic conferences, when analysing its operations, the company analyses also the strategy monitoring and realisation, in cooperation with the persons responsible for particular fields, regional and service units, the companies of the Group, the Workers' Council, and the representative Trade Union in the company. The company will adjust its strategy in accordance with new facts in the strategic documents at the national level, in particular of the Energy Concept of Slovenia, and the National Energy Development Programme, and relevant regulations.

3.5.2 Technical and technological development of the Elektro Maribor electricity distribution system

Electricity distribution sector is facing significant challenges dictated by the transition to a low-carbon economy, provision of sustainable, advanced and high-quality services to customers, introducing robust and smart grids, customers self-supply, energy efficiency, adaptation and management of consumption, distributed

* Reporting in accordance with GRI G4 guidelines

renewable energy sources, energy storage, and electro mobility. Energy industry of the future is „Energy industry of an active user", requiring high quality energy services, which requires robust and smart grids.

Introducing advanced management of the electricity distribution system and advanced metering infrastructure supported by information and communication technologies is the next evolutionary step in the transition from conventional/primary grids to smart/active grids.

The implementation of the Strategy of technical and technological development of the Elektro Maribor electricity distribution system, which was developed in 2015, will ensure achievement of the target values of the electricity supply quality parameters regulated by the Energy Agency. It will ensure also the level of voltage quality in the whole area of the company as defined by the SIST EN 50160 standard.

Strategy of technological development of the Elektro Maribor electricity distribution system

Strategic goals		Strategies	Key measures/projects
I. Appropriate high level of continuous operation/reliability of supply in the entire area of Elektro Maribor for a certain type of network (city, mixed, rural)	**Robustness of the distribution electricity energy system (DEES)**	Elimination of soft ground contacts without switching off the faulty MV conduit	Installation of shunt circuit breakers or Petersen coil chokes in STS
		To reduce the likelihood of a failure by providing isolated lines in MV and LV network	Targeted cabling of MV and LV network
		To limit the faulty part of the MV network	Installation of remotely controlled switches (DVLM) in the MV network
		To enable overvoltage by looped MV network	Construction of MV connecting lines
		To improve mechanical strength (resistance) of lines in MV and LV network	Maintenance of corridors (tree removal)
			Construction/replacement of bases in MV and LV network (taking into account available technical solutions to extend their life span)
		To detect timely unreliable electricity facilities	Reliability-focused maintenance services (RCM)
II. High voltage quality level as defined by the SIST EN 50160 standard in the entire area of Elektro Maribor.	**Smart grids**	Increased comprehension	Status monitor (network analysers PQ, AMI)
III. Improvement of reliability/continuous power supply by setting up advanced distribution management system (ADMS)		Increased manageability	Control of voltage profile along the MV and LV networks (power and voltage regulation)
		Managing a large amount of measured data	Systems integration within EDP (CIM)
		Automation of management processes	Automated network restoration in DMC (DVLM, smart transformer stations)

Further development of smart grids will generate conditions for more efficient energy use or for savings in users, and for active involvement of the consumption into the operation of the electricity distribution system by introducing advanced and innovative tariff schemes. The condition for the above is a preliminary introduction of an advanced metering system (AMI), which is carried out in accordance with the agreed timing.

3.5.3 The plan for 2016

In 2015, we prepared the Annual Business Plan of Operations for 2016, including a projection of operations for 2017 and 2018. The annual company's business plan is based on achieving performance indicators in line with expectations of SDH, strategic goals of the company and key objectives of the company's operations in 2016.

Company's strategic goals
In accordance with the company's strategy, we have set the key strategic development goals:

Role of the company	Performing the activity of an electricity distribution operator
Business and financial performance	Capital dividend yield ≥ 1 %
	Return on equity ROE ≥ 2 %
	Annual increase of productivity ≥ 1 %
	Share of own funds in liabilities 70 %
	Financial liabilities/EBITDA ≤ 3
Market strategy	Revenue from own investments and services rendered on the market ≥ 20 %
Processes in the company	Establishing IT support for processes
	Digitalisation of the electricity network
Corporate governance	Implementing corporate governance guidelines of the capital assets of the state manager
Employees	Providing competent human resources
	Motivating, rewarding and development of employees
Organisation	Grounded on efficiency of the fields, departments, RUs, and supervisors
Technical and technological development	High level of reliability/continuous power supply in the entire company's area
	Voltage quality according to SIST EN 50160
	Setting up advanced distribution management system – ADMS
Information and communication technology	Own backbone optical network
Broader environment	Responsibility to natural and social environment

Short-term objectives
We have set the following short-term business objectives for 2016:

		Objective 2016
1	Return on assets (ROA)	≥ 3 %
2	EBITDA margin	≥ 40.1 %
3	Controlled operating and maintenance costs	≤ EUR 23.3 million
4	Margin in the sale of services on electricity facilities and installations	≥ EUR 1 million
5	Metering points included in the advanced metering system	56 %
6	Proportion of the cable network	47.5 %
7	Number of replaced pylons	8,000
8	SAIDI for own reasons in HV and MV networks on annual basis: - urban environment - rural environment	 < 30.22 min/consumer < 72.74 min/consumer
9	Number of voltage quality measurements	500
10	Number of quality analysers installed in MV conduits	26

3.6 Corporate governance and management (G4 34, LA12)*

There is a two-tier management system in place in the company. The company is managed by the Management Board, which is controlled by the Supervisory Board. Corporate governance is based on legal provisions, the Articles of Association as the basic legal act of the company, and internal regulations, which are prepared according to the standards of the International Standardisation Organisation (ISO).

* Reporting in accordance with GRI G4 guidelines

We comply with the provisions of the Code of corporate governance for companies with capital assets of the state and the Recommendations and expectations of the Slovenian Sovereign Holding.

We also adhere to the provisions of the Corporate governance code for joint stock companies, which was designed and adopted in agreement by the Ljubljana Stock Exchange, the Association of Supervisory Board Members and the Managers' Association.

Complying with the generally adopted rules on corporate governance and company supervision contributes to encouraging transparent and efficient governance practice, directed to creating long-term value of the company, increasing responsibility of individual interest groups, improving the economic environment, and increasing the competitiveness of the company.

The policy of diversity related to representation in the company's management bodies is carried out in the public tendering procedure for the post of the President of the Management Board in such a way that candidates are treated equally in terms of gender, age or education, which is set as a condition to apply.

3.7 Management Board

The company is managed by the Management Board, independently and with own responsibility. The Management Board represents the company. The company's Articles of Association set out that the Management Board shall have one member appointed and dismissed by the Supervisory Board of the company. The Management Board's term of office is four year with a possibility of reappointment.

President of the Management Board is Boris Sovič, M.Sc.

3.8 Supervisory Board

The Supervisory Board has six members. Four members – representatives of shareholders – are appointed by the General Meeting of Shareholders by simple majority of votes of the present shareholders, while two members – representatives of employees – are appointed by the Workers' Council. Members of the Supervisory Board are appointed for a period of four years and may be reappointed after the term of service expires. The supervisors appoint a President and Deputy President from among their members.

Representatives of shareholders:

- Tomaž Orešič – Chairman,
- Mateja Čuk, M.Sc. – Deputy Chairperson,
- Roman Ferenčak – member, and
- Ciril Pucko – member.

Representatives of employees:

- Dušan Kovačič and
- Darko Nemec.

3.9 General Meeting of Shareholders

The shareholders of the Elektro Maribor d.d. company met on 30 June 2015 at the 20th regular General Meeting of the Shareholders where 84.76 % of the share capital was represented.

The General Meeting took note of the audited Annual Report and Consolidated Annual Report of the company for 2014, the auditor's opinion, the report by the Supervisory Board on the review and approval of the Annual

Report and Consolidated Annual Report of the company for 2014, and of liability insurance from performing the work and duties of management and supervision.

The General Meeting received the proposal on allocating the distributable profit amounting to EUR 4,536,670.47 for distribution to the shareholders of the company in the amount of EUR 4,019,438.88. Gross dividend per share amounted to EUR 0.12. The rest of the distributable profit amounting to EUR 517,231.59 shall be allocated to other revenue reserves. The shareholder Ampelus Holding Limited and the Association of Small Shareholders of Slovenia announced at this item a challenging action.

The General Meeting granted discharge for the financial year 2014 to both the President of the Management Board and the Supervisory Board.

Based on the proposal of the Supervisory Board, the authorised audit company ABC revizija d.o.o. was appointed to carry out the service of auditing the financial statements for the business year 2015.

3.10 Measures carried out as a response to corruptive actions (G4 SO3, SO4, SO5)*

We are an ambassador of corporate integrity. We have signed the Slovenian guidelines for corporate integrity and are committed to consistent implementation of these.

In 2015, we prepared the Integrity Plan of Elektro Maribor d.d., the primary purpose of which is to strengthen the integrity and transparency and to prevent and suppress corruption, conflict of interests, unlawful or other unethical practices.

The Integrity Plan includes the following components:

- Risk Register of corrupt, unlawful or other unethical practices,
- Rules on opening boxes and handling notifications sent to the corporate integrity proxy, and
- Rules on handling received gifts.

3.11 Realisation of the business goals set in 2015

Strategic goals

In 2015, we achieved or exceeded the value of strategic development goals.

Realisation of strategic goals

Goal		Realisation 2015
Business and financial performance	Capital dividend yield ≥ 1 %	1.6 %
	Return on equity ROE ≥ 2 %	4.5 %
	Annual increase of productivity ≥ 1 %	2 %
	Share of own funds in liabilities 70 %	73 %
	Financial liabilities/EBITDA ≤ 3	1.2
Market strategy	Revenue from own investments and services rendered on the market ≥ 20 %	24 %

Short-term goals for 2015

In 2015, we successfully attained all the set goals, except the number of employees, which was at the end of the year by 19 employees higher than planned. The reason lies in extending the employment of 12 workers in order to complete the investment in the 110-kilovolt power line Murska Sobota–Mačkovci, and in smaller number of departures to pensions by the employees fulfilling the conditions. The value of the realised SAIDI factor for own reasons was in 2015 slightly higher than planned, as the year 2015 was less favourable than expected.

Realisation of short-term goals

* Reporting in accordance with GRI G4 guidelines

Goal	Plan 2015	Realisation 2015
Return on assets (ROA)	2.40%	3.30%
Capital dividend yield	1.20%	1.60%
Controlled operating and maintenance costs	≤ EUR 22.3 million	EUR 21.5 million
Share of metering points included in the advanced metering system	≥ 50 %	53%
Number of employees as at 31 December 2015	≤ 754	773
The value of supplies as at 31 December 2015	≤ EUR 1.5 million	EUR 1.4 million
Margin in the sale of services on electricity facilities and installations	≥ EUR 1 million	EUR 1.5 million
The proportion of the underground LV network	52.60%	53.30%
Number of replaced pylons	8,000	8,724
The proportion of looped network	57%	57,50%
SAIDI for own reasons in HV and MV networks on annual basis	≤ 46.5 min/consumer	48.9 min/consumer

3.12 Major Events in 2015

Major investments

Significant attention was given to the activities and investments aimed at increasing the capacity and robustness of the distribution network.

- 2 x 110-kilovolt power line Murska Sobota–Mačkovci

  We started the construction of the high-voltage 110-kilovolt power line Murska Sobota–Mačkovci, which is the largest company's investment project in 2015.

- Switching transformer station 110/20 kV Podvelka

  At the end of the year, we successfully completed a large investment, the construction of a new 110/20 kV switching transformer station Podvelka. It is important for a stable electricity supply of inhabitants and the economy of the Drava Valley, the northern areas of Pohorje and Kozjak.

- Increasing the network robustness

  We built 20 new transformer stations and reconstructed 90 ones. We reconstructed and constructed anew 94.25 km of low-voltage overhead power lines, and laid anew and reconstructed 130.61 km of low-voltage cable lines.

  We reconstructed 89 km of medium-voltage overhead power lines, and laid anew and reconstructed 34 km of medium-voltage cable lines.

- Advanced metering systems

  We additionally included 16,253 metering posts into the advanced metering system. Consequently, the advanced metering system covers as many as 113,612 metering posts, which represents 53 % of the total number of metering posts in the company's distribution area.

- Switching transformer station 110/20 kV Slovenska Bistrica

  We completed the stage I of the STS 110/20 kV Slovenska Bistrica reconstruction, and continued in the stage II.

- We completed the procurement of average pillars, where we participated in a joint procurement process with all distribution companies in Slovenia.

Employment to carry out own investments

Due to an increased volume of work, we employed 100 new employees (installers, auxiliary workers, drivers - machinists, and masons) who were involved in the implementation of the planned investments in our network.

New range of services

We have developed a new range of services that include inspections, maintenance and cleaning of solar power plants, i.e. the services important for optimum performance.

We offered our customers also a range of new current additional services and solutions for homes and businesses.

Growing volume of distributed electricity

In 2015, we distributed by 1.5 per cent more electricity than in 2014. The output of the billed power exceeded the respective value for 2014 by 0.6 per cent.

New Network Charge Act

The Energy Agency adopted a new Act on the methodology determining the regulatory framework and the methodology for charging the network charge for the electricity system operators (hereinafter referred to as the Act), which determines a new regulatory period of 2016-2018 and will influence the operations in 2016.

In 2015, we were involved in drafting the new Act by giving comments, individually and in cooperation within the Electricity Distribution GIZ. Our key observations related mainly to the fact that the method of regulating distribution activities too much depends on the volume of distributed electricity, which is beyond influence of electricity companies, while the installed power and peak power that have a very important role in the distribution activity, are not sufficiently considered. The EURELECTRIC Association also suggested to regulators to have actual costs better reflected in the regulatory framework. In our supply area, the growth rate of distributed electricity is lower compared to other electricity companies, while the demands for high-quality electricity supply are increasing, which presents an additional challenge to our company.

In our opinion, another weakness of the new Act lies in the fact that it does not reflect the actual situation in the field of distribution activities, because it is based on the figures of company's operations for the period of 2011-2013, which is a several-year delay, and on a direct application of the comparative analysis of electricity distribution efficiency in Slovenia, which does not reflect real efficiency figures of an individual electricity company.

Corporate Collective Agreement

A new Corporate Collective Agreement was signed in 2015; it takes into account the legislation and the industry collective agreement. The new agreement does not affect employee salaries, but it enables achieving higher productivity and motivation in employees, in particular to carry out all those works, which are the subject of the company's core activity.

General Meeting of Shareholders

The General Meeting of Shareholders adopted the proposal on distribution of distributable profits; company shareholders shall be paid a gross dividend EUR 0.12. per share. The rest of the distributable profit amounting to EUR 517,231.59 shall be allocated to other revenue reserves. The shareholder Ampelus Holding Limited and the Association of Small Shareholders of Slovenia have filed a challenging action (Article 397 of ZGD-1).

Humanitarian activities

As a socially responsible company, we are trying throughout the year to help those who are in need, and support the work of various non-governmental organisations in our supply area in the implementation of humanitarian, sustainable and creative projects. We signed the Agreement on cooperation in helping the poorest by debt relief, and joined 47 other signatories.

Tenders

We have published public tenders for directors of the companies Energija plus and OVEN Elektro Maribor (both on 17 March 2015), and for the President of the Elektro Maribor company (12 December 2015). Previous President of the Elektro Maribor Management Board and previous directors of subsidiaries were re-appointed for the term of four years.

3.13 Major events after the balance sheet date

Decision by the Higher Court in Maribor on the appointment of an extraordinary auditor

In January 2016, we received the decision of the Higher Court in Maribor rejecting the appeal against the decision of the Court of First Instance on the appointment of an extraordinary auditor regarding the statement whether the financial statements, which are an integral part of the adopted Annual Report for 2014, contained a significant underestimation, i.e. of the item of property, plant and equipment in the balance sheet as at 31 December 2014. At the time of preparing the Annual Report 2015, the extraordinary revision is not completed yet.

Appointment of company's management

The Supervisory Board unanimously appointed in March 2016 Boris Sovič, M.Sc., the President of the Management Board for a new four-year term.

4 PERFORMANCE ANALYSIS (G4 EC1)*

4.1 Net profit or loss

We concluded our operations in 2015 successfully and generated net profit of EUR 11,260,107. Compared to the previous year, the net profit is higher by EUR 2,021,206 or 22 %. Net profit has improved mainly due to the fact that revenues, which increased by EUR 3,494,576 compared to the previous year, grew faster than costs, which exceeded the figures of the previous year by only EUR 1,221,702.

Net profit or loss

Item in EUR	2015	2014	Plan 2015	Index	Index
	1	2	3	1 / 2	1 / 3
Profit or loss from operating activities	12,253,850	10,892,662	10,165,607	112	121
Net finance revenue	607,805	-339,157	-1,007,605	-179	-60
Results from other operating activities	-77,991	-42,716	-62,636	183	125
Taxes	-1,523,557	-1,271,889	-1,031,557	120	148
Net profit or loss	**11,260,107**	**9,238,901**	**8,063,809**	**122**	**140**

4.2 Company revenues

Total company revenues amounted in 2015 to EUR 84,655,777 and increased by 4 % compared to the previous year and by 6 % exceeded the planned revenues. Above all, operating revenues were higher.

Revenue

Item in EUR	2015	2014	Plan 2015	Index	Index
	1	2	3	1 / 2	1 / 3
Operating revenue	83,181,582	80,551,933	79,938,784	103	104
Financial revenue	1,459,204	578,593	49,500	252	-
Other revenue	14,991	30,674	0	49	-
Total revenue	**84,655,777**	**81,161,201**	**79,988,284**	**104**	**106**

* Reporting in accordance with GRI G4 guidelines

Compared to the previous year, **operating revenues** increased by EUR 2,629,649 or 3 %, and exceeded the planned figures by EUR 3,242,798 or 4 %. They include primarily:

- Revenues from SODO (revenues based on the contract on the lease of infrastructure and provision of services for SODO), representing revenue from lease, provision of services and electricity purchase for losses in total amount of EUR 58,720,703. These revenues represent 71 % of total operating revenues. Compared to planned figures, revenues increased by EUR 680,014, mostly because of higher revenues from services under the contract.
- Revenues from capitalised own products and services in the amount of EUR 16,721,270, which stands for a 20 % share of operating revenue. They exceed the planned figures by EUR 150,817 or by 1 %.
- Revenues from charged services in the amount of EUR 3,278,066, which stands for a 4 % share of operating revenue. They exceed the planned figures by EUR 283,790 or by 9 %, mostly from services in consulting, project engineering, construction and maintenance of electricity facilities in construction and installation works.
- Other business revenues in the amount of EUR 3,764,068, which is 4 % of total operating revenues. Compared to plans, revenues are higher by EUR 1,859,174, resulting mostly from derecognition of provisions and received insurance claims, which were not planned.

Financial revenues increased compared to the previous year by EUR 880,611, and exceed the planned figures by EUR 1,409,704, including mostly revenues from stakes in the associated company and subsidiaries.

Other revenues decreased compared to the previous year by EUR 15,683 or 51 %, resulting mostly from refunds of charges for the use of construction land registered in the previous year.

4.3 Costs and expenditure

Total costs and expenses of the company amounted in 2015 to EUR 71,872,113 and exceeded the figures for the previous year by 2 % and the planned figures by 1 %.

Costs and expenditure

Item in EUR	2015	2014	Plan 2015	Index	Index
	1	2	3	1 / 2	1 / 3
Operating costs and expenses	70,927,732	69,659,271	69,773,177	102	102
- costs of material	15,865,109	15,687,915	16,891,690	101	94
- costs of services	7,295,228	6,756,255	6,738,545	108	108
- write-offs	19,029,553	19,410,720	19,295,436	98	99
- labour costs	27,853,518	27,310,610	26,376,298	102	106
- other expenses	884,324	493,771	471,208	179	188
Financial expenses	851,399	917,751	1,057,105	93	81
Other expenses	92,982	73,390	62,636	127	148
Total costs and expenses	**71,872,113**	**70,650,411**	**70,892,919**	**102**	**101**

Compared to the previous year, **material costs** increased by EUR 177,194 or 1 %, and were lower than planned by EUR 1,026,581 or 6 %. They include primarily:

- Costs of purchasing electricity for losses in the amount of EUR 5,811,049, which represent 37 % of total material costs. Compared to the previous year, they are higher by EUR 333,484 or 6 %, and fall below the planned figures by EUR 386,090 EUR or 6 % due to lower losses achieved (generated 5.23 %, planned 5.71 % of distributed energy).
- Costs of material for investments in the amount of EUR 6,342,166 represent 40 % of total material expenses. Compared to the previous year, they are lower by EUR 242,865 or 4 %. They fall below planed costs by EUR 1,273,064 EUR or 17 %, resulting mainly from lower prices in purchase of material, and from investment restructuring resulting from the delay at the beginning of works on the 110-kilovolt power line Murska Sobota–Mačkovci.

- Costs of material used in maintenance in the amount of EUR 926,966, which represent 6 % of total material costs and fall below the figures for the previous year by EUR 105,650 or 10 %. They exceed the planned figures by EUR 20,643 or by 2 % as a result of higher cost of material used in elimination of deficiencies.

Compared to the previous year, **costs of services** increased by EUR 538,973 or 8 %, and exceeded the planned figures by EUR 556,683 or 8 %. The largest share of these includes external service costs in maintenance (27 %), insurance premium costs (22 %), and information technology costs (19 %).

Write-offs decreased compared to the previous year by EUR 381,167 or 2 %, and also fell below the planned figures by EUR 265,883 or 1 %.

Compared to the previous year, **labour costs** increased by EUR 542,908 or 2 %, and exceeded the planned figure by EUR 1,477,220 or 6 %. Planned figures were exceeded also by costs of 40-year service awards according to the actuarial calculation, which complied with the provisions of the new Corporate Collective Agreement (PKP). Accordingly, provisions for service awards were higher in 2015. In 2015, labour costs included:

- Employment of 100 employees due to an increased volume of work,
- Provisions of the Corporate Collective Agreement regulating mid-year harmonisation of salaries with the cost of living trends,
- Financial bonuses at the end of the year,
- Recommendation of SDH d.d. regarding the pay for annual leave in the amount of minimum salary in the RS for 2015,
- Accrued labour costs.

Other operating expenses exceed the figures for the previous year by EUR 390,553 or by 79 %, and planned figures by EUR 413,116 or 88 %. Higher costs result from establishment of provisions for legal proceedings.

Financial revenues decreased compared to the previous year by EUR 66,352 or 7 %, and fell below the planned figure by EUR 205,706 or 19 %. Lower costs result from lower expenses from credit interest on long-term loans, mainly due to lower EURIBOR interest rate.

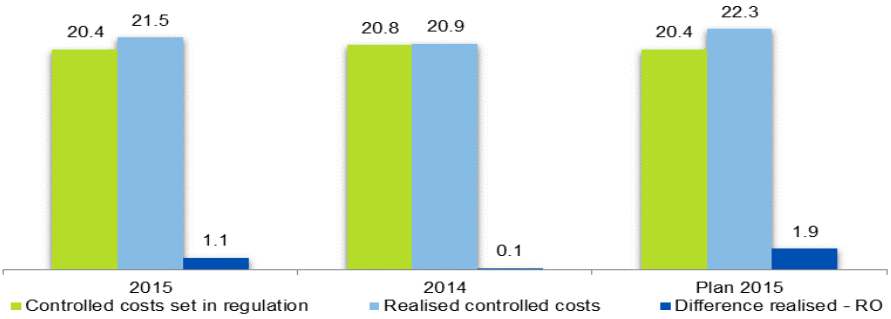
Compared to the previous year, **other expenses** increased by EUR 19,592 or 27 %, and exceeded the planned figure by EUR 30,346 or 48 %, mostly as a result of donations and expenses from lawsuits.

4.4 Controlled operating expenses

The requirement in the regulatory period 2013–2015 is to decrease operating and maintenance expenses of the regulated activity annually for general and individual efficiency rate. The Elektro Maribor company places great importance to balance the annual realised amount of controlled expenses to the amount determined in the regulation.

In 2015, we generated the controlled costs in the amount of EUR 21.5 million, which represents a 4-per cent decrease compared to the plan. The amount of the achieved controlled costs brought us close to the target value of these costs in the regulation.

Controlled operating costs (in EUR million)



During the period 2013–2015, controlled costs were the lowest in 2014 due to high costs of remedying damage resulting from the freezing rain. Namely, these expenses are not taken into account when calculating controlled costs.

4.5 Financial condition

The financial condition of the company is presented in the balance sheet. It shows the structure and volume of non-current and current assets and the volume and structure of financing them on a given date.

Total assets of the company as at 31 December 2015 amounted to EUR 345,428,428. It exceeds the planned figures by EUR 11,670,569 or by 3 %.

Changes in total assets

Item in EUR	31 Dec 2015	31 Dec 2014	Plan 31 Dec. 2015	Index	Index
	1	2	3	1 / 2	1 / 3
Assets	**345,428,428**	**332,656,097**	**333,757,859**	**104**	**103**
Non-current assets	317,441,895	308,598,435	313,040,114	103	101
Current assets	27,683,356	24,052,879	20,696,353	115	134
Short-term deferred items	303,177	4,783	21,392	-	-
Liabilities	**345,428,428**	**332,656,097**	**333,757,859**	**104**	**103**
Capital	253,826,936	246,910,062	250,088,256	103	101
Provisions and long-term accrued items	37,191,418	35,451,589	34,269,522	105	109
Long-term liabilities	29,996,748	28,857,235	30,161,861	104	99
Short-term liabilities	23,592,165	19,911,095	18,121,141	118	130
Short-term accrued items	821,161	1,526,115	1,117,079	54	74

The structure of assets includes mainly non-current assets. The proportion has not substantially changed over the years. Compared to the planned figures, the share of current assets increased in 2015, mainly due to a higher balance of cash at the company's bank account at the end of 2015.

Structure of company's assets as at 31 December

Item in %	31 Dec. 2015	31 Dec. 2014	Plan 31 Dec. 2015	Index	Index
	1	2	3	1 / 2	1 / 3
Non-current assets	91.90	92.77	93.79	99	98
Current assets	8.01	7.23	6.20	111	129
Deferred items	0.09	0.00	0.01	-	-
Total	**100**	**100**	**100**		

The company allocated in 2015 EUR 25,428,152 for investments in company's fixed assets.

Changes in assets and amounts of investments in fixed assets

Item in EUR	31 Dec. 2015	31 Dec. 2014	Plan 31 Dec. 2015	Index	Index
	1	2	3	1 / 2	1 / 3
Value of assets	298,855,327	290,405,899	294,934,875	103	101
Investments in company's fixed assets	25,428,152	22,971,243	25,500,000	111	100
Share of investment in value of assets – in %	8.51	7.91	8.65		

Current assets of the company amounted as at 31 December 2015 to EUR 27,683,356. They exceed the planned figures by EUR 6,987,003 or 34 %, mainly due to a higher cash balance on the company's bank account, and higher cash balance and lower expenditure for acquisition of tangible fixed assets compared to the plan.

Changes in current assets

Item in EUR	31 Dec. 2015	31 Dec. 2014	Plan 31 Dec. 2015	Index	Index
	1	2	3	1 / 2	1 / 3
Inventories	1,371,197	1,666,368	1,500,000	82	91
Short-term operating receivables	10,057,754	10,254,829	10,420,999	98	97
Cash and cash equivalents	16,254,405	12,131,682	8,775,354	134	185

Liabilities as at 31 December 2015 present resources to finance assets at disposal of the company.

Structure of company's liabilities as at 31 December

Item in %	31 Dec. 2015	31 Dec. 2014	Plan 31 Dec. 2015	Index	Index
	1	2	3	1 / 2	1 / 3
Capital	73.48	74.22	74.93	99	98
Provisions and long-term accrued items	10.77	10.66	10.27	101	105
Long-term liabilities	8.68	8.67	9.04	100	96
Short-term liabilities	6.83	5.99	5.43	114	126
Short-term accrued items	0.24	0.46	0.33	52	71
Total	**100**	**100**	**100**		

Capital of the company amounted as at 31 December 2015 to EUR 253,826,936, which exceeded the planned figures by EUR 3,738,680 or 1 %, mostly as a result of achieved profit before taxes for 2015 exceeding the planned figure.

Provisions and long-term accrued items amounted to EUR 37,191,418. They exceed the planned figures by EUR 2,921,896 or 9 %, mainly as a result of higher long-term accrued items and provisions for retirement benefits, and similar liabilities.

Long-term liabilities amounted as at 31 December 2015 to EUR 29,996,748 falling below the planned figure by EUR 165,113.

Compared to the previous year, the company increased its borrowings by EUR 2,492,857 or 7 %, as a result of the long-term loan of EUR 10,000,000 raised in 2015.

Changes in borrowing

Item in EUR	31 Dec. 2015	31 Dec. 2014	Plan 31 Dec. 2015	Index	Index
	1	2	3	1 / 2	1 / 3
Loans (short-term + long-term items)	38,700,000	36,207,143	38,700,000	107	100

Compared to the planned figures, short-term liabilities increased by EUR 5,471,059 or 30 %, as a result of higher short-term operating liabilities.

Changes in short-term liabilities

Item in EUR	31 Dec. 2015	31 Dec. 2014	Plan 31 Dec. 2015	Index	Index
	1	2	3	1 / 2	1 / 3
Short-term operating liabilities	14,807,950	12,371,617	9,527,964	120	155
Short-term financial liabilities	8,784,215	7,539,478	8,593,177	117	102

4.6 Cash flow and financial operation

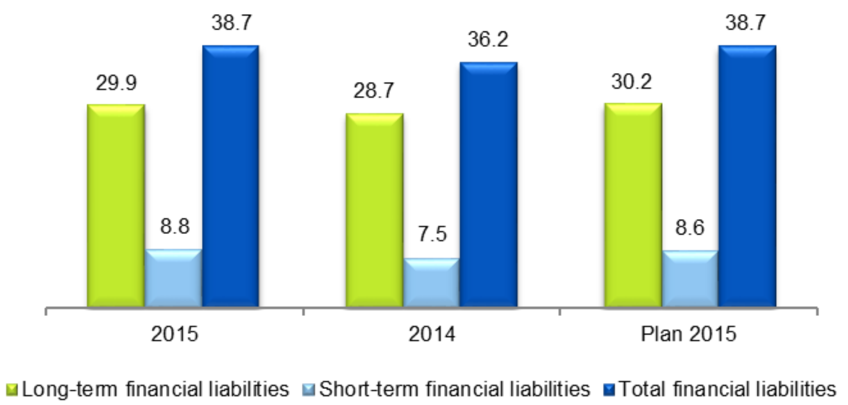
In 2015, we achieved positive cash flow equalling EUR 4,122,723. We planned negative cash flow in the amount of EUR 1,860,857. In 2015, cash flow improved as a result of lower expenses for acquisition of tangible fixed assets compared to the plan.

Financial operations

Item in EUR	2015	2014	Plan 2015	Index	Index
	1	2	3	1 / 2	1 / 3
Cash flows from operations	**13,486,045**	**10,935,306**	**13,639,117**	**123**	**99**
- operating revenues	111,496,348	105,758,933	106,518,395	105	105
- operating expenses	-98,010,303	-94,823,627	-92,879,278	103	106
Cash flows from investments	**-7,302,632**	**-6,343,980**	**-14,106,213**	**115**	**52**
- cash receipts from investment activities	1,476,990	520,726	26,000	284	5.681
- cash disbursements from investment activities	-8,779,622	-6,864,706	-14,132,213	128	62
Cash flows from financing	**-2,060,690**	**-5,026,354**	**-1,393,761**	**41**	**148**
- cash receipts from financing activities	10,000,000	6,500,000	10,000,000	154	100
- cash disbursements from financing activities	-12,060,690	-11,526,354	-11,393,761	105	106
Cash flow for the period	**4,122,723**	**-435,027**	**-1,860,857**	**-948**	**-222**
Closing balance of cash	**16,254,405**	**12,131,682**	**8,775,354**	**134**	**185**
Opening balance of cash	**12,131,682**	**12,566,709**	**10,636,211**	**97**	**114**

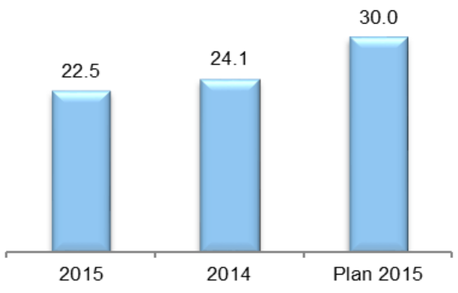
Total financial liabilities of the company at the end of 2015 equalled EUR 38,727,072 and exceeded the figures for the previous year by 7 %, mostly as a result of increased long-term financial liabilities.

Financial liabilities (in EUR million)



As at 31 December 2015, net financial debt equalled EUR 22,472,667, which is by 6.8 % less than at the end of 2014, resulting mainly from a higher cash balance at the end of 2015.

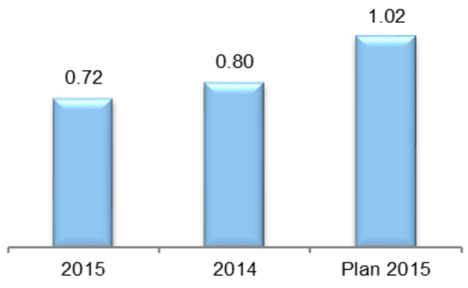
Net financial debt (in EUR million)



Net financial debt = Financial liabilities – Short-term financial investments – Cash

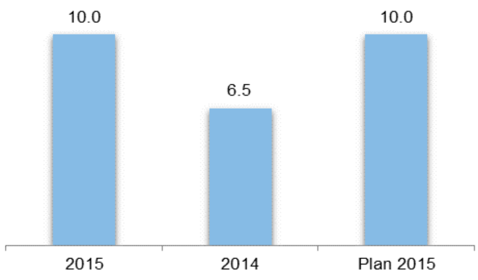
Decrease in the net financial debt to EBITDA ratio in 2015 results from lower net financial debt compared to the previous year.

Net financial debt/EBITDA



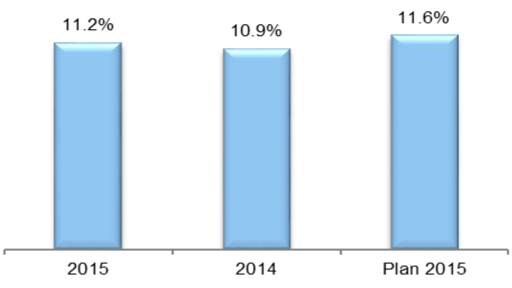
In 2015, we raised a long-term loan for investment financing in the amount of EUR 10 million.

Borrowing with long-term loans (in EUR million)



The company's debt level increased in 2015 by 0.3 percentage points, which resulted from raising a larger long-term loan to finance investments in 2015.

Debt level



4.7 Performance indicators

Performance of the Elektro Maribor company is measured by performance indicators:

- Financing indicators are focused on the analysis of company financing;
- Investment indicators are used to analyse the structure of assets;
- Indicators of horizontal financial structure, which are used to analyse the relation between assets and liabilities;
- Efficiency ratios break down business results achieved according to the inputs required to generate them;
- ROI indicators, which determine the relation between a certain return and average inputs.

Performance indicators of the Elektro Maribor company

	2015	2014	2013
I. FINANCING INDICATORS			
Participation rate of capital in % = capital/liabilities	73.48%	74.22%	73.53%
Long-term financing ratio in % = assets + long-term debt + provisions + long-term accrued items/liabilities	92.93%	93.56%	93.40%
Equity to total capital in % = share capital/equity	55.07%	56.61%	58.08%
II. INVESTMENT INDICATORS			
Fixed assets investment ratio in % = fixed assets/assets	86.33%	87.10%	86.92%
Long-term investment ratio in % = fixed assets and long-term deferred items + long-term financial investment + investment property + long-term operating receivables/assets	91.77%	92.64%	92.67%
III. HORIZONTAL FINANCIAL STRUCTURE INDICATORS			
Equity to fixed assets ratio = equity/fixed assets	0.85	0.85	0.85
Quick ratio = liquid assets/short-term liabilities	0.69	0.61	0.63
Accelerated liquidity ratio = liquid assets + short-term receivables/short-term liabilities	1.12	1.12	1.11
Short-term ratio = current assets/short-term liabilities	1.17	1.21	1.19
IV. EFFICIENCY INDICATORS			
Operating efficiency ratio = operating revenues/operating expenses	1.17	1.16	1.12
Overall efficiency ratio = revenues/expenses	1.18	1.15	1.11
V. PROFITABILITY INDICATORS			
Net return on equity in % = net profit or loss/average assets (excluding net profit or loss)	4.59%	3.85%	3.16%
Net return on equity (ROE) in % = net profit or loss/average assets	4.50%	3.79%	3.11%
Return on assets (ROA) in % = net profit or loss/average assets	3.32%	2.80%	2.28%
Operating revenue profit ratio in % = operating profit or loss/operating revenues	14.73%	13.52%	10.51%
Operating revenue net profit ratio in % = net profit or loss/operating revenues	13.54%	11.47%	9.51%
Total capital dividend yield in % = total dividends paid for the year/average equity of the year	2.14%	1.64%	1.26%
Dividend to share capital ratio in % = total dividends paid for the year/average share capital of the year	3.83%	2.85%	2.14%

5 ELECTRICITY DISTRIBUTION

5.1 Regulation of distribution

Regulation of the Slovenian energy market is in the domain of the Energy Agency, which monitors, directs and supervises the providers of energy activities. In 2015, we operated under the provisions of the Act on the methodology for determining network charges and criteria for establishing eligible costs for electricity networks and the methodology for charging network charges (Official Gazette, No. 81/12), and the Decision of the Energy Agency determining the value of the regulatory framework for the period 2013–2015.

The regulatory framework 2013–2015 required from the company an annual reduction of controlled operating and maintenance costs by a general (2.4 %) and individual efficiency rate (1.72 %) or in total by EUR 2.4 million during the whole regulatory period. Determination of the individual efficiency rate is based on a set of indicators from a contradictory and non-peer-reviewed benchmarking analysis of the electricity distribution industry in Slovenia for the period 2004–2010 based on the criteria of previous operations during the period 2004–2010. The regulation does not take into account actual operating costs in providing high quality criteria of the supply. It is based on over-weighted voltage and a volume of electricity consumption, which in our supply area, due to challenging economic conditions in this area, has achieved a lower growth rate in 2015 than in other electricity distribution companies. Due to the impact of the volume of distributed electricity on the volume of assets in the regulated activity, this represents a considerable challenge for the company.

In accordance with the Energy Act EZ-1, as the owner of the electricity infrastructure, we perform a regulated activity. We work with the SODO Company, which holds the concession to perform the public utility service of an electricity distribution network system operator, on the basis of the Contract on the lease of electricity distribution infrastructure and provision of services for the electricity distribution network system operator (hereinafter referred as: SODO Contract). Based on this contract, the SODO Company and each owner of the electricity infrastructure enter into annual annexes to the contract, which determine the method of charging the network use, lease for infrastructure, provision of services, and purchase of electricity to cover losses.

5.2 Operation of the distribution network (G4 PR4)*

The quality of supplying customers with electricity in our supply area improved in 2015.

Unplanned long-term electricity supply interruptions result from force majeure, external reasons and own reasons. The factors used to measure the quality of power supply can be calculated for each of the said reasons separately, and the combination of factors for all three reasons is marked as a total factor.

The SAIDI Factor: It is used to measure the average duration of unplanned interruptions per consumer in the area of the distribution company, and it is measured in minutes.

In 2015, the quality of supplied energy, which is combined of the voltage quality according to SIST EN 50160 and reliability, and shown by the SAIDI factor for own reasons (average duration of unplanned interruptions longer than three minutes per consumer) was as follows:

$SAIDI_{2015\ own}$ 48.9 min/consumer (46.5 min/consumer was planned for 2015).

$SAIDI_{2015\ total}$ 78.0 min/consumer.

The value of the realised SAIDI factor for own reasons in 2015 slightly exceeded the planned figure, as the year 2015 was less favourable than expected. It should be noted at the same time that this value was below the value for the last comparable year, i.e. 2013.

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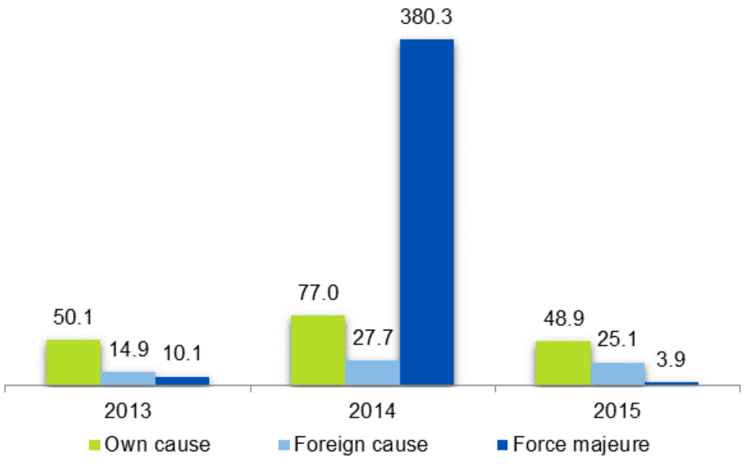
* Reporting in accordance with GRI G4 guidelines

SAIDI (duration of interruptions in minutes per consumer)



The SAIFI Factor: It is used to measure the average number of unplanned interruptions per consumer in the area of the distribution company; this factor has no unit.

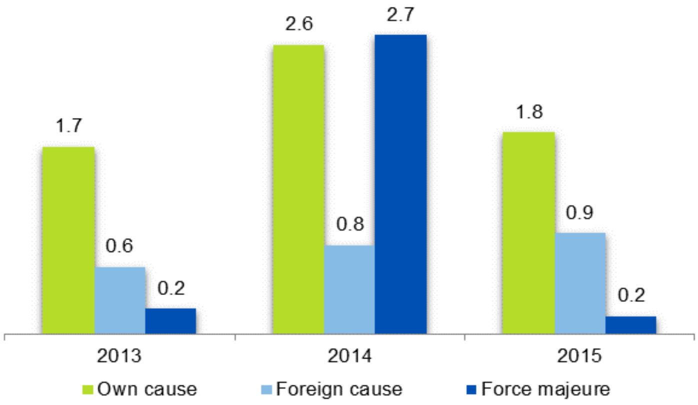
The quality of supplied energy shown by SAIFI factor and not planned accounted in 2015 to:

SAIFI $_{2015\ own}$ 1.8 interruptions per consumer

SAIFI $_{2015\ total}$ 2.9 interruptions per consumer

The value of the realized SAIFI factor for own reasons in 2015 slightly exceeded the figure for 2013, which means that in 2015, there were slightly more interruptions due to own reasons.

SAIFI (number of interruptions per consumer)



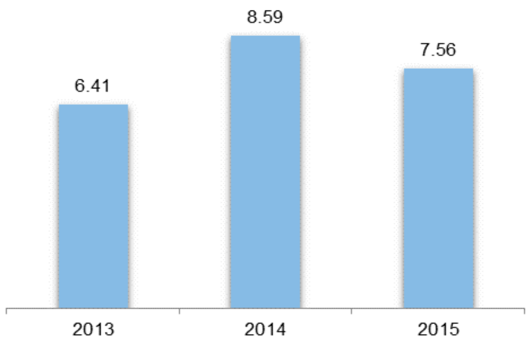
The MAIFI Factor: It is used to measure the average number of short-term interruptions, i.e. less than three minutes, per consumer in the area of the distribution company. This factor has no unit. It is applicable to common reasons of short-term interruptions where the reason usually cannot be determined.

The quality of supplied energy shown by the MAIFI factor and not planned, accounted in 2015 to:

MAIFI $_{2015\ total}$ 7.56 interruptions per consumer

The value of the realised MAIFI factor in 2015 exceeded the figure for 2013. It means that in 2015, there occurred more short-term interruptions, which can be attributed to a larger number of atmospheric discharges in 2015 or a larger number of transient failures.

MAIFI (number of interruptions per consumer)



5.3 Minimum supply quality standards and commercial quality

In 2015, the new Legal Act on the rules for monitoring the quality of electricity supply was adopted, which, in combination with the new Network Charges Act, further strained the criteria for minimum quality standards of electricity supply and commercial indicators. To this end, we introduced in 2015 the plan for the implementation of the required power supply quality, which we used to ensure the implementation and recording of minimum quality standards and commercial indicators in accordance with the adopted acts.

We report about the electricity supply quality annually in the context of the Report on the quality of electricity supply covering the areas of continuity of supply, commercial quality, and voltage quality.

5.4 Distribution network development and planning

We have prepared the electricity analysis for the 20-kilovolt conduit Videm (Radenci STS), which has presented an inability to connect new production facilities in the low- and medium-voltage network due to too high voltage in the 20-kilovolt network or on 20-kilovolt busbars in the Radenci switching transformer station.

We carried out analyses aimed at improving the reliability of medium-voltage conduits from 110/20-kV switching transformer stations with the worst indicators of the number and duration of outages per customer in the area of Radenci STS, Ruše STS, Murska Sobota STS, and some conduits from Rače STS, Slovenska Bistrica STS and Slovenske Konjice STS.

We conducted a survey on the operation of connected production facilities in terms of their operations in accordance with approvals to connect prescribed characteristics of reactive power in the area of regional units of Slovenska Bistrica and Ptuj for production facilities with prescribed characteristics of B, C and D classes. We found out that the measured characteristics took place outside the prescribed areas. We will invite the owners of the production facilities to ensure compliance of the production facility performance with the terms of the connection approvals issued.

5.5 The impact of climate change on company performance (G4 EC2)*

In accordance with the Rescue Plan, the Dispatch Management Centre (DMC) daily sends weather forecast reports (wind, snow, rain ...) to all persons in charge. Depending on the predicted level of alerts (meteo-alert) heads of regional and service units organise readiness of the units, activate the call centre and, if necessary, strengthen the dispatching service in DMC.

In 2015, we carried out a comprehensive revision of the measures in the field of protection and rescuing electricity facilities and plants in case of natural disasters and other accidents. We have revised:

* Reporting in accordance with GRI G4 guidelines

- Threat assessment for electricity facilities and plants in case of natural disasters and other accidents, and
- Protection and rescue plan for electricity facilities and plants in case of natural disasters and other accidents (NZR).

In the revision, we took into account the recommendations and requirements observed in analyses of occurrences in the implementation of NZR in 2014.

5.6 Maintenance

Maintenance of electricity facilities (EF) is performed according to the rules for electricity distribution network (EDN) maintenance. Maintenance is carried out by the rules and manuals, which are attached to the rules for EDN maintenance.

Compared to the previous year, we increased the quantities and physical volume of maintained facilities in:
- Underground MV-lines by 40 km,
- Underground LV-lines by 188.8 km,
- STS 110/MV for 1 SNS,
- STS MV/MV TS MV (with controls and protection) by 1 TS MV, and
- Transformer stations MV/0.4 kV, MV/0.95 kV and 0.95/0.4 kV by 7 transformer stations.

Compared to the previous year, we increased the length of underground lines and cables by 228.8 km and reduced the length of overhead lines by 190.9 km.

Quantities and physical volume of distribution network facilities*

	2015	2014	2013
LV- and MV-network (in km)			
Overhead power lines HV	165.0	165.0	165.0
Overhead power lines MV	2,890.2	2,912.4	2,918.0
Cable lines HV	6.7	6.7	6.7
Cable lines MV	1,057.7	1,017.7	1,013.5
Total HV network	**171.7**	**171.7**	**171.7**
Total MV network	**3,947.9**	**3,930.1**	**3,931.5**
LVN 1 kV + 0.4 kV + 0.2 kV (in km)			
Overhead lines LV	5,638.4	5,807.1	6,019.1
Underground lines LV	6,438.3	6,249.5	5,937.4
Total LV network	**12,076.7**	**12,056.6**	**11,956.5**
STS and TS (in pcs.)			
STS 110/MV kV, TS 110 kV	20	19	19
STS MV/MV, TS MV (with controls and protection)	21	20	20
TS MV/0.4 kV, TS MV/0.95 kV, TS 0.95/0.4 kV	3,456	3,449	3,441

*Data on the length of the network specifies the length of lines (routes) we maintain.

Percentage of individual maintenance groups

	2015	2014	2013
Strategic maintenance	8%	9%	10%
MV and LV maintenance	38%	46%	43%
Maintenance of non-energy facilities	55%	45%	47%
Total	**100%**	**100%**	**100%**

The planned rehabilitation of pylons was exceeded by 9.1 per cent. With regard to 2014, which was an extraordinary and incomparable year due to the rehabilitation of pylons damaged in the freezing rain, we rehabilitated 518 pylons less in 2015.

Replacements of pylons at MV- and LV-network

	2015	2014	2013
Plan (in pcs.)	8,000	8,000	5,500
Realisation (in pcs.)	8,724	9,242	5,909
Realisation of plan (in %)	109.1%	115.5%	107.4%

We carried out 76 reviews of transformer stations more than in 2014. The 2015 plan was exceeded by 15 per cent.

Reviews of transformer stations

	2015	2014	2013
Plan (in pcs.)	861	914	900
Realisation (in pcs.)	990	914	979
Realisation of plan (in %)	115.0%	100.0%	108.8%

Under the electricity network, we carried out 22 km more tree removals than in 2014. The 2015 Plan was exceeded by 32.8 per cent.

Tree removal at HV-, MV- and LV-network

	2015	2014	2013
Plan (in km)	244	257	210
Realisation (in km)	324	302	309
Realisation of plan (in %)	132.8%	117.5%	147.1%

5.7 Preparing and issuing documents in the process of connecting users

5.7.1 Distribution system development

Based on the concluded Contract on the lease of electricity distribution infrastructure and provision of services for the distribution network system operator (hereinafter referred to as SODO Contract), in the field of development and design, we assumed the obligation of drafting ten-year plan for distribution network development in our geographical area. The current ten-year distribution network development plan, which was the basis for investments in 2015, was prepared in 2014 for the period 2015–2024.

The amount of documents issued in 2015 under the process of connecting consumers to the electricity distribution network, and the documents, which we are obliged to issue as an owner of the distribution network in accordance with the Spatial Planning Act and the Construction Act, is shown in the table below:

Amount of documents issued

	2015	2014	2013
Guidelines to spatial planning documents	55	53	40
Opinions to spatial planning documents	57	57	68
Project conditions	1,469	1,350	1,458
Approvals to project solutions	1,773	1,686	1,857
Approvals to connections	3,065	2,751	3,306
Contracts for connections	2,697	2,468	2,929
Analyses for dispersed sources	57	139	278
Total	**9,173**	**8,504**	**9,936**

Compared to the previous year, the total amount of documents issued increased by 8 %. The realisation increased in issuing connection approvals, contracts, project conditions, approvals to projects, and guidelines.

