ELEKTRO MARIBOR

Annual Report 2013

ELEKTRO MARIBOR

Annual Report of Elektro Maribor and the Elektro Maribor Group

2013

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I. Introduction

1 LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD (GRI 1.1)*

To our stakeholders,

Before you is the Annual Report of the company Elektro Maribor d.d. and the Elektro Maribor Group for 2013. For the first time we are reporting about sustainable development according to the guidelines of the Global Reporting Initiative under the third version of these guidelines G3.1, because we recognise the importance of socially responsible and sustainable development or operation. With this reporting method we are enabling our stakeholders to obtain accurate information on the socially responsible operations of the company, based on which they are better equipped to form their opinions and decisions.

We are proud to say that we concluded our business operations in 2013 successfully, although this was a demanding and challenging year. Despite difficult economic conditions, which reflected in lower consumption of electricity of business clients and lower realisation on the market, we conducted business successfully primarily because of the zealous work of our employees. Within the Group the important turning point was the expansion of operation in the area of natural gas, remote heating and biomass, which means that we are realising the strategic guidelines for long-term development and growth of the Group. As the controlling company we will also in the future pursue successful cooperation of all companies within the Group.

Elektro Maribor supplies over 214,000 consumers with energy services in Northeast of Slovenia and is the second largest company for the distribution of electricity in Republic of Slovenia. This is why it has great responsibility, which it also carefully executes in order to realise the expectations of the population and the economy. According to quality and other indicators the company is achieving set goals. We have set high standards for ourselves also for the future so that our population and the economy can take advantage of all the advantages, which the development of electricity sector has to offer, such as advanced metering and tariff metering, efficient energy use and renewable energy sources, personal notifications of users and electro mobility. All of these are signs of big changes and Elektro Maribor has the ambition to become their enforcer.

In 2013 we exceeded the planned scope of investments by 4% and by 15% compared to the previous year. In financing we used 12.5% less foreign sources than in the previous year. Because of development programmes and strategy of implementing more own investments also in 2013 we continued with project employment and employed 40 co-workers from the local environment for a definite period of time.

By including the transformer station (TP) Radvanje and TP Tezno to the high-voltage 110-kilovolt loop TP Pekre – TP Maribor in 2013, we facilitated the important improvement of the reliability of electricity supply for consumers in the broader Maribor area.

In advanced metering of electricity we achieved an important milestone, because we included over 28,000 households and other small business consumers in the advanced metering system in 2013, so that as of now over 86 thousand metering points or 40% of all metering points are included in the advanced metering system on the distribution network of the company Elektro Maribor.

The company has also been successful in implementing services on the market. In 2013 despite lower realisation of revenues due to lower demand, especially for construction and installation services and solar power plants services we achieved a margin (MAR) of EUR 1.2 million.

In accordance with the 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., the company performs the regulatory activity of electricity distribution. Based on the agreement and in accordance with the Network Act the company SODO d.o.o. upon unaudited information performed a preliminary balance account for the regulatory year 2013, which is included in the Financial Report of the company for 2013.

In 2013, the new Act on the methodology for determining network charges and criteria for establishing eligible costs for electricity networks and the methodology for charging network charges was implemented, which

* Reporting according to the guidelines GRI G3.1.

determined the framework for operation for the regulatory period 2013 – 2015. For the regulatory period 2013 – 2015 annual reductions of operational and maintenance costs are required for the regulatory activity for general and individual efficiency. By working systematically the company in 2013 reduced controlled operating costs by 7% according to the previous year.

The company strives for optimisation of operating costs and in 2013 we achieved major shifts in material purchasing and by the leading example of all lead management, who have renowned the use of company cars for private purposes. The material and services costs (exempt are costs of electricity purchases for losses, costs of material for investments and costs of material and services for services on the market) were reduced by 13% compared to the previous year.

The company is aware of the importance of risk control. In 2013 we completed the risk register and set up a management system for risk control. By managing risks the company is trying to recognise risks on time and take appropriate action to reduce the amount of damage a certain risk may cause. In 2013 we introduced the internal audit in the organisation.

We perceive social responsibility as the founding stone of our operation. With our activity we ensure the population and the economy a sustainable supply with advanced electricity services. With project employment we adhere to employment potentials of the local population and through sponsorships and donations, which were for the most part intended for humanitarian purposes, we support numerous social activities.

A lot has been done, but there is a lot of work ahead of us. In the beginning of 2014 we were faced with a great natural disaster, freezing rain, which caused a great deal of damage of higher value on the electricity infrastructure. Still, in all of this once again the commitment and professionalism, as well as great engagement and capability of our co-workers was revealed.

We sincerely thank our consumers, clients, shareholders and other stakeholders for their placed trust. We thank the members of the Supervisory Board in the previous and current form for their efficient implementation of their authorities, as well as the social partners for correct cooperation. One last sincere thank you goes to the co-workers for their arduous and successful realisation of our mission and achieved business results, which are the result of hard work.

We are co-creating Elektro Maribor together as a great, responsible and successful company with advanced electricity services.

Respectfully,

President of the Management Board:
Boris Sovič, MSc

2 REPORT OF THE SUPERVISORY BOARD

The composition of the Supervisory Board of the company Elektro Maribor d.d. was as follows:

Until 31 August 2013:
- Roman Ferenčak – President of the Board,
- Srečko Kokalj, MSc – Deputy President,
- Drago Naberšnik – member,
- Dr. Matjaž Durjava – member,
- Miroslav Pečovnik – member,
- Maksimiljan Turin – member.

From 1 September 2013:
- Andreja Katič – President of the Board,
- Franc Pangerl, MSc – Deputy President,
- Dušan Mohorko – member,
- Roman Ferenčak – member,
- Miroslav Pečovnik – member,
- Maksimiljan Turin – member.

The membership of the members of the Supervisory Board in management and supervisory bodies of related and unrelated companies is based on the statements of the members as follows:
- Andreja Katič – not a member of any management or supervisory body of related or unrelated companies,
- Franc Pangerl, MSc – President of the Management Board Celjski sejem d.d.,
- Dušan Mohorko – Supervisory Board ČZP Večer d.d. and Radgonske gorice d.d.,
- Roman Ferenček – not a member of any management or supervisory body of related or unrelated companies,
- Miroslav Pečovnik – President of the Supervisory Board of the company OVEN d.o.o. until 30 June 2013,
- Maksimiljan Turin – not a member of any management or supervisory body of related or unrelated companies.

The Supervisory Board of the company Elektro Maribor d.d. performed their work in the business year 2013 in accordance with the fundamental supervisory function of the Management Board of the company and the duty of prudent and rational management on the basis of authorities under applicable regulations and company acts. The Supervisory Board supervised the Management Board and the operation of the company Elektro Maribor d.d. based on the provisions of the Companies Act, the Articles of Association of Elektro Maribor d.d. and the legislation in force

The work of the Supervisory Board was organised and took place according to the provisions of the Rules of Procedure of the Supervisory Board. The Supervisory Board prepared for topics at hand, gave constructive suggestions and based on professionally prepared materials by the Management Board of the company, adopted decisions competently. The Management Board of the company was invited to all the meetings of the Supervisory Board in 2013 and also presented additional explanations to the Supervisory Board in addition to the presented materials.

At nine regular and four correspondence meetings, the Supervisory Board discussed and adopted the following important decisions:
- It was acquainted with the overview of debt for network use;
- It adhered to the appointment of the internal auditor;
- It was acquainted with the Report on implementing recommendation No. 6, issued by the Capital Assets Management Agency;
- It was acquainted with the publication of public procurements;
- It was acquainted with declines of tenders in connection with public procurements;
- It was acquainted with the report on the setup of the reconstruction of supply due to natural disasters in 2012 and the adopted additional measures;
- It was instructed on the reports of the Audit Committee of the Supervisory Board;
- It was acquainted with the Management report on implementing the decision of the Supervisory Board No. 467;

- It was acquainted with the decision No. I Kt 0/1251/12-6;
- It was acquainted with the report on implementing decisions of the Supervisory Board and the Audit Committee regarding the reports of the extraordinary audit and the provider of the internal audit activity;
- It was instructed about obtaining servitude rights for electricity energy facilities;
- Endorsed the report on operations of the company Elektro Maribor d.d. and the Elektro Maribor Group for 2012;
- Established a nomination committee and appointed the member of the nomination committee of the Supervisory Board;
- Was instructed on the reports of business operation;
- Was acquainted with the implementation of self-evaluation according to the EFQM (European Foundation Quality Management) model;
- Agreed with the agreement for successive deposit, concluded with the BKS Bank AG;
- Approved the material of the 17th regular General Meeting of Elektro Maribor d.d.;
- Was acquainted with the proposition for additional investments in 2013;
- Was acquainted with implementing recommendations of Slovenska odškodninska družba d.d. (Slovenian Compensation Company – SOD d.d.) in Elektro Maribor d.d.;
- Approved the amended internal audit fundamental document for Elektro Maribor d.d.;
- Approved the short-term plan of internal audits in Elektro Maribor d.d. for 2013;
- Was informed of the report of the committee for determining potential beyond economical conduct by awarding the PC 273/2012 with regard to PP 1960/2013 for construction work when constructing the new TP 110/20 kV Podvelka;
- Agreed to signing the agreement on implementing information services No. 4/2013 with the company Informatika d.d.;
- Was acquainted with the activities of the company's reorganisation;
- Was acquainted with the procedure before the Slovenian Competition Protection Agency;
- Was acquainted with the course of the 17th regular General Meeting of Elektro Maribor d.d.;
- Agreed with Annex No. 2 to the agreement on successive deposit No. 12001322 as of 7 May 2013;
- Agreed with Annex No. 2 of the Contract on the lease of electricity distribution infrastructure and implementing services for the distribution network operator;
- Was acquainted with the contents of instruction for the evaluation of the efficiency of Supervisory Board of the company Elektro Maribor d.d. and adopted the resolution to approach the implementation of evaluation within the company Elektro Maribor d.d.;
- Appointed an outside member of the Audit Committee;
- Oversaw the business of the company;
- Was acquainted with the loan agreement No. 3067/LD1327700124/MK concluded with NLB d.d.;
- Endorsed the annual business plan of the company Elektro Maribor d.d. for 2014 with the projection of operations for 2015 and 2016;
- Was acquainted with the Rules on protecting business secrecy, confidential information and non-compete obligation;
- Concurred with signing the loan contracts No. 1/2013, 2/2013, 4/2013 between companies Elektro Maribor Energija plus d.o.o. and Elektro Maribor d.d.;
- Was acquainted with the explanation of the Articles of Association of the joint-stock company Elektro Maribor d.d.;
- Agreed with signing the contract No. 132534 for construction work when constructing the new TS 110/20 kV Podvelka with the contractor SGP Pomgrad d.d.

In line with Recommendation No. 12, the participation of members of the Supervisory Board at individual sessions was as follows:

	Regular session	Correspondence session
Roman Ferenčak	38, 39, 40, 41,42, 43, 1	31, 32, 33, 34
Srečko Kokalj, MSc	38, 39, 40,41,43	31, 32, 33, 34
Drago Naberšnik	38, 39, 40, 41,42, 43	31, 32, 33, 34
Dr. Matjaž Durjava	38, 39, 40, 41,42,43	31, 32, 33, 34
Andreja Katič	1, 2, 3	
Franc Pangerl, MSc	1, 2, 3	
Dušan Mohorko	1, 2	
Miroslav Pečovnik	38, 39, 40, 41,42, 43, 1, 3	31, 32, 33, 34
Maksimiljan Turin	38, 39, 40, 41,42, 43, 1, 2, 3	31, 32, 33, 34

The Supervisory Board has established an Audit Committee, which met at 7 sessions in 2013.

The Audit Committee of the Supervisory Board discussed the following issues at sessions: employment of an internal auditor, ways of reporting to the Audit Committee for internal supervision of projects, evaluation of capitalised own effects, accounting management of capital assets for construction and preparation and relating to activation of capital assets and accounting amortisation, the annual accounts for 2012, report on the post audit measures with the proposition of the organisation of the company, the report on the realisation of suggestions of the annual audit for 2012 (Vezjak d.o.o. and KPMG), proposition of the Annual Report and management proposition for the distribution of net profit, report on the realisation of internal and external audits and annual internal audit plan for 2013, letter to the management, Management Report I-III 2013, consent to the contract on successive deposit, suggestion to the Supervisory Board for an auditor for auditing Financial Statements for 2013, report on implementing recommendations of Slovenska odškodninska družba d.d. in Elektro Maribor d.d., the Internal audit founding document for Elektro Maribor d.d., short-term plan of internal audits in Elektro Maribor d.d. for 2013, adopted the Rules on organisation and operation of the internal audit activity in the company Elektro Maribor d.d. with suggested amendments, contract with the company Informatika d.d., reorganisation and instruction on the final report, information on the procedure before the Slovenian Competition Protection Agency, report of the committee for determining potential beyond economical conduct of members of the committee for construction work when constructing the new TS Podvelka, the final report on completed extraordinary internal audit of the repurchase of the cable line Bučečovci. Recommendation NR-2013 (purchasing, investment and maintenance planning), the management report Elektro Maribor I-VI 2013, report on implementing the work plan of the internal audit activity and other.

The Supervisory Board oversaw the operations of the company also with regard to the expectations of Slovenska odškodninska družba d.d.

The main guideline of the Supervisory Board in the previous year was to monitor the operations of the company in accordance with the planned results, based on reports prepared by the Management Board of the company.

The Supervisory Board finds that the reports and information were duly and well-prepared as well as implemented, which enabled the Supervisory Board to carry out its work without interruptions and in accordance with the Articles of Association and the legislation in force.

The Annual Report of the company Elektro Maribor d.d. for 2013 was audited by the audit company KPMG Slovenija, podjetje za revidiranje d.o.o., which issued a positive opinion on 17 April 2014 to the Annual Report of the company Elektro Maribor d.d.

The Supervisory Board agreed with the proposal for the distribution of net profit for the business year 2013 and the distributable profit for 2013 as proposed by the Management Board of the company. The proposal will be forwarded at the General Meeting.

The Management Board of the company submitted within legal deadline the audited Annual Report to the Supervisory Board along with the audit report. The Supervisory Board discussed the Annual Report of the company for 2013 with the report of the audit company KPMG Slovenija, podjetje za revidiranje d.o.o.

The Supervisory Board in accordance with provisions of Articles 270 and 294 of the Companies Act provided that the total remuneration to the Management Board corresponded to management tasks and financial situation of the company and in accordance with the policy for such remuneration and also determined that the remuneration to the members of the Management Board and Supervisory Boards was properly presented in the Annual Report.

The Supervisory Board has established that the content of the Annual Report of the company presents all contents of operations of the company in 2013. The Supervisory Board was also acquainted with the opinion of the authorised audit company KPMG Slovenija, podjetje za revidiranje d.o.o., in accordance with which the Financial Statements of the company were drawn up, that the Financial Statements are a fair representation of the financial situation of the company and adopted the following decisions:

- The Supervisory Board has established that the Annual Report has been prepared in accordance with the provisions of the Companies Act and accounting standards.
- The Supervisory Board believes that the Annual Report and the information contained herein are a true representation of the company operations in the previous business year.
- The Supervisory Board after the final verification of the Annual Report of the company has no comments and endorses the Annual Report of the company for 2013.
- The Supervisory Board has expressed a positive position on the auditor's report to company's Financial Statements and consolidated Financial Statements of the company for 2013, having established that it has been prepared in accordance with the law and based on a careful and comprehensive review of the Annual Report and operations of the company.

The Supervisory Board proposes to the General Meeting of the company:

- To adopt the decision to grant a discharge to the Management Board – The President of the Management Board Boris Sovič, MSc for 2013,
- Adopt the decision to grant a discharge to the Supervisory Board of the company for 2013, because it estimates that the company conducted business in accordance with the set goals and plan for 2013.

The Supervisory Board adopted the Report of the Supervisory Board on the verification of the Annual Report of the company for 2013 at the session on 19 May 2014.

Maribor, 19 May 2014

President of the Supervisory Board:
Andreja Katič

3 PERFORMANCE HIGHLIGHTS OF ELEKTRO MARIBOR AND THE ELEKTRO MARIBOR GROUP (GRI 2.8, EC1)*

Key reporting data of the company Elektro Maribor 2011 - 2013

	2011	2012	2013
Net profit or loss in EUR	6,313,075	6,958,405	7,419,853
Return on assets (ROA) in %	1.9%	2.1%	2.3%
Return on equity (ROA) in %	2.8%	3.0%	3.2%
EBIT (Earnings before interest and tax) in EUR	7,094,316	7,439,262	8,197,676
EBIT margin in %	11.4%	11.6%	13.4%
EBITDA (Earnings before interest, tax, depreciation and amortisation) in EUR	26,451,054	27,011,381	27,642,635
Total revenue in EUR	75,193,463	76,077,277	78,627,031
Operating revenues in EUR	74,920,267	75,490,463	77,992,191
Net sales revenues in EUR	62,443,092	63,981,084	61,306,370
Net sales revenues per FTE in EUR	81,512	82,284	79,003
Value added in EUR	49,309,074	51,582,424	52,959,624
Value added per FTE in EUR	64,367	66,339	68,247
Total costs and expenditure in EUR	68,880,388	69,022,161	70,878,175
Operating costs and expenditure in EUR	67,825,951	68,051,200	69,794,515
Assets as at 31.12. - in EUR	325,272,964	324,686,272	327,262,514
Equity as at 31.12. - in EUR	232,970,045	236,243,963	240,649,237
Investments in assets in EUR	22,897,795	19,193,117	22,068,292
Paid dividend per share in EUR	0.0358	0.11	0.09
Distributed electricity in MWh	2,195,801	2,164,458	2,165,579
Number of electricity consumers in the distribution network	212,418	213,425	214,052
Distributed MWh of electricity per number of consumers	10.34	10.14	10.12
Number of employees as at 31. 12.	771	761	762
Average number of employees based on working hours	766.06	777.56	776.00
Percentage of women in the total number of employees as at 31. 12.	12.5%	12.4%	12.5%
Average monthly gross salary per employee from hours	1,724	1,810	1,873

Information relating to 2011 and 2012 are due to comparability of data adapted to the new chart of accounts of the company, which was introduced in 2013.

* Reporting according to the guidelines GRI G3.1.

Key reporting data of the Elektro Maribor Group 2011 - 2013

Information	2011	2012	2013
Net profit or loss in EUR	4,568,748	8,858,353	9,280,471
Return on assets (ROA) in %	1.3%	2.6%	2.7%
Return on equity (ROE) in %	2.0%	3.8%	3.9%
EBIT (Earnings before interest and tax) in EUR	4,806,702	8,929,864	8,659,072
EBIT margin in %	2.8%	5.2%	5.5%
EBITDA (Earnings before interest, tax, depreciation and amortisation) in EUR	26,144,295	29,774,545	30,650,270
Total revenue in EUR	188,692,425	183,612,792	176,239,213
Operating revenues in EUR	187,771,483	182,361,665	175,014,514
Net sales revenues in EUR	174,597,054	170,269,716	157,316,997
Net sales revenues per FTE in EUR	214,667	203,463	186,868
Value added in EUR	51,066,094	56,426,369	58,202,453
Value added per FTE in EUR	62,786	67,426	69,136
Total costs and expenditure in EUR	184,071,145	174,538,035	167,360,764
Operating costs and expenditure in EUR	182,964,781	173,431,801	166,355,442
Assets after the end of the period – in EUR	344,134,458	346,593,000	349,918,733
Equity after the end of the period – in EUR	233,562,687	238,736,555	245,002,446
Investments in assets in EUR	23,298,614	19,597,779	23,332,028
Paid dividend per share in EUR	0.0358	0.11	0.09
Distributed electricity in MWh	2,195,801	2,164,458	2,165,579
Number of electricity consumers in the distribution network	212,418	213,425	214,052
Distributed MWh of electricity per number of consumers	10.34	10.14	10.12
Number of employees at the end of the period	817	823	830
Average number of employees based on working hours	813.34	836.86	841.86
Percentage of women in the total number of employees as at 31. 12.	15.8%	16.8%	17.1%
Average monthly gross salary per employee from hours	1,778	1,828	1,888

Information relating to 2011 and 2012 are due to comparability of data adapted to the new chart of accounts of the company, which was introduced in 2013.

4 COMPANIES IN THE ELEKTRO MARIBOR GROUP

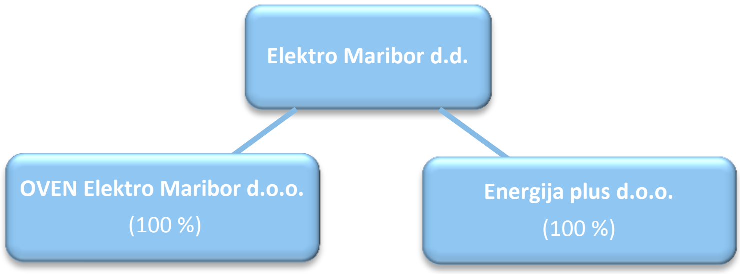
The Elektro Maribor Group was created by the spin-off of a part of the company Elektro Maribor d.d. on 1 January 2011 and comprises of the controlling company Elektro Maribor d.d. and two subsidiaries, 100% owned by the controlling company:

- Energija plus d.o.o.,
- OVEN Elektro Maribor d.o.o.

The company Elektro Maribor d.d. as the controlling company prepares the consolidated Financial 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 a component part of the Annual Report of the controlling company Elektro Maribor and may be obtained at the registered office of the company Elektro Maribor, Vertinjska ul. 2, 2000 Maribor and at the company's website.

Organisational structure of the Elektro Maribor Group (GRI 2.3)*



The Elektro Maribor operates on these markets (GRI 2.7)*:

- Electricity (purchasing, sales, distribution, efficient energy use and other services),
- Natural gas supply,
- Remote heating supply,
- Pellet supply,
- Electricity production (from renewable sources and high-efficiency facilities).

4.1 The Business Environment of the Group

There are different factors influencing the operation of the Group, such as:

- **Economic environment**
  The operation of the Elektro Maribor Group is limited to the area of the Republic of Slovenia, this is why economic conditions in the country have a great impact on operation. The aforementioned has an impact on demand for construction of electricity energy facilities, consumer pressure on prices, increased illiquidity and payment indiscipline. The price of electricity is heavily influenced by fluctuations on the futures markets.

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* Reporting according to the guidelines GRI G3.1.

Economic trends in Slovenia

Real growth rates in %

	2011	2012	2013
Gross domestic product (GDP)	0.7	-2.5	-1.1
Final consumption	0.2	-3.8	-2.5
Inflation (end of year)	2.0	2.7	0.7
Fixed capital formation	-5.5	-8.2	0.2

Source: UMAR, Forecasts of economic trends

- **Impact of the natural environment**
  The influence of the natural environment is seen in consumption and production of electricity, reliability of electricity supply and the condition of the electricity network (on average).

- **Regulatory activity of electricity distribution**
  Elektro Maribor and the Group performs the regulatory activity in line with the agreement (lease of infrastructure, implementing services and purchase of electricity for losses) with SODO d.o.o. The basis for determining contractual values are the provisions of the Act on the methodology for determining network charges and criteria for determining eligible costs for electricity networks and methodology for charging network charges (hereinafter referred to as the Network Act), set by the Energy Agency of RS. Based on the Network Act the regulatory framework for the operation of this activity was set for the period 2013 – 2015. The regulatory framework among other things sets the determined amount of supervised costs, which emerge in network operation and maintenance.

4.2 Brands of the Elektro Maribor Group (GRI 2.2, 2.5)*

The Elektro Maribor Group offers its services to legal and natural persons in the area of Slovenia within the following brands:

The company Elektro Maribor is a socially responsible company, which pursues sustainable development, innovation in its operation and is focused on the future.

In 2011, Elektro Maribor introduced the brand E-Mobil. Its basic intent was to bring closer the technology of electric vehicles (EV's) to future users and enable them to obtain their own experience and knowledge about the use of electric vehicles. For this purpose the company Elektro Maribor was the first in Slovenia to include two electric cars in its vehicle fleet.

* Reporting according to the guidelines GRI G3.1.

The brand is represented by the subsidiary Energija plus, which provides clients with integral energy supply of electricity, gas, pellet and heating in the long run.

The Elektro Maribor Group is aware of the consequences of climate changes due to the use of fossil fuels. Our positive contribution to preserving the clean environment is our Group's subsidiary OVEN Elektro Maribor, whose primary activity is the production of electricity from renewable energy sources.

4.3 Presentation of the Controlling Company Elektro Maribor

Company profile (GRI 2.1, 2.4)*

The company Elektro Maribor, podjetje za distribucijo električne energije, d.d. is a component part of the electricity system of the Republic of Slovenia and one of five companies for the distribution of electricity in 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
CA/IBAN:	04515-0000570965
Share capital:	EUR 139,773,510.27
Court registry entry number:	Registered with the District Court of Maribor, app. no. 1/00847/00
President of the Management Board:	Boris Sovič, MSc
Toll-free number:	080 21 05 (24-hour service for reporting defects and interruptions on the network) 080 21 01 (general information)
Distribution area:	Northeast Slovenia
General email address:	info@elektro-maribor.si
Website:	www.elektro-maribor.si
Main activity code:	D 35.130 Distribution of electricity
Size of distribution area:	3,992 km^2
Number of employees as at 31 December 2013	762

The activity of the company is defined in Article 2 of the Articles of Association of the company Elektro Maribor, podjetje za distribucijo električne energije, d.d., dated 28 June 2013. The provision of the Articles of Association is in accordance with the Decree on Standard Classification of Activities (Official Gazette RS, Nos. 69/2007, 17/2008).

* Reporting according to the guidelines GRI G3.1.

The main activities of the company are:

- 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).

The key activities of the company are as follows:

- Operation and technological development: reliable supply of electricity with minimum interruptions due to own reasons.
- Maintenance: maintaining the quality of the national electricity distribution system, which enables operational capacities and electricity supply to consumers, as defined by parameters of the project and facilities construction.
- Distribution network services: professional relationship with consumers must be built on equal partnership in all public utility services. It must be based on transparent, legal and flexible procedures, where the consumer has the opportunity to influence and participate in the decision making processes.
- Transformer installation services and measurement laboratory: providing transformer installation services for foreign clients and realisation of investments in electricity facilities.

The company has implemented the following quality systems:

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

The company also has a basic certificate for a family friendly company.

Organisation (GRI 2.3)[*]

Elektro Maribor d.d. has been a joint-stock company since 1998 for which the provisions of the Companies Act apply.

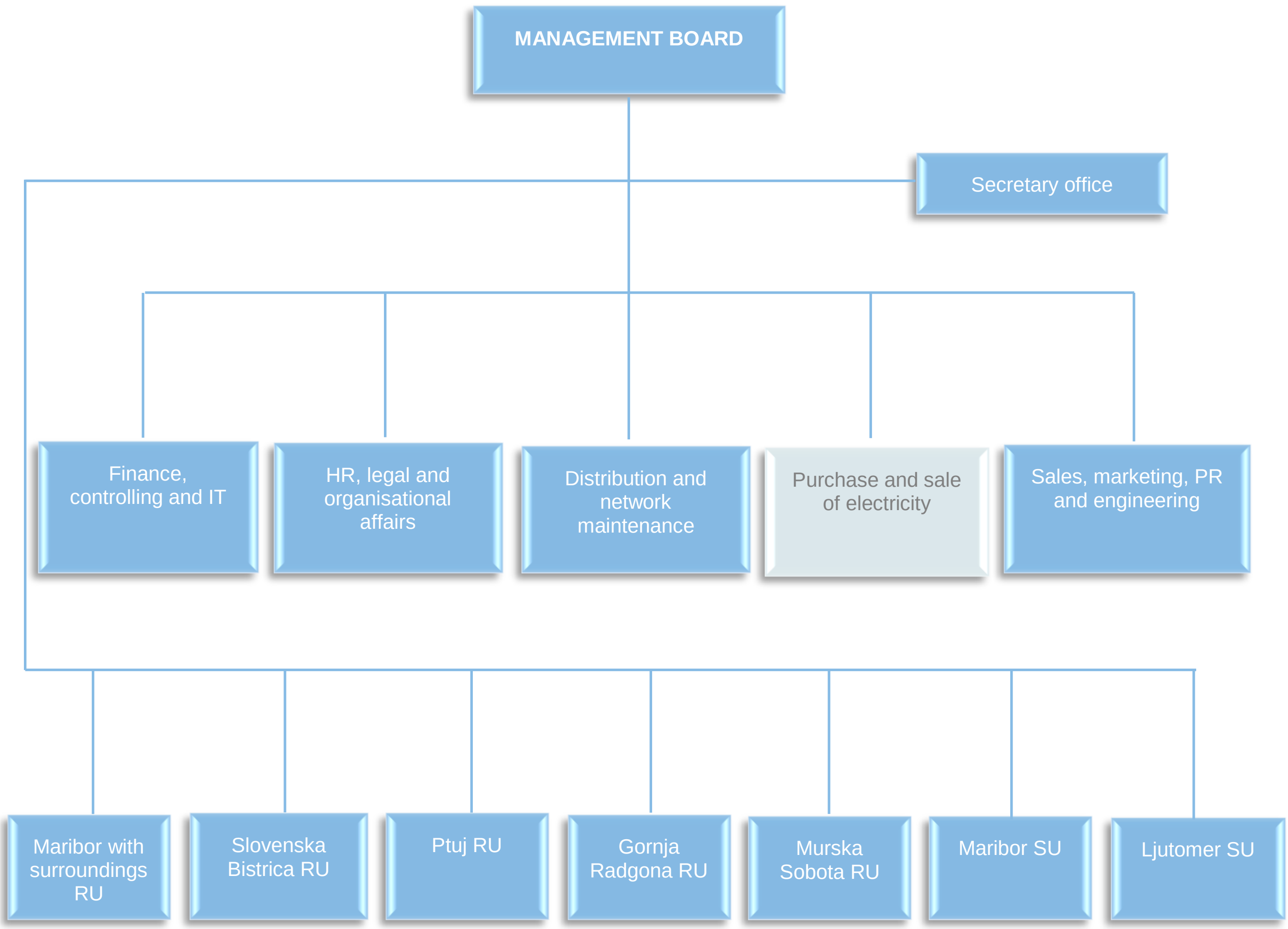
In accordance with the Energy Act in 2007 an operator was established to perform the public utility service of a system operator of the distribution network – SODO d.o.o. The company Elektro Maribor operates with SODO under the Contract on the lease of electricity distribution infrastructure and implementing services for the system operator of the distribution network. The activity, which Elektro Maribor performs based on this contract is a regulated activity by the Energy Agency of the Republic of Slovenia.

The organisational structure of the company Elektro Maribor is in accordance with the national energy legislation and the European legislation. It bases on the Rules of job organisation and systematisation, which determines the macro organisation of the company Elektro Maribor and the arrangement of the basic business functions with job systematisation.

[*] Reporting according to the guidelines of GRI G3.1.

In 2013, the company began the process of reorganisation, whose primary goals was to separate the regulatory and market part of the activity. In 2013 a new proposition of the organisational chart of the company was made and presented to the employees. In 2014 activities for the final implementation of the new organisational structure will continue.

The organisational structure of the company Elektro Maribor d.d. as at 31 December 2013



In individual organisational units the following basic business functions and activities take place: management of the distribution network, distribution of electricity, services and auxiliary professional services. The area of purchase and sale of electricity was in 2011 transferred to the daughter company Elektro Maribor Energija plus d.o.o.

The company is at the macro level organised in the following organisational units:

Areas led by executive directors:
- Finance, controlling and IT,
- Human resources, legal and organisational affairs,
- Distribution and network maintenance,
- Sales, marketing, public relations and engineering.

Regional and service units led by heads of regional units:
- Elektro Maribor and surroundings regional unit,
- Slovenska Bistrica regional unit,
- Ptuj regional unit,
- Gornja Radgona regional unit,
- Murska Sobota regional unit,
- Maribor service unit,

- Ljutomer service unit.

In order to achieve the short-term and long-term business goals of the company, organisational units are further broken down within the framework of areal, regional and service units: services and departments with clearly divided and defined tasks, authorities and responsibilities as well as goals, which are operationally determined in the annual business plan. The micro organisation is set in accordance with the business needs of the company. From these organisational units, tasks and jobs and positions are defined as the basic organisational units.

Vision, mission, values and strategy

Vision

To reinforce as the leading company for the provision of advanced electricity services based on excellence and innovative business, ensuring sustainable and competitive services for the consumers, responsibility to the social and natural environment and the employees.

Recognition as a friendly company, responsible towards the owners and employees, the consumers and social environment.

Through quality operation and development to reduce business, social, employment and natural risks.

Mission

To ensure the general population and the business sector with high-quality electricity in an environmentally acceptable, competitive, reliable, satisfactory and safe way and with it to ensure a high quality of life and encourage the economic development.

To organise the activity in accordance with the Slovenian and European legal order and achieve business excellence in the process.

To encourage efficient energy use and renewable energy sources use and invest in the development and application of new technologies.

To protect the population and the environment from risks relating to the use of energy technologies.

To fulfil the expectations of the owners and enable the employees creative job positions.

Through development and active role of the consumers enable the transition to low-carbon society by producing electricity from renewable energy sources and by encouraging efficient energy use.

Values

Operation based on respecting ethical and legal norms in accordance with the policies of quality and business excellence.

Relation to:

- Consumers based on respect, trust, efficiency and safety;
- Social environment based on responsibility, regularity and transparency;
- Employees based on respect, ensuring suitable work positions, enabling professional self-realization and personal development;
- Business partners based on responsible relations;
- Owners based on stability and prospect of contributions an generated returns;
- Natural environment based on sustainable development.

Key strategies

In the company Elektro Maribor we prepared the annual business plan for 2013 in 2013 with business projections for 2014 and 2015, in which we pursued to realise the key business strategies, above all:

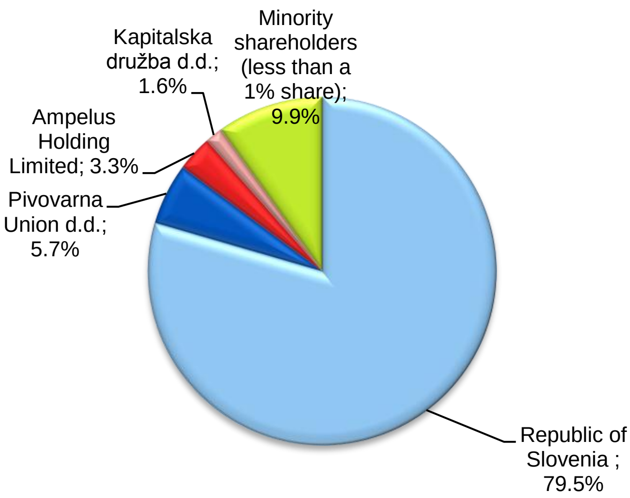
- Compliance with contractual obligations of the Contract on the lease of electricity distribution infrastructure and implementing services for the systems operator of the distribution network.
- Carrying out recommendations and guidelines of the majority owner of the company.
- Directing maintenance and investment in assets in infrastructure.
- Ensuring reliable and high-quality electricity supply.
- Sustainable environmental development and social responsibility.
- Reducing long-term borrowing.
- Optimising business and rationalising costs.
- Claims management and enforcement.
- Ensuring a safe environment for the employees.

Ownership structure (GRI 2.6)*

The share capital of the joint-stock company Elektro Maribor amounts to EUR 139,773,510 and it is divided into 33,495,324 ordinary registered no-par value shares. Each share represents an equal share and corresponding amount in the share capital. The shares of the company are not traded on any regulated market.

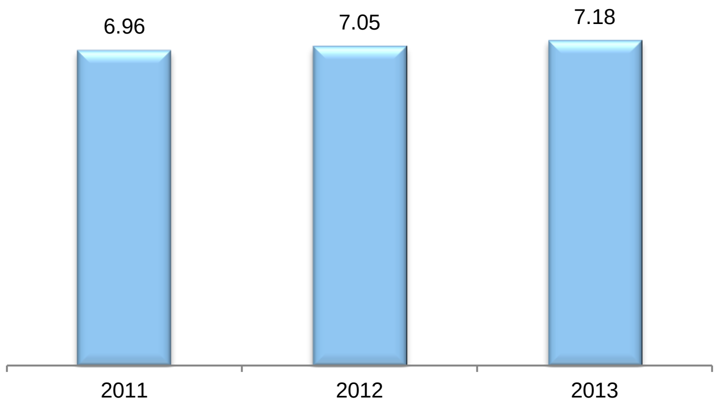
By the end of 2013, the company had 1,320 shareholders, which is 27 less than at the end of 2012. The largest shareholder is the Republic of Slovenia with a 79.5 % share. Four shareholders hold shares that exceed 1 %.

Ownership structure as at 31 December 2013



* Reporting according to the guidelines GRI G3.1.

Changes in the share book value (in EUR)



4.4 Presentation of the Subsidiary Energija plus

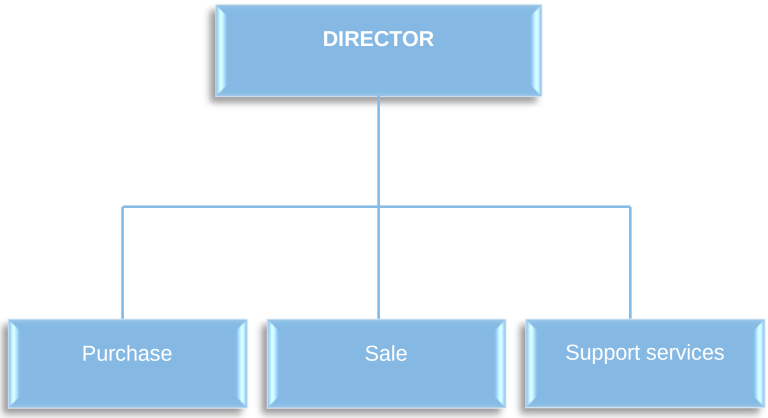
Company profile

Name:	**Elektro Maribor Energija plus podjetje za trženje energije in storitev, d.o.o.**
Abbreviated name:	Energija plus d.o.o.,
Registered office:	Vetrinjska ulica 2, 2000 Maribor
Registration number:	3991008000
Tax number:	88157598
CA/IBAN:	SI56 0451 5000 1853 305
Share capital:	EUR 8,000,000
Court registry entry no.::	District Court of Maribor, No. 2011/23297 20. 6. 2011, No. 2011/36929 1 December 2011
Founder	Elektro Maribor d.d.
Director of the company:	Bojan Horvat
Toll-free number:	080 21 15
General e-mail:	info@energijaplus.si
Website:	www.energijaplus.si
Main activity code:	D 35.140 Trade of electricity
Number of employees as at 31 December 2013	63

The company Energija plus performs the activity of providing energy to consumers, such as electricity and heating energy, gas and pellets. The main activity of the company Energija plus is the purchase and sale of electricity. A part of the purchase activity is also trade, where contracts are concluded for purchasing electricity from the producers, contracts on electricity supply with the end users and other contracts of the two-way trade. Sales take place in all segments of the Slovenian market, both with large business systems, as well as with households.

Organisation

Organisational structure



Vision, mission, values and strategy

The company by defining the mission, vision, values and strategic goals directs her position in the business area, where it operates for the period of 2013 – 2016.

Mission

The company Energija plus strives to ensure clients a rounded offer of energy services. Additionally, by expanding the offer, it is working towards sustainable development and to offer clients everything they need for quality living in their homes and at work at one place.

Vision

To become a reliable partner to organisations, the young and our employees in development and achieving sustainable energy future.

Values

- **Excellence – we want to be the best in the business that we perform.**
- **Creativity – our work contributes to development.**
- **Diversity – our attitude builds trust among partners.**
- **Sustainability – we care for the environment and people.**

In Energija plus we try with great motivation from our employees to treat all clients equally, as well as suppliers, owners and the company as a whole. In line with the abovementioned, we respect the basic moral and legal provisions. Through active cooperation in implementing projects, financed by the funds of the Eco fund, we are preserving the sustainable development of the company.

Key strategies

The strategic guidelines of the development of Energija plus are:

- Ensuring growth.
- Increasing profitability of business and added value per employee.

Ownership structure (GRI 2.6)*

The company Energija plus was established as a limited liability company (d.o.o.) in 2011. The company is 100 % owned by the founding company Elektro Maribor and has a share capital in the amount of EUR 8 million.

4.5 Presentation of the Subsidiary OVEN Elektro Maribor

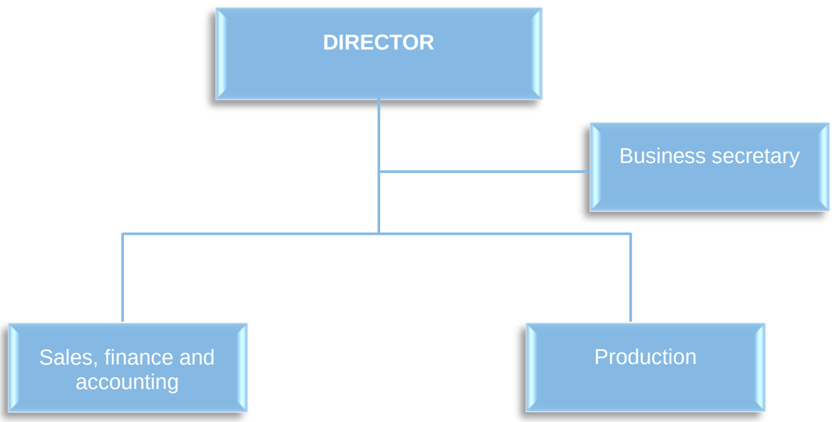
Company profile

Name:	OVEN Elektro Maribor d.o.o.
Registered office	Vetrinjska ulica 2, p. p. 1553, 2001 Maribor
Registration number:	1708503
Tax number:	SI22034412
CA/IBAN:	SI56 2410 0900 4370 202 Raiffeisen banka d.d. SI56 3000 0001 1481 635 Sberbank d.d
Share capital:	EUR 38,792
Founder	Elektro Maribor d.d.
Director:	Miroslav Prešern
Phone number:	02/22 00 782
Website:	www.oven-em.si
Main activity code:	D 35.111 Production of electricity in HE generation facilities
No. of employees as at 31 December 2013	5

The company OVEN Elektro Maribor has the status of qualified electricity producer. The company owns and operates four SHPP, one MHPP and seventeen MSPP.

Organisation

Organisational structure



* Reporting according to the guidelines GRI G3.1.

Vision

- OVEN Elektro Maribor shall become an important regional partner in the area of renewable energy sources.
- OVEN Elektro Maribor shall work in the area of energy consulting and in other areas of consulting.
- The company shall perform the activities in accordance with the highest ecological standards.

Ownership structure (GRI 2.6)*

The company OVEN Elektro Maribor was founded as a limited liability company (d.o.o.) in 2002 by a spin-off of the activity of electricity production from the company Elektro Maribor. The company is 100 % owned by the founding company Elektro Maribor and has a share capital in the amount of EUR 38,792.

4.6 Presentation of Associated Companies

Apart from subsidiaries, in which the company Elektro Maribor has 100 % ownership, Elektro Maribor also holds long-term financial investments with over 20 % share in:

- The company Moja energija d.o.o., Jadranska cesta 28, Maribor 33.33 %,
- The company Eldom d.o.o., Obrežna ul. 170, Maribor 25.00 %,
- The company Informatika d.d., Vetrinjska ul. 2, Maribor 21.96 %.

5 MAJOR EVENTS IN 2013

In 2013 we recognised many major events, which influenced the business operations of the company Elektro Maribor and both subsidiaries. The most important of which are presented below for individual companies within the Elektro Maribor Group.

5.1 Major Events for the Company Elektro Maribor

- We included switching transformer stations (STS) Radvanje and STS Tezno to the high-voltage 110-kilovolt loop STS Pekre - STS Maribor. This significantly improved the reliability of consumer electricity supply in the area of Maribor in the event of failures at 110-kilovolt networks.

- We concluded the optical connection of significant TS's. We built the missing link of the optical connection STS Dobrava – STS Slovenske Konjice and connected STS's towards West with their own optics (STS Rače, STS Slovenska Bistrica, STS Slovenske Konjice).

- We included 28,738 households and other small business consumers in the advanced metering system, which is 15.55 % more than we had planned for 2013. A total of 86 thousand metering points are now included in the advanced metering system or 40% of all metering points. The Directive of the European Union prescribes that by 2020 in the RS we equip at least 80% of consumers with system meters.

- We introduced a new way of informing clients on planned outages, so that the information on outages and shut downs is accessible 24 hours a day on our website. Additionally, we invited the consumers to register for free information to their mobile phones and emails.

* Reporting according to the guidelines GRI G3.1.

- In 2013, a new Act on the Methodology for Determining Network Charges and Criteria for Determining Eligible Costs for Electricity Networks and Methodology for Charging Network Charges was adopted, which determines the new framework of operations for the regulatory period 2013 – 2015.

- At the June's General Meeting of the Shareholders of Elektro Maribor new members were appointed to the Supervisory Board of the company as representatives of the shareholders.

5.2 Major Events for the Company Energija plus

- In 2013 we signed the contract for business cooperation in the area of purchasing and sales of gas with E.ON, based on which we began the supply of natural gas to household consumers.

- The beginning of sales of wooden pellets and heating supply with which the company is providing clients comprehensive energy supply. Beginning of adaptation of the office building at Vetrinjska 2 in Maribor.

- The company was successful in 2013 at the public call at one of the major clients of electricity for the period of 2014 – 2016.

- The compulsory settlement proceedings in Mariborska livarna Maribor and Športni center Pohorje influenced the increase of expenses from the title of adjustment results of claims.

5.3 Major Events for the Company OVEN Elektro Maribor

- We successfully renovated HPP Oplotnica, which was damaged during the November floods in 2012.

- We successfully carried out the restoration of the remaining material damage at HPP Činžat I. and II, HPP Skomarje and in part HPP Oplotnica.

- Large amounts of precipitation at the end of 2013 had a favourable impact on the production of electricity, but despite this fact could not replace the fallout in production throughout the year.

- The decision on the cap of pay-outs for limited production deviations in 2013 (Borzen d.o.o., support centre) caused an additional impact on the lower than planned net profit. Of the annual 10,413 MWh of produced electricity only 9,645 MWh was eligible for support in the form of premiums.

6 CORPORATE GOVERNANCE STATEMENT

The company Elektro Maribor d.d. in accordance with the fifth paragraph of Article 70 of the Companies Act issues the following corporate governance statement for the company Elektro Maribor d.d.

The company Elektro Maribor d.d. in its operations follows the principles of the Corporate Governance Code of capital assets of the state, adopted on 15 May 2013 and available at the website of the Slovenska odškodninska družba (SOD d.d.), www.so-druzba.si. The basis for adopting the code are the provisions of the Act Amending the Slovenian Sovereign Holding Act (ZSDH-A).

The company Elektro Maribor d.d. in its operations also follows the provisions of the Joint-Stock Corporate Governance Code, which was jointly developed and adopted by Ljubljanska borza d.d. (Ljubljana Stock Exchange), the Association of Members of Supervisory Boards and Association Manager, which was adopted in the amended form on 8 December 2009 and enforced on 1 January 2010. It is available at the website of the aforementioned subjects.

This corporate governance statement will be published on the website of the company Elektro Maribor d.d., www.elektro-maribor.si.

President of the Management Board:
Boris Sovič, MSc

President of the Supervisory Board:
Andreja Katič

II. Business report of Elektro Maribor and the Elektro Maribor Group

1 MANAGEMENT AND GOVERNANCE

Each company within the Elektro Maribor Group has separate management, as presented below.

1.1 Governance and Management of the Company Elektro Maribor (GRI 4.1, 4.2, 4.3)*

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

Although the shares of the company Elektro Maribor are not listed at stock exchanges, the company in its actions complies with the provisions of the Code of Joint-stock Companies Governance, which was jointly developed and adopted by the Ljubljanska borza (Ljubljana Stock Exchange), the Association of Members of Supervisory Boards and the Association Manager on 18 March 2004 and amended and supplemented on 14 December 2005 and 5 February 2007 and 8 December 2009.

Compliance 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 competitive competences of the company.

Management Board

The company Elektro Maribor is managed by the Management Board, independently and with full responsibility. The Management Board represents the company. The Articles of Association prescribe that the Management Board shall have one member appointed and dismissed by the Supervisory Board of the company. The mandate of the Management Board is 4 years with the possibility of reappointment.

Management Board is responsible for achieving business goals and operational strategies and decides on all issues regarding organisation and company management, as well as implements decisions, adopted by the General Meeting. The Management Board regularly reports and consults with the Supervisory Board regarding relevant issues in accordance with the regulations and provisions of the articles of association.

The President of the Management Board is Boris Sovič, MSc.

Supervisory Board

The Supervisory Board has six members. Four member of the representatives of shareholders are appointed by the general assembly by simple majority of the present shareholders and two members of the representatives of workers are appointed by the works council. The members of the Supervisory Board are appointed for a term of four years and may be reappointed. The supervisors appoint a president and deputy president among their members.

The tasks of the Supervisory Board are supervision and monitoring of the company's operation, as well as appointing the President of the Management Board. Members of the Supervisory Board follow the realisation of the planned operation by examining the quarterly reports and the Annual Report and the proposition of the Management Board for the allocation of distributable profit. They publicly report on their work in the report of the operation of the Supervisory Board, which is available to all in the Annual Report.

Representatives of shareholders before 31. 8. 2013:
- Roman Ferenčak – President,
- MA Srečko Kokalj – Deputy President,
- Dr. Matjaž Durjava – member,
- Drago Naberšnik – member.

* Reporting according to the guidelines GRI G3.1.

Representatives of shareholders as of 1. 9. 2013:
- Andreja Katič – President of the Board,
- MA Franc Pangerl – Deputy President,
- Dušan Mohorko – member,
- Roman Ferenčak – member,

Representatives of workers:
- Miro Pečovnik,
- Maksimilijan Turin.

General Meeting

The shareholders realise their rights regarding the company at the General Meeting. The Management Board of the company convenes the General Meeting at its own initiative, at the request of the Supervisory Board or at the request of the shareholders of the company, who represent at least 5% of the share capital of the company. The shareholders regularly receive information on operation and all important periods through interim reports, as well as online.

The shareholders of the company Elektro Maribor d.d. convened on 28 June 2013 at the 17th regular General Meeting of the company, where 88.37% of share capital was represented.

The General Meeting was acquainted with the audited Annual Report and consolidated Annual Report of the company for 2012 equipped with the auditor's opinion; written report of the Supervisory Board on the review and approval of the Annual Report and consolidated Annual Report of the company for 2012 and the report of the Supervisory Board on implementing activities in accordance with the recommendation of Slovenska odškodninska družba, d.d. (Slovenian Compensation Company) in terms of optimisation of labour costs.

The General Meeting adopted the decision that the distributable profit on 31 December 2012 amounting to EUR 3,305,242.07 shall be divided among shareholders of the company in the amount of EUR 3,014,579.16. Gross dividend per share amounted to EUR 0.09. The remaining distributable profit in the amount of EUR 290,662.91 shall remain undistributed.

The General Meeting voted to discharge the Management and Supervisory Board.

The General Meeting appointed the members of the Supervisory Board.

Following the proposal of the Supervisory Board, the authorised audit company KPMG Slovenija d.o.o. was appointed for 2013. Amendments to the activities of the company were confirmed, as well amendments and supplements of the Articles of Association.

Actions Taken in Response to Incidents of Corruption (GRI SO4)*

In the company Elektro Maribor we are aware of the threats of corruption, which may damage the reputation of the company and are contrary to the ethical principles and human rights. In order to prevent such incidents, we have introduced the following actions in the company:

- **Declaration on fair business operation**
  On 3 July 2013 the company Elektro Maribor signed the Declaration on fair business operations.
- **Anti-corruption clauses**
  The company Elektro Maribor in its operations thoroughly respects the principles of the Integrity and Prevention of Corruption Act (ZINTPK), Official Gazette of RS, Nos. 45/2010, 26/2011 and 43/2011.
- **Integrity plan**
  In 2013, we focused our activities in the company towards an integral setup of the integrity plan. The purpose and goal of the integrity plan is to strengthen integrity and transparency, prevention and

* Reporting according to the guidelines GRI G3.1.

elimination of corruption, conflict of interests, unlawful or other unethical conducts. In the integrity plan we deal with identifying risks in due time, so as to avoid future remedies of consequences of uncontrolled (and therefore realised) risks.

Mechanisms for forwarding recommendations and initiatives from the employees and shareholders to the highest management bodies (GRI 4.4)*

Communication with the employees is important in order to keep them well- informed, which prevents negative rumours and ensures good organisational climate. The Sustainability Report describes in greater detail communication with the employees, Chapter 2.1.2 Motivation and care for the employees.

In communication with the shareholders the company respects the provisions laid down in the Articles of Association concerning forwarding quarterly financial data by publishing them on the company's website. In addition, it communicates with other public, which is presented in more detail in the Sustainability Report, Chapter 4.1. Social responsibility of the company Elektro Maribor.

1.2 Governance and Management of the Company Energija plus

The company has one executive manager – the Director, who at sole responsibility runs the business operations and at the same time represents the company. The term of office of the Director is four years with the possibility of reappointment. The director is appointed by the founding company.

The Director of the company is Bojan Horvat.

The company has in place a one-tier management system without a supervisory board appointed. The supervisory function of the sole partner is performed in the make-up of the President of the Management Board, Deputy President of the Development Board, Executive Director for Finances, Controlling and IT and Director of Legal Matters.

The General Meeting of the company is represented by the sole partner, that is the President of Management Board Elektro Maribor.

1.3 Governance and Management of the Company OVEN Elektro Maribor

The company has one executive manager – the Director, who represents the company. The Director runs the company following its best interests, independently and at sole responsibility. The manager is appointed and dismissed by the founder of the company for a period of four years with the possibility of reappointment.

The Director of the company is Miroslav Prešern.

In the interest of unifying the management system in companies 100% owned, the one-tier management system was introduced in the company on 1 July 2013. Members of the Supervisory Board were dismissed by the founder.

Members of the Supervisory Board before 30. 6. 2013:
- Miroslav Pečovnik – President,
- Franc Vindiš – member,
- Peter Kaube – member.

The supervisory function of the sole partner is performed in the make-up of the President of the Management Board, Deputy President of the Board for Development, Executive Director for finances, controlling and IT and Director of legal matters.

The General Meeting of the company is represented by the sole partner, that is the President of the Management Board of Elektro Maribor.

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* Reporting according to the guidelines GRI G3.1.

2 BUSINESS GOALS AND THEIR REALISATION

For 2013 each company in the Elektro Maribor Group set their own business goals within the Annual Business Plan. The goals and their realisation are presented below for each company.

2.1 Business Goals and Their Realisation – Elektro Maribor

1. **2.1 % return on assets.**
   Return on assets amounted to 2.3%.

2. **1% capital dividend yield.**
   Capital dividend yield amounted to 1.3%. The company in September paid out EUR 0.09 dividends per share.

3. **5% lower controlled costs of distribution operation with regard to those planned for the previous year.**
   The company in the presented period achieved controlled costs of distribution operations in the amount of EUR 22.9 million, which presents a 10 % reduction with regard to those planned for 2012.

4. **At least 36% metering points included in the advanced metering system.**
   86 thousand metering points are included in the advanced metering system or 40% of all metering points.

5. **The average monthly number of employees according to the condition shall not exceed 785 people.**
   In 2013 the average number of employees per month was 791, which is more than planned, but these were additional employments of construction workers and electro installers as part of project employment.

6. **The values of supplies at the end of the year shall not exceed EUR 1.7 million.**
   The values of supplies as at 31 December 2013 amounted to EUR 1,617,534 which is in accordance with the set goal.

7. **To achieve MAR [*] greater than EUR 1 million with the distribution of services on the market.**
   We achieved a margin in the amount of EUR 1.2 million with the distribution of services on the market in 2013

8. **45 km new laid LV cable lines in the ground.**
   In 2013 we laid 77 km LV cable lines, which is 83.8% more than planned.

9. **Replacing at least 5,500 pylons.**
   In 2013 we replaced 5,909 pylons, which is 7.4% more than planned replacements.

10. **The credit rating (IBON) of Elektro Maribor will amount to 7 or more, which stands for above average or high quality company.**
    The credit rating for the company in 2013 was 9, which stands for above average or high quality company.

2.2 Business Goals and Their Realisation – Energija plus

The company Energija plus recognised favourable and unfavourable business influences in 2013, whose impact it considered in the making of the revised annual business plan for 2013.

[*] The margin represents the difference between generated revenue and production costs (material, services, salaries).

1. **Entrance to the gas market**
   We concluded the partnership with a reliable and competitive strategic partner E.ON Energy Sales and in June began supplying gas to households and business clients. By entering the market of natural gas and wood pellets we have additionally increased activities for obtaining new buyers in different ways.

2. **To sell electricity in the planned scope with planned margins in all client segments (margin EUR 6.215).**
   We have achieved the margin despite lower amounts and values of sale of electricity than that planned. The quantity deviations are found predominantly in the segment of business clients, which is a consequence of smaller consumption of larger consumers.

3. **Reduction of absolute amounts of deviations by 3% compared to 2012**
   In 2013, the absolute amount of deviations was 52,451 MWh, which is 561 MWh less compared to 2012. This means we reduced the absolute amounts of deviations by 1.1%.

4. **Monthly demand for electricity with the purpose of arbitration resale of electricity in the upcoming years**
   In 2013, we were in contact with our business partners on a daily basis, seeking opportunities for arbitration, but after the setup of the electricity stock exchange in Hungary arbitration became nearly impossible.

5. **With position trading create a positive margin in the amount of EUR 250 thousand**
   Despite great endeavours we have not succeeded in realising the set goal, namely we realised a negative margin in the amount of EUR 2,760.

2.3 Business Goals and Their Realisation – OVEN Elektro Maribor

1. **Construction of new energy capacities, 50 kW installed power (SSPP)**
   The company in 2013 invested its own resources from current business operations and installed 50 kW power to new energy capacities in the new MSPP OVEN-Bavaria-IT 2.

2. **Employee number remains unchanged (five employees)**
   In 2013 the company did not additionally employ. The number of employees on 31 December 2013 was five people.

3 SOD RECOMMENDATION

Slovenska odškodninska družba, d.d. of the Republic of Slovenia (Slovenian Compensation Company - SOD), which is responsible for capital assets of the state in companies, in March 2013 issued the Recommendations for managers of direct and indirect capital assets of the state in RS. The company Elektro Maribor is a company majority owned by the Republic of Slovenia and bound to implement these recommendations.

In 2013, there were no new recommendations issued relating to the operation of the company Elektro Maribor.

3.1 Implementation of Recommendations in the Company Elektro Maribor

Below is the realisation of recommendations relating to the operation of the company in 2013.

Recommendation	Notes
No. 1 Payment of members of supervisory bodies	The company fully respects the recommendation.
No. 2 Payment of outside members of committees of the supervisory bodies for the requirements of implementing tasks of the supervisory body	The company fully respects the recommendation.
No. 3 – Evaluation of the efficiency of the supervisory body and reporting to supervisory councils	The guidelines for evaluating the efficiency of the SB of the company Elektro Maribor d.d. have been prepared. SB adopted at the 2nd regular meeting on 8 November 2013 the decision No. 14 to approach the implementation of the evaluation of efficiency within the company Elektro Maribor d.d.
No. 4 – The work of the audit committee	The company fully implements the recommendation.
No. 5 – Three-year business planning by the company/Group	The company fully implements the recommendation.
No. 6 – Quarterly reporting on the performance of the company/Group	The company fully implements the recommendation.
No. 7 – Transparency of transactions involving company expenditure (ordering goods and services, donations and sponsorship)	The company on its website publishes information on contracts concluded in public procurement procedures, smaller value procurements and bidding processes. We also publish up-to-date funds intended for donations and sponsorships.
No. 8 – Optimisation of labour costs in 2013 and 2014	In the adopted Annual business plan for 2013 and 2014 the optimisation of costs was considered as much as the CBA allows. Project employments also influenced the wage bill. The company paid to all employees (excluding management) the annual leave pay and a bonus at the end of the year in accordance with this recommendation.
No. 9 – Risk management, internal control and internal audit	In the area of risk management the company with the help of an outside consultant in March 2013 completed the risk register. The maturity of the risk management system in the company Elektro Maribor d.d. is currently at the level of a basic mature model or approach to risk management. The internal audit activity was provided in the company before 31 March 2013 by a contract with an external provider. On 1 April the company employed an internal auditor.
No. 10 – The company's Code of Ethics	The company fully implements the recommendation.
No. 11 – Achieving business quality and excellence of companies/Group	In 2013 the company performed the first self-evaluation.
No. 12 – General meetings of the companies	The company fully implements the recommendation.
No. 13 – The introduction of the indicator system to the reporting system of the companies Eles, Elektro Celje, Elektro Gorenjska, Elektro Ljubljana, Elektro Maribor, Elektro Primorska	The company fully implements the recommendation.

Indicator system

Name:	Unit	2011	2012	2013
Economic indicators				
ROA	%	1.9	2.1	2.3
ROE	%	2.8	3.0	3.2
Dividend-to-equity ratio	%	0.5	1.6	1.3
Long-term financing rate	%	91.7	92.9	93.4
Equity financing rate	%	71.6	72.8	73.5
Investment turnover rate	%	84	94.1	104.3
Technical indicators				
SAIDI	min./consumer	69.5	165.0	74.7
SAIFI	min./consumer	2.1	5.3	2.5
Percentage of losses per distributed EE	%	5.0	5.7	5.4
LF (aver load/peak load)		0.7	0.6	0.7
Number of issued consents		3,800	4,836	3,306
- MV (1-35 kV)		32	64	28
- 0.4 kV metered power		123	186	163
- 0.4 kV without metered power		1,013	1,418	873
- Household		2,213	2,273	2,012
- MS (multiple sources)		419	895	230
Technical economic indicators				
OPEX per distributed EE (reg. act.)	€/MWh	15.3	16.4	15.8
Investments per distributed EE (reg. act.)	€/MWh	10.3	8.7	9.9
Labour costs per consumer (reg. act.)	€/consumer	83.3	88.7	85.7
Investments per distributed EE (reg. act.)	€/MWh	26.9	28.6	28.3

3.2. Implementation of Recommendations in the Company Energija plus

The company Energija plus in its operation implements the SOD recommendations relating to the companies in the Group. The amount of pay for annual leave and performance bonus is determined in accordance with recommendation No. 8 (labour cost optimisation). The company also implements recommendations Nos. 5 and 6 (three-year business planning and quarterly reporting), No. 9 (risk management) and No. 13 (introduction of the indicator system in the reporting system).

Indicator system

Name:	Unit	2011	2012	2013
Economic indicators				
ROA	%	-6.2	4.9	3.9
ROE	%	-15.5	11.2	8.9
EBITDA/Operating revenue	%	-0.8	2.1	2.4
Current ratio		1.6	1.7	1.7
Long-term financing rate	%	37.4	44.0	46.3
Equity financing rate	%	36.6	43.1	45.5
CAPEX (investment expenditure)	€	206,495	209,729	1,059,431
Operational revenue per employee from hours	€	2,540,187	1,971,312	2,031,586
Percentage of labour costs in added value	%	193.9	44.5	44.1
Operational income/assets	%	867.2	730.1	649.2
Market indicators				
Market share at the cut-off date	%	13.0	11.9	11.2
The share of energy by newly concluded contracts in the total energy sold	%	3.3	3.5	7.7

3.3 Implementation of Recommendations in the Company OVEN Elektro Maribor

The company OVEN Elektro Maribor implements the SOD recommendations relating to the companies in the Group. In paying the attendance fees to the Supervisory Board the recommendation No. 1 was respected (payments of members of the supervisory bodies). The amount of pay for annual leave and performance bonus is determined in accordance with recommendation No. 8 (optimisation of labour costs), therefore up to the amount of minimum wage. The Director does not receive the pay for annual leave or bonus. The company also implements recommendations Nos. 5 and 6 (three-year business planning and quarterly reporting), No. 7 (transparency of business transactions relating to company expenditure), No. 9 (risk management) and recommendation No. 13 (introduction of the indicator system in the reporting system).

Indicator system

Description of the indicator	Unit	2011	2012	2013
ROA	%	5.4	3.7	4.0
ROE	%	6.9	4.2	4.3
EBITDA/Operating revenue	%	61.1	46.5	43.9
Current ratio		0.8	1.3	5.5
Long-term financing rate	%	91.4	94.1	97.5
Equity financing rate	%	87.8	94.2	97.5
CAPEX (investment expenditure)	€	194,324	194,933	204,305
Operating revenue per employee from hours	€	316,909	187,812	228,008
Percentage of labour costs in added value	%	19.2	38.2	33.9
Operating revenue/assets	%	26.4	24.4	28.4
Market share of produced electricity OVEN/SODO Elektro Maribor	%	4.07	3.31	3.52
The share of energy by newly concluded contracts in the total energy sold	%	0.0	1.0	0.0

4 MAJOR EVENTS ON BALANCE SHEET DATE

4.1 Major Events After the Balance Sheet Date – Elektro Maribor

Major natural disaster – ice glaze

In February 2014, freezing rain and ice build-up left major consequences also on the supply area of the company Elektro Maribor. The largest number of damages took place in the area of Slovenska Bistrica RU and Maribor and surroundings RU. Network restoration will require a great deal of effort and substantial financial means. Because of somewhat simplified procedures for siting the Act on Emergency Measures for Elimination of Consequences of Ice Glaze, Heavy Snow and Flood between 30 January and 10 February 2014 will help, which was adopted in the National Assembly for this very reason.

Preliminary balance of the regulatory year 2013

The company Elektro Maribor received the preliminary balance from the company SODO d.o.o. in March 2014 for the regulatory year 2013. The final balance for the regulatory year 2013 will be done in 2014 based on audited Financial Statements of 2013.

New Energy Act EA-1

In January 2014, the National Assembly of RS adopted the new Energy Act EA-1. The challenges for the company Elektro Maribor deriving from this act are above all in the area of providing services of the distribution network system operator and distributing 110-kilovolt network for transmission and distribution.

4.2 Major Events After the Balance Sheet Date – Energija plus

Obtaining new clients

In 2014, the company began supplying electricity to a new larger client with whom it concluded a three-year contract, which had a favourable influence on the market share in 2014.

Changes in electricity prices

As of 1 February 2014 the electricity prices lowered for all households and smaller business clients.

New business offices

In the beginning of March 2014 we opened the new renovated business offices, which are friendlier to clients and provide the workers far better working conditions.