Realisation in analyses for dispersed sources is by more than a half lower compared to the previous year, which is due to low interest in the construction of production facilities resulting from changes in the system of allocating grants for the construction of production facilities. We issued 11 % more connection approvals than in 2014, which is largely due to installation of meters with power limiters and a slow recovery of the economy.

5.7.2 Technical data management

The company has in total 16,271 km of electricity network, of which 212 km are high-voltage (110 kV) grids, 3,982 km of medium-voltage (10 kV, 20 kV and 35 kV), and 12,077 km of low-voltage grids.

In 2015, we completed entering the high-voltage (HV) and medium-voltage (MV) network into the geographical information system and database of technical data (BTP), and 95 % of low-voltage (LV) network by transformer stations (TS) MV/0.4 kV in the area of the Elektro Maribor company.

5.7.3 Project engineering of electricity facilities

In the field of project engineering of electricity facilities for external customers, we developed 43 project dossiers and achieved revenues of EUR 78,330, which is by 41 % more compared to the previous year. We developed 151 project dossiers for own investments and generated revenues in the amount of EUR 620,628, which is by 2 % less than in the previous year.

Due to difficulties in the chestnut poles supply and quality, we constructed in 2015 two power lines with a new technology in this field, i.e. the use of special long-life laminated poles.

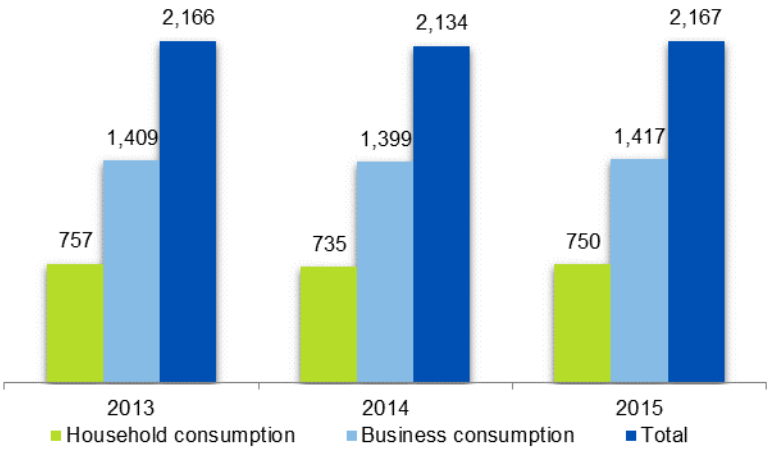
5.8 Access to network

5.8.1 Network use

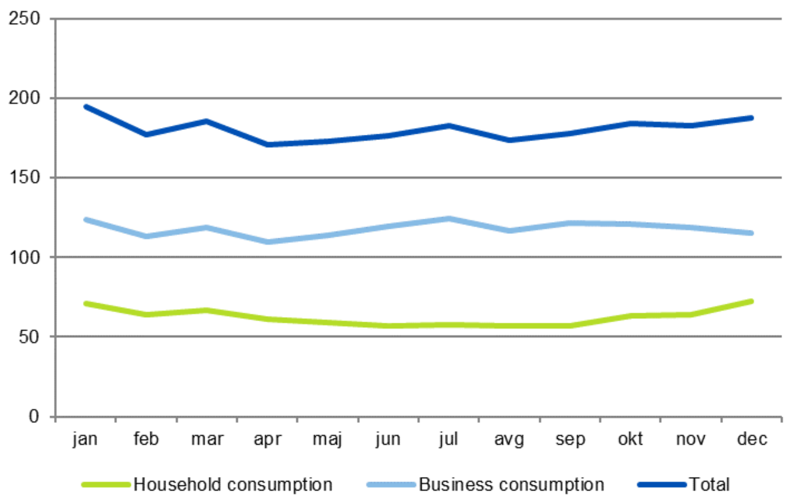
We distributed through the network 2,167 GWh of electricity at 215,406 metering points. Total electricity distributed exceeded the planned figures by 1.8 % and the figures for 2014 by 1.5 %. Output of the billed power exceeded the plan by 0.7 % and the figures for 2014 by 0.6 %.

Household consumption was by 2.1 % higher than in 2014, the consumption of customers at medium voltage increased by 0.3 %, and the consumption of business customers at low voltage increased by 2.9 % compared to 2014.

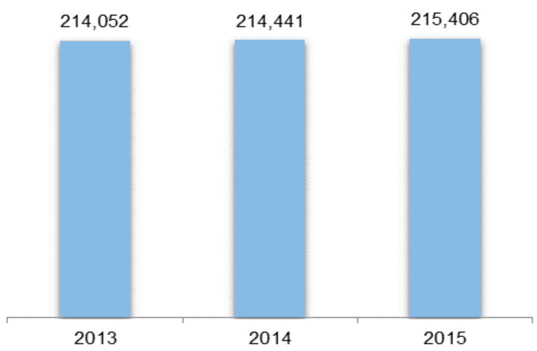
Amounts of distributed electricity for business and household consumption (in GWh)



Monthly trends in distributed electricity for business and household consumption (in GWh)



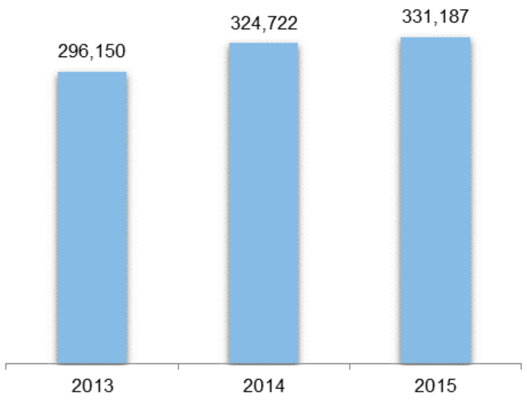
Number of consumers connected to the distribution network



Total energy in the system, i.e. collected from the transmission network and production facilities, increased in the previous year by 1.9 % compared to 2014. The relation between energy from transmission network and production facilities in 2014 was 86:15, which is the same as in 2014.

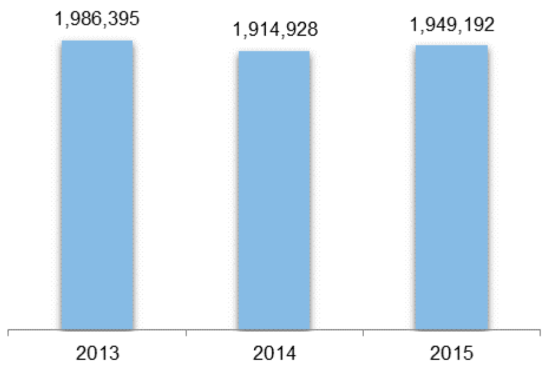
Energy collected from production facilities amounted to 331,187 MWh and increased compared to the last year by 2 %.

Changes in electricity collection from production facilities (in MWh)



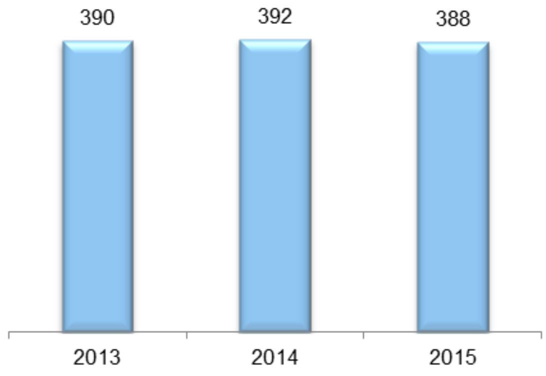
Energy collected from the transmission network amounted to 1,949,192 MWh and increased compared to the last year by 1.8 %.

Changes in electricity collection from the transmission network (in MWh)



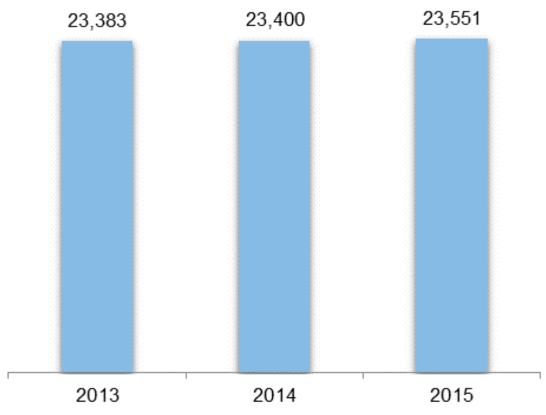
Peak load of the system was the highest in February and amounted to 388 MW. In 2014, peak load was the highest in January, amounting to 392 MW.

Peak load (in MW)



Output of the billed power exceeded the plan by 0.7 % and the figures for 2014 by 0.6 %

Billing power (in MW)

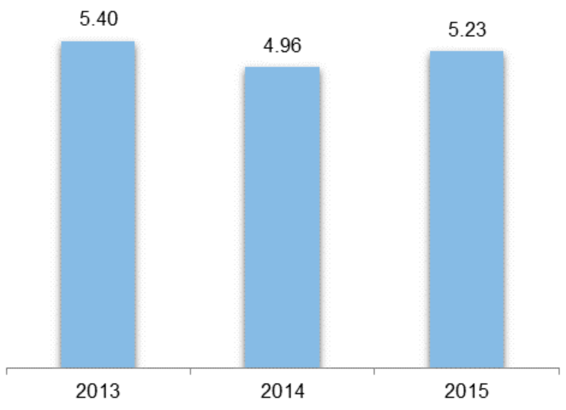


5.8.2 Purchase of electricity for SODO requirements

Purchase of electricity for SODO requirements covers the purchase of electricity to cover losses, purchase for emergency supply, urgent supply, unjustified consumption, and purchase for incorrectly registered metering data. In 2015, purchasing of electricity in the distribution network for SODO requirements was performed by the Energija plus d.o.o. company according to the contract.

For this purpose, we purchased 114,014 MWh of electricity in 2014 in the amount of EUR 5,813,593.36. Electricity purchase price was 50.99 EUR/MWh. The share of loss in the distribution network was 5.23 %. The share for loss approved by the Energy Agency for 2015 equalled 5.71 % according to distributed amounts.

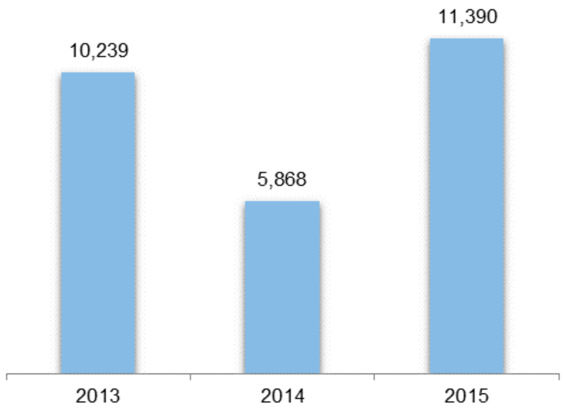
Changes in loss percentage in the network according to distributed energy (in %)



5.8.3 Changes in electricity suppliers

In 2015, electricity suppliers were changed at 11,390 metering points in the company's distribution area, of which 9,858 were households and 1,532 business consumers, which was 5.3 % of all metering points.

Trends in the number of electricity supplier changes



5.9 Billing network use

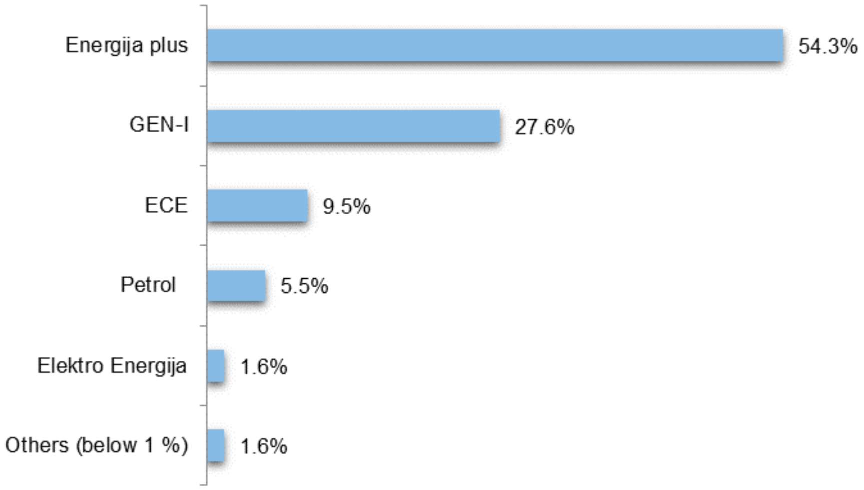
Billing for network use includes:

- Billing network charges, surcharges to network charges, and contributions for all consumers connected to the Elektro Maribor network,
- Billing urgent supply, emergency supply, unjustified consumption, and billing for irregular registration of metering data,
- Distribution of bills for network users indicated in the first two indents,
- Management of sales statistics for reporting purposes to external and internal information users, and
- Providing billing data to suppliers.

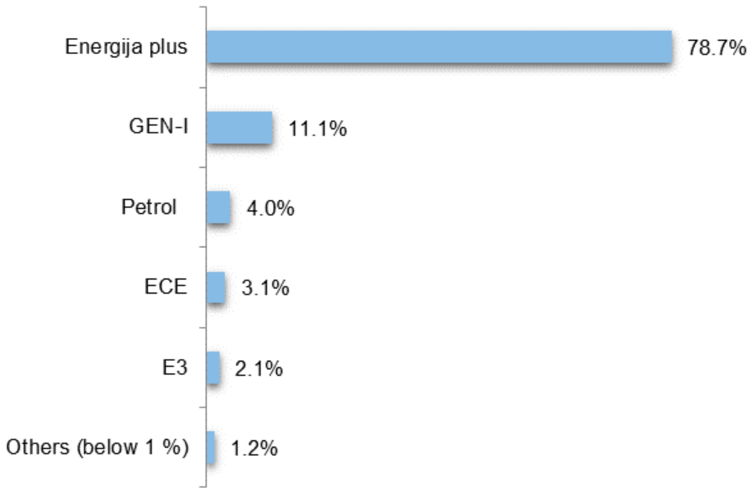
In 2015, we:

- Implemented billing of network charges, surcharges to network charges and contributions, for 215,406 metering points connected to the Elektro Maribor network,
- Issued separate bills for network use for 7,312 metering points, which is 1 % less than in 2014, and
- Continued system maintenance for billing network use by remote readings according to the actual state for the period from the first to the last day of the month (by the end of 2015, the system already covered 113,612 metering points, which was 53 % of total number of metering points).

Distributed electricity in the area of SODO contractor Elektro Maribor by suppliers for 2015



Share of metering points in the area of SODO contractor Elektro Maribor by suppliers for 2015



5.10 Electricity metering and data provision

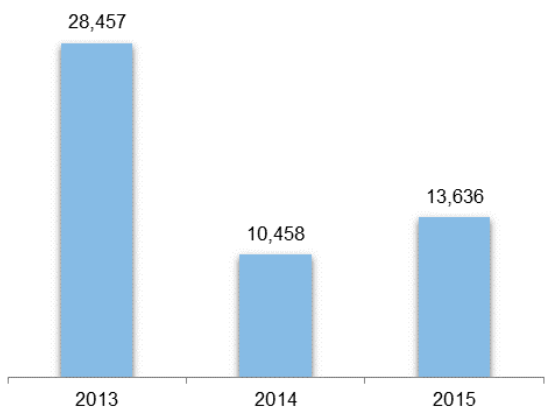
Electricity metering at metering points of network users (consumers and producers) and at exchange points in the network of the distribution network system operator includes:

- Collecting, processing and providing metering data to suppliers, network users and other institutions that are entitled to this data,
- Carrying out other services related to electricity metering,
- Determining actual consumption and actual distribution for individual balance groups or balance sub-groups for determining deviations from plans,
- Maintaining metering and other equipment at metering points, and
- Introducing system solutions and advanced electricity metering systems.

Major achievements:

- We successfully carried out a joint public procurement of all electricity distribution companies in Slovenia, for the supply of system meters and concentrators in 2015. A good price was achieved, i.e. by 36 % lower from the last year, which was the lowest price among electricity distribution companies.
- We successfully completed public procurement for the provision of M2M data transfer services between facilities for a period of 4 years. Compared to the previous contract, we will save almost EUR 100,000 at the same volume of services.
- Based on the decision of the Metrology Institute of RS, in 2015, we replaced 3,651 MT351-type meters and protect them from harmful impacts of „whiskers“ or replaced them with other relevant ones. We started rehabilitation first on the meters not included in the advanced metering system. There are still 3,779 MT351 meters installed, which will have to be replaced and protected by 1 January 2017. A large percentage of MT351 meters was put out of service by the Metering laboratory due to problems with LCD screens or due to errors higher than permitted. We also removed 754 MT300 meters and replaced them with appropriate ones.
- We were actively involved in public debates about important documents, which will have significant impact on the introduction of advanced metering system in the company in the future (i.e. Decree on measures and procedures for the introduction and interoperability of advanced electric power metering systems in the context of a public utility service of the electricity distribution network system operator, Decree on self-supply of electricity from the renewable energy sources, the Act on the identification of entities in electronic data exchange among participants in the electricity and natural gas markets, the Act on the methodology determining the regulatory framework and the methodology for charging the network charge for the electricity system operators, Minimum requirements for metering and communication equipment, which can be used in the construction of a single advanced metering system in Slovenia, ...).
- In accordance with the advanced electric power metering system construction timetable, we installed 13,636 system meters. All installed meters are equipped by circuit breakers aimed at restricting installed (billed) power and remote disconnection.

Changes in the number of meters installed in the advanced metering system



- We included new network users in the advanced metering system. The total number of metering points included in the advanced metering system is 113,612, which is 53 % of total number of metering points. We provided all these users with a possibility to pay consumed electricity based on actual monthly readings, the transfer from one- to two-tariff metering system or vice versa with no cost for metering equipment, and restart of the circuit breaker in case of exceeding the installed power (with no cost for replacing main fuses). At the end of the year, the advanced metering system included 959 transformer stations.
- By setting up the information system of „Remote shut down of electricity distribution", we shot down 701 network users. Compared to the last year, the number of remote shut downs increased by more than 32 %.
- In accordance with the Metrology Act and its implementing regulations, we replaced 15,328 metering devices, the certification of which expired in 2015. Meters whose life span according to the Rules determining the period of use of measuring equipment did not expire, were properly serviced, calibrated and recertified.
- In 2015, we were involved in intensive removing causes for interruptions in the low-voltage network in the CENELEC A frequency band (SIST EN 50065), which were caused by connected devices at consumers and producers. EMC standards for appliances to be connected to the electricity network determine limits for both emissions of interference in the network and the immunity to interference from the network. Unfortunately, we note that due to the lack of control over the implementation of these standards, there are more and more devices on the market that represent an insurmountable obstacle for the PLC signal. Such devices emit into the network unauthorised interferences, which sometimes significantly exceed the level of the permitted signal for PLC communications. We presented solutions and experience in removing communication problems in the CENELEC A frequency band in the paper at the 12th Slovenian Power Engineering Conference CIGRÉ-CIRED.
- In accordance with SONDO provisions, we carried out a detailed control of metering devices in 9,625 metering points.
- We installed control meters to determine losses in the network and more efficient network planning in 61 transformer stations included in the advanced metering system in 2015.
- With the purpose of network use billing, contributions, electricity supply, and control calculations, we provided 1,301,180 remote readings.

5.11 Measurements and protection

We perform measurements and protection activities in the segments:

- Operation, where we were involved in eliminations and analyses of failures in the network, mostly in metering defects at cables,
- Maintenance, where we provide regular annual reviews of protective devices at STSs, SSs and TSs at voltage levels of 110, 35, 20 and 10 kV, both for the company and external clients; performance of control measurements of grounding of 110-kilovolt power line pylons owned by the company,
- Investments, where we carry out trial runs and launches of STS, SS, TS facilities. We also participated in integrating dispersed sources into the electricity system by controlling the operation of protective facilities.

In the operating activities, we were involved in 2015 in eliminating and analysing errors, mainly in the medium-voltage network.

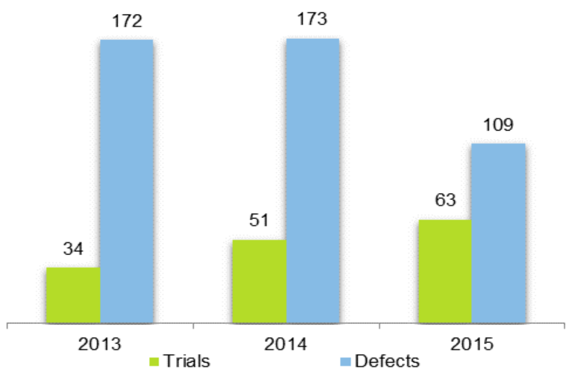
- We successfully completed the restoration of resistors in all switching transformer stations. We detected the problem in resistor operation in one of the transformers in the Ljutomer STS already in 2014. Detailed examination in cooperation with the manufacturer showed that an error occurred during the installation. Consequently, together with the resistor manufacturer, we carried out a review of all new and renewed installed resistors. The manufacturer repaired identified errors in terms of warranty.
- For the purposes of controlling resistors in both transformers in Ruše STS, we carried out a pilot resistor control upgrade in cooperation with an external contractor.
- We have analysed the failures of the TR IV 20/35 kV transformer in Murska Sobota STS (power supply Mačkovci STS), where we found out that outages at the power line were due to birds near the pillar No. 70. These events are regularly monitored and in case of frequent outages, we will perform power line

stringing due to increased sags. We also analysed frequent outages in the area of Ptuj RU, where the discovered defect place was successfully rehabilitated. In doing so, we also made minor changes in security settings in terms of the most successful selective action, particularly in the operation earth fault protection, since double ground faults have been occurring increasingly.

In the area of maintenance – provision of regular annual revisions of protective devices, we have:

- Performed metering and reviewed protection at electricity facilities,
- Metered power cables, which included testing cables and looking for errors or defects with a specialised vehicle for metering voltage level up to 35 kV. We performed 172 measurements, of which 63 trials and 109 measurements of defects at cable lines.

Number of performed metering services



- Completed 475 revisions of individual protective devices (relays), carried out 8 revisions of protective devices for external customers, and participated in analysing and eliminating defects and faults in the power system.

In the area of investments, we:

- Launched five new cells with protection for the needs of Slovenian Railways, i.e. in Ormož STS, Mačkovci STS, and Murska Sobota STS. We successfully completed the construction of a new 110/20 kV Podvelka STS, where we were involved in the preparation of the tender documents for public procurement of equipment, in project engineering, and in performance of all functional tests up to the final integration into the electricity system,
- Participated in the reconstruction of the 20 kV switchyard and own use in Slovenska Bistrica STS; completion of testing and successful launch of the first half of the MV switchyard reconstruction was carried out in early September, while the completion of the MV switchyard reconstruction is scheduled in March 2016, and
- For the needs of the 110 kV power line Murska Sobota–Mačkovci, we conducted a stress test at 110 kV GIS switchyard in Mačkovci in cooperation with the Milan Vidmar Electric Power Research Institute (EIMV). We conducted a stress test of GIS switchyard and all the 110-kV connecting cable lines.

We participated in the EIMV's study entitled „Determination of the maximum value of earth impedance in transformer stations and determination of contact voltage depending on the duration of the fault current (error)“. The study was successfully completed in August by a peer-review.

We participated in the activities associated with the sale of the 110-kV part of the network to ELES. There were elaborates on technical conditions prepared for four STSs and one connecting power line, which we approved with certain amendments. Additionally, we harmonised detailed demarcation points between the transmission and distribution at the level of GIZ.

We performed several presentations of the equipment in cooperation with external partners. In the field of earth fault problems, external partners made two presentations about functioning of Petersen chokes and detection of earth fault failures in the distribution network. Lectures were led by leading producers of Petersen chokes.

Due to the problem of theft of MV conductors under operation, we started looking for a solution to detect power outage. We conducted three presentations on this topic, and started testing equipment of different manufacturers. We carried out the procurement process for power outage detection equipment.

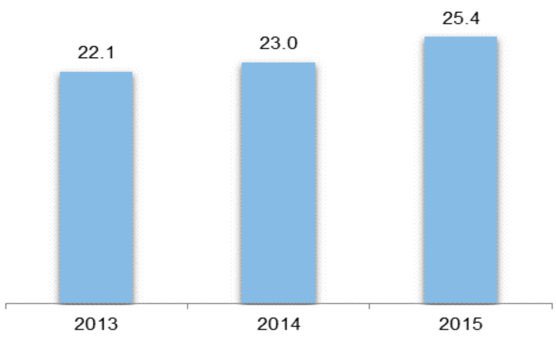
6 COMPANY'S INVESTING ACTIVITY (G4 EC7)*

The company's investing activities are based on a 10-year distribution network development plan. When siting distribution infrastructure, we consider guidelines and objectives of the Spatial Development Strategy of Slovenia as the fundamental governmental document guiding the spatial development.

We implemented investments in the amount of EUR 25,428,152, which falls by 0.3 % below the planned figures, and exceeds the figures for the last year by 11 %.

Significant deviations in investments in 2015 resulted from the extended time of performance of 2 × 110 kV Murska Sobota–Mačkovci power line due to late acquisition of the building permit. This was one of major challenges in 2015, which we successfully offset by restructuring of investments. We took into account changed conditions in the realisation of the entire investment plan in 2015 in such manner that the most urgent facilities otherwise scheduled for 2016, were moved into the year 2015 and mostly implemented. Consequently, it required reallocation of facilities between 2015 and 2016. In this way, in spite of the postponed construction of the power line, we achieved a high-degree realisation of the investment plan for 2015.

Investment trend (in EUR million)



Strategic company's investments in 2015

- We constructed the 2 x 110-kV Murska Sobota–Mačkovci power line, the value of which amounted to EUR 3,475,483. We conducted a 110-kV cable connection between Mačkovci STS and the pylon No. 63. Of the total of 63 pylons, 35 pylons are already fully set up, while further 6 ones are set up partially (especially the leg section). The time delay at the commencement of works on this facility was offset by works in other electricity facilities. The investment will be completed in 2016.

  Construction of 2 x 110-kV Murska Sobota–Mačkovci power line pylons

* Reporting in accordance with GRI G4 guidelines

- We constructed and launched a new 110/20-kV Podvelka STS in the value of EUR 409,296.

Podvelka STS

The state-of-the-art 110-kV gas insulated switchyard

- We renovated 110/20-kV Slovenska Bistrica STS in the value of EUR 593,789.

110-kV Slovenska Bistrica STS switchyard

Reconstruction of 20-kV Slovenska Bistrica STS switchyard

- We purchased four 110-kV average pillars. During the procurement, we participated in a joint procurement process with all distribution companies in Slovenia.

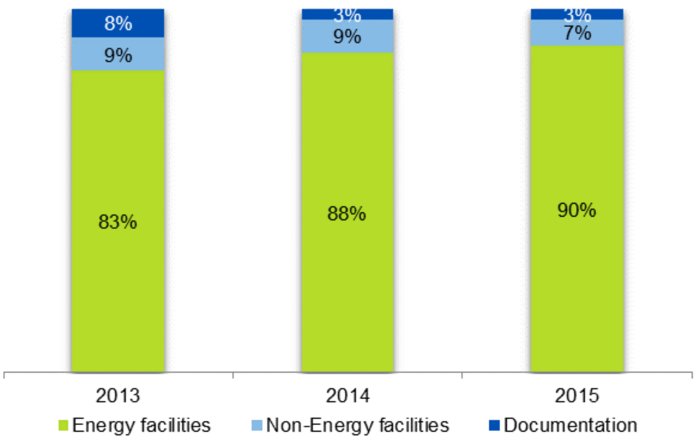
Investment activity in 2015

No.	Investment programme of EM Company	Volume	Value in EUR
1	New HV power lines	8.5 km	3,475,483
2	Renewed HV power lines		259,536
3	New MV power lines	2.73 km	109,812
4	Renewed MV power lines	86.35 km	2,488,643
5	New underground MV cables	24.72 km	1,825,884
6	Renewed underground MV cables	9.16 km	605,967
7	New LV overhead lines	5.04 km	240,645
8	Renewed LV overhead lines	89.20 km	2,551,311
9	New LV cable lines	18.84 km	861,257
10	Renewed LV cable lines	111.78 km	3,860,223
11	MV/LV transformer stations		
	- new	20 pcs.	629,983
	- renewed	90 pcs.	1,157,955
12	New HV/LV switching transformer stations		409,296
13	HV/LV switching transformer stations		889,111
14	Automation and remote control		705,113
15	Maintenance and operational reserve		121,071
16	Telecommunications		368,731
17	Metering equipment and instruments		2,146,376
18	Tools and machinery		209,854
19	Means of transport		808,315
20	Small tools		33,801
21	Work premises		302,439
22	Studies, development, projects		792,204
23	Computer equipment		427,150
24	Infrastructure purchase		141,357
25	investment projects		6,634
	Total		25,428,152

We carried out investments on our own in the amount of EUR 16,721,270, which is 1 % less than in the previous year and 1 % more than planned, representing 66 % of total investments of the company. The investments implemented by ourselves were related mainly to construction of new and reconstruction of existing electricity facilities, project engineering, processing services in the metal workshops, inspections, measurements and tests of electricity facilities and equipment.

In 2015, we increased the share of investment in energy facilities and decreased the share of investment in non-energy facilities.

Structure of investments



Energy facilities

In addition to strategic investments, we made investments also in:

- MV lines: physical output exceeded the planned figures due to the increased volume of works in damage rehabilitation; we reconstructed 89.08 km of overhead lines and newly laid and reconstructed 33.87 km of cable lines,
- Transformer stations: we constructed 20 new transformer stations and reconstructed 90 ones,
- LV lines: we reconstructed and built anew 94.25 km of overhead lines and newly laid and reconstructed 130.61 km of cable lines; physical output in LV lines (cable lines) exceeded the planned figures by 96 %, while the output in overhead lines is higher by 48 %,

Physical output in MV, TS and LV facility construction

		2015	2014	2013
MV lines	Overhead line	89.08	92.19	46.79
	Cable line	33.87	19.41	18.52
TS MV/LV	New facility	20	12	28
	Renewal	90	57	77
LVN	Overhead line	94.25	203.62	54.12
	Cable line	130.61	115.01	77.07

- Telecommunications: We carried out optical links of major TSs (LIP Oplotnica TS, Skomarje, Tirgot, Morje, Črnec, DVLMS Puconci, Moščanci, Činžat, Lovrenc na Pohorju, Lehen and Devina, and Mačkovci STS), MPLS network upgrade, LAN network update, upgrade and modernisation of backbone LAN switches, replacement of microwave links, installation of active crystal filters for repeaters.
- Infrastructure purchase: we purchased the MV 20-kV connecting power line for MHPP Koritno TS, Pohorje Arena TS, and TS/MV, Pragersko Jager LV,
- Metering equipment and instruments: we carried out the AMI project, and purchased metering equipment.

Non-energy facilities

- investment projects: We completed the light pollution of facilities rehabilitation project; in Breg STS and at the Ptuj RU rod landfill replaced the existing lamps with LED lights; in Murska Sobota STS, we installed additional LED lighting to illuminate the entrance and the outdoor storage. Outdoor lighting is now arranged in accordance with the regulations in all facilities (business and electricity ones).
- Tools and machinery for the needs of the energy sector: we purchased all the tools necessary for safe and smooth performance of activities. Due to the restructuring of funds from Murska Sobota–Mačkovci power line, the plan was exceeded by 39 %.
- Means of transport for the needs of the energy sector; we purchased means of transport necessary for safe and uninterrupted performance of our activities.

Documentation

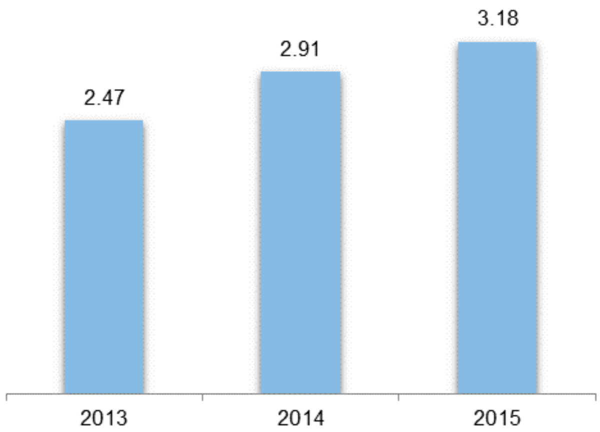
We carried out mainly the activities necessary to acquire the rights for the construction of the corridor and pylons for planned power lines, and to develop the building permit project and obtaining the building permit for energy facilities, which we intend to build: 2 x 110-kV Murska Sobota–Lendava power line, and 2 x 110-kV Lenart–Radenci power line.

We carried out activities to obtain investment documentation for the implementation of electricity facilities of medium- and low voltage, which are planned for the period 2016–2017. At the end of 2015, we have the project documentation prepared for 82 % of the facilities indicated in the 2016 investment plan, which require a building permit, and 12 % of the documentation for the facilities where no building permit is required.

7 COMPANY SERVICES ON THE MARKET

In 2015, our revenues from the sale of services in consulting, project engineering, construction and maintenance of electricity facilities amounted to EUR 3,176,999, which is by 9 % higher than in the previous year and exceeds the planed figures by 10 %. The largest share was represented by construction and installation services. Compared to the previous year, we increased in 2015 mostly the share of revenues from connections and project engineering. Planned revenues were exceeded mainly due to the implementation of major facilities, such as the electrification of the Pragersko–Hodoš railway line, commencement of works on the motorway section Draženci–Gruškovje, and as a result of very successful acquisition of deals on the market and efficient organisation of work.

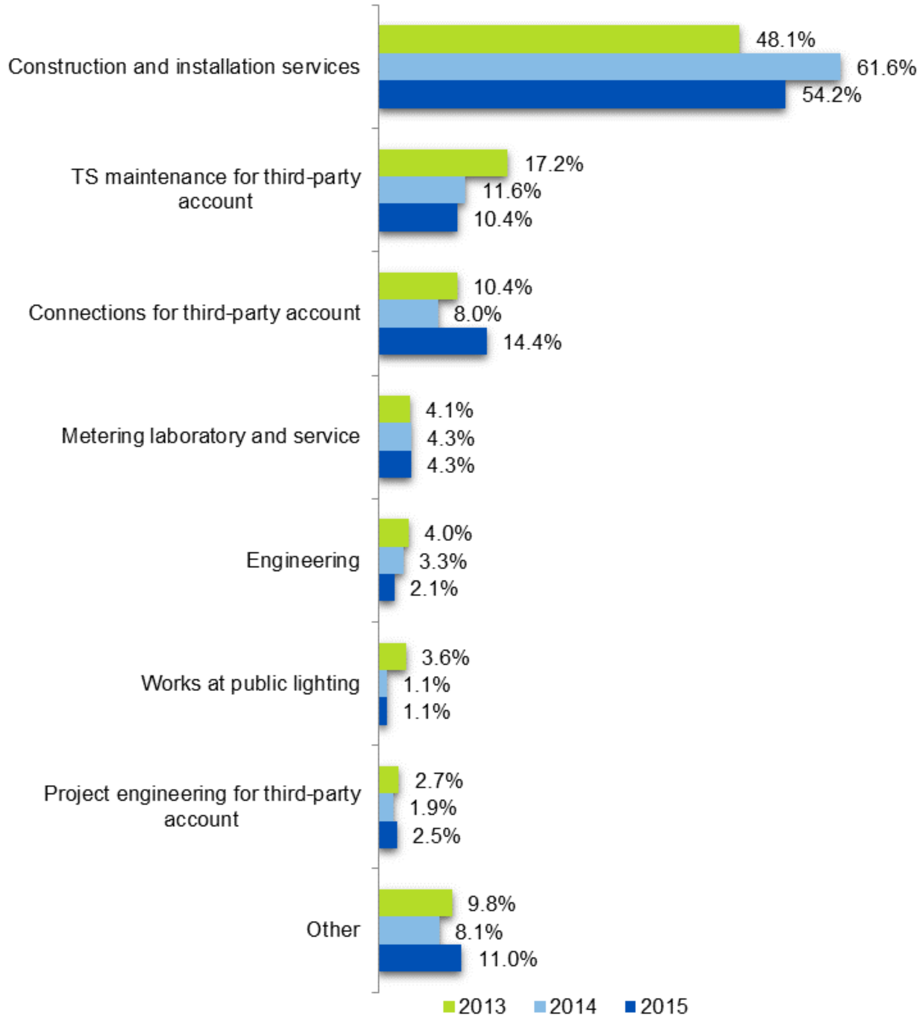
Changes in revenues from the sale of services (in EUR million)



In 2015, revenues on the market were generated by the sales of the following services:

- Construction of electricity facilities,
- Construction of connections,
- Engineering and project engineering,
- Maintenance and construction of public lighting,
- Maintenance of all electricity facilities (transformer stations, connections, solar power plants),
- Electricity metering at all kinds of electricity facilities,
- Installing and testing protection devices,
- Services of the metering laboratory and service centre.

Structure of revenues from the sale of services



8 ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT

8.1 Advanced network management

In 2015, we continued activities related to the preparation of a joint research and demonstration project of Japanese and Slovenian partners in the field of Smart Grids and Smart Communities. Under the feasibility study, we suggested a testing ground for two demonstration projects in the Breg STS supply area, i.e.:

- Through the implementation of advanced distribution management system (ADMS), we would establish a functionality for automatic selection of the place of failure and isolation of the faulty part of the electricity distribution system. For this purpose, it will be necessary to increase the visibility of the network and to enable selection of the network by using additional remote-control switches (DVLM) in the MV network.

- Voltage regulation – we would try to remove the deterioration of the voltage profile along the network due to the penetration of dispersed sources (solar power plants) by increasing the controllability.

We completed the construction of the smart MV/LV Radvanje transformer station and the related part of the LV network. The transformer station is ready for the final operational state – remote control at MV and LV levels.

One of new technologies, which we are successfully introducing to our operations, include drones (quadcopter, multicopter), remote controlled unmanned aircraft. A camera can be attached on drone and used to record the surface. The drone was successfully used in the photographic and video documentation of the route for the 2 x 110-kV Murska Sobota–Mačkovci high-voltage power line. We are extending its scope to other areas, such as finding faults on overhead fibre optic cables in poorly accessible terrains.

Photo made by drone (Murska Sobota–Mačkovci power line)

8.2 E–business

The company has been consistently and prudently introducing e-business into its work processes for many years. We have introduced e-business in the following processes:

- Complete incoming mail is electronically digitalised and distributed within the company,
- Outgoing documents and outgoing mail are managed – kept and stored electronically,
- Internal documents (letters, minutes, reports ...) are managed and distributed electronically,
- In the field of administrative procedures; these are fully managed and stored electronically,
- With some administrative units in our area, we harmonised and introduced electronic exchange of certain types of documents in administrative procedures,
- Recording and archiving contracts are together with originals managed and archived also electronically,
- Received e-invoices are managed through the document management system, and
- In January 2016, we will start a full implementation, i.e. launching electronic liquidation of invoices – bills throughout the company. For the purpose of electronic liquidation, we introduced electronic signature and integrated a time stamp at higher organisational levels.

We transferred a bulk of paperwork or documents of processes into e-business. In 2016, we will start the preparation of internal rules and having them validated in the Archives of the Republic of Slovenia. The final goal is to have the electronic archiving in compliance with the law, and in the next step, to fully abandon paper-based forms of documentary materials in processes. This means a transition to paperless operations and termination of classic archiving.

9 PURCHASE IN THE COMPANY (G4 12, EC9)*

The purchase in the company is centralised. The main task of the purchasing process is to supply the main warehouse and smaller depots in regional units and service units with the material necessary for efficient operations. The material is usually ordered for the main warehouse, which is responsible for further distribution of the material to depots of regional and service units by means of inter-warehouse issue of material. As we are liable to public procurement, we carry out uniform aggregated public procurement for the needs of the whole company.

In accordance with the applicable legislation on public procurement in the water, energy, transport and postal sectors, and in line with the monthly time schedule for the implementation of public procurement, we carried out 59 procurement procedures in 2015 as a person liable to public procurement, of which 46 were completed, while 13 were still in progress at the end of the year.

Implemented public procurements are based on the principles of economy, efficiency, effectiveness, ensuring competition among providers, transparency, proportionality, and equal treatment of bidders. In carrying out public procurement, we consider various criteria, such as the lowest price, the economically most advantageous bid taking into account various criteria, calculation of life-cycle cost, etc. An important factor in the supplier selection policy is compliance with the Regulation on green public procurement, where we only consider the bids that fully take into account technical requirements set out by the Regulation.

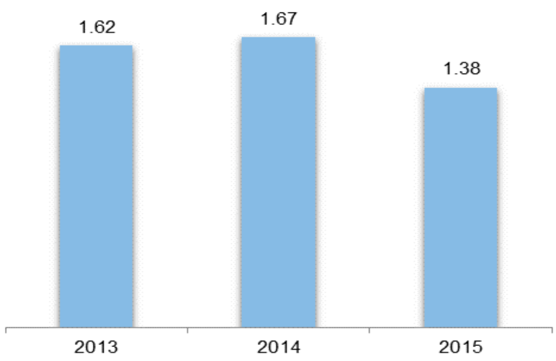
According to transparent and open policy of the company and the applicable Rules on purchase of goods, services and construction of smaller values, all the orders exceeding the amount of EUR 1,000 are posted at the company's website. In this way, the company enables a very large number of bidders to submit a bid, which results in a very large range of different suppliers. The company does not perceive a greater share of local suppliers, since all the purchasing process are run in transparent way through public procurement or through inventory procedures published on our website.

According to the recommendations of the Slovenian Sovereign Holding, we promptly publish on the company's website information about all contracts concluded under public procurement processes, small value purchase orders, and invitations to tender procedures.

In accordance with the goals, we have achieved significant savings in purchase of goods and materials in the amount of EUR 214.202, resulting from achieved prices of the same or technically comparable materials, which equalled 2.5 % of the cost of purchased material in 2015.

By installing the material into the electricity network, we reduced supplies of material. The trend in the amount of supplies between 2010 and 2015 has been decreasing. The value of supplies amounted at the end of the year to EUR 1,371,197, which falls below the planned figures by 8 % and by 18 % compared to the previous year.

Changes in supplies as at 31 December (in EUR million)



* Reporting in accordance with GRI G4 guidelines

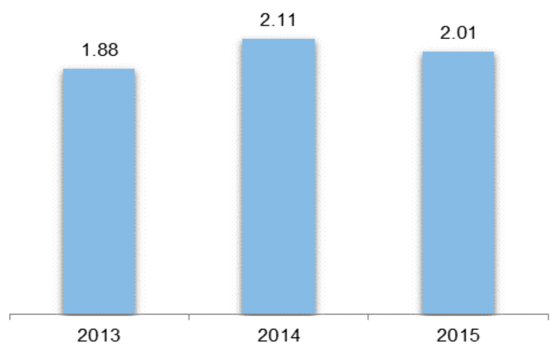
10 INFORMATION SUPPORT IN THE COMPANY

IT support in the company is provided by using the integrated information system (IIS) and the revised information system (eIS), which is developed and planned by the Informatika d.d. company, while Elektro Maribor develops also its own IT solutions. The main systems in IIS or eOS are aimed at:

- Managing the technical database (electricity facilities),
- Managing investments and maintenance,
- Managing fixed assets,
- Service monitoring,
- Managing billing of network and energy charges,
- Managing the general ledger,
- Managing inventory management,
- Managing storage operations,
- Managing personal incomes,
- Human resources management,
- Consumer's life cycle (with numerical metering),
- Accounting system,
- Mass balance accounts and recovery.

In 2015, we allocated for IT support EUR 2,013,846, which is by 5 % less compared to the previous year. We have increased the proportion of funds earmarked for hardware purchase, because we replaced several items of out-dated equipment, and equipped some workplaces with mobile devices for more efficient field work, which will continue also in the coming years.

Changes in investments in IT support (v EUR million)



Electronic business

In the field of e-business, we have successfully:

- Introduced electronic liquidation of incoming invoices, which enables easier and more transparent implementation of the invoice liquidation process; the main priority is the transition from paper-based to electronic implementation of the process, thus improving the traceability and the speed of the process implementation.
- Introduced receipt of suppliers' invoices in electronic form to the following address dobavitelj.racun@elektro-maribor.si, and
- Introduced preparation of e-invoices for budget users.

Security

We have successfully performed the secondary location test (IT infrastructure disaster recovery test). All test scenarios were performed as expected, which verified also the prepared documentation.

External audit

We carried out an external IT audit, on the basis of which we obtained an independent opinion about cooperation with external contractors in the provision of IT services, with a focus on the IIS and the eIS fields, which is fully managed by an external contractor (Informatika d.d.). The main objectives included:

- To check custody of IT applications,
- To check custody of the contract with the external contractor from the aspect of monitoring and supervision of the work carried out,
- To check the adequacy of the technical part of contractual obligations in relation to business requirements, and
- To review the quality of products of the selected external contractor.

External IT audit showed that we manage the risk in the information security. The recommendations made after both the external IT audit and the external ISO assessment were mostly implemented; however, some of them are still in progress, because their implementation is more demanding (business continuity plan, introduction of audit trail).

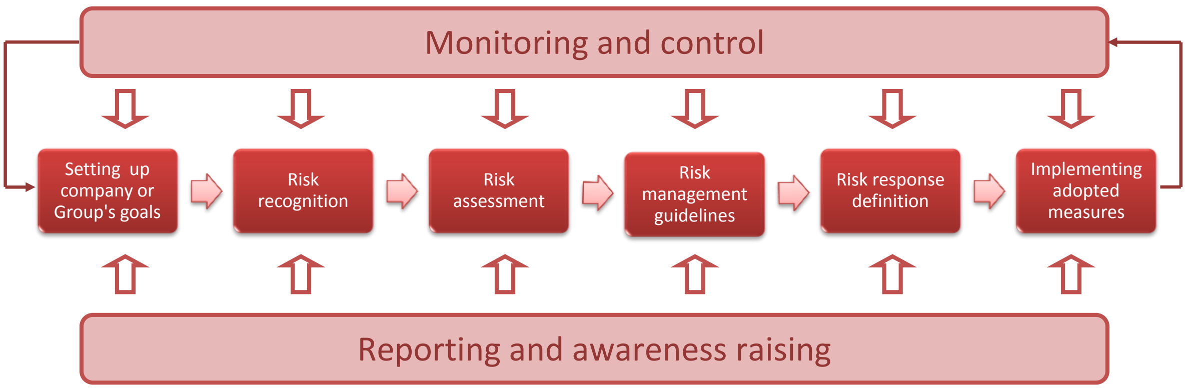
11 RISK MANAGEMENT IN THE COMPANY

The company defines the term risk as the possibility of an event or a series of events, which may have a favourable or unfavourable impact on achieving the company's goals. In the first scenario, we speak of an opportunity, in the second one of a threat. By implementing the risk management system in the company, we define the company's (or of a group of companies) objectives, define risks, adopt the guidelines for risk management, evaluate risks and organise them according to importance, determine actions for individual risks, define measures for their management, monitor risks and report on them. By risk management, the company timely recognises potential risks and take appropriate actions to reduce the amount of damage a certain risk may cause.

Since 2012, the company has been applying the Rules on risk management (hereinafter referred to as the Rules). A risk management coordinator has been appointed, who updates the risk register together with individual risk managers.

The risk register recognises risks according to importance. We established the method for regular updates, evaluation and distribution of risks, risk response and persons in charge for responses, as well as internal control as the key risk response.

Risk management process



Risks, to which the company is exposed according to the adopted risk register, are divided into:

- Strategic risks,
- Operational risks,
- Financial risks.

11.1 Strategic risks

Strategic risks are potential events, which may have an (un)favourable effect on achieving mid-term or long-term goals of the company's or the Group's operations.

11.2 Operating risks

Operating risks are potential events, which may have an (un)favourable effect on attaining annual goals of the company's or the Group's operations, and include the risks of loss (of benefits), together with legal risks resulting from:

- Inappropriate or irregular internal procedures,
- Other inappropriate conduct of personnel that belong to internal operation of each company in the Group,
- Inappropriate or irregular operation of systems, which belong to internal operation of each company in the Group or external events or actions.

11.3 Financial risks

Financial risks are potential events, which may have an (un)favourable effect on achieving strategic and annual financing goals of the company or the Group, and include:

- Credit risk in terms of losses (benefits) due to (non)settlement of receivables from a debtor to each company in the Group,
- Market risk in terms of losses (benefits) due to changes in prices of goods, currencies or financial instruments, or changes in interest rates,
- Liquidity risk in terms of losses (benefits) due to current (in)solvency,
- Capital risk in terms of the risk that a company of the Group does (not) always have at disposal sufficient long-term funding sources regarding the amount and type of business it performs, and risks, which it faces in operation.

12 INTERNAL AUDIT IN THE COMPANY

Internal audit is responsible for the implementation of continuous and comprehensive supervision of the operations of the Elektro Maribor company and both subsidiary companies, Energija plus and OVEN Elektro Maribor, which together form the Elektro Maribor Group.

In organisational terms, the internal audit of the Elektro Maribor Group is subordinated and reports to the President of the Management Board of the Elektro Maribor company, while in terms of its function, it is responsible and reports to the Elektro Maribor Supervisory Board. Implementation of the internal audit in the Elektro Maribor Group is assigned to the employee at the post of the internal auditor, who is in accordance with the International Standards for the Professional Practice of Internal Auditing also a head of internal audit in the Elektro Maribor Group.

Internal audit's powers, responsibilities, tasks and the method of operations are defined in detail by the Internal audit fundamental document of the Elektro Maribor Group adopted in 2015 by the company's Management Board in agreement with the Supervisory Board.

Based on the recognised risks listed in the risk register, and in accordance with the plan of work, the internal auditor started in 2015 three regular internal audits and submitted two final reports on regular audits carried out. At the request of the Management Board, the Supervisory Board's Audit Committee and the Supervisory Board, the internal auditor performed in 2015 four extraordinary internal audits and submitted final reports covering all of them.

In 2015, the internal auditor carried out also formal and informal consulting activities, monitored the implementation of recommendations made by internal and external auditors, planned the work of the internal audit for 2016, including the work plan projections for 2017 in 2018, developed periodical reports for the Management Board, the Supervisory Board's Audit Committee and the Supervisory Board.

Evaluation of internal control system in the company

Performance of the internal control system in the company and its subsidiaries was assessed as „appropriate“, which means that there is a number of opportunities to improve the functioning of these systems in specific areas of operations of the company and its subsidiaries. Evaluation of the suitability and effectiveness of the internal control system functioning was based on the COSO methodology and pre-defined guidelines and criteria.