Major natural disaster – ice glaze

The weather disaster with freezing rain in the beginning of March 2014 caused a large fallout of electricity for a large number of consumers lasting for several days, which showed in smaller consumption and sales of electricity.

4.3 Major Events After the Balance Sheet Date – OVEN Elektro Maribor

There were no major events after the balance sheet date.

5 PERFORMANCE ANALYSIS (GRI EC1)*

5.1 Performance Analysis of Elektro Maribor

Major events, which influenced the company's operations, were:

- **Realisation of major investments –** this exceeded plans by 4%, which reflected in 5% higher revenue from own investments and internal realisation than planned.
- **Project employment –** the company in 2013 continued with project employment of construction workers and employed 40 workers for a definite period of time, who helped realise the investments.
- **Savings in material and goods supply –** from the title of lower prices or technically comparable material the company in 2013 realised savings in the amount of 0.6 million EUR, which is 6.7% of the purchase value of material in 2013.
- **Cost optimisation** – compared to the year before we reduced the material and services costs by 13% (exempt are costs of electricity purchasing for losses, costs of material for investments and costs of material and services for carrying out services on the market).
- **Damage control from 2012** – we have successfully controlled damages from 2012, which is reflected in greater expenses from damage control, which are 38% higher than the previous year.
- **Balance of the regulatory framework** – in 2013 the company received the balances for regulatory years 2011, 2012, and 2013 from SODO, which had the effect of lower revenues.

5.1.1 Net Profit

The company Elektro Maribor concluded its operations in 2013 with a profit in the amount of EUR 7,419,853. With regard to 2012 the net profit is higher by 7% or EUR 461,448. Operating profit in 2013 is higher above all because of increased revenues, which are compared to the previous year higher by EUR 2,549,754 and compared to costs, which are higher than the year before by EUR 1,856,014.

in EUR

Items	2011	2012	2013
Results from operating activities	7,094,316	7,439,262	8,197,676
Net finance income	-723,311	-298,277	-406,489
Results from other operating activities	-57,930	-85,869	-42,331
Taxes	0	-96,711	-329,003
Net profit or loss before taxes	**6,313,075**	**6,958,405**	**7,419,853**

Company revenue

Total company revenues in 2013 amounted to EUR 78,627,031 and increased by 3.4% compared to the previous year and by 2% exceeded the planned revenue. Above all, the operating revenue was higher.

in EUR

Items	2011	2012	2013
Operating revenue	74,920,267	75,490,463	77,992,191
Financial revenue	203,983	549,931	577,195
Other revenue	69,213	36,883	57,644
Total revenue	**75,193,463**	**76,077,277**	**78,627,031**

Operating revenue was compared to the previous year higher by EUR 2,501,728 or 3% and compared to plans higher by EUR 1,021,526 or by 1 %. Here we include:

- Revenue from SODO (income based on the contract for the lease of infrastructure and provision of services for SODO) in the amount of EUR 58,245,907, which represents 75% of the operating revenue. Compared to the plans, revenues are up by EUR 246,337, mostly because of higher revenues from purchasing for losses.

- Revenue from capitalised own products and services in the amount of EUR 14,444,029, which stands for a 19% share of operating revenue. Compared to the planned, revenues are higher by EUR 695,624 or 5% mostly due to higher realisation of investments in 2013.

- Revenues from sales of services on the market in the amount of EUR 2,473,838, which stands for a 3% share of operating revenue. Compared to the planned, revenues are higher by EUR 863,021 or 26%, mostly in construction installation works.

- Other operating revenues in the amount of EUR 2,241,792, which represents 3% of all operating revenue. Compared to the planned, revenues are higher by EUR 1,064,583, mostly because of insurance claims, which were not planned.

Financial revenues are compared to the previous year higher by EUR 27,264 or 5% and compared to the planned higher by EUR 494,320, mostly because of financial revenue from shares.

Other revenues are compared to the previous year higher by EUR 20,762 or 56%. These mostly relate to revenues from the title of co-funding scholarships.

Costs and expenditure

All costs and expenditure of the company in 2013 amounted to EUR 70,878,175 and are higher by 3 % compared to the previous year and by 1% exceed those planned.

in EUR

Items	2011	2012	2013
Operating costs and expenditure	67,825,951	68,051,201	69,794,515
- cost of material	16,647,966	16,025,515	17,178,846
- service costs	8,531,010	6,983,565	6,409,511
- write-offs	19,356,738	19,572,118	19,444,959
- labour costs	22,858,020	24,571,044	25,316,989
- other expenses	432,217	898,959	1,444,210
Financial expenses	927,294	848,208	983,685
Other expenses	127,143	122,752	99,975
Total costs and expenses	**68,880,388**	**69,022,161**	**70,878,175**

Material costs are higher compared to the previous year by EUR 1,153,331 or 7% and EUR 1,148,319 or 6% lower than planned. These costs mostly include:

- Costs of purchasing electricity for losses in the amount of EUR 6,852,103, which represent 40% of all material costs. Compared to the previous year they are higher by EUR 105,511 or 2% and higher by EUR 314,830R or 4% compared to the planned because of lower achieved losses (realised 5.4%, planned 5.71% from distributed energy).

- Material costs for investments in the amount of EUR 6,773,340, which represents 39% of all material expenses. Compared to the year before they are higher by EUR 2,988,296 or 79% because of higher realisation of own investments. Compared to the planned costs they were lower by EUR 660,446 or 9%, mostly because of lower prices in material supply.

- Maintenance costs in the amount of EUR 1,039,656, which represents 6% of all costs, are compared to the year before lower by EUR 650,119 or 38 %. Compared to the planned costs they were higher by EUR 35,371 or 4% because of higher costs in terms of eliminating deficiencies.

Service costs are higher compared to the previous year by EUR 574,054 or 8% and compared to the planned also lower by EUR 165,197 or 3%. The greatest share of these are maintenance service costs (29%), insurance premium costs (23%) and information technology costs (18%).

Write-offs are lower compared to the previous year by EUR 127,159 or 1% and compared to the planned also lower by EUR 315,461 or 2%.

Labour costs are higher compared to the previous year by EUR 745,945 or 3% and for EUR 1,032,849 or 4 % higher than planned. In 2013 we included in labour costs:

- project employment of 40 workers, which represents an increase in costs by EUR 569,922,
- The provisions of the Collective Bargaining Agreement about the mid-year coordination of salaries with the cost of living trends, which represents an average 0.68% increase in the wage bill or that labour costs have increased by EUR 134,874,
- financial bonuses at the end of the year,
- recommendation of SOD d.d. regarding the pay for annual leave in the amount of minimum wage in RS for 2013 (EUR 783.66),
- accrued labour costs.

Other operating costs were higher compared to the year before by EUR 545,251 or 61% and higher than planned by EUR 933,250. Costs were higher mostly because of provisioning for legal procedures.

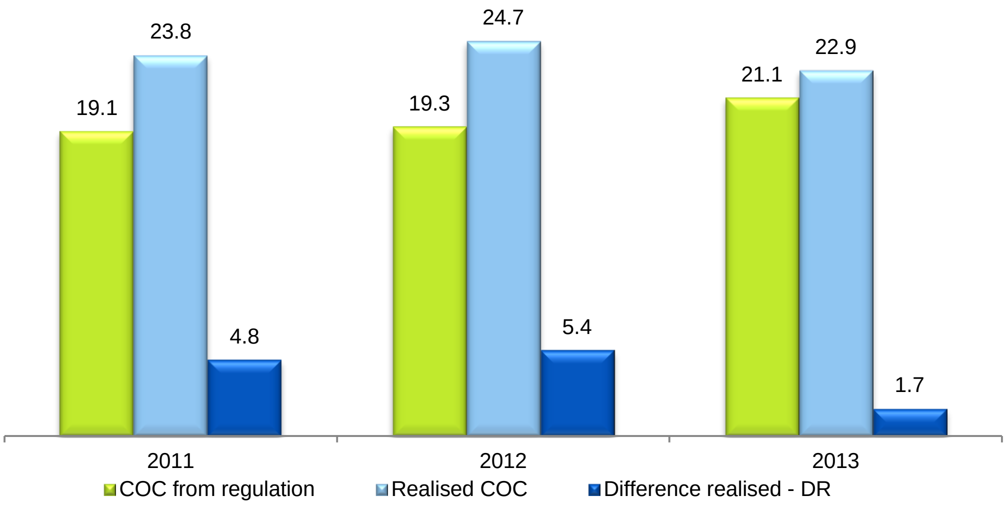
Financial expenses are higher compared to the previous by EUR 135,477 or 16 % and by EUR 73,903 or 8 % higher than planned. Expenses were higher because of impairments and investment write-offs.

Other expenses are higher compared to the previous year by EUR 22,777 or 19 % and by EUR 51,083 or 104% higher than planned.

Controlled operating costs

The company Elektro Maribor places great importance to the approach of the annual realised amount of controlled expenses to the amount determined in the regulation. For the regulatory period 2013 – 2015 the requirement is an annual decrease in operating and maintenance expenses for general and individual efficiency rate per year.

Controlled operating costs (in million EUR)



5.1.2 Financial Condition

The financial condition of the company is presented in the balance sheet. It shows the structure and scope of long-term and short-term assets and their financing structure on a given date.

Total assets of the company as at 31 December 2013 amounted to EUR 327,262,514. Compared to plans it is higher by 1.3% or EUR 4,117,568.

Changes in the balance sheet total (in EUR)

	31. 12. 2011	31. 12. 2012	31. 12. 2013
Assets	**325,251,769**	**324,686,272**	**327,262,514**
Long-term assets	296,535,437	299,110,105	303,286,398
Current assets	27,826,159	25,550,562	23,853,544
Short-term accrued revenue and deferred costs	890,173	25,605	122,572
Liabilities	**325,251,769**	**324,686,272**	**327,262,514**
Equity	232,989,630	236,243,963	240,649,237
Reservations and long-term accrued costs and deferred revenues	33,214,740	34,970,660	35,289,595
Long-term liabilities	32,041,428	30,575,651	29,718,509
Current liabilities	25,978,173	21,411,842	20,053,941
Short-term accrued costs and deferred revenues	1,027,798	1,484,156	1,551,233

The company in 2013 intended EUR 22,068,292 for investments in fixed assets.

Changes in assets and amounts for investments (in EUR)

	31. 12. 2011	31. 12. 2012	31. 12. 2013
Value of assets	278,650,543	281,231,703	285,149,949
Investment into fixed assets	22,897,795	19,193,117	22,068,292
%	8.22	6.82	7.74

Current assets of the company as at 31 December 2013 amounted to EUR 23,853,544. They are higher by 23.2% or EUR 4,486,748 from planned, mostly because of higher current assets at the company's account.

Changes in current assets (in EUR)

	31. 12. 2011	31. 12. 2012	31. 12. 2013
Inventories	1,994,759	1,743,977	1,617,534
Short-term financial investments	8,000,000	0	0
Short-term trade receivables	11,634,292	12,324,567	9,669,301
Cash and cash equivalents	6,197,108	11,482,018	12,566,709

Structure of company assets on 31. 12. 2013

In %

	31. 12. 2011	31. 12. 2012	31. 12. 2013
Long-term assets	91,17	92,12	92,67
Short-term assets	8,56	7,87	7,29
Short-term deferred costs and accrued revenues	0,27	0,01	0,04
Total	**100**	**100**	**100**

Liabilities as at 31 December 2013 present resources for financing assets, which the company has at its disposal.

Structure of liabilities as at 31. 12. 2013

In %

	31. 12. 2011	31. 12. 2012	31. 12. 2013
Assets	71.63	72.76	73.53
Reservations and long-term accrued costs and deferred revenues	10.21	10.77	10.78
Long-term liabilities	9.85	9.42	9.08
Short-term liabilities	7.99	6.59	6.13
Short-term accrued costs and deferred revenues	0.32	0.46	0.47
Total	**100**	**100**	**100**

The assets of the company as at 31 December 2013 amounted to EUR 240,649,237. They are by 0.7% or EUR 1,751,654 higher than planned, mostly because of EUR 1,111,383 higher achieved profit before taxes than planned for 2013.

Reservations and long-term accrued costs and deferred revenues are in the amount of EUR 35,289,595. They are higher by EUR 2,113,365 than planned, mostly because of provisioning for legal disputes.

Long-term liabilities as at 31 December 2013 are in the amount of EUR 29,718,509 and at the level of that planned.

Changes in borrowing (in EUR)

	31. 12. 2011	31. 12. 2012	31. 12. 2013
Loans (short-term + long-term part)	42,357,591	39,311,428	37,480,952
Index compared to the previous year	114	93	95

Current liabilities are compared to plans lower by 0.4% or EUR 529,032, mostly due to lower current liabilities to suppliers for current and fixed assets than planned.

Changes in current liabilities (in EUR)

	31. 12. 2011	31. 12. 2012	31. 12. 2013
Current operating liabilities	13,545,457	12,642,412	12,255,265
Index compared to the previous year	84	93	97
Current financial liabilities	12,432,716	8,769,430	7,798,676
Index compared to the previous year	124	71	89

Short-term accrued costs and deferred revenues amount to EUR 1,551,233. As at 31 December 2013 they were higher by EUR 752,817 than planned, mostly due to accrued liabilities for unused annual leave than planned and provisions for legal procedures, which we expected to complete in 2013.

5.1.3 Cash Flow

In 2013, the company Elektro Maribor achieved a positive cash flow in the amount of EUR 1,084,691, although we expected a negative one in the amount of EUR 3,038,344. The higher cash flow results from lower expenses for acquiring tangible assets than planned because of realisations of payments in 2014.

	2011	2012	2013
Operating cash flows	**19,579,983**	**16,102,126**	**15,179,606**
-operating revenues	106,406,669	112,236,131	107,950,761
-operating expenses	-86,826,686	-96,134,005	-92,771,155
Investment cash flows	**-22,533,809**	**-1,136,487**	**-8,489,903**
-investment revenues	1,656,051	17,148,220	7,260,697
-investment expenses	-24,189,860	-18,284,707	-15,750,600
Financing cash flows	**3,185,768**	**-9,680,729**	**-5,605,012**
-financing revenues	14,500,000	8,000,000	7,000,000
-financing expenses	-11,314,232	-17,680,729	-12,605,012
Cash flow in the financial period	**231,942**	**5,284,910**	**1,084,691**
Final balance of cash flows	**6,197,108**	**11,482,018**	**12,566,709**

Operating cash flows in 2013 were achieved in the amount of EUR 15,179,606 and are by EUR 922,520 lower than in 2012, mostly because of higher liabilities from added value tax because of higher tax rates. Compared to planned, operating cash flows are higher by EUR 642,090, mostly because of higher revenue from network use.

Investment cash flows show excess in disbursements over receipts in the amount of EUR 8,489,903 and are higher than the previous year mostly because of lower income from disposal of short-term financial investments, because we lent EUR 8,000,000 in 2011 to the subsidiary company Energija plus and received them in 2012. In 2013 we lent the subsidiary company Energija plus EUR 6,700,000 and received them in the same year. According to the plan the excess of disbursements is lower because of lower costs for obtaining tangible assets in 2013.

Financing cash flows are negative in 2013 in the amount of EUR 5,605,012 and lower than in 2012 (EUR 9,680,729), mostly because of lower costs for interest and amortisation of long-term financial liabilities. According to the plan the financing cash flows are higher by EUR 621,276, mostly because of higher disbursements for dividend payments. Payments in the amount of EUR 2,344,673 were planned, whereas EUR 2,999,453 dividends were paid.

5.2 Group Performance Analysis

Major events, which influenced the operation of the Elektro Maribor Group in 2013, were:

- **Expansion of sales** to gas, pellets and heating provides additional revenue in the long run and realises the strategy of diversification, opens up new business opportunities, strengthens our market position and minimises the risk of loss of the market share.
- **Drop in the purchase prices** of electricity and natural gas.
- **Realisation of major investments** exceeded those planned by 4%, which reflects in 5% higher revenue from own investments and internal realisation according to planned.
- **Household conditions,** including bankruptcies and compulsory settlements, which were in the past year a common phenomenon in the area, where we hold a dominating market share, also influenced the reduction of business revenues.
- **Project employment –** in 2013 the company continued with project employment of construction workers and employed 40 workers for a definite period of time, who helped realise different investments.

5.2.1 Net Profit

The net profit of the Elektro Maribor Group was EUR 9,280,471. According to the previous year the net profit is higher by 4.8% or EUR 422,118, which is mostly because of higher deferred taxes.

Net profit

in EUR

Items	2011	2012	2013
Results from operating activities	4,806,702	8,929,864	8,659,072
Net finance income	-126,628	81,265	287,141
Results from other activities	-58,794	63,628	-67,764
Taxes	-52,532	-216,404	402,022
Net profit or loss	**4,568,748**	**8,858,353**	**9,280,471**

Revenues of the Group

in EUR

Items	2011	2012	2013
Operating revenue	187,771,483	182,361,665	175,014,514
Financial revenue	842,525	1,044,541	1,164,727
Other revenue	78,417	206,586	59,972
Total revenue	**188,692,425**	**183,612,792**	**176,239,213**

Costs and expenses of the Group

in EUR

Elements	2011	2012	2013
Operating costs and expenses	182,964,781	173,431,801	166,355,442
- costs of material	125,400,931	115,725,492	105,504,663
- service costs	10,758,228	9,214,402	9,512,529
- write-offs	21,337,593	20,844,681	21,991,198
- labour costs	24,921,799	26,651,824	27,552,183
- other expenses	546,230	995,402	1,794,869
Financial expenses	969,153	963,276	877,586
Other expenses	137,211	142,958	127,736
Total costs and expenses	**184,071,145**	**174,538,035**	**167,360,764**

5.2.2 Financial Condition

Assets and liabilities of the Group as at 31 December 2013 amounted to EUR 349,918,733 and had increased from 31 December 2012 by EUR 3,325,733 or 1 %.

Changes in the balance sheet total (in EUR)

	31. 12. 2011	31. 12. 2012	31. 12. 2013
Assets	**344,134,458**	**346,593,000**	**349,918,733**
Fixed assets	285,322,285	287,752,849	293,931,967
Current assets	57,900,664	58,507,190	55,929,611
Short-term accrued revenues and deferred costs	911,509	332,961	57,156
Liabilities	**344,134,458**	**346,593,000**	**349,918,733**
Equity	233,562,687	238,736,555	245,002,446
Provisions and long-term accrued costs and deferred revenues	33,494,669	35,274,890	35,568,485
Long-term liabilities	32,194,205	30,575,651	29,718,509
Current liabilities	42,771,703	40,499,143	38,053,866
Short-term accrued costs and deferred revenues	2,111,194	1,506,761	1,575,427

5.2.3 Cash Flow

The cash flow of the Elektro Maribor Group was positive in 2013 and amounted to EUR 590,714 and the final balance of cash and cash equivalents was at EUR 16,479,786.

in EUR

Item	2011	2012	2013
Cash flow from operating activities			
-operating revenues	324,932,429	318,338,457	303,152,858
-operating expenses	-307,484,617	-300,633,642	-287,284,096
Cash flow from investing activities			
-investment revenues	1,667,331	9,613,687	610,397
-investment expenses	-24,620,716	-10,965,379	-10,128,650
Cash flows from financing activities			
-financing revenues	14,500,000	8,000,000	7,000,000
-financing expenses	-11,496,753	-15,743,206	-12,759,795
Cash flow in the financial period	**-2,502,330**	**8,609,917**	**590,714**
Final balance of cash flows	**7,279,155**	**15,889,072**	**16,479,786**
Starting balance of cash flows	**9,781,485**	**7,279,155**	**15,889,072**

5.3 Performance Indicators for Elektro Maribor and the Elektro Maribor Group

The successful operation of the company Elektro Maribor and the Group is measured by the following 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 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 investment.

Performance indicators of the company Elektro Maribor

	2011	2012	2013
I. FINANCING INDICATORS			
Self-financing ratio in % *= assets/liabilities*	71.62%	72.76%	73.53%
Long-term financing ratio in % *= assets + long-term debts + provisions + long-term AEDR/liabilities*	91.68%	92.95%	93.40%
Equity to total capital in % *=share capital/equity*	60.00%	59.16%	58.08%
II. INVESTMENT INDICATORS			
Fixed assets investment ratio in % *= fixed assets/assets*	85.45%	86.41%	86.92%
Long-term investment ratio in % *= fixed assets and long-term DEAR + long-term fin. Investments + real-estate investments + long-term receivables/assets*	91.16%	92.12%	92.67%
III. HORIZONTAL FINANCIAL STRUCTURE INDICATORS			
Equity to fixed assets ratio *=equity/fixed assets*	0.84	0.84	0.85
Quick ratio *= liquid assets/short-term liabilities*	0.55	0.54	0.63
Accelerated liquidity ratio *= liquid assets + short-term receivables/short-term liabilities*	0.99	1.11	1.11
Short-term ratio *= short-term assets/short-term liabilities*	1.07	1.19	1.19
IV. EFFICIENCY INDICATORS			
Operating efficiency ratio *= operating revenues/operating expenses*	1.10	1.11	1.12
Overall efficiency ratio *= revenues/expenses*	1.09	1.10	1.11
V. PROFITABILITY INDICATORS			
Net return on equity (ROE) in % *= net profit or loss/average assets (excluding net profit or loss)*	2.77%	3.01%	3.18%
Net return on assets (ROA) in % *= net profit or loss/average assets*	1.90%	2.14%	2.28%
Operating revenue profit ratio in % *= operating profit or loss/operating revenues*	9.47%	9.85%	10.51%
Operating revenue net profit ratio in % *= net profit or loss/operating revenues*	8.43%	9.22%	9.51%
Total capital dividend yield in % *= total dividends paid/average share capital*	0.51%	1.56%	1.26%
Dividend to share capital ratio in % *= total dividends paid/average fixed capital*	0.84%	2.61%	2.15%

Performance indicators for the Elektro Maribor Group

	2011	2012	2013
I. FINANCING INDICATORS			
Self-financing ratio in % *= assets/liabilities*	67.87%	68.88%	70.02%
Long-term financing ratio in % *= assets + long-term debts + reservations + long-term AEDR/liabilities*	86.96%	87.88%	88.67%
Equity to total capital in % *=share capital/equity*	59.84%	58.55%	57.05%
II. INVESTMENT INDICATORS			
Fixed assets investment ratio in % *= fixed assets/assets*	82.19%	82.30%	82.83%
Long-term investment ratio in % *= fixed assets and long-term DEAR + long-term fin. Investments + real-estate investments + long-term receivables/assets*	82.91%	83.02%	83.61%
III. HORIZONTAL FINANCIAL STRUCTURE INDICATORS			
Equity to fixed assets ratio *= equity/fixed assets*	0.83	0.84	0.85
Quick ratio *= liquid assets/short-term liabilities*	0.36	0.39	0.43
Accelerated liquidity ratio *= liquid assets + short-term receivables/short-term liabilities*	1.31	1.40	1.43
Short-term ratio *= short-term assets/short-term liabilities*	1.35	1.44	1.47
IV. EFFICIENCY INDICATORS			
Operating efficiency ratio *= operating revenues/operating expenses*	1.03	1.05	1.05
Overall efficiency ratio *= revenues/expenses*	1.03	1.05	1.05
V. PROFITABILITY INDICATORS			
Net return on equity (ROE) in % *= net profit or loss/average assets (excluding net profit or loss)*	1.98%	3.79%	3.90%
Net return on assets (ROA) in % *= net profit or loss/average assets*	1.33%	2.56%	2.66%
Operating revenue profit ratio in % *= operating profit or loss/operating revenues*	2.56%	4.90%	4.95%
Operating revenue net profit ratio in % *= net profit or loss/operating revenues*	2.43%	4.86%	5.30%
Total capital dividend yield in % *= dividends paid/average share capital*	0.51%	1.55%	1.24%
Dividend to share capital ratio in % *= total dividends paid/average fixed capital*	0.84%	2.61%	2.15%

6 DISTRIBUTION OF ELECTRICITY

6.1 Operation of the Distribution Network (GRI PR4)*

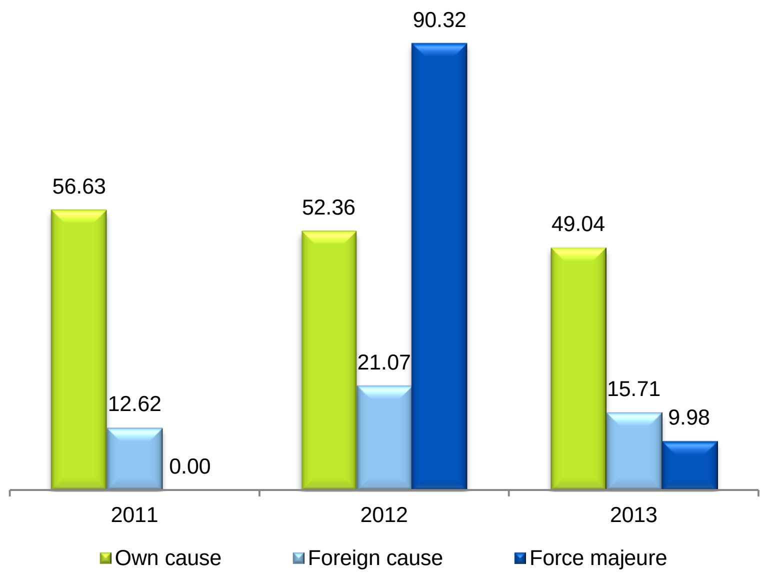
The quality of supply to consumers is measured with the SAIDI index (average duration of unplanned interruptions longer than three minutes in minutes per consumer) and SAIFI (average number of unplanned interruptions longer than three minutes per consumer). Both indexes are monitored separately regarding the cause of interruption, which may be self-inflicted, foreign or force majeure. From 2011 to 2013, the quality of supply of electricity to consumers had improved.

The charts below present that the interruption durations due to own causes in 2013 lowered to 49.04 minutes per consumer. Compared to 2012 this means 3.3 minutes less interruptions per consumer, who are supplied with electricity by Elektro Maribor.

In addition, there were less interruptions due to foreign causes in 2013 than in 2012. The exception were interruptions due to failures on the transmission network (collapse of the Pomurje loop).

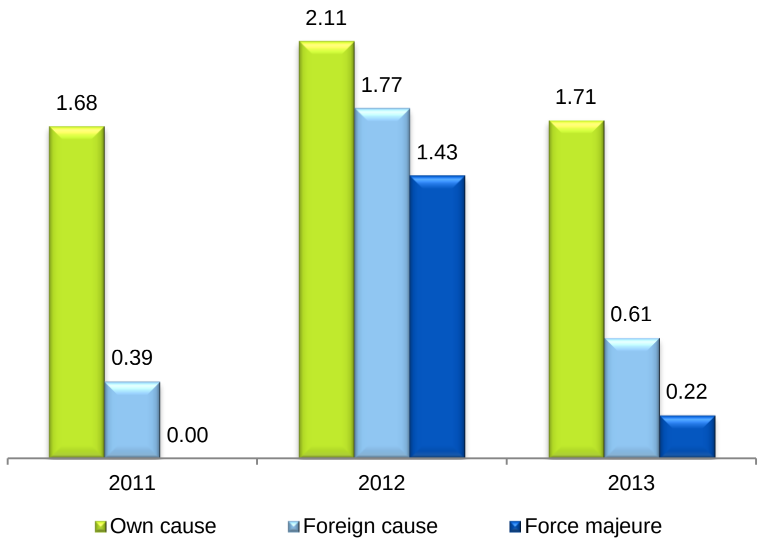
In 2013, there were some interruptions due to force majeure, but substantially less than the year before. Interruptions due to heavy summer storms and landfills during the spring months stand out. We could not prevent these events despite all regular maintenance. We had no interruptions due to force majeure in 2011.

SAIDI (duration of interruptions in minutes per consumer) 2011-2013



* Reporting according to the guidelines GRI G3.1.

SAIFI (the number of interruptions per consumer) 2011-2013



6.2 Settlement of Network Use

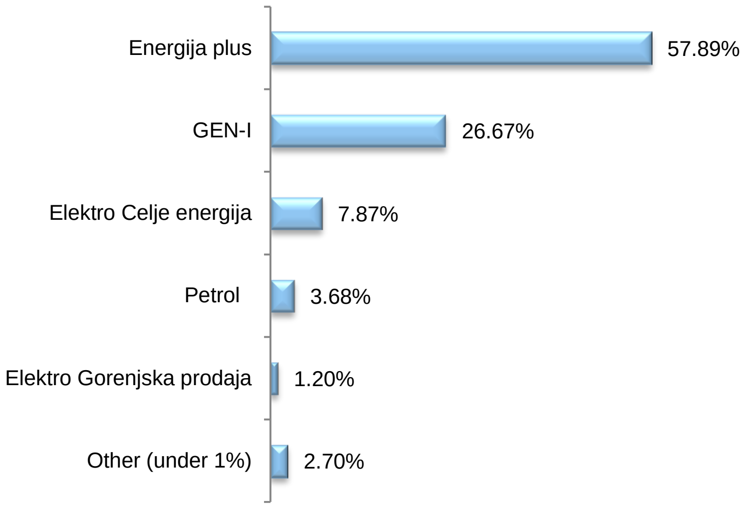
The billing/charging for supplied electricity or network use includes:

- billing network charges, surcharges to the network charges and contributions for all consumers connected to the network of company Elektro Maribor d.d.;
- billing emergency supply, unjustified consumption and irregular registration of metering information;
- distribution of bills for network users as stated in first two indents,
- management of sales statistics for reporting to outside and internal information users,
- providing billing data to suppliers.

In 2013, we:

- completed the calculation for network charges, surcharges to network charges and contributions for all network users connected to the network of Elektro Maribor,
- issued separate bills for network use for 6,074 metering points, which is 33% more than in 2012,
- continued system maintenance for billing network use by remote readings according to the actual state for the period from first day to the last of the month,
- continued with the renovation project of integrated information system “Development of accounting system” in cooperation with Informatika d.d. and conducted testing of the new accounting system.

Distributed electricity in the area of SODO by Elektro Maribor by suppliers for 2013

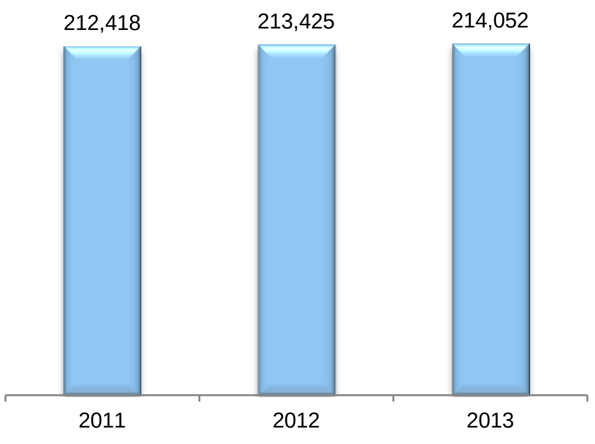


6.3 Access to Network

6.3.1 Network Use

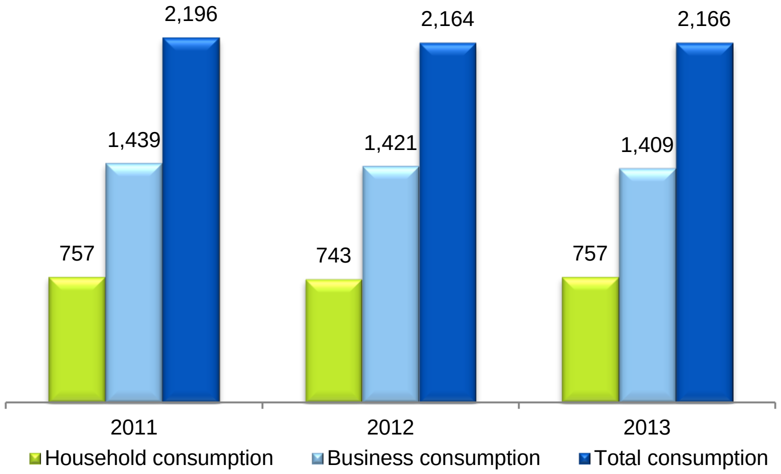
In 2013, the electricity network of Elektro Maribor distributed 2,165,579 MWh of electricity to 214,052 metering points.

Number of consumers connected to the distribution network 2011-2013



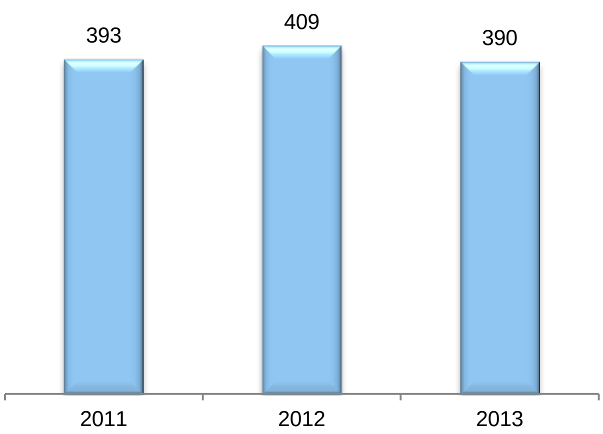
The amount of distributed electricity increased in 2013 compared to 2012 by 0.1%, of which 1.8% in households, whereas it lowered by 1.4% for business consumers at medium voltage and increased for business consumers at low voltage by 0.2%. Billed power (MW) increased by 1.8% compared to 2012, which is the result of the beginning of billing power for former metering points of the consumption group of public lighting.

Amounts of distributed electricity for business and household consumption (in GWh) 2011-2013



The peak load of the distribution system Elektro Maribor was highest in 2013 in December and amounted to 390 MW. In 2012, it was highest in February, when it amounted to 409 MW, the result of low temperatures. Information on peak load is especially important in planning the development of the electricity distribution network, which has to be proportioned also according to peak load. If it is growing, the network needs to additionally strengthen the network. Climate factors have a major impact on the growth of peak load, as well as economic activity (increase of loads of existing consumers and connecting new consumers and producers).

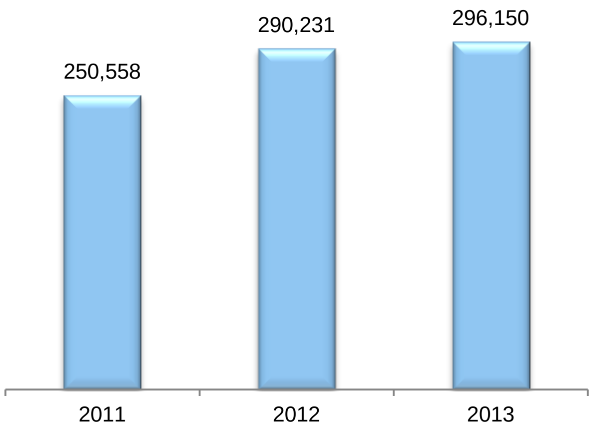
Changes in peak load 2011-2013 (in MW)



In recent years, electricity is increasingly collected from other production facilities. In 2013, the share of renewable energy sources and sources with great efficiency in the distribution area of Elektro Maribor reached a record level and covered already 13% of the requirements, which is the most so far in the company's history.

In 2013, the production facilities connected to the distribution network Elektro Maribor produced a total of 296 GWh of electricity, which is 2% more than the year before. From 2011-2013 the production increased by 18%. The production facilities, which contributed to this fact, were small hydro power plants, biogas and natural gas power plants and solar power plants. In 2005, 40 power plants with the combined power of 38 MW were connected to the distribution network, whereas in 2013 1,251 production facilities with the combined power of 157 MW.

Changes in electricity collection from production facilities 2011-2013 (in MWh)



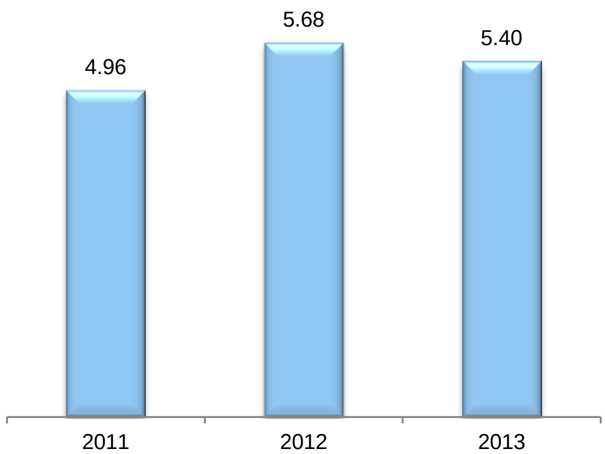
Dispersed production facilities require additional investments in the existing electricity distribution infrastructure, additional actions and activities for their inclusion in the network and operational monitoring and may also have a negative effect to the voltage quality and reliability of network operation.

6.3.2 Purchase of Electricity for the Requirements of SODO

Purchase of electricity for the requirements of SODO covers the purchase of electricity to cover losses, purchase for emergency supply, urgent supply, unjustified consumption and purchase for incorrect registered metering data. In 2013, purchasing of electricity for the requirements of SODO was performed by our company Energija plus.

To cover losses in the network in 2013 we purchased 116,966 MWh of electricity. For other requirements of SODO, we purchased 709 MWh of electricity. The purchase price of electricity was 58.17 EUR/MWh. The approved price for the purchase of electricity to cover losses by the Energy Agency RS in 2013 amounted to 5.71% according to distributed amounts. Achieved losses for 2013 were 5.40% with regard to distributed amounts.

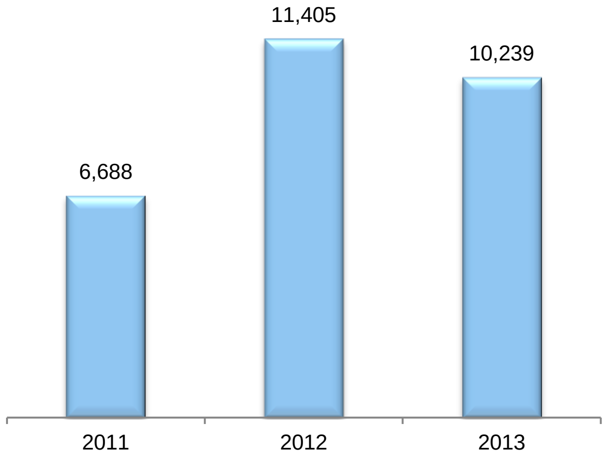
Changes of the loss percentage in the network according to distributed energy 2011-2013 (in %)



6.3.3 Changes of Electricity Suppliers

In 2013, 10,239 metering points changed their electricity supplier in the distribution area of Elektro Maribor, 6,044 of which households and 4,195 business consumers, which is 4.8% of the total number of metering points. There were 10% less changes of electricity suppliers than the previous year.

Trends in the number of changes of electricity suppliers



6.4 Electricity Metering and Data Provision

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

- collecting, processing and providing metering data to suppliers, network users and other institutions, which are entitled to these types of information,
- carrying out other services related to metering electricity,
- 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,
- introducing system solutions and advanced systems for metering electricity.

The advanced metering system is a major milestone in smart grids. In the area of electricity Directive 2009/72/EC requires that Member States equip at least 80% of consumers with system meters by 2020, if they have opted for introducing the advanced metering system. Based on the Directive's recommendation, the National Action Plan for energy efficiency and requirements of the Metrology Act, we carried out the following tasks in the first quarter of 2013:

- construction of the advanced metering system for households and business network consumers,
- replacements of metering devices, whose certification expired in 2013,
- careful inspections of metering points for network users according to Article 72 of the Code for network operations of the electricity distribution system (SONDO),
- continued development of new services for network users and electricity suppliers.

Introducing advanced metering has many benefits, such as: higher quality data from remote readings, possibility of metering several tariffs and implementing adaptation measures regarding consumption and power management, possibility of remote disconnection and restriction of power (in the event of failure due to power overshoot booked, consumers may ensure re-supply by turning on the circuit breaker), faster detection of failures and consequently less losses in the network and the possibility of links to other energy metering. For consumers, it is also important that they receive bills based on actual consumption and can be more prudent in efficient energy use.

Major achievements in the area:

- According with the time schedule for the construction of advanced metering in 2013, we installed 28,457 system meters for households and small business consumers. We have exceeded the annual plan by 9.41%.
- We have included 28,738 households and other business consumers in the advanced metering system, which is 15.55% more than planned for 2013. These network users pay for consumed electricity according to actual metered amounts and have the possibility of switching from one to two-tariff metering and vice versa. In total, already 86 thousand metering points are included in the advanced metering system or 40% of all metering points.
- During that time we installed 24,358 system meters of electricity equipped with a switching device, which replaced the main fuse as the charging element to determine the consumed power. In the event of failure, the consumers don't have to call the call centre of Elektro Maribor, but can connect back themselves.
- At installed meters with breakers in 2013, we recorded an overrun of installed power and shut down of breakers at as many as 2,797 meters or 11.5% of installed meters. The total number of all recorded shut downs in the period was 12,081 or per average 4.3 shut downs/meter.
- In the system "Remote shut down of electricity distribution" we included all system meters with breakers, which are included in the advanced metering system. In 2013, we carried out over 196 remote shut downs.
- In accordance with the adopted pricelist for above-standard services, which we carry out for SODO, we have diligently searched for new clients for data services. 33 larger network users opted for one of these data services with several metering points, which actively monitor their consumption with an online application at over 100 industrial metering points. Also in 2013, we provided daily or every 15 minutes metering data to suppliers for the previous day to over 220 industrial metering points.
- We included 147 production facilities in the advanced metering system and enabled them access to metering information for accounting requirements of produced electricity.
- In line with provisions of Article 72 of SONDO, we carefully inspected 8,507 randomly selected metering points for households and business users. We determined 6 larger electricity thefts at 462 metering points or 5.4% of those inspected excessive charging safety catches.
- For billing network use, contributions and energy we ensured 870,785 readings with the help of the AMI system or over 69% of all input readings in IIS in 2013.
- In accordance with the annual maintenance plan, we replaced 6,686 metering devices or 98.38% of those, whose certificates expired in 2013. We couldn't replace inaccessible meters at consumers, who didn't enable replacements despite prior written notifications. Metering points, whose life span expired according to the Rules on the life span of metering points and devices with inappropriate metering accuracy, were eliminated from use, while others serviced and recertified.
- We implemented the pilot project of joint application of metering data from electric, gas and water meters. We searched for appropriate equipment, which is compatible with IDIS, NTA and OPEN METER standards. We have determined that manufacturers of other meters, which have been traditionally present on the Slovenian market, are far behind in the development of smart meters compared to other manufacturers, who are already present in the massive introduction of smart meters in certain European countries. The closest to a solution in joint collection of metering data for electricity and gas consumption is one system operator of natural gas. We are in the final stage of FAT testing of the joint solution with two manufacturers of electricity meters and two manufacturers of gas meters. The next step is testing at the joint testing pilot polygon.
- At the metering centre, we performed the necessary adjustments of the ADVANCE information system for data exchange among other internal and external systems, which are the prerequisite for the new eIS information system.

6.5 Measurements and Protection

The company Elektro Maribor performs measurements and metering in three segments:

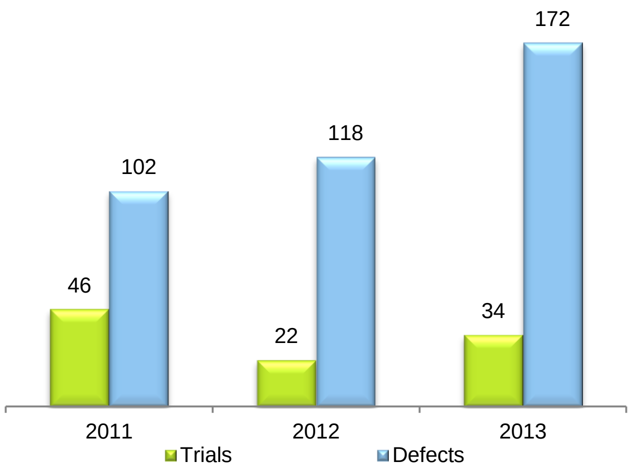
- operation – by measurements of faults or defects at cables;
- maintenance – by providing regular annual reviews of protective devices in STS's, SS's and TS's at voltage levels 110, 35, 20 and 10kV, both for the company and outside clients;

- investments – by carrying out trial runs and launches of STS, SS, and TS facilities.

We also participated in integrating different sources in the electricity energy system by controlling the operation of protective devices.

In 2013, we performed metering and reviewed protection at electricity facilities. In the area of metering, we metered power cables, which included testing cables and looking for defects in cables with a specialised vehicle for metering voltage level up to 35kV. We performed 206 such metering activities.

Number of performed metering services 2011 - 2013



We also performed controls of grounding measurements both at transformer stations (TS) and switching transformer stations (STS) and grounding measurements of 110-kilovolt overhead power lines or pylons. 84 measurements were carried out. In the area of protection, we carried out the regular annual periodic revision of installed protective devices and cooperated with the DMS and RU's in analysing defects and failures in the energy system and cooperated in determining and remedying defects at electricity facilities. We completed 562 revisions of individual protective devices (relays) and achieved a 92.6 % realisation.

Services were also performed for foreign clients, especially trial runs of smaller solar power plants (SSPP) and bio power plants (BPP), which are foreign-owned and inspections of protection (18 objects).

6.6 Maintenance

The company Elektro Maribor carries out maintenance work on electricity energy facilities in line with the Contract on the lease and provision of services for SODO, which at the end of 2013 issued the Instructions for maintenance of the distribution electricity energy network. The quantities and physical scope of facilities and devices of the distribution system of the company Elektro Maribor, which we maintained in 2013, are displayed in the table below.

Quantities and physical scope of facilities of the distribution network

	2011	2012	2013
HV and MV network (km)			
Overhead power lines HV	166.4	166.4	165.0
Overhead power lines MV	2,924.2	2,921.4	2,918.0
Cable lines HV	2.8	6.7	6.7
Cable lines MV	934.9	975.5	1,013.5
Total HV network	**169.2**	**173.1**	**171.7**
Total MV network	**3,859.1**	**3,896.9**	**3,931.5**
LVN 1 kV+0.4 kV + 0.2 kV (km)			
Overhead power lines LV	6,584.0	6,342.1	6,019.1
Underground cable lines LV	5,333.6	5,656.1	5,937.4
Total LV network	**11,917.6**	**11,998.2**	**11,956.5**
STS and TS (piece)			
STS 110/MV kV, TS 110 kV	18	19	19
STS MV/MV, TS MV (with controls and protection)	22	21	20
TS MV/0.4 kV, TS MV/0.95 kV, TS 0.95/0.4 kV	3,400	3,417	3,441

Maintenance is divided according to importance and content in three groups. Facilities of the highest operational priority are included in the first strategic maintenance groups, maintenance of MV and LV electricity energy facilities is presented in the second group, whereas the third group includes non-energy facilities.

Percentage of individual maintenance groups 2011-2013

	2011	2012	2013
Strategic maintenance	12%	9%	11%
Maintenance MV and LV	52%	53%	45%
Maintenance of non-energy facilities	36%	38%	44%
Total	**100%**	**100%**	**100%**

Strategic maintenance is planned maintenance of 110-kilovolt energy facilities and devices of the highest operating priority. Here we include maintenance work performed by contractors, which take longer or are performed periodically, which are financially and organisationally demanding, as well as larger projects in the context of maintenance (inspection of 110 kV PL, EMS metering, STS reviews, etc.)

In 2013, we successfully completed all planned maintenance:

- inspection of 110 kV OPL’s in the entire length of 166 km,
- review of rectifier modules and stationary batteries for uninterrupted supply,
- review and repair of 110 kV instrument transformers,
- analysis of T 110/x oil,
- inspection of facilities for uninterrupted supply in 110/x STS’s,
- metering of grounding systems 110/x STS’s,

- measurements of electromagnetic radiation,
- measurements of insulation resistances of energy transformers.

Main maintenance work at maintaining MV and LV energy devices include inspections, eliminations, reviews and preventive and curative maintenance. We have performed maintenance work on MV and LV electricity energy facilities mostly in the scope of:

- reviews and repair of defects at the entire length of the 2,921 km MV network and 11,998 km LV network,
- reviews and repair of defects at all (3,417) transformer stations of LV/0.4 kV,
- replacements of pylons,

	2011	2012	2013
Plan	5,300	5,450	5,500
Actual	6,815	6,299	5,909
Realisation of plan in %	29%	16%	7.4%

- Reviews of transformer stations in accordance with maintenance instructions,

	2011	2012	2013
Plan	900	920	900
Actual	956	958	979
Realisation of plan in %	6%	4%	9%

- Tree removal under overhead power lines at HV, MV and LV networks.

	2011	2012	2013
Plan	277	300	210
Actual	336	271	309
Realisation of plan in %	21%	-10%	47%

Maintenance of non-energy facilities includes the following maintenance work:

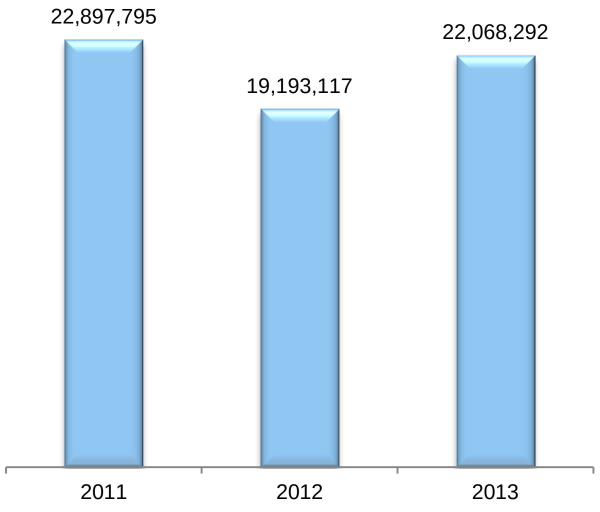
- maintenance of office buildings (RU, SU, supervision, storages),
- maintenance of the vehicle fleet (personal vehicles, transport vehicles and construction equipment),
- maintenance of the telecommunications network,
- maintenance of information technology,
- maintenance of tools and protective devices.

7 INVESTMENTS

7.1 Investments of Elektro Maribor

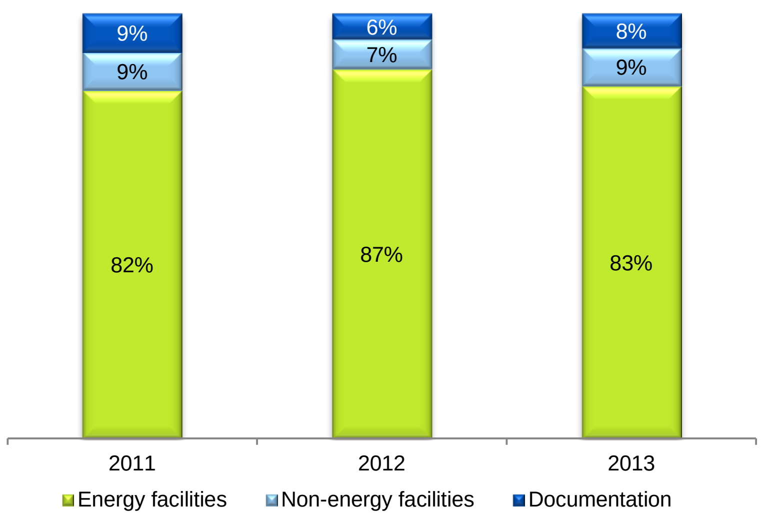
Realisation of investments in 2013 amounted to EUR 22,068,292 and was 4% higher than planned and 15% higher than the year before.

Investment trend (in EUR)



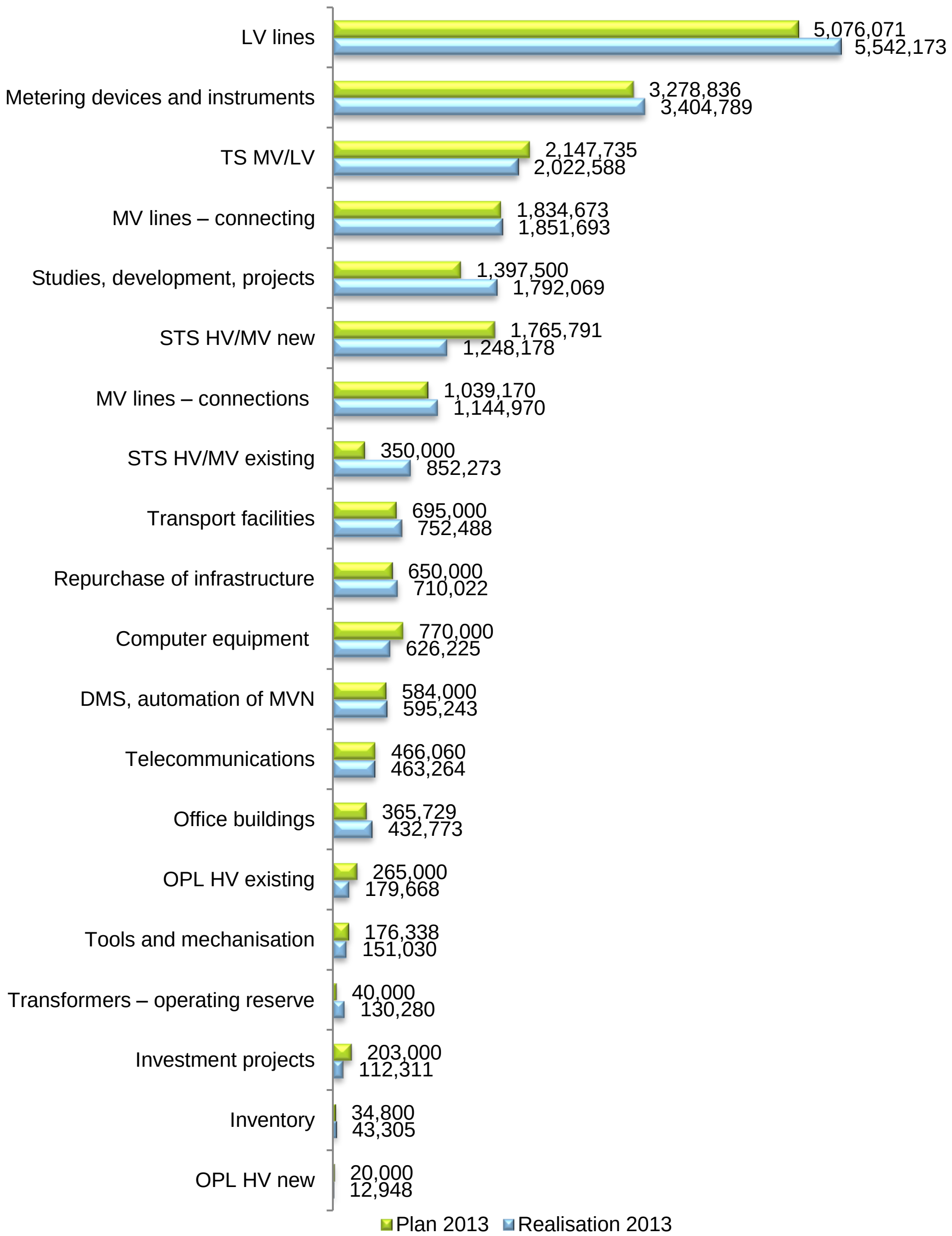
The structure of investments has not changed over the years and the company invests mainly in energy facilities.

Structure of investments in 2013



Because of the deterioration of facilities, we minimised investments at 110-kilovolt facilities and increased investments at MVN and LVN in order to change the trend from curative investments to more preventive investments at MVN and LVN.

Investments by investment category (in EUR)



Strategic investments of the company in 2013:

- Existing HV OPL, where we realised the loop of the 110-kilovolt power line Pekre-Radvanje-Tezno. We partially completed the renovation of anti-corrosion protection at 110 kV OPL from STS Ljutomer- STS Lendava, which will be completed in 2014 to ensure additional supply or oversupply of Lendava. We also completed the renovation of the anti-corrosion protection at 110kV OPL at STS Ruše.

- HV PL new, where we have provided a new 110-kilovolt cable connection and double-line supply STS Koroška vrata, which complies with the n-1 criterion and therefore concludes the 110-kilovolt loop around Maribor.

- Existing HV/MV STS, where we finished the reconstruction of 110/10 kV STS Radvanje, finished the repair of oil cavities at STS Ruše, Sladki Vrh, Radenci and Ljutomer. By replacing the transformers at STS Ljutomer and STS Petišovci, we improved the oversupply of Lendava and surroundings.

- New HV/MV STS, where we completed the construction work of the new STS. We also supplied and installed the GIS equipment. Project completion is foreseen for 2014. We are implementing the facility together with ELES.

Investments to other infrastructure facilities and equipment:

- Physical realisation at MV lines – connections were lower than planned because of more work in terms of damage control. We reconstructed 46.79 km of overhead power lines and laid anew and reconstructed 18.52 km of cable lines.

- In 2013 we built 28 new transformer stations and reconstructed 77 transformer stations.

- The actual realisation at LV lines (cable lines) is 9% higher than planned. We reconstructed 54.12 km overhead power lines and laid anew and reconstructed 77.07 km of cable lines.

Actual realisation of construction of facilities MV, TS and LV in 2013

Items		Plan 2013	Actual 2013	Index
MV lines	overhead power line	61.98	46.79	75
	cable line	21.92	18.52	84
TS MV/LV	new construction	33	28	85
	restoration	51	77	151
LVN	overhead power line	61.56	54.12	88
	cable line	70.62	77.07	109

- As part of investments in telecommunications, we completed the optical connection of the most important TS's. We built the missing link of the optical connection STS Dobrava – STS Slovenske Konjice and connected STS's towards West with their own optical fibres (STS Rače, STS Slovenska Bistrica, STS Slovenske Konjice).
  We introduced VoIP in the company and the platform for unified communication (IP telephony, call centre). We completed the replacements of backbone switches to increase communication transmission to server infrastructure and upgraded the wireless network.

- We fully realised the investment in metering devices and instruments, among which is also the AMI project and purchases of metering devices for on-location requirements.

- In the investments group "Office buildings" we renovated the roof at repair workshop SU Maribor, the boiler room in the main building and performed other smaller renovations.

- In the investment group "Documentation of energy facilities", we mainly carried out activities to obtain the right to construct for the corridor and pylons for the planned overhead power lines and for implementing the project for acquiring building permit (PABP) and acquiring building permit (BP) for the following energy facilities, which we plan to build:
  - 2 x 110 kV overhead power line M. Sobota - Mačkovci
  - 2 x 110 kV overhead power line M. Sobota - Lendava
  - 2 x 110kV overhead power line Lenart - Radenci

  In 2013, we took an active part in acquiring investment documentation to build electricity energy facilities at medium and low voltages, which were planned for the period 2013-2015. In 2013, project documentation for 70% of facilities from the investment plan for 2014 was completed.

- Realising investments in computer equipment was 19% lower in 2013 than planned, because the renovation of the information system had not taken place, which was planned to take place before the end of 2013.

- In May, the infrastructure facility CL (cable line) Talum was repurchased, as well as some other smaller facilities.

- Activities in the pilot project SmartGrid in the area of TS Hoče vas 2 are continuing as part of investment projects, as well as the project E-mobility. The changed building permit was acquired. The project light pollution of facilities was implemented as planned.

Own investments

In 2013, we implemented the following own investments:

- new constructions and reconstructions of electricity energy facilities,
- project engineering of electricity energy facilities,
- after-work services of metal shop.

In 2013 we once again performed construction works by ourselves, without outsourcing, which turned out positive, because we also increased our own investment revenues. In the previous years the company performed construction assembly works mostly through outsourcing. With project employments for implementing these works, we lowered the costs of foreign services and successfully realised the investments.

Revenues from own investments and internal realisation were in the amount of EUR 14,444,029, which is 5% more than planned.

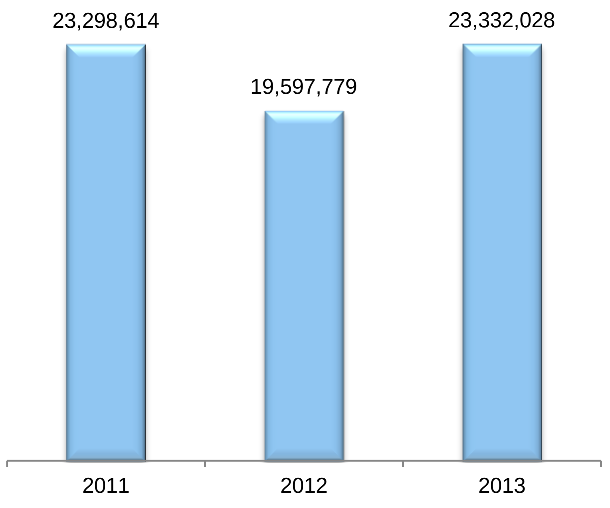
Revenues from own investments amounted to EUR 14,071,116, which is 4% more than the planned realisation. Our work on locations takes place in all weather conditions. In the first quarter we worked at low temperatures and on thick layers of snow. We reduced setbacks in the next quarter by redistributing working hours and with additional work force and working equipment. We managed to complete some additional facilities, which were necessary for a more reliable supply for our consumers.

Internal realisation revenues amounted to EUR 372,912, which is 70% more than planned. The reason behind higher investment realisation is mainly the higher volume of production of metal cabinets and metal details, which are planned for construction of investment facilities of Elektro Maribor.

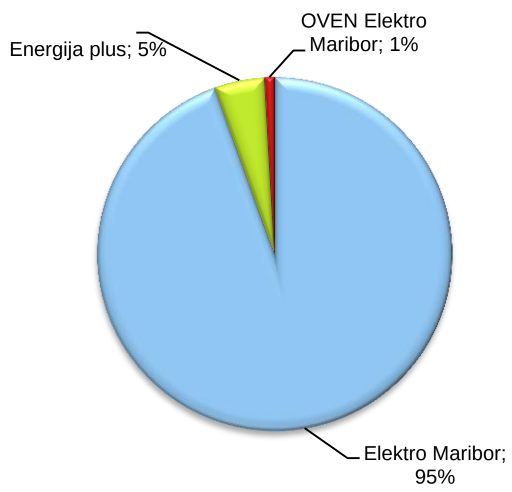
7.2 Investments of the Group

In 2013, investments of the Elektro Maribor Group amounted to EUR 23,332,028 and were 19% higher than the year before. The greatest investment share is that of the company Elektro Maribor.

Investments of the Group 2011-2013 (in EUR)



Structure of investments structure by individual companies in 2013 (in %)



The company Energija plus in 2013 invested the most in:

- renovation of the boiler room in Maribor, which is a project involving the renovation of the deteriorated, energy inefficient boiler room and parts of the heating network. With modern gas boilers, coproduction of heating and electricity, renovation of heating substations and balancing the entire remote heating system, we achieved a substantial improvement in the efficiency of the entire system, while at the same time lowered heating costs and costs for preparing sanitary warm water for 580 apartments. Heating and sanitary warm water supply to clients began in October 2013. The mentioned investment represents a major project for the company, because the combined supply of electricity, gas, pellets and now heating provides the clients long-term integral energy supply.

- Adaptation of office buildings. In the spin-off procedure Energija plus acquired the real-estate at Veselova ulica 10 in Maribor and planned to adapt it to its business needs. Due to excessive costs this was not realised and the company chose to renovate the building at Vetrinjska 2 (owned by Elektro Maribor). We are certain that a modern office building and greater recognisability will make it easier for us to pursue the goal of a client-oriented company, which has the possibility to accommodate all clients' needs, both for the home and business in terms of energy supply and consulting on efficient energy use.

The company OVEN Elektro Maribor invested most in 2013 to repairs of the pipeline MHPP Oplotnica and to the construction of the new solar power plant SPP OVEN-Bavaria-IT 2 in Pernica by Maribor.

8 SALE OF ENERGY PRODUCTS

The company Energija plus markets various energy products, among which the most important is the purchase and sale of electricity.

8.1 Electricity

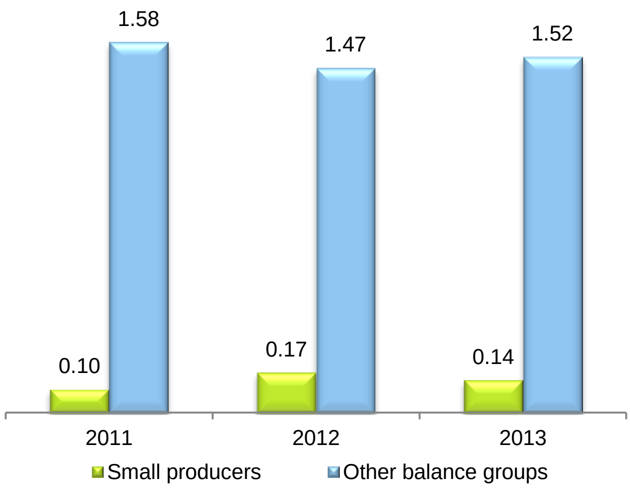
Purchase of electricity

Following market trends and the consumption of our clients is key for making informed decisions on the scope of the forward purchase on an annual basis, on the share of electricity for end users, which is purchased regularly at current prices and on where to purchase it. In 2013, we concluded business deals with seven balance groups and subgroups, which are present on the wholesale market.

By actively managing the portfolio of electricity, we managed to lower the average purchase price for electricity for end users by 0.1%.

In 2013, based on futures contracts and real-time purchases we bought 1,655 GWh of electricity, of which 1,517 GWh electricity was purchased from other balance groups.

Changes in the amount of electricity purchased 2011-2013 (in TWh)

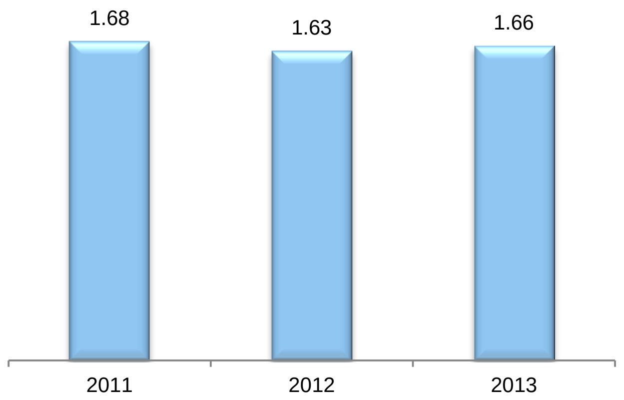


We are pursuing the environmental goals and striving to increase the energy share from RES in our portfolio. This is why we also purchase RES electricity from small producers of electricity. In 2013, we concluded contracts at competitive prices with over 450 small producers.