13 EMPLOYEES IN THE COMPANY

13.1 Human resources policy (G4 LA16)*

The company has adopted its human resources policy that stems from the principle of adequate personnel at adequate jobs, which means that we recruit competent personnel according to job requirements. Competences of our employees are also taken into account in employee transfers and replacements within the company in order to cover the work of employees during their long-term absence.

Motivating and target management of employees are important strategic activities of the company, through which the employees follow strategic and key objectives of the company and achieve the planned operating results.

Motivating of employees is carried out through:

- Appropriate communication, praise, recognition and cash rewards in accordance with the Corporate Collective Agreement (PKP),
- In the context of awarding, we have carried out the selection of the best employee and the best working group for two years; the selection process is run transparently, and all employees can vote.
- Establishing and realisation of annual personal business objectives, which enable superiors to monitor and assess the work performance and efficiency of their employees.

Target management is carried out in the context of annual development interviews aimed at creative discussions focusing on the work process, organisation, innovation, changes, and interpersonal relations. In the context of annual development interviews, we encourage innovation in employees through setting up a goal in this area.

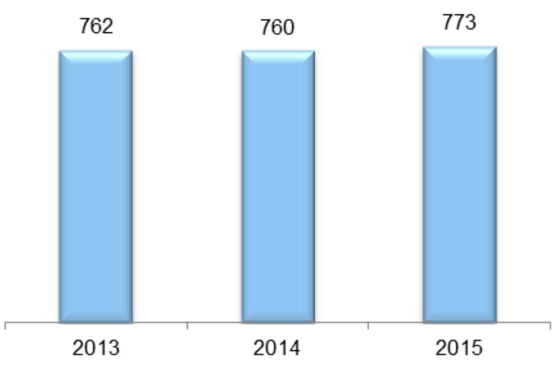
Young secondary/tertiary-level students in local environment are offered trainings for work or their future professions by allowing them to perform mandatory practical work; we also publish invitations for annual holiday practical work, carry out mentorship for new employees and young people during their training for jobs and future professions. Every year, we publish calls for applications and grant scholarships for young people involved in education for professions in the electric energy sector.

The company's human resources policy also promotes the implementation of measures related to Family Friendly Company aimed at facilitating the balance between professional and family duties. The annual survey of the organisational climate and satisfaction of employees is one of important tools for identifying climate, culture and employee satisfaction in the company.

13.2 Changes in employees (G4 10,11, LA1)*

As at the end of 2015, the company had a total of 773 employees, of which 87.7 % were men and 12.4 % women. In 2015, our company recruited 118 employees, while 105 employees left the company. At the end of 2015, the number of employees exceeded the planned figures by 19 as a result of extended employment contracts of 12 employees due to works in the investment in 110-kV Murska Sobota–Mačkovci power line, and due to fewer retirements of employees meeting the conditions for retirement.

Number of employees as at 31 December



Number of employees by gender, period of employment, and type of employment, as at the end of the year

	2015	2014	2013
Number of employees – men	678	666	667
Number of employees – women	95	94	95
Permanent employment	731	743	741
Fixed-term employment	42	17	21
Full-time employment	754	743	747
Part-time employment	19	17	15

Number of employee turnover by gender and age groups

	2015	2014	2013
Number of arrivals	118	103	55
- men	117	102	53
- women	1	1	2
- up to 30 years of age	35	45	8
- 30-50 years of age	67	49	46
- over 50 years of age	3	9	1
Number of departures	105	105	54
- men	105	103	54
- women	0	2	0
- up to 30 years of age	25	42	8
- 30-50 years of age	61	51	30
- over 50 years of age	19	12	16

Average age

	2015	2014	2013
Average age of employees (in years)	43,9	43,6	42,9
Average period of employment (in years)	24,2	23,7	23,1

* Reporting in accordance with GRI G4 guidelines

Percentage of employees covered by provisions of collective agreements was 99 % in 2015, which is at the level of previous years.

Percentage of employees with recognised disability slightly increased in 2015 compared to the previous year.

Number of employees with recognised disability

	2015	2014	2013
Number of employees with recognised disability	80	79	78

In the first half of 2015, we had six scholarship holders, of which two successfully completed the secondary-vocational programme. In 2015, we awarded another scholarship for higher-education programme in the 2015/2016 school year. At the end of 2015, therefore, we had five scholarship holders, of which three were for secondary-vocational programme, one for a university programme, and one for professional master's degree (PMP).

Number of scholarship holders at the end of the year

	2015	2014	2013
Number of scholarship holders	5	6	4

13.3 Employment due to increased volume of work

In 2015, due to increased volume of work, we employed 100 employees for the implementation of own investments and services on the market. Employments were made for a fixed period, i.e. from February to December. Of the total of 100 workers, we employed 37 installers, 43 auxiliary workers, 10 drivers–machinists, 6 masons, and 4 carpenters.

Number of recruited employees

	2015	2014	2013
Period of employment	Feb.–Dec.	April–Dec.	Feb.–Oct.
No. of employees	**100**	**90**	**40**
Installer	37	47	10
Auxiliary worker	43	30	20
Driver engineer	10	11	7
Mason	6	2	2
Carpenter	4	0	0
Construction clerk	0	0	1

Number of employees by hours

	2015	2014	2013
Number of employees according to hours	**830.60**	**825.79**	**776.00**
- Number of employees by hours – permanent employment	749.64	757.26	742.55
- Number of employees by hours – employment due to increased volume of works	80.96	68.53	33.45

13.4 Education of employees (G4 LA9)*

We allocated EUR 89,492 to education of employees, of which 90 % funds were spent on various functional training courses (targeted seminars, workshops and conferences, and other training courses necessary for the work process), 10 % of the funds were earmarked for education at work.

* Reporting in accordance with GRI G4 guidelines

In 2015, we implemented training courses in the following fields:
- Safety and health at work, quality standards (especially dangerous work, work under voltage, civil protection),
- Competence development,
- Acquisition of new professional skills (various professional examinations, training on most recent changes in amended laws).

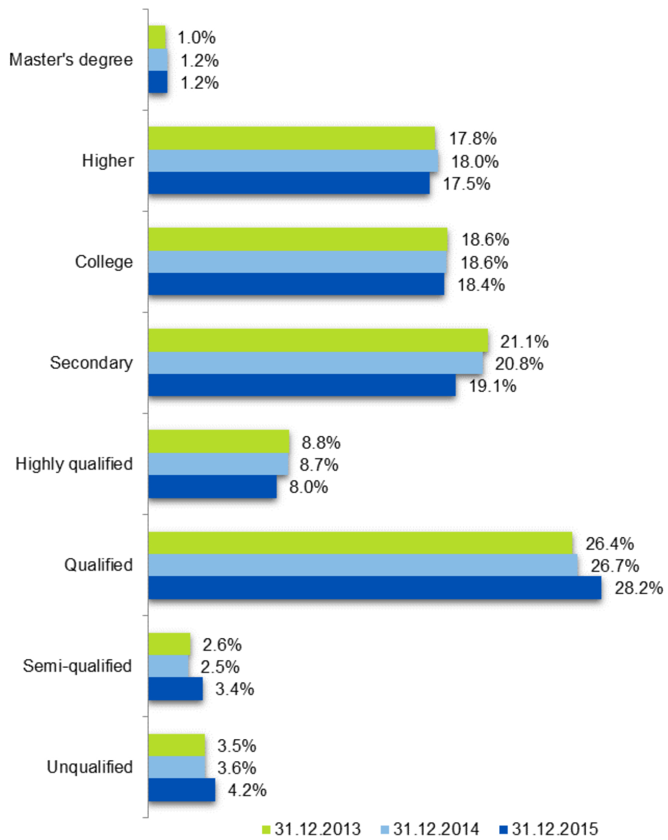
The number of participants in educational activities increased in 2015 and deviates from the previous year due to the renewal of certificates for particularly hazardous works in the field of safety and health at work, which was attended by 194 employees.

Employees in the company are also involved in education at work. In 2015, 22 employees enrolled in the education aimed at obtaining the qualification of a foreman in the electricity sector.

Education of employees

	2015	2014	2013
Total employees	773	760	762
Number of participants in education	551	397	473
Number of hours in education	4,946	3,176	3,784
Percentage of employees included in education	71%	52%	62%
Average number of hours of training per employee	6.4	4.2	5.0

Structure of employees by education as at 31 December



13.5 Employee innovation

Encouraging employees to make new/innovative useful suggestions/ fresh ideas/ striking projects is carried out through communication on innovation in the internal newsletter Infotok (interviews with the winners of fresh ideas and striking projects), through annual development interview between a manager and an employee (in the context of target employee management), through posts on the intranet, the Innovation Platform tab, and by granting cash prizes and awards for the most successful suggestions.

By establishing the innovation platform, we have a systematic approach in place to capturing, assessing, evaluating, rewarding and implementation of innovation suggestions throughout the organisation.

Number of suggestions Useful suggestions/Fresh ideas/Striking projects

	2015	2014	2013
Number of suggestions	32	46	14

In 2015, the most successful among received suggestions were the following:
- Striking project – Measuring non-ionizing electromagnetic radiation and gauge calibration,
- Fresh idea – Photographic and video documentation of the 110-kV Murska Sobota–Mačkovci power line route made by multicopter, and
- Fresh idea – Endless fastening hook. The use of an endless fastening hook enables fastening the load along the whole trailer length.

Granting awards for the most successful striking project

13.6 Motivation and care for employees

13.6.1 Additional pension insurance of employees (G4 EC3)*

Employees are included in the second pension pillar. The company pays premiums for this insurance to a certain amount from the maximum premium. Employees have the possibility to decide, whether they wish to additionally pay in a portion of the premium.

Number of employees included in additional pension insurance

	2015	2014	2013
Number of employees	806	815	739

* Reporting in accordance with GRI G4 guidelines

13.6.2 Use of parental leave

According to the Parental Protection Act, parental leave may be used by women and men. Both genders are also allowed to work part-time up to three years of the child's age. In 2015, parental leave was used by 26 employees, of whom 24 were men and 2 women.

Number of employees (by gender) using parental leave

	2015	2014	2013
Number of employees	26	31	35
- men	24	29	31
- women	2	2	4

13.6.3 Family friendly company

We carry out an active family-friendly policy, which is implemented through the measures adopted under the Family-Friendly Company Certificate. Implementing the measures is aimed at achieving improvement in employee motivation, higher satisfaction and reduction of stress in employees, greater loyalty and higher productivity, and growing reputation of the company among its business partners, customers, and the social environment.

In 2015, we implemented two new measures:

- Providing information to employees in a long-term absence, and
- We set up a team for the reconciliation of professional and family life, the main task of which is to collect, consider and introduce new and better methods of work aimed at balancing professional and family work.

In order to keep employees well-informed about the activities carried out in the context of the Family Friendly Company, we have established a web link to all the information contained in the company's intranet site.

13.6.4 Communication with employees

Communication with employees through different mass communication channels is important to keep employees informed about the activities in the company and related to the company. We have especially focused on personal communication.

We have used the following communication channels:

- Work meetings – with the President of the Management Board, a manager of the employee's regional or service units, or with the executive officer at the company's headquarters,
- Personal talks with employees (annual development interviews, daily communication) – the superiors and their subordinates have determined personal development goals harmonised with the company goals and evaluated the work implemented,
- Talks with the management – personal talk,
- Electronic mail – fast communication with employees, sending and coordinating contents,
- Website www.elektro-maribor.si – information about the company,
- Intranet – common contents, documents, notices,
- DNA – the application to manage conducting meetings, tasks, memos …,
- e-Infotok – e-newsletter, bimonthly, includes short and current news,
- Infotok – internal newsletter, it was published twice; it contains a summary of developments in the company,
- Bulletin boards – notifications, calls for tenders, rules, ...,
- Facebook and Twitter social networks – quick information on developments in the company and the situation in the network,
- Sports and social events – networking and making acquaintance among employees, for closer links and loyalty to the company.

The focus was placed on the accessibility of top management, which was available for communication with employees at:

- Work meetings held in all units of the company several times a year,
- Terms for monthly talks with the management,
- Through electronic mail, and
- Through phone and mobile phone.

The Trade Union and the Workers' Council as social partners representing the interests of employees in the company, have communicated their current topics to employees through their communication channels.

13.6.5 Satisfaction of employees (G4 LA2, LA11)*

The company guarantees the equality of all employees irrespective of the type or term of employment. All the benefits provided to full-time employees or permanent employees are planned also for employees on fixed-term or part-time employees.

We have been monitoring satisfaction of employees since 2005, through reviewing the organisational climate and satisfaction, and through annual development interviews where all employees take part.

The survey of organisational climate and employee satisfaction in 2015 involved 300 employees or 36 % of the average number of employees.

The 2015 employee satisfaction index was 3.4. The highest scores were given to satisfaction with stability of employment, working hours, co-workers, the work, and a line manager. The lowest scores were given to satisfaction with salary and promotion possibilities.

The common 2015 organisational climate index was 3.1. The highest scores were achieved in attitude to the quality, loyalty, innovation and initiative, and in the field of motivation and commitment. The lowest scores were given to the fields of organisation, career development and professional competence, and learning.

In 2015, we conducted annual development interviews, in which all employees took part. Annual development interviews are conducted by using the eLOR information system, which enables the assessment of the objectives set up for the previous year, and determination of goals for the current year.

Employee satisfaction and organisational climate indexes

	2015	2014	2013
Employee satisfaction index	3.4	3.4	3.5
Organisational climate index	3.1	3.1	3.2

13.6.6 Code of Ethics (G4 56, HR3)*

In order to encourage ethical business practices and behaviour and continuous awareness raising of what is ethical business behaviour, the company has the Code of Business Ethics adopted since 2010. In accordance with the Code and based on written notices, there are hearings performed where the four-eye principle (confrontation of the applicant and the offender) is taken into account.

In 2015, we dealt with two applications for approval to participate in the management and supervisory boards, and a notification on unethical business situation in mutual relations. There was no case of discrimination. In 2015, employed were involved in awareness raising of the practice in line the Code of Ethics by e-Infotok.

* Reporting in accordance with GRI G4 guidelines

14 SAFETY AND HEALTH AT WORK IN THE COMPANY (G4 LA6)*

The purpose and objective of ensuring safety and health at work is to achieve and keep such a level of working environment that provides employees with the maximum possible safety level in terms of health and psycho-physical conditions.

We follow the principles and guidelines of the OHSAS 18001 standard, which defines health and safety at work requirements. This and other standards are integrated in a unified management system, and we have complied with the requirements since 2008.

Activities in the area of safety at work involve also external stakeholders, i.e. external and internal auditors and inspection services, which watch over the company's compliance with legislation through regular inspections.

We encourage responsibility of employees for their own safety by appropriate work equipment, personal protective equipment, adequate education and training courses. Working equipment is inspected periodically, i.e. every two years. In 2015, we reviewed all work equipment in use. Workers were provided with required personal protective equipment and we performed control over its use. In order to enable the employees who are authorised to perform works on electricity installations to acquire additional knowledge, they were involved in further training; consequently, 194 employees participated in training for particularly dangerous works, and 30 employees in first aid training.

As the first electricity distribution company in Slovenia, we started carrying out work under voltage several years ago. Conditions for health and safety at work were accommodated by preparing appropriate operating procedures, documentation and training courses for employees. In 2015, we involved 21 employees in a renewed training on works under voltage for the work on MV and LV installations.

In order to reduce absenteeism, we conducted preventive medical examinations. We have referred to preliminary medical examinations also tertiary and secondary students involved in field works. We took preventive actions also through flu vaccination and vaccination against tick-borne meningoencephalitis. We also prepared health at workplace promotion programmes for employees.

The number of medical examinations is shown in the table below. The number of medical examinations includes preliminary medical examinations, special medical examinations, control medical examinations and periodic – preventive medical examinations. Due to recruitments for the purpose of an increased volume of works, we carried out further preliminary medical examination in 2015.

Number of medical examinations

	2015	2014	2013
Number of medical examinations	407	484	454

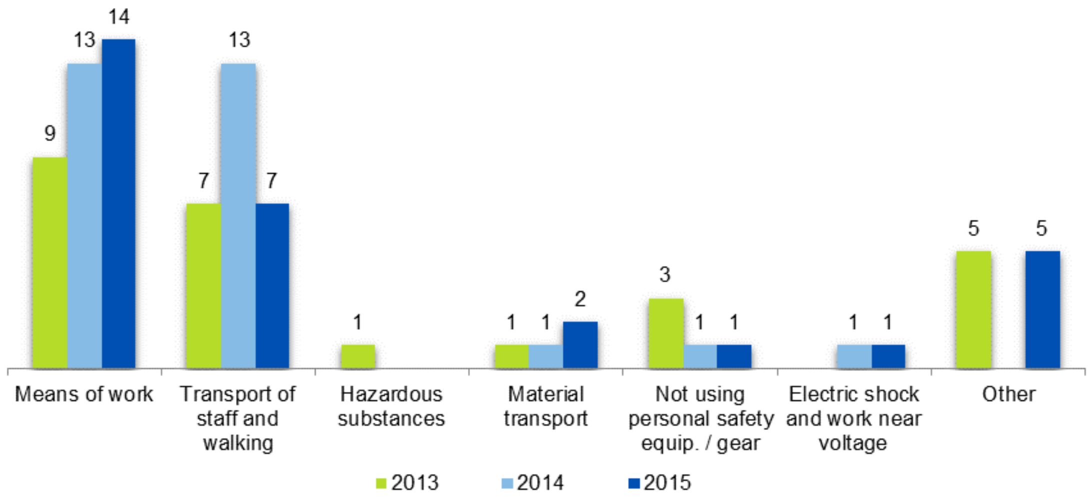
The number of work-related accidents increased compared to the year 2014 due to higher number of employees working in the field, where exposure to work-related accidents is the largest. In order to reduce the number of work-related accidents, we perform preventive inspections of working groups to determine compliance in implementing work procedures. In spite of an increase in work-related accidents in the period, the number of lost working days fell below the figures for the previous year. Above all, we recorded a lower number of lost days per work-related accident. The company records all work-related accidents that have occurred to employees. Most work-related accidents was of minor nature and resulted from mechanical factors. One accident resulted from electric shock and was considered a serious accident.

Number of work accidents

	2015	2014	2013
Number of accidents	32	30	27
- women	0	1	0
- men	32	29	27

* Reporting in accordance with GRI G4 guidelines

Number of work accidents by origin



Lost work days due to work-related accidents and other absenteeism are shown in the table below. The percentage of lost days is shown by total number of working days for the period.

Number of work days lost due to work-related accidents

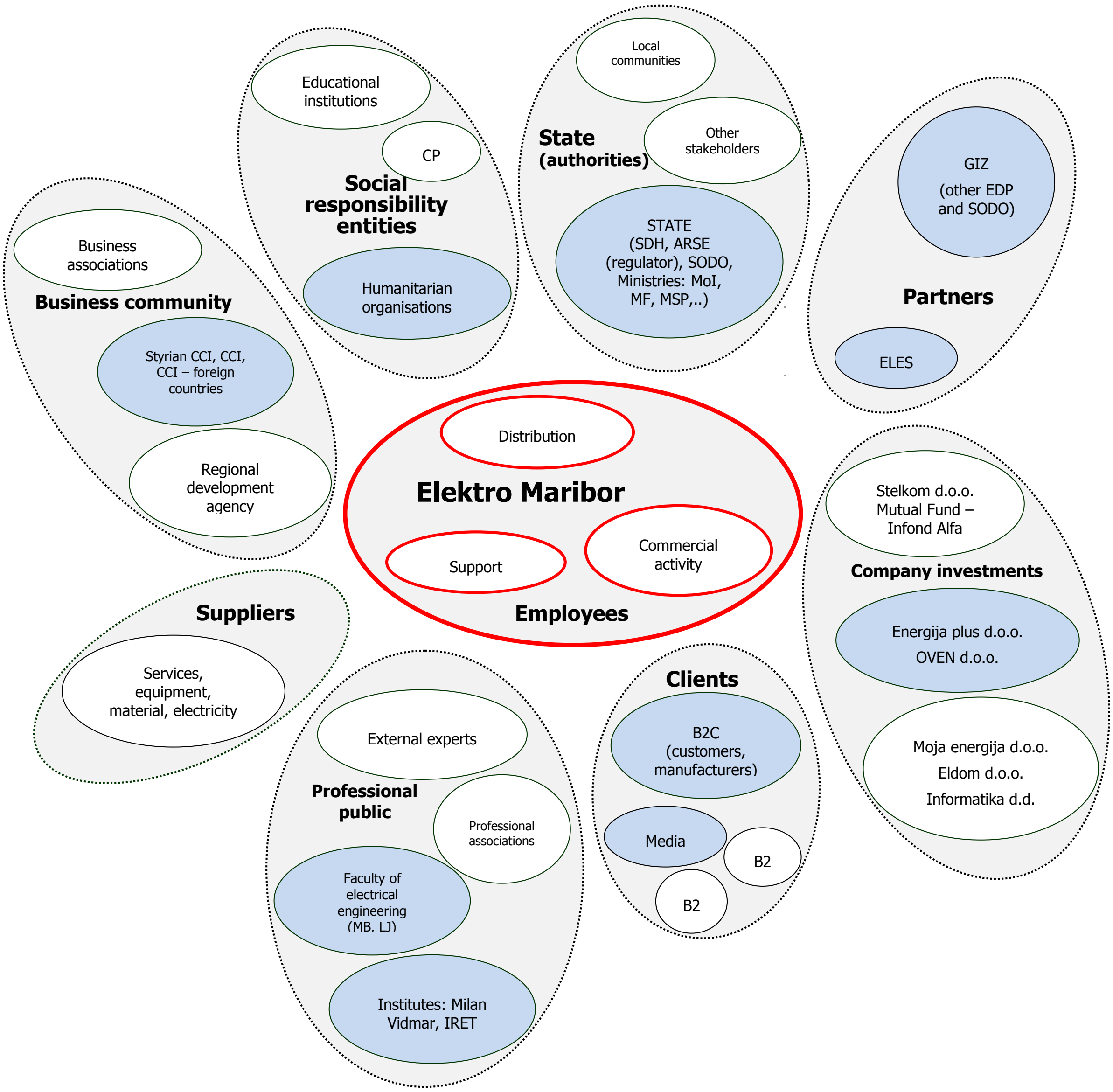
	2015	2014	2013
Total number of lost work days (work accidents, sick leaves)	704	776	778
Share of lost days due to work accidents (in %)	0.33	0.37	0.39
Share of lost days due to sick leave (in %)	5.00	4.78	5.09

15 SOCIAL RESPONSIBILITY OF THE COMPANY

15.1 Elektro Maribor company's stakeholders (G4 24-27)*

We have worked with stakeholders that are relevant for the activity, which we perform in the social and natural environment, ownership and the laws, and for the development of the company, its service and the whole sector.

Company's stakeholders



We have complied with the expectations of shareholders through timely and regular information, by increasing the security and value of their investments, and by appropriate dividend yield. The company took into account recommendations of the manager of direct and indirect holdings of the Republic of Slovenia.

Together with social partners, we considered an inclusive method of work. We have been striving to keep our employees well-informed, motivated, successful, and oriented in attaining strategic goals of the company; this is how we achieved the objectives and generated expected results.

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* Reporting in accordance with GRI G4 guidelines

As part of managing investments of the company, we have been striving for maintaining the performance of the investment portfolio, the balance of operating, and maintaining capital adequacy.

Through building robust and smart grids, we strive to provide network users with a higher quality of electricity supply and sustainable energy solutions.

We have been striving for a high-quality and financially efficient implementation of works on our own, and to place ourselves on the market properly in terms of competitiveness. We decided that in the coming year, we will invite our clients to evaluate the services we provide.

We have been pointing out the importance of transparent and proper relations with suppliers on the market. Based on internal evaluation of suppliers, we developed one of the key criteria for further cooperation.

In business community, we have been active in associations that support the development of the economy at all levels, with a view to strengthen cooperation, exchange of experience and good practice, and develop new partnerships.

We have worked with relevant government institutions and municipalities, particularly in harmonising development plans that would ensure conditions for high-quality supply of business clients.

We continued our good practice of cooperation with scientific-research and educational institutions, i.e. we have been involved in various ways in research assignments in the areas of our company's activities, training of our employees; we supported excellence in the educational process, and participated in recognition and popularisation of professions belonging to the professions of the company's core business.

We worked with and supported non-governmental organisations in various fields in the implementation of sustainable, creative and humanitarian projects.

In performing the activity of a electricity distribution network operator, for which we have all necessary capacities in place, we have been striving, in cooperation with other electricity companies and other participants on the energy market, to develop sustainable, advanced and stable regulation, which is important for the development of the electricity distribution activity in the context of transition to low-carbon society. When performing our activities, we have complied with the contract concluded with the SODO company, and followed the guidelines of the Energy Agency and the Slovenian Sovereign Holding.

We knew that the participation of all electricity distribution companies is important, including in the Economic Interest Grouping; therefore, we have been effectively involved in harmonising standardisation of types in electricity elements of equipment and facilities, joint purchasing, exchange of good practice, and preparation of professional positions that take into account in the creation of national strategy papers, both the electricity distribution profession and customer benefits.

We have been encouraging the development of the network and services of the system regulator, which have to take place in a harmonised way among all stakeholders, on professional bases, with a uniform standardisation of types, and with taking into account the advanced and stable regulation.

In addition to informing customers and, depending on the target audience of each medium, also other stakeholders, media create the image of the company in public, which affects the name and hence the value of the company. Recognising their influence, we have been trying, also through a local approach, to develop good relationships with journalists and media, mainly through informing them about our activities in a responsive and proactive manner, and to cooperate with them to a maximum possible extent.

15.2 Sponsorships and donations (G4 EC1)*

We consider social responsibility as an integral part of the company's operations, as it implicitly reflects our attitude towards the environment, in which we are present by both the network and our activity. We demonstrate social responsibility also through sponsorships and donations, where we observe the principles of transparency, balance, economic benefits and sufficient dispersal. Our endeavours support a wider community, we are involved in many areas, and work with various social groups, local communities, societies and institutions, which allows us to implement the socially responsible role of our company, which as an initiator or a participant intertwines the business and social environment in its important mission; i.e. to add value to the widest community.

In the context of social responsibility, we strive to support humanitarian organisations. We support also a number of fire-fighting organisations that often come to help us during weather disasters and facilitate our work in the field, which often takes place in difficult and inaccessible areas.

We encourage young people who show its excellence already during education. In such a manner, we have been encouraging students of electro-engineering secondary schools for many years, and with the University of Maribor, we encourage and reward excellence of students in academic work, through the best student award.

Awarding the donation to humanitarian organisations

Recognition of the best students of SERŠ Maribor

Best Student of the University of Maribor ceremony

In accordance with the SDH recommendations, we established the system to ensure transparency in making business deals that involve company expenditure; therefore, we promptly publish on the website all required data from the recommendations.

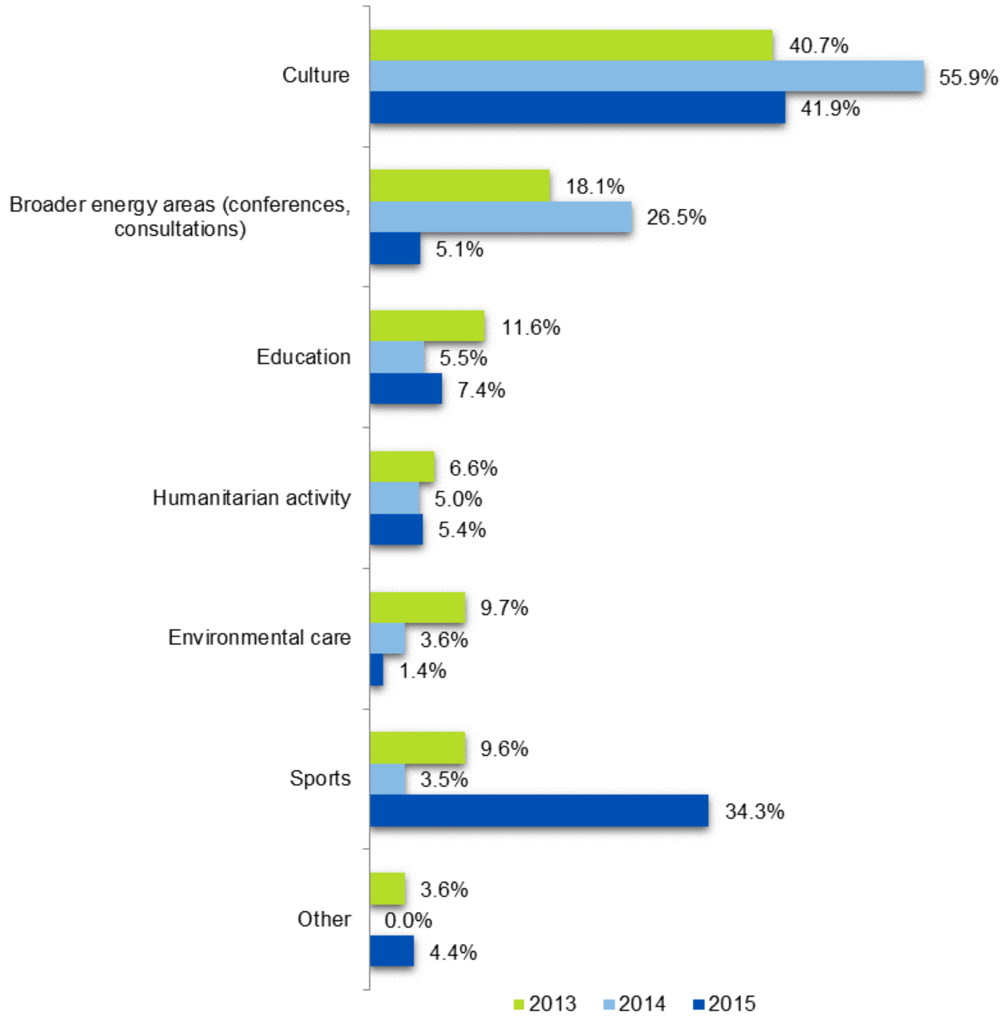
According to the provisions of Paragraph 11 Article 10a of the Public Information Access Act, we publish also information on sponsorships and donations.

* Reporting in accordance with GRI G4 guidelines

Granting sponsorships and donations is regulated by the Rules governing the conditions and the method of granting sponsorships and donations.

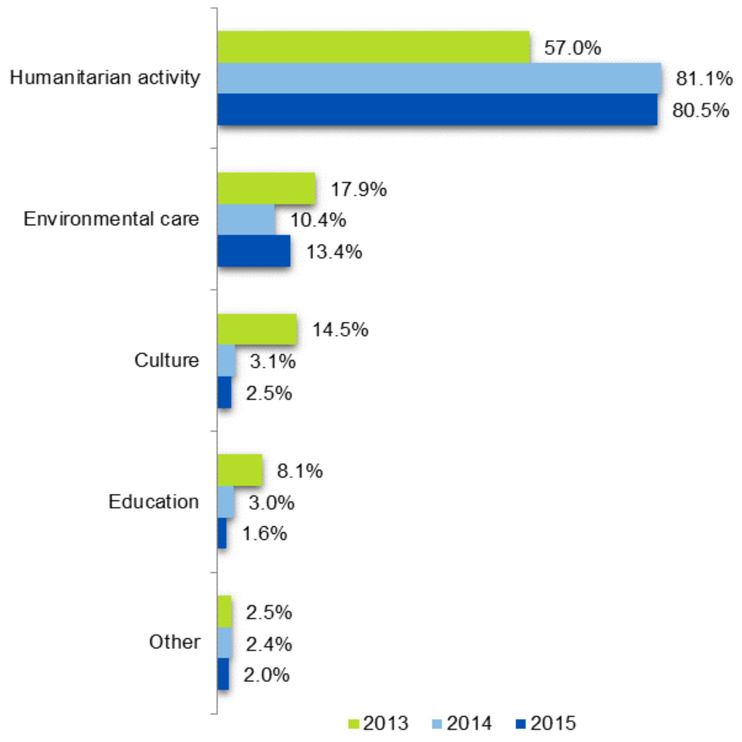
In 2015, we supported by sponsorship funds projects in the field of culture (41.9 %), a broader energy sector (5.1 %), education (7.4 %), humanitarian activities (5.4 %), concern for the environment (1.4 %), sport (34.3 %) and other projects (4.4 %). Due to a smaller scale of the Festival Lent event, we allocated in 2015 fewer resources in the field of culture. In the field of sport, however, we supported in 2015 Zlata lisica (Golden Fox Cup) and the Elektro Maribor Sports Club; consequently, the share of funds allocated to the field of sports was higher than the previous year.

Distribution of sponsorship by purpose



Donations were used in 2015 to support humanitarian projects (80.5 %), the field of environmental protection (13.4 %), projects in the field of culture (2.5 %), education (1.6 %) and others (2 %).

Distribution of donations by purpose



15.3 Marketing activities

The company is recognised as friendly and responsible towards its owners, employees, consumers and social environment. This role shall be preserved and strengthened also in the future. We treat the trademark Elektro Maribor with care and in the sense of strengthening its positive identity.

Marketing activities were focused in support to business decisions of the Management Board of the company by employing modern communication skills and tools. They were mainly related to the promotion of new and existing services of the Elektro Maribor company, promotion of the mobile metering laboratory, electric mobility, and many others.

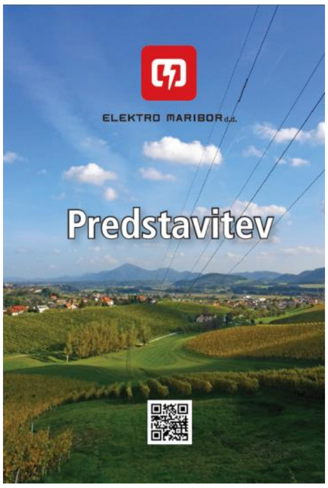
15.4 Communication with external public (G4 PR5)*

When communicating with external public, especially journalists and customers, we strive to provide answers as soon as possible, but with the contents properly prepared at the same time. In the coming year, we plan to carry out survey of customer satisfaction with our services.

- The call centre – we were accessible to consumers at two toll-free numbers, i.e. 080 21 05 for a 24-hour service to report failures and interruptions in the network, and 080 21 01 for general information.
- Answers to journalists and statements – journalists' questions were answered by contextually-relevant answers. Answers were in writing or in the form of audio or video statement.
- Press conferences – we announced key plans and activities.

* Reporting in accordance with GRI G4 guidelines

- Press releases – were prepared them when major topics were communicated.
- Publications – in order to present the Elektro Maribor company to the public, a short brochure entitled *Presentation* was issued again. It contains updated key company data. The brochure is available also on the company's webpage.



- Facebook and Twitter – we kept network users and journalists informed about current news and major outages. Customers used these channels also to ask questions about the recovery from failures and for reporting on the network status.
- Website – public information, information about the company and current events are always available at the company's website: www.elektro-maribor.si.

15.5 Relations with network users

Communication of information to network users was carried out in the context of work processes, through the call centre, personal visits to clients, e-mail info@elektro-maribor.si, website: www.elektro-maribor.si, eStoritve (e-Services) web portal, and the social network Facebook.

In line with requirements of network users and the applicable legislation, we carried out the following activities:

- Communication of information on failures, interruptions and planned works on the network,
- Recording and forwarding information on failures on metering devices,
- Provision of information on the quality of the supplied electricity,
- Information on efficient electricity use,
- Providing information about connecting customers to the network,
- Enters of metering data,
- Explanations of billing data,
- Receiving and redirecting calls at the relay station (02) 220 00 00.

We recorded in 2015 at the blue free-toll line used to report failures and interruptions (080 21 05) 42,557 calls, while the indicator of the service level showed 76 %, which means that the said percentage of customers reached the operator in less than 1 minute. The number of calls mainly depend on weather conditions and shut downs due to urgent maintenance works.

During the first nine months, we recorded at the blue free-toll line used for general information (080 21 01) 18,668 calls, while the indicator of the service level showed 89 %, which means that the said percentage of customers reached the operator in less than 1 minute.

In accordance to the requirements set out by the laws, we kept our customers informed on planned supply interruptions, including through the website www.elektro-maribor.si. Network users have also a web application available for free notifications about planned power supply interruptions (through SMS, e-mail).

Contacts with network users

Type of contact	2015	2014	2013
Number of total calls to 080 21 05 – reporting failures and interruptions	42,557	59,750	40,687
Number of total calls to 080 21 01 – general information	18,668	18,714	19,976
Number of subscribers to SMS-notification	863	587	400
Number of subscribers to e-mail notifications	2,197	1,856	638

16 ENVIRONMENTAL PROTECTION IN THE COMPANY (G4 EN3)*

We are committed to the principles of sustainable development. We protect the environment and preserve the nature in all our activities, and all our employees take part in this endeavour.

We also contribute to environmental protection by reducing potential impacts to the environment. Ever since 2006 we have been systematically implementing environmental protection measures according to the ISO 14001:2004 standard.

In achieving the objectives set up in the area of environmental protection, cooperation and involvement of all employees is of crucial importance, as they contribute to the reduction of impacts to the environment with their work, both within the company and, indirectly, also outside.

In this context, the most important part is to recognise the impacts to the environment caused by the company. We are trying to reduce these impacts to a lower level by various activities. Separate collection of waste and appropriate treatment before handing it over to waste management, appropriate siting of electricity facilities, reducing direct impacts to the air, water and soil, are some of the areas where we are trying to reduce our impact to the environment.

We record the impacts we generate by producing the company's carbon footprint. The amount of greenhouse gases generated by our activity is one of the indicators of our attitude to the environment, where we significantly depend on weather conditions due to the nature of our work. The amount of fuel consumed in 2015 increased compared to the previous year due to the increased number of construction machinery items. In case of natural gas consumption, the figures for 2015 reflect the effects of the cogeneration operating in the company headquarters premises, and a somewhat milder winter.

Consumption of energy products

Energy product	Unit	2015	2014	2013
Fuel	l	616,442	599,830	533,359
Electricity	kWh	2,982,092	2,900,460	3,257,914
Fuel oil	l	1,700	1,842	1,689
Natural gas	m^3	83,381	97,025	146,082
Remote heating	kWh	644,508	825,918	730,797

16.1 Carbon footprint (G4 EN6) *

The company continued calculating the carbon footprint also in 2015. The calculation included the following sources of greenhouse gas emissions:

- Direct greenhouse gas emissions from sources owned or managed by the organisation, e.g. burning of fossil fuels in heating plants or in using company vehicles and construction machinery.
- Indirect greenhouse gas emissions due to electricity consumption and the use of purchased heat or steam, and

* Reporting in accordance with GRI G4 guidelines

* Reporting in accordance with GRI G4 guidelines

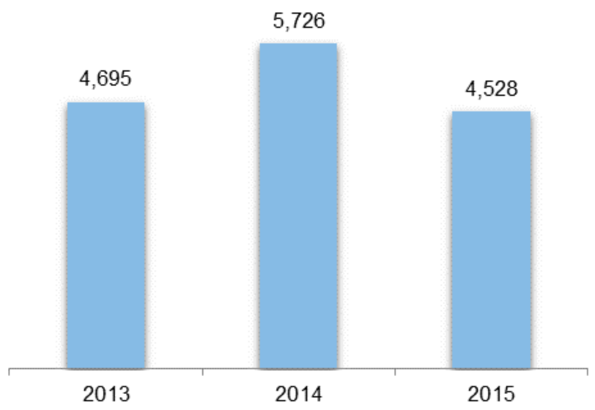
- Other indirect greenhouse gas emissions occurring as a result of purchased products and services, which the company procured, such as purchase of materials and fuels, business transfers by vehicles not owned by the company, etc.
- Indirect emissions due to consumption of paper, employee commutes and business travels with the means of transport not owned by the company.

Carbon footprint (kg CO_2/employee)

	2015	2014	2013
Transport	2,875	2,855	2,688
Electricity	1,240	2,363	1,392
Heating	387	482	588
Paper	26	26	27
Total	**4,528**	**5,726**	**4,695**

For a part of the electricity consumed in 2015 (1,233 MWh), it was a contract concluded on the purchase of electricity from renewable sources with a carbon footprint of 0 kg CO_2/kWh. This is reflected in the reduction of the company's carbon footprint, which now stands at 4,528 kg CO_2/employee.

Carbon footprint (kg CO_2/employee)



16.2 Total weight of waste by type and disposal method (GRI EN22)*

The company encounters different types of waste in carrying out its activity. It mostly includes waste resulting from distribution network maintenance and investments (construction waste, various metals, conduits and cables, wood, packaging, meters). We separate waste and hand it over to waste managers authorised since 2013 to keep the record of collected waste in the IS waste system. In the Republic of Slovenia, a system was set up in 2013 for electronic record-keeping of waste collected through the application „IS waste“, which was brought to full operation in 2014 and offset by individual types of waste in 2015.

* Reporting in accordance with GRI G4 guidelines

Weight of waste

Type of waste in kg	2015	2014	2013
Hazardous waste	2,434	4,834	11,013
Polluted water	99,000	43,500	0
Packaging	17,332	19,381	22,300
Paper, cardboard	25,615	28,217	35,264
Construction waste	1,226,822	2,242,950	921,421
Municipal waste	61,074	62,374	107,012
Non-ferrous metals	19,920	24,657	11,915
Other metals	150,971	125,664	128,984
Waste electric and electronic equipment	18,510	16,905	62,590
Other	105,031	140,045	81,508
Total	**1,726,709**	**2,708,527**	**1,382,007**

Differences in the weight of waste are visible in the volume of collected construction waste, while in 2014, the amounts, both from the distribution network maintenance and from investments, are aggregated. Smaller amount of waste in 2015 resulted from a decreased volume of construction waste due to a different structure of investments.

17 QUALITY SYSTEM

The company combines management systems in the areas of quality, protection of the environment, health and safety at work, requirements for inspection bodies, competences for testing and calibration laboratories, and information security.

Compliance with the ISO 9001 standard increases our level of quality in operations. Consequently, in 2015, we started complying with the requirements of a new version of the standard dated in 2015, which brings in business mostly changes in relationships with customers and understanding of their needs, and changes in the method of risk management. We will continue this activity also in 2016, when we expect a full transition to the new standard.

An important area of quality management is also our environmental focus. Through almost ten-year operations in the field of compliance with the requirements of the ISO 14001 standard – environmental protection, we have been trying to reduce our impacts on the environment. We carry out our active work in the field of environmental protection through a variety of environmental programmes focusing on energy efficiency in buildings, reducing the burden of waste on the environment, reducing pollution of soil, water and air, and other direct and indirect impacts, which can be managed.

Employees are provided with appropriate equipment and working conditions through the implementation of the requirements of the OHSAS 18001 standard. Requirements of the standard were successfully transferred to work processes where some more changes are waiting for us in the future, as a new edition of the standard is planned in 2016, with some modified and supplemented requests included.

In the context of ensuring own support processes, we set up the metering laboratory function ten years ago in accordance with the requirements of SIST EN ISO 17020. Herewith, we provide our users with comprehensive solutions in the field of measuring device control. In 2015, we extended its operation to a mobile unit. Through the metering laboratory, we provided in 2015 also the basis for implementing the requirements of the ISO 17025 standards, which will enable us to measure electromagnetic radiation in the future, covering thus our own needs, and to offer the service to the market.

In all the activities carried out, we encounter a lot of information. This has been otherwise successfully managed for many years, nevertheless, we started a systematic management of this area. The introduction of ISO 27001 – information security showed us several new ways to control the area, which we have upgraded and will additionally upgrade in the coming years, also for any new requirements of the standard and the upcoming EU regulations in this field.

Because we believe that we can do more and better and that external evaluation is welcome, we decided to submit an application to the tender of the Republic of Slovenia for the Slovenian Business Excellence Prize. The application was based on completed self-assessment according to the EFQM business excellence model in recent years, which we carry out on the basis of the SDH recommendations. By completed self-assessments, we have established the guidelines for strengthening the competitiveness of the company, and the basis for the preparation of the application to the call, and the assessment carried out by an external evaluation team in January. Results of the application will be known in the second quarter of 2016.

All activities in the field of system management are managed by various approaches. Through regular consideration of individual areas, we establish actual status and correct them by relevant measures. This area includes also the implementation of regular and extraordinary internal audits, external audits, reviews by independent organizations, and completing system documentation.

III. Financial report of the Elektro Maribor d.d. company

1 INDEPENDENT AUDITOR'S REPORT

ABC revizija
Družba za revizijo
in sorodne storitve
Ljubljana, Stegne 21c, Slovenia

INDEPENDENT AUDITOR'S REPORT

To the GENERAL MEETING
of ELEKTRO MARIBOR, podjetje za distribucijo električne energije, d.d.
Vetrinjska ulica 2, Maribor

We audited the enclosed financial statements of the company ELEKTRO MARIBOR, podjetje za distribucijo električne energije, d.d., Vetrinjska ulica 2, 2000, Maribor, comprising the balance sheet as at 31 December 2015, income statement and the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended, and the summary of the significant accounting principles and other explanatory notes. We reviewed also the Business Report.

Management responsibility for financial statements

The management bears overall responsibility for the preparation and fair representation of the financial statements in accordance with the Slovenian accounting standards and in accordance with the internal control as deemed necessary by the Management Board to ensure the preparation of financial statements free of any material misstatement due to fraud or mistake.

Auditor's Responsibility

It is our responsibility to give an opinion about these financial statements based on the audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the financial statements are free of material misstatement.
The audit includes implementing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The auditing processes that are applied depend on the auditor's judgement and include a risk evaluation of misstatement within the financial statements with regard to fraudulent or erroneous activities. When evaluating these risks, the auditor examines the internal control related to the preparation of the company's financial statements in order to establish appropriate auditing procedures, not to give an opinion on the effectiveness of the company's internal control procedures. The audit also includes assessing the relevance of accounting principles used and the justifiability of accounting estimates made by the Management, as well as evaluating the overall financial statement presentation.
We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the company ELEKTRO MARIBOR, podjetje za distribucijo električne energije d.d., Vetrinjska ulica 2, 2000, Maribor as of 31 December 2015 and the income statement and cash flows for the year then ended, in accordance with Slovenian accounting standards.

Report on the requirements stipulated by other legislation

The company Elektro Maribor d.d. Maribor, has, in the preparation of the financial statements, separately recorded distribution, and service or commercial activities in accordance with Article 109 of the Energy Act (EZ-1), and for distribution of indirect costs correctly applied the criteria, based on accounting principles and activities that created those costs.

The company Elektro Maribor d.d. Maribor has, in the preparation of financial statements, respected separate accounting for the distribution, and service or commercial activities and prepared Annual Report for the year 2015 in accordance with Article 109 of the Energy Act (EZ-1). V accordance with Article 110 of The Energy Act, the auditor issues a special auditor's report as to the relevance and appropriate application of criteria.

Paragraph on other affairs

The Business Report complies with the audited financial statements.

ABC revizija, d.o.o.
Authorised auditor
Dr. Branko Mayr

In Ljubljana, 15 April 2016

2 MANAGEMENT BOARD'S STATEMENT OF RESPONSIBILITY

The Management Board of Elektro Maribor d.d. endorses the financial statements presented in this Annual Report, as well as all other integral parts of this Annual Report for the financial year 2015.

The Management Board is responsible for keeping proper accounting records, which represent the company's financial position with reasonable accuracy and for the implementation of measures intended to keep the value of the company's assets and for the prevention and identification of irregularities in the company's operations at any given time.

The Management Board hereby declares that:

- All financial statements have been prepared in line with professional standards and the legislation pertaining to operations, accounting, taxes and finance,
- The financial statements of the company have been prepared in accordance with the Slovenian Accounting Standards with relevant views and notes, and in accordance with the Companies Act,
- The financial statements have been prepared under the going concern assumption,
- The selected accounting policies are being applied consistently and any changes in the accounting policies are disclosed,
- The accounting estimates have been prepared in accordance with the principles of prudence and good management,
- The financial statements do not include any material or non-material errors made in order to achieve a particular presentation of operations.

Maribor 12 April 2016

President of the Management Board:
Boris Sovič, M.Sc.

3 BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

Conformity statement

The financial statements of the company have been prepared in accordance with accounting and reporting requirements set by the Slovenian Accounting Standards 2006, in accordance with the Companies Act (ZGD-1), the requirements of the Energy Act, and the legislation on taxes and finance.

Management Board's statement of responsibility

The Management Board approved and adopted the financial statements and notes, as well as the accounting policies to the financial statements and the presented Annual Report for 2015 on 12 April 2015.

Functional currency

The financial statements have been prepared in Euros, rounded to unit, for the financial year that equals the calendar year. Slight differences in addition may have resulted from rounding.

Changes in accounting policies

There were no changes in accounting policies in 2015.

Fundamental accounting assumptions and quality features of financial statements

The financial statements have been prepared on the following two fundamental accounting assumptions:
- Accrual, and
- Going concern,

and the following required quality features:
- Comprehensibility,
- Relevance,
- Reliability, and
- Comparability.

The same accounting policies have been applied to all the periods presented in the financial statements.

The items in the balance sheet and the income statement are presented separately and in the same order as defined by the Companies Act. The values of individual items that are irrelevant for true and fair presentation of the company's assets and operational result have been joined and explained appropriately in the appendices to the financial statements.

Financial records are kept in accordance with the double-entry accounting system, using the chart of accounts as adopted by the Slovenian Institute of Auditors in agreement with the ministers responsible for the economy and finance.

Elektro Maribor d.d. is liable to make monthly VAT calculations in accordance with the Value Added Tax Act, as well as for corporate income tax in accordance with the Corporate Income Tax Act.

Basis for the preparation of financial statements

The bases for the preparation of financial statements are the legislative and professional accounting rules and the guidelines, policies and rules mentioned below, which have been applied consistently in all reporting periods.

In 2015, the value of investment in the Alfa investment fund did not change by more than 10 %; therefore the changes are not presented in the comprehensive income statement.

The information presented refers to the current business year and the previous business year.

Relevance of disclosures

The company has adopted internal acts to determine the significance of disclosures to financial statements, for each category of assets and liabilities and revenue and expenditure items separately.

Accounting standards

In recording and valuation of items in the financial statements, the company directly applied the SAS provisions, except in the valuation of items, where these give a choice between different valuation types. In such cases, the company has defined valuation methods in the Rules on Accounting, the Rules on Fixed Assets and Depreciation or the Management Board decided on the methods to be applied.

In line with the principle of prudence, the preparation of the financial statements for the year included all potential liabilities which are anticipated with more than 50 % certainty to be settled in the future.

Comparability of information

The information in the financial statements for the reporting business year is comparable with the information from the previous business year. Due to the changed chart of accounts the information for the previous business year has been adjusted to be comparable with the current business year.

Events after the balance sheet date

Events after the balance sheet date have no significant effect on the financial statements for 2015 and do not require additional disclosures in the financial report.