Sale of electricity

Sale of electricity in 2013 (households and business clients and other balance groups) amounted to 1,657,495 MWh, which is 0.4% less than planned and 1.4% higher than in 2012.

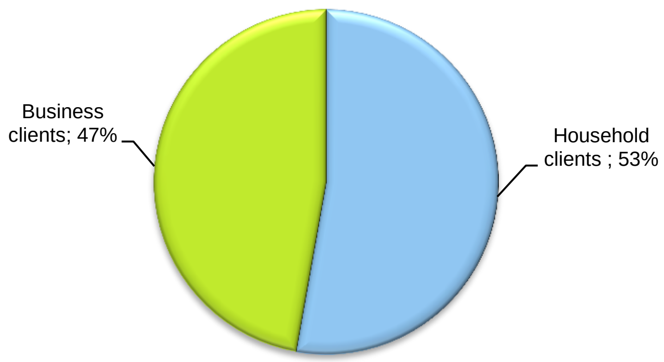
The amount of electricity sold 2011-2013 (in TWh)



In 2013 in the area of electricity sales we maintained the existing clients of electricity and obtained new ones by a wide variety of our product and service offer and by preparing special offers. Sales to end users in 2013 was in the area of business clients in amount and value below planned, while we can find minimal growth in the area of households. The total sales of electricity to end users was in amount by 0.9% and in value by 0.8% under that planned.

The percentage of sold amounts to end users in entire realised sale amounts had dropped from 2011 to 2013 by 14% points.

Share of sold amounts to end consumers in 2013



8.2. Gas Sales

After several months of intensive preparation and search for reliable supply sources, in June 2013 we began selling natural gas. We provided and offered gas at favourable and guaranteed prices by the end of 2014. We offered the clients the possibility to pay for electricity and gas at one bill, rewarded each new clients also with other benefits, which are in place for our clients (the possibility of paying bills without commission via terminals at all sales points, rewarding loyalty, etc.).

We supported the entrance to the natural gas market by an intensive marketing campaign. We haven't reached our goals because of harsh price competition for maintaining market shares by existing gas suppliers and because of unfavourable weather conditions for gas sales (significantly warmer October and November).

8.3 Pellet sales

Unpredictable and lately high prices of heating oil encouraged us to find solutions on how to offer clients a cheaper heating source, while at the same time expanding our energy products offer. Wood biomass and wood pellets are becoming more and more popular over the years, because they provide up to 50% in savings in fuel purchase. In September 2013 we expanded our offer of energy products with active advertising to wood pellets at competitive prices and with the possibility of instalment payments. Because of the warm autumn and mild winter we managed to achieve a satisfactory response in a reasonably short period of time. Also in this area of activities, we continue to increase sales.

8.4 Heating sales

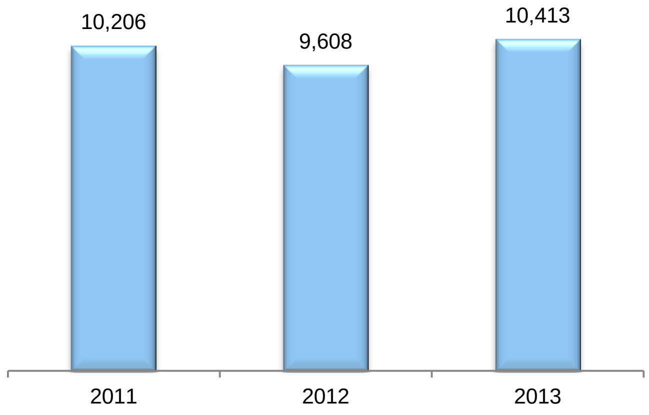
With a boiler room, which we will manage and maintain for the next decade, the entire remote heating system with the power of 3.5 MW, we have achieved 30% lower heating costs for households. This is a completely new area of our business, which is facing good opportunities for further development in our environment.

9 ELECTRICITY PRODUCTION

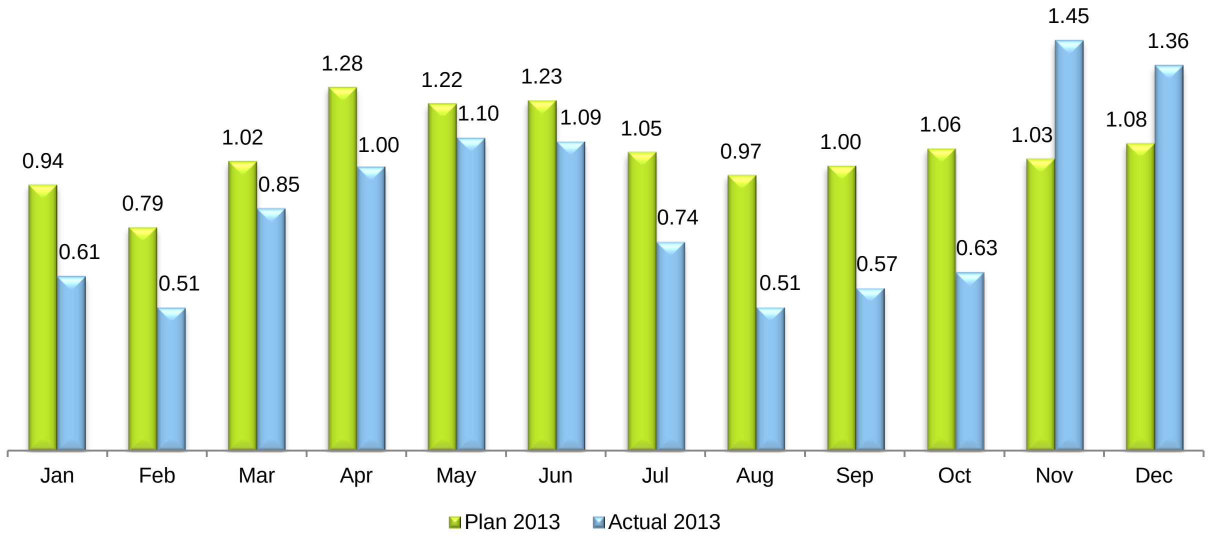
The company OVEN Elektro Maribor in 2013 produced 10,413 MWh of electricity in their production facilities, which is 18% less than planned, but 8% more than in the previous year. The main reason for the discrepancy from planned amounts was the non-operation of MHPP Oplotnica in the first half of 2013.

The company in 2013 successfully repaired MHPP Oplotnica, which was damaged in the floods of November 2012. The floods caused great material damage at all SHPP's, especially at MHPP Oplotnica, which could not operate because of the amount of damage caused. After the completed repairs of the pipeline, the MHPP Oplotnica began running again in June 2013.

Produced amounts of electricity 2011-2013 (in GWh)



Monthly trend of produced amounts of electricity in 2013 (in GWh)



In November and December the produced electricity exceeded planned amounts, because of large quantities of precipitation, which had a favourable impact on the production of electricity. Despite the aforementioned, by the end of the year we didn't achieve the planned amounts of produced electricity because MHPP Oplotnica was not operational in the first half of 2013. Therefore, also net sales didn't achieve the planned values and were lower by 12.8%.

The Decision on the price cap mechanism for pay-outs for allowed deviations in production in 2013 (Borzen d.o.o., Support Centre) additionally influenced lower than planned net income. Under sixth and eighth paragraph of Article 31 of the Rules of operation of the Support Centre (Official Gazette RS, No. 86/09) the Support Centre may, if it finds that it does not have sufficient financial assets, decline payment of operating support, which exceeds the allowed deviations from planned amounts (+/- 15%). The company did not exceed the allowed deviations from planned amounts of production at any of its SHPP's. The Support Centre published the abovementioned decision at its website on 11 November 2013. The decision applies to all legal entities, which have concluded contracts with the Support Centre, for all production facilities with capacities rated higher than 50 kW. Of the annual 10,413 MWh produced electricity only 9,645 MWh was eligible for support in the form of premiums.

10 MARKET SERVICES

10.1 Market Services of Elektro Maribor

On the market we make profit by selling the following services:

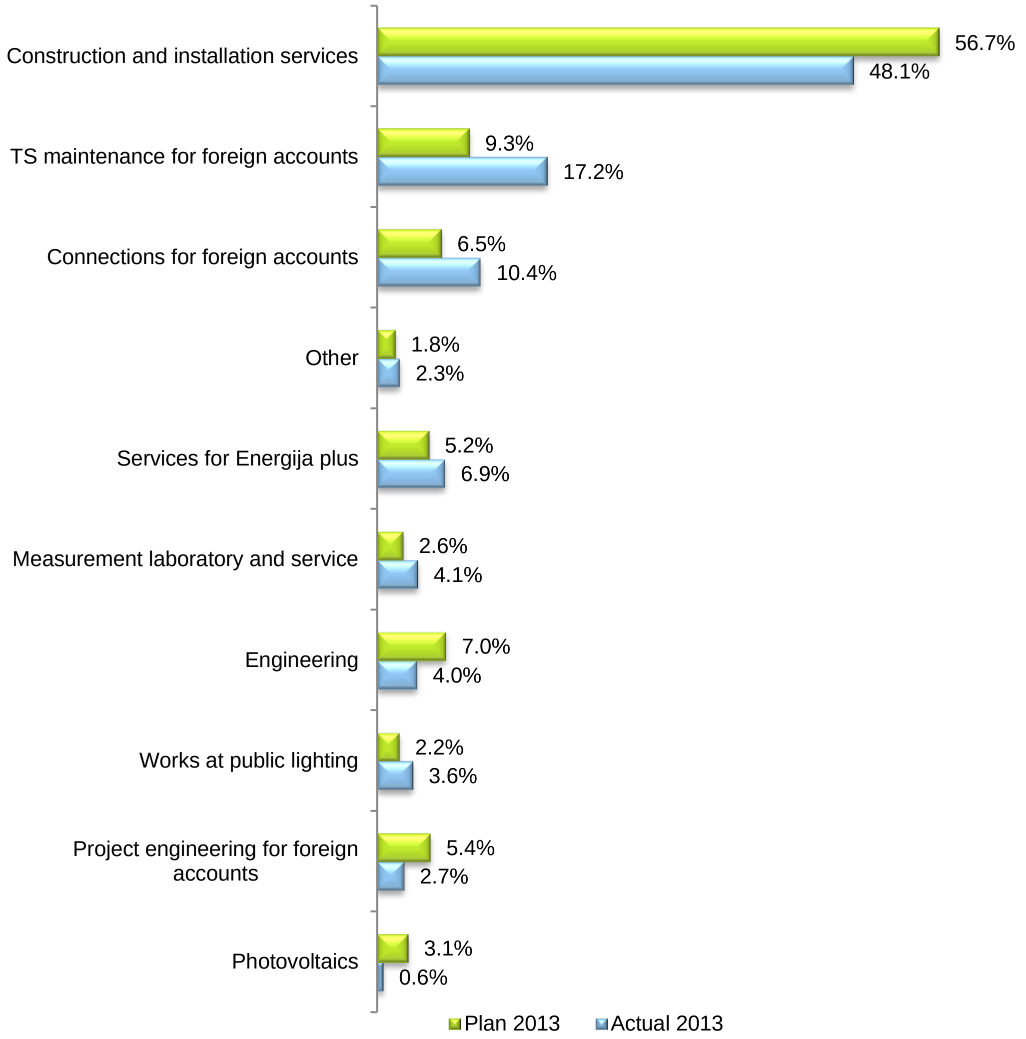
- construction of electricity energy facilities,
- construction of connections,
- engineering and project engineering,
- implementing solar power plants,
- services of the electro-metal shop,
- maintenance and construction of public lighting,
- maintenance of all electricity energy objects (TS, connections, solar power plants),
- electricity metering at all kinds of EE objects,
- installing and testing protective devices,
- services of measurement laboratory and servicing.

For several years we have been witnessing weaker demand on the market especially for construction and installation services, in the past year also for photovoltaics, project engineering and engineering. Nevertheless, we managed to retain the existing and acquire new owners of electricity energy facilities for maintenance.

Servicing, control and certification of charging criteria was realised in the measurement laboratory according to the certification plan. The process of control and certification of measurements were carried out in line with the procedure manual of the measurement laboratory and the requirements of standards SIST ISO 9001 2008 and SIST EN ISO/IEC 17020:2012. Controls and certifications of charging measurements for foreign clients took place according to the agreements. Two measuring equipments and a transport vehicle were purchased for control measurements on locations.

In 2013 sales revenue for the company Elektro Maribor amounted to EUR 2,471,358. The biggest share were construction installation services.

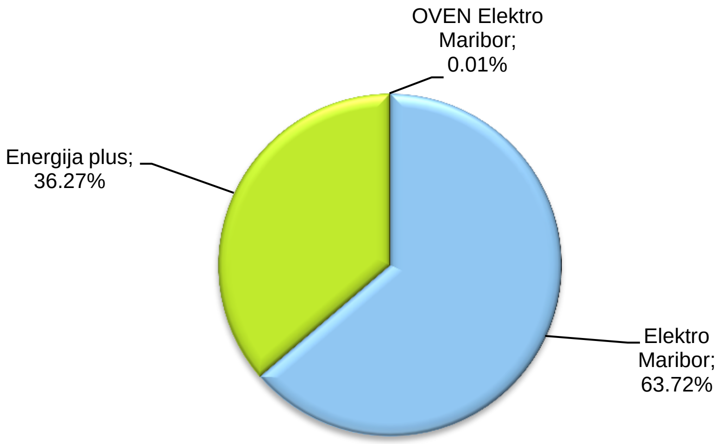
Structure of revenues from service sales of Elektro Maribor (in %)



10.2 Market Services of the Group

In 2013, revenues from service sales for the Elektro Maribor Group amounted to EUR 3,882,305. The biggest share of services is provided by the controlling company.

Structure of revenues from service sales by individual companies in 2013 (in %)



Sale revenues by Energija plus, which represent 36.27% of all revenues of the Elektro Maribor Group mostly relate to services connected to the sale of electricity.

The company OVEN Elektro Maribor on the market provides services and products from the area of renewable sources. These are connected products in the area of energy, clean environment, e-mobility and consulting and education. The services and products are marketed on their behalf for a third party account. In this initial stage, the company wishes to gain recognition with the abovementioned products.

11 RESEARCH AND DEVELOPMENT

In terms of development, the company is pursuing changes in operation by improving technologies and productivity, as well as acknowledging new market possibilities. Research and development activities are particularly significant for the controlling company, where they are divided into two groups: development and planning of the distribution network and strategic projects.

Development and Planning of the Distribution network

In 2013, we performed energy analysis in the area of Slovenske Konjice, where it became evident that new connections were necessary in order to include transformer stations in the industrial zone, including five transformer stations to the cable network of Slovenske Konjice and the need to change polyethylene insulated cables at the oldest cable lines from the 1970's.

The energy analysis of the supply area of 20-kilovolts lines Dobrovnik and Gaberje from STS Murska Sobota and STS Lendava revealed that due to more connections and greater power needs, we need to build a new 20-kilovolt cable line to the new switching transformer station 20kV (SS) in Beltinci by 2016. At the same time we need to strengthen lines Gaberje and Dobrovnik to Lendava for the requirements of back-up supply of the network STS Lendava.

For the Milan Vidmar Electro Institute we prepared information on loads and electricity consumption at the level of switching transformer stations 110 kV/MV and transformer stations MV/0.4 kV (electricity consumption data) for the requirements of preparing a study to predict consumption and peak loads, which will be the basis for making long-term studies of the development of the distribution network in the area of Elektro Maribor.

The amount of issued documents (consents) is shown in the indicators, which are presented in compliance with SOD recommendations.

In 2013, we issued the most project documentation for the requirements of company investments (136 pieces) and also project documentation (44 pieces) for third party clients.

Strategic Projects of Elektro Maribor

Strategic projects, which are mostly connected with the company's main activity are:

- **The platform SmartGrids**

  2011 marked the beginning of the platform project SmartGrids, which has also been a part of the technological platform at national level. Smart networks are generally defined as electricity energy networks, which cost-efficiently include all production sources and consumers with the goal of an economically efficient, sustainable system with a low level of losses and high level of reliability, dependability and safety of electricity supply.

  At national level we cooperated in preparing the operational activities for the demonstrative project SmartGrids in Slovenia, we participated in a Japanese-Slovenian partnership in the area of smart networks and smart communities and in preparing the NER300 EU project.

  The platform in content also relates to projects Smart Grid Radvanje, AMI, and E-mobility. Smart Grid Radvanje is a pilot project, where we are trying/introducing new concepts of operation and management in a rounded geographical area and which also includes the users.

- **AMI project (system for advanced metering infrastructure)**

  The first step towards smart grids, which have been implementing successfully for many years and the last several years at an accelerated pace, is the system for advanced metering of electricity (AMI; Advanced Metering Infrastructure). Smart metering devices will in the long run enable the possibility of dynamic billing, which is also very useful for the system and of course the network users (efficient electricity consumption). Apart from cheap and above all more accurate data acquisition, it will be possible to manage production and consequently balance peak loads. By processing a number of metered data, a more accurate prediction of energy consumption will be possible. Controlling metering points through smart metering devices will be faster and cheaper, resulting in less losses in the network. All metering data will be used for the new system of operation, maintenance and network planning.

- **E-mobility**

  In the area of E-mobility, we are trying to accommodate the needs of the local community and work in raising the public awareness. We are participating in the ICT4 EVEU EU project whose goal is to set up roaming among different operators of the charging infrastructure.

- **Development of the distribution electricity energy system (DEES)**

  We have begun preparing the strategic document technical technological development of DEES, which plans to define the strategies/key actions/projects and modify the guidelines for network development in terms of improved reliability of supply and ensuring quality electricity to the users.

- **Integration of various databases (CIM)**

  For a better control of an extremely large number of data, which we use on a daily basis in our work in the company, already in 2012 we approached the project of integrating various databases (CIM: common information model). At the moment we have trouble in controlling databases (technical data, operational data, metering data, geographical data), which include related and in some cases even doubled data. The system will in the long run become more manageable from one location and the operation of the company more cost efficient. In 2013 we implemented the final part of the connection between database DMS/SCADA and technical database (area of STS Lendava)

- **Document system**

  In 2013, we updated the document system for incoming mail also for outgoing mail (node for bills, contracts,…) The project is in accordance with the policy on information protection ISO 27001 and archiving (electronic archives).

- **Secondary location setup (DRC)**

  In line with the abovementioned vast number of data we also sense a problem area in storing especially sensitive and from an operational point of view important information in the event of non-functional information systems. We strategically approached the setup of our own secondary system and in the meantime we prepared everything needed for renting the service (DRC: data recovery centre) at one certified supplier on the market.

- **Information support for investment process**

  We placed special importance to setting up entire information support for the investment process. We identified three key modules: investment in energy facilities, investment plans and their realisation and non-energy investments, which will gradually become automated in the future and thus increase traceability, data accessibility and transparency for individual investment projects.

Employee Innovation in the Company Elektro Maribor

The company Elektro Maribor encourages innovation in employees. This is why it has an innovation platform introduced, where employees may voice their suggestions as Fresh ideas and Striking projects. Based on the analysis of the situation we will work on improving innovation of employees by including certain improvement suggestions (company operations or business) in the system for evaluating individual success (eLOR).

Number of Fresh ideas/Striking projects 2011-2013

	2011	2012	2013
Number of suggestions	17	15	14

12 PURCHASE OF GOODS, MATERIAL AND SERVICES

Purchase of goods, material and services is one of the key support processes in the company Elektro Maribor, above all for the requirements of investments, maintenance of electricity energy networks and services on the market.

Pursuant to relevant legislation and the Public Procurement in Water Management, Energy, Transport and Postal Services Area Act (ZJNVETPS-D, OG RS, No. 90/2012), in 2013 we implemented 68 public procurement procedures, of which 46 were completed and 22 are still in place.

As the contracting authority we strive for procurements, which base on the principles of economy, efficiency, ensure success, provide competition among providers, transparency, proportionality and equal treatment of providers.

In 2013, we introduced the new Rules on procurement of goods, service commission and minor construction works and began posting all procurements over EUR 1,000 on the company’s website. We prepared an annual purchase plan for material and monthly plan for purchasing strategic materials.

In accordance with the SOD recommendation No. 7 “Transparency of transactions involving company expenditure (ordering goods and services, donations and sponsorship)”, the company Elektro Maribor regularly publishes on the company’s website information on all contracts concluded in public procurement procedures, small value procurements and bidding procedures. Since 2010, the published data have contained information on types of contracts, values of contracts and titles of business partners.

Through research of the purchase market and optimisation of purchasing activities, the company has achieved a combined savings in the purchase of goods, material in the amount of EUR 0.6 million because of lower purchase prices of the same or technically comparable material, which is 6.7% of the purchase value for material in 2013.

We also especially focus on reducing inventories of material and managing the internal flow of material. The stock levels have been reducing since 2010. As at 31 December 2013 the value of inventories amounted to

EUR 1,617,534, which means that we have successfully realised the set goal for 2013 of “the value of inventories shall be lower than EUR 1,700,000”. We have reduced material inventories by the end of 2013 compared to 2012 by EUR 126,443.

13 IT SUPPORT

13.1 IT Support in Elektro Maribor

IT support in Elektro Maribor covers a wide range of IT services for business support. The company in its operation uses an integrated information system developed and planned by the company Informatika d.d., as well as also develops its own information solutions within the company. The main systems in ISS are:

- for managing the technical database (electricity energy facilities),
- for managing investments and maintenance,
- for managing fixed assets,
- for service monitoring,
- for managing network billing and energy charges,
- for managing the general ledger,
- for inventory management,
- for storage management,
- for managing remuneration,
- for personnel management.

The renovation project of the IT system, which is one of the biggest investments in IT support in terms of software involving also other distribution companies and subsidiaries for electricity supply, is composed of over 20 subprojects, among those key for Elektro Maribor are:

- life cycle of a consumer (with numerical values),
- accounting system,
- mass balance accounts and enforcement of mass balance accounts and recovery..

In September and December of 2013 two integral tests of the renovated IT system took place, which was the largest part of investment in IT support in terms of software. Users were able to test the entire system, all its processes and data transmission among them. Test has shown that the system is not yet completed to the extent of an operational mode. The contractor (the subsidiary Informatika d.d.) together with contracting authorities and outworkers continue to remedy comments/issues and prepare the system for parallel testing and transition to operation.

In 2013, the company carried out the following internal IT solutions:

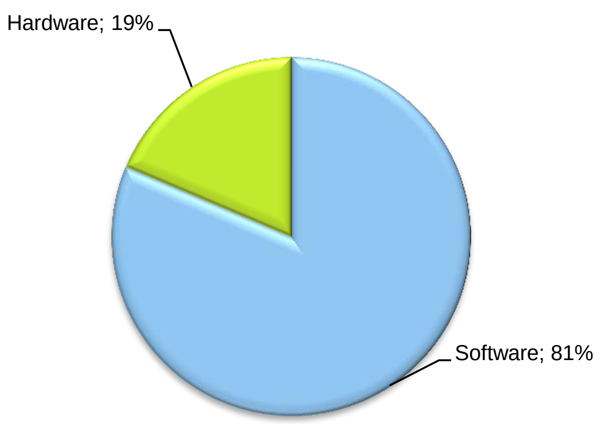
- a solution for IT support was introduced for monitoring returns on paid VAT in insolvency proceedings,
- IT support for recovery of claims was introduced,
- notifications of consumers on planned interruptions (planned service works) were introduced.

In 2013, we improved business processes with IT solutions we purchased on the market:

- we introduced a solution for business excellence planning, which already implemented the business plan for 2014,
- a programme solution was implemented for managing the share register and dividend payments, which replaced the existing out-dated solution.

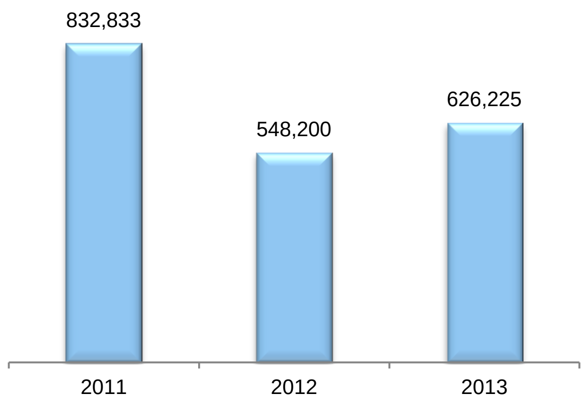
In the examined year, we intended EUR 626,225 for software solutions and hardware, which is 81.3% of planned assets.

Structure of investments in IT support by type of equipment in 2013



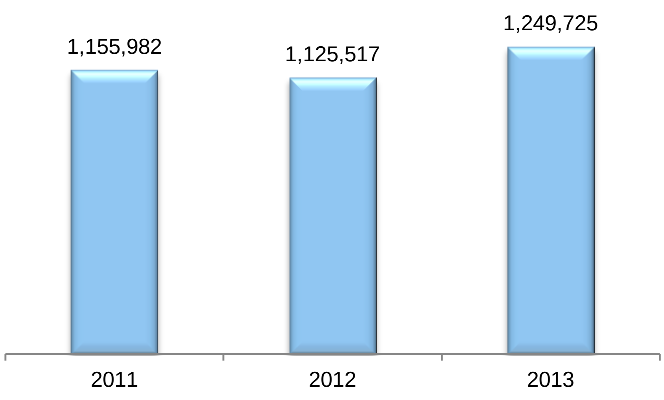
The realisation of investments is somewhat lower in the last two years than planned mostly because of the unfinished project of the renovation of IT system.

Trend of investments in IT support 2011-2013



Costs for IT support have somewhat increased in the last period because of the introduction of new services and an increased scope of existing services.

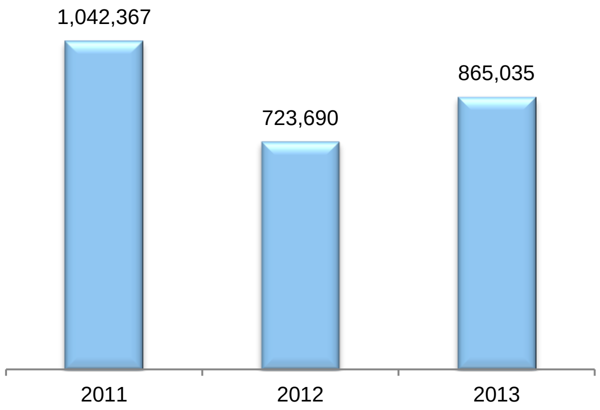
Overview of costs in IT support



13.2 IT Support in the Group

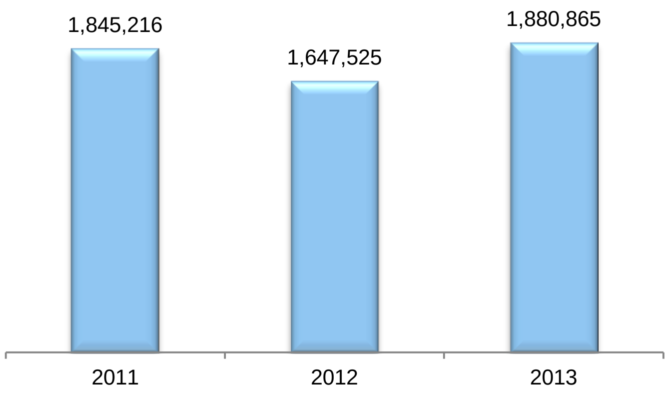
Elektro Maribor Group allocated EUR 865,035 for investments in IT support in 2013, which is 20% more than the year before. Investments were intended both for hardware updates, as well as purchases and maintenance of licensed software.

Overview of investments in IT support



Costs for IT support for the Elektro Maribor Group in 2013 amounted to EUR 1,880,865, which was 14% more compared to the year before.

Overview of costs for IT support



In the Elektro Maribor Group, the companies Elektro Maribor and Energija plus use the same integrated IT system.

The company Energija plus according to the division balance sheet remained the user of IT services under the already concluded contract between the companies Informatika and Elektro Maribor. The update of IT support in the form of a new account and adjustments of balance accounts had been taking place for several years and was not completed in 2013. This is why the company was forced to invest in other solutions for their IT system, so that it was able to keep up with the requirements of modern operation and client requests.

The company OVEN Elektro Maribor is renting software, which includes the complete area of accounting and finances. The annual cost for rental software is EUR 1,805. The company invested EUR 1,500 per average on year from 2011 to 2013 in IT equipment (mostly hardware).

14 RISK MANAGEMENT

14.1 Risk Management in Elektro Maribor

In 2013, with the help of an outside consultant we completed the risk register in the area of risk management.

The company monitors risk management according to the provisions of Article 27 of the Rules on risk management (annual evaluation of selected risks with limited analysis). Reporting on risks has been set up and implemented for external requirements in interim reports (monthly reporting to the Management Board and the Audit Committee of the Supervisory Board on current risk exposure and expectations is currently not implemented).

In Elektro Maribor we define the term risk as the possibility of an event or series of events, which may have a favourable or unfavourable impact on achieving the company goals. In the first scenario we speak of an opportunity, in the second of a threat. By implementing the risk management system in the company we define the company (or 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 is trying to recognise risks on time and take appropriate action to reduce the amount of damage a certain risk may cause.

The maturity of the risk management system or approach to risk management in the company Elektro Maribor d.d. is currently at the level of a basic maturity model.

Risk management maturity model

Components of the framework of risk management	BASIC *Basic procedures of risk management*	MATURE *Part of management process*	ADVANCED *Strategic tool*
Strategy, policies authorities	Central risk management policy, which provides compliance with external requirements (regulator).	Risk management structure has been set up with clear authorities and goals for risk management.	Risk management is part of the process for ensuring business excellence.
Risk recognition	Annual evaluation of risks with limited analysis	Implementing regular risk recognition and analysis in parallel to the reporting process for management decisions.	Procedures of risk recognition are part of regular operation.
Risk evaluation	Evaluating only selected risks	Evaluating operational risks, advanced methods of evaluating operational risks.	Evaluating and aggregating risks at the level of the entire company and in all risk areas.
Risk control and reporting	Risk reporting is set up for external requirements (regulator)	Reporting to the Management Board and Audit Committee (AC) on current risk exposure and expectations.	Entire reporting ensures a unified and overall overview of the risk profile of the company.
Optimisation of risk	**GOAL:** achieve less unexpected events through risk management.	**GOAL:** achieve greater trust of the stakeholders, improve strategies for risk reduction.	**GOAL:** risk adapted strategy, optimal allocation of economic capital.

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

- strategic risks,
- operational risks and
- financial risks.

The table below presents only certain risks according to areas with a high risk estimate and major consequences, which may influence the cash flow or revenues and expenses in the amount over EUR 0.8 million.

Risk area	Risk description	Management method	Risk assessment	Description of consequences
STRATEGIC RISKS				
1. Policy of the owner	Individual policies of the owner may have a significant impact on company operation anytime during the business year, issued in the form of recommendations or resolutions of the Government of RS and which are according to the Articles of Association binding for the company.	1. Following guidelines. 2. Respecting guidelines in planning. 3. Adapting planned goals to the changes in guidelines or new guidelines.	High	Very important
2. Reputation of the company/behaviour and conduct in line with the Code of Ethics	For the company and its reputation, the conduct and attitude towards the company, the values and actions of each individual are important.	1. Code and system of company culture; purpose – to set up a culture in and outside the company through the Code of Ethics (acknowledging and reporting on unethical situations, treatment of unethical situations), learning about the Code of Ethics (publication of the Code of Ethics, statements of employees that they respect and understand the Code of Ethics; education of superiors). 2. Checking whether employees use the Code of Ethics – responses; acknowledging requests, needs of the employees when implementing the code; awareness of employees on setting up the culture of interpersonal relations, cooperation, communication, information,…), education, e-Infotok, the Infotok newsletter, communication with employees on spreading the culture, etc.	High	Very important
3. Regulator policy	The regulator changes the conditions for distribution activities with new documents, regulations and rules. Consequently, a business result is not achieved (e.g. lower revenues)	1. Management Board determines a work group from all areas of the company, which produces and represents the strategy and position of the company. The group is actively involved in procedures of preparing documents. It forms opinions, comments on issued documents and decisions of the regulator. Opinions and comments are also joined at the level of CAI (Commercial Association of Interest). 2. Management Board appoints a work group, which then determines the impact of issued regulations of the regulator on the business result in the current year. If required, the work group proposes the rebalancing or restructuring of the business plan.	High	Very important
OPERATIONAL RISKS				
1. Frauds/thefts	We need to prevent physical thefts of material and equipment and falsifying data and documents.	1. Identifying those responsible for investment facilities in the annual investment plan, ensuring that the system procedure has been adequately completed. Persons responsible are responsible for the entire process of investment items: from identification stage, through planning to final realisation. Investments end with a professional technical inspection, quality control of construction, overview of used quantities of material and services and an inspection of the operation of facility control. 2. Cost analysis of financial realisation, which is based on comparing the planned, bidding, realised and activated value. 3. Identifying those responsible in the maintenance plan according to types of assets and types of work. System procedure needs to be amended. 4. Setting up and implementing technical control of maintenance work. Measure is applied. 5. Setting up technical protection of facilities and storages.	High	Very important

Risk area	Risk description	Management method	Risk evaluation	Description of consequences
2. Legislation	Any changes in legislation may result in significant changes in business operations, while disregarding legislation may cause potential infringement.	Closely monitoring positive legislation in the Republic of Slovenia and EU law and as a result consistent compliance with the legal order of Republic of Slovenia and EU in company operations.	High	Very important
3. Siting of facilities	Untimely decisions and actions may lead to greater setbacks, which causes unrealised investment plans.	1. Deputy Executive Director for distribution of investments supervises and runs the procedures of siting energy facilities in compliance with applicable regulations. For 110-kilovolt investments monthly and quarterly activity plans are prepared. Together with the Executive Director of distribution they coordinate activities and correspondence with outside institutions, such as: Slovenian Environment Agency, Ministry of Infrastructure and Spatial Planning. 2. The Head of investment for a demanding facility suggests/cautions of activities and on including the civil initiative (CI) and other stakeholders, who significantly impact the procedures of siting of energy facilities. 3. PR prepares a communication plan and media activities for individual 110-kilovolt investment facilities. PR monitors the activity of the CI and plans communication with the CI, media and other public relations.	High	Very important
4. Delimitation of competences and liabilities	Indefinite delimitation and liabilities of individuals may lead to serious legal and financial implications.	Regular meetings of the President of the Management Board, regular and extraordinary internal and external ISO reviews, management reviews.	High	Very important
5. Operation of system and software equipment	Possible developments in the event of insufficient control of the entire computer system (linked to system space): loss of power, failure of network connections, fire, earthquake, terrorist actions, etc.	1. Quality computer equipment in accordance with the standards. 2. Appropriate contract with Informatika d.d. 3. Establishing a secondary location. 4. Introducing the ISO 27001 standard.	High	Very important
6. Environmental impact and weather conditions	Heavy rain, wind, snow and ice can cause great damage to the energy system. Alertness and optimal reaction to disastrous conditions are crucial.	Operational services and DMS (Distribution Management System) inform all persons responsible on a daily basis of weather forecasts (wind, snow, rain, ice,...) , which is in accordance with the "Rescue plan". According to the projected level of alarm (weather-alarm), heads of RU, SU organise the readiness of units. Call centre is activated and if needed the dispatch service in the DMS is strengthened.	High	Very important
FINANCIAL RISKS				
1. Late settlements or non-settlements of outstanding receivables	There is a risk that receivables from clients will be settled late, in part or not settled at all.	Close monitoring of receivables, credit ratings of clients, requiring collateral, default recovery, charging default interest.	High	Very important

In 2013 based on the Rules for risk management we upgraded the risk register established on collected records of (un)desirable events. The updated risk register was sent to the internal auditor for the planning of the internal audit activity in 2011 (short-term plan of internal audits in Elektro Maribor).