As at the completion of financial statements, the final settlement for the regulatory year 2015 that will be based on the audited data for 2015 was not available; therefore the preliminary settlement amount for the regulatory year 2015 has been taken into account and it shows a deficit of received assets over the recognised contractual values of lease and services in the amount of EUR 41,624. The estimate of the preliminary settlement for the regulatory year 2015 has been taken into account, and it shows a surplus of received assets over the recognised contractual values of lease and services in the amount of EUR 1,071,619 mostly from services.

Those values are treated in accordance with paragraphs 4 and 5 of Article 60a of the contract and therefore shall have an impact on cash flow in the next regulatory period.

Relations with affiliated companies

Elektro Maribor d.d. holds long-term financial investments with over 20-percentage stake in the following companies:

- Elektro Maribor Energija plus d.o.o. company, Vetrinjska ul. 2, Maribor 100.00 %,
- OVEN Elektro Maribor d.o.o. company, Vetrinjska ul. 2, Maribor 100.00 %,
- Moja energija d.o.o. company, Jadranska cesta 28, Maribor 33.33 %,
- Eldom d.o.o. company, Obrežna ulica 170, Maribor 25.00 %,
- Informatika d.d. company, Vetrinjska ul. 2, Maribor 21.96 %.

Operations of affiliates in 2015

in EUR	Capital	Total assets	Net profit or loss	Total revenue
Energija plus d.o.o., Vetrinjska ul. 2, Maribor	18,152,112	36,283,497	1,317,489	92,991,387
OVEN Elektro Maribor d.o.o., Vetrinjska ul. 2, Maribor	4,748,245	4,817,343	362,944	1,409,444
Moja energija d.o.o., Jadranska cesta 28, Maribor	3,795,659	5,080,584	613,691	6,777,251
Eldom d.o.o., Obrežna ulica 170, Maribor	268,915	416,885	12,613	770,618
Informatika d.d., Vetrinjska ulica 2, Maribor	1,363,743	3,844,053	-477,722	11,288,656

Elektro Maribor company prepares the consolidated financial statements and the consolidated Annual Report for the parent company, and the companies Energija plus and OVEN Elektro Maribor.

4 RELEVANT ACCOUNTING POLICIES

Intangible assets

Intangible assets are stated at cost less the accumulated amortisation.

On initial recognition, an item of intangible assets is measured at cost, which comprises its purchase duties and directly attributable costs until they are made available for use.

Long-term property rights are amortised individually using the straight-line amortisation method. The amortisation begins as soon as they are made available for use. Items of long-term property rights are amortised by amortisation rates in accordance with their respective expected useful lives.

Property, plant and equipment

Property, plant and equipment are parts of the company's fixed assets used to carry out the activities of the company.

Items of property, plant and equipment are stated at cost less the accumulated depreciation. The cost comprises the purchase price, duties and costs directly attributable to bringing the asset to the condition necessary for the intended use. The cost of those items of property, plant and equipment for which the period until their availability for use is longer than one year and the amounts of which are significant, is increased by interest on loans raised in order to bring such items of property, plant and equipment to the condition necessary for their availability for use. The significance is determined in the Rules on Accounting.

The company performs the activity of the construction of facilities and equipment and records it in its books after they have been constructed. Assets are recorded in the books at the value that corresponds to SAS 1.12. The cost of purchase of a self-constructed item of property, plant and equipment includes costs that are directly related to it, as well as the share of the company's general overhead expenses incurred during construction or manufacture that are directly associated with it. It does not include the expenditures that are not related to its construction or manufacture, or expenditures that the market is not willing to recognise as such; it is, however, possible to include the cost related to borrowings made to finance the construction or manufacture of an item of property, plant and equipment incurred and its bringing to the condition necessary for the intended use. The cost of such item of property, plant and equipment cannot exceed the cost determined in the SAS 1.10.

The company values items using the full unit cost method. Full unit cost based on which the self-constructed items of property, plant and equipment are recorded does not include the profit for which the full unit cost of production hour is increased and which is accounted for on the market when the same type of service is offered on the market.

Items of property, plant and equipment with different useful lives are considered as separate items of property, plant and equipment.

Subsequent expenditures related to an item of property, plant and equipment increase its cost provided that the future benefits from such item of property, plant and equipment increase beyond their previously assessed benefits.

Investments in items of property, plant and equipment are accrued on the basis of systemic instruction on the accrual of investments in property, plant and equipment and maintenance costs, forming an appendix to the Rules on Property, Plant and Equipment and Depreciation.

Items of property, plant and equipment are depreciated individually using the straight-line depreciation method.

No items of property, plant and equipment were acquired under finance lease. All fixed assets are owned by the company and are not pledged as collateral for debts.

The Management Board of the company has actively monitored the events on the market. It has estimated that there was no objective evidence on factors pointing to the need for the impairment of fixed assets in 2015.

Investment property

Investment property is held to earn rentals or increase the value of a long-term investment.

Investment property is stated at cost less the accumulated depreciation.

The fair value of investment property is established for the purpose of its disclosure. The fair value is based on the market value, which equals the estimated amount for which an asset could be exchanged between a buyer and seller in an arm's length transaction on the day of appraisal based on suitable marketing.

The Management Board of the company has actively monitored the events on the market. It has estimated that there was no objective evidence on factors that would point to the need for the impairment of investment property in 2015.

Depreciation

The carrying amount of an item of property, plant and equipment, intangible assets and investment property is amortised/depreciated.

All of the company's fixed assets are classified in amortisation/depreciation groups. The company applies amortisation/depreciation rates that are harmonised with other distribution companies in Slovenia. Items of property, plant and equipment are depreciated individually using the straight-line depreciation method.

Fixed assets being acquired, land and works of art are not depreciated.

The company independently determines useful life periods for individual tangible assets that are harmonised with other distribution companies in Slovenia. The company defines useful lives of individual fixed assets shown in the table below.

Useful lives of fixed assets

	2015	2014
Buildings	50 years	50 years
Cable underground system, HV overhead power lines, HV cable lines, MV overhead power lines	40 years	40 years
Construction part of STS, SS and TS	40 years	40 years
MV cable lines with XHP and EHP, LV overhead power line and CR with wooden poles, TS on wooden pole	33 years	33 years
STS and secondary SS equipment	15 years	15 years
STS, SS and primary DCS equipment	30 years	30 years
Energy transformer HV/MV	35 years	35 years
Energy transformer MV/LV	30 years	30 years
Measuring and control devices (meters)	5–24 years	5–24 years
Motor vehicles	7-12 years	7-12 years
Computer equipment	3 years	3 years
Intangible assets (application software)	3-5 years	3 years
Servitude	1-100 years	1-100 years

Financial investments

In the balance sheet, financial investments are stated as long-term financial investments and current financial investments. Long-term financial investments are held in possession over a period longer than one year and are not held for trading.

At initial recognition, financial investments are measured at cost that equals the paid amount of cash or cash equivalents.

In financial statements, non-current financial investments in subsidiaries and affiliated companies are stated at cost.

The company's other financial investments are classified as available-for-sale financial investments.

On each balance sheet date, the company assesses whether there is objective evidence on potential impairment of a financial investment. Should such evidence exist, the revaluation of a financial investment is required.
Changes in the fair value of financial investments resulting from revaluation are recognised in the company's equity as increases or decreases in revaluation surplus.

Inventories

An inventory unit of materials is measured at cost, which comprises the purchase price, import duties and direct cost of purchase reduced by any discounts.

Inventories of material are carried at the floating average prices method.

Inventories of material are revaluated due to impairment if the carrying amount exceeds the net market value.

Receivables

Initially, all types of receivables are recognised at amounts recorded in the relevant documents under the assumption that the amounts owed will also be collected. Original receivables can subsequently be directly increased by or, outside the payment received or another form of collection, decreased by each amount justified by a contract.

The company regularly checks the suitability of disclosed receivables. The amounts of receivables that are believed to be uncollectible by their due date should be recorded as doubtful receivables or as disputable receivables.

Due to impairment, the company adjusts the value of receivables when there is objective evidence that a current carrying amount of a receivable exceeds the present value of expected future cash flows.

In forming revaluation adjustments for doubtful or disputable receivables, the company uses the approach of a 100 % value adjustment of a receivable due from a client, no matter the degree of recoverability. The company also forms revaluation adjustments for receivables when it disposes with data on initiated insolvency proceedings or legal actions. Value adjustments are also made individually for those receivables due from individual partners, which are not settled within 90 days from the maturity date.

In the balance sheet, receivables are stated in the net value, meaning they are decreased by the revaluation adjustments for disputable or doubtful receivables.

Cash and cash equivalents

Cash is the company's cash in transaction accounts with banks, and cash equivalents – investments, which may quickly be transformed into a predetermined cash amount.

At initial recognition, cash is stated in amounts based on appropriate documentation, after such nature of the document has been confirmed.

Short-term accrued revenues and deferred expenses

Short-term accrued revenue and deferred expenses include receivables and other assets, which are assumed to appear within a year from the balance sheet date and are probable, with their size assessed reliably.

Initially, these are amounts that do not affect the company's activity nor do they impact its result. In the balance sheet, these items are shown in real amounts without any hidden reserves.

Short-term accrued expenses and deferred revenue include all costs calculated in advance (expenses) and short-term deferred revenue. These may only be used for items which have been initially recognised. In the balance sheet, they are presented in amounts assessed reliably without any hidden reserves.

Capital

The total equity of the company is represented by the amounts invested by owners, and amounts from operations, which belong to the owner.

The share capital is recorded in euros. It is entered in the court register and divided in 33,495,324 ordinary no-par value shares. All shares are a part of one class and have been paid-in in full. They were issued as dematerialised securities and kept with KDD – centralna klirinško depotna družba d.d. (Central Securities Clearing Corporation) in line with the regulations.

Revenue reserves are recognised by a decision adopted by the Management Board, Supervisory Board and the General Meeting.

Revaluation surplus is recognised on the basis of the revaluation of investments at the end of the financial year and on the basis of recording of actuarial gains/losses arising from the actuarial calculation of provisions for service awards and severance pays.

The net profit or loss is the undistributed part of the net profit or loss of the current year.

The company records changes in equity items in equity changes statement.

Provisions and long- term accrued expenses and deferred revenues

The company forms provisions for the liabilities that are, based on data from past events, expected to occur in the following periods. Their amount is based on the estimated current amount of expenditures, which will be necessary to settle these liabilities.

Provisions are made for severance payments and service awards for employees. They are based on the calculation of a certified actuary as at the start and end of a business year. The actuarial calculation is based on the provisions of IAS 19 and IAS 26, and performed at the end of each financial year when the company adjusts the value and balance of provisions. They were calculated by the Projected Unit Credit method based on a multiple decrement model taking into account the following decrements: mortality probability, retirement probability, employee turnover probability, and disability probability. The most important assumptions used in the actuarial calculation are:

- Mortality probability (SLO2002x, SLO2002y);
- Disability probability (in accordance with the model based on BUZ/BV1990x, BUZ/BV1990y);
- Retirement in accordance with the model based on Pension and Disability Insurance Act (ZPIZ-2A; Official Gazette of the Republic of Slovenia, No. 39/2013);
- Staff turnover:
  - 5.0 % in the interval to 35 years;
  - 4.0 % in the interval from 36 to 45 years;

  - 3.0 % in the interval to 46 years;
- Discount rate 2.0 %;
- Growth of salaries and wages in the Republic of Slovenia 2.0 %
- Growth of wages in the company 2.0 %;
- Growth of wages in electricity sector 2.0 %;
- Employer's contribution rate: 16.1 % (in case of payments higher than amounts as stipulated by the Decree on the levels of reimbursed work-related expenses and of certain income not to be included in the tax base (Official Gazette of the Republic of Slovenia, No. 76/08));
- Growth of amounts in the Decree 1.0 %.

The carrying amount of a provision equals its historical cost less the amounts spent, until the need for their increase or decrease arises.

The company forms long-term accrued expenses and deferred revenue from accrued costs and from contributions for pension and disability insurance of disabled employees. The company uses this income to cover the actual salaries of disabled employees.

The company also makes long-term accrued revenues and deferred expenses from deferred revenue for fixed assets acquired free of charge and from contributions for co-financing, which are intended to cover for depreciation of such assets.

Debts

In terms of the content, liabilities are categorised in financial and operating, and in terms of maturity, they are classified as current and long-term.

All liabilities are initially recognised in amounts arising from the relevant documents based on the assumption that the creditors require these to be repaid. Liabilities are later increased by attributed returns (interest, other compensation), for which there is an agreement with the creditor. They are decreased by the amounts paid and any other settlements in agreement with the creditor.

The carrying amount of liabilities equals their original value decreased by their repayments.

In the balance sheet, long-term liabilities and short-term liabilities are presented separately, and they are further broken down to financial and operating liabilities.

The company evaluates the fair value of liabilities at least once a year upon the preparation of the financial statements. Impairment of liabilities is not made or disclosed.

Off-balance sheet records

Commitments and contingent liabilities show the amounts of bills of exchange given for loans received, guarantees given and received, potential payment liabilities, amounts pertaining to small tools in use, and values of fixed assets transferred to SODO d.o.o.

Recognition of revenue

Revenue is recognised if the increase of economic benefits in an accounting period is connected with the increased value of an asset or decreased liability, and if such increase can be measured reliably. Revenue is recognised when it is reasonable to expect it to result in receipts, if these are not already realised at inception.

Revenue comprises of operating, financial, and other revenue.

Operating revenue is revenue from sales and it represents the sales values of products, services and material sold in an accounting period. It is measured based on sales prices stated in invoices or other documents, decreased by the discounts granted at the sale, and subsequently also by the value of returned quantities and any subsequent discounts.

The revenue from rendered services is measured at sales prices of performed services considering the level of their completion, indicated in invoices or other documents.

Revaluation operating revenue is generated upon the disposal of property, plant and equipment and intangible assets, and also after the payment of receivables which were revaluated in previous years.

Financial revenue is revenue from investment activities. It is generated from current and non-current financial investments and from receivables in the form of interest charged and as revaluation finance income.

This income is recognised at settlement, regardless of the receipts, if there is no reasonable doubt as to its size, maturity and probability to be paid. Interest is attributed in proportion to the elapsed period and in relation to the unpaid part of the principal and the applicable interest rate.

Other revenue pertains to non-recurring items and other income that increases the operating result.

Recognition of expenses

Expenses are recognised if the decrease in economic benefits in an accounting period is connected with the decreased value of an asset or increased liability, and if such decrease can be measured reliably.

Expenses include operating, finance and other expenses.

Operating expenses are recognised when the amount of costs no longer corresponds to the value of inventories. In general they equal the accrued expenses in an accounting period.

Revaluation operating expenses are recognised when an adequate revaluation is completed and they appear in connection with items of property, plant and equipment, intangible non-current and current assets due to their impairment.

Finance expenses are expenses from financial and operating liabilities. They are recognised in settlement, regardless of the related payments.

Other expenses include non-recurring items and other expenses that decrease the operating result.

Labour costs and reimbursements to employees

The company includes the following items in labour costs:

- Salaries and wages,
- Salary and wage compensations,
- Additional pension insurance cost,
- Contributions and other taxes,
- Other costs such as: pay for annual leave, reimbursement of material costs, solidarity aid and other.

Labour costs and reimbursements are calculated and paid in accordance with the legislation, the Collective Agreement pertaining to the energy sector and the Corporate Collective Agreement.

Labour costs also include accrued costs from unused annual leave of employees.

Taxes

The company is liable for payment of taxes in accordance with the Value Added Tax Act and the Corporate Income Tax Act.

The corporate income tax is calculated on the basis of revenue and expenses such as stated in the income statement, taking into account the provisions of the Corporate Income Tax Act.

The tax calculated this way is the tax paid by the company from the taxable profit for the year, using tax rates applicable on the date of the statement of financial position, taking into consideration any adjustments to tax liabilities arising from previous business years.

The company discloses deferred tax using the method of liabilities in accordance with the balance sheet based on temporary differences between book and tax values of individual assets and liabilities. The amount of deferred tax is based on the expected method of return or settlement of the book value of assets and liabilities, using the tax rates applicable on the balance sheet date.

Deferred tax assets are recognised only to the extent for which it is probable that the future taxable profit, from which deferred taxes can be used in the future, will be available.

Cash flow statement

The cash flow statement has been prepared using the direct method. In the cash flow statement, cash and cash equivalents are represented by cash in accounts and deposits with maturity up to three months.

Segment reporting

The company is in accordance with the Energy Act-1 bound to report by activities (segments). Two activities are defined for that purpose:

- The contract with SODO which sets forth the tasks performed by the company in accordance with the Contract on the lease of the electricity distribution infrastructure and provision of services for SODO, and
- The services which include other market activities performed by the company.

5 FINANCIAL STATEMENTS OF THE ELEKTRO MARIBOR COMPANY

Balance sheet

in EUR

	I t e m	Note	31 Dec.2015	31 Dec.2014
A.	**Long-term assets (I–VI)**		**317,441,895**	**308,598,435**
I.	**Intangible assets and long-term accrued revenues and deferred expenses (1 to 6)**	**1**	**1,411,039**	**1,787,308**
	1. Long-term property rights		1,411,039	1,787,308
II.	**Property, plant and equipment (1 to 6)**	**2**	**296,780,077**	**287,950,664**
	1. Land and buildings (a + b)		219,113,660	213,221,305
	a. Land		7,717,383	7,686,245
	b. Buildings		211,396,277	205,535,060
	2. Production machinery		71,506,837	68,942,634
	4. Property, plant and equipment under acquisition (a + b)		6,159,580	5,786,725
	a. Property, plant and equipment under construction		6,146,906	5,769,500
	b. Advances for acquisition of property, plant and equipment		12,674	17,225
III.	**Investment property**	**3**	**664,211**	**667,927**
IV.	**Non-current financial investments (1 to 2)**	**4**	**17,541,681**	**17,679,733**
	1. Non-current financial investments excluding loans (a to č)		17,541,681	17,679,733
	a. Investments in shares and stakes of companies in the Group		16,983,479	16,983,478
	b. Investments in shares and stakes of associated companies		349,854	487,907
	c. Other non-current investments in shares and stakes		56,594	56,594
	č. Other non-current financial investments		151,754	151,754
V.	**Long-term operating receivables (1 to 3)**	**5**	**591,077**	**98,042**
	3. Long-term operating receivables due from others		591,077	98,042
VI.	**Deferred tax assets**	**6**	**453,810**	**414,761**
B.	**Current assets (I - V)**		**27,683,356**	**24,052,879**
II.	**Inventories (1 to 4)**	**7**	**1,371,197**	**1,666,368**
	1. Material		1,371,197	1,666,368
IV.	**Current operating receivables (1 to 3)**	**8**	**10,057,754**	**10,254,829**
	1. Current operating receivables due from companies in the Group		26,311	68,887
	2. Current operating receivables due from clients		8,865,676	9,030,687
	3. Current operating receivables due from others		1,165,767	1,155,255
V.	**Cash and cash equivalents**	**9**	**16,254,405**	**12,131,682**
C.	**Short-term deferred items**	**10**	**303,177**	**4,783**
	A S S E T S (A + B + C)		**345,428,428**	**332,656,097**
	Off-balance sheet assets		50,168,366	47,397,147

in EUR

	Item	Note	31 Dec.2015	31 Dec.2014
A.	**Capital**	**11**	**253,826,936**	**246,910,062**
I.	**Called-up capital (1 to 2)**		**139,773,510**	**139,773,510**
	1. Share capital		139,773,510	139,773,510
II.	**Capital reserves**		**75,121,586**	**75,121,586**
III.	**Revenue reserves (1 to 5)**		**33,806,617**	**27,484,800**
	1. Legal reserves		3,198,981	2,635,976
	5. Other revenue reserves		30,607,636	24,848,824
IV.	**Revaluation surplus**		**-330,299**	**-6,505**
V.	**Retained net profit or loss**		**0**	**148,193**
	1. Retained net profit from previous years		0	148,193
VI.	**Net profit or loss for the financial year**		**5,455,522**	**4,388,478**
	1. Undistributed profit for the financial year		5,455,522	4,388,478
B.	**Provisions and long-term accrued expenses and deferred revenues (1 to 3)**	**12**	**37,191,418**	**35,451,589**
	1. Provisions for retirement benefits and similar liabilities		5,534,627	4,266,044
	2. Other provisions		498,762	674,156
	3. Long-term accrued expenses and deferred revenue		31,158,029	30,511,389
C.	**Non-current liabilities (I to III)**	**13**	**29,996,748**	**28,857,235**
I.	**Non-current financial liabilities (1 to 4)**		**29,942,857**	**28,700,000**
	2. Long-term financial liabilities to banks and companies		29,942,857	28,700,000
II.	**Non-current operating liabilities**		**53,891**	**157,235**
	2. Long-term operating liabilities to suppliers		53,891	157,235
Č.	**Current liabilities (I to III)**	**14**	**23,592,165**	**19,911,095**
II.	**Current financial liabilities (1 to 4)**		**8,784,215**	**7,539,478**
	2. Current financial liabilities to banks and companies		8,757,143	7,507,143
	4. Other current financial liabilities		27,072	32,335
III.	**Current operating liabilities (1 to 8)**		**14,807,950**	**12,371,617**
	1. Current operating liabilities to companies in the Group		1,185,412	103,444
	2. Current operating liabilities to suppliers		5,931,312	4,931,328
	4. Current liabilities from operations for third party accounts		3,343,013	2,914,096
	5. Current liabilities to employees		3,085,240	3,108,826
	6. Current liabilities to state and other institutions		534,877	750,905
	7. Current operating liabilities based on advance payments		507,258	327,265
	8. Other current financial liabilities		220,838	235,753
D.	**Short-term accrued items**	**15**	**821,161**	**1,526,115**
	LIABILITIES (A to D)		**345,428,428**	**332,656,097**
	Off-balance-sheet liabilities	16	50,168,366	47,397,147

Income statement

in EUR

	Item	Note	I–XII 2015	I–XII 2014
1.	**Net sales revenues (a + b)**	**17**	**62,696,245**	**60,518,030**
	a. Domestic market		62,696,245	60,518,030
3.	**Capitalised own products and services**	**18**	**16,721,270**	**16,853,531**
4.	**Other operating revenues (with revaluated operating revenues)**	**19**	**3,764,068**	**3,180,373**
5.	**Cost of goods, material and services (a + b)**	**20**	**23,160,337**	**22,444,169**
	a. Cost of goods sold and costs material used		15,865,109	15,687,915
	b. Cost of services		7,295,228	6,756,255
6.	**Labour cost (a + b + c + d)**	**21**	**27,853,518**	**27,310,610**
	a. Costs of wages and salaries		19,445,633	19,921,516
	b. Cost of additional pension insurance for employees		1,003,676	938,733
	c Employer contributions and other salary duties		3,172,822	3,183,851
	d. Other labour costs		4,231,387	3,266,510
7.	**Write-offs (a + b + c)**	**22**	**19,029,553**	**19,410,720**
	a. Depreciation		18,394,092	18,393,566
	b. Revaluation operating expenses for intangible assets and property, plant and equipment		458,956	618,052
	c. Revaluation operating expenses for current assets		176,504	399,102
8.	**Other operating expenses**	**23**	**884,324**	**493,771**
9.	**Financial revenues from stakes**	**24**	**1,370,000**	**400,000**
	a) Financial income from stakes in companies of the Group		1,070,000	0
	b) Financial revenues from stakes in associated companies		300,000	400,000
10.	**Financial revenues from loans granted (a+b)**	**25**	**19,617**	**73,569**
	b. Financial revenues from loans granted to others		19,617	73,569
11.	**Financial revenues from operating receivables (a + b)**	**26**	**69,588**	**105,024**
	b. Financial revenues from operating receivables due from others		69,588	105,024
12.	**Financial expenses from write-offs and impairments of financial investments**	**27**	**138,053**	**0**
13.	**Financial expenses from financial liabilities (a + b + c + č)**	**28**	**561,359**	**759,654**
	b. Financial expenses from borrowings		560,522	759,245
	č. Financial expenses from other financial liabilities		837	409
14.	**Financial expenses from operating liabilities (a + b + c)**	**29**	**151,987**	**158,097**
	b. Financial expenses from liabilities to suppliers and liabilities pertaining to bills of exchange		543	2,077
	c. Financial expenses from other operating liabilities		151,445	156,019
15.	**Other revenue**	**30**	**14,991**	**30,674**
16.	**Other expenses**	**31**	**92,982**	**73,390**
17.	**Corporate income tax**		**1,562,606**	**1,249,180**
18.	**Deferred taxes**		**39,049**	**-22,709**
19.	**NET PROFIT/LOSS FOR THE PERIOD**	**32**		
	(1 ± 2 +3 + 4 - 5 - 6 - 7 - 8 + 9 + 10 + 11 - 12 - 13 - 14 + 15 - 16 - 17 +18)		**11,260,107**	**9,238,901**

Statement of comprehensive income

in EUR

	Item	I–XII 2015	I–XII 2014
19.	Net profit/loss for the period	11,260,107	9,238,901
23.	Other items of comprehensive income	-323,794	-111,689
24.	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (19+20+21+22+23)**	**10,936,313**	**9,127,212**

Cash flow statement

in EUR

Item	Note	I–XII 2015	I–XII 2014
A. Cash flows from operating activities			
a) Cash receipts from operating activities	***33***	***111,496,348***	***105,758,933***
aa) Cash receipts from sales of products and services		109,579,606	103,327,940
ab) Other cash receipts from operating activities		1,916,742	2,430,993
b) Cash disbursements from operating activities	***34***	***-98,010,303***	***-94,823,627***
ba) Cash disbursements from the purchase of material and services		-62,050,083	-60,119,533
bb) Cash disbursements from salaries and employees' participation in profit		-16,030,223	-15,547,988
bc) Cash disbursements from taxes		-18,231,796	-17,225,392
bd) Other cash disbursements from operating activities		-1,698,201	-1,930,714
c) Net cash used in operating activities (a + b)		***13,486,045***	***10,935,306***
B. Cash flows from investing activities			
a) Cash receipts from investing activities	***35***	***1,476,990***	***520,726***
aa) Interest received and shares in profit received, relating to investment activities		1,391,661	475,236
ac) Cash receipts from disposal of tangible fixed assets		85,329	45,490
ae) Cash receipts from disposal of current financial investments			0
b) Cash disbursements from investing activities	***36***	***-8,779,622***	***-6,864,706***
ba) Cash disbursements from acquisition of intangible assets		-385,991	-671,273
bb) Cash disbursements from acquisition of property, plant and equipment		-8,393,631	-6,193,433
bd) Cash disbursements from acquisition of current financial investments			0
c) Net cash used in investing activities (a + b)		***-7,302,632***	***-6,343,980***
C. Cash flows from financing activities			
a) Cash receipts from financing activities	***37***	***10,000,000***	***6,500,000***
ab) Cash receipts from increase of long-term financial liabilities		10,000,000	6,500,000
b) Cash disbursements from financing activities	***38***	***-12,060,690***	***-11,526,354***
ba) Cash disbursements from interest paid on financing		-564,401	-755,057
bc) Cash disbursements from repayment of non-current financial liabilities		-7,507,143	-7,773,810
bd) Cash disbursements for repayment of short-term financial liabilities			0
be) Cash disbursements from dividends and other participation in profit		-3,989,146	-2,997,487
c) Surplus of cash receipts in financing or surplus of cash disbursements in financing (a + b)		***-2,060,690***	***-5,026,354***
Č. Closing balance of cash and cash equivalents		**16,254,405**	**12,131,682**
x) Cash flow result for the period (sum of net cash Ac, Bc and Cc)		**4,122,723**	**-435,027**
+			
y) Opening balance of cash and cash equivalents		**12,131,682**	**12,566,709**

Statement of changes in equity 2015

	in EUR	Called-up capital Share capital I/1	Revenue reserves Capital reserves II	Legal reserves III/1	Other revenue reserves III/5	Revaluation surplus IV	Retained net profit or loss Retained net profit V/1	Net profit or loss for the period Net profit VI/1	Total
A.1.	**Closing balance as at the end of the previous reporting period**	**139,773,510**	**75,121,586**	**2,635,976**	**24,848,824**	**-6,505**	**148,193**	**4,388,478**	**246,910,062**
A.2	**Opening balance for the reporting period**	**139,773,510**	**75,121,586**	**2,635,976**	**24,848,824**	**-6,505**	**148,193**	**4,388,478**	**246,910,062**
B.1	**Changes in equity – transactions with shareholders**						**-4,019,439**		-4,019,439
g.	Payment of dividend						-4,019,439		-4,019,439
B.2	**Total comprehensive income for the reporting period**					**-323,794**		**11,260,107**	**10,936,313**
a.	Entry of net profit or loss for the period							11,260,107	11,260,107
d.	Other items of comprehensive income					-323,794			-323,794
B.3	**Changes in equity**			**563,005**	**5,758,812**	**0**	**3,871,246**	**-10,193,063**	**0**
a.	Allocation of the remaining part of the net profit for the compared reporting period to other items of equity						4,388,478	-4,388,478	0
b.	Allocation of the remaining part of the net profit for the compared reporting period pursuant to the decision by the Management and Supervisory Boards			563,005	5,241,580			-5,804,585	0
c.	Allocation of a part of the net profit for the formation of additional reserves pursuant to General Meeting's resolution				517,232		-517,232		0
C.	**Closing balance for the reporting period**	**139,773,510**	**75,121,586**	**3,198,981**	**30,607,636**	**-330,299**	**0**	**5,455,522**	**253,826,936**
	DISTRIBUTABLE PROFIT						**0**	**5,455,522**	**5,455,522**

Statement of changes in equity 2014

	in EUR	Called-up capital Share capital I/1	Capital reserves II	Revenue reserves Legal reserves III/1	Revenue reserves Other revenue reserves III/5	Revaluation surplus IV	Retained net profit or loss Retained net profit V/1	Net profit or loss for the period Net profit VI/1	Total
A.1.	**Closing balance as at the end of the previous reporting period**	**139,773,510**	**75,121,586**	**2,174,031**	**19,659,833**	**105,184**	**290,663**	**3,524,430**	**240,649,237**
b.	Retroactive adjustment						148,193		**148,193**
A.2	**Opening balance for the reporting period**	**139,773,510**	**75,121,586**	**2,174,031**	**19,659,833**	**105,184**	**438,856**	**3,524,430**	**240,797,429**
B.1	**Changes in equity – transactions with shareholders**						**-3,014,579**		-3,014,579
g.	Payment of dividend						-3,014,579		-3,014,579
B.2	**Total comprehensive income for the reporting period**					**-111,689**		**9,238,901**	**9,127,212**
a.	Entry of net profit or loss for the period							9,238,901	9,238,901
d.	Other items of comprehensive income					-111,689			-111,689
B.3	**Changes in equity**			**461,945**	**5,188,991**	**0**	**2,723,916**	**-8,374,853**	**0**
a.	Allocation of the remaining part of the net profit for the compared reporting period to other items of equity						3,524,430	-3,524,430	
b.	Allocation of the remaining part of the net profit for the compared reporting period pursuant to the decision by the Management and Supervisory Boards			461,945	4,388,478			-4,850,423	0
c.	Allocation of a part of the net profit for the formation of additional reserves pursuant to General Meeting's resolution				800,514		-800,514		0
C.	**Closing balance for the reporting period**	**139,773,510**	**75,121,586**	**2,635,976**	**24,848,824**	**-6,505**	**148,193**	**4,388,478**	**246,910,062**
	DISTRIBUTABLE PROFIT						**148,193**	**4,388,478**	**4,536,671**

6 NOTES AND DISCLOSURES TO STATEMENTS

6.1 Notes to the balance sheet

The balance sheet is the basic financial statement presenting the assets and liabilities that refer to the company's operations.

In accordance with SAS 24.4 it is drawn up in the running form with values shown for the current and past periods.

Items in the balance sheet are presented at their carrying amounts as the difference between the cost and the deducted value adjustment. The balance sheet has been prepared taking account of the principle of individual asset and liability valuation.

The company is not in possession of any additional information significant for a fair presentation of the company's financial position; such items are not mandatory parts of the balance sheet.

Information constituting the basis for the preparation of the balance sheet and information about special accounting policies and methods used in recording the company's business events are presented in the following notes to individual balance sheet items.

The notes constitute an integral part of the financial statements and should be read in conjunction with them.

Intangible assets

Note 1

Intangible assets comprise of property rights from the use of licenses, application software and real rights on the property of others.

Intangible assets are not pledged for the repayment of debts, and also the company does not dispose with assets acquired through state aid.

At the end of financial year, the company shows no financial liabilities regarding the acquisition of intangible assets.

Changes in intangible assets

in EUR	Intangible assets	Current investments	Total
Purchase value			
As at 31 January 2015	7,322,996		7,322,996
Increase	*224,440*	*0*	224,440
- New purchases		224,440	224,440
- Activation	224,440	-224,440	0
Disposals	1,936,980		1,936,980
As at 31 December 2015	5,610,455	0	5,610,455
Write-offs			
As at 1 January 2015	5,535,688		5,535,688
Disposals	1,878,975		1,878,975
Depreciation	542,703		542,703
As at 31 December 2015	4,199,417	0	4,199,417
Carrying amount			
As at 1 January 2015	1,787,308	0	1,787,308
As at 31 December 2015	1,411,039	0	1,411,039

Major acquisitions relate to the acquisition of Microsoft licenses and the modernisation and upgrade of the IIS.

Property, plant and equipment

Note 2

Changes in property, plant and equipment in 2015

in EUR	Land	Buildings	Equipment	Current investments	Advances	Total property, plant and equipment
Purchase value						
As at 1 January 2015	7,686,245	677,942,402	165,880,420	5,769,500	17,225	857,295,792
Additions, of which:				27,090,417	6,512	27,096,929
- Additions (new acquisitions)				25,182,663	0	25,182,663
- Additions (free of charge acquisition)				1,907,754	0	1,907,754
Activation	49,338	17,962,483	8,670,817	-26,682,639	0	0
- Activation (new acquisitions)	49,338	16,054,983	8,669,917			
- Activation (free of charge acquisition)		1,907,500	900			
Decrease	18,200	7,298,716	2,544,420	30,372	11,063	9,902,771
Transfers						0
As at 31 December 2015	7,717,383	688,606,169	172,006,817	6,146,906	12,674	874,489,951
Write-offs						
As at 1 January 2015		472,407,341	96,937,784			569,345,125
Disposals		7,022,210	2,439,815			9,462,025
Depreciation		11,824,761	6,002,012			17,826,773
As at 31 December 2015	0	477,209,892	100,499,981	0	0	577,709,873
Carrying amount						
As at 1 January 2015	7,686,245	205,535,061	68,942,637	5,769,500	17,225	287,950,667
As at 31 December 2015	7,717,383	211,396,277	71,506,837	6,146,906	12,674	296,780,078

Changes in property, plant and equipment in 2014

in EUR	Land	Buildings	Equipment	Current investments	Advances	Total property, plant and equipment
Purchase value						
As at 1 January 2014	7,642,980	669,107,638	163,542,353	5,654,560	14,805	845,962,335
Additions, of which:				23,519,300	2,420	23,521,720
- Additions (new acquisitions)				22,222,966	2,420	22,225,386
- Additions (free of charge acquisition)				1,296,334		1,296,334
Activation	23,505	16,518,046	6,862,808	-23,404,360		0
- Activation (new acquisitions)		15,231,526	6,852,994			
- Activation (free of charge acquisition)		1,286,520	9,814			
Disposals	-1,416	-7,676,672	-4,510,175			-12,188,264
Transfers	21,176	-6,610	-14,566			0
As at 31 December 2014	7,686,245	677,942,402	165,880,420	5,769,500	17,225	857,295,791
Write-offs						
As at 1 January 2014	0	467,678,162	95,571,509			563,249,671
Disposals		-7,158,067	-4,475,201			-11,633,268
Depreciation		11,887,247	5,841,478			17,728,725
As at 31 December 2014		472,407,342	96,937,786			569,345,128
Carrying amount						
As at 1 January 2014	7,642,980	201,429,476	67,970,844	5,654,560	14,805	282,712,665
As at 31 December 2014	7,686,245	205,535,060	68,942,634	5,769,500	17,225	287,950,664

Major acquisitions of items of property, plant and equipment in 2015 refer particularly to:

Major acquisitions of items of property, plant and equipment in 2015

in EUR	2015	2014
LV power lines	7,513,436	8,993,842
Metering equipment and instruments	2,146,376	1,839,709
TS MV/HV	1,787,938	1,361,825
MV power lines (connecting)	3,752,939	3,859,869
STS HV/MV new	409,296	562,112
MV power lines (connecting)	1,277,368	739,262

Major decrease in property, plant and equipment refers to buildings in the amount of EUR 7,298,716 and equipment in the amount of EUR 2,544,420, mostly due to write-offs resulting from destruction and replacement.

The items of property, plant and equipment not yet available for use (current investment) totalled at EUR 6,146,906.

No items of property, plant and equipment were acquired under finance lease. All assets are owned by the company and have not been pledged as collateral for debts. The company also has no assets acquired through state aid.

The company still has some contractual commitments for the acquisition of tangible fixed assets, but these are concluded for successive supply of equipment by the contract in accordance with the time schedule.

All long-term borrowings are intended to finance investments in property, plant and equipment of the company.

The company, as the owner of the electricity infrastructure, signed the Annex No. 4 to the Contract on the lease of electrical distribution infrastructure and provision of services for the distribution system operator with SODO d.o.o. for 2015, which stipulates the amount of lease and services that the company performs for SODO, and the amount of assets for covering losses in the Elektro Maribor distribution network.

The amounts of future leases cannot be presented reliably, since the price and scope of the lease change over the years. The rent for the financial year 2015 amounts to EUR 28,027,577.

The book value for the leased electricity distribution infrastructure as at 31 December 2015 amounts to EUR 267,786,373.

Changes in electricity distribution infrastructure in 2015

	Intangible fixed assets	Land	Buildings	Equipment	Total property, plant and equipment and intangible fixed assets
Purchase value					
As at 1 January 2015	939,556	4,882,154	651,411,264	142,111,720	799,344,694
Transfers					
As at 1 January 2015	939,556	4,882,154	651,411,264	142,111,720	799,344,694
Additions, of which:	4,238	48,334	17,680,074	6,756,538	24,489,184
- Activation	4,238	48,334	17,680,074	6,756,538	24,489,184
Disposals		-17,196	-7,282,386	-1,480,714	-8,780,296
As at 31 December 2015	943,794	4,913,292	661,808,952	147,387,544	815,053,582
Write-offs					
As at 1 January 2015	10,477		460,623,768	78,894,443	539,528,688
Transfers					
As at 1 January 2015	10,477		460,623,768	78,894,443	539,528,688
Decreases			7,005,881	1,379,171	8,385,052
Depreciation	9,402		11,314,487	4,799,684	16,123,573
As at 31 December 2015	19,879	0	464,932,374	82,314,956	547,267,209
Carrying amount					
As at 1 January 2015	929,079	4,882,154	190,787,496	63,217,277	259,816,006
As at 31 December 2015	923,915	4,913,292	196,876,578	65,072,588	267,786,373

Investment property

Note 3

The Management Board of the company has actively monitored the events on the market. It has estimated that there was no objective evidence on factors that would point to the need for the impairment of investment property in 2015.

Changes in investment property

in EUR	31 Dec. 2015
Purchase value	
As at 1 January 2015	1,446,802
Increase	21,049
Decrease	674
As at 31 December 2015	1,467,176
Write-offs	
As at 1 January 2015	778,875
Disposals	526
Depreciation	24,616
As at 31 December 2015	802,965
Carrying amount	
As at 1 January 2015	667,927
As at 31 December 2015	664,211

Investment property

in EUR	Value	Revenue	Cost
Holiday capacities	648,364	100,648	114,245
Apartments	15,846	9,244	3,904
Total	**664,211**	**109,892**	**118,149**

Long-term financial investments

Note 4

Long-term financial investments

in EUR	As at 31 December 2015	As at 31 January / December 2014
Investments in stakes in companies of the Group:	16,983,478	16,983,478
- Energija plus d.o.o.	15,291,511	15,291,511
- Oven d.o.o.	1,691,967	1,691,967
Investments in stakes and shares of associated companies:	349,854	487,907
- Informatika d.d.	299,478	437,530
- Eldom d.o.o.	50,376	50,376
- Moja energija d.o.o.	0	0
Other long-term investments in stakes	56,594	56,594
Other non-current financial investments	151,754	151,754
Total	**17,541,681**	**17,679,733**

Changes in non-current financial investments

in EUR	Investments in stakes in companies of the Group	Investments in stakes and shares of associated companies	Other long-term investments in stakes	Other non-current financial investments	Total
As at 1 January 2015	16,983,478	487,907	56,594	151,754	17,679,733
Decrease		138,053			138,053
As at 31 December 2015	**16,983,478**	**349,854**	**56,594**	**151,754**	**17,541,680**

The company impaired in 2015 the value of stake in the associated company Informatika d.d. Impairment in of EUR 138,052 resulted from the fact that the company generated in 2015 a loss and that the carrying value of the investment in the capital fell by more than 20 %.

Non-current financial investments are not exposed to risks.

The company has all long-term investments, other than investments in subsidiaries and associated companies, classified as available for sale.

Other long-term investments primarily reflect the investment in the Alfa financial fund.

Long-term operating receivables

Note 5

Long-term operating receivables due from buyers show receivables from the balance account of the regulatory framework for 2015 in the amount of EUR 560,120. The part, which falls due in the current financial year, is transferred to short-term receivables.

Other long-term operating receivables include receivables from the collection of assets to the reserve fund of owner-occupied residential buildings.

Receivables are not secured and not pledged as collateral for liabilities.

Deferred tax assets

Note 6

In 2015, the company recognised an increase in deferred tax assets for temporary deductible tax differences from the past and current provisions and use, and from the formation of provisions for jubilee awards and retirement benefits.

The tax rate used in the calculation of deferred tax assets was 17 %. The same rate is also expected to be applied in the future business years.

In 2015, the company increased such deferred receivables for taxes by EUR 39,049.For the same amount the net profit increased in 2015. The balance of deferred receivables as at 31 December 2015 amounts to EUR 453,810.

Inventories

Note 7

Inventory is comprised predominantly of inventory of material for use in own investments, material for the provision of services on the market, and spare parts for the maintenance of fixed assets.

The Management Board of the company estimates that the carrying amount of the inventory is below the level of the net realisable value, except the inventory determined as inventory of operating reserves for which the company made an adjustment to the level of the net realisable value.

Inventories

in EUR	31 Dec.2015	31 Dec.2014
Material	1,336,284	1,575,782
Fuel and lubricants	14,326	12,563
Stationery	9,104	12,017
Small tools and packaging inventories	11,483	66,006
Total	**1,371,197**	**1,666,368**

As at 31 December 2014, the company showed inventories valued at EUR 87,546; there were no changes in the period from 1 January 2013 to 31 December 2015, i.e. the inventory is determined as current reserve inventory. The management of the company estimates that the net realisable value was lower, thus the company made a value adjustment of the inventory with no changes in 2015 in the amount of EUR 3,997.

The value of inventory

in EUR	31 Dec. 2015	31 Dec. 2014
Gross value of inventory	1,414,970	1,706,144
Value adjustments	43,773	39,776
Net value of inventory	**1,371,197**	**1,666,368**

During the regular annual inventorying, the company found no deficit nor surplus. EUR 30,206 in material was written off in 2015 due to damage, destruction and obsolescence. The same amount was recognised in the company's expenses.

The Management Board estimates that the net realisable value of obsolete inventories amounted to 50 %, therefore, these inventories were impaired in the same proportion.

All items of inventory are owned by the company and not pledged as collateral for debts.

Short-term operating receivables

Note 8

Short-term operating receivables

in EUR	31 Dec.2015	31 Dec.2014
Current operating receivables due from Group companies, of which:	26,311	68,887
- receivables due from Energija plus d.o.o.	25,457	67,991
- receivables due from Oven Elektro Maribor d.o.o.	854	896
Current accounts receivable for network use	3,940,389	3,358,944
Current accounts receivable for services	4,924,958	5,588,296
Current operating receivables for interest	329	13,109
Current operating receivables from operations for third party account	668,055	661,699
Other current receivables	497,712	563,893
Total	**10,057,754**	**10,254,829**

Clients usually settle their receivables on time or in slight defaults. Default interest is charged in accordance with the contract.

The company made a value adjustment in 2015 for disputable and doubtful receivables and for receivables that were more than 90 days in arrears, in accordance with the rules.

Value of receivables

in EUR	31 Dec.2015	31 Dec.2014
Gross receivables	12,184,762	12,474,532
Value adjustment	2,127,009	2,219,703
Net receivables	**10,057,754**	**10,254,829**

Changes in value of receivables

in EUR	As at 1 Jan. 2015	Decrease	Increase	As at 31 Dec.2015
Value adjustments of current operating receivables:				
- Decrease in value adjustments due to payments		119,435		
- Decrease in value adjustments due to write-offs		115,561		
Total	**2,219,703**	**234,996**	**142,301**	**2,127,009**

Receivables from customers for network use amount to EUR 3,940,389 and mostly are not secured by instruments for insurance of payments, as this is not foreseen in the Decree on general conditions and the supply of electricity.

The company's receivables due from SODO d.o.o. for the lease of the electricity distribution infrastructure are secured with bills of exchange. The balance of current receivables due from SODO as at 31 December 2015 stood at EUR 4,277,869 for lease and services, and EUR 668,055 for other receivables from operating for SODO.

As at the end of 2015, the company had no receivables due from the Management Board or the members of the Supervisory Board.

Breakdown of current operating receivables by maturity

in EUR	31 Dec. 2015	Structure in %	31 Dec. 2014	Structure in %
Non-mature receivables	9,380,221	93.26	9,622,196	93.83
Past due up to 30 days	428,230	4.26	443,445	4.32
Past due from 31 to 60 days	110,496	1.10	29,871	0.29
Past due from 61 to 90 days	8,989	0.09	31,672	0.31
Past due over 90 days	129,819	1.29	127,646	1.24
Total	**10,057,754**	**100**	**10,254,829**	**100**

Cash and cash equivalents

Note 9

Cash and cash equivalents

in EUR	31 Dec.2015	31 Dec.2014
Assets on accounts	304,405	574,930
Call deposits	15,950,000	11,556,752
Total	**16,254,405**	**12,131,682**

Short-term deferred items

Note 10

Short-term deferred items

in EUR	31 Dec.2015	31 Dec.2014
Short-term non- accrued revenue	297,378	0
Short-term deferred expenses	5,799	4,783
Total	**303,177**	**4,783**

Short-term accrued revenues and deferred expenses include mostly the amounts of short-term non-accrued revenues resulting from damage in network and lease of bases.

Changes in short-term deferred items

in EUR	As at 1 Jan. 2015	Increase	Decrease	As at 31 Dec.2015
Short-term non-accrued revenue	0	297,378	0	297,378
Short-term deferred expenses	4,783	1,640,331	1,639,315	5,799
Total	**4,783**	**1,937,709**	**1,639,315**	**303,177**

Capital

Note 11

The company's share capital totals at EUR 139,773,510 and is divided into 33,495,324 ordinary registered no-par value shares.

Capital

in EUR	31 Dec.2015	31 Dec.2014
Share capital	139,773,510	139,773,510
Capital reserves	75,121,586	75,121,586
Legal reserves	3,198,981	2,635,976
Other revenue reserves	30,607,636	24,848,824
Revaluation surplus	-330,299	-6,505
Retained net profit or loss	0	148,193
Net profit or loss for the financial year	5,455,522	4,388,478
Total	**253,826,936**	**246,910,062**

Capital reserves result entirely from the general equity revaluation adjustment.

Revaluation surplus is a product of the revaluation of non-current financial investments in the transition to SAS 2006 and the amount of actuarial loss arising from the actuarial calculation of provisions for severance pays.

The company generated a net profit of EUR 11,260,107 in 2015. The Management Board had in accordance with the responsibilities defined in the Companies Act-1, used part of net profit in the amount of EUR 563,005 for legal reserves, and part in the amount of EUR 5,241,580 for the formation of other revenue reserves.

The distributable profit thus amounted to EUR 5,455,522; and is presented in the appendix to the statement of changes in equity and is subject to distribution at the General Meeting of shareholders in 2016.

As at 31 December 2015, the book value of one share totalled at EUR 7.58; while the book value of one share as at 31 December 2014 totalled at EUR 7.37.

The net profit per share in 2015 amounted to EUR 0.34.

The prices of consumer goods for 2015 grew by -0.5 %. Were the company to revaluate the equity using the growth rate of consumer prices for 2015, in case of equity revaluation, the net profit would total at EUR 12,493,663. The calculated effect is EUR 1,233,556.

Effect of revaluation by the growth rate of consumer prices

Item in EUR	Opening balance of equity	Growth in %	Calculated effect	Increase/decrease of equity during the year	Growth in %	Calculated effect	Net profit before calculation	Net profit after calculation	Calculated effect
EQUITY – all categories excluding current profit	246,910,062	-0.5	-1,234,550	-4,019,439	-0,0247	994	11,260,107	12,493,663	-1,233,556

Provisions and long-term accrued expenses and deferred revenues

Note 12

Provisions

in EUR	As at 31 Dec.2015	As at 31 Dec. 2014
Provisions for service awards	2,439,666	1,557,222
Provisions for retirement benefits	3,094,961	2,708,823
Provisions for securities	20,169	24,757
Provisions for long-term accrued expenses	478,594	649,398
Total	**6,033,389**	**4,940,200**

Provisions for retirement benefits and service awards were formed based on the calculation of a certified actuary. The methodology underlying their calculation is presented in the chapter Relevant accounting policies.

Provisions for guarantees given are formed for the events when the company approves a guarantee period (usually five years) for the elimination of errors made during the construction of buildings for foreign clients. The company formed these provisions in the estimated amount of 10 % of the total exposed contractual value.

The amount of provisions based on legal obligations totals at EUR 478,594 and is the best estimate of expenses, needed for their settlement.

In making the best estimate, we observed risks and uncertainties which inevitably accompany the legal proceedings for which provisions were formed.

The company estimates that no provision type is exposed to risks.

The amount of provisions equals the current value of expenses, which are expected to be needed for the settlement of such commitments.

Changes in provisions

in EUR	As at 31 Dec. 2014	Formation	Spent	Reversal	As at 31 Dec. 2015
Provisions for service awards	1,557,222	1,140,230	188,157	69,629	2,439,666
Provisions for retirement benefits	2,708,823	547,122	160,984		3,094,961
Provisions for securities	24,757	300		4,889	20,168
Provisions for long-term accrued expenses	649,398	362,068	44,495	488,377	478,594
Total	**4,940,200**	**2,049,720**	**393,635**	**562,896**	**6,033,388**

Long-term accrued expenses and deferred revenues are formed from fixed assets acquired free of charge and from co-financing. The company uses these long-term accrued expenses and deferred revenue in order to cover the cost of their depreciation using the annual depreciation rate of 3 %.

Since 2010, the amounts used to cover the depreciation costs for the formed long-term accrued expenses and deferred revenue are those that match the actual depreciation rate of an individual fixed asset.

The company uses the total long-term accrued expenses and deferred revenue from contributions for disabled employees to settle the cost of their salaries and wages.

Changes in long-term accrued expenses and deferred revenue

in EUR	As at 31 Dec. 2014	Decrease	Increase	As at 31 Dec. 2015
Long-term deferred revenues from house connections acquired free of charge	15,855,884	657,978	1,697,570	16,895,476
Long-term deferred revenue from fixed assets acquired free of charge	6,693,802	236,928	210,184	6,667,058
Long-term deferred revenues from average connection costs	4,188,942	178,523	0	4,010,419
Long-term deferred revenues from co-financing	3,707,967	151,125	5,391	3,562,233
Long-term deferred revenues from contributions for disabled employees	0	156,965	156,965	0
Long-term deferred revenues from EU projects	64,795	41,952		22,843
Total	**30,511,390**	**1,423,470**	**2,070,110**	**31,158,029**

Long-term liabilities

Note 13

Long-term financial liabilities completely refer to received long-term loans from banks.

The company raised in 2015 a long-term loan in the amount of EUR 10,000,000; the loan is entirely intended to finance investments.

The maturity of loans is 5 to 10 years. Interest rate is between 1- and 6-month EURIBOR, with 1.45 to 1.9 % profit margin.

The carrying amount of long-term liabilities equals their fair value. Long-term liabilities of the company are not exposed to any special exchange and credit risks. Exposure to interest rate risk represents a potential negative change in EURIBOR, whereby the company has the option to prematurely repay long-term debts at any time.

All loans are secured with bills of exchange.

Principals in the amount of EUR 33,500,000 fall due within five years from the balance sheet date. The company duly pays the matured instalments of the principal and interest.

Long-term financial liabilities to banks

in EUR	31 Dec. 2015	31 Dec. 2014
Long-term financial liabilities to banks	38,700,000	36,207,143
Short-term part of long-term financial liabilities to banks	-8,757,143	-7,507,143
Total	**29,942,857**	**28,700.000**

Long term operating liabilities include long-term security received as a supplier's performance bond.

As at the end of 2015, the company had no long-term liabilities to the Management Board and the members of the Supervisory Board.

Current liabilities

Note 14

Current or short-term financial liabilities stood at EUR 8,784,215 and included amounts of the short-term part of long-term borrowings in the amount of EUR 8,757,143 EUR, falling due within one year from the balancing date, and liabilities to shareholders regarding the distribution of profit in the amount of EUR 27,072.

Current operating liabilities totalled EUR 14,807,950 and indicate the amount as shown in the table below:

Current operating liabilities

in EUR	31 Dec. 2015	31 Dec. 2014
Current operating liabilities to companies in the Group, of which:	1,185,412	103,444
- to Energija plus d.o.o.	1,185,412	103,444
Current operating liabilities to associated companies	361,510	341,864
Current operating liabilities to suppliers for fixed assets	3,883,344	2,711,041
Current operating liabilities to suppliers for current assets	1,686,456	1,878,425
Current operating liabilities to SODO d.o.o.	3,343,013	2,912,680
Other current liabilities from operations for third party account	0	1,415
Current operating liabilities to employees	3,085,240	3,108,827
Current operating liabilities to state and other institutions	534,877	750,905
Current operating liabilities based on advance payments	507,258	327,265
Other current operating liabilities	220,838	235,753
Total	**14,807,950**	**12,371,619**

The company duly settles its current liabilities on maturity dates.

As at 31 December 2015, the company has a liability to the President of the Management Board, Boris Sovič, M.Sc. for the salary and reimbursement of travel cost of December 2015 in gross amount of EUR 8,225.

Short-term accrued items

Note 15

Short-term accrued expenses and deferred revenues include short-term accrued expenses short-term deferred revenue. They include receivables and liabilities, which are assumed to appear within a year and are probable, with their size assessed reliably.

Short-term accrued items

in EUR	31 Dec. 2015	31 Dec. 2014
Calculated costs for unused annual leave	741,344	983,240
Short-term accrued expenses for legal matters	79,817	422,294
Short-term deferred revenues for the RF balance – 2011	0	72,732
Current deferred revenue from damages	0	47,850
Total	**821,161**	**1,526,115**

Changes in short-term accrued expenses and deferred revenue

in EUR	As at 31 Dec. 2014	Formation	Spent	Reversal	As at 31 Dec. 2015
Calculated costs for unused annual leave	983,240	741,344	946,261	36,979	741,344
Short-term accrued expenses for legal matters	422,294	0	0	342,477	79,817
Short-term deferred revenues for the RF balance – 2011	72,732		72,732		0
Current deferred revenue from damages	47,850		47,850		0
Total	**1,526,116**	**741,344**	**1,066,843**	**379,456**	**821,161**

Off-balance sheet assets/liabilities

Note 16

Off-balance sheet assets/liabilities

in EUR	31 Dec.2015	31 Dec.2014
Securities for insurance of payments – guarantees	183,530	259,306
Securities for insurance of payments – bills of exchange	38,700,000	36,207,143
Receivables for provided bank guarantees	4,312,397	3,849,755
Enforcement drafts received	7,029	0
Enforcement drafts given	22,899	0
Potential liabilities for damages	99,681	113,761
Small tools in use	1,654,185	1,584,193
Average cost of connection SODO d.o.o. transfer of assets 1 July to 31 Dec. 2009	3,909,812	4,067,651
Average cost of connection SODO d.o.o. transfer of property, plant and equipment 1 Jan. 2010	1,093,961	1,130,469
Assets for holiday capacities – Eldom d.o.o.	184,870	184,870
Total	**50,168,366**	**47,397,147**

The company estimates that the probability of outflows and inflows from the above-mentioned receivables and liabilities is very small, therefore the amounts disclosed are merely informative.

6.2 Notes to the Statement of changes in equity

The statement of changes in equity presents changes in individual items of equity in a business year. The statement is broken down into items, showing changes in items of equity and trends that would cause changes in items of equity.

Distributable profit and proposal for its allocation

in EUR	2015	2014
a) Net profit or loss for the financial year	11,260,107	9,238,901
b) Retained net profit	0	148,193
č) Increase in revenue reserves as decided by the Management Board	563,005	461,945
Legal reserves	563,005	461,945
d) Increase in revenue reserves as decided by the Management Board	5,241,580	4,388,478
Other revenue reserves	5,241,580	4,388,478
DISTRIBUTABLE PROFIT (a + b - č - d)	**5,455,522**	**4,536,671**

At its session held on 30 June 2015, the General Meeting of Elektro Maribor decided on the allocation of the distributable profit for 2014. It was decided to allocate EUR 4,019,438.88 as dividend to shareholders. The rest of the distributable profit in the amount of EUR 517,231.59, the General Meeting allocated to other revenue reserves.

The Management Board and the Supervisory Board proposed to the Annual General Meeting to allocate the distributable profit for 2015, amounting to EUR 5,455,521.78, for the payment of a dividend in the amount of EUR 0.16 gross per share, which amounts to a total of EUR 5,359,251.84; the rest of the distributable profit in the amount of EUR 96,269.94 shall be allocated to transfer to the next year.

6.3 Notes to the Income statement

The income statement includes the income and expenses that occurred in the accounting period.

The income statement has been compiled using version I determined in point 25.5 of SAS 2006.

Information concerning the basis for compilation of the income statement and about special accounting policies applied by the company is presented in disclosures to individual significant items.

Revenue

The amount of revenue is affected by methods, policies and estimates explained in notes to the balance sheet.

The company did not change the methods and accounting estimates in 2015.

Revenue

in EUR	2015	2014
Operating revenue	83,181,582	80,551,933
Financial revenue	1,459,204	578,593
Other revenue	14,991	30,674
Total	**84,655,777**	**81,161,201**

Revenue generated in relation to companies in the Group

in EUR	Energija plus d.o.o.	Oven d.o.o.
Revenues from the sale of services	190,175	378
Revenues from the rent of office buildings	81,890	9,084
Total	**272,065**	**9,462**

The revenue from the sale of services to Energija plus d.o.o. refers primarily to the charged accounting services and IT services.

Appendix to the Income statement

in EUR	2015	2014
Net sales revenue	62,696,245	60,518,030
Capitalised own products and services	16,721,270	16,853,531
Production costs of products and services sold	64,482,607	63,688,570
Gross profit	14,934,908	13,682,991
Selling costs	1,771,476	1,324,107
Administrative expenses	4,673,649	4,646,595
- normal administrative expenses	4,038,188	3,629,441
- revaluation operating expenses for intangible		
non-current assets and property, plant and equipment (7201, 7200)	458,956	618,052
- revaluation operating expenses for current assets (721,722)	176,504	399,102
Other operating revenues	3,764,068	3,180,373
Profit or loss from operating activities	**12,253,850**	**10,892,662**

Net sales revenue

Note 17

Net sales revenue

in EUR	2015	2014
Sale of electricity for losses – SODO d.o.o.	6,341,477	6,308,527
Charged rents	28,657,845	27,367,451
- SODO d.o.o. – rent	28,027,577	26,878,747
- Other	630,268	488,704
SODO d.o.o. services as per contract	24,351,648	23,742,982
Charged services	3,278,066	3,022,402
Sale of waste material	67,208	76,669
Total	**62,696,245**	**60,518,030**

Net sales revenues accounted for 74 % of total operating revenues generated by the company. Net sales revenues include settlements for the regulatory periods 2014 and 2015.

Considered settlements in regulatory years 2014 and 2015

in EUR	Revenues in 2015	Reversal of included settlement 2014	Final balance 2014	Preliminary balance 2015	Accrued final settlement 2015	Total 2015
Rent	28,382,918	34,134	-34,153	-355,322		**28,027,577**
Services	24,161,941		864,380	-716,297	41,624	**24,351,648**
Purchase for losses	6,341,477					**6,341,477**
Total	**58,886,337**	**34,134**	**830,227**	**-1,071,619**	**41,624**	**58,720,703**

Capitalised own products and services

Note 18

Capitalised own products and services include own construction of investments and revenues from internal services (finalisation of equipment).

Capitalised own products and services

in EUR	2015	2014
Capitalised products	16,321,025	16,481,564
Capitalised services	400,245	371,967
Total	**16,721,270**	**16,853,531**

Other operating revenues

Note 19

Other operating revenues

in EUR	2015	2014
Derecognition of provisions	945,335	481,139
Derecognition of accrued expenses and deferred revenue	1,385,816	1,334,184
Indemnifications received from the insurance company	1,171,084	1,166,242
Profit from sale of fixed assets	36,028	26,505
Recovered receivables from previous years	128,487	129,386
Other operating revenues	97,317	42,916
Total	**3,764,068**	**3,180,373**

Cost of goods, material and services

Note 20

The cost of material in 2015 amounted to EUR 15,865,109.

Cost of material

in EUR	2015	2014
Cost of material, of which:	13,410,532	13,118,607
- purchase of electricity for losses	5,811,049	5,477,565
- material for investments	6,342,166	6,585,031
- material for damage remedy	303,040	288,709
- material for services	940,995	712,257
- other cost of material	13,283	55,045
Cost of spare parts for fixed assets	926,966	1,032,616
Cost of energy	926,250	1,011,986
Write-offs of small tools and packaging	388,737	296,885
Cost of office material and professional literature	209,147	224,069
Other cost of material	3,476	3,753
Total	**15,865,109**	**15,687,915**

In transactions with companies in the Group, the company recorded the cost of electricity purchase for losses in the amount of EUR 5,811,049, the cost of electricity purchase for own use in the amount of EUR 123,092 and the cost of gas purchase in the amount of EUR 63,376. All of the costs were incurred in transactions with Energija plus d.o.o.

The cost of material in 2015 amounted to EUR 7,295,228.

Cost of services

in EUR	2015	2014
Cost of services for further settlement	487,955	765,847
Cost of maintenance-related services	1,964,105	1,856,139
Cost of rents	462,617	87,899
Reimbursement of costs to employees	115,808	113,196
Cost of insurance and bank services and payment transact.	1,708,400	1,504,277
Cost of intellectual and personal services	332,364	328,445
Cost of fairs, advertisements and entertainment costs	59,668	73,222
Cost of services by natural persons	187,809	174,975
Postal, telecommunications and internet services	158,622	192,738
IT services	1,417,306	1,328,520
Other cost of services	400,575	330,996
Total	**7,295,228**	**6,756,255**

ABC Revizija d.o.o. from Ljubljana was appointed as an auditor of the Annual Report for the business year 2015. An audit contract in the amount of EUR 8,800 was concluded with the auditor. This amount also include the cost of the consolidated Annual Report audit in the amount of EUR 500.00. The Company in 2015 performed and produced a report on the agreed procedures, in accordance with the provisions of the Energy Act (EZ-1), the costs of which amounted to EUR 950.00.

Labour costs

Note 21

Labour costs include costs of wages and salaries and other employees' receipts, including employer contributions.

Labour costs include accrued costs in the amount of EUR 1,758,295, and they refer to:

- Unused holiday leave,
- Additional liabilities to employees based on the Corporate Collective Agreement.

Labour costs

in EUR	2015	2014
Costs of wages and salaries	19,445,633	19,921,516
Cost of additional pension insurance for employees	1,003,676	938,733
Employer contributions and other salary duties	3,172,822	3,183,851
Other labour costs	4,231,386	3,266,510
- Holiday allowances	669,024	654,271
- Travel allowances	1,005,429	978,395
- Meal allowances	1,079,171	1,074,092
- Collective accident insurance	110,113	105,603
- Provisions for jubilee awards and severance pays	1,278,737	366,247
- Other employee cash receipts	88,912	87,902
Total	**27,853,518**	**27,310,610**

Data by groups of persons – Management Board

The cost of salaries is represented by the salary of the President of the Management Board, Boris Sovič, M.Sc.

As at 31 December 2015, the company had a liability to the President of the Management Board for the December 2015 salary in the net amount of EUR 4,636.

Data by groups of persons – Management Board

in EUR	Gross	Net
Gross salaries for Boris Sovič, M.Sc.	97,107	53,313
- base gross salary – fixed amount	97,107	53,313
Reimbursement of travel expenses	2,402	2,402
Reimbursement of other material costs	1,656	1,656
Voluntary additional pension insurance	2,819	2,819
Total	**103,983**	**60,190**

The President of the Management Board received perks in the net amount of EUR 227 from collective accident insurance and flu vaccination. The President of the Management Board received in 2015 no payment from variable part of his salary.

Data by groups of persons – other employees with individual employment contracts

In 2015, a total of eight employees were employed on the basis of individual employment contracts. The cost of their salaries including material costs amounted in 2015 to EUR 536,846. Those expenses are composed of the following costs:

Data by groups of persons – other employees with individual employment contracts

in EUR	2015	2014
Gross salaries to other employees on individual employment contracts	496,705	492,646
- base gross salary	441,017	439,283
- bonus for years of service	44,144	42,441
- Christmas bonus or „13th salary“	11,544	10,922
Reimbursement of travel expenses	861	499
Reimbursement of other material costs	14,011	14,644
Voluntary additional pension insurance	19,733	19,968
Holiday allowance	5,535	5,590
Total	**536,846**	**533,347**

The employees under the individual contract received perks in the net amount of EUR 1,506, namely for collective accident insurance and vaccinations.

Employees on individual contracts have been paid rewards at the end of the financial year in total amount of EUR 5,944, salary based on performance in total amount of EUR 5,600, and the annual leave allowance in total amount of EUR 5,535.

The company has a liability to this group of persons for their December salaries.

Data by groups of persons – the Supervisory Board and its committees

In accordance with the General Meeting's resolution, the Supervisory Board is entitled to attendance fees at sessions and to the basic pay for the performance of their function.

Attendance fees and payments for the performance of Supervisory Board function

	2015 Gross in EUR	2014 Gross in EUR
Regular and extraordinary session		
Attendance fee for the President of the Supervisory Board	275	275
Attendance fee for members of the Supervisory Board	275	275
Correspondence session		
Attendance fee for the President of the Supervisory Board	220	220
Attendance fee for members of the Supervisory Board	220	220
Payment for the performance of function		
To the President of the Supervisory Board	16,950	16,950
To the Deputy President of the Supervisory Board	12,430	12,430
To the members of the Supervisory Board	11,300	11,300

Gross receipts of the members of the Supervisory Board from sessions amounted in 2015 to EUR 11,770. Additional cost of travel to meetings and educational events in 2015 were recorded in the gross amount of EUR 2,139. Remunerations from employment of Supervisory Board members, who are representatives of employees amounted to EUR 74,749.

Receipts of the members of the Supervisory Board from sessions and other expenses

in EUR

Name and family name	Gross	10%	6.36 % Health insurance contribution	Base for personal income tax 9 0%	25 %	Payment	8.85 % contribution for pension and disability insurance	0,53 % flat rate cont. for injury at work or occupational diseases
Mateja Čuk	2,915	291	185	2,438	609	2,120	258	15
Tomaž Orešič	1,883	188	120	1,575	394	1,370	167	10
Roman Ferenčak	1,946	195	124	1,627	407	1,415	172	10
Ciril Pucko	2,630	263	167	2,200	550	1,913	233	14
Darko Nemec	2,277	228	145	1,905	476	1,656	202	12
Dušan Kovačič	2,258	226	144	1,889	472	1,642	200	12
Total	**13,909**	**1,391**	**885**	**11,634**	**2,908**	**10,116**	**1,231**	**74**

The basic pay for the performance of the function to the members of the Supervisory Board, and attendance fees, were paid in 2015.

Payment for the performance of the function of the Supervisory Board

Name and family name	Gross in EUR	Net in EUR
Tomaž Orešič (SB Chairman)	16,950	12,328
Mateja Čuk (SB Deputy Chairperson)	12,430	9,040
Roman Ferenčak (SB member)	11,300	8,219
Ciril Pucko (SB member)	11,300	8,219
Dušan Kovačič (SB member – staff representative)	11,300	8,219
Darko Nemec (SB member – staff representative)	11,300	8,219
Total	**74,580**	**54,242**

The Audit Committee (AC) works as a committee of the Supervisory Board. The amount of attendance fees and payments for the performance of function is determined in the General Meeting's resolution.

Attendance fees and payments for the performance of Supervisory Board's Audit Committee function

	2015 Gross in EUR	2014 Gross in EUR
Regular and extraordinary session		
Attendance fee for the President of AC	220	220
Attendance fee for the members of AC	220	220
Correspondence session		
Attendance fee for the President of AC	176	176
Attendance fee for the members of AC	176	176
Payment for the performance of function		
To the President of AC	4,238	4,238
To the Deputy President of AC	2,825	2,825
To the Members of AC	2,825	2,825

Calculated and paid attendance fees and reimbursement of costs to the members of the Audit Committee in 2015

Name and family name	Gross in EUR	Net in EUR
Ciril Pucko	3,581	2,605
Roman Ferenčak	2,123	1,544
Ivana Kuhar	2,420	1,760
Total	**8,124**	**5,908**

Calculated and paid cost for performance of function to the members of the Audit Committee in 2015

Name and family name	Gross in EUR	Net in EUR
Ciril Pucko (President of the SB Committee)	4,238	3,082
Roman Ferenčak (SB Committee member)	2,825	2,055
Ivana Kuhar (external SB Committee member)	2,825	2,055
Total	**9,888**	**7,191**

In 2015, a Human Resource Committee was appointed in the Supervisory Board

Payment to the Supervisory Board's Human Resources Committee

Name and family name	Gross	10%	6.36 % Health insurance contribution	Base for personal income tax 90 %	25 %	Payment	8.85 % contribution for pension and disability insurance	0,53 % flat rate cont. for injury at work or occupational diseases
Mateja Čuk	316	32	20	264	66	230	28	2
Ciril Pucko	220	22	14	184	46	160	19	1
Total	**536**	**54**	**34**	**448**	**112**	**390**	**47**	**3**

Payment to the Supervisory Board's Human Resources Committee – external Committee member

Name and family name	Gross	10%	6.36 % Health insurance contribution	Base for personal income tax 90 %	25 %	Payment	8.85 % contribution for pension and disability insurance	0,53 % flat rate cont. for injury at work or occupational diseases
Maja Fesl Kamenik (external SB Committee member)	114	11	7	95	24	83	10	1
Total	**114**	**11**	**7**	**95**	**24**	**83**	**10**	**1**

The company did not give any advances or loans to employees under individual contracts, the Management Board or the members of the Supervisory Board and its committees.

Write-offs

Note 22

Depreciation

in EUR	2015	2014
Depreciation of intangible assets	542,703	639,944
Depreciation of property, plant and equipment, of which:	17,826,773	17,728,725
- building part	11,824,761	11,887,247
- equipment	6,002,012	5,841,478
Depreciation of investment property	24,616	24,897
Total	**18,394,092**	**18,393,566**

The revaluation operating expenses totalled at EUR 635,460.

Revaluation operating expenses

in EUR	2015	2014
Revaluation operating expenses in intangible assets and property, plant and equipment	458,956	618,052
Revaluation operating expenses pertaining to inventories	30,206	9,636
Revaluation operating expenses pertaining to receivables, of which:	142,127	374,271
- from the use of network	96,852	298,721
- from rendered services	27,616	15,683
- from interest	17,659	59,868
Other revaluation operating expenses	4,171	15,195
Total	**635,460**	**1,017,154**

Operating expenses from revaluation of tangible fixed assets relate primarily to write-offs of damaged and destroyed parts of buildings and equipment due to renovation or compensations.

The company makes value adjustments of receivables in accordance with the adopted accounting policy, individually for each business partner.

Other operating expenses

Note 23

Other operating expenses

in EUR	2015	2014
Provisions for securities	300	17,644
Provisions for legal proceedings	362,068	0
Construction land compensation	266,700	268,365
Other duties and expenses	255,256	207,761
Total	**884,324**	**493,771**

Financial revenues from stakes

Note 24

Based on the owners' resolutions, in 2015, the company received profit from the associated company Moja energija d.o.o. in the amount of EUR 300,000, and from companies in the Group, i.e. from Energija Plus the amount of EUR 800,000, and from Oven the amount EUR 270,000.

Financial revenues from loans granted

Note 25

Financial revenues from loans granted were recorded in the amount of EUR 19,617 relating to revenues from deposited cash in commercial banks.

Financial revenues from operating receivables

Note 26

Financial revenues from operating receivables

in EUR	2015	2014
Interest income for the use of network	34,376	36,296
Interest income from services	4,437	2,908
Interest income from lawsuits	30,775	65,820
Total	**69,588**	**105,024**

Finance expenses from financial liabilities

Note 27

Finance expenses from financial liabilities

in EUR	2015	2014
Finance expenses from borrowings from banks	560,522	759,245
Finance expenses from other financial liabilities	837	409
Total	**561,359**	**759,654**

Finance expenses from operating liabilities

Note 28

Finance expenses from operating liabilities

in EUR	2015	2014
Finance expenses from liabilities to suppliers and liabilities pertaining to bills of exchange	543	2,077
Finance expenses from other operating liabilities	151,445	156,019
Total	**151,987**	**158,097**

Finance expenses from other operating liabilities amounted to EUR 151,445 and included the amount of default interest from the actuarial measurement of provisions for jubilee awards and retirement benefits.

Other revenue

Note 29

Other revenue

in EUR	2015	2014
Other revenue	14,991	30,674
Total	**14,991**	**30,674**

Other expenses

Note 30

Other expenses

in EUR	2015	2014
Fines	0	1,000
Damages from annuity	12,665	12,568
Deductibles and other expenses	24,543	24,718
Donations	40,250	26,944
Other expenses	15,524	8,160
Total	**92,982**	**73,390**

Net profit/loss for the period

Note 31

The net profit for the period before tax stood at EUR 12,783,664.

Net profit/loss

in EUR	2015	2014
Operating profit	12,253,850	10,892,662
Financing profit/loss	607,805	-339,157
Loss from other revenues and expenses	-77,991	-42,716
Total	**12,783,664**	**10,510,790**

Corporate income tax

The company's liability for the payment of corporate income tax in 2015 was established on the basis of the tax return and totalled at EUR 1,562,606.

Adjustment of expenses for tax calculated on the basis of reported profit before taxation is shown in the table below.

Comparison between the actual and calculated tax rate

Comparison between the actual and calculated tax rate (in EUR)	2015		2014	
	Rate	Amount	Rate	Amount
Profit before taxation		12,783,664		10,510,790
Income tax (official rate)	17.00%	2,173,223	17.00%	1,786,834
Amounts that have negative impact on tax base		357,499		297,380
- amount for reducing expenses to the level of taxable expenses		357,499		297,380
- amount for increasing revenues to the level of taxable revenues		0		0
Amounts that have positive impact on tax base (+)(-)		401,299		120,983
- amount for increasing expenses to the level of taxable expenses		129,684		10,951
- amount for decreasing revenues to the level of taxable revenues		271,614		110,032
Tax relief		566,818		714,051
- used to impact the reduction of tax		566,818		714,051
Calculated tax for the period	**12.22%**	**1,562,606**	**11.88%**	**1,249,180**
Increase/decrease of deferred tax		-39,049		22,709
Tax in the Income statement	**11.92%**	**1,523,557**	**12.10%**	**1,271,889**

6.4 Notes to the Cash flow statement

The cash flow statement has been prepared in accordance with SAS 262 under the direct method - Variant I. The data used to prepare the cash flow statement were obtained from records on receipts and disbursements of cash from the company's transaction accounts.

In the reporting period, the company generated EUR 112,779,659 in receipts and EUR 118,850,615 in disbursements. Surplus of cash receipts over cash disbursements was positive and amounted to EUR 4,122,723 with the final balance of cash and cash equivalents in the company's accounts as at 31 December 2015 of EUR 16,254,405.

Cash receipts from operating activities
Note 33

Cash receipts from operating activities

in EUR	2015	2014
Receipts from lease and services according to SODO contract	61,660,061	58,656,868
Receipts from billed network charge and contributions	32,057,381	28,913,518
Receipts from operating for third-party account – SODO	7,730,246	7,784,179
Cash receipts from other service buyers	4,086,384	3,858,181
Other cash receipts from operating activities	4,045,534	4,115,194
Other cash receipts from operating activities	1,916,742	2,430,993
Total	**111,496,348**	**105,758,933**

Cash receipts from operating activities stood at EUR 111,496,348. Compared to 2014, cash receipts increased by EUR 5,737,415 or 5 %.

Cash disbursements from operating activities
Note 34

Cash disbursements from operating activities amounted in 2015 to EUR 98,010,303, which is by EUR 3,186,676 or 3 % higher than in 2014.

Cash disbursements from purchases of material and services

in EUR	2015	2014
Cash disbursements from liabilities to SODO d.o.o.	-32,215,996	-29,025,940
Cash disbursements from liabilities to suppliers	-17,566,272	-17,571,709
Disbursements form current liabilities to companies in the Group	-8,430,510	-9,371,256
Other cash disbursements	-3,837,305	-4,150,627
Total	**-62,050,083**	**-60,119,532**

Cash disbursements for employees' salaries and participation in profit in 2015 amounted to EUR 16,030,223, which is by EUR 482,235 or 3 % higher compared to the previous year.

Cash disbursements for charges of all kinds

in EUR	2015	2014
Liabilities for charged VAT	-5,511,391	-5,305,192
Liabilities for taxes and contributions from and on salaries	-10,530,723	-10,368,290
Liabilities for corporate income tax	-1,775,982	-1,145,223
Other liabilities to the state	-413,700	-406,687
Total	**-18,231,796**	**-17,225,392**

Other cash disbursements from operating activities amounted to EUR 1,698,201, which is by EUR 232,513 or 12 % less than in the previous year.

Surplus of cash receipts from operating activities in the amount of EUR 13,486,045 exceeded the figures for 2014 by EUR 2,550,739 or 23.3 %.

Cash receipts from investing activities
Note 35

Cash receipts from investing activities amounted to EUR 1,476,990, which is by EUR 956,265 or 184 % higher compared to 2014. Receipts for 2015 increased mostly due to higher receipts from participation in profits of other companies (Oven, Energija plus).

Cash disbursements from investing activities

Note 36

Cash disbursements from investing activities amounted in 2015 to EUR 8,779,622, which is by EUR 1,914,916 or 28 % more than in the previous year. The major share of these disbursements include liabilities to suppliers for fixed assets.

Cash receipts from financing activities

Note 37

Cash receipts from financing activities represent a long-term loan in the amount of EUR 10,000,000, which the company raised for a period of 8 years for financing the construction of electricity facilities.

Cash disbursements from financing activities

Note 38

Cash disbursements from financing activities amounted in 2015 to EUR 12,060,690, which is by EUR 534,337 or 5 % higher than in 2014. Higher disbursements result mainly from higher liabilities related to distribution of profit. In 2015, we paid dividends in the amount of EUR 3,989,146, while in 2014, in the net amount of EUR 2,997,487.

The largest share of disbursements from financing activities represents expenditure for repayment of principals from long-term loans, amounting in 2015 to EUR 7,507,143, which is by EUR 266,666 or 3 % less than in 2014.

In 2015, we reduced cash disbursements from financing paid for long-term loans to the amount of EUR 564,401, which is by EUR 190,656 or 25 % less than in the previous year. Lower interest results from lower EURIBOR and lower margins achieved by the company through negotiations with banks.

6.5 Segment reporting of Elektro Maribor

6.5.1 Segment reporting in accordance with SAS

Net sales revenue in segments

in EUR	2015			2014		
	Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
Sale of electricity for losses	6,341,477		**6,341,477**	6,308,527		**6,308,527**
Charged rents	28,624,776	33,069	**28,657,845**	27,365,813	1,637	**27,367,451**
- SODO d.o.o. – rent	28,027,577		**28,027,577**	26,878,747		**26,878,747**
- Other	597,199	33,069	**630,268**	487,066	1,637	**488,704**
SODO d.o.o. services as per contract	24,351,648	0	**24,351,648**	23,742,982		**23,742,982**
Charged services	188,008	3,089,639	**3,277,647**	281,937	2,740,465	**3,022,402**
Sale of waste material	57,464	10,164	**67,627**	66126	10543	**76,669**
Total	**59,563,373**	**3,132,872**	**62,696,245**	**57,765,385**	**2,752,645**	**60,518,030**

Net profit/loss in segments

in EUR	2015			2014		
	Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
Operating profit	11,959,752	294,098	**12,253,850**	10,112,304	780,358	**10,892,662**
Financing profit/loss	385,784	222,022	**607,805**	-383,999	44,841	**-339,157**
Loss from other revenues and expenses	-55,355	-22,637	**-77,991**	-28,661	-14,055	**-42,716**
Total	**12,290,181**	**493,483**	**12,783,664**	**9,699,644**	**811,145**	**10,510,790**

Appendix to the Income statement in segments

in EUR	2015			2014		
	Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
Net sales revenue	59,563,373	3,132,872	**62,696,245**	57,765,384	2,752,646	**60,518,030**
Capitalised own products and services		16,721,270	**16,721,270**		16,853,531	**16,853,531**
Production costs of products and services sold	46,498,909	17,983,697	**64,482,607**	46,202,202	17,486,368	**63,688,570**
Gross profit	13,064,464	1,870,444	**14,934,908**	11,563,182	2,119,809	**13,682,991**
Selling costs		1,771,476	**1,771,476**		1,324,107	**1,324,107**
Administrative expenses	4,443,861	229,788	**4,673,649**	4,479,583	167,011	**4,646,594**
- normal administrative expenses	3,826,035	212,153	**4,038,188**	3,511,032	118,408	**3,629,440**
- revaluation operating expenses for intangible						
non-current assets and property, plant and equipment (7201, 7200)	457,592	1,364	**458,956**	582,231	35,821	**618,052**
- revaluation operating expenses for current assets (721,722)	160,234	16,270	**176,504**	386,320	12,782	**399,102**
Other operating revenues	3,339,149	424,918	**3,764,068**	3,059,556	120,817	**3,180,373**
Profit or loss from operating activities	**11,959,752**	**294,098**	**12,253,850**	**10,143,155**	**749,508**	**10,892,663**

Balance sheet by segments

in EUR	As at 31 December 2015			As at 31 December 2014		
	Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
A. Non-current assets	**307,532,588**	**9,909,306**	**317,441,894**	**297,924,268**	**10,674,167**	**308,598,435**
I. Intangible assets and long-term accrued revenues and deferred expenses	1,394,099	16,940	**1,411,039**	1,783,374	3,933	**1,787,307**
II. Property, plant and equipment	291,993,515	4,786,561	**296,780,076**	283,206,934	4,743,731	**287,950,665**
III. Investment property		664,211	**664,211**	0	667,927	**667,927**
IV. Long-term financial investments	13,257,573	4,284,108	**17,541,681**	12,546,907	5,132,826	**17,679,733**
V. Long-term operating receivables	583,989	7,088	**591,077**	92,706	5,336	**98,042**
VI. Deferred tax assets	303,412	150,398	**453,810**	294,347	120,414	**414,761**
B. Current assets	**25,969,591**	**1,713,765**	**27,683,356**	**19,372,868**	**4,680,011**	**24,052,879**
II. Inventories	561,060	810,137	**1,371,197**	724,669	941,699	**1,666,368**
IV. Current operating receivables	9,456,579	601,175	**10,057,754**	9,493,990	760,839	**10,254,829**
V. Cash and cash equivalents	15,951,952	302,453	**16,254,405**	9,154,209	2,977,473	**12,131,682**
C. Short-term accrued revenues and deferred expenses	**266,746**	**36,432**	**303,178**	**3,745**	**1,038**	**4,783**
A S S E T S (A + B + C)	**333,768,925**	**11,659,503**	**345,428,428**	**317,300,881**	**15,355,215**	**332,656,097**
Off-balance sheet assets	47,869,810	2,298,556	50,168,366	42,705,837	4,691,310	47,397,147
A. Equity	**246,809,657**	**7,017,277**	**253,826,934**	**236,971,175**	**9,938,886**	**246,910,062**
I. Called-up capital	137,836,755	1,936,755	**139,773,510**	136,011,430	3,762,080	**139,773,510**
II. Capital reserves	74,080,672	1,040,913	**75,121,585**	73,099,647	2,021,938	**75,121,586**
III. Revenue reserves	29,644,931	4,161,685	**33,806,616**	23,683,687	3,801,113	**27,484,800**
IV. Revaluation surplus	36,093	-366,392	**-330,299**	-4,616	-1,889	**-6,505**
V. Retained earnings			**0**	136,338	11,811	**148,193**
VI. Net profit or loss for the financial year	5,211,206	244,316	**5,455,522**	4,044,689	343,789	**4,388,478**
B. Provisions and long-term accrued expenses and deferred revenue	**35,323,778**	**1,867,641**	**37,191,419**	**34,055,918**	**1,395,671**	**35,451,589**
C. Non-current liabilities	**29,942,857**	**53,891**	**29,996,748**	**28,827,143**	**30,092**	**28,857,235**
I. Non-current financial liabilities	29,942,857		**29,942,857**	28,700,000	0	**28,700,000**
II. Non-current operating liabilities		53,891	**53,891**	127,143	30,092	**157,235**
Č. Current liabilities	**21,155,258**	**2,436,907**	**23,592,165**	**16,320,578**	**3,590,519**	**19,911,097**
II. Current financial liabilities	8,782,930	1,285	**8,784,215**	7,530,091	9,387	**7,539,478**
III. Current operating liabilities	12,372,328	2,435,622	**14,807,950**	8,790,487	3,581,132	**12,371,619**
D. Short-term accrued expenses and deferred revenue	**537,376**	**283,785**	**821,161**	**1,126,068**	**400,047**	**1,526,115**
LIABILITIES (A + B + C + Č + D)	**333,768,926**	**11,659,501**	**345,428,427**	**317,300,881**	**15,355,215**	**332,656,097**
Off-balance sheet assets	47,869,810	2,298,556	50,168,366	42,705,837	4,691,310	47,397,147

6.5.2 Transactions with associated persons in accordance with provisions of the Companies Act (ZGD-1)

Transactions with associated persons

in EUR	Eldom d.o.o.	Energija plus d.o.o.	Informatika d.d.	Moja energija d.o.o.	OVEN Elektro Maribor d.o.o.	Total associated companies
REVENUES	**26,710**	**1,072,065**	**14,112**	**508,748**	**279,462**	**1,901,098**
Net sales revenue	23,557	272,065	14,112	4,205	9,462	323,401
Financial revenues from stakes	3,153	800,000	0	504,543	270,000	1,577,696
COSTS AND EXPENDITURE	**255,045**	**5,980,480**	**1,582,649**	**0**	**0**	**7,818,174**
Cost of material	76,382	5,980,480	5,319	0	0	6,062,180
Cost of services	140,320	0	1,577,330	0	0	1,717,651
Other operating expenses	38,343	0	0	0	0	38,343
Financial expenses from stakes	0	0	242,163	0	0	242,163
ASSETS	**8,971**	**25,457**	**3,047**	**0**	**855**	**38,330**
Current operating receivables	8,971	25,457	3,047		855	38,330
LIABILITIES	**37,480**	**1,185,412**	**324,805**	**0**	**0**	**1,547,697**
Current operating liabilities	37,480	1,185,412	324,805	0	0	1,547,697

6.5.3 Reporting in accordance with provisions of the Energy Act (EZ-1)

The company keeps in accordance with Article 109 of the EZ-1 separate accounts for distribution activities and other activities. In accordance with Article 110 of the EZ-1, the company in defined in its Rules on the criteria for separate accounting monitoring and reporting of the Elektro Maribor d.d. company the criteria for the allocation of assets, liabilities, revenue, costs and expenses, inflows and outflows.

The following activities were defined for the requirements of segment reporting:
- Distribution (which mostly includes the tasks performed by the company in accordance with the Contract on the lease of electricity distribution infrastructure and provision of services for SODO) and
- Services (which include other services provided by the company).

The financial statements for individual activities are, therefore, compiled based on the following assumptions:
- Business events for which it can, beyond any doubt, be determined which activity they refer to, are recorded to the relevant activity already at the time when they occur;
- Business events with common character or which cannot be properly defined at the moment of recording, are recorded at the level of support processes;
- Balance of assets and liabilities, and revenue, expenses and costs, which are recorded at the level of support processes, are broken down to activities in accordance with the criteria determined in the Rules on separate business accounts and reporting of the Elektro Maribor d.d. company;
- Sub-balance sheets are subject to the selection of suitable criteria and their limited scope.

6.5.3.1 Criteria for distribution of assets and liabilities

K-1 Percentage of employees at the balance sheet date by each activity, are used for allocation of long-term accrued expenses, intangible assets, long-term financial investments, long-term receivables, deferred tax assets, receivables for reimbursement and advance payment of subsistence allowances, health insurance, liabilities to suppliers for intangible assets, small tolls inventory, liabilities from salaries and wages, liabilities to government and other institutions, liabilities relating to employees' deductions, revaluation surplus, provisions for pensions and similar liabilities, other provisions, and long-term operating liabilities and small tools in use. In terms of their contents and volume, these assets and liabilities are associated with the number of employees.

K-3 Share of the current value of fixed assets by individual activity is used for the distribution of tangible fixed assets, receivables for tangible fixed assets sold, advance payments given, and for liabilities to suppliers for fixed assets. Fixed assets that are used within the scope of Support processes used by several activities are proportionately charged to each individual activity based on the volume of tangible fixed assets used by that activity.

K-4 Share of total revenues in the accounting period by individual activity is used to distribute current receivables, current financial investments, and deferred and accrued items. The state of these assets is conditioned by invoicing and related total revenues.

K-6 Share of material consumption by individual activity is used to distribute inventories of material. Since there is no data on the procurement of materials by each activity, this is based on material consumption and the assumption that increased consumption of material is conditioned by increased purchase of material and, consequently larger stock. This takes into account costs of material transferred to consumption through warehouse of materials.

K-7 Share of operating revenues in the accounting period is used to distribute short-term advance payments and securities received.

K-8 Share of net profit/loss in the accounting period is used to distribute current liabilities related to distribution of profit/loss.

K-9 Share of costs of material and services (excluding the cost of electricity purchase for losses and material consumption) is used to distribute current advance payments given for material supplies and for services not yet rendered and other operating liabilities.

K-12 Share of costs of material and services, excluding material for investment, is used to distribute input VAT receivables, since these receivables are directly related to costs incurred.

K–14 Share of cost of material and services is used to distribute liabilities to suppliers for current assets. Since these liabilities result from incoming invoices for material and services, which are recorded at the level of Support processes upon occurrence and then distributed in accordance with the criterion of the material and services used by individual activity that are reasonably assumed to have caused those liabilities.

Balance sheet by segments

in EUR	As at 31 December 2015			As at 31 December 2014		
	Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
A. Non-current assets	**307,532,588**	**9,909,306**	**317,441,894**	**297,924,268**	**10,674,167**	**308,598,435**
I. Intangible assets and long-term accrued revenues and deferred expenses	1,394,099	16,940	**1,411,039**	1,783,374	3,933	**1,787,307**
II. Property, plant and equipment	291,993,515	4,786,561	**296,780,076**	283,206,934	4,743,731	**287,950,665**
III. Investment property		664,211	**664,211**	0	667,927	**667,927**
IV. Long-term financial investments	13,257,573	4,284,108	**17,541,681**	12,546,907	5,132,826	**17,679,733**
V. Long-term operating receivables	583,989	7,088	**591,077**	92,706	5,336	**98,042**
VI. Deferred tax assets	303,412	150,398	**453,810**	294,347	120,414	**414,761**
B. Current assets	**25,969,591**	**1,713,765**	**27,683,356**	**19,372,868**	**4,680,011**	**24,052,879**
II. Inventories	561,060	810,137	**1,371,197**	724,669	941,699	**1,666,368**
IV. Current operating receivables	9,456,579	601,175	**10,057,754**	9,493,990	760,839	**10,254,829**
V. Cash and cash equivalents	15,951,952	302,453	**16,254,405**	9,154,209	2,977,473	**12,131,682**
C. Short-term accrued revenues and deferred expenses	**266,746**	**36,432**	**303,178**	**3,745**	**1,038**	**4,783**
A S S E T S (A + B + C)	**333,768,925**	**11,659,503**	**345,428,428**	**317,300,881**	**15,355,215**	**332,656,097**
Off-balance sheet assets	47,869,810	2,298,556	50,168,366	42,705,837	4,691,310	47,397,147
A. Equity	**246,809,657**	**7,017,277**	**253,826,934**	**236,971,175**	**9,938,886**	**246,910,062**
I. Called-up capital	137,836,755	1,936,755	**139,773,510**	136,011,430	3,762,080	**139,773,510**
II. Capital reserves	74,080,672	1,040,913	**75,121,585**	73,099,647	2,021,938	**75,121,586**
III. Revenue reserves	29,644,931	4,161,685	**33,806,616**	23,683,687	3,801,113	**27,484,800**
IV. Revaluation surplus	36,093	-366,392	**-330,299**	-4,616	-1,889	**-6,505**
V. Retained earnings			**0**	136,338	11,811	**148,193**
VI. Net profit or loss for the financial year	5,211,206	244,316	**5,455,522**	4,044,689	343,789	**4,388,478**
B. Provis. and long-term accr. expens. and def. revenue	**35,323,778**	**1,867,641**	**37,191,419**	**34,055,918**	**1,395,671**	**35,451,589**
C. Non-current liabilities	**29,942,857**	**53,891**	**29,996,748**	**28,827,143**	**30,092**	**28,857,235**
I. Non-current financial liabilities	29,942,857		**29,942,857**	28,700,000	0	**28,700,000**
II. Non-current operating liabilities		53,891	**53,891**	127,143	30,092	**157,235**
Č. Current liabilities	**21,155,258**	**2,436,907**	**23,592,165**	**16,320,578**	**3,590,519**	**19,911,097**
II. Current financial liabilities	8,782,930	1,285	**8,784,215**	7,530,091	9,387	**7,539,478**
III. Current operating liabilities	12,372,328	2,435,622	**14,807,950**	8,790,487	3,581,132	**12,371,619**
D. Short-term accrued expenses and deferred revenue	**537,376**	**283,785**	**821,161**	**1,126,068**	**400,047**	**1,526,115**
LIABILITIES (A + B + C + Č + D)	**333,768,926**	**11,659,501**	**345,428,427**	**317,300,881**	**15,355,215**	**332,656,097**
Off-balance sheet assets	47,869,810	2,298,556	50,168,366	42,705,837	4,691,310	47,397,147

6.5.3.2 Criteria for distribution of revenue, costs and expenses

The criteria apply to the distribution of revenues, costs and expenses of business Support processes regarding the Distribution activity and Services activity:

K-1 Percentage of employees at the balance sheet date by individual activity is used to distribute revenues, costs and expenses of the Human Resources department, legal department, organisation, and public procurement and purchasing department. Regarding their work content and volume, these services depend on the number of employees in each activity.

K-2 Share of computer-equipped workplaces by each activity is used for the distribution of revenues, costs and expenses of the IT and telecommunications services, which are a part of Finance, controlling and IT services. The number of computer-equipped workplaces conditions the workload of the IT and Telecommunications Department.

K-3 Share of the current value of fixed assets at the balance sheet date by individual activity is used for the distribution of revenues, costs and expenses of the Finance, controlling and IT services (except for the IT and telecommunications service, to which K-2 applies).

K-4 Share of total revenue in the accounting period by individual activity is used to distribute revenues, costs and expenses in the area of administration.

K-5 Share of costs for marketing activities by individual activity is used for the distribution of costs and expenses of the marketing and public relations departments.

Based on these criteria, individual shares for the distribution are calculated based on which the average proportion for the distribution is calculated, which presents a foundation for attribution of revenues, costs and expenses of the Supporting processes to individual activity.

Depreciation costs of the Support processes are distributed by the same criterion that is applied for the preparation of the balance sheet by activities, namely for the distribution of tangible and intangible fixed assets.

Income statement by segments

in EUR	2015			2014		
	Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
Net sales revenue	59,563,373	3,132,872	**62,696,245**	57,765,384	2,752,646	**60,518,030**
Capitalised own products and services	0	16,721,270	**16,721,270**	0	16,853,531	**16,853,531**
Other operating revenues (with revaluated operating revenues)	3,339,149	424,918	**3,764,068**	3,059,556	120,817	**3,180,373**
Cost of goods, material and services	13,854,936	9,305,401	**23,160,337**	13,379,741	9,064,428	**22,444,169**
Labour costs	17,870,885	9,982,633	**27,853,518**	18,043,777	9,266,834	**27,310,610**
Write-offs	18,606,674	422,878	**19,029,553**	18,953,002	457,718	**19,410,720**
Other operating expenses	610,275	274,050	**884,324**	336,115	157,656	**493,771**
Financial revenues from stakes	1,087,349	282,651	**1,370,000**	336,000	64,000	**400,000**
Financial revenues from loans granted	15,569	4,047	**19,617**	61,798	11,771	**73,569**
Financial revenues from operating receivables	61,653	7,935	**69,588**	95,209	9,815	**105,024**
Financial expenses from write-offs and impairments of financial investments	109,570	28,482	**138,053**			
Finance expenses from financial liabilities	561,203	156	**561,359**	759,568	87	**759,654**
Finance expenses from operating liabilities	108,014	43,973	**151,987**	117,438	40,658	**158,097**
Other revenue	13,360	1,630	**14,991**	27,632	3,042	**30,674**
Other expenses	68,715	24,267	**92,982**	56,293	17,097	**73,390**
Corporate income tax	1,590,727	-28,121	**1,562,606**	1,165,435	83,745	**1,249,180**
Deferred taxes	26,108	12,941	**39,049**	-19,075	-3,633	**-22,709**
NET PROFIT/LOSS FOR THE PERIOD	**10,725,562**	**534,545**	**11,260,107**	**8,515,135**	**723,766**	**9,238,901**

6.5.3.3 Criteria for distribution of revenue, costs and expenses

The company prepares the cash flow statement by segments using the direct method.

Cash disbursements relating to employees (cash disbursements for salaries, contributions and taxes on salaries, health insurance receivables and obligations for additional pension insurance ...) and which are recorded at the level of the Services activity, but their content corresponds to the Distribution activity, are allocated to divided the Distribution activity as the share of revenues from the sale of services in all operating revenues of the Service activity.

Inflows and outflows recorded in the Support processes that in terms of their content cannot be classified in any activity, are the subject to distribution on the basis of the following criteria:

K-1 Percentage of employees at the balance sheet date by individual activity is used to distribute cash disbursements and receipts relating to employees (liabilities from salaries and deductions, health insurance, reimbursements, liabilities to Kapitalska družba, advance payment of subsistence allowances).

K-3 Share of the current value of tangible fixed assets by individual activity is used for the distribution of cash receipts from disposal of intangible non-current assets and tangible fixed assets, and cash disbursements to acquire intangible non-current assets and tangible fixed assets, and for advance payments given for tangible fixed assets.

K-4 Share of total revenue in the accounting period is used to distribute receipts from buyers of other services, receivables associated with financial revenue, customers abroad, and other receipts from operations, such as receivables from damage compensations, short-term security received, income from received donations, subsidies, enforcements, revenue from participation in profit of others.

K-7 Share of operating revenues in the accounting period is used to distribute advance payments received for current assets, short-term securities received, and liabilities from erroneous payments.

K-8 Share of net profit by individual activity is used for distribution of cash disbursements on the payment of dividends and other shares of net profit.

K-10 Share of cost of material and services (excluding the cost of electricity purchase for losses and material costs for investments) is used to distribute receipts from various receivables, to distribute disbursements for short-term advance payments given for supplies and services not yet rendered, current liabilities to suppliers, other disbursements from operations.

K-11 Share of cost of material and services (excluding the cost of electricity purchase for losses) is used for the distribution of unexplained and erroneous payments, fees, court costs, other unusual items, interest on arrears to suppliers.