14.2 Risk Management in Energija plus

In uncertain conditions, which due to the economic crisis have an even greater effect on company operations, some forms of risks are more expressed than otherwise. This is why Energija plus places special attention to risk management under these conditions. We are aware of the importance of business risk management, which we understand as part of the business process, with which we wish to enter responsibly into all transactions. We are building an entire system for managing business risks, which ensures that key risks that the company is facing are recognised on time, evaluated and managed. Risk management is focused mostly on the area of purchase and sale of electricity, although in the future it will cover the entire organisational structure and business process at all key levels of operation.

In 2013, we regularly monitored exposure to different risks and carried out activities for their management. This helped in mitigating risks or we in fact managed completely avoiding them.

Also in 2013 the Slovenian market, on which the company is present, remained under conditions of economic recession and financial crisis, which had a major effect on risk management in the company Energija plus. The main emphasis of the previous year was on managing credit and liquidity risks. We especially paid attention to the solvency of clients and debtors. We managed to maintain a positive cash flow, so we didn’t require bridging loans to perform our activity and the financial position of Energija plus remained stable. By taking different actions for financial risk management we are successfully adapting to more difficult conditions on the market.

Strategic risks

Among strategic risks we include political, as well as legislative and regulatory risks. We protect ourselves from these risks by constantly monitoring them, reacting on time and by actively cooperating with different institutions. Increasingly greater competition and aggressive sale of electricity on the small market area represent the risk of loss of the portfolio value, which is why we constantly follow the performance of the competition, analyse the operation of electricity energy and gas companies, monitor client satisfaction and other.

Business risk

Business risks represent a combination of operational risks, which include human resources risks, commercial risks, risk of business interruption, risks of management and decision-making, risks of providing information, risks of fraud and other illegal conduct and, of course, financial risks.

Managing risks in terms of human resources in Energija plus is especially important because of the assumption of all business processes at the spin-off. At the level of operational decision-making we encounter risks related to management and decision processes. Risks of management and decision-making are managed by regular meetings and examining the climate among employees. The company manages process risks with a clear strategy, by defining responsibilities in processes, through delegation and rules, as well as constant control of implementation.

IT risks in terms of providing timely and quality information and uninterrupted operation is managed by a system produced for Energija plus by Informatika d.d. and Elektro Maribor d.d. This is not a prominent risk, but it is important that we are aware that IT support, because of the lack of control, requires increased personal engagement of employees and as a result has a lower response rate and a rigid communication system. In Energija plus we are aware of the risk of inappropriate IT support and this is why we are looking for a way to transition to a modern IT and communications support system for business processes.

A specific kind of risk is amount risk of open items, when differences between the projected contractual amounts and the actual supplied amounts of electricity occur, which is common for RES.

Price risk

The company purchases electricity and gas on energy exchanges, where we are exposed to price risks. In electricity supply to end users, the price and amount risk has been adequately controlled by immediate closing of items. The company is exposed to price risk due to changes of electricity prices on the energy exchange.

Financial risks

In 2013, we began implementing a system for more efficient enforcement, which will provide a better management of claims and faster response. In the event of non-payments, we withdraw from sales to such clients and are quicker to use legal remedies to settle the claims. We place special attention to individual treatment of business clients in terms of approving longer exposures (limits) and providing collateral as a condition for approval. Claims are systematically followed according to maturity and individual clients. Despite a general weakening of the purchase power of our clients, because of lower production and sales we estimate that we are managing credit risk with all the instruments available in a satisfactory way. In 2013, we couldn't avoid the consequences of compulsory settlements, many minor and eventual bankruptcies of construction companies and a large number of civil bankruptcies.

14.3 Risk Management in OVEN Elektro Maribor

Rapid changes in the business and financial environment increase risks, which we are exposed to and this is why it is crucial to obtain accurate information on time to reduce all kinds of risks, especially in the area of liquidity and solvency.

Price risk

The company manages price risk with concluded contracts, which ensure long-term stable prices for the sale of produced electricity.

Interest risk

Interest risk is defined as risk of fluctuations of market interest rates. The only long-term financial loan taken out in 2010 at a foreign commercial bank was bound to the variable interest rate monthly EURIBOR + 2.4% and was fully paid in November 2013. Interest rate in the form of fluctuations of market interest rates will appear in the event of raising a long-term financial loan for a bigger investment project.

Liquidity risk

The company manages liquidity risk by regularly monitoring cash flows and coordinating maturity of receivables and claims. The credit rating of potential business partners is always checked prior to cooperation at an online application hired for this purpose. Credit ratings for business partners are also regularly monitored.

It has to be emphasised that the company sells produced electricity to the sole and key client Energija plus. In the event of financial problems of Energija plus and irregular settlements of purchased electricity, the company would face additional liquidity risk.

Operational risk

The company is exposed to risks of environmental impact and weather conditions (above all floods and landslides), especially during the autumn months, when extremely high precipitation occurs.

15.4 Internal Audit in Elektro Maribor

Before 31 March 2013 the internal audit activity was provided by a contract with an outside provider. On 1 April the company employed an internal auditor.

Based on the Internal audit founding document for the company and the Rules on organisation and operation of the internal audit activity in the company, confirmed by the Audit Committee of the Supervisory Board of the company, the areas for auditing for 2013 were specified with a pre-adopted short-term plan for internal audits in Elektro Maribor for 2013.

In accordance with the short-term plan for internal audits in Elektro Maribor for 2013, which was fully realised and in line with the decisions of the Supervisory Board of Elektro Maribor and the decisions of the President of the Management Board Elektro Maribor, 6 internal audits were performed in 2013, of which 2 regular internal audits, 2 internal re-audits and 2 extraordinary internal audits.

The operation of the internal audit activity in Elektro Maribor is presented in detail in the Annual Report on the operation of the internal audit activity in Elektro Maribor, which the internal auditor has to prepare based on provisions in the Rules on organisation and operation of the internal audit activity in Elektro Maribor by the end of February of the running year for the previous year.

III. Sustainability Report of Elektro Maribor and the Elektro Maribor Group

1 REPORTING ON SUSTAINABLE DEVELOPMENT

1.1 Information on Report, Purpose of Reporting and Limitations (GRI 3.1-3.8)*

Being aware of social responsibility and sustainable development encouraged us to report on sustainable development in 2013 for the first time according to the international guidelines of the Global Reporting Initiative, in line with the third version of the guidelines G3.1., according to level C, where among other things also reporting on at least 10 efficiency indicators is required.

Reporting according to GRI is an internationally acclaimed and comparable reporting method, which in a clear, transparent and measured way presents the information to the stakeholders and the broader public. With this reporting method we enable our stakeholders to obtain sufficient information on the socially responsible conduct of the company, based on which they are better equipped to form their opinions.

In reporting according to the GRI guidelines, we focused on a three-year period (2011-2013) and on areas, which reflect major economic, social, regulatory and environmental influences and tried to include contents, which we believe are important for our stakeholders. The level at which we (the Elektro Maribor Group or individual companies within the Group) report, is noted in the content index of reporting according to the GRI guidelines.

The Annual Report in Slovenian is published at the website www.elektro-maribor.si. Contact for information on sustainable development:
Elektro Maribor d. d.
Vetrinjska ulica 2, 2000 Maribor
Email address: **info@elektro-maribor.si**

* Reporting according to the guidelines GRI G3.1.

1.2 Content Index According to the Global Reporting Initiative GRI (GRI 3.12)*

The content according to the reporting guidelines GRI G3.1. is shown in the table below with index.

	Contents according to GRI G3.1	Chapter in AR	Page in AR	Individual companies in the Group	Elektro Maribor Group
1.	**STRATEGY OF THE ORGANISATION**				
1.1	Strategy of the President of the Management Board on the importance of sustainable development for the organisation and strategies	I./1	8	*	*
2.	**PRESENTATION OF THE ORGANISATION**				
2.1	Name of the organisation	I./4	18	*	
2.2	Brands, products and/or services	I./4	17	*	*
2.3	Organisational structure	I./4	16,19	*	
2.4	Seat of the organisation	I./4	18	*	
2.5	Number of countries, where the organisation is present	I./4	17	*	*
2.6	Type of ownership and legal status of the organisation	I./4	22, 25, 26	*	
2.7	Markets, which the organisation supplies	I./4	16	*	*
2.8	Key information on organisation	I./3	14	*	*
2.9	Major changes in the reporting period concerning size, structure, ownership	-	-		
2.10	Acquired awards in reporting period	-	-		
3.	**REPORTING PARAMETERS**				
3.1	Reporting period	III./1	82	*	*
3.2	Final reporting date	III./1	82	*	*
3.3	Reporting time frame	III./1	82	*	*
3.4	Contact information for questions concerning the report	III./1	82	*	*
3.5	Process of determining contents of the report	III./1	82	*	*
3.6	Limits of the report	III./1	82	*	*
3.7	Special limitations regarding the scope of report	III./1	82	*	*
3.8	Basis for reporting on joint investments, subsidiary companies, rented facilities, use of outside services and other subjects, which have a major impact on the comparability of information among reports and/or among individual organisations	III./1	82	*	*
3.10	Explanation of effects of changes of information from previous reports and the reasons behind them	-	-		
3.11	Significant changes regarding the previous reporting period	-	-		
3.12	Content index according to the reporting guidelines GRI	III./1	83	*	*
4.	**ORGANISATIONAL GOVERNANCE AND INCLUSION OF STAKEHOLDERS**				
4.1	Governance structure of the organisation	II./1	30	*	
4.2	Note whether the highest management body also holds executive function	II./1	30	*	
4.3	Presentation of members of the management board in organisations, which have a one-tier governance.	II./1	30	*	
4.4	Mechanisms for forwarding recommendations and initiatives by the employees and shareholders to the highest management organs	II./1	32	*	
4.14	List of stakeholders, which the organisation works with	III./4	95	*	
4.15	Basis for defining and selecting stakeholders, which the organisation works with	III./4	95	*	

* Reporting according to the guidelines GRI G3.1.

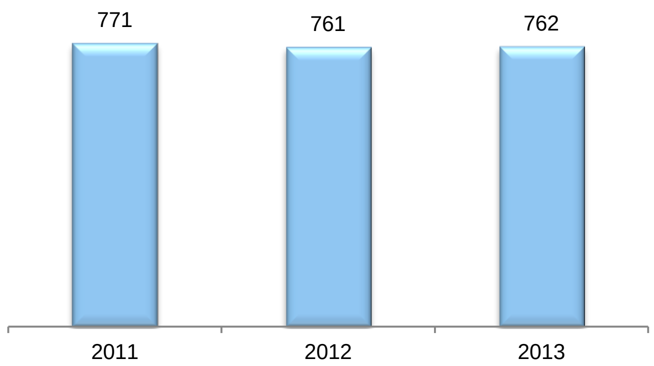
	Contents according to GRI G3.1	Chapter in AR	Page in AR	Individual companies in the Group	Elektro Maribor Group
GRI PERFORMANCE INDICATORS					
ECONOMIC INDICATORS					
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	I./3, II./5, III/4	14, 38, 95	*	*
EC3	Coverage of certain liabilities of the organisation (additional pension insurance)	III./2	87	*	
ENVIRONMENTAL INDICATORS					
EN3	Direct energy consumption by primary energy source (fuel)	III./6	105	*	
EN4	Indirect energy consumption by primary energy source (electricity)	III./6	105	*	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	III./6	105	*	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved (carbon footprint)	III./6	106	*	
EN22	Total weight of waste by type and disposal method	III./6	107	*	
SOCIAL INDICATORS					
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	III./2	85, 90	*	*
LA2	Total number and rate of employee turnover by age group, gender, and region	III./2	85, 91	*	*
LA4	Percentage of employees covered by collective bargaining agreements	III./2	86, 91	*	*
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region and by gender	III./3	93	*	
LA10	Average hours of training per year per employee by gender and by employee category	III./2	87	*	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	III./2	89	*	
LA15	Return to work and retention rates after parental leave, by gender	III./2	88	*	
SO4	Actions taken in response to incidents of corruption	II./1	31	*	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	II./6	49	*	
HR4	Total number of incidents of discrimination and corrective actions taken	III./2	90	*	

2 EMPLOYEES

2.1 Employees of Elektro Maribor

As at the end of 2013 Elektro Maribor had a total of 762 employees, of which 87.5% men and 12.5% women. There were 55 new arrivals and 54 departures.

Number of employees (as at the end of year) Elektro Maribor



Because of carrying out own investments in accordance with company policy we also in 2013 hired 40 construction workers, 21 of whom auxiliary workers, 10 installers, 2 masons and 1 construction clerk for project employment from February to December. From those listed we permanently employed 3 (installer, machine operator and construction clerk) because of the requirements of the work process.

Number of employees by gender, employment period and type of employment at the end of the year **(GRI LA1)**[*]

	2011	2012	2013
Number of employees - men	675	667	667
Number of employees - women	96	94	95
Permanent employment	753	732	741
Fixed-term employment	18	29	21
Full-time employment	758	748	747
Part-time employment	13	13	15

Number of employee turnover by gender and age group (GRI LA2)*

	2011	2012	2013
Number of arrivals	42	69	55
- men	29	64	53
- women	13	5	2
- age up to 30	21	21	8
- age 30-50	19	42	46
- age over 50	2	6	1
Number of departures	72	51	54
- men	36	46	54
- women	36	5	0
- age up to 30	6	4	8
- age 30-50	59	19	30
- age over 50	7	28	16

[*] Reporting according to the guidelines GRI G3.1.

The average age of employees in 2013 was 42.9 and the average employment period 23.1 years. The average age and employment period are somewhat increasing in the last years.

	2011	2012	2013
Average age of employees (in years)	42.3	42.4	42.9
Average employment period (in years)	22.6	22.8	23.1

Percentage of employees covered by collective bargaining agreements was in 2013 99%, which is at the level of previous years (GRI LA4)*.

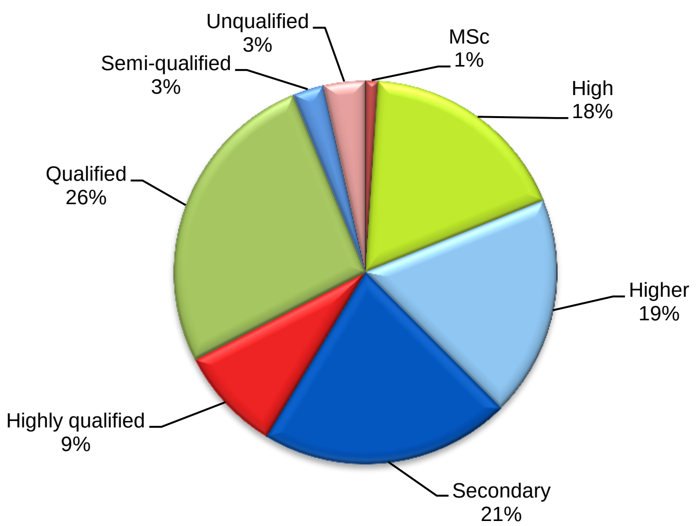
	2011	2012	2013
Percentage of employees covered by collective bargaining agreements	99.1	98.8	99.0

Percentage of employees with recognised disability is growing. In 2013 compared to 2012 we had 6.8% more employees with recognised disability.

	2011	2012	2013
Number of employees with recognised disability	72	73	78

In 2013 the number of employees with a Master's education increased by two employees, with a university-level education two employees and with secondary school education by one employee.

Structure of employees by education on 31. 12. 2013



In 2013 company Elektro Maribor provided 4 scholarships for secondary vocational program students.

	2011	2012	2013
Number of scholarship students	22	14	4

* Reporting according to the guidelines GRI G3.1.

Education of Employees

In 2013 in Elektro Maribor we carried out the following education programmes:
- renewal seminar on amendments and additions to the Construction Act, which 71 employees attended,
- Communication and Enforcement, which 15 employees attended.

In addition, employees attended focused seminars, workshops and conferences (functional education) and education necessary for the working process. In 2013 they attended 99 different seminars, conferences and workshops. 15 employees were involved in formal education, of whom two completed their education.

Education by gender (GRI LA10)*

	2011	2012	2013
Men employed			
- number of participations on trainings	444	356	407
- number of hours of training	3,552	2,848	3,256
- average number of hours of training per total number of male employees	5.3	4.3	4.9
Women employed			
- number of participants	89	53	66
- number of hours of training	712	424	528
- average number of hours of training per total number of female employees	7.4	4.5	5.6
Total employees			
- number of participations on trainings	533	409	473
- number of hours of training	4,264	3,272	3,784
- average number of hours of training per employee	5.5	4.3	5.0

Motivation and Care for Employees

Additional pension insurance of employees

The company Elektro Maribor already in 2001 approached voluntary pension insurance for its employees.

According to the pension plan, the company pays in premiums in the determined amount from the maximum premium. Employees may decide, whether they wish to additionally pay in a portion of the premium.

Number of employees included in additional pension insurance (GRI EC3)*

	2011	2012	2013
Number of employees	764	742	739

Using parental leave

Parental leave covers different types of leaves. In the company Elektro Maribor paternity leave is mostly used. After paternity leave all employees returned to work.

* Reporting according to the guidelines GRI G3.1.

Number of employees (by gender) using parental leave (GRI LA15)*

	2011	2012	2013
Number of employees	30	31	35
- men employed	25	28	31
- women employed	5	3	4

Family friendly company

In Elektro Maribor we are aware of the problems and challenges that employees are facing nowadays in the area of balancing work and personal life. This is why we are bound to encourage balancing work life and personal life, because this also results in happier and more motivated employees.

In 2010, we started the process of certifying our company as family friendly. After the confirmed implementation plan, which includes ten selected actions and a plan on how to realise them, in May 2011 we were awarded with the basic Family Friendly Company certificate. Our plan is to obtain the full certificate in 2014, when we plan to select new actions, which represent another step towards balancing professional career and family life.

Communication with employees

Correct and timely communication with employees and among employees is important because it provides informed employees and creates good working conditions. Here the channels of communication are important, which enable that the message reaches the addressee or in this event, the employee.

We used the following channels for communication with employees in Elektro Maribor:

- Website – public information, information and current events of the company are available for employees anytime at www.elektro-maribor.si.
- Intranet – a local page on employee computers; includes collective topics, documents and connections available for the employees.
- E-mail – a channel for quick written communication among employees; important for quick informing of employees on important announcements and news of the company.
- e-Infotok – electronic newspaper issued twice per month, which includes short and current news on events in the company.
- Infotok – internal printed newspaper issued three times per year, which collects a selection of events in the company for the previous months and in-depth articles on important projects, investments and events in the company. Also for the retired employees of Elektro Maribor.
- Information desk – current announcements and calls for employees.
- Work meetings – annual meeting of employees at headquarters or individual regional or service units with the President of the Management Board. Meetings of employees every three months with the head of their regional or service or at headquarters for an individual area with the executive director of a certain area.
- Monthly interviews with management – every second Monday in a month employees may speak with management personally about their ideas, visions and problems.
- Board meetings and extended board meetings – meetings of the Management Board or extended management on key current topics in the company.
- Meetings of areas and services – information on current topics, goals and tasks and releasing of activities for implementation.

* Reporting according to the guidelines GRI G3.1.

- Personal meetings with superiors/subordinates (annual development meetings, daily communication) – indirect communication with superiors; setting personal development goals for the well-being of employees and the company, regular work assignments, resolving conflicts.
- Social networks Facebook and Twitter – enable Facebook and Twitter users quick access to information on events of the company and information on major network failures.
- Sports and social meetings – important in the sense of connecting, getting to know the employees and a strong tool in building company affiliation.
- Union, works council – represent the interests of employees in the company and act as mediators in communication between employees and management. The union of company Elektro Maribor d.d. is a representative union in the company. The works council based on provisions of Worker Participation in Management Act, OG RS, No. 42/1993, 56/2001, 26/2007, and Agreement on worker participation in management as of 24 August. 2007 cooperates in company management.
- Polls – through polls we obtain information on opinions of employees, the climate in the company, activities of the employees,…

Satisfaction of Employees (GRI LA12)*

In Elektro Maribor we monitor satisfaction of employees mostly by reviewing the organisational climate and satisfaction of employees, as well as by annual development meetings, which all employees take part in.

Elektro Maribor d.d. monitored the organisational climate and satisfaction of employees using the SiOK (Slovenian organisational climate) questionnaire, which was drawn up by consulting companies, which also enables, apart from measuring the organisational climate for a certain company, comparison among Slovenian companies. The questionnaire includes statements in different categories of organisational climate and satisfaction of employees, which the respondents grade from 1 to 5, where 5 is the most positive grade and 1 the most negative.

Compared to 2011 and 2012, the organisational climate index for 2013 was lower (average value of all categories was below the Slovenian average by 0.20 points). The index of satisfaction of employees was also lower. Values for individual categories were also below the Slovenian average.

Index of satisfaction of employees and organisational climate

	2011	2012	2013
Index of satisfaction of employees	3.65	3.61	3.5
Index of organisational climate	3.32	3.25	3.17

Annual development meetings have been taking place in the company for several years. Since 2012 we have been conducting them with the help of the modern human resources IT system eLOR, which simplifies the annual meetings. At the same time it provides a system and simple analysis of acquired data. The main purpose of implementing annual development reviews is:
- targeted guidance, career planning and professional development of employees and evaluation of employees,
- planning and organisation of education,
- reviewing satisfaction of employees,
- planning necessary actions and changes in the company or organisational unit.

Code of Ethics

On 1 December 2010 the company Elektro Maribor adopted the Code of Ethical Conduct. The Code of Ethics represents or has the purpose of creating ethical business conduct in the working environment and working areas in line with the goals, vision, values and company strategy. Code of Ethics is one of the steps leading to

* Reporting according to the guidelines GRI G3.1.

business excellence, which is what our company strives for. It was issued as a brochure and is available for employees at all access points: company website, intranet site, information desk and secretary services.

The Code of Ethics is intended for all employees. The written rules, guidelines or descriptions in the sense of professional ethical conduct and actions in the Code of Ethics give all employees the opportunity to think, become aware and focus on such conduct in all aspects; to professional business operation, efficiency of work results, interpersonal cooperation and appropriate interpersonal communication. It is also in place to recognise and remedy unethical actions and conduct of individual employees. Interpersonal cooperation, good relations among co-workers, respect, regard and ethical operation, as well as striving of each individual to such conduct, represent achieving efficient work results and favourable organisational climate and culture in the company and outside.

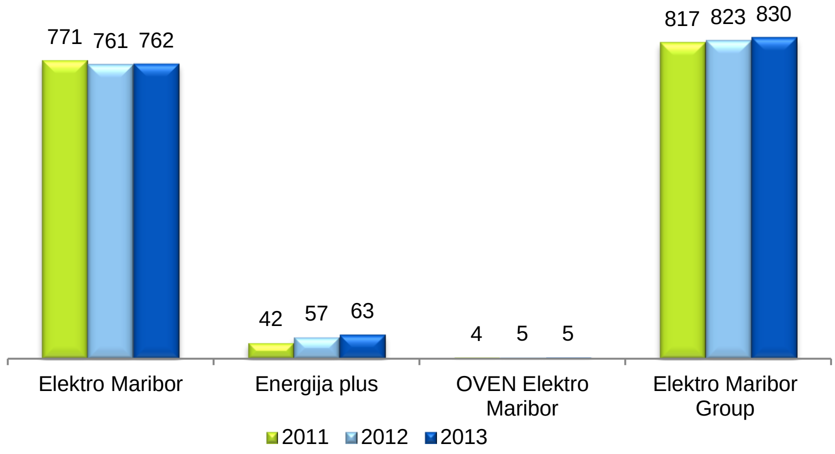
Elektro Maribor is a company, which works responsibly in the environment, which is why professional and interpersonal relations in the company are of special importance. By a good example we can attract our consumers, business partners and the broader environment.

The company has been following the realisation of the Code of Ethics for the third year. Unethical conduct or violations of employees under Code of Ethics are reviewed based on received complaints. In 2013 there were no reports concerning discrimination (GRI HR4)*. There are also consulting activities available for employees, who are in dilemmas about possible violations of the Code of Ethics.

2.2 Employees of the Group

The Elektro Maribor Group had 830 employees at the end of the year. There were 62 new arrivals and 55 departures in 2013. The number of employees increased compared to 2012 because of new employments in the company Energija plus.

Changes in the number of employees (end-of-year)



There were 83% men and 17% women employed in the Group in 2013. The share has remained the same since 2011.

Number of employee turnover by gender, employment period and type of employment at the end of the year (GRI LA1)*

	2011	2012	2013
Number of employees - men	688	685	688
Number of employees - women	129	138	142
Permanent employment	798	791	802
Fixed-term employment	19	32	28
Full-time employment	802	809	814
Part-time employment	14	14	16

* Reporting according to the guidelines GRI G3.1.

Number of employee turnover by gender and age group (GRI LA2)*

	2011	2012	2013
Number of arrivals	45	87	62
- men	31	69	56
- women	14	18	6
- age up to 30	22	24	9
- age 30-50	21	57	52
- age over 50	2	6	1
Number of departures	72	53	55
- men	36	46	54
- women	36	7	1
- age up to 30	6	4	8
- age 30-50	59	20	30
- age over 50	8	29	17

In 2013, the average age of employees in Elektro Maribor Group was 42.3 and the average employment period 20.4. The average age and employment period have not changed in the last years.

	2011	2012	2013
Average age of employees (in years)	42.7	41.7	42.3
Average employment period (in years)	21.5	20.0	20.4

Percentage of employees covered by collective bargaining agreements was in 2013 98.4 %, which is at the level of previous years (GRI LA4)*.

	2011	2012	2013
Percentage of employees covered by collective bargaining agreements	98.5	98.3	98.4

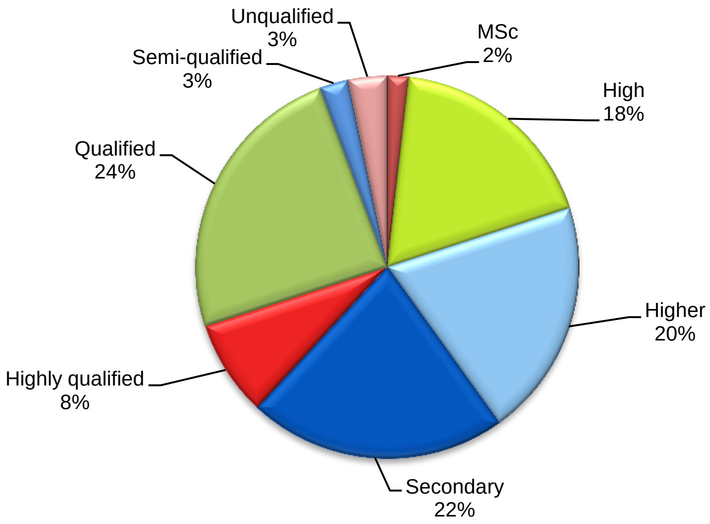
Number of employees with recognised disability is increasing because of the increasing number of employees in the controlling company, where the number of such employees is increasing.

	2011	2012	2013
Number of employees with recognised disability	74	75	79

By education the Group has the most skilled workers. The structure of employees doesn't substantially differ from previous years.

* Reporting according to the guidelines GRI G3.1.

Structure of employees by education as at 31 December 2013

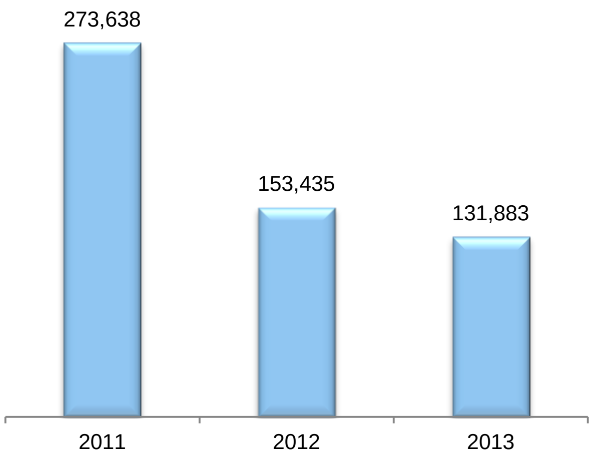


Education of Employees

The education of employees is carefully planned and provided by adapting to current labour market conditions. Development of employees is one of the most important motivational factors and we place great attention to it.

In 2013, we intended EUR 131,883 for different kinds of education at various workshops, seminars, and conferences, which is EUR 21,552 or 14% less than in the previous year.

Costs of education of employees 2011-2013



3 SAFETY AND HEALTH AT WORK

3.1 Safety and Health at Work in Elektro Maribor (GRI LA7)*

Ensuring a safe working environment or safety and health at work is one of the basic concerns at Elektro Maribor. In this area we work in line with the principles and guidelines of the OHSAS 18001 standard, which defines the requirements of safety and health at work. The standard is integrated with others in a unified management system and we have been complying with its requirements since 2008.

The activities in the area of safety and health at work and fire safety are intended to provide appropriate resources and to prepare actions in the area of safety at work. As part of activities in the area safety at work also inspection services are included as outside stakeholders, which through regular inspections watch over the compliance with legislation.

The responsibility of employees for their own safety is encouraged, as well as appropriate working equipment, personal safety equipment and appropriate education and training.

We were the first distribution company in Slovenia to begin electricity work under voltage. By preparing appropriate operational procedures, documentation and training of employees for working under voltage, the conditions for safety and health at work were accommodated.

To reduce absenteeism, we have been conducting regular medical examinations. We have also referred students and pupils, who carried out field work to preliminary medical examinations. We also took preventive measures with flu vaccination and vaccination against tick-borne meningoencephalitis. We also prepared various occupational health promotion programmes.

In the company we are noticing an increase in the number of issued decisions by disability commissions and prescribed work limitations by occupational medicine. We have to monitor the health state of these employees constantly.

In 2013 employees underwent 454 medical examinations. Here we have to take into account that the number of medical examinations includes also previous medical examinations, special medical examinations, preventive medical examinations and regular medical examinations.

	2011	2012	2013
Number of medical examinations	379	372	454

The number of work-related accidents has reduced compared to previous periods. In order to further reduce the number of work accidents, we continuously implement preventive inspections of work groups, trainings, health promotion and other things, where results will show in the upcoming years. Above all, we have witnessed a lower number of lost days because of work accidents. There were no major work accidents in the reporting period. There were no women injured in the reporting period.

Number of work accidents

	2011	2012	2013
Number of accidents	39	33	27
- women	3	2	0
- men	36	31	27

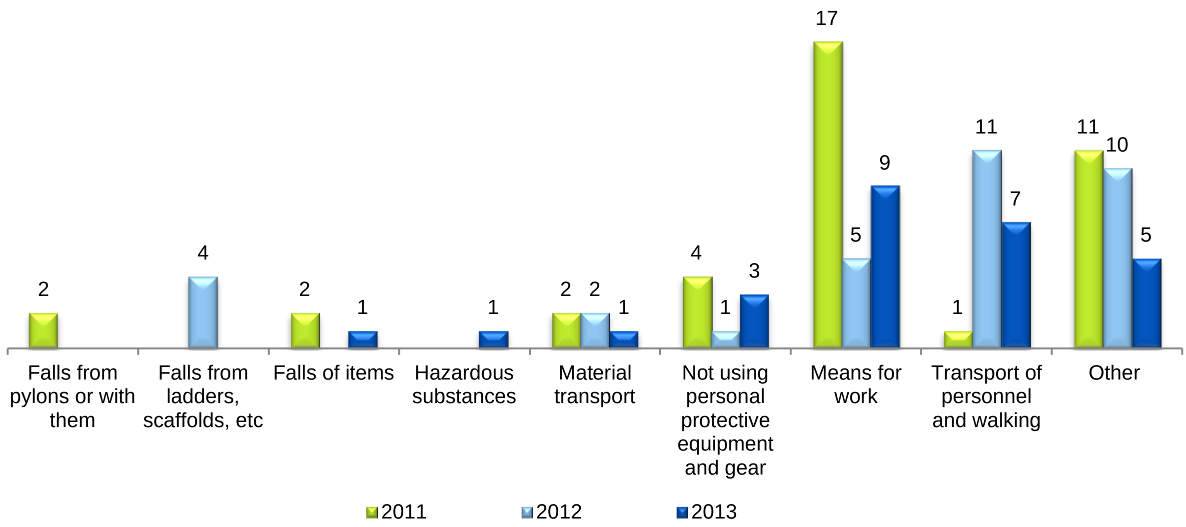
* Reporting according to the guidelines GRI G3.1.

Lost work days due to work accidents and other absenteeism are evident from the table below. The percentage of lost days is shown by the total number of working days for the period. There were no fatalities.

Number of lost working days

	2011	2012	2013
Number of all lost working days (work accidents, sick leaves)	1,638	920	778
Share of lost days due to work accidents	0.79	0.46	0.39
Share of lost days due to sick leaves	5.73	5.1	5.09

Number of work accidents by source



3.2 Safety and Health at Work in the Group

The Elektro Maribor Group places the most attention on safety and health at work, mostly because of the number of employees and the nature of work. In the Group we are aware of the importance of an organised working environment in order to achieve the set goals. Systematisation of work positions includes safety precautions, which reduce health and safety risks for the employees. Prior to beginning employment each new co-worker performs a preventive medical examination and we also carry out regular medical examinations for the employees. In the Group we also especially focus on the theoretical and practical training of employees in the area of safety and health at work.

4 SOCIAL RESPONSIBILITY

4.1 Social Responsibility of Elektro Maribor (GRI 4.14, 4.15, EC1)*

The company Elektro Maribor has set up cooperation with the following stakeholders:
- network users,
- employees,
- shareholders,
- suppliers,
- business partners
- local communities,
- financial public,
- state authorities /government, ministries, national assembly, judicial system,…),
- regulator,
- civil initiatives
- media,
- influential public.

We perceive social responsibility as a component part of our operation, because it indirectly reflects our relationship towards the environment and affects the conditions in our narrower and broader space, which we occupy. We are aware that the network and activity of the company Elektro Maribor significantly intrudes in the environment of the population and therefore feel accountable for these activities.

Sponsorship and donations

As the initiator or stakeholder, we participate in many projects and organise different events in various areas, include the social and business environment through sponsorships or donations. This provides reciprocity, which gives us contact with the environment in which we operate and creates additional value for the broadest community.

We show our social responsibility to the environment, in which we work and exist through sponsorships and donations, where we consider:
- the principle of transparency,
- the principle of balance,
- the principle of adequate dispersal and
- the principle of economic benefit.

In sponsorships and donations we consider the recommendations of SOD d.d. (Slovenian Compensation Company), that is recommendation No. 7 – Transparency of transactions involving company expenditure (ordering goods and services, donations and sponsorship). In line with the recommendation in the first half of 2012 we set up a system for ensuring transparency in the area of transactions relating to company expenditure (donations, sponsorships). On the website www.elektro-maribor.si we publish up-to-date information required by the recommendation, including the eligible recipient and value of the concluded business deal for individual sponsorships and donations.

The employees of the company Elektro Maribor in pursuing our main mission to provide the population and economy with high-quality electricity, within the framework of our social responsibility, support different humanitarian organisations. Under current social conditions helping fellow people is especially important, this is why in 2013 we supported three charity organisations: The Red Cross, Karitas and the Slovenian Association of Friends of Youth.

We encourage business excellence as the underlining vision of the company Elektro also in young people in terms of education. We encourage and reward outstanding pupils of secondary schools, which pass on the

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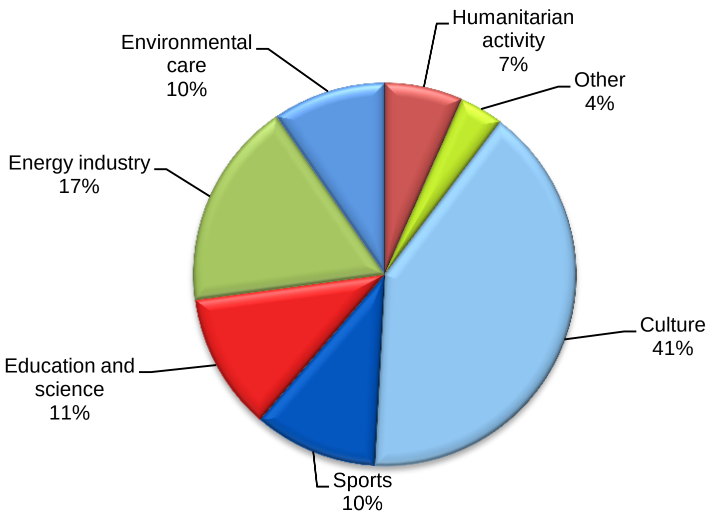
* Reporting according to the guidelines GRI G3.1.

knowledge, which is crucial for excellent operation. Together with the University of Maribor we encourage and reward student excellence in academic work and by recognising the best student encourage the pursuit of excellence and top academic results.

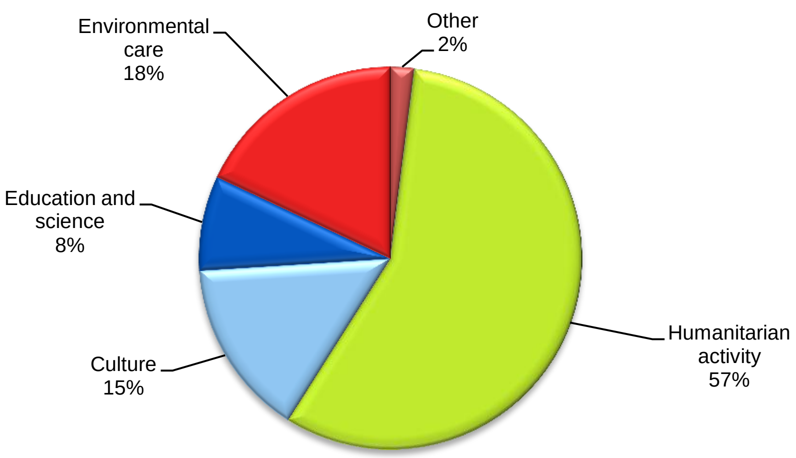
We have supported a number of cultural events, societies and events, which have a special meaning in this trying times for our social community. Among the biggest event we have supported is the Lent Festival, which offers a wide variety of events at numerous stages in the city Maribor.

In the area of maintaining and creating a positive reputation of the company we worked with emphasis on socially responsible activities. With sponsorships we supported humanitarian projects (7%), projects in culture (41%), sports (10%), education (11%), energy sector (17%), environmental care (10%) and other (4%). Furthermore, we strive for the positioning of the brand of Elektro Maribor as a socially responsible company striving for sustainable development, while remaining innovative and future oriented.

Distribution of sponsorships in 2013 by purpose



Distribution of donations in 2013 by purpose



Through donations we supported humanitarian projects (57%), projects in culture (15%), education (8%), environmental care (18%) and other (2%).

Marketing activities

The brand of Elektro Maribor is managed through various communication tools. Corporate communication and positioning of the company has been along the line of the slogan "Excellence in energy engineering!", which positions the company in the public as an innovative, future oriented company, which at the same time encourages efficient energy use and renewable energy sources.

Marketing activities related to activities of the company Elektro Maribor, such as introduction and promotion of the mobile metering laboratory, electric mobility, SmartGrids (advanced metering system) and many others.

Communication with external public

- **Call centre** – consumers have two toll-free numbers available, 080 21 05, the 24-hour service for reporting defects and interruptions on the network and 080 21 01 for general information.
- **Press releases and statements** – we respond correctly to media questions and if necessary direct them to other sources of information. Answers are mostly written. Depending on the characteristics of the media, if they are electronic, we communicate with statements, which may also be audio or audio-visual statements.
- **Cooperation on shows** – in extensive topics we participate in talk or contact shows.
- **Public announcements** – we prepare them proactively and in the case of a more important topic also send a copy to the press. We also use them, when we need to issue information to a larger number of journalists.
- **Press conferences** - we announce key plans and activities.

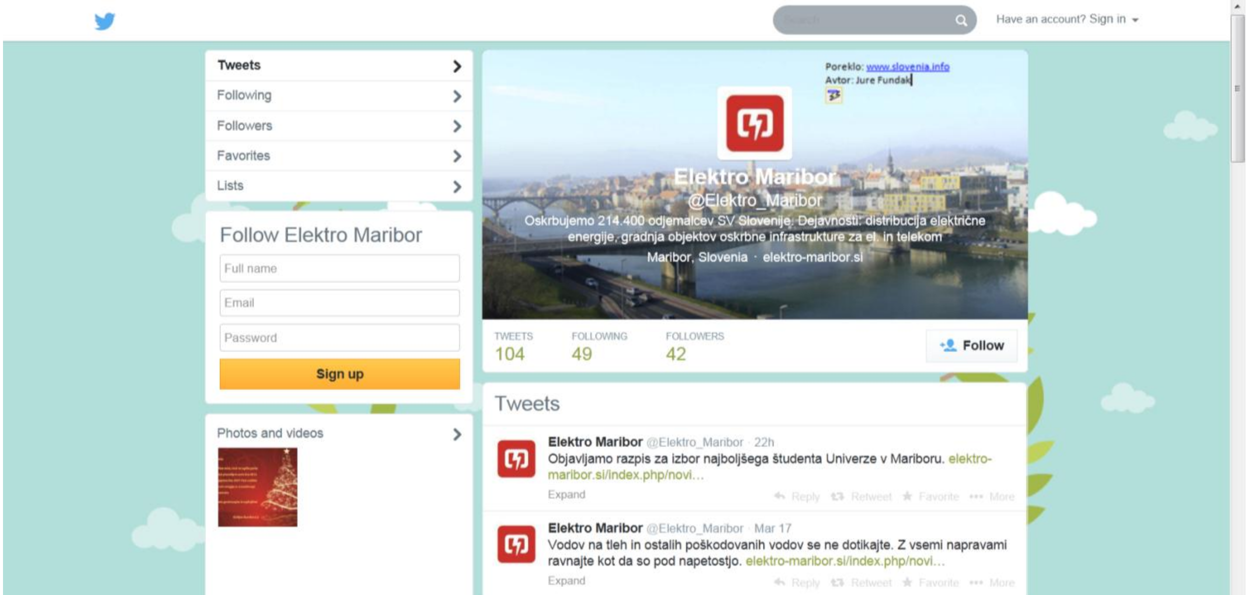
- **Website** – public information, information and current events on the company are available anytime at www.elektro-maribor.si.

[Website Elektro Maribor]

- **e-News –** e-newsletter intended for consumers was issued five times. It includes innovations, interesting information on the networks, current offers, invitations, advice on saving electricity.
- **Facebook, Twitter** – offer users quick access to information on events in the company and information on major network failures.

[Facebook page Elektro Maribor]

Twitter page Elektro Maribor

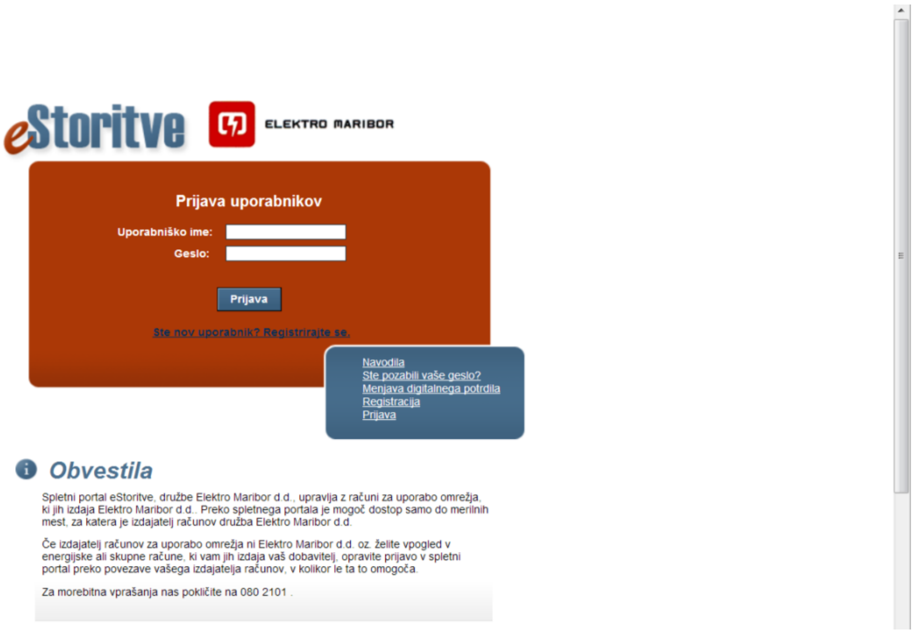


- **Conferences** – cooperation with contributions, papers.
- **Back of the bill –** reporting on legally prescribed information and other important information to the consumers.

Relations with network users

Information to network users was provided as part of our work processes, through the call centre, personal visits to clients, e-mail info@elektro-maribor.si and website: www.elektro-maribor.si, web portal eServices and social network Facebook.

Web portal eServices



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

- submitting information on defects, interruptions and planned works on the network;
- recording and registering defects on metering devices;
- informing on the quality of supplied electricity;
- advice on efficient electricity use;
- providing information regarding the connection of users;
- entries of metering data;
- explanations of billing data;
- receiving and redirecting calls on the relay station (02) 220 00 00.

We provide 24-hour service at the toll-free blue number for reporting defects and interruptions – 080 21 05. In 2013 we recorded 40,687 calls, where the service level indicator amounted to 62%, which means that 62% of callers reached the operator in under one minute. The number of calls is rather inconstant, depending on weather conditions and outages resulting from urgent maintenance works.

For informing clients on activities of the distribution network system operator a toll-free blue number was introduced for general information – 080 21 01. The most common questions pertain to connections, entries of meter readings, etc. There were 19,976 calls recorded in 2013, where the service level indicator was 83%, which means that 83% of callers reached the operator in under one minute.

For network users we prepared instructions for reading smart electricity meters by manufacturer and type of meter, which we received at the installation of meters.

Instructions for reading electricity meters

According to the legislative requirements we notified consumers on planned power outages also at the website www.elektro-maribor.si. There is also an online application available for network users to subscribe to notifications on planned power outages (text messages, email). There are currently 400 metering points applied for text message notifications and 638 metering points for e-mail notifications.

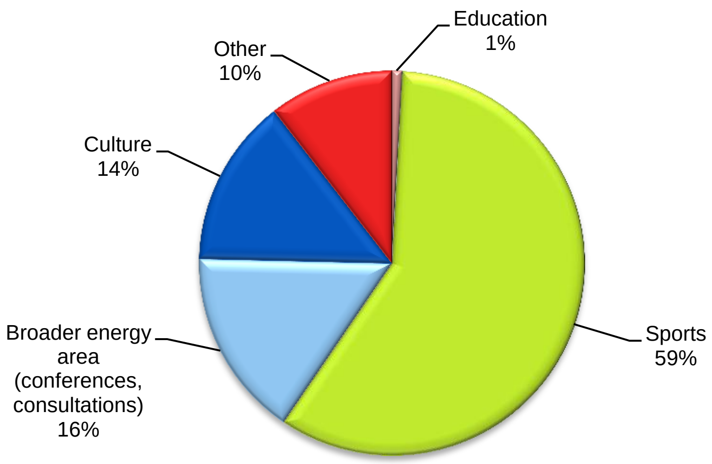
4.2 Social Responsibility of Energija plus

We are in constant cooperation with the stakeholders involved in the processes of our operation, from business partners and household clients, as well as the broader interested public – media, societies, schools, sports societies, and humanitarian organisations. We are trying to connect all the stakeholders, who have a major impact on our contribution in the broader environment. We will continue with this effort in the future in our renovated loyalty programme. We are aware of the importance of each individual and treat each client individually and in all seriousness and care.

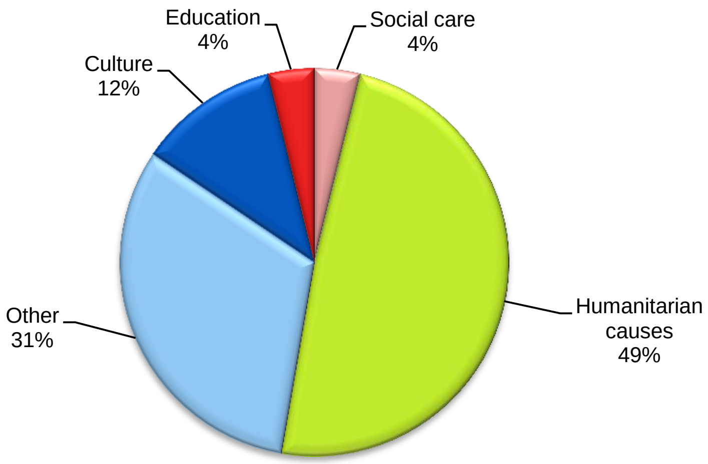
Sponsorships and donations

As a socially responsible company we allocated a part of our assets to sponsorships and donations, as well as major events that took place in individual places over Slovenia. In assets for sponsorships and donations we invested the most to the former, that is 92%.

Distribution of sponsorships in 2013 by purpose



Distribution of donations in 2013 by purpose



Communication with the external public

Communication with people, the core and the broader living space is an important value, which we deal with separately. As a socially responsible company we wish to contribute to positive changes for the people and nature. We recognise the needs of the environment and actively respond by building long-term partnerships, which ensure mutual progress. We realise our endeavours in the area of social responsibility by supporting various activities in the humanitarian area, culture, sports and environmental protection.

The relationship with clients and business partners is of key importance for responsible business operation.

Communication with the environment

Communication with the environment is especially important for our business operation, because it is through communication that we recognise the most important components of the environment. We focus on consistent communication, where we obtain basic elements and information for our operation, development of new products and identify the desires and needs of our clients.

When we entered the sales market of natural gas, wood pellets and heating in 2013, we performed a number of marketing activities, prepared a new website and different promotional materials. The largest and most important marketing activity was the ad campaign “Finally together”, which we began in June and which alerted the broader public of our new product - natural gas, while at the same time raising recognition of the brand Energija plus.

Upon every new product placement, calls for actions for greater energy efficiency and for reducing prices we released public announcements. We also prepared responses for questions of the press in the area of integral energy supply.

In order to broaden our recognition outside our traditional territory, that is the broader general public of Slovenia, we attended various trade shows. We presented our work at the trade show Dom in Ljubljana. At events such as Kotnikovi dnevi and Days of energy products we presented our metering project and automatic remote controls of users. In September, we also presented our offer at the International Trade Fair in Celje (MOS).

Media communication

We are aware that good relations with the media contribute to achieving the long-term objectives such as strengthening of the brand, better relations with clients and the local community. We respect the power of information, which nowadays through new kinds of media travels even quicker and less supervised. To be at the right place at the right time and have the right topic in the right media are the challenges we are facing on a daily basis.

We provided constant and comprehensive data on new products and services, special offers and other contents to the media in 2013. We prepared different public announcements and posted current topics at our website www.energijaplus.si and at our Facebook and Twitter profile.

Marketing activities

We invested 0.8% revenues from sales of energy products for marketing purposes in 2013. The purpose of marketing activities was to strengthen the loyalty of existing clients and acquiring new ones. At the same time we provided company recognition with marketing activities and the roles of the company in the broader environment, as well as raising awareness on the importance of efficient use of energy products and goods. We estimate that many marketing activities, which we have conducted through various communication channels helped strengthen and maintain our client relations and acquaint them with new offers. The biggest of them was during the introduction of the new energy product - gas, an investment on the market, which will return in terms of revenues in the upcoming years.

Client relations

We are looking for suitable solutions to please the wishes of clients. At points of sales in Maribor, Gornja Radgona, Murska Sobota, Ptuj and Slovenska Bistrica we offer our clients daily direct contact with consultants, where they may arrange everything they need. At the same time we enabled direct payments of bills without commission through POS terminals.

We organised various promotional meetings, prize competitions, polls, awarded loyalty, offered free consulting in terms of selecting the right package, savings and other products for our clients.

The new website enables clients a faster and simpler access to all current news, which is like Facebook and Twitter regularly updated with news, new offers and other current contents. Daily contact with clients at the call centre, at points of sales, through regular and electronic mail has been upgraded with our monthly newsletter eINFO, all kinds of leaflets and advertisements in different media, as well as attachments to bills.

Facebook page Energija plus

Twitter page Energija plus

We are available 24/7 for our clients at our website www.energijaplus.si and via the online application eServices (eStoritve) for reviewing issued bills, payments, for registering billing data according to actual consumption, applying for eBill (eRačun), consumption overview and other.

In December, we began renovating the loyalty programme with our first action "Bring a friend and win EUR 1,000", which will last until the end of March 2014.

The number of all calls in 2013 has increased compared to 2012 by 4.3%, while the number of client visits in 2013 compared to 2012 reduced by 18%. Contributing to this fact is also that eServices has 4% more registered users than in 2012, that is 10,241 with 13,079 metering points.

Contacts with clients 2012-2013

Type of contact	2012	2013
Number of call at 080 2115	120,254	125,484
Client visits at points of sales	69,240	56,827

4.3 Social Responsibility of OVEN Elektro Maribor

The company in 2013 helped athletes, fire-fighters, culture professionals and educational institutions with various donations. Through donations we supported the sports club Elektro Maribor, the voluntary fire-fighting society Slemen, women's Volleyball club Maribor, Society TOTI DCA Maribor, Film and video club Maribor, Society PIK, the Society of engineers and wood technicians of Ljubljana and Faculty of Economics of University of Ljubljana.

5 QUALITY CONTROL SYSTEM

Our work in quality assurance is based on constant improvements. This is why we try to maintain its growth on an already implemented management systems and through new activities, which additionally contribute to improvement. Constant improvement ensures our competitiveness and comparability with other companies in the branch.

The basis for our activities is the ISO 9001 quality standard, which has been ensuring quality in company operation and satisfying expectations and needs of network users already since 2001. Constant development of the standard (in 2015 this will already be our third version) guides us to new approaches and consequently in improving our work.

Since 2006 we have been working as an environmentally friendly company. Introducing the ISO 14001 standard – environmental protection deepened our introduced methods of work and coordinated them with the requirements of the broader environment. Environmental awareness, which we stand for, is also passing on to our employees and the broader working and living environment.

We have raised the awareness that safety and health of every individual is an important part of company operation as a whole in 2008 by introducing the OHSAS 18001 standard – safety and health at work.

Requirements for quality control were also recognised in the measurement laboratory, where we set up the foundations for quality control in 2006 according to the requirements of the SIST EN ISO 17020 standard. The Slovenian accreditation as the control authority regularly checks the implementation of the standard.

In all activities, which we carry out in the company, we face with enormous quantities of information. We have been managing these successfully, nevertheless in 2013 we approached the planned control of this area of work. Introducing the ISO 27001 standard – information protection presented us with certain new ways of controlling the area, which we plan to upgrade in the following years.

The abovementioned quality systems manage the basic areas of company operations. But since we are aware that we can do more and better, we are expanding our activities to an even broader area of company operation. By introducing the Family Friendly Certificate we are trying to better connect the working environment with the needs of the broader environment for our employees. We are trying to adapt interpersonal relations of employees with the demands of the external environment through various actions, supported by company management.

In order to not limit ourselves with our method of operation and confine ourselves by our judgement, we in 2013 also approached the introduction of the business excellence model according to EFQM (European Foundation for Quality Management). We performed our first self-evaluation, which presented guidelines to strengthen our competitiveness and comparisons with other companies in the branch. Results have shown our image in numerical values, which we will try to improve in the upcoming years.

All activities in the area of system control are managed with different approaches. This is how through regular treatment of individual areas we determine the actual states and improve them with appropriate actions. Here belong also ordinary and extraordinary internal audits, external audits, reviews of independent organisations and supplements of system documentation.

6 ENVIRONMENTAL PROTECTION

6.1 Environmental Protection in Elektro Maribor

We are bound by the principles of sustainable development. We protect the environment and preserve nature in all our activities, where all our employees take part in.

The contribution our company invests in environmental protection is mostly in carrying out activities for reducing potential influences on the environment. This is how we have been systematically implementing environmental protection actions according to the ISO 14001:2004 since 2006.

Of crucial importance in achieving the set objectives in the area of environmental protection is co-operation or including all employees, who contribute in their work to the reduction of environmental effects, both in-house and indirectly also outside the company Elektro Maribor d.d..

The most important part is recognising environmental influences, caused by the company. Through various activities we are trying to reduce these to a lower level. Separate collection of waste and appropriate treatment before submitting for waste management, siting of electricity energy facilities, reducing direct influences to air, water and ground... are some of the areas, where we are trying to reduce our influence to the environment.

Environmental protection on the one hand requires certain assets, on the other we can achieve excellent results with appropriate management (especially that of waste). For this purpose we have been separating waste already since 2009 through a waste collection centre, as well as separating disassembled equipment and with it increasing the economy of waste management at the level of the entire company.

We have tried to cover the influences, which we cause to the environment in the past years by producing the carbon footprint of the company. The amount of greenhouse gases our activity causes is one of the indicators of the relations to the environment, where we greatly depend on weather influences because of the line of work we perform.

Energy product consumption (GRI EN3, EN4)*

Energy product	Unit	2011	2012	2013
Fuel	l	604,632	583,990	533,359
Electricity	kWh	2,975,761	3,196,791	3,257,914
Heating oil	l	8,005	16,843	1,689
Natural gas	m3	168,022	175,045	146,082
Remote heating	kWh	664,323	713,794	730,797

Reducing fuel consumption is connected with optimisation of transport by reducing the number of company cars. Weather conditions affect energy products used for heating/cooling and this is why their annual consumed amounts vary.

Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. (GRI EN6)*

Reducing energy losses or increasing energy efficiency has become necessary both for companies and individuals in light of increasingly higher prices of energy products. In the company Elektro Maribor this is why we approached the energy audit of office buildings, where energy losses are the greatest. The acquired

* Reporting according to the guidelines GRI G3.1.

results will help us in making future decisions on renovations of business facilities, as well as making energy performance certificates.

Parallel to implementing energy reviews we are also collecting data on consumption of individual types of energy products by locations of business and other facilities. The collected data will serve for comparison among individual facilities or for their energy efficiency.

Initiatives to reduce indirect energy consumption and reductions achieved (GRI EN7)*

The needs for energy are growing. In the company Elektro Maribor we support energy generation from renewable sources and high-efficiency facilities. This is why we approached the construction of photovoltaic power stations under our subsidiary OVEN Elektro Maribor and in 2013 started the first machine for combined heat and power production.

Carbon footprint

In 2011, we for the first time calculated the carbon footprint of Elektro Maribor for 2010, only for headquarters. We extended the calculation in 2012 to the entire company and plan to calculate it each year.

In carbon footprint calculation we included the following sources of greenhouse gas emissions:

- Direct greenhouse gas emissions from sources, which the organisation owns or manages, e.g. burning of fossil fuels in combustion plants or in using company vehicles and construction mechanisation.
- Indirect greenhouse gas emission due to electricity use and use of heating or steam.
- Other indirect greenhouse gas emissions, as a result of product purchases and services, which the company purchases, such as the purchase of materials and fuels, company transports with vehicles that are not owned by the company, etc.

The calculation includes indirect emissions due to paper use, employee commutes and business travels with transport means not owned by the company.

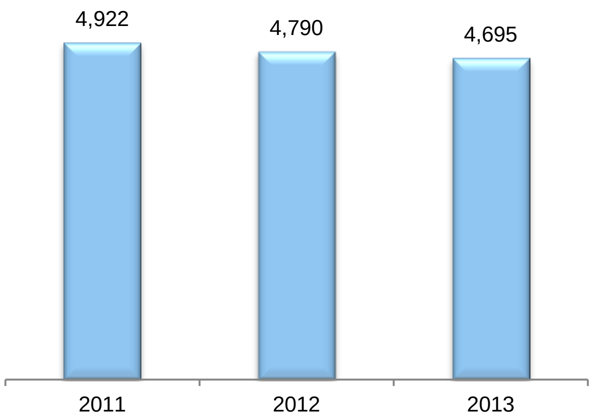
Carbon footprint 2011–2013 (kg CO2/employee)

	2011	2012	2013
Transport	2,714	2,687	2,688
Electricity	1,565	1,373	1,392
Heating	612	701	588
Paper	31	29	27
Total	**4,922**	**4,790**	**4,695**

The cause behind lower annual quantities of greenhouse gas emissions are certain actions that the company had adopted. Transport optimisation reflects in a smaller amount of consumed fuel and also carbon dioxide emissions (ap. 181 tons). There is also less paper consumption, which we can contribute to setting all printers to double-sided printing and introduction of the electronic office operation.

* Reporting according to the guidelines GRI G3.1.

Carbon footprint 2011–2013 (kg CO_2/employee)



Total Weight of Waste by Type and Disposal Method (GRI EN22)*

The company Elektro Maribor d.d. encounters different types of waste in its line of work. For the most part this is waste resulting from maintenance of the distribution network (various metals in the shape of conduits and cables, wood, packaging, meters). The company Elektro Maribor separates waste and hands it over to waste managers.

Weight of waste in kg 2011-2013

	2011	2012	2013
Hazardous waste	5,750	9,142	3,671
Polluted water	56,120	104,100	0
Packaging	7,410	13,301	14,853
Paper, cardboard	33,496	19,961	35,264
Construction waste	49,620	39,211	23,556
Municipal waste	117,546	100,343	107,012
Non-ferrous metals	22,986	9,692	13,729
Other metals	196,496	122,511	130,967
Electrical waste and electronic equipment	33,572	15,338	33,527
Other	117,527	316,242	6,613
Total	**640,523**	**749,841**	**369,192**

At the locations of the company waste separation by type has been in place for several years. We are striving to separate waste as consistently as possible. This is noticeable in larger quantities of collected packaging and in smaller quantities of municipal waste with regard to previous years. The success of the project of restoring the oil cavities reflects in smaller quantities of generated polluted water to 0, whereas larger construction works and natural disasters affect the amounts of construction and metal waste.

6.2 Environmental Protection in Energija plus

By finding products, which enable clients automatic monitoring and remote management of electricity consumers and the PURE call, which enables the public and service sector the acquisition of non-refundable

* Reporting according to the guidelines GRI G3.1.

funds for different actions for efficient energy use, we have been actively involved in environmental protection. By consulting our clients we are raising awareness on the use of renewable energy sources. We emphasise the importance of using the electronic bill and eServices to reduce paper consumption. We also follow the commitments to protect the environment in our business operations.

6.3 Environmental Protection in OVEN Elektro Maribor

The company performs its activity in line with the highest ecological standards and the precaution that all potential negative influences on the environment, where the company is present, are as low as possible. All employees are included in environmental protection, both inside, as well as outside of the company.

IV. Financial Report of Elektro Maribor

1 INDEPENDENT AUDITOR'S REPORT

To the shareholders of the company Elektro Maribor d.d., Maribor

Report on financial statements

We audited the financial statements of the company Elektro Maribor, d.d., Maribor, comprising the balance sheet as at 31 December 2013, 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.

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 that the accounting process is free of any risk of misstatement or fraud.

Auditor's Responsibility

It is our responsibility to perform the audit and state an opinion about the financial statements on the basis of our auditing process. We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit in compliance with ethical requirements to obtain reasonable assurance as to whether the financial statements are free of material misstatement due to fraud or mistake.

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. Risk evaluation is intended to ensure the reliability of financial reporting and minimise the risk of inaccurate external or internal Group reporting; the auditor's aim is thus to establish appropriate auditing procedures, not to assess the effectiveness of the company's internal control procedures. The audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

We believe that the audited evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Opinion

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the company Elektro Maribor, d.d., Maribor as of 31 December 2013 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

In accordance with the provision of the Companies Act we hereby confirm that the information in the business report were found to conform with the audited financial statements.

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

Boštjan Mertelj
Authorised auditor

Danilo Bukovec
Director

Ljubljana, 17 April 2014

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.

The Management Board of the company is responsible for keeping proper accounting records, which represent the company's financial position with reasonable accuracy at any given time. Furthermore, it is responsible 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.

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 Slovene Accounting Standards 2006 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, 17 April 2014

President of the Management Board:
Boris Sovič, MSc

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 Slovene 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 of the company endorsed and adopted the financial statements and notes as well as the accounting policies to the financial statements and the presented Annual Report for 2013 on 28 March 2014.