Cash flow statement by segments

in EUR	2015			2014		
	Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
A. Cash flows from operating activities						
a) Cash receipts from operating activities	**107,909,735**	**3,586,613**	**111,496,348**	**102,169,546**	**3,589,387**	**105,758,933**
aa) Cash receipts from sales of products and services	106,283,282	3,296,324	**109,579,606**	100,042,272	3,285,668	**103,327,940**
ab) Other cash receipts from operating activities	1,626,453	290,289	**1,916,742**	2,127,274	303,718	**2,430,993**
b) Cash disbursements from operating activities	**-91,766,089**	**-6,244,214**	**-98,010,303**	**-91,810,012**	**-3,013,615**	**-94,823,627**
ba) Cash disbursements from the purchase of material and services	-59,046,571	-3,003,512	**-62,050,083**	-59,187,504	-932,028	**-60,119,532**
bb) Cash disbursements from salaries and employees' participation in profit	-14,475,870	-1,554,353	**-16,030,223**	-14,610,670	-937,319	**-15,547,988**
bc) Cash disbursements from taxes	-17,032,562	-1,199,234	**-18,231,796**	-16,436,966	-788,426	**-17,225,392**
bd) Other cash disbursements from operating activities	-1,211,086	-487,115	**-1,698,201**	-1,574,872	-355,842	**-1,930,714**
c) Net cash used in operating activities (a + b)	**16,143,646**	**-2,657,601**	**13,486,045**	**10,359,534**	**575,771**	**10,935,306**
B. Cash flows from investing activities						
a) Cash receipts from investing activities	**1,138,299**	**338,691**	**1,476,990**	**456,706**	**64,020**	**520,726**
aa) Interest received and shares in profit received, relating to investment activities	1,053,070	338,591	**1,391,661**	411,236	64,000	**475,236**
ac) Cash receipts from disposal of tangible fixed assets	85,229	100	**85,329**	45,470	20	**45,490**
b) Cash disbursements from investing activities	**-8,615,443**	**-164,179**	**-8,779,622**	**-6,734,277**	**-130,429**	**-6,864,706**
ba) Cash disbursements from acquisition of intangible assets	-378,772	-7,218	**-385,990**	-658,519	-12,754	**-671,273**
bb) Cash disbursements from acquisition of property, plant and equipment	-8,236,670	-156,961	**-8,393,631**	-6,075,758	-117,675	**-6,193,433**
c) Net cash used in investing activities (a + b)	**-7,477,144**	**174,512**	**-7,302,632**	**-6,277,571**	**-66,409**	**-6,343,980**
C. Cash flows from financing activities						
a) Cash receipts from financing activities	**10,000,000**	**0**	**10,000,000**	**6,500,000**	**0**	**6,500,000**
ab) Cash receipts from increase of long-term financial liabilities	10,000,000		**10,000,000**	6,500,000	0	**6,500,000**
b) Cash disbursements from financing activities	**-11,917,081**	**-143,609**	**-12,060,690**	**-11,286,554**	**-239,799**	**-11,526,353**
ba) Cash disbursements from interest paid on financing	-564,401		**-564,401**	-755,056	0	**-755,056**
bc) Cash disbursements from repayment of non-current financial liabilities	-7,507,143		**-7,507,143**	-7,773,809	0	**-7,773,809**
be) Cash disbursements from dividends and other participation in profit	-3,845,537	-143,609	**-3,989,146**	-2,757,688	-239,799	**-2,997,487**
c) Net cash used in financing activity (a + b)	**-1,917,081**	**-143,609**	**-2,060,690**	**-4,786,554**	**-239,799**	**-5,026,353**
Č. Closing balance of cash and cash equivalents	**15,903,630**	**350,775**	**16,254,405**	**9,154,209**	**2,977,473**	**12,131,682**
x) Cash flow result for the period (sum of net cash Ac, Bc and Cc)	**6,749,421**	**-2,626,698**	**4,122,723**	**-704,590**	**269,563**	**-435,027**
y) Opening balance of cash and cash equivalents	**9,154,209**	**2,977,473**	**12,131,682**	**9,858,799**	**2,707,910**	**12,566,709**

IV. Business Report of the Elektro Maribor Group

1 KEY DATA ON THE GROUP'S OPERATIONS

Performance monitoring indicators for the Elektro Maribor Group

Information	2015	2014	2013
Net profit/loss for the period in EUR	11,673,330	11,492,681	9,280,471
Return on assets (ROA) in %	3.2%	3.2%	2.7%
Net return on equity (ROE) in %	4.5%	4.6%	3.8%
EBIT (Profit from operating activities) in EUR	13,899,943	13,373,404	8,659,072
EBIT margin in % (EBIT / operating revenues)	8.2%	7.5%	4.9%
EBITDA (Earnings before interest, tax, depreciation and amortisation) in EUR	34,947,989	34,870,531	30,650,270
EBITDA margin in % (EBITDA / operating revenues)	20.5%	19.6%	17.5%
Total revenue in EUR	171,103,995	178,618,598	176,239,213
Operating revenue in EUR	170,520,908	177,718,201	175,014,514
Net sales revenue in EUR	149,246,239	157,037,660	157,316,997
Net sales revenue per employee according to hours in EUR	165,308	175,842	186,868
Added value in EUR	65,452,095	64,546,123	58,202,453
Added value per employee according to hours in EUR	72,496	72,275	69,136
Total costs and expenditure in EUR	157,742,396	165,490,159	167,360,764
Operating costs and expenses in EUR	156,620,965	164,344,797	166,355,442
Assets as at the end of the period – in EUR	369,398,671	358,929,747	349,918,734
Capital as at the end of the period – in EUR	260,841,874	253,508,924	245,002,446
Investments in EUR	27,571,079	24,786,234	23,332,028
Paid dividend per share in EUR for the previous year	0.12	0.09	0.09
Distributed electricity in MWh	2,167,003	2,133,961	2,165,579
Number of consumers connected to the distribution network	215,406	214,441	214,052
Distributed MWh per number of consumers	10.06	9.95	10.12
Number of employees at the end of the period	842	831	830
Average No. of employees by working hours	902.84	893.06	841.86
Percentage of women in total number of employees as at 31 December	17.1%	17.4%	17.1%
Average monthly gross salary per employee by status in EUR	1,981	1,973	1,890

2 COMPANIES IN THE GROUP

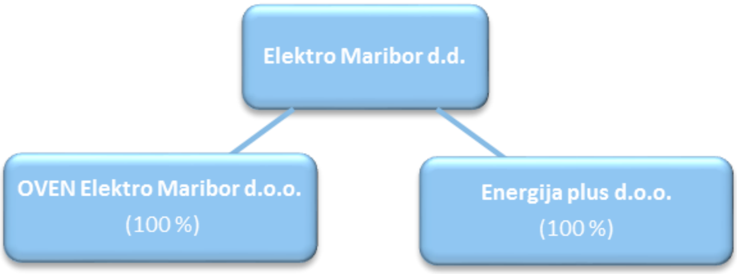
The Elektro Maribor Group, which was founded in 2011 by the spin-off of the Elektro Maribor d.d. company consists of the parent company Elektro Maribor d.d. and two subsidiaries, 100 % owned by the parent company:

- Energija plus d.o.o.,
- OVEN Elektro Maribor d.o.o.

The Elektro Maribor d.d. company as the parent company prepares the consolidated accounting statements and the consolidated annual report. Both subsidiary companies Energija Plus and OVEN Elektro Maribor are included in the consolidation.

The consolidated annual report of the group is an integral part of the Annual Report of the parent company and can be obtained at the headquarters of the Elektro Maribor company, Vetrinjska ul. 2, 2000 Maribor, and at the company's website.

Organisational structure of the Elektro Maribor Group



The Elektro Maribor Group operates on the following markets:

- Electricity (purchasing, sales, distribution, efficient energy use and other services),
- Natural gas supply,
- Remote heat supply,
- Pellet supply,
- Electricity production (from renewable sources and high-efficiency facilities).

2.1 Presentation of the parent company Elektro Maribor

Presentation of the Elektro Maribor d.d. company is described in detail in Chapter II. Business Report of the Elektro Maribor d.d. company.

2.2 Presentation of the subsidiary company Energija plus

2.2.1 Basic information

Name:	Elektro Maribor Energija plus podjetje za trženje energije in storitev, d.o.o.
Abbreviated name:	Energija plus d.o.o.
Address:	Vetrinjska ulica 2, 2000 Maribor
Registration number:	3991008000
Tax number:	88157598
Bank account:	SI56 0451 5000 1853 305
Share capital:	EUR 8,000,000
Entry in the court register:	District Court of Maribor, No. 2011/23297 20 June 2011, No. 2011/36929 1 December 2011
Main activity code:	D 35.140 Trade of electricity
Number of employees as at 31 December 2015:	64
Company size according to ZGD-1:	large company
Founder:	Elektro Maribor d.d.
Company Director:	Bojan Horvat
Call centre toll-free number:	080 21 15
General email address:	info@energijaplus.si
Website:	www.energijaplus.si

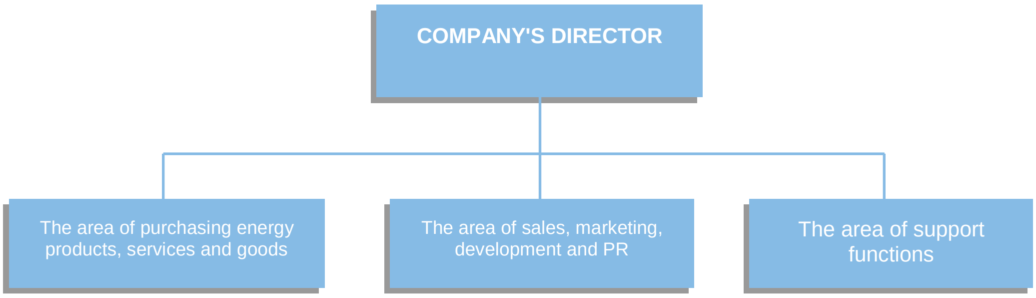
The company's mission is comprehensive supply of energy products for clients. The main activities of the company are purchase and sale of energy products (electricity, heat energy, gas and pellet sale) both for households and large business systems.

2.2.2 Organisation

At the macro level, the company is divided into three organisational areas:

- The area of purchasing energy products, services and goods,
- The area of sales, marketing, development and public relations (PR),
- The area of support functions.

Organisational structure



In order to achieve the goals set up, organisational units are organised as services and departments with defined tasks, powers, responsibilities and goals, which are reflected in the annual business plan. Micro organisation is set up according to the business needs of the company.

2.2.3 Vision, mission, values and strategy

In its operations, the company pursues four strategic guidelines:

- Openness,
- Credibility,
- Continuity, and
- Equal treatment of all customers.

Vision

To be a trusted partner to users, organisations and employees in developing and achieving a sustainable future.

Mission

- To create the best value for its customers through provision of products and services.
- To provide its customers with the best service by professional and motivated employees.
- To provide returns for a shareholder by the growth and efficient operations.
- By its operations contribute to a better quality of life and sustainable development.

Company's values

- Responsibility – Each individual is responsible for their work.
- Honesty – We are honest in each work.
- Respect – Everybody is an important member and worth of respect.

- Collaboration – What and individual cannot do, we can accomplish together.
- Learning – We build on knowledge and experience.
- Responsiveness – Creativity and diversity are our strengths.

Key strategic guidelines for development

The fundamental strategic guidelines are ensuring the growth and increasing business profitability and added value per employee.

Strategic guidelines are reached through:

- Developing such a range of products and services that will completely cover the needs for energy supply; by following the development of new technological products in renewable energy sources; by investing in the development of services for efficient energy use; by obtaining new clients through a positive approach,
- Proactive development, motivation and individual rewarding of employees; by targeted education; by providing internal knowledge transfer; by mutual communication,
- Optimising operations; by active risk control; by providing financial sources; by introducing modern management tools to monitor the implementation of planned goals and project management; by organic growth and dynamic adaptation of the organisational structure,
- Active cooperation in developing the projects funded by EKO Sklad (ECO Fund), EU funds and similar,
- Developing a modern business infrastructure; by introducing modern technologies and methods for efficient work; by ensuring appropriate technological solutions.

2.2.4 Ownership structure

The Energija plus company was founded as an independent legal entity in 2011 by the Elektro Maribor d.d. company. It is organised as a limited liability company 100-percent owned by the parent company Elektro Maribor.

2.2.5 Governance and management of the Energija plus company

The company has a one-tier management system in place. The supervisory function is performed by the President of the Management Board of Elektro Maribor, who also represents the company's General Meeting.

The Director manages the Energija plus company according to the Memorandum of Association independently and with full responsibility.

Director of the company is Bojan Horvat, B.E.E.

2.2.6 Business goals and their realisation

1. **Increase in the market share in electricity sale by 1 percentage point.**
   We increased the market share in 2015 by 0.2 percentage points, i.e. from 11.8 % to 12 %. The increase fell below the planned figures and resulted from lower sales to households lagging behind the planned figures by 4.6 %, while the sales to business customers exceeded the planned volume by 1.2 %.
2. **To sell at least 7 million Sm^3 of natural gas**

   In 2015, we sold 70 % of the planned volume of natural gas. where the major part related to the sale to business customers, and the rest was sold to households and the balancing market.
3. **To sell 1,800 tonnes of wood pellets**

   Due to weather conditions and excessive supply on the market, the sale of wood pellets does not produce desired results, as in spite of a favourable offer and sales promotion, we managed to sell only 238 tonnes.
4. **To reduce the amount of outstanding receivables by 10 % compared to the previous year.**
   Percentage of outstanding receivables decreased in 2015 compared to the previous year by 19 %.

2.2.7 Major events in Energija plus company in 2015

- We have introduced a new SAP for Utilities software, which provides a uniform information support and modern platform for further development of the company's activities. At the same time, cost of IT services and information system maintenance were significantly reduced, and the method of our operations and communication with customers was updated.
- By co-funding Energy efficiency (EE) measures/projects (the obligation arising from Article 318 of the Energy Act EZ-1), we generated 12 GWh of savings and, consequently, met the legal obligations already for 2016.
- In August 2015, we signed the Agreement on debt relief implemented of the Ministry of Labour, Family, Social Affairs and Equal Opportunities. Forty-seven of total applications received met all the conditions for a relief, which totalled at EUR 23,400.

2.2.8 Major events after the end of the 2015 business year

In 2016, we continue adjustments of the information system in the field of natural gas, heat, and merchandise. In January 2016, we commenced the project on optimising business processes with the aim of improving their efficiency and reducing operating costs.

2.2.9 Planned activities in 2016

The planned activities of the Energija plus company for 2016 are defined in the Annual Business Plan for 2016 with business projections for 2017 and 2018, where the following key business goals are set:

- To sell to end customers by 5 percentage points more electricity compared to 2015.
- To increase the market share in the sale of electricity to final customers by 0.69 %.
- To sell at least 8 million Sm^3 of natural gas, and to increase the market share on the whole retail market by 0.49 percentage points.
- To sell at least 500 tonnes of wood pellets.
- To reduce the value of current receivables (excluding those in legal procedures, compulsory settlement and bankruptcy) by 7 %.

2.3 Presentation of the subsidiary company OVEN Elektro Maribor

2.3.1 Basic information

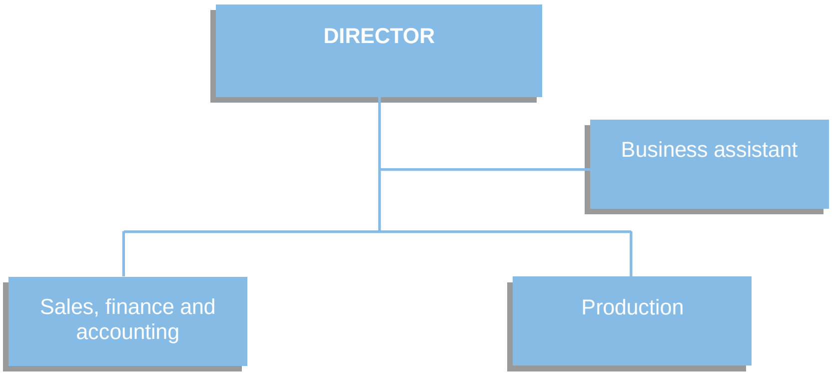
Name:	OVEN Elektro Maribor d.o.o.
Registered office:	Vetrinjska ulica 2, P.O.Box 1553, 2001 Maribor
Registration number:	1708503
Tax number:	SI22034412
Bank account:	SI56 2410 0900 4370 202 at Raiffeisen banka d.d.
Share capital:	EUR 38,792
Entry in the court register:	Maribor District Court, entry No. 1/11291/00
Main activity code:	D 35.111 Production of electricity in HE generation facilities
Number of employees as at 31 December 2014:	5
Company size according to ZGD-1:	micro company
Founder:	Elektro Maribor d.d.
Director:	Miroslav Prešern
Phone:	02/22 00 782
Website:	www.oven-em.si

The OVEN Elektro Maribor d.o.o. company operates four small hydroelectric power plants (SHPP), one medium hydroelectric power plant (MHPP) and 18 small solar power plants (SSP). The owner and a sole shareholder is the Elektro Maribor company.

Basic activities of the company are:
- Electricity production in small hydroelectric power plants.
- Electricity production in solar power plants.
- Maintenance of hydroelectric and solar power plants.
- Marketing related products in renewable energy sources (marketing in its own name for account of third parties).

2.3.2 Organisation

Organisational structure



2.3.3 Vision, mission, values and strategy

Company's mission
- To provide generated electricity from renewable sources at an environmentally acceptable, reliable and safe way directly to buyers and indirectly to end users.
- To promote renewable energy sources and energy efficiency.
- To protect the environment.
- To fulfil the recommendations and expectations of the owner.

Vision
- To keep the current market position in the area of renewable energy sources.
- To act in the field raising awareness of the public in relation to renewable energy sources and energy efficiency.
- To carry out the activity in accordance with the highest environmental standards. The company has not acquired environmental standards; nevertheless, it strives to lower, as much as possible, any potential negative impact on the environment where it operates.
- To reduce business and social risks by high-quality development and operations.

Values

Attitude to:
- Natural environment,
- Social environment based on responsibility, legitimacy and transparency,
- Employees based on respect, ensuring suitable work environment, enabling professional and personal growth,
- Business partners based on responsible relationships,
- Owners based on stability and generated returns.

Key strategies:

- Seeking appropriate locations for new potential hydroelectric power plants.
- Investment maintenance and modernisation of all hydroelectric power plants.
- Maximising the sales price for generated electricity.
- Development of new products in the area of self-sufficiency in electricity (micro production units, power from 3–10 kW).
- Placing RES and EE in the urban and regional environment.

2.3.4 Ownership structure

The OVEN Elektro Maribor company was founded as a limited liability company in 2002 by a spin-off of the activity of electricity production from the Elektro Maribor company. The company is 100 % owned by the founding company and its share capital amounts to EUR 38,792.

2.3.5 Governance and management of the OVEN Elektro Maribor company

The company has a one-tier management system in place. The supervisory function is performed by the President of the Management Board of the founder, who also represents the company's General Meeting.

The company has one executive manager – the director, who represents the company. The director runs the company for its benefit, independently and with full responsibility. The director is appointed and dismissed by the company's founder for a period of four years with a possibility of reappointment.

The director of the company is Miroslav Prešern, lawyer.

2.3.6 Operating goals and their realisation – OVEN Elektro Maribor

In 2015, we exceeded the planned business result. We generated a net profit in the amount of EUR 362,944, which is 45.8 % higher than that planned for 2015. Realised electricity production exceeded the planned figures by 11,5 %.

1. **Net return on equity (ROE) between 5 and 7 %.**
   As at 31 December 2015, the value of ROE indicator (net return on equity) stood at 8.4 %.

2. **Net return on assets (ROA) between 5 and 6 %.**
   As at 31 December 2015, the value of ROA indicator (net return on assets) stood at 7.5 %.

3. **The company will remain with five employees.**
   At the end of December 2015, the company employed 5 employees. We did not employ anew in 2015.

4. **Renovation of MHE Činžat I.**
   In 2015, we successfully renovated the worn-out MHE Činžat I.

5. **Construction of a solar power plant of 50 kW power.**
   The construction of photovoltaic power plant was not carried out on the ground of economic viability, as no support scheme for photovoltaic power stations (Borzen d.o.o.) was established again in 2015.

2.3.7 Major events for the OVEN Elektro Maribor company in 2015

In 2015, at favourable volume of rainfall, the company generated 12,686 MWh of electricity. The generated volume of electricity exceeded the plan by 11.5 %.

2.3.8 Major events after the end of the 2015 business year

There were no major events after the end of 2015, which would influence the company's operation in 2015.

2.3.9 Planned activities for 2015 in the OVEN Elektro Maribor company

The planned activities of the company are defined in the Annual Business Plan for 2016, where the following business goals are set:

- Electricity production that will exceed 12 GWh.
- Realisation of net operating profit that will exceed EUR 300 thousand.
- Achieving net return on equity (ROE) between 5 and 8 %.
- Achieving net return on assets (ROA) between 5 and 8 %.
- Renovation of MHE Činžat II. according to the planned investments.
- Construction of a solar power plant of 50 kW power.
- The company will remain with five employees.

3 BUSINESS ENVIRONMENT OF THE GROUP

3.1 Economic environment

The Group operates in the territory of the Republic of Slovenia and this is why economic conditions in the country influence its operations. In 2015, we recorded the growth of GDP, though slightly lower than the previous year, mainly due to lower investment and foreign trade, resulting from lower exports and higher imports, which is a consequence of increased domestic consumption. Lower prices of oil products in 2015 influenced the deflation, which stood at an annual rate of -0.5 %.

Considerable revival of economic activity at home and abroad has had a significant impact on the growth of electricity consumption in business customers, while the consumption of energy products in households and for heating purposes slightly declined again, due to favourable weather conditions. The trend of growing consumption in industry was detectable throughout the year and, judging from already concluded deals, it will be kept also in 2016.

Economic trends in Slovenia

Real growth rates in %	2015	2014	2013
Gross domestic product (GDP)	2.9	3.0	-1.0
Gross salaries per employee	1.2	0.9	-0.2
Domestic consumption	2.1	1.6	-3.1
Inflation (end of year)	-0.5	0.2	0.7
Fixed capital formation	0.5	3.2	1.9

Source: IMAD, Spring forecast of economic trends 2016

3.2 Changes in prices of electricity and natural gas in 2015

The use of electricity and natural gas consumption have a significant impact on pricing on the daily – continuous market, while the price on the futures market, where energy products are bought for upcoming periods, is heavily influenced by prices of other energy products, particularly prices of oil.

Electricity prices on the continuous market for base-load electricity ranged in 2015 on a monthly basis between EUR 30 and 54 per MWh and averaged 41.4 EUR/MWh. The price level was slightly below our expectations and has had a positive effect on operating costs.

Electricity prices for base-load electricity in the futures market for deliveries in 2016 ranged between 40.1 and 42.2 EUR/MWh. Compared to the price on the German market, where the price was mostly between 28 and 33 EUR/MWh, the difference was between 11 and 12 EUR/MWh.

Due to the poorly developed natural gas market in Slovenia, we obtain price signals on the Austrian market. In 2015, the price of natural gas on the CEGH ranged on the continuous market on a monthly basis between 16 and 24 EUR/MWh, and on the futures market for delivery in 2016 between 15.5 and 23.6 EUR/MWh. The trend was negative all the time, since the price of natural gas varies similarly as the price of oil.

4 TRADEMARKS IN THE GROUP

The companies in the Elektro Maribor Group offer their services to legal entities and natural persons in the territory of Slovenia under the following trademarks:

ELEKTRO MARIBOR

The trademark of the Elektro Maribor company is positioned in the environment in line with the company's vision, values and mission. It is recognised in the Slovenian space as a large company for electricity distribution, which provides its network users with reliable supply of high-quality electricity and energy services. The company's trademark is a synonym for professional, credible, reliable and respectable partner in the business environment. In the past year, numerous endeavours and activities were focused on providing reliable supply to network users, which was a special challenge for the entire company due to removing the consequences of the devastating weather disaster; however, it has additionally strengthened the company’s position as a reliable partner in the environment that provides electricity supply for the population and economy.

The important role of the company is strengthened also in the social environment by socially responsible activities. We are the company with a hundred-year tradition and one of larger employers in the region.

E MOBIL
Prihodnost zame!

In 2011, the company introduced the trademark E-Mobil. Its basic aim is to bring the technology of electric vehicles closer to future users, enabling them to acquire their own experience and knowledge on the use of electric vehicles.

ENERGIJA PLUS

The Energija plus company provides customers with a comprehensive energy supply under the Energija plus trademark registered with the relevant institution. In marketing of individual energy products, we use the following product lines:

The OVEN Elektro Maribor company, the main activity of which is production of electricity from renewable energy sources, uses the OVEN trademark.

5 ANALYSIS OF THE GROUP'S OPERATIONS

5.1 Net profit or loss

We concluded our operations in 2015 successfully and generated net profit of EUR 11,673,330. Compared to the previous year, the net profit is higher by EUR 180,649 or 2 %. Net profit improved primarily due to lower costs compared to the previous year.

Net profit or loss

in EUR	2015	2014	2013
Profit or loss from operating activities	13,899,943	13,373,404	8,659,072
Net finance revenue	-437,025	-140,430	287,141
Results from other operating activities	-101,318	-104,535	-67,764
Taxes	-1,688,270	-1,635,758	402,022
Net profit or loss	**11,673,330**	**11,492,681**	**9,280,471**

5.2 Revenues of the Group

Total revenues of the Group amounted in 2015 to EUR 171,103,995 and decreased by 4 % compared to the previous year. Above all, operating revenues were lower.

Revenue

Items	2015	2014	2013
Operating revenue	170,520,908	177,718,201	175,014,514
Financial revenue	543,697	858,088	1,164,727
Other revenue	39,390	42,309	59,972
Total revenue	**171,103,995**	**178,618,598**	**176,239,213**

Operating revenue decreased compared to the previous year by EUR 7,197,293 or 4 %. They include primarily:

- Revenues from sales of electricity and other energy products in the amount of EUR 86,507,174, which stands for a 51 % share of operating revenue.
- Revenues from SODO (revenues based on the contract for the lease of infrastructure and provision of services for SODO) in the amount of EUR 58,720,703, which represents 34 % of operating revenues.

- Revenues from capitalised own products and services in the amount of EUR 16,721,270, which stands for a 10 % share of operating revenue.

- Revenues from charged services in the amount of EUR 3,318,161, which stands for a 3 % share of operating revenue.

- Other revenues in the amount of EUR 5,253,600 representing 3 % of operating revenues and relating primarily to compensations received from insurance companies, revenues from long-term accrued expenses and deferred revenues, reversal of provisions, and to collected receivables.

Financial revenue decreased compared to the previous year by EUR 314,391, mostly on account of revenues from stakes in the associated company.

Other revenues decreased compared to the previous year by EUR 2,919 or 9 %, resulting mostly from refunds of charges for the use of construction land registered in the previous year.

5.3 Costs and expenditure

Total cost and expenditure of the Group amounted in 2015 to EUR 157,742,396 and decreased by 5 % compared to the previous year.

Costs and expenditure

in EUR	2015	2014	2013
Operating costs and expenses	156,620,965	164,344,797	166,355,442
- material costs	93,125,893	102,269,365	105,504,663
- costs of services	10,409,746	10,152,472	9,512,529
- write-offs	21,048,046	21,497,127	21,991,198
- labour costs	30,504,106	29,675,592	27,552,183
- other expenses	1,533,174	750,241	1,794,869
Financial expenses	980,723	998,518	877,586
Other expenses	140,708	146,844	127,736
Total costs and expenses	**157,742,396**	**165,490,159**	**167,360,764**

Compared to the previous year, **material costs** decreased by EUR 9,143,472 or 9 %. The largest share of them is taken by costs of purchasing electricity in the amount of EUR 81,926,728, which represent 88 % of total costs of material.

Compared to the previous year, **costs of services** increased by EUR 257,274 or 3 %. They include mostly maintenance service costs, insurance premium costs, and information technology costs.

Write-offs decreased compared to the previous year by EUR 449,081 or 2 %, mainly from revaluation operating expenses for current assets.

Compared to the previous year, **labour costs** increased by EUR 828,514 or primarily from fixed-term employment due to the increased volume of works and the actuarial calculation, which complied with the provisions of the new Corporate Collective Agreement (PKP) related to 40-year service awards.

Compared to the previous year, **other operating expenses** increased by EUR 782,933 or by 104 %. Higher costs result from establishment of provisions for legal proceedings and from increased costs of co-funding energy efficiency.

Financial revenues decreased compared to the previous year by EUR 17,795 or 2 %.

Compared to the previous year, **other expenses** decreased by EUR 6,136 or 4 %.

5.4 Financial condition

The financial condition of the Group is presented in the balance sheet. Total assets of the Group as at 31 December 2015 amounted to EUR 369,398,672. Compared to the previous year, it increased by EUR 10,468,925 or 3 %.

Changes in total assets

in EUR	31 Dec.2015	31 Dec.2014	31 Dec.2013
Assets	**369,398,672**	**358,929,747**	**349,918,733**
Non-current assets	310,017,812	300,376,219	293,931,967
Current assets	58,992,108	58,526,184	55,929,611
Short-term deferred items	388,751	27,344	57,156
Liabilities	**369,398,672**	**358,929,747**	**349,918,733**
Capital	260,841,874	253,508,924	245,002,446
Provisions and long-term accrued items	37,529,999	35,752,927	35,568,485
Long-term liabilities	30,274,589	28,857,235	29,718,509
Current liabilities	39,729,853	39,126,282	38,053,866
Short-term accrued items	1,022,357	1,684,379	1,575,427

The structure of assets includes mainly non-current assets. The proportion has not substantially changed over the years.

Structure of Group's assets as at 31 December

In %	31 Dec.2015	31 Dec.2014	31 Dec.2013
Non-current assets	83.92	83.69	84.00
Current assets	15.97	16.31	15.98
Deferred items	0.11	0.01	0.02
Total	**100.00**	**100.00**	**100.00**

Liabilities of the Group as at 31 December 2015 present resources to finance assets at disposal of the Group. Proportions have not substantially changed over the years.

Structure of liabilities as at 31 December

In %	31 Dec.2015	31 Dec.2014	31 Dec.2013
Capital	70.61	70.63	70.02
Provisions and long-term accrued items	10.16	9.96	10.16
Long-term liabilities	8.20	8.04	8.49
Current liabilities	10.76	10.90	10.88
Short-term accrued items	0.28	0.47	0.45
Total	**100**	**100**	**100**

5.5 Cash flow and financial operation

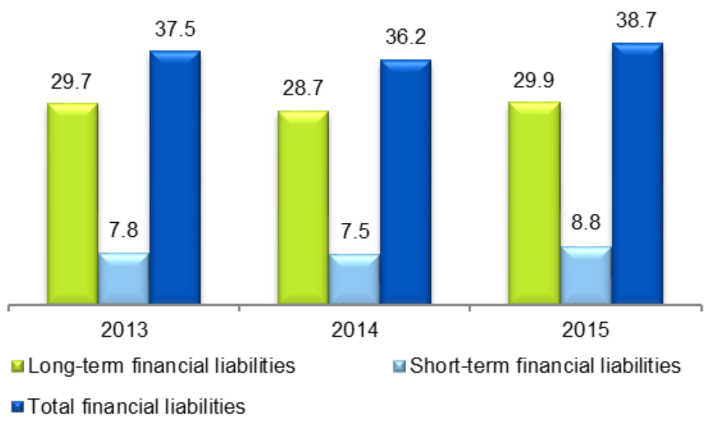
In 2015, we achieved positive cash flow equalling EUR 401,991. In 2015, cash flow was lower due to decreased disbursements from operating activities.

Financial operations

in EUR	2015	2014	2013
Cash flows from operations	**13,129,195**	**15,742,945**	**15,868,762**
- operating revenues	300,848,990	308,187,325	303,152,858
- operating expenses	-287,719,795	-292,444,380	-287,284,096
Cash flows from investments	**-10,666,514**	**-8,136,315**	**-9,518,253**
- cash receipts from investment activities	433,622	626,542	610,397
- cash disbursements from investment activities	-11,100,136	-8,762,857	-10,128,650
Cash flows from financing	**-2,060,690**	**-5,026,353**	**-5,759,795**
- cash receipts from financing activities	10,000,000	6,500,000	7,000,000
- cash disbursements from financing activities	-12,060,690	-11,526,353	-12,759,795
Cash flow for the period	**401,991**	**2,580,277**	**590,714**
Closing balance of cash	**19,462,054**	**19,060,063**	**16,479,786**

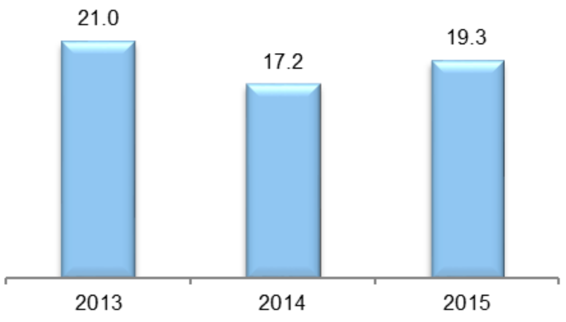
Total financial liabilities of the Group at the end of 2015 equalled EUR 38,727,072 and exceeded the figures for the previous year by 7 %, mostly as a result of increased long-term financial liabilities.

Financial liabilities (in EUR million)



As at 31 December 2015, net financial debt equalled EUR 19,265,018, which was by 12 % higher compared to the previous year, resulting mainly from higher financial liabilities at the end of 2015.

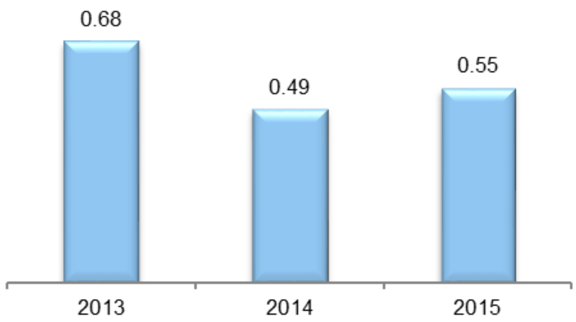
Net financial debt (in EUR million)



Net financial debt = Financial liabilities – Short-term financial investments – Cash

Increase in the net financial debt to EBITDA ratio in 2015 results from higher net financial debt compared to the previous year.

Net financial debt/EBITDA



5.6 Performance indicators

Performance of the Elektro Maribor Group is measured by the following performance indicators:

- Financing indicators are focused on the analysis of financing the Group;
- Investment indicators are used to analyse the structure of assets;
- Indicators of horizontal financial structure, which are used to analyse the relation between assets and liabilities;
- Efficiency ratios break down business results achieved according to the inputs required to generate them;
- ROI indicators, which determine the relation between a certain return and average inputs.

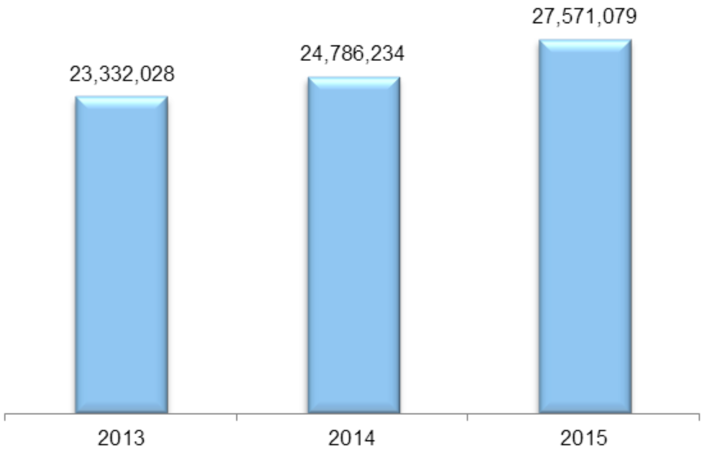
Performance indicators for the Elektro Maribor Group

	2015	2014	2013
I. FINANCING INDICATORS			
Participation rate of capital in % = capital/liabilities	70.61%	70.63%	70.02%
Long-term financing ratio in % = assets + long-term debt + provisions + long-term accrued items/liabilities	88.97%	88.63%	88.67%
Equity to total capital in % = share capital/equity	53.59%	55.14%	57.05%
II. INVESTMENT INDICATORS			
Fixed assets investment ratio in % = fixed assets/assets	82.73%	82.51%	82.83%
Long-term investment ratio in % = fixed assets and long-term deferred items + long-term financial investment + investment property + long-term operating receivables/assets	83.53%	83.30%	83.61%
III. HORIZONTAL FINANCIAL STRUCTURE INDICATORS			
Equity to fixed assets ratio = equity/fixed assets	0.85	0.86	0.85
Quick ratio = liquid assets/short-term liabilities	0.49	0.49	0.43
Accelerated liquidity ratio = liquid assets + short-term receivables/short-term liabilities	1.45	1.45	1.43
Short-term ratio = current assets/short-term liabilities	1.48	1.50	1.47
IV. EFFICIENCY INDICATORS			
Operating efficiency ratio = operating revenues/operating expenses	1.09	1.08	1.05
Overall efficiency ratio = revenues/expenses	1.08	1.08	1.05
V. PROFITABILITY INDICATORS			
Return on equity (ROE) in % = net profit or loss/average assets (excluding net profit or loss)	4.65%	4.72%	3.90%
Return on equity (ROE) in % = net profit or loss/average assets	4.54%	4.61%	3.84%
Return on assets (ROA) in % = net profit or loss/average assets	3.21%	3.24%	2.66%
Operating revenue profit ratio in % = operating profit or loss/operating revenues	8.15%	7.53%	4.95%
Operating revenue net profit ratio in % = net profit or loss/operating revenues	6.85%	6.47%	5.30%
Total capital dividend yield in % = total dividends paid for the year/average equity of the year	2.08%	1.60%	1.24%
Dividend to share capital ratio in % = total dividends paid for the year/average share capital of the year	3.83%	2.85%	2.14%

6 INVESTMENTS OF THE GROUP

Investments of the Elektro Maribor Group amounted in 2015 to EUR 27,571,079 and increased by 11 % compared to the previous year.

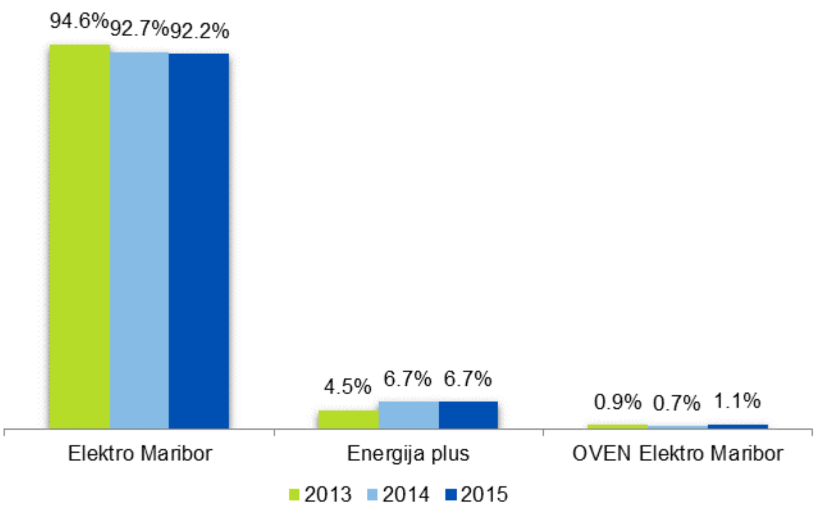
Investments of the Group (in EUR)



The largest share (92 %) in the structure of investment is presented by investments of the parent company, Elektro Maribor. The largest increase in investments was recorded in the Elektro Maribor company and is described in detail in Chapter II. Business Report of the Elektro Maribor company.

The largest investment in the Energy Plus company was the investment worth EUR 1,701,649 in the SAP for Utilities information system and user licenses. The OVEN Elektro Maribor company allocated most funds (91.2%) for the reconstruction of the worn-out MHE Činžat I. The restoration included the implementation of revision shafts on the pipeline, reconstruction of the generator, turbine replacement, replacement of electrical equipment and replacement of hydraulic machinery equipment.

Investment structure by individual companies



7 ELECTRICITY

7.1 Electricity distribution

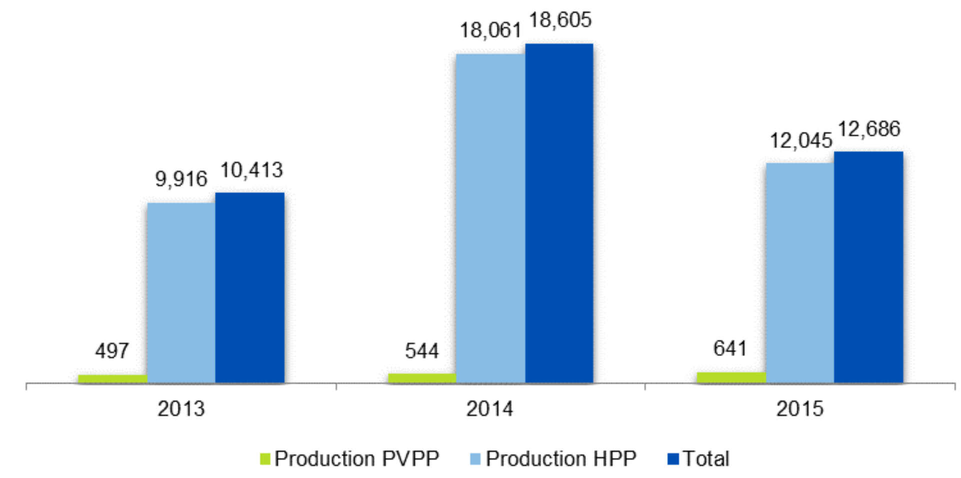
The electricity distribution activity is carried out by the parent company, Elektro Maribor d.d. The activity is presented in detail in Chapter II. Business Report of the Elektro Maribor d.d. company.

7.2 Electricity production

In 2015, we produced with our own production facilities 12,686 MWh of electricity, which is 31.8 % less than in the previous year when we recorded a record rainfall, and 11.5 % more than planned.

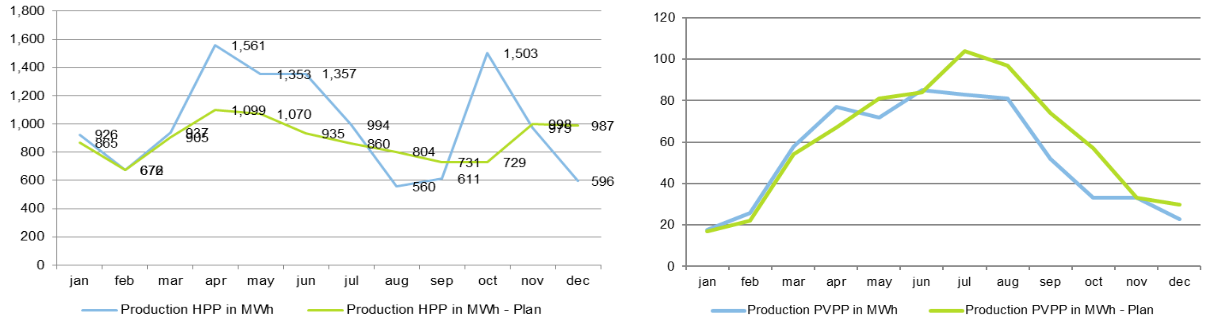
The share of produced electricity from hydroelectric power plants amounted in 2015 to 95 % and the share from solar power plants to 5 %.

Generated amounts of electricity in hydroelectric (HE) and solar power plants (FE) (in MWh)



The largest volumes of the production in hydroelectric power plants were recorded in April, October and June 2015. Considering the annual volume produced, the whole produced electricity volume was eligible for support premiums.

Monthly trends in electricity volumes produced in hydroelectric (HE) and solar power plants (FE) (in MWh)

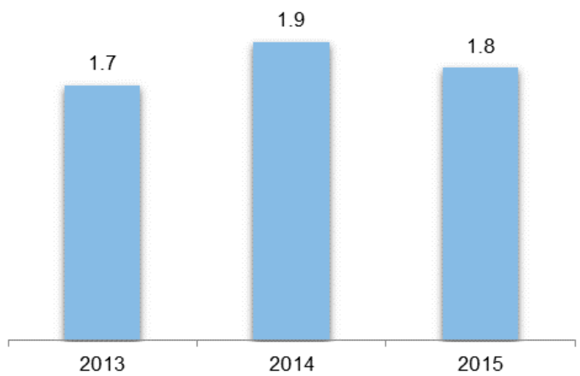


7.3 Sale of electricity

Due to market developments in Slovenia and our broader environment, which are given considerable attention also by media, electricity consumers are becoming more and more aware of trends and their own positions, focusing on savings at the same time. The Energija plus company is continuously striving after satisfaction and loyalty of its customers. We respond to their needs and wishes, adapt to market trends, and to monitor the activities of competitors.

Due to the market conditions and the associated risks, we significantly reduced the volume of position trading in 2015. Total sales of electricity in 2015 amounted to 1.77 TWh, which is by 0.17 TWh less than in 2014 when it achieved 1.94 TWh.

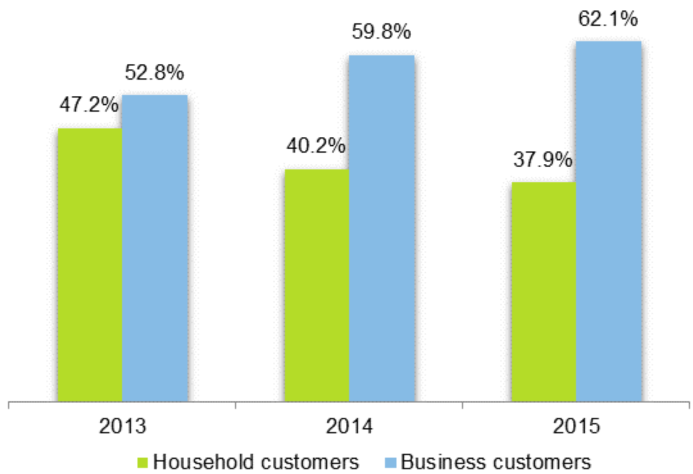
The amount of electricity sold (in TWh)



In 2015, we followed our business goals and continued activities to keep our existing clients and to acquire new ones, in all segments and different approaches. During the times of integration of suppliers and the emergence of new competitors, there occur new ideas for expanding the range and improvements, which is of utmost importance for strengthening market position.

In 2015, we sold to end customers 3 % more electrical energy compared to 2014, of which 7 % more were sold to business customers and 3 % less to household customers. The share of amounts sold to end customers has changed accordingly.

Share of sold electricity amounts to end customers



We increased the market share by 0.2 percentage points, i.e. from 11.8 % to 12 %. The increase was lower than planned and resulted mainly from lower sales to households, while sales to business customers improved.

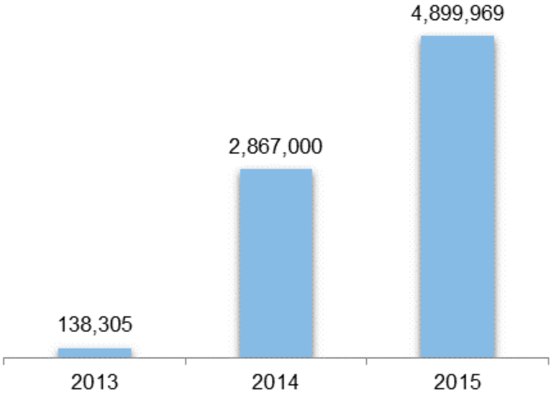
8 SALE OF NATURAL GAS

The Energy Plus company has been involved in purchase and sale of natural gas for the third year. We manage an independent balance group for the purchase and sale of natural gas, which is purchased at the Austrian-Slovenian border under futures and daily contracts. We daily implement all the activities required for efficient and profitable performance of this activity.

Initial marketing investment in the marked are being slowly paid off. The number of customers is slowly growing; however, the growth is still obstructed by strong competition and long-term contracts concluded by some business customers in the past.

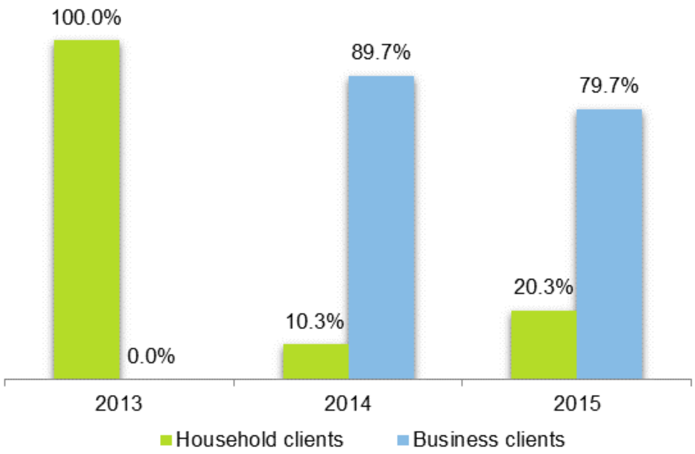
In 2015, the sale of gas grew slower than planned. The main reasons include a weaker pace of growth in the number of individual customers, mostly due to strong competition, lower consumption due to a mild winter, and the existing long-term contracts in business customers. In terms of quantity, we sold to all categories of customers 70 % more gas than in 2014. With the package Dvojni plus (Double Plus), which combines supply of electricity and natural gas, we continued strengthening the visibility of the company as a gas supplier, and the promotion of advantages of simultaneous supply of electricity and natural gas with a single supplier.

Natural gas sale amounts (in Sm^3)



In March and April, we acquired a considerable number of customers under the auction organised at the end of 2014 by the Consumers' Association of Slovenia, where we won in the gas category with the best price of natural gas for 2015.

Share of gas amounts sold to end customers



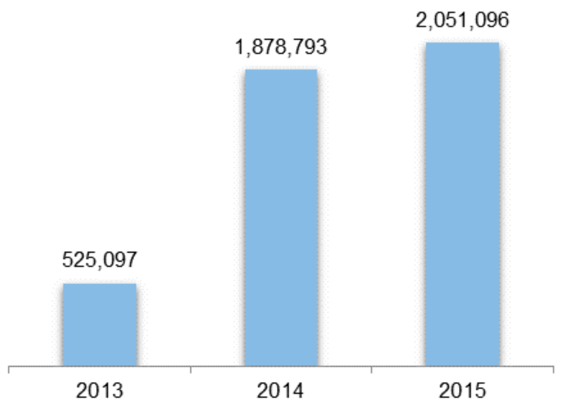
9 PELLET SALES

Due to weather conditions and excessive supply on the market, the sale of wood pellets does not produce desired results. Due to the said events and in spite of a good offer and sales promotion, we managed to sell only 238 tonnes.

10 SALE OF HEAT

We started dealing with the production, sale and distribution of heat in October 2013, in the renovated boiler room in Pobrežje, Maribor, with the aim of expanding the activities. We supply heat to 580 apartments. In February 2014, we started producing in cogeneration also electricity in addition to the heat, and transmitting it to the network. The sale of heat and generated revenues directly depend on weather conditions; consequently, they significantly deviated from the plan early in the year.

The amount of heat sold in MWh

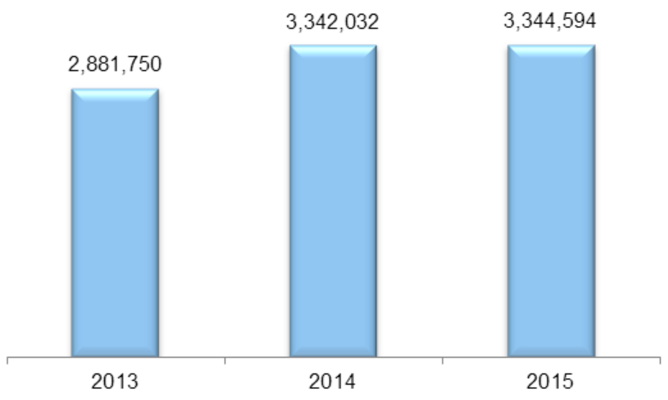


* Sales started in October 2013

11 MARKET SERVICES OF THE GROUP

Revenues from services on the market amounted in 2015 to EUR 3,344,594, which is at the level of 2014. The largest share (95 %) represent the revenues of the Elektro Maribor company, which are described in detail in Chapter II. Business Report of the Elektro Maribor d.d. company.

Changes in revenues from sale of services in the Elektro Maribor Group (in EUR)



12 PURCHASE IN THE GROUP

The largest share of purchasing within the Group is the purchase of energy products by the Energija plus company. We purchase energy products long-term and over-the-counter (OTC) according to the pace of concluding sale contracts and forecasts of consumption. Long-term contracts are concluded based on received offers from suppliers on the principle of the best price, while current supply contracts at daily and hourly levels are concluded at the energy exchange or directly with the best supplier. Because of daily settlements within the balance group, current transactions are concluded on a daily basis.

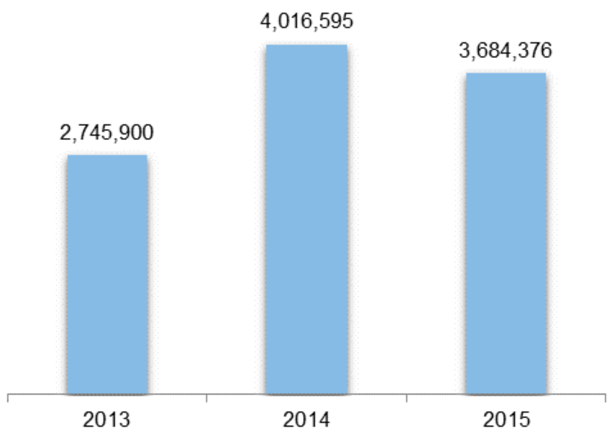
Purchasing also includes the evaluation and management of the portfolio of energy contracts, so that with appropriate purchase-sale transactions we control purchase costs and use the most favourable conditions on the purchase market to achieve the best possible business result. As a result, the Energy Plus company managed to bring down the average electricity price by 2.4 per cent.

Purchase function in the Elektro Maribor company is carried out in compliance with the laws on public procurement. We mostly purchase material and services for the maintenance of electricity facilities and the implementation of own investments.

13 INFORMATION SUPPORT IN THE GROUP

Within the Group, EUR 3,684,376 were allocated for information support. The largest share (55 %) is presented by the funds earmarked for IT support by the Elektro Maribor company.

Changes in funds for IT support (in EUR)



In 2015, the Energy plus company successfully completed the EUR 1.7 million-worth transition to a new information system – SAP for Utilities. It has provided us with a new integrated information system, which supports the entire operations of the company.

The first phase of transition included the functionalities that were already IT-supported and represented a vital part for company's operations. In July 2015, the contract with the previous information service provider, Informatika d.d., was terminated. Under the second project phase, they introduced also those functionalities that were supported by separate, unrelated solutions, and those that are additionally enabled by SAP for Utilities. The investment in a new IT system brings also a significant reduction in operating costs.

14 RISK MANAGEMENT IN THE GROUP

14.1 Risk management in the Elektro Maribor company

Risk management in the Elektro Maribor company is described in detail in Chapter II. Business Report of the Elektro Maribor d.d. company.

14.2 Risk management in the Energija plus company

Payment defaults, personal bankruptcies and a difficult economic situation have the greatest impact on risk management. Therefore, we have established rapid and innovative approaches to risk management. The main risks that the company is facing are primarily payment defaults and high fluctuation of customers, which is characteristic for all mature markets where the supply of energy products is liberalised. Due to the transition to a new information system, we hired in July 2015 an external company dealing with recovery, for a period of 6 months. The results showed that the most successful instrument is fast recovery and a rigorous approach to non-payers. Daily checking of credit ratings, and the use of different instruments to secure payment with all recovery procedures are an integral part of risk management. Due to high fluctuation of customers from supplier to supplier, we started compiling the list of customers that leave debts. With such a buyer, we conclude the contract again after the past debt is paid.

Financial risks

Financial risks are the risks we face daily, because economic straits and payment defaults do not abate. A big trouble is also simplified filing of personal bankruptcies, which have increased disproportionately compared to the 2014. It was found that the current receivables (excluding those in legal procedures, bankruptcies, compulsory settlements, ...) for household customers decreased by 22 % compared to the same period of the last year, and in business customers by 14 %. We reduced the total amount of receivables, which we can actually influence by our activities, 19 % compared to the previous year.

Market risks

Market risks occur mostly in electricity purchase. We monitor the open position, which occurs between the purchased and sold quantities of each energy product for various periods, on a daily basis and take daily actions depending on the assessment of price movements of each energy product, and thus manage the risks.

Operating risks

Operating risks are reflected daily and significantly associated with employees and absenteeism. We are trying to explain the importance of healthy lifestyles and self-care for own health to our co-workers in different ways (lectures, medical examinations, ...).

Operating risk is also presented by the IT support, particularly during the period of transition to a new information system. In this transitional period, we manage the risk with maximum engagement of employees as key users.

14.3 Risk management in the OVEN Elektro Maribor company

In 2015, we prepared a risk register where we assessed each risk, determined the managers for risks and appropriate actions for risk management.

Rapid changes in business and financial environment increase risks, which we are exposed; consequently, it is of crucial importance to have timely and accurate information to reduce all kinds of risks and to adopt measures for their control. The most important risks are:

Existence of a support scheme

Sustainability or persistence of a support scheme for electricity production from renewable energy sources (Borzen, d.o.o.) is estimated as a middle risk.

Natural disasters and weather impacts
We are exposed to the risk of natural disasters (mostly floods), especially in autumn months, in the event of extremely large rainfall. Amounts and changes in the production are the subject to direct weather impacts (volume of precipitation and sunny days). For the events of material damage (machine failure, fire, etc.) and operational standstill, we have concluded appropriate insurances.

Price risk
Price risk in transactions is managed through contracts for the sale of electricity produced, price negotiations, and checking purchase prices in the market.

Disclosure of business secrets
The risk of disclosure of business secrets is managed by the adopted Act on determining business secrets, which is signed by all the employees, and by provisions in employment contracts.

Liquidity risk
The company manages liquidity risk by regular following cash flows and coordinating maturity of liabilities and receivables. Credit ratings of future business partners are always checked prior to starting cooperation in an online application leased for this purpose. Credit ratings of business partners are regularly monitored.

15 INTERNAL AUDIT IN THE GROUP

In organisational terms, the internal audit of the Elektro Maribor Group is subordinated and reports to the President of the Management Board of the Elektro Maribor company, while in terms of its function, it is responsible and reports to the Elektro Maribor Supervisory Board. Implementation of the internal audit in the Elektro Maribor Group is assigned to the employee at the post of „internal auditor“, who is in accordance with the International Standards for the Professional Practice of Internal Auditing also a head of internal audit in the Elektro Maribor Group.

Internal audit is responsible for the implementation of continuous and comprehensive supervision of the Elektro Maribor company operations and both subsidiary companies, Energija plus and OVEN Elektro Maribor, which together form the Elektro Maribor Group.

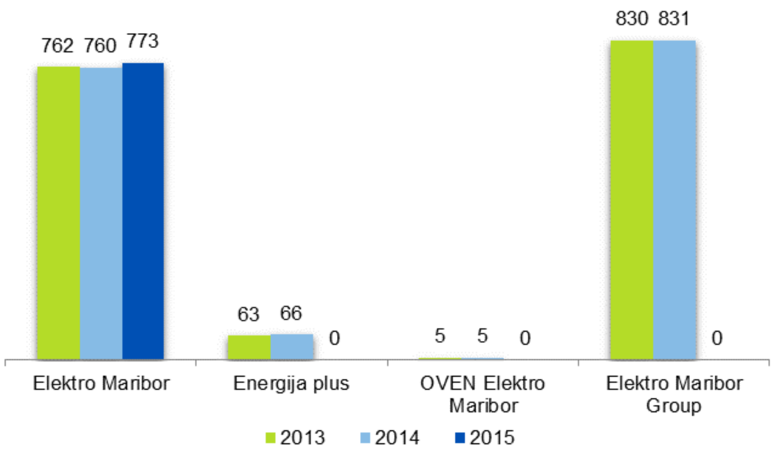
Internal audit's powers, responsibilities, tasks and the method of operations are defined in detail by the Internal audit fundamental document of the Elektro Maribor Group adopted in 2015 by the company's Management Board in agreement with the Supervisory Board.

16 EMPLOYEES IN THE GROUP

16.1 Changes in employees

The Elektro Maribor Group had 842 employees at the end of 2015. The largest share (92 %) of total employees are employees in the Elektro Maribor company. There were 120 new arrivals and 108 departures in 2015. Compared to the previous year, the number of employees increased due to renewal of fixed-term contracts to the workers employed in the Elektro Maribor company, who we recruited due to the increased volume of works.

Number of employees as at 31 December



Changes in number of employees by gender, period of employment, and type of employment, as at the end of the year

	2015	2014	2013
Number of employees – men	698	686	688
Number of employees – women	144	145	142
Permanent employment	794	805	802
Fixed-term employment	48	26	28
Full-time employment	823	813	814
Part-time employment	19	18	16

Number of employee turnover by gender and age groups

	2015	2014	2013
Number of arrivals	120	109	62
- men	117	103	56
- women	3	6	6
- up to 30 years of age	37	45	9
- 30-50 years of age	67	55	52
- over 50 years of age	3	9	1
Number of departures	108	108	55
- men	105	105	54
- women	3	3	1
- up to 30 years of age	27	43	8
- 30-50 years of age	61	53	30
- over 50 years of age	20	12	17

In 2015, additional pension insurance included 918 employees, among them also people who were employed on fixed-term and had their contractual employment relationship expired before the end of the year.

Number of employees included in additional pension insurance

	2015	2014	2013
Number of employees	918	878	800

Percentage of employees covered by provisions of collective agreements was 98.5 % in 2015, which is at the level of previous years.

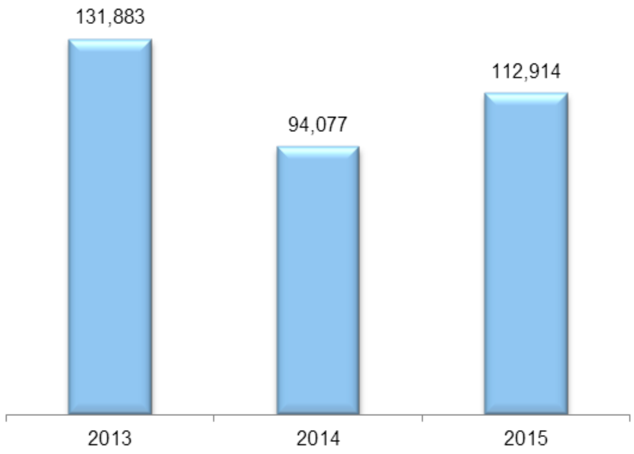
Number of employees (by gender) using parental leave

	2015	2014	2013
Number of employees	31	34	38
- male employees	25	30	34
- female employees	6	4	4

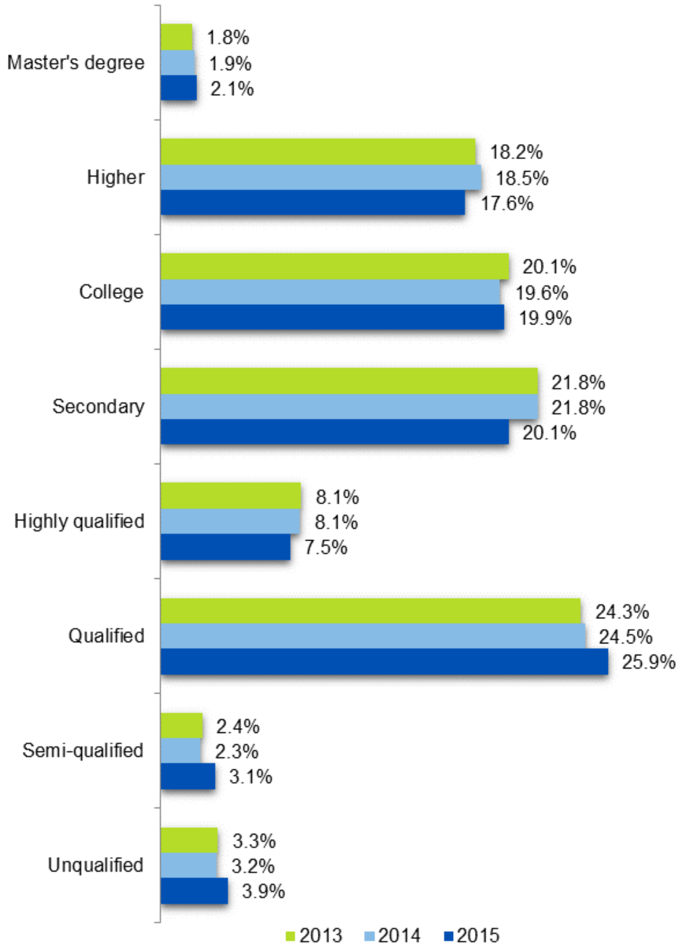
16.2 Education of employees

In 2015, we allocated EUR 112,914 for various forms of education of employees. Education-related expenses increased by 20 % compared to the previous year, mainly due to additional training courses on risk management in the Energy Plus company.

Cost of education of employees (in EUR)



Structure of employees by education as at 31 December



17 SAFETY AND HEALTH AT WORK IN THE GROUP

The Group especially focuses on theoretical and practical training of employees in the area of health and safety at work. The biggest emphasis to safety and health at work within the Group is given by the Elektro Maribor company, mostly because the nature of works carried out by its employees. The Group is aware of the importance of an organised work environment in order to achieve planned goals. The classification of jobs includes safety measures, which reduce health and safety risks for the employees. Before starting a job, each new employee performs a preventive medical examination, and employees also regularly attend periodic medical examinations.

The Elektro Maribor company recorded 32 work-related accidents in 2015. The companies Energija plus and OVEN Elektro Maribor recorded no work-related accidents or associated lost work days in 2015, likewise as many years ago.

18 SOCIAL RESPONSIBILITY OF THE GROUP

18.1 Social responsibility of the Elektro Maribor company

Social responsibility of the Elektro Maribor company is described in detail in Chapter II. Business Report of the Elektro Maribor d.d. company.

18.2 Social responsibility of the Energija plus company

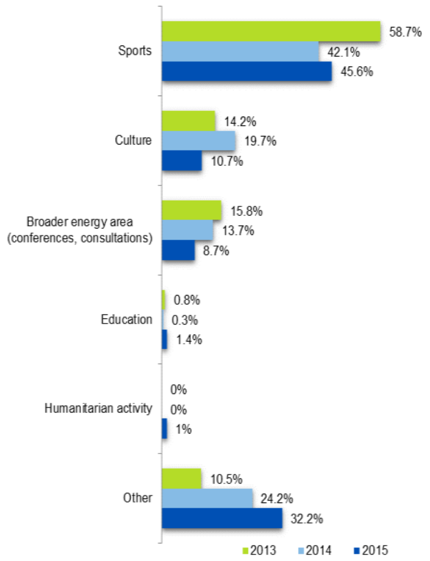
In 2015, we paid special attention to socially deprived customers. In cooperation with Social work centres of the North-eastern part of Slovenia, we allocated grants in the amount of EUR 17,000 to this group.

We were one of the first parties to the Agreement on debt relief of the Ministry of Labour, Family, Social Affairs and Equal Opportunities, based on which we received 178 applications. The customers (there were 47 of them) who met all the conditions, we wrote off debts in the amount of EUR 23,400.

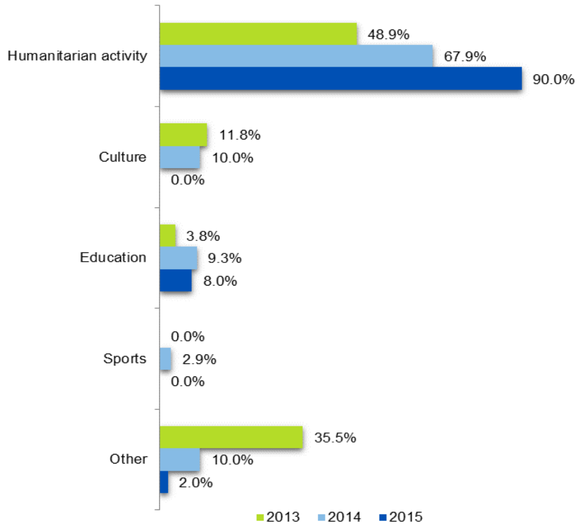
18.2.1 Sponsorship and donations

Through sponsorships and donations disbursed in 2015, we assisted in various projects carried out by organisations in the social, cultural, sports and educational fields. Grant funds were allocated, likewise in previous years, especially to humanitarian organisations.

Distribution of sponsorship by purpose



Distribution of sponsorship by purpose



When allocating sponsorship funds, we always seek to have appropriate balance between different areas, which are granted the funds (sport, culture and other activities), where sports activities show most needs for such assets. In doing so, we are looking for synergistic effects associated with our business objectives, the needs of the areas, and proximity to customers. This is how we strengthen the company's visibility, promote sales, and indirectly influence also customer loyalty.

When allocating donations, we try to find and appropriate balance in the allocation of funds between sports, culture, a broader scope of energy, and other activities, and thus to present ourselves to our potential customers in all areas and to strengthen the loyalty of existing ones.

18.2.2 Marketing activities

In 2015, we earmarked for marketing purposes 23 % of revenues from the sale of energy products. In this way, we were strengthening contacts with customers, creating company's visibility in the Slovenian environment in order to strengthen the loyalty of existing customers and acquire new ones, presenting the product range and promoting the sales. We paid most attention to the Dual Plus package (a bound package of electricity and natural gas). In communication, we started using a new sound image and corporate advertisement in accordance with the latest guidelines of communication.

18.2.3 Communication with external public

Employees in Energija Plus attach a significant importance to cooperation with external public that supports our communication and cooperation with the environment, is a building block in the company's visibility and enhancing the trademark, and finally, a critical companion and assessor in terms of the publicity generated. The year 2015 was marked above all in the field of promotion and acquiring contacts, sales promotions, trade fairs, prize games, conferences and various events throughout the Slovenian area. The information office in Maribor hosted also a two-day summer media school and thus supported a national Blue World for Youth project.

In line with the renewal of the information system, we provided customers with new online services (eStoritve – e-Services) and a renewed mobile application ePLUS providing communication, information and service 24/7 and will be the subject to updates and upgrades also in the future, in accordance with the wishes and needs of customers.

18.2.4 Media communication

We know that effective and timely communication with the media is essential to the company's reputation in the society. Therefore, we frankly, responsibly and timely respond to questions asked publicly, and thus keep appropriate relations with the media that gave us quite some attention, especially in spring, when we granted a donation to Centres for social work, and in mid-year, at the transition to a new information system.

18.2.5 Customer relations

In 2015, we carried out a survey on customer satisfaction. As many as 95 % of the surveyed customers would recommend us to their friends, more than 77 % of them responded that they have been our customers for 10 years and more, and 67 % are very satisfied with how they are treated.

In 2015, we increased the number of outlets where customers are provided with direct contact and individual treatment for any area of our operations – from concluding the contract, information, advice, payment of bills without fees, up to the purchase of merchandise. The two outlets in Maribor, and one in each of Gornja Radgona, Murska Sobota, Ptuj and Slovenska Bistrica, were upgraded by the third, universal outlet in Maribor.

In 2015, we recorded increased contacts with customers through a toll-free number 080 21 15, at all our outlets and through regular and electronic mail. We are strengthening the use of modern communication channels through the renewed eStoritve and updated mobile application. News and current topics are published at website www.energijaplus.si, Twitter and YouTube channel. We publish a monthly e-newsletter, eINFO, and inform our customers about news and special offers through attachments to invoices and advertising in various media.

The number of all phone calls increased in 2015 compared to 2014 by 16.5 %, and the number of personal contacts in 2015 increased by 6.4 % compared to 2014. In eStoritve are currently registered 15,053 accounts.

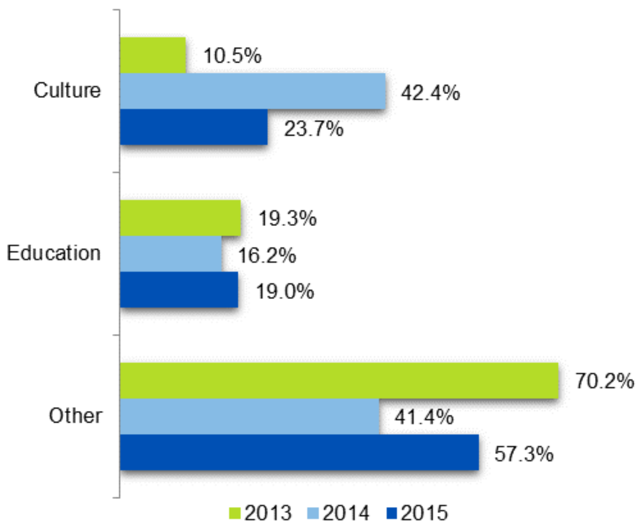
Contacts with customers

	2015	2014	2013
Total number of calls at 080 2115	129,197	110,861	125,484
Personal visits of customers in outlets	54,505	51,189	56,827

18.3 Social responsibility of the OVEN Elektro Maribor company

The company allocated for donations EUR 6,300 in 2015. We helped athletes, people in culture, educational institutions, and other societies.

Distribution of donations by purpose



19 PROTECTION OF THE ENVIRONMENT IN THE GROUP

Protection of the environment in the Elektro Maribor company is described in detail in the Chapter II. Business Report of the Elektro Maribor d.d. company.

The Energija plus company tends to include in its range products that protect the environment. We are actively involved in protecting the environment by looking for products that would allow customers for automatic monitoring and remote control of electricity appliances, and the PURE tender, which allows public and service sectors to obtain grants for various actions in terms of energy efficiency. Through advice, we are raising awareness among customers on the use of renewable energy sources. By pointing out the importance of using electronic bills and e-services, we contribute to environmental protection, because we reduce paper consumption.

The OVEN Elektro Maribor company strives to keep any potential negative impacts on the environment, in which it operates, as low as possible. All employees are involved in environmental protection, both inside, as well as outside of the company. The greatest and practically the only possible environmental risk are potential spills of lubricating hydraulic oils. In this area, multi-phase protection with collecting containers and controlled level probes prevent any possible spills.

V. Financial Report of the Elektro Maribor Group

1 INDEPENDENT AUDITOR'S REPORT

ABC revizija
Družba za revizijo
in sorodne storitve
Ljubljana, Stegne 21c, Slovenia

INDEPENDENT AUDITOR'S REPORT

To the GENERAL MEETING
of ELEKTRO MARIBOR, podjetje za distribucijo električne energije, d.d.
Vetrinjska ulica 2, Maribor

We audited the enclosed consolidated financial statements of the company ELEKTRO MARIBOR, podjetje za distribucijo električne energije, d.d., Vetrinjska ulica 2, 2000, Maribor, comprising the consolidated balance sheet as at 31 December 2015, consolidated income statement and the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended, and the summary of the significant accounting principles and other explanatory notes. We reviewed also the Group's Business Report.

Management responsibility for financial statements

The management bears overall responsibility for the preparation and fair representation of these consolidated financial statements in accordance with the Slovenian accounting standards and in accordance with the internal control as deemed necessary by the Management Board to ensure the preparation of consolidated financial statements free of any material misstatement due to fraud or mistake.

Auditor's Responsibility

It is our responsibility to give an opinion about these consolidated financial statements based on the audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement.
The audit includes implementing procedures to obtain audit evidence supporting the amounts and disclosures in the consolidated financial statements. The auditing processes that are applied depend on the auditor's judgement and include a risk evaluation of misstatement within the consolidated financial statements with regard to fraudulent or erroneous activities. When evaluating these risks, the auditor examines the internal control related to the preparation and fair presentation of the company's consolidated financial statements in order to establish appropriate auditing procedures, not to give an opinion on the effectiveness of the company's internal control procedures. The audit also includes assessing the relevance of accounting principles used and the justifiability of accounting estimates made by the Management, as well as evaluating the overall consolidated financial statement presentation.
We believe that the audit evidence 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 company ELEKTRO MARIBOR, podjetje za distribucijo električne energije d.d., Vetrinjska ulica 2, 2000, Maribor as at 31 December 2015 and the income statement and cash flows for the year then ended, in accordance with Slovenian accounting standards.

Paragraph on other affairs

The Business Report complies with the audited financial statements.

Authorised auditor
Dr. Branko Mayr

In Ljubljana, on 15 April 2016

2 STATEMENT OF RESPONSIBILITY BY THE MANAGEMENT BOARD OF ELEKTRO MARIBOR D.D. FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Elektro Maribor d.d. is responsible for the preparation of consolidated financial statements and presentation thereof to the interested public. The financial statements provide a true and fair presentation of the Group's financial position and its results for the year 2015.

The Management Board is responsible for keeping proper accounting records, which represent the Group's financial position with reasonable accuracy and for the implementation of measures, intended to keep the value of the Group's assets and for the prevention and identification of irregularities in the Group's operations at any given time.

The Management Board hereby declares that:

- All financial statements of the Group have been prepared in line with professional standards and the legislation pertaining to operations, accounting, taxes and finance,
- The financial statements of the Group have been prepared in accordance with all requirements set by the Slovenian Accounting Standards 2006, with relevant views and notes,
- The financial statements have been prepared under the going concern assumption,
- The selected accounting policies are being applied consistently and any changes in the accounting policies are disclosed,
- The accounting estimates have been prepared in accordance with the principles of prudence and good management,
- The Group's Annual Report represents a true and fair view of its operational results and financial position,
- The financial statements do not include any material or non-material errors made in order to achieve a particular presentation of operations.

Maribor 12 April 2016

President of the Management Board:
Boris Sovič, M.Sc.

3 BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

The basis for the preparation of the consolidated financial statements is the individual statements of Group companies such as endorsed by managements of relevant companies before the preparation of the consolidated financial statements.

The expert basis for the preparation of the consolidated financial statements are the Rules on Consolidation, which regulates the organisation and operation of accounting for the Elektro Maribor Group and determines accounting and reporting rules for the Group.

The Management Board approved and adopted the financial statements of the Group and notes as well as the accounting policies to the financial statements of the Group and the presented Annual Report for 2015 on 12 April 2016.

4 ACCOUNTING POLICIES

The consolidated financial statements have been compiled in accordance with the Companies Act (ZGD-1), which provides the basic framework for consolidation in Article 56, and in accordance with the SAS 2006, which specify the content and method of consolidation.

In Item 13 of the Introduction to SAS 2006 determines a group in the consolidated financial statements as a single company. The consolidated financial statements are prepared based on individual financial statements of consolidated companies with proper consolidation corrections, which are, however, not a subject of recording in financial statements of consolidated companies.

Since the Group has to be presented as one single company, the following is required:

- To eliminate financial investments of the parent company in equity or liabilities of subsidiaries, and stakes of the parent company in equity or liabilities of subsidiaries, as well as other mutual financial investments and stakes in equity or liabilities of other Group companies, and account for differences in this respect;
- To eliminate mutual financial liabilities and receivables,
- To eliminate mutual operating receivables and operating liabilities,
- To eliminate mutual revenues and expenses, and
- To eliminate mutual cash transactions.

In order to carry out the complete consolidation, the following must be ensured:

- Unified accounting policies are used for similar business events in individual financial statements of subsidiary companies;
- Items in individual financial statements of subsidiary companies are presented in equal form,
- Individual financial statements of consolidated companies are prepared for the business year ended on the same date.

The consolidated financial statements for 2015 have been prepared based on the fundamental accounting assumptions, Slovenian Accounting Standards and the Companies Act.

The accounting assumptions for consolidation are:

- Assumption of united entity.
- Assumption of the presentation of true property and financial situation and profit or loss from operations.
- Assumption of entireness of the Group.
- Assumption of entireness of the content of financial statements and unified inclusion in financial statements.
- Assumption of uniform valuation.
- Assumption of the same date.

- Assumption of consistency in using consolidation methods.
- Assumption of clarity and transparency.
- Assumption of cost-efficiency.
- Assumption of materiality.

The valuation of individual items of consolidated financial statements is based on unified and joint accounting policies of the Elektro Maribor Group determined in the Rules of Accounting.

Items are presented and valued by directly applying the provisions of standards, except in the valuation of items for which standards provide a possibility of choosing between various valuation methods, in which cases the Group used the policies described hereunder.

All Group companies were subject to proper audit or investigation.

The financial statements have been prepared in Euros. Slight differences in additions may have resulted from rounding at the decimal level of the numbers. These differences are insignificant.

The business year equals the calendar year.

There were no changes in accounting policies in 2015.

Events after the balance sheet date

Events after the balance sheet date have no significant effect on the financial statements for 2015 and do not require any additional disclosures in the financial report.

As at the completion of financial statements, the final settlement for the regulatory year 2015 that will be based on the audited data for 2015 was not available; therefore the preliminary settlement amount for the regulatory year 2015 has been taken into account and it shows a deficit of received assets over the recognised contractual values of lease and services in the amount of EUR 41,624. The estimate of the preliminary settlement for the regulatory year 2015 has been taken into account, and it shows a surplus of received assets over the recognised contractual values of lease and services in the amount of EUR 1,071,619.
These values are treated in accordance with paragraphs 4 and 5 of Article 60a of the Contract and therefore shall have an impact on cash flow in the next regulatory period of the parent company.

Intangible assets

Intangible assets are stated at cost less the accumulated amortisation. On initial recognition, an item of intangible assets is measured at cost, which comprises its purchase duties and directly attributable costs until they are made available for use.

Long-term property rights are amortised individually using the straight-line amortisation method. The amortisation begins as soon as they are made available for use. Items of long-term property rights are amortised by amortisation rates in accordance with their expected useful lives.

Property, plant and equipment

In accordance with SAS 1.24, the Group uses the cost model to assess property, plant and equipment on their recognition.

Items of property, plant and equipment are stated at cost less the accumulated depreciation. The cost comprises the purchase price, duties and costs directly attributable to bringing the asset to the condition necessary for the intended use. The cost of those items of property, plant and equipment in which the period until their availability for use is longer than one year is increased by interest on loans raised in order to bring such items of property, plant and equipment to the condition necessary for their availability for use.

The Elektro Maribor Group performs the activity of the self-construction of buildings and equipment and records it in its books after they have been constructed. Assets are recorded in the books at the value that corresponds to SAS 1.12. The cost of purchase of a self-constructed item of property, plant and equipment includes costs that are directly related to it, as well as the share of the company's general overhead expenses incurred during construction or manufacture that are directly associated with it. It does not include the expenditures that are not related to its construction or manufacture, or expenditures that the market is not willing to recognise as such; it is, however, possible to include the cost related to borrowings made to finance the construction or manufacture of an item of property, plant and equipment incurred and its bringing to the condition necessary for the intended use. The cost of such item of property, plant and equipment cannot exceed the cost determined in the SAS 1.10.

The Group values items using the full unit cost method. Full unit cost based on which the self-constructed items of property, plant and equipment are recorded does not include the profit for which the full unit cost of production hour is increased and which is accounted for on the market when the same type of service is offered on the market.

Items of property, plant and equipment with different useful lives are considered as separate items of property, plant and equipment.

Subsequent expenditures related to an item of property, plant and equipment increase its cost provided that the future benefits from such item of property, plant and equipment increase beyond their previously assessed benefits.

Investments in items of property, plant and equipment are accrued on the basis of systemic instruction on the accrual of investments in property, plant and equipment and maintenance costs, forming an appendix to the Rules on Fixed Assets and Depreciation.

Items of property, plant and equipment are depreciated individually using the straight-line depreciation method. An item of property, plant and equipment starts being depreciated the first day of the month after it has been made available for use.

No items of property, plant and equipment were acquired under finance lease. All items of property, plant and equipment are owned by the Group and have not been pledged as collateral for debts.

The Group has actively monitored the events on the market. It has estimated that there was no objective evidence on factors pointing to the need for the impairment of property, plant and equipment in 2015.

Investment property

Investment property is held to earn rentals or increase the value of a long-term investment.

Investment property is stated at cost less the accumulated depreciation.

The Group depreciates investment property using the straight-line depreciation method. Depreciation is accounted for individually.

The fair value of investment property is established for the purpose of its disclosure. The fair value is based on the market value, which equals the estimated amount for which an asset could be exchanged between a buyer and seller in an arm's length transaction on the day of appraisal at suitable exchange rate.

The Group has actively monitored the events on the market and estimates that there is no objective evidence on factors pointing to the need for the impairment of property, plant and equipment assets, classified as investment property in 2015.

Depreciation

Items of property, plant and equipment are depreciated individually using the straight-line depreciation method. An item of property, plant and equipment starts being depreciated the first day of the month after it has been made available for use. The date when an item of property, plant and equipment starts being used is stated in the record on the transfer of items of property, plant and equipment to use.

Useful lives of the Group's fixed assets

	2015	2014
Buildings	50 years	50 years
Cable underground system, HV overhead power lines, HV cable lines, MV overhead power lines	40 years	40 years
Construction part of STS, SS and TS	40 years	40 years
MV cable lines with XHP and EHP, LV overhead power line and CR with wooden poles, TS on wooden pole	33 years	33 years
STS and secondary SS equipment	15 years	15 years
STS, SS and primary DCS equipment	30 years	30 years
Energy transformer HV/MV	35 years	35 years
Energy transformer MV/LV	30 years	30 years
Measuring and control devices (meters)	5–24 years	5–24 years
Motor vehicles	7–12 years	7–12 years
Computer equipment	3 years	3 years
Intangible assets (application software)	3–10 years	3–5 years
MHE equipment and photovoltaic power plants equipment	14–13 years	14–13 years
Servitude	1–100 years	1–100 years

Financial investments

In the balance sheet, financial investments are stated as long-term financial investments and current financial investments. Non-current financial investments are held in possession over a period longer than one year and are not held for trading.

Financial investments in equity and financial investments in loans are broken down to those referring to:

- Associated companies and
- Others.

At initial recognition, other investments are classified as financial investments available-for-sale financial assets.

On each balance sheet date, the Group assesses whether there is objective evidence on potential impairment of a financial investment. Should such evidence exist, the revaluation of a financial investment is required. Changes in the fair value of financial investments resulting from revaluation are recognised in the company's equity as increases or decreases in revaluation surplus.

In the consolidated financial statements, investments in associates are presented under the equity method.

Inventories

An inventory unit of materials is measured at cost, which comprises the purchase price, import duties and direct purchase cost reduced by any discounts.

Inventories are carried at the floating average price method.

The Group immediately transfers items of small tools given for use to costs.

The revaluation of inventories means the change in their carrying amount. Inventories are revaluated for impairment if the carrying amount exceeds the net realisable value. The market value equals the replacement value. The Group assesses that the carrying amount corresponds to the net realisable value.

Receivables

Initially, all types of receivables are recognised at amounts recorded in relevant documents under the assumption that the amounts owed will also be collected. Original receivables can subsequently be directly increased by or, outside the payment received or another form of collection, decreased by each amount justified by a contract.

In the balance sheet, receivables are stated in the net value, meaning they are decreased by the revaluation adjustments for disputable or doubtful receivables.

The Group checks the suitability of disclosed receivables on a regular basis. The amounts of receivables that are believed to be uncollectible by their due date should be recorded as doubtful receivables or as disputable receivables.

Due to impairment, the Group adjusts the value of receivables when there is objective evidence that a current carrying amount of a receivable exceeds the present value of expected future cash flows.

In forming revaluation adjustments for doubtful or disputable receivables, the Group uses the approach of a 100 % value adjustment of a receivable due from a client, no matter the level of recoverability. The Group also forms revaluation adjustments for receivables when it disposes with data on initiated insolvency proceedings or legal actions.

Value adjustments are also made individually for those receivables due from individual partners, which are not settled within 90 days from the maturity date.

In Group companies, adjustments are only considered if a company is in bankruptcy or compulsory settlement proceedings, namely in full.

All mutual receivables and liabilities that refer to Group companies and which are supposed to be mutually coordinated are eliminated in consolidation procedures.

Cash and cash equivalents

Cash is the company's cash in transaction accounts with banks, and cash equivalents – investments, which may quickly be transformed into a predetermined cash amount.

At initial recognition, cash is stated in amounts based on appropriate documentation, after such nature of the document has been confirmed.

Short-term accrued revenues and deferred expenses

Short-term accrued revenues and deferred expenses include receivables and other assets, which are assumed to appear within a year from the balance sheet date and are probable, with their amount assessed reliably.

Initially, these are amounts that do not yet affect the Group's activity and do not yet impact its result. In the balance sheet, these items are shown in real amounts without any hidden reserves.

Short-term accrued expenses and deferred revenues include all costs calculated in advance (expenses) and short-term deferred revenue. These may only be used for items which have been initially recognised. In the balance sheet, they are presented in amounts assessed reliably without any hidden reserves.

Capital

The total equity of the Group is represented by the amounts invested by owners, and amounts from operations, which belong to the owner.

The share capital is recorded in euros. It is entered in the court register and divided in 33,495,324 ordinary no-par value shares. All shares are a part of one class and have been paid-in in full. They were issued as dematerialised securities and kept with KDD – centralna klirinško depotna družba d.d. (Central Securities Clearing Corporation) in line with the regulations.

Revenue reserves are recognised by a decision adopted by the Management Board, Supervisory Board and the General Meeting.

Revaluation surplus is recognised on the basis of the revaluation of investments at the end of the financial year and on the basis of recording actuarial gains/losses arising from the actuarial calculation of provisions for service awards and severance pays.

The net profit or loss is the undistributed part of the net profit or loss of the Group for the current year.

The Group presented the changes in equity in the statement of changes in equity.

Provisions and long-term accrued expenses and deferred revenues

The purpose of provisions for long-term accrued expenses and deferred revenues is to collect the amounts that will in the future enable covering the costs or expenses incurred at that time, and they are formed through a single or multiple debiting of costs or expenses.

Such provisions in the Group include provisions for severance payments and service awards for employees. The carrying amount of a provision equals its historical cost less the amounts spent, until the need for their increase or decrease arises. They are based on the actuarial calculation, which is based on the provisions of IAS 19 and IAS 26, and performed at the end of each business year when the Group adjusts the value and balance of provisions.

The company forms provisions for the liabilities that are, based on data from past events, expected to occur in the following periods. Their amount is based on the estimated current amount of expenditures, which will be necessary to settle these liabilities.

Provisions are made for severance payments and service awards for employees. They are based on the calculation of a certified actuary as at the start and end of a business year. The actuarial calculation is based on the provisions of IAS 19 and IAS 26, and performed at the end of each financial year when the Group companies adjust the value and balance of provisions. They were calculated by the Projected Unit Credit method based on a multiple decrement model taking into account the following decrements: mortality probability, retirement probability, employee turnover probability, and disability probability. The most important assumptions used in the actuarial calculation are:

- Mortality probability (SLO2002x, SLO2002y);
- Disability probability (in accordance with the model based on BUZ/BV1990x, BUZ/BV1990y);
- Retirement in accordance with the model based on Pension and Disability Insurance Act (ZPIZ-2A; Official Gazette of the Republic of Slovenia, No. 39/2013);
- Staff turnover:
  - 5.0 % in the interval to 35 years;
  - 4.0 % in the interval from 36 to 45 years;
  - 3.0 % in the interval to 46 years;
- Discount rate 2.0 %;
- Growth of salaries and wages in the Republic of Slovenia 2.0 %
- Growth of wages in the company 2.0 %;
- Growth of wages in electricity sector 2.0 %;
- Employer's contribution rate: 16.1 % (in case of payments higher than amounts as stipulated by the Decree on the levels of reimbursed work-related expenses and of certain income not to be included in the tax base (Official Gazette of the Republic of Slovenia, No. 76/08));
- Growth of amounts in the Decree 1.0 %.

The carrying amount of a provision equals its historical cost less the amounts spent, until the need for their increase or decrease arises.

The Group forms long-term accrued expenses and deferred revenue from accrued expenses and from contributions for pension and disability insurance of disabled employees. The Group uses this income to cover the actual salaries of disabled employees.

The Group also makes long-term accrued expenses and deferred revenues from fixed assets acquired free of charge and from contributions for co-financing, which are intended to cover for depreciation of such assets.

Debts

In terms of the period, debts are current or short-term and long-term, and in terms of the content, they are financial and operating. All liabilities are initially recognised in amounts arising from the relevant documents based on the assumption that the creditors require these to be repaid.

The carrying amount of debts equals their historical value decreased by their repayments. In the consolidated balance sheet, long-term debts and short-term debts are presented separately, and they are further broken down to financial and operating debts.

The fair value of debts is estimated at least once a year upon the preparation of the financial statements. Impairment of debts is not made or disclosed.

Off-balance sheet records

Off-balance sheet records of the Group present the amounts of bills of exchange given for received loans, the guarantees given and received, potential liabilities for payments, amounts of small tools in use, and amount of fixed assets transferred to SODO d.o.o.

Recognition of revenue

Revenue is recognised if the increase of economic benefits in an accounting period is connected with the increased value of an asset or decreased liability, and if such increase can be measured reliably. Revenue is recognised when it is reasonable to expect it to result in receipts, if these are not already realised at inception.

Revenue comprises of operating, financial, and other revenue.

Operating revenue is revenue from sales and it represents the sales values of products, services and material sold in an accounting period. It is measured based on sales prices stated on invoices or other documents, decreased by the discounts granted at the sale, and subsequently also by the value of returned quantities and any subsequent discounts.

The revenue from rendered services is measured at sales prices of performed services considering the level of their completion, indicated in invoices or other documents.

Revaluation operating revenue is generated upon the disposal of property, plant and equipment and intangible assets, and also after the payment of receivables which were revaluated in previous years.

Financial revenue is revenue from investment activities. It is generated from current and non-current financial investments and from receivables in the form of interest charged and as revaluation finance income.

This income is recognised at settlement, regardless of the receipts, if there is no reasonable doubt as to its size, maturity and probability to be paid. Interest is attributed in proportion to the elapsed period and in relation to the unpaid part of the principal and the applicable interest rate.

Other revenue pertains to non-recurring items and other income that increases the operating result.

Recognition of expenses

Expenses are recognised if the decrease in economic benefits in an accounting period is connected with the decreased value of an asset or increased liability, and if such decrease can be measured reliably.

Expenses include operating, finance and other expenses.

Operating expenses are recognised when the amount of costs no longer corresponds to the value of inventories. In general they equal the accrued expenses in an accounting period.

Revaluation operating expenses are recognised when an adequate revaluation is completed and they appear in connection with items of property, plant and equipment, intangible non-current and current assets due to their impairment.

Finance expenses are expenses from financial and operating liabilities. They are recognised in settlement, regardless of the related payments.

Other expenses include non-recurring items and other expenses that decrease the operating result.

Labour costs and reimbursements to employees

The Group includes the following items in labour costs:

- Salaries and wages,
- Salary and wage compensations,
- Additional pension insurance cost,
- Contributions and other taxes,
- Other costs such as: pay for annual leave, reimbursement of material costs, solidarity aid and other.

Labour costs and reimbursements are calculated and paid in accordance with the legislation, the Collective Agreement pertaining to the energy sector and the Corporate Collective Agreement.

Labour costs also include accrued expenses from unused annual leave of employees. The Group accrued among labour costs the costs of salaries and wages, arising from legal claims and for which it can claim with more than a 50 % certainty that they will be settled in 2015.

Taxes

All companies in the Elektro Maribor Group are liable for payment of taxes in accordance with the Value Added Tax Act and the Corporate Income Tax Act.

The Group's corporate income tax is calculated on the basis of revenue and expenses such as stated in the income statements of individual companies, taking into account the provisions of the Corporate Income Tax Act. The tax calculated this way is the tax expected to be paid from the taxable profit for the year, using tax rates applicable on the date of the account.

Deferred tax assets and liabilities

The Group discloses deferred tax using the method of liabilities in accordance with the balance sheet based on temporary differences between book and tax values of individual assets and liabilities. The amount of deferred tax is based on the expected method of return or settlement of the book value of assets and liabilities, using the tax rates applicable on the balance sheet date.

Deferred tax assets are recognised only to the extent for which it is probable that the future taxable profit, from which deferred assets can be used in the future, will be available.

Cash flow statement

The cash flow statement has been prepared using the direct method. In the cash flow statement, cash and cash equivalents are represented by cash in accounts and deposits with maturity up to three months.

Segment reporting

The Group reports by segments. A business segment is an integral part of the Group performing business activities that generate revenues and incur expenses. The Group's segments consist of:

- Distribution of electricity, which also includes market activities of the Elektro Maribor d.d. company,
- Purchase and sale of electricity and other energy products,
- Electricity production.

5 CONSOLIDATED FINANCIAL STATEMENTS OF THE ELEKTRO MARIBOR GROUP

Consolidated balance sheet

in EUR

	Item	Note	31 Dec.2015	31 Dec.2014
A.	**Long-term assets (I–VI)**		**310,017,812**	**300,376,219**
I.	**Intangible assets and long-term accrued revenues and deferred expenses (1 to 6)**	**1**	**3,866,499**	**3,081,354**
	1. Long-term property rights		3,866,499	3,081,354
II.	**Property, plant and equipment (1 to 6)**	**2**	**301,726,503**	**293,073,978**
	1. Land and buildings (a + b)		221,147,872	215,310,579
	a. Land		7,919,115	7,887,977
	b. Buildings		213,228,757	207,422,602
	2. Production machinery		74,356,878	71,872,192
	4. Property, plant and equipment under acquisition (a + b)		6,221,753	5,891,207
	a. Property, plant and equipment under construction		6,196,437	5,842,774
	b. Advances for acquisition of property, plant and equipment		25,316	48,433
III.	**Investment property**	**3**	**727,857**	**732,899**
IV.	**Non-current financial investments (1 to 2)**	**4**	**1,656,261**	**1,991,526**
	1. Non-current financial investments excluding loans (a to č)		1,656,261	1,991,526
	b. Investments in shares and stakes of associated companies		1,447,913	1,783,178
	c. Other non-current investments in shares and stakes		56,594	56,594
	č. Other non-current financial investments		151,754	151,754
V.	**Long-term operating receivables (1 to 3)**	**5**	**591,077**	**98,042**
	3. Long-term operating receivables due from others		591,077	98,042
VI.	**Deferred tax assets**	**6**	**1,449,615**	**1,398,420**
B.	**Current assets (I - V)**		**58,992,108**	**58,526,184**
II.	**Inventories (1 to 4)**	**7**	**1,448,629**	**1,714,830**
	1. Material		1,371,197	1,666,368
	3. Products and merchandise		77,432	48,462
III.	**Current financial investments (1 to 2)**		**0**	**4,589**
	2. Short-term loans (a to c)		0	4,589
	b. Short-term loans to others		0	4,589
IV.	**Current operating receivables (1 to 3)**	**8**	**38,081,425**	**37,746,702**
	2. Current operating receivables due from clients		35,553,363	35,052,257
	3. Current operating receivables due from others		2,528,062	2,694,445
V.	**Cash and cash equivalents**	**9**	**19,462,054**	**19,060,063**
C.	**Short-term deferred items**	**10**	**388,751**	**27,344**
	A S S E T S (A + B + C)		**369,398,672**	**358,929,747**
	Off-balance-sheet liabilities	16	70,795,900	67,323,240

in EUR

	Item	Note	31 Dec.2015	31 Dec.2014
A.	**Capital**	**10**	**260,841,874**	**253,508,924**
I.	**Called-up capital (1 to 2)**		**139,773,510**	**139,773,510**
	1. Share capital		139,773,510	139,773,510
II.	**Capital reserves**		**75,121,586**	**75,121,586**
III.	**Revenue reserves (1 to 5)**		**36,992,323**	**29,614,495**
	1. Legal reserves		3,198,981	2,635,976
	5. Other revenue reserves		33,793,342	26,978,519
IV.	**Revaluation surplus**		**-335,571**	**-14,631**
V.	**Retained net profit or loss**		**3,421,282**	**2,371,706**
	1. Retained net profit from previous years		3,421,282	2,371,706
VI.	**Net profit or loss for the financial year**		**5,868,744**	**6,642,258**
	1. Undistributed profit for the financial year		5,868,744	6,642,258
B.	**Provisions and long-term accrued expenses and deferred revenues (1 to 3)**	**11**	**37,529,999**	**35,752,927**
	1. Provisions for retirement benefits and similar liabilities		5,873,208	4,567,382
	2. Other provisions		498,762	674,156
	3. Long-term accrued expenses and deferred revenue		31,158,029	30,511,389
C.	**Non-current liabilities (I to III)**		**30,274,589**	**28,857,235**
I.	**Non-current financial liabilities (1 to 4)**	**12**	**29,942,857**	**28,700,000**
	2. Long-term financial liabilities to banks and companies		29,942,857	28,700,000
II.	**Non-current operating liabilities (1 to 5)**		**331,732**	**157,235**
	2. Long-term operating liabilities to suppliers		53,891	157,235
	5. Other current operating liabilities		277,841	0
Č.	**Current liabilities (I to III)**	**13**	**39,729,853**	**39,126,282**
II.	**Current financial liabilities (1 to 4)**		**8,784,215**	**7,539,478**
	2. Current financial liabilities to banks and companies		8,757,143	7,507,143
	4. Other current financial liabilities		27,072	32,335
III.	**Current operating liabilities (1 to 8)**		**30,945,638**	**31,586,804**
	2. Current operating liabilities to suppliers		14,815,186	15,809,710
	4. Current operating liabilities for third party accounts		10,742,568	10,044,973
	7. Current operating liabilities based on advance payments		807,269	815,895
	8. Other current financial liabilities		4,580,615	4,916,226
D.	**Short-term accrued items**	**14**	**1,022,357**	**1,684,379**
	LIABILITIES (A to D)		**369,398,672**	**358,929,747**
	Off-balance-sheet liabilities	15	70,795,900	67,323,240

Consolidated income statement

in EUR

	Item	Note	I–XII 2015	I–XII 2014
1.	**Net sales revenues (a + b)**	**17**	**149,246,239**	**157,037,660**
	a. Domestic market		149,246,239	157,037,660
3.	**Capitalised own products and services**	**18**	**16,721,270**	**16,853,531**
4.	**Other operating revenues (with revaluated operating revenues)**	**19**	**4,553,399**	**3,827,010**
5.	**Cost of goods, material and services (a + b)**	**20**	**103,535,639**	**112,421,837**
	a. Cost of goods sold and costs material used		93,125,893	102,269,365
	b. Cost of services		10,409,746	10,152,472
6.	**Labour cost (a + b + c + d)**	**21**	**30,504,106**	**29,675,592**
	a. Costs of wages and salaries		21,410,422	21,685,382
	b. Cost of additional pension insurance for employees		1,085,369	1,015,016
	c. Employer contributions and other salary duties		3,490,199	3,468,679
	d. Other labour costs		4,518,116	3,506,515
7.	**Write-offs (a + b + c)**	**22**	**21,048,046**	**21,497,127**
	a. Depreciation		19,377,041	19,139,245
	b. Revaluation operating expenses for intangible assets and property, plant and equipment		612.106	684,049
	c. Revaluation operating expenses for current assets		1,058,899	1,673,833
8.	**Other operating expenses**	**23**	**1,533,174**	**750,241**
9.	**Financial revenues from stakes (a+b+c+č)**	**24**	**207,696**	**447,222**
	a. Financial revenues from stakes in associated companies		207,696	447,222
10.	**Financial revenues from loans granted (a+b)**	**24**	**32,646**	**122,141**
	b. Financial revenues from loans granted to others		32,646	122,141
11.	**Financial revenues from operating receivables (a + b)**	**24**	**303,355**	**288,725**
	b. Financial revenues from operating receivables due from others		303,355	288,725
12.	**Financial expenses from impairments and write-offs of financial investments**	**25**	**242,961**	**0**
	a. Associated companies		242,961	0
13.	**Financial expenses from financial liabilities (a + b + c + č)**	**25**	**575,066**	**840,410**
	b. Financial expenses from borrowings		560,522	759,245
	č. Financial expenses from other financial liabilities		14,544	81,165
14.	**Financial expenses from operating liabilities (a + b + c)**	**25**	**162,696**	**158,108**
	b. Financial expenses from liabilities to suppliers and liabilities pertaining to bills of exchange		11,250	2,089
	c. Financial expenses from other operating liabilities		151,446	156,019
15.	**Other revenue**	**26**	**39,390**	**42,309**
16.	**Other expenses (a + b)**	**26**	**140,708**	**146,844**
17.	**Corporate income tax**	**27**	**1,739,465**	**1,663,519**
18.	**Deferred taxes**	**28**	**51,195**	**27,761**
19.	**NET PROFIT/LOSS FOR THE PERIOD**	**29**		
	(1 ± 2 +3 + 4 - 5 - 6 - 7 - 8 + 9 + 10 + 11 - 12 - 13 - 14 + 15 - 16 - 17 ± 18)		**11,673,330**	**11,492,681**

Consolidated statement of comprehensive income

in EUR

	Item	I–XII 2015	I–XII 2014
19.	Net profit/loss for the period	11,673,330	11,492,681
23.	Other items of comprehensive income	-320,939	-119,815
24.	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (19+23)**	**11,352,391**	**11,372,866**

Consolidated statement of cash flows

in EUR

I t e m		I–XII 2015	I–XII 2014
A. Cash flows from operating activities	**30**		
a) Cash receipts from operating activities		***300,848,990***	***308,187,325***
aa) Cash receipts from sales of products and services		298,607,671	305,422,230
ab) Other cash receipts from operating activities		2,241,319	2,765,095
b) Cash disbursements from operating activities		***-287,719,795***	***-292,444,380***
ba) Cash disbursements from the purchase of material and services		-241,879,610	-248,915,129
bb) Cash disbursements from salaries and employees' participation in profit		-17,480,114	-16,860,091
bc) Cash disbursements from taxes		-26,605,797	-24,664,321
bd) Other cash disbursements from operating activities		-1,754,274	-2,004,839
c) Cash receipts from operating activities (a + b)		***13,129,195***	***15,742,945***
B. Cash flows from investing activities	**31**		
a) Cash receipts from investing activities		***433,622***	***626,542***
aa) Interest received and shares in profit received, relating to investment activities		36,204	129,762
ab) Cash receipts from stakes received in profit of others relating to investment activities		300,000	400,000
ac) Cash receipts from disposal of tangible fixed assets		92,829	45,490
ad) Cash receipts from disposal of short-term financial investments		4,589	51,290
b) Cash disbursements from investing activities		***-11,100,136***	***-8,762,857***
ba) Cash disbursements from acquisition of intangible assets		-2,076,242	-1,813,699
bb) Cash disbursements from acquisition of property, plant and equipment		-9,023,894	-6,944,569
bd) Cash disbursements from acquisition of current financial investments		0	-4,589
c) Net cash used in investing activities (a + b)		***-10,666,514***	***-8,136,315***
C. Cash flows from financing activities	**32**		
a) Cash receipts from financing activities		***10,000,000***	***6,500,000***
ab) Cash receipts from increase of long-term financial liabilities		10,000,000	6,500,000
b) Cash disbursements from financing activities		***-12,060,690***	***-11,526,353***
ba) Cash disbursements from interest paid on financing		-564,401	-755,057
bc) Cash disbursements from repayment of non-current financial liabilities		-7,507,143	-7,773,810
be) Cash disbursements from dividends and other participation in profit		-3,989,146	-2,997,486
c) Net cash used in financing activities (a + b)		***-2,060,690***	***-5,026,353***
Č. Closing balance of cash and cash equivalents		**19,462,054**	**19,060,063**
x) Cash flow result for the period (sum of net cash Ac, Bc and Cc)	**33**	**401,991**	**2,580,277**
+			
y) Opening balance of cash and cash equivalents		**19,060,063**	**16,479,786**

Consolidated statement of changes in equity 2015

		Called-up capital	Revenue reserves				Retained net profit or loss	Net profit or loss for the period	Total
	in EUR	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Revaluation surplus	Retained net profit	Net profit	
		I/1	II	III/1	III/5	V	V/1	VI/2	
A.1	**Closing balance as at the end of the previous reporting period**	**139,773,510**	**75,121,586**	**2,635,976**	**26,978,520**	**-14,631**	**2,371,705**	**6,642,258**	**253,508,924**
A.2	**Opening balance for the reporting period**	**139,773,510**	**75,121,586**	**2,635,976**	**26,978,520**	**-14,631**	**2,371,705**	**6,642,258**	**253,508,924**
B.1	**Changes in equity – transactions with shareholders**	**0**	**0**	**0**	**0**	**0**	**-4,019,437**	**0**	**-4,019,437**
g.	Payment of dividend						-4,019,437		-4,019,437
B.2	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**0**	**-320,939**	**0**	**11,673,330**	**11,352,391**
a.	Entry of net profit or loss for the period							11,673,330	11,673,330
b.	Other items of the total comprehensive income for the reporting period					-320,939			-320,939
B.3	**Changes in equity**	**0**	**0**	**563,005**	**6,814,823**	**0**	**5,069,014**	**-12,446,842**	**0**
a.	Allocation of the remaining part of the net profit for the compared reporting period to other items of equity						6,642,258	-6,642,258	**0**
b.	Allocation of the remaining part of the net profit for the period to other items of equity pursuant to resolution by the Management and Supervisory Boards			563,005	5,241,579			-5,804,584	0
c.	Allocation of a part of the net profit for the formation of additional reserves pursuant to General Meeting's resolution				1,573,244		-1,573,244		0
D.	**Closing balance for the reporting period**	**139,773,510**	**75,121,586**	**3,198,981**	**33,793,342**	**-335,571**	**3,421,283**	**5,868,744**	**260,841,875**
	DISTRIBUTABLE PROFIT						**3,421,283**	**5,868,744**	**9,290,027**

Consolidated statement of changes in equity 2014

		Called-up capital	Revenue reserves				Retained net profit or loss	Net profit or loss for the period	Total
	in EUR	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Revaluation surplus	Retained net profit	Net profit	
		I/1	II	III/1	III/5	V	V/1	VI/2	
A.1	**Closing balance as at the end of the previous reporting period**	**139,773,510**	**75,121,586**	**2,174,031**	**21,706,367**	**105,184**	**1,397,241**	**4,724,527**	**245,002,446**
a.	Retroactive adjustments						148,193		148,193
b.	Retroactive adjustment						4,724,527	-4,724,527	0
A.2	**Opening balance for the reporting period**	**139,773,510**	**75,121,586**	**2,174,031**	**21,706,367**	**105,184**	**6,269,961**	**0**	**245,150,639**
B.1	**Changes in equity – transactions with shareholders**	**0**	**0**	**0**	**0**	**0**	**-3,014,579**	**0**	**-3,014,579**
g.	Payment of dividend						-3,014,579		-3,014,579
B.2	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**0**	**-119,815**	**0**	**11,492,681**	**11,372,866**
a.	Entry of net profit or loss for the period							11,492,681	11,492,681
b.	Other items of the total comprehensive income for the reporting period					-119,815			-119,815
B.3	**Changes in equity**	**0**	**0**	**461,945**	**5,272,153**	**0**	**-883,677**	**-4,850,422**	**0**
a.	Allocation of the remaining part of the net profit for the compared reporting period to other items of equity						6,269,961	-6,269,961	0
b.	Allocation of the remaining part of the net profit for the period to other items of equity pursuant to resolution by the Management and Supervisory Boards			461,945	4,471,639		-83,163	-4,850,422	0
c.	Allocation of a part of the net profit for the formation of additional reserves pursuant to General Meeting's resolution				800,514		-800,514		0
D.	**Closing balance for the reporting period**	**139,773,510**	**75,121,586**	**2,635,976**	**26,978,520**	**-14,631**	**2,371,705**	**6,642,259**	**253,508,925**
	DISTRIBUTABLE PROFIT						**2,371,705**	**6,642,259**	**9,013,963**

6 SEGMENT REPORTING

The Group's segments consist of:
- Distribution of electricity,
- Purchase and sale of electricity, and
- Electricity production.

Key performance indicators by segments

	Electricity distribution		Purchase and sale of electricity		Electricity production		Consolidation eliminations		Elektro Maribor Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net profit/loss for the period in EUR	11,260,107	9,238,901	1,317,489	1,652,618	362,944	553,940	1,267,210	47,222	**11,673,330**	11,492,681
Return on assets (ROA) in %	3.3%	2.8%	3.9%	4.6%	7.5%	12.3%			**3.2%**	3.2%
Net return on equity (ROE) in %	4.5%	3.8%	7.4%	9.8%	7.7%	12.7%			**4.7%**	4.6%
EBIT (Profit from operating activities) in EUR	12,253,850	10,892,662	1,224,452	1,818,048	421,638	662,693			**13,899,943**	13,373,404
Total revenue in EUR	84,655,777	81,161,201	92,991,387	102,553,324	1,409,444	1,642,556	-7,952,613	-6,738,483	**171,103,995**	178,618,598
Operating revenue in EUR	83,181,582	80,551,933	92,721,801	102,311,285	1,407,834	1,640,687	-6,790,310	-6,785,704	**170,520,908**	177,718,201
Net sales revenue in EUR	62,696,245	60,518,030	91,932,470	101,667,911	1,407,834	1,637,424	-6,790,310	-6,785,704	**149,246,239**	157,037,660
Net sales reven. per employee by hours in EUR	75,483	73,285	1,372,741	1,634,795	267,141	322,328			**165,308**	175,842
Added value in EUR	59,136,921	57,613,993	5,292,498	5,621,328	1,022,674	1,310,802			**65,452,095**	64,546,123
Added value per employee by hours in EUR	71,198	69,768	79,028	90,390	194,056	258,032			**72,496**	72,275
Total costs and expenditure in EUR	71,872,113	70,650,411	91,563,157	100,642,505	992,529	982,947	-6,685,401	-6,785,704	**157,742,396**	165,490,159
Operating costs and expenses in EUR	70,927,732	69,659,271	91,497,350	100,493,237	986,196	977,994	-6,790,310	-6,785,704	**156,620,965**	164,344,797
Assets as at 31 December – in EUR	345,428,428	332,656,097	36,283,497	37,372,081	4,817,343	4,833,108	-17,130,597	-15,931,539	**369,398,671**	358,929,747
Equity as at 31 December – in EUR	253,826,936	246,910,062	18,152,112	17,631,768	4,748,245	4,655,301	-15,885,418	-15,688,207	**260,841,874**	253,508,924
Investments in EUR	25,428,152	22,971,243	1,839,956	1,650,008	302,971	164,982	0	0	**27,571,079**	24,786,234
Number of employees as at 31 December	773	760	64	66	5	5			**842**	831
Average No. of employees by working hours	830.60	825.79	66.97	62.19	5.27	5.08			**902.84**	893.06

7 NOTES AND DISCLOSURES TO CONSOLIDATED STATEMENTS

7.1 Notes to the consolidated balance sheet

The consolidated balance sheet is the basic financial statement which presents real and fair assets and liabilities of the Group at the end of the financial year, i.e. on 31 December 2015.

Items in the balance sheet are presented at their carrying amounts as the difference between the cost and the deducted value adjustment. In the preparation of the consolidated balance sheet we considered the principle of individual asset and liability valuation.

No significant adjustments were made in any of the balance sheets.

Intangible assets

Note 1

Intangible assets of the Group include property rights for the use of licenses, applied software and material rights to other's property.

Intangible assets are not pledged for the repayment of debts, no assets in the Group were acquired with state aid.

Changes in intangible assets

in EUR	Intangible assets	Current investments	Total
Purchase value			
As at 31 January 2015	9,926,640	0	9,926,640
Increase	2,003,640	-2,003,640	0
- New purchases	2,003,640	-2,003,640	0
Eliminations	-3,162,466	0	-3,162,466
As at 31 December 2015	8,767,814	0	8,767,814
Write-offs			
As at 31 January 2015	6,845,286		6,845,286
Eliminations	-904,821		-904,821
Depreciation	1,039,150		1,039,150
As at 31 December 2015	4,901,315	0	4,901,315
Carrying amount			
As at 31 January 2015	3,081,354	0	3,081,354
As at 31 December 2015	3,866,499	0	3,866,499

Major acquisitions relate to the acquisition of Microsoft licenses and the modernisation of IIS and the introduction of the new information system SAP in the Energija plus d.o.o. company.

At the end of the financial year, the Group shows long-term operating liabilities regarding the acquisition of intangible assets in the amount of EUR 270,222.

Property, plant and equipment
Note 2

In recognising property, plant and equipment the Group uses the cost or purchase value model in accordance with SAS 1.24.

The depreciation of property, plant and equipment in the Group in 2015 amounted EUR19,377,041.

The Group does not possess assets that would be acquired by financial lease. All fixed assets in the Group are owned by the individual companies and are not pledged as collateral for debts. The Group does not dispose of assets that would be acquired through state aid.

The Group still has some contractual commitments for the acquisition of tangible fixed assets, but these are concluded for successive supply of equipment by the contract in accordance with the time schedule.

Property, plant and equipment

in EUR	31 Dec.2015	31 Dec.2014
Land and buildings	221,147,872	215,310,579
- land	7,919,115	7,887,977
- buildings	213,228,757	207,422,602
Production machinery	74,356,878	71,872,192
Property, plant and equipment under construction and in production	6,196,437	5,842,774
Advance payments for acquisition of property, plant and equipment	25,316	48,433
Total	**301,726,503**	**293,073,978**

Changes in tangible fixed assets

in EUR	Land	Buildings	Equipment	Investments in other tangible fixed assets	Current investments	Advances	Total property, plant and equipment
Purchase value							
As at 1 January 2015	7,887,977	681,251,593	170,788,003	354,813	5,842,774	48,433	866,173,593
Additions, of which:	0	0	0	0	27,481,519	123,930	27,605,449
- Additions (new acquisitions)					25,573,765	123,930	25,697,695
- Additions (free of charge acquisition)					1,907,754		1,907,754
Activation	49,338	17,995,596	9,014,102	7,257	-26,763,895	0	302,398
- Activation (new acquisitions)	49,338	16,088,096	9,013,202	7,257	-26,763,895		-1,606,002
- Activation (free of charge acquisition)		1,907,500	900				1,908,400
Decrease	-18,200	-7,299,921	-2,442,961		-30,372	-147,047	-9,938,501
Transfers					-333,589		-333,589
As at 31 December 2015	7,919,115	691,947,268	177,359,144	362,070	6,196,437	25,316	883,809,350
Write-offs							
As at 1 January 2015		473,828,991	99,252,928	17,695			573,099,614
Disposals		-7,022,545	-2,306,470				-9,329,015
Depreciation		11,912,065	6,379,600	20,584			18,312,249
As at 31 December 2015	0	478,718,511	103,326,058	38,279	0	0	582,082,848
Carrying amount							
As at 1 January 2015	7,887,977	207,422,602	71,535,075	337,117	5,842,774	48,433	293,073,978
As at 31 December 2015	7,919,115	213,228,757	74,033,086	323,791	6,196,437	25,316	301,726,502

Larger purchases relate primarily to the purchase of electricity facilities and equipment by the Elektro Maribor company.

The parent company Elektro Maribor as the owner of the electricity distribution infrastructure for 2011 concluded a new Contract on the lease of electricity distribution infrastructure and provision of services for the distribution network system operator with the company SODO d.o.o., which is the sole concessionaire for performing the public utility service of a distribution network system operator in the Republic of Slovenia. In accordance with this contract, annexes are concluded for each year, stipulating the amount of lease and services which the Elektro Maribor company performs for SODO, and the amount of assets for covering losses in the Elektro Maribor distribution network.

Changes in electricity distribution infrastructure in 2015

in EUR	Intangible fixed assets	Land	Buildings	Equipment	Total property, plant and equipment and intangible fixed assets
Purchase value					
As at 1 January 2015	939,556	4,882,154	651,411,264	142,111,720	799,344,694
Transfers					0
As at 1 January 2015	939,556	4,882,154	651,411,264	142,111,720	799,344,694
Additions, of which:	4,238	48,334	17,680,074	6,756,538	24,489,184
- Activation	4,238	48,334	17,680,074	6,756,538	24,489,184
Disposals		-17,196	-7,282,386	-1,480,714	-8,780,296
As at 31 December 2015	943,794	4,913,292	661,808,952	147,387,544	815,053,582
Write-offs					
As at 1 January 2015	10,477		460,623,768	78,894,443	539,528,688
Transfers					0
As at 1 January 2015	10,477		460,623,768	78,894,443	539,528,688
Decrease			7,005,881	1,379,171	8,385,052
Depreciation	9,402		11,314,487	4,799,684	16,123,573
As at 31 December 2015	19,879	0	464,932,374	82,314,956	547,267,209
Carrying amount					
As at 1 January 2015	929,079	4,882,154	190,787,496	63,217,277	259,816,006
As at 31 December 2015	923,915	4,913,292	196,876,578	65,072,588	267,786,373

The amounts of future leases cannot be presented reliably, since the price and scope of the lease change in accordance with the planned regulatory framework for each year.

The book value for the leased electricity distribution infrastructure as at 31 December 2015amounts to EUR 267,786,373.

Investment property
Note 3

The Group owns investments in apartments that are leased, as well as holiday capacities which are marketed. The purchase value method is used for assessing investment property. The used depreciation method is the method of straight-line depreciation method and is calculated individually, based on each item of property.

Persons in charge in each Group company actively monitor the events on the market and assess that there was no objective evidence in 2015 on the facts that would point to the need for impairment of investment property.

Changes in investment property

in EUR	31 Dec. 2015
Purchase value	
As at 1 January 2015	1,513,100
Increase	20,375
As at 31 December 2015	1,533,475
Write-offs	
As at 1 January 2015	780,201
Eliminations	526
Depreciation	25,942
As at 31 December 2015	805,617
Carrying amount	
As at 1 January 2015	732,899
As at 31 December 2015	727,858

Investment property

in EUR	Value	Revenue	Cost
Holiday capacities	712,012	100,648	115,571
Apartments	15,846	9,244	3,904
Total	**727,858**	**109,892**	**119,475**

Long-term financial investments

Note 4

In individual financial statements financial investments in subsidiaries, jointly controlled and associated companies are calculated at purchase value.

Investments in Group companies are eliminated from the consolidated financial statement, while investments in associated companies are reported according to the equity method.

All companies in the Group have classified financial investments as held for sale as determined by the SAS 2006.

Long-term financial investments of the Group

in EUR	31 Dec. 2015	31 Dec.2014
Long-term financial investments excluding loans	1,656,262	1,991,526
- investments in shares and stakes of associated companies	1,447,914	1,783,178
- other long-term financial investments in shares and stakes	56,594	56,594
- other non-current financial investments	151,754	151,754

Balance and changes in non-current financial investments

in EUR	As at 1 January 2015	Payment of participations in profit	Investment impairments	Attribution of profit/loss	As at 31 December 2015
Investment in Informatika d.d.	410,988		138,053	-104,908	168,027
Investment in Eldom d.o.o.	11,781			3,153	14,934
Investment in Moja energija d.o.o.	1,360,409	300,000		204,543	1,264,952
Total	**1,783,178**	**300,000**	**138,053**	**102,789**	**1,447,914**

Long-term operating receivables
Note 5

Long-term operating receivables are recognised in the total amount of EUR 591,077 due from clients and show mainly receivables from the balance account of the regulatory framework for 2015 in the amount of EUR 560.120, and receivables from the collection of assets to the reserve fund of owner-occupied residential buildings.

Receivables in the Group are not secured and not pledged as collateral for liabilities.

Deferred tax assets
Note 6

In 2015, the Group recognised the increase in deferred receivables for taxes for temporary deductible tax differences based on past and current expenses not recognised for tax purposes, i.e. on the basis of formed provisions for service awards and severance pays, as well as for revaluation operating expenses for receivables, which are not recognised for tax purposes.

The tax rate used in the calculation of deferred tax assets was 17 %. The same rate is also expected to be applied in the future business years.

In 2015, the Group increased such deferred receivables for taxes by EUR 51,195. For the same amount the net profit of the Group increased in 2015. The balance of deferred tax assets as at 31 December 2015 amounted to EUR 1,449,615.

Inventories
Note 7

Inventories

in EUR	31 Dec.2015	31 Dec.2014
Material	1,336,284	1,575,782
Fuel and lubricants	14,326	12,563
Stationery	9,104	12,017
Small tools and packaging inventories	11,483	66,006
Products and merchandise	77,432	48,462
Total	**1,448,629**	**1,714,830**

They consist of inventories of material for use in own investments, material for provision of services on the market and spare parts for the maintenance of fixed assets.

The management has assessed that the book value of inventories is under the level of net marketable value, excluding inventories which are determined as current reserve inventories, for which the parent company has made adjustments to net marketable value.

On 31 December 2015, the Group reported inventories with no changes during the period from 1 January 2013 to 31 December 2015, i.e. in the amount of EUR 87,546, this is determined as the current reserve inventories. The management has assessed that the net marketable value of these inventories is lower; therefore in 2015 it adjusted its value for these inventories in the amount of EUR 3,997.

The value of inventory

in EUR	31 Dec. 2015	31 Dec. 2014
Gross value of inventories of material and merchandise	1,492,402	1,754,609
Value adjustments	43,773	39,779
Net value of inventories of material and merchandise	**1,448,629**	**1,714,830**

Merchandise inventories include inventories of wood pellets at the Energija plus d.o.o. company, and are intended for further sale.

At stocktaking of material and merchandise in 2015, the Group established EUR 69 deficit and there were no surpluses. EUR 30,206 in material was written off in 2015 due to damage, destruction and obsolescence.

All inventories are owned by the Group and are not pledged as collateral for debts.

Current operating receivables

Note 8

Current operating receivables

in EUR	31 Dec. 2015	31 Dec. 2014
Current operating receivables due from clients, of which:	35,553,363	35,052,257
- receivables for sold energy products	30,367,951	29,254,226
- receivables for lease and services according to SODO d.o.o. contract	4,277,869	5,142,023
- receivables for other charged services	758,687	598,466
- receivables for charged interest	148,856	57,542
Current operating receivables due from others	2,528,062	2,694,445
Total	**38,081,425**	**37,746,702**

Customers usually settle their receivables in due time or with minor delays. In case of delays customers are charged default interest in accordance with the contract.

Group's receivables are mostly insured with bills of exchange. No receivables are pledged as collateral for guarantee.

The Group forms adjustments of receivables in accordance with the uniform accounting policy. For doubtful, disputable receivables and those with maturity over 90 days, value adjustments are made.

In Group companies, adjustments are considered only if the company is in bankruptcy or compulsory settlement, i.e. in whole.

At the end of business year, the Group has no receivables due to the Management Board and members of the Supervisory Board, except for the regular receivables for sold electricity.

Value of receivables

in EUR	31 Dec. 2015	31 Dec. 2014
Gross receivables	46,652,173	46,434,589
Value adjustment	8,570,748	8,687,887
Net receivables	**38,081,425**	**37,746,702**

Changes in value of receivables

in EUR	As at 1 January 2015	Decrease	Increase	As at 31 December 2015
Value adjustments of current operating receivables:				
- decrease in value adjustments due to payments		448,518		
- decrease in value adjustments due to write-offs		692,949		
Total	**8,687,887**	**1,141,467**	**1,024,328**	**8,570,748**

Group companies formed in 2015 value adjustments for doubtful and disputable receivables and for receivables subject to insolvency proceedings. The most significant individual impact on the increase of value adjustment of receivables in 2015 was caused by the start of the insolvency proceedings in the following companies: Klasje, mlinsko predelovalno podjetje Celje d.d., Hrmentium d.o.o., Rikom računalništvo, proizvodnja, trgovina, storitve in turizem d.o.o., Laverna d.o.o., …

Breakdown of current operating receivables by maturity

in EUR	31 Dec. 2015	Structure in %	31 Dec.2014	Structure in %
Non-mature receivables	34,238,073	89.1	33,669,834	89.20
Past due up to 30 days	2,846,503	7.47	2,872,918	7.61
Past due from 31 to 60 days	668,578	1.76	577,605	1.53
Past due from 61 to 90 days	171,993	0.45	202,834	0.54
Past due over 90 days	156,278	0.41	423,511	1.12
Total	**38,081,425**	**100**	**37,746,702**	**100**

Cash and cash equivalents

Note 9

Cash and cash equivalents

	31 Dec. 2015	31 Dec. 2014
Assets on accounts	431,245	1,199,392
Call deposits	19,030,809	17,860,671
Total	**19,462,054**	**19,060,063**

Short-term deferred items

Note 10

Short-term accrued revenues and deferred expenses include mostly the amounts of short-term non-accrued revenues resulting from damage in electricity network and lease of bases.

Short-term deferred items

in EUR	31 Dec. 2015	31 Dec. 2014
Short-term deferred expenses	17,621	26,902
Short-term non-accrued revenue	297,638	442
VAT in advance payments received	73,492	0
Total	**388,751**	**27,344**

Changes in short-term deferred items

in EUR	As at 1 January 2015	Increase	Decrease	As at 31 December 2015
Short-term deferred expenses	26,902	1,750,348	1,759,629	17,621
Short-term non-accrued revenue	442	298,870	1,674	297,638
VAT in advance payments received	0	780,760	707,268	73,492
Total	**27,344**	**2,829,978**	**2,468,571**	**388,751**

Capital
Note 11

Share capital of the Group is the equity of the parent company, and is distributed to 33,495,324 ordinary no-par shares.

Capital reserves or premium share show the paid surplus of capital.

Capital

in EUR	31 Dec. 2015	31 Dec. 2014
Share capital	139,773,510	139,773,510
Capital reserves	75,121,586	75,121,586
Legal reserves	3,198,981	2,635,976
Other revenue reserves	33,793,342	26,978,519
Revaluation surplus	-335,571	-14,631
Retained net profit or loss	3,421,283	2,371,706
Net profit or loss for the financial year	5,868,744	6,642,258
Total	**260,841,875**	**253,508,924**

Revaluation surplus of the Group results from actuarial gains/losses arising from the actuarial calculation of provisions for service awards and severance pays of the companies in the Group.

The Group generated in 2015 a net profit in the amount of EUR 11,673,330.

Net profit per share in the Group amounts to EUR 0.35.

Book value of a share in the Group is EUR 7.79.

The prices of consumer goods for 2015 grew by -0.5 %. Were the Group to revaluate the equity using the growth rate of consumer prices for 2015, in case of equity revaluation, the net profit would total at EUR 12,939,879. The calculated effect is EUR 1,266,551.

Effect of equity revaluation by the growth rate of consumer prices

in EUR	Opening balance of equity	Growth in %	Calculated effect	Increase/decrease of equity during the year	Growth in %	Calculated effect	Net profit before calculation	Net profit after calculation	Calculated effect
EQUITY – all categories excluding current profit	253,508,924	-0.50	-1,267,545	-4,019,437	-0.0247	994	11,673,328	12,939,879	-1.266.551

Provisions and long-term accrued expenses and deferred revenues
Note 12

Provisions

in EUR	As at 1 Dec. 2015	Spent	Increase	Release	As at 31 Dec. 2015
Provisions for service awards	1,676,689	212,281	1,193,915	69,629	2,588,694
Provisions for pensions	2,890,691	169,885	563,708		3,284,514
Provisions for securities	24,757		300	4,889	20,168
Provisions for long-term accrued expenses	649,401	44,498	362,068	488,377	478,594
Total	**5,241,538**	**426,664**	**2,119,991**	**562,895**	**6,371,970**

Provisions for guarantees given are formed for cases when the Group grants a warranty period for the elimination of errors in the construction of buildings, and this period lasts about five years. The Group formed these provisions in the estimated amount of 10 % of the total exposed contractual value.

The amount of provisions based on legal obligations totals at EUR 478,594 and is the best estimate of expenses needed for their settlement. In making the best estimate, we observed risks and uncertainties which inevitably accompany the legal proceedings for which provisions were formed.

The amount of provisions equals the current value of expenses, which are expected to be needed for the settlement of such commitments.

Long-term accrued expenses and deferred revenues are formed from fixed assets acquired free of charge and from co-financing. The Group uses these long-term accrued expenses and deferred revenues in order to cover the cost of their depreciation using the annual depreciation rate of 3 %.

Since 2010, the amounts used to cover the depreciation costs for the formed long-term accrued expenses and deferred revenue are those that match the actual depreciation rate of an individual fixed asset.

Changes in long-term accrued expenses and deferred revenue

in EUR	As at 31 Dec. 2014	Decrease	Increase	As at 31 Dec. 2015
Long-term deferred revenues from house connections acquired free of charge	15,855,884	657,978	1,697,570	16,895,476
Long-term deferred revenues from fixed assets acquired free of charge	6,693,802	236,928	210,184	6,667,058
Long-term deferred revenues from average connection costs	4,188,942	178,523	0	4,010,419
Long-term deferred revenues from co-financing	3,707,966	151,125	5,391	3,562,232
Long-term deferred revenues from contributions for disabled employees	0	156,965	156,965	0
Long-term deferred revenues from EU projects	64,795	41,951	0	22,844
Total	**30,511,389**	**1,423,470**	**2,070,110**	**31,158,029**

Long-term liabilities

Note 13

Long-term financial liabilities completely refer to received long-term loans from banks. For this purpose, the Group raised a loan with the maturity of 10 years and the total amount of EUR 10,000,000.

The maturity of loans is 5 to 10 years. Interest rate is between 1- to 6-month EURIBOR, with 1.45 to 1.9 % margins.

The carrying amount of long-term liabilities equals their fair value. Long-term liabilities of the Group are not exposed to any special exchange and credit risks. Exposure to interest rate risk represents a potential negative change in EURIBOR, whereby the Group has the option to prematurely repay long-term debts at any time.

All loans in the Group are insured with bills of exchange and are taken for the purposes of financing investments. The principal and interest are paid off regularly and at due date. Principals in the amount of EUR 33,500,000 fall due in the period longer than five years.

Long-term financial liabilities to banks

in EUR	31 Dec. 2015	31 Dec. 2014
Long-term financial liabilities to banks	38,700,000	36,207,143
Short-term part of long-term financial liabilities to banks	-8,757,143	-7,507,143
Total	**29,942,857**	**28,700,000**

Current liabilities
Note 14

Current or short-term financial liabilities stood at EUR 8,784,215 and included amounts of the short-term part of long-term borrowings in the amount of EUR 8,757,143 EUR, falling due within one year from the balancing date, and liabilities to shareholders regarding the distribution of profit in the amount of EUR 27,072.

Current operating liabilities amount to EUR 30,945,638.

Current operating liabilities

in EUR	31 Dec. 2015	31 Dec. 2014
Current operating liabilities to suppliers for fixed assets	4,101,480	3,190,613
Current operating liabilities to suppliers for current assets	10,713,671	12,617,682
Current operating liabilities to SODO d.o.o.	10,742,568	10,044,973
Current operating liabilities to employees	3,355,197	3,358,179
Current operating liabilities to state and other institutions	992,166	1,308,467
Current operating liabilities based on advance payments	807,269	815,895
Other current operating liabilities	233,287	250,996
Total	**30,945,638**	**31,586,805**

Most liabilities refer to the purchase of electricity in the amount of EUR 8,044,948 and liabilities from operating for third-party account in the amount of EUR 10,742,568.

Short-term accrued items
Note 15

Short-term accrued expenses and deferred revenues include short-term accrued expenses short-term deferred revenue. They include receivables and liabilities, which are assumed to appear within a year and are probable, with their size assessed reliably.

Short-term accrued items

in EUR	31 Dec. 2015	31 Dec. 2014
Calculated costs for unused annual leave	747,468	983,240
Short-term accrued expenses for legal matters	79,817	422,294
Short-term accrued expenses for offset of losses	188,577	154,658
Other accrued expenses	6,495	51,455
Short-term deferred revenues for the RF balance – 2011		72,732
Total	**1,022,357**	**1,684,379**

Changes in accrued expenses and deferred revenue

in EUR	As at 31 Dec. 2014	Formation	Spent	Reversal	As at 31 Dec. 2015
Calculated costs for unused annual leave	983,240	747,468	946,261	36,979	747,468
Short-term accrued expenses for legal matters	422,294	0	0	342,477	79,817
Short-term accrued expenses for offset of losses	154,658	296,666	262,747		188,577
Other accrued expenses	51,454	26,186	71,145		6,495
Short-term deferred revenues for the RF balance – 2011	72,732		72,732		0
Total	**1,684,378**	**1,070,320**	**1,352,885**	**379,456**	**1,022,357**

Off-balance sheet assets and liabilities

Note 16

Off-balance sheet assets and liabilities

in EUR	31 Dec. 2015	31 Dec. 2014
Securities for insurance of payments – guarantees	20,599,563	19,974,321
Securities for insurance of payments – bills of exchange	38,700,000	36,207,143
Receivables for given bank guarantees	4,495,604	4,032,962
Enforcement drafts received	7,029	0
Enforcement drafts given	22,899	0
Potential liabilities for damages	99,681	113,761
Small tools in use	1,654,185	1,584,193
Potential liabilities for payment due to leasing	28,296	27,870
Average cost of connection SODO d.o.o. transfer of assets 1 July to 31 Dec. 2009	3,909,812	4,067,651
Average cost of connection SODO d.o.o. transfer of property, plant and equipment 1 Jan. 2010	1,093,961	1,130,469
Assets for holiday capacities – Eldom d.o.o.	184,870	184,870
Total	**70,795,900**	**67,323,240**

The Group's management assesses that the probability of disbursements and receipts from the above mentioned receivables and liabilities is quite small; therefore, the recorded amounts are disclosed only for informational purposes.

7.2 Notes to the items in Consolidated income statement

Elektro Maribor Group's consolidated income statement by functional groups

in EUR	2015	2014
Net sales revenue	149,246,239	157,037,660
Capitalised own products and services	16,721,270	16,853,531
Production costs of products and services sold	142,252,740	151,003,160
Gross profit	**23,714,769**	**22,888,031**
Selling costs	6,097,868	5,538,331
Administrative expenses	8,270,356	7,803,306
- normal administrative expenses	6,599,351	5,445,424
- revaluation operating expenses in intangible and tangible fixed assets	612,106	684,049
- revaluation operating expenses for current assets	1,058,899	1,673,833
Other operating revenues	4,553,399	3,827,010
Profit or loss from operating activities	**13,899,943**	**13,373,404**

Types of revenues

in EUR	2015	2014
Operating revenue	170,520,908	177,718,201
Financial revenue	543,697	858,088
Other revenue	39,390	42,309
Total	**171,103,995**	**178,618,598**

Net sales revenue

Note 17

Net sales revenue

in EUR	2015	2014
Sale of electricity, and other energy products	92,848,651	102,606,113
- Sale of electricity for losses – SODO d.o.o.	*6,341,477*	*6,308,527*
- Other	*86,507,174*	*96,297,586*
Charged rents	28,660,571	27,269,864
- SODO d.o.o. – rent	*28,027,577*	*26,878,747*
- Other	*632,994*	*391,117*
SODO d.o.o. services as per contract	24,351,648	23,742,982
Charged services	3,318,161	3,342,032
Sale of waste material	67,208	76,669
Total	**149,246,239**	**157,037,660**

Net sales revenues include settlements for the regulatory period.

Considered settlements in regulatory years 2014 and 2015

in EUR	Revenues in 2015	Reversal of included settlement 2014	Final balance 2014	Preliminary balance 2015	Accrued final settlement 2015	Total 2015
Rent	28,382,918	34,134	-34,153	-355,322		**28,027,577**
Services	24,161,942		864,379	-716,297	41,624	**24,351,648**
Purchase for losses	6,341,477					**6,341,477**
Total	**58,886,337**	**34,134**	**830,226**	**-1,071,619**	**41,624**	**58,720,703**

Net sales revenues represent 87 % of total revenues of the Group.

Capitalised own products and services

Note 18

Capitalised own products and services

in EUR	2015	2014
Capitalised products	16,321,025	16,481,564
Capitalised services	400,245	371,967
Total	**16,721,270**	**16,853,531**

Capitalised own products and services include own construction of investments and revenues from internal services (finalisation of equipment).

Other operating revenues

Note 19

Other operating revenues

in EUR	2015	2014
Elimination of provisions and accrued expenses and deferred revenues	945,512	487,753
Drawing of long-term accrued expenses and deferred revenues	1,385,816	1,195,419
Indemnifications received from the insurance company	1,171,084	1,169,505
Profit from sale of fixed assets	38,767	26,505
Recovered receivables from previous years	546,501	492,550
Other operating revenues	465,718	455,278
Total	**4,553,398**	**3,827,010**

Other operating revenues relate primarily to revenues from drawing long-term accrued expenses and deferred revenues in the amount to cover the cost of depreciation, fixed assets acquired free of charge, and co-financing of power plants, compensation received from insurance companies for damage to the electricity network, and recovered receivables for electricity and network usage.

Cost of goods, material and services

Note 20

Cost of goods, material and services

in EUR	2015	2014
Purchase value of sold merchandise	51,307	96,847
Cost of material	93,074,586	102,172,518
Cost of services	10,409,746	10,152,472
Total	**103,535,639**	**112,421,837**

Costs of material in the Group include mostly amounts for the purchase of electricity in the amount of EUR 81,926,728.

Costs of services amounted to EUR 10,409,746 and comprised mostly the amounts of fixed assets maintenance services, insurance premiums, IT and payment transactions, as well as banking services.

Costs of services also include amounts spent for the audit of the financial statements in the amount of EUR 14,500, of which EUR 500 were spent for the Consolidated Annual Report. In 2015, the ABC Revizija d.o.o. company performed and produced a report on the agreed procedures, in accordance with the provisions of the Energy Act (EZ-1), the costs of which amounted to EUR 950, and checked and produced a Report on the relations to associated companies, the cost of which amounted to EUR 1,640.

Labour costs

Note 21

Labour costs

in EUR	2015	2014
Costs of wages and salaries	21,410,422	21,685,382
Cost of additional pension insurance for employees	1,085,369	1,015,016
Employer contributions and other salary duties	3,490,199	3,468,679
Other labour costs	4,518,116	3,506,515
Total	**30,504,106**	**29,675,592**

Salaries were paid on the basis of the provisions of the general and Corporate Collective Agreement and individual employment contracts.

Other labour costs also include pay for annual leave, reimbursement to employees for material costs, and the amount of formed provisions for service awards and severance pays.

Gross income of special groups of employees

	2015		2014	
in EUR	Number	Amount	Number	Amount
Members of Management Boards of companies		274,894		242,297
- Boris Sovič, M.Sc., President of the Elektro Maribor d.d. company	1	103,983	1	97,218
- Bojan Horvat, director of the Energija plus d.o.o. company	1	115,920	1	77,669
- Miroslav Prešern, director of the Oven Elektro Maribor d.o.o. company	1	54,991	1	67,410
Other employees by individual contracts	11	764,782	11	749,269
Members of Supervisory Boards of the Elektro Maribor d.d. Group	6	88,489	11	83,706
Audit Committee	3	18,012	4	13,400
Human Resources Committee	3	650	3	1,320
Total	**26**	**1,146,827**	**32**	**1,089,992**

The variable part of the salary based on company performance was paid in 2015 to the director of the Energija plus company in the amount of EUR 7,619. Other employees on individual contracts were paid the amount of EUR 13,916 of company performance bonus, and the annual leave bonus in the amount of EUR 7,907.

Only the parent company of the Group, Elektro Maribor, has a Supervisory Board and the members' names are disclosed in the Chapter II. Business Report of the Elektro Maribor d.d. company. The names of the Management Boards in the Group members' are disclosed in Chapter IV. Business Report of the Elektro Maribor Group.

The companies in the Group have no receivables and liabilities to the members of the Management and Supervisory Boards, except for December salaries which were paid in January 2016.

The Group did not give any advances or loans to employees under individual contracts, Management Boards of individual Group companies or the members of the Supervisory Board and its committees.

Write-offs

Note 22

Depreciation

in EUR	2015	2014
Depreciation of intangible assets	1,039,150	915,044
Depreciation of tangible fixed assets	18,312,475	18,197,978
Depreciation of investment property	25,416	26,223
Total	**19,377,041**	**19,139,245**

Value adjustments of receivables refer to receivables, where there was doubt about their payment with regard to the sale of electricity and use of network as well as performed services.

Revaluation operating expenses

in EUR	2015	2014
Revaluation operating expenses in intangible assets and property, plant and equipment	612,475	684,049
Revaluation operating expenses pertaining to inventories	30,206	9,636
Revaluation operating expenses pertaining to receivables, of which:	916,832	1,570,797
- from the use of network and sale of electricity	871,973	1,492,909
- from interest	44,859	77,888
Other revaluation operating expenses	111,492	63,401
Total	**1,671,005**	**2,327,883**

Other operating expenses

Note 23

Other operating expenses

in EUR	2015	2014
Provisions for securities	300	17,644
Provisions for legal proceedings	362,068	0
Construction land compensation	286,156	290,766
Other duties and expenses	884,649	441,831
Total	**1,533,173**	**750,241**

Financial revenues from stakes, loans granted and operating receivables

Note 24

Financial revenue

in EUR	2015	2014
Financial revenues from stakes	**207,696**	**447,222**
Financial revenues from stakes in associated companies	207,696	447,222
Financial revenues from loans granted	**32,646**	**122,141**
Financial revenues from loans granted to others	32,646	122,141
Financial revenues from operating receivables	**303,355**	**288,725**
Financial revenues from operating receivables due from others	303,355	288,725
Total	**543,697**	**858,088**

Financial revenues from stakes refer to the profit from participation in the capital of the associated.

Financial expenses for impairment and write-offs of financial investments and expenses from financial and operating liabilities

Note 25

Financial expenses

in EUR	2015	2014
Financial expenses from impairments and write-offs of financial investments	**242,961**	**0**
Associated companies, of which:	242,961	0
- Informatika d.d.	242,961	0
Finance expenses from financial liabilities	**575,066**	**840,410**
Financial expenses from loans received from others	560,522	759,245
Finance expenses from other financial liabilities	14,544	81,165
Finance expenses from operating liabilities	**162,696**	**158,108**
Financial expenses from liabilities to suppliers	11,250	2,089
Finance expenses from other operating liabilities	151,446	156,019
Total	**980,723**	**998,518**

Other revenues and expenses

Note 26

Other revenue

in EUR	2015	2014
Other revenue	39,390	42,309
Other expenses	140,708	146,844

Other expenses in the Group mostly refer to donations in the amount of EUR 66,580, and given compensations and franchises deductible in the amount of EUR 37,208.

Corporate income tax

Note 27

In 2015, the Group reported liability for the payment of corporate income tax in the amount of EUR 1,688,269 based on tax assessment in individual companies.

Adjustment of expenses for tax calculated on the basis of reported profit before taxation

Comparison between the actual and calculated tax rate

in EUR	2015		2014	
	Rate	Amount	Rate	Amount
Profit before taxation		14,628,810		13,128,439
Income tax (official rate)	17.00%	2,486,898	17.00%	2,231,835
Amounts that have negative impact on tax base		534,181		534,527
- amount for reducing expenses to the level of taxable expenses		*534,181*		*534,527*
- amount for increasing revenues to the level of taxable revenues				
Amounts that have positive impact on tax base (+)(-)		694,559		263,688
- amount for increasing expenses to the level of taxable expenses		*141,407*		*83,891*
- amount for decreasing revenues to the level of taxable revenues		*553,152*		*179,797*
Tax relief		587,056		839,154
- used to impact the reduction of tax		*587,056*		*839,154*
Calculated tax for the period	**11.89%**	**1,739,464**	**12.67%**	**1,663,519**
Increase/decrease of deferred tax		-51,195		-27,761
Tax in the Income statement	**11.54%**	**1,688,269**	**12.46%**	**1,635,758**

Deferred taxes

Note 28

Deferred taxes

in EUR	2015	2014
Deferred tax for provisions for service awards and severance pays	-39,049	22,709
Deferred tax from formed revaluation adjustments of receivables	-12,146	-50,470
Total	**-51,195**	**-27,761**

In 2015, the Group recognised the increase in deferred receivables for taxes for temporary deductible tax differences based on past and current expenses not recognised for tax purposes, i.e. on the basis of formed provisions for service awards and severance pays, as well as for revaluation operating expenses for receivables, which are not recognised for tax purposes. The tax rate used in the calculation of deferred tax assets was 17 %. The same rate is also expected to be applied in the future business years.

Such receivables in 2015 increased the profit of the Group by EUR 51,195.

Net profit/loss of the Group
Note 29

Profit/loss before taxation

in EUR	2015	2014
Operating profit	13,899,943	13,373,404
Financing profit/loss	-437,025	-140,430
Loss from other revenues and expenses	-101,318	-104,535
Total	**13,361,600**	**13,128,439**

Net profit or loss

in EUR	Elektro Maribor d.d.	Energija plus d.o.o.	Oven d.o.o.	Group companies and associated companies	Total
Profit/loss before taxation	12,783,664	1,428,231	416,915	102,790	14,731,600
Elimination of profits within the Group				-1,070,000	-1,070,000
Elimination of associated company's profits				-300,000	-300,000
Corporate income tax	1,562,607	122,888	53,971		1,739,466
Deferred taxes	-39,049	-12,146			-51,195
Net profit or loss	**11,260,106**	**1,317,489**	**362,944**	**-1,267,210**	**11,673,330**

Participations in profits paid within the Group amounted to EUR 1,070,000 and were eliminated. Attributed profit in the amount of EUR 300,000 result from the transfer of participation in profit by Moja energija d.o.o. company

7.3 Notes to the items in Consolidated cash flow statement

Consolidated cash flow statement was compiled according to the direct method based on turnover and bank account data of individual companies in the Group.

The consolidated cash flow statement does not include receipts and disbursements among companies in the Group.

Cash flows from operations
Note 30

Cash flows from operating report a surplus of cash receipts over cash disbursements.

Cash flows from operations

in EUR	2015	2014
Cash receipts from operating activities	**300,848,990**	**308,187,325**
Cash receipts from sales of products and services	298,607,671	305,422,230
Other cash receipts from operating activities	2,241,319	2,765,095
Cash disbursements from operating activities	**-287,719,795**	**-292,444,380**
Cash disbursements from purchases of material and services	-241,879,610	-248,915,129
Cash disbursements for salaries and employees' participation in profit	-17,480,114	-16,860,091
Cash disbursements for charges of all kinds	-26,605,797	-24,664,321
Other cash disbursements from operations	-1,754,274	-2,004,839
Other cash receipts from operating activities	**13,129,195**	**15,742,945**

Cash flows from investments

Note 31

Cash flows from investing activity report a surplus of cash disbursements over cash receipts.

Cash flows from investments

in EUR	2015	2014
Cash receipts from investing activities	**433,622**	**626,542**
Receipt from received interest and participation in profit of others, relating to investment activities	36,204	129,762
Cash receipts from received participation in profit of others relating to investment activities	300,000	400,000
Cash receipts from disposal of tangible fixed assets	92,829	45,490
Cash receipts from disposal of short-term financial investments	4,589	51,290
Cash disbursements from investing activities	**-11,100,136**	**-8,762,857**
Cash disbursements for acquisition of intangible assets	-2,076,242	-1,813,699
Cash disbursements for acquisition of tangible fixed assets	-9,023,894	-6,944,569
Cash disbursements for acquisition of short-term financial investments	0	-4,589
Net cash used in investing activities	**-10,666,514**	**-8,136,315**

Cash flows from financing

Note 32

Cash flows from financing report a surplus of cash disbursements over cash receipts.

Cash flows from financing

in EUR	2015	2014
Cash receipts from financing activities	**10,000,000**	**6,500,000**
Cash receipts from increase in long-term financial liabilities	10,000,000	6,500,000
Cash disbursements from financing activities	**-12,060,690**	**-11,526,353**
Cash disbursements for given interest related to financing activities	-564,401	-755,057
Cash disbursements for repayment of long-term financial liabilities	-7,507,143	-7,773,810
Cash disbursements for repayment of short-term financial liabilities	0	0
Cash disbursements for payment of dividends and other participations in profit	-3,989,146	-2,997,486
Surplus in cash disbursements from financing activities	**-2,060,690**	**-5,026,353**

Net profit/loss

Note 33

The cash balance of the Group in this period is positive, i.e. EUR 401,991.

Net profit/loss

in EUR	2015	2014
Closing balance of cash	19,462,054	19,060,063
Cash flow for the period	401,991	2,580,277
Opening balance of cash	19,060,063	16,479,786

VI. Contact information

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Annual Report of the Elektro Maribor d.d. Company and the Elektro Maribor Group

Published by: Elektro Maribor d.d.
Photos: Archive of Elektro Maribor
Issued: June 2016

2015