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

No changes in accounting policies occurred in 2013.

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:
- understandability,
- 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 obliged 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 2013, 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.

The 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 Rulebook on Accounting, the Rulebook 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 2013 and do not require additional disclosures in the financial report.

As at the completion of financial statements, the final settlement for the regulatory year 2013 that will be based on the audited data for 2013 was not available; therefore the preliminary settlement amount for the regulatory year 2013 has been taken into account and it shows surplus of received assets over the recognised contractual values of lease and services in the amount of EUR 215,414. Moreover, the estimate of the final settlement for the regulatory year 2013 has been taken into account, and it shows surplus of received assets over the recognised contractual values of lease and services in the amount of EUR 153,967.

Relations with affiliated companies

Elektro Maribor d.d. holds long-term financial investments with over 20% percent shares in the following companies:

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

Operations of affiliates in 2013

	Equity	Total assets	Net profit or loss	Total revenue
Energija plus d.o.o., Vetrinjska ul. 2, Maribor	15,897,277	35,152,492	1,356,288	104,164,048
OVEN Elektro Maribor d.o.o., Vetrinjska ul. 2, Maribor	4,101,361	4,207,248	166,322	1,165,202
Moja Energija d.o.o., Jadranska cesta 28, Maribor	4,065,961	6,302,093	1,860,386	8,066,250
Eldom d.o.o., Obrežna ulica 170, Maribor	209,176	438,389	-23,975	913,488
Informatika d.d., Vetrinjska ulica 2, Maribor	1,730,247	4,398,452	155,681	11,971,811

Elektro Maribor d.d. prepares the consolidated financial statements and the consolidated Annual Report for the parent company, 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. Items of long-term property rights start being amortised over their expected useful lives as soon as they are made available for use.

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 in 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.

Elektro Maribor 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 that 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 items of property, plant and equipment are owned by the company and have not been 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 2013.

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 pointing to the need for the impairment of investment property in 2013.

Amortisation and 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 among distribution companies in Slovenia. Amortisation/depreciation is calculated individually using the straight-line depreciation method.

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

The company defines useful lives of individual fixed assets as follows:

	2013	2012
Buildings	50 years	50 years
Cable underground system, HV overhead lines, HV cable lines, MV overhead 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 line and CR with wooden poles, TP 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 years	3 years
Easement	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 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 revalued 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 with a contract.

The company regularly checks the suitability of disclosed receivables. The amounts of receivable 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 accruals and deferrals

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.

Equity

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 the KDD – centralna klirinško depotna družba d.d. (Central Securities Clearing Corporation) in line with the regulations.

Revenue reserves are recognised in accordance with the decision of the Management Board, the Supervisory Board, and the General Meeting's resolution.

Revaluation surplus is recognised on the basis of the revaluation of investments at the end of each business year.

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

The company presented the changes in equity in the statement of changes in equity.

Provisions and long-term accrued expenses and deferred revenue

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 Unit Credit method and performed at the end of each business year when the company adjusts the value and balance of provisions. The most important assumptions used in the actuarial calculation are:

- mortality probability (SLO2002x, SLO2002y);
- disability probability (in accordance with the model on the basis of BUZ/BV 1990x, BUZ/BV1990y);
- retirement in accordance with the model based on Pension and Disability Insurance Act (ZPIZ-2A; the Official Gazette of the Republic of Slovenia, No. 39/2013);
- staff turnover:
  - 4.0% in interval to 35 years;
  - 3.0% in interval from 36 to 45 years;
  - 2.0% in interval to 46 years;
- 4.0% discount rate;
- growth of salaries and wages in the Republic of Slovenia: 2.0%;
- growth of wages in the company: 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 (the Official Gazette of the Republic of Slovenia, No. RS 76/08)).

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 costs of improving the working conditions for the disabled.

The company also makes long-term revenue accruals and expense deferrals 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.

Liabilities

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

Commitments and contingent liabilities

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.

Revenue

The 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. The revenue is recognised when it is reasonable to expect it to result in receipts, if these are not already realised at inception.

The revenue comprises of operating, financial, and other revenue.

Operating revenue is revenue from the sale 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 revalued in previous years.

Finance income is income 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 regards its size, maturity and realisability. 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.

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 costs in an accounting period.

Revaluation operating expenses are recognised when an adequate revaluation is completed and it appears 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 the 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

Elektro Maribor 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: holiday pay, reimbursement of material costs, solidarity aid and other.

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

Labour costs also include accrued costs from unused annual leave of employees. The company accrued among labour costs the costs of salaries and wages, arising from legal claims and for which there is more than 50% certainty that they will be settled in 2014.

Taxes

Elektro Maribor 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 under 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

Elektro Maribor has defined the following two segments for the purpose of segment reporting:
- 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 providing services for SODO, and
- the services which include other market activities performed by the company.

The company is obliged to report on the operation of individual segments to the regulator (Energy Agency RS) and SODO d.o.o.

5 FINANCIAL STATEMENTS OF ELEKTRO MARIBOR

Balance sheet

	Item	Note	31 Dec 2013	31 Dec 2012
A.	**Long-term assets (I-VI)**		**303,286,398**	**299,110,105**
I.	**Intangible assets and long-term deferred costs and accrued revenues (1 to 6)**	**1**	**1,757,571**	**838,766**
	1. Long-term property rights		1,757,571	838,766
II.	**Property, plant and equipment (1 to 6)**	**2**	**282,712,665**	**279,706,829**
	1. Land and buildings (a + b)		209,072,456	208,872,830
	a. Land		7,642,980	7,628,369
	b. Buildings		201,429,477	201,244,461
	2. Production equipment and machinery		67,970,844	66,427,859
	4. Property, plant and equipment in acquisition (a + b)		5,669,365	4,406,140
	a. Property, plant and equipment under construction		5,654,560	4,399,377
	b. Advances for acquisition of property, plant and equipment		14,805	6,763
III.	**Investment property**	**3**	**679,713**	**686,108**
IV.	**Non-current financial investments (1 to 2)**	**4**	**17,679,733**	**17,864,602**
	1. Non-current financial investments excluding loans (a to č)		17,679,733	17,864,602
	a. Investments in shares and shareholdings of companies in Group		16,983,478	16,983,478
	b. Investments in shares and shareholdings of affiliated companies		487,907	672,776
	c. Other non-current investments in shares and shareholdings		56,594	56,594
	č. Other non-current financial investments		151,754	151,754
V.	**Long-term operating receivables (1 to 3)**	**5**	**19,245**	**13,801**
	3. Long-term operating receivables due from others		19,245	13,801
VI.	**Deferred tax assets**	**6**	**437,470**	**0**
B.	**Current assets (I - V)**		**23,853,544**	**25,550,562**
II.	**Inventories (1 to 4)**	**7**	**1,617,534**	**1,743,977**
	1. Material		1,617,534	1,743,977
IV.	**Short-term operating receivables (1 to 3)**	**8**	**9,669,301**	**12,324,567**
	1. Short-term operating receivables due from companies in Group		56,445	67,221
	2. Short-term trade receivables		8,430,079	10,950,247
	3. Short-term operating receivables due from others		1,182,777	1,307,100
V.	**Cash and cash equivalents**	**9**	**12,566,709**	**11,482,018**
C.	**Short-term accrued revenue and deferred expenses**	**10**	**122,572**	**25,605**
	ASSETS (A + B + C)		**327,262,514**	**324,686,272**
	Off-balance-sheet assets		48,748,196	50,119,115

	Item	Note	31 Dec 2013	31 Dec 2012
A.	**Equity**	**11**	**240,649,237**	**236,243,963**
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.	**Reserves from profit (1 to 5)**		**21,833,863**	**17,938,441**
	1. Legal reserves		2,174,031	1,803,038
	5. Other profit reserves		19,659,833	16,135,403
IV.	**Revaluation surplus**		**105,184**	**105,184**
V.	**Retained earnings**		**290,663**	**0**
	1. Retained earnings from previous years		290,663	0
VI.	**Net profit for the year**		**3,524,430**	**3,305,242**
	1. Undistributed profit for the year		3,524,430	3,305,242
B.	**Provisions and long-term accrued expenses and deferred revenue (1 to 3)**	**12**	**35,289,595**	**34,970,660**
	1. Provisions for retirement benefits and similar liabilities		4,026,802	3,974,932
	2. Other provisions		950,590	103,340
	3. Long-term accrued costs and deferred revenue		30,312,203	30,892,388
C.	**Non-current liabilities (I to III)**	**13**	**29,718,509**	**30,575,651**
I.	**Long-term financial liabilities (1 to 4)**		**29,707,143**	**30,564,285**
	2. Long-term financial liabilities to banks and companies		29,707,143	30,564,285
II.	**Long-term operating liabilities**		**11,366**	**11,366**
	2. Long-term operating liabilities to suppliers		11,366	11,366
Č.	**Current liabilities (I to III)**	**14**	**20,053,941**	**21,411,842**
II.	**Current financial liabilities (1 to 4)**		**7,798,676**	**8,769,430**
	2. Current financial liabilities to banks and companies		7,773,809	8,747,143
	4. Other current financial liabilities		24,866	22,287
III.	**Current operating liabilities (1 to 8)**		**12,255,265**	**12,642,412**
	1. Current operating liabilities to companies of Group		721,600	45,034
	2. Current operating liabilities to suppliers		4,627,856	6,491,605
	4. Current liabilities from operations for third party account		3,050,096	2,693,308
	5. Current liabilities to employees		2,560,853	2,267,405
	6. Current liabilities to state and other institutions		838,801	720,452
	7. Current operating liabilities based on advances		226,651	173,591
	8. Other current operating liabilities		229,407	251,017
D.	**Short-term accrued expense and deferred revenue**	**15**	**1,551,233**	**1,484,156**
	LIABILITIES (A to D)		**327,262,514**	**324,686,272**
	Off-balance-sheet liabilities	16	48,748,196	50,119,115

Income statement

	Item	Note	I–XII 2013	I–XII 2012
1.	**Net sales revenue (a + b)**	**17**	**61,306,370**	**63,981,084**
	a. in domestic market		61,306,370	63,981,084
3.	**Capitalised own products and services**	**18**	**14,444,029**	**9,636,650**
4.	**Other operating revenue (including revaluation operating revenue)**	**19**	**2,241,792**	**1,872,729**
5.	**Cost of goods, material and services (a + b)**	**20**	**23,588,357**	**23,009,080**
	a. Cost of goods sold and material used		17,178,846	16,025,515
	b. Cost of services		6,409,511	6,983,565
6.	**Labour cost (a + b + c + d)**	**21**	**25,316,989**	**24,571,044**
	a. Costs of wages and salaries		18,379,757	17,296,757
	b. Cost of additional pension insurance for employees		881,978	833,202
	c Employer contributions and other salary duties		2,967,808	2,818,806
	d. Other labour costs		3,087,446	3,622,280
7.	**Write-offs (a + b + c)**	**22**	**19,444,959**	**19,572,118**
	a. Amortisation and depreciation		18,690,459	19,195,755
	b. Revaluation operating expenses for intangible assets and property, plant and equipment		21,486	107,282
	c. Revaluation operating expenses for current assets		733,013	269,081
8.	**Other operating expenses**	**23**	**1,444,210**	**898,959**
9.	**Finance income from shareholdings**	**24**	**400,000**	**300,000**
	a) Finance income from shareholdings in companies of Group		400,000	300,000
10.	**Finance income from loans granted (a+b)**	**25**	**99,504**	**185,680**
	a. Finance income from loans granted to companies of Group		615	884
	b. Finance income from loans granted to others		98,889	184,796
11.	**Finance income from operating receivables (a + b)**	**26**	**77,692**	**64,251**
	b. Finance income from operating receivables due from others		77,692	64,251
12.	**Finance expenses from write-offs and impairments of financial investments**	**27**	**184,870**	**0**
13.	**Finance expenses from financial liabilities (a + b + c + č)**	**28**	**775,750**	**847,249**
	a. Finance expenses from borrowings from Group companies		0	12,196
	b. Finance expenses from borrowings		769,688	834,777
	č . Finance expenses from other financial liabilities		6,062	276
14.	**Finance expenses from operating liabilities (a + b + c)**	**29**	**23,065**	**959**
	b. Finance expenses from liabilities to suppliers and liabilities pertaining to bills of exchange		23,065	959
15.	**Other revenue**	**30**	**57,644**	**36,883**
16.	**Other expenses**	**31**	**99,975**	**122,752**
17.	**Income tax**		**766,473**	**96,711**
18.	**Deferred tax**		**437,470**	**0**
19.	**NET PROFIT FOR THE PERIOD**	**32**		
	(1 ± 2 +3 + 4 - 5 - 6 - 7 - 8 + 9 + 10 + 11 - 12 - 13 - 14 + 15 - 16 - 17 +18)		**7,419,853**	**6,958,405**

Statement of comprehensive income

	Item	Note	I–XII 2013	I–XII 2012
19.	Net profit for the period		7,419,853	6,958,405
24.	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**		**7,419,853**	**6,958,405**

Cash flow statement

Item	Note	I–XII 2013	I–XII 2012
A. Cash flows from operating activities			
a) Cash receipts from operating activities	***33***	***107,950,761***	***112,236,131***
aa) Cash receipts from the sale of products and		105,674,315	100,030,098
ab) Other cash receipts from operating activities		2,276,446	12,206,033
b) Cash disbursements from operating activities	***34***	***-92,771,155***	***-96,134,005***
ba) Cash disbursements from the purchase of material and services		-60,003,946	-53,335,213
bb) Cash disbursements from salaries and employees' participation in profit		-14,652,643	-13,875,939
bc) Cash disbursements from charges		-15,718,907	-14,438,382
bd) Other cash disbursements from operating activities		-2,395,659	-14,484,471
c) Net cash used in operating activities (a + b)		***15,179,606***	***16,102,126***
B. Cash flows from investing activities			
a) Cash receipts from investing activities	***35***	***7,260,697***	***17,148,220***
aa) Cash receipts from interest and participation in profit of others, pertaining to investing activities		495,129	499,681
ac) Cash receipts from disposal of property, plant and equipment		65,568	48,539
ae) Cash receipts from disposal of current financial investments		6,700,000	16,600,000
b) Cash disbursements from investing activities	***36***	***-15,750,600***	***-18,284,707***
ba) Cash disbursements from acquisition of intangible assets		-528,124	-401,693
bb) Cash disbursements from acquisition of property, plant and equipment		-8,522,476	-9,283,014
bd) Cash disbursements from acquisition of current financial investments		-6,700,000	-8,600,000
c) Net cash used in investing activities (a + b)		***-8,489,903***	***-1,136,487***
C. Cash flows from financing activities			
a) Cash receipts from financing activities	***37***	***7,000,000***	***8,000,000***
ab) Cash receipts from increase of non-current financial liabilities		7,000,000	8,000,000
b) Cash disbursements from financing activities	***38***	***-12,605,012***	***-17,680,729***
ba) Cash disbursements from interest paid on financing		-775,083	-889,278
bc) Cash disbursements from repayment of non-current financial liabilities		-8,830,476	-11,046,163
bd) Cash disbursements from repayment of current financial liabilities		0	-2,094,987
be) Cash disbursements from dividends and other participation in profit		-2,999,453	-3,650,301
c) Net cash used in financing activities (a + b)		***-5,605,012***	***-9,680,729***
Č. Closing balance of cash and cash equivalents		**12,566,709**	**11,482,018**
x) Cash flow result for the period (sum of net cash Ac, Bc and Cc)		**1,084,691**	**5,284,910**
+			
y) Opening balance of cash and cash equivalents		**11,482,018**	**6,197,108**

Statement of changes in equity

	Statement of changes in equity for 2013	Called-up capital	Revenue reserves				Retained net profit or loss	Net profit or loss for the period	Total
		Share capital	Share premium	Legal reserves	Other revenue reserves	Revaluation surplus	Retained net profit	Net profit	
		I/1	II	III/1	III/5	IV	V/1	VI/1	
A.1.	**Closing balance as at the end of the previous reporting period**	**139,773,510**	**75,121,586**	**1,803,038**	**16,135,403**	**105,184**		**3,305,242**	**236,243,963**
A.2	**Opening balance of the reporting period**	**139,773,510**	**75,121,586**	**1,803,038**	**16,135,403**	**105,184**	**3,305,242**		**236,243,963**
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**							**7,419,853**	**7,419,853**
a.	Entry of net profit or loss for the period							7,419,853	7,419,853
B.3	**Changes in equity**			**370,993**	**3,524,430**			**-3,895,423**	**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			370,993	3,524,430			-3,895,423	0
C.	**Closing balance for the reporting period**	**139,773,510**	**75,121,586**	**2,174,031**	**19,659,833**	**105,184**	**290,663**	**3,524,430**	**240,649,237**

	Statement of changes in equity for 2012	Called-up capital	Revenue reserves				Retained net profit or loss	Net profit or loss for the period	Total
		Share capital	Share premium	Legal reserves	Other revenue reserves	Revaluation surplus	Retained net profit	Net profit	
		I/1	II	III/1	III/5	IV	V/1	VI/1	
A.1.	**Closing balance at the end of the previous reporting period**	**139,773,510**	**75,121,586**	**1,455,118**	**12,830,161**	**105,184**		**3,684,486**	**232,970,046**
A.2	**Opening balance of the reporting period**	**139,773,510**	**75,121,586**	**1,455,118**	**12,830,161**	**105,184**	**3,684,486**		**232,970,046**
B.1	**Changes in equity – transactions with shareholders**						**-3,684,486**		**-3,684,486**
g.	Payment of dividend						-3,684,486		-3,684,486
B.2	**Total comprehensive income for the period**							**6,958,405**	**6,958,405**
a.	Entry of net profit or loss for the period							6,958,405	
B.3	**Changes in equity**			**347,920**	**3,305,242**			**-3,653,162**	
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			347,920	3,305,242			-3,653,162	
c.	Allocation of a part of the net profit for the formation of additional reserves pursuant to General Meeting's resolution								
C.	**Closing balance for the reporting period**	**139,773,510**	**75,121,586**	**1,803,038**	**16,135,403**	**105,184**	**0**	**3,305,242**	**236,243,963**

6 NOTES AND DISCLOSURES TO FINANCIAL 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.

Changes in intangible assets

	Intangible assets	Investments in progress	Total
Cost			
As at 31 Dec 2012	5,177,997	443,186	5,621,183
Increase		*1,516,747*	*1,516,747*
- New acquisitions		1,516,747	1,516,747
Activation	1,959,933	-1,959,933	0
Transfer			
As at 31 Dec 2013	7,137,930	0	7,137,930
Accumulated amortisation			
As at 31 Dec 2012	4,782,417		4,782,417
Amortisation	597,942		597,942
As at 31 Dec 2013	5,380,359		5,380,359
Carrying amount			
As at 31 Dec 2012	395,580	443,186	838,766
As at 31 Dec 2013	1,757,571	0	1,757,571

Property, plant and equipment

Note 2

Changes in property, plant and equipment in 2013

	Land	Buildings	Equipment	Investments in progress	Advance payments made	Total property, plant and equipment
Cost						
As at 31 Dec 2012	7,628,369	658,270,852	158,834,053	4,399,377	6,763	829,139,414
Additions, of which:				21,100,042	9,630	21,109,672
- Additions (new acquisitions)				20,533,361	9,630	20,542,991
- Additions (free of charge acquisition)				566,681		566,681
Activation	22,727	12,355,632	7,466,499	-19,844,858		0
Disposals	-8,985	-1,517,978	-2,758,199	0	-1,588	-4,286,750
Transfers	868	-868				
As at 31 Dec 2013	7,642,980	669,107,638	163,542,353	5,654,560	14,805	845,962,336
Accumulated depreciation						
As at 31 Dec 2012		457,026,392	92,406,194			549,432,586
Disposals		-1,512,310	-2,738,544			-4,250,854
Depreciation		12,164,080	5,903,859			18,067,939
As at 31 Dec 2013		467,678,162	95,571,509			563,249,671
Carrying amount						
As at 1 Jan 2013	7,628,369	201,244,460	66,427,858	4,399,377	6,763	279,706,828
As at 31 Dec 2013	7,642,980	201,429,476	67,970,844	5,654,560	14,805	282,712,665

Changes in property, plant and equipment in 2012

	Land	Buildings	Equipment	Investments in progress	Advance payments made	Total property, plant and equipment
Cost						
As at 31 Dec 2011	7392527	641,698,982	153,731,812	6,437,017		809,260,338
Transfers		-5,200	5,200	-443,186		-443,186
As at 1 Jan 2012	7,392,527	641,693,782	153,737,012	5,993,831	0	808,817,152
Additions, of which:	235,842	16,862,701	6,373,863	-1,594,454	6,763	21,884,715
- Additions (new acquisitions)				*19,193,117*	*6,763*	*19,199,880*
- Additions (free of charge acquisition)				*2,684,835*		*2,684,835*
- Activation	*235,842*	*16,862,701*	*6,373,863*	*-23,472,406*		*0*
Disposals		-285,631	-1,276,822			-1,562,453
As at 31 Dec 2012	7,628,369	658,270,852	158,834,053	4,399,377	6,763	829,139,414
Accumulated depreciation						
As at 31 Dec 2011		445,013,659	87,731,272			532,744,931
Transfers		-1,553	2,166			613
As at 1 Jan 2012		445,012,106	87,733,438			532,745,544
Disposals		-272,008	-1,182,027			-1,454,035
Depreciation		12,286,294	5,854,783			18,141,077
As at 31 Dec 2012		457,026,392	92,406,194			549,432,586
Carrying amount						
As at 31 Dec 2011	7,392,527	196,685,322	66,000,540	6,437,017	0	276,514,794
As at 31 Dec 2012	7,628,369	201,244,460	66,427,858	4,399,377	6,763	279,706,828

Major acquisitions of items of property, plant and equipment in 2013 refer particularly to:

	2013	2012
LV lines	5,542,173	4,522,249
Metering equipment and instruments	3,404,789	2,932,388
TS MV/HV	2,022,588	1,524,749
MV lines (connecting)	1,851,693	1,576,509
STS HV/MV new	1,248,178	910,991
MV lines (connecting)	1,144,970	1,056,122

Major decrease in property, plant and equipment refers to buildings in the amount of EUR 1,517,978 (cost) and equipment in the amount of EUR 2,758,199 (cost).

The items of property, plant and equipment not yet available for use totalled at EUR 5,654,560.

The company has no items of property, plant and equipment acquired through 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.

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

The accumulated depreciation rate for items of property, plant and equipment:

in %

	31 Dec 2013	31 Dec 2012
Buildings	69	71
Equipment	58	58

Elektro Maribor d.d., as the owner of the electricity infrastructure, signed the Annex No. 2 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 2013. The Annex defines the amount of rent and services performed by Elektro Maribor d.d. for SODO d.o.o., and the amount of assets to cover the loss in the distribution system of Elektro Maribor d.d.

The amounts of future rents for fixed assets rented out cannot be reliably provided, as the price and extent of rent change with years. The 2013 rent amounts to EUR 29,016,261.

The carrying amount of the electrical distribution infrastructure rented out as at 31 December 2013 was EUR 254,753,764.

Changes in electricity distribution infrastructure in 2013

	Intangible fixed assets	Land	Buildings	Equipment	Total property, plant and equipment
Cost					
As at 31 Dec 2012	0	4,822,881	632,587,454	135,545,384	772,955,719
Transfers			-22,129	-4,431	-26,560
As at 1 Jan 2013	**0**	**4,822,881**	**632,565,325**	**135,540,953**	**772,929,159**
Increases, of which:	899,373	17,233	12,130,599	5,793,892	18,841,097
- Activation	899,373	17,233	12,130,599	5,793,892	18,841,097
Disposals	0	-206	-1,709,082	-1,749,317	-3,458,605
As at 31 Dec 2013	**899,373**	**4,839,908**	**642,986,842**	**139,585,528**	**788,311,651**
Accumulated depreciation					
As at 31 Dec 2012			446,129,846	74,519,851	520,649,697
Transfers			-4,165	-419	-4,584
As at 1 Jan 2013	**0**		**446,125,681**	**74,519,432**	**520,645,113**
Decreases			1,394,146	1,736,445	3,130,591
Amortisation/depreciation	**1,367**		11,666,140	4,375,859	16,043,366
As at 31 Dec 2013	**1,367**	**0**	**456,397,675**	**77,158,846**	**533,557,888**
Carrying amount					
As at 1 Jan 2013	0	4,822,881	186,439,644	61,021,521	252,284,046
As at 31 Dec 2013	**898,007**	**4,839,908**	**186,589,167**	**62,426,682**	**254,753,765**

Investment property

Note 3

The Management Board of the company has actively monitored the events on the market and it assesses that there was no objective evidence in 2013 on the facts that would point to the need for impairment of investment property.

	31. 12. 2013
Cost	
As at 31 Dec 2012	1,415,507
Increase	18,183
At 31 Dec 2013	1,433,690
Accumulated depreciation	
As at 31 Dec 2012	729,399
Depreciation	24,578
As at 31 Dec 2012	753,977
Carrying amount	
As at 31 Dec 2012	686,108
As at 31 Dec 2013	679,713

	Value	Revenue	Expenses
Holiday capacities	668,412	108,120	119,986
Apartments	11,301	8,047	3,258
Total	**679,713**	**116,167**	**123,244**

Non-current financial investments

Note 4

	As at 31 Dec 2013	As at 31 Dec 2012
Investments in shareholdings in Group companies:	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 shareholdings and shares of associated companies:	487,907	672,776
- Informatika d.d.	437,530	437,530
- Eldom d.o.o.	50,376	235,246
- Moja energija d.o.o.	0	0
Other long-term investments in shareholdings	56,594	56,594
Other Non-current financial investments	151,754	151,754
Total	**17,679,733**	**17,864,602**

In 2013, the company found that there existed grounds to eliminate the investment in the holiday capacities of Eldom d.o.o. due to unarranged ownership relations, hence it was impossible to prove the existence of the investment. The company, therefore, recognised the investment among commitments and contingent liabilities, and recognised expenses in the amount of EUR 184,870 from the impairment of this investment.

Long-term operating receivables

Note 5

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

Deferred tax assets

Note 6

In 2013, the company recognised deferred tax assets for temporary deductible tax differences from the past and current tax non-deductible expenses from the formation of provisions for jubilee awards and retirement benefits. The recognition is based on the importance of the item and that the company has stabilised its operations in recent business years; due to the achieved appropriate levels of profit before tax, the company can assert with certainty that significant amounts of the positive tax base will appear in the upcoming years and it will be possible to decrease the base with the existing deductible temporary tax differences.

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.

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.

	31 Dec 2013	31 Dec 2012
Raw materials and material	1,533,355	1,661,096
Fuel and lubricants	15,298	12,673
Office material	11,789	10,760
Small tools and packaging	57,092	59,448
Total	**1,617,534**	**1,743,977**

As at 31 December 2013 the company's inventory stood at EUR 69,203. There were no changes in the inventory, but it is determined as inventory of operating reserves. The Management Board of the company estimates that the net realisable value is lower, thus the company made a value adjustment in 2013 in the amount of 50%.

	31 Dec 2013	31 Dec 2012
Gross value of inventory	1,652,136	1,743,977
Value adjustments	34,602	0
Net value of inventory	1,617,534	1,743,977

During the regular annual inventorying, the company found a deficit in the amount of EUR 1.48 and no surplus. EUR 15,112 in material was written off in 2013 due to damage, destruction and obsolescence. The same amount was recognised in the company's expenses.

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

Short-term operating receivables

Note 8

	31 Dec 2013	31 Dec 2012
Short-term operating receivables due from Group companies, of which:	56,445	67,221
- receivables due from Energija plus d.o.o.	55,528	48,852
- receivables due from Oven Elektro Maribor d.o.o.	917	18,369
Short-term accounts receivable for the use of network	3,470,564	3,343,043
Short-term accounts receivable for services	4,905,720	7,543,136
Short-term operating receivables for interest	15,386	15,990
Short-term operating receivables from operations for third party account	748,911	820,440
Other short-term operating receivables	472,275	534,737
Total	**9,669,301**	**12,324,567**

Short-term accounts receivable for services are lower compared to the previous business year, primarily due to fewer rendered construction and installation services on the market.

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 for disputable and doubtful receivables and for receivables that were more than 90 days in arrears, in accordance with the rules.

	31 Dec 2013	31 Dec 2012
Gross receivables	11,629,755	13,866,452
Value adjustment	1,960,454	1,541,885
Net receivables	9,669,301	12,324,567

	As at 1 Jan 2013	Decrease	Increase	As at 31 Dec 2013
Value adjustments of short-term operating receivables				
- decrease in value adjustments due to payments		123,703		
- decrease in value adjustments due to write-offs		141,028		
Total	**1,541,885**	**264,731**	**683,299**	**1,960,454**

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 receivables due from SODO d.o.o. as at 31 December 2013 stood at EUR 4,283,161.

A majority part of the company's receivables are secured with bills of exchange.

As at the end of 2011, the company had no receivables due from the Management Board and the members of the Supervisory Board.

Breakdown of short-term operating receivables by maturity

	31 Dec 2013	Structure in %	31 Dec 2012	Structure in %
Non-past due	8,878,145	91.82	11,306,138	91.74
Past due up to 30 days	665,577	6.88	627,764	5.09
Past due from 31 to 60 days	5,666	0.06	319,506	2.59
Past due from 61 to 90 days	48,022	0.50	44,512	0.36
Past due over 90 days	71,891	0.74	26,647	0.22
Total	**9,669,301**	**100.00**	**12,324,567**	**100.00**

Cash and cash equivalents

Note 9

	31 Dec 2013	31 Dec 2012
Cash on accounts	3,196	22,626
Call deposits	12,563,513	11,459,392
Total	**12,566,709**	**11,482,018**

Short-term accrued revenues and deferred expenses

Note 10

	31 Dec 2013	31 Dec 2012
Short-term deferred expenses from settlement of network loss and other	122,572	19,875
Short-term accrued revenue	0	5,730
Total	**122,572**	**25,605**

In 2013, the company accrued the settlement of costs related to the purchase of electricity for losses based on supplier's calculations. The final settlement of these costs is planned for the summer of 2014; they refer to the costs from 2013.

Equity

Note 11

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

	31 Dec 2013	31 Dec 2012
Share capital	139,773,510	139,773,510
Capital reserves	75,121,586	75,121,586
Legal reserves	2,174,031	1,803,038
Other revenue reserves	19,659,833	16,135,403
Revaluation surplus	105,184	105,184
Retained earnings	290,663	0
Net profit for the year	3,524,430	3,305,242
Total	**240,649,237**	**236,243,963**

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.

The company generated a net profit of EUR 7,419,853 in 2013. The Management Board of the company used a part of the net profit in the amount of EUR 370,993 to form legal reserves.

In agreement with the Supervisory Board, the Management Board of the company distributed a part of the net profit, which stood at EUR 7,048,860 after the legal reserves had been formed, to other revenue reserves in the amount of EUR 3,524,430.

The net profit thus amounted to EUR 3,524,430; it is presented in the appendix to the statement of changes in equity and is subject to distribution at the General Meeting of Shareholders in 2014.

As at 31 December 2013, the book value of one share totalled at EUR 7.18, compared to EUR 7.05 as at 31 December 2012.

The net profit per share in 2013 amounted to EUR 0.22.

The growth of consumer prices in 2013 stood at 0.7%. Were the company to revaluate the equity using the growth rate of consumer prices for 2013, the net profit would total at EUR 5,776,869. The calculated effect is EUR -1,642,984.

Item	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	236,243,963	0.70	1,653,708	-3,014,579	0,3557	-10,724	7,419,853	5,776,869	1,642,984

Provisions and long-term accrued expenses and deferred revenue

Note 12

	As at 31 Dec 2013	As at 31 Dec 2012
Provisions for service awards	1,579,686	1,432,004
Provisions for retirement benefit	2,447,117	2,542,928
Provisions for guarantees given	31,128	0
Provisions for long-term accrued expenses	919,461	103,340
Total	**4,977,392**	**4,078,272**

Provisions for service awards and severance pay upon retirement 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 company formed provisions for legal commitments in 2013 in accordance with the principle of prudence. In relation to this, the company accrued costs which are highly likely to require cash outflow to be settled in the future. The amount recognised from this 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.

	As at 31 Dec 2012	Formation	Use	Derecognition	As at 31 Dec 2013
Provisions for service awards	1,432,004	355,266	207,584		1,579,686
Provisions for retirement benefits	2,542,928	42,801	138,613		2,447,117
Provisions for guarantees given	0	31,128			31,128
Provisions for long-term accrued expenses	103,340	885,218		69,097	919,461
Total	**4,078,272**	**1,314,413**	**346,197**	**69,097**	**4,977,392**

Long-term accrued expenses and deferred revenue 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 amortisation 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.

	As at 31 Dec 2012	Decrease	Increase	As at 31 Dec 2013
Long-term deferred revenue from house connections acquired free of charge	15,784,083	621,380	525,374	15,688,077
Long-term deferred revenue from fixed asset acquired free of charge	6,614,577	222,903	41,306	6,432,980
Long-term deferred revenue from average cost of connection	4,545,988	178,523	0	4,367,465
Long-term deferred revenue from co-financing	3,903,194	148,228	9,258	3,764,224
Long-term deferred revenue from contributions for disabled employees	0	151,740	151,740	0
Long-term deferred revenue from – EU projects	44,547	0	14,911	59,458
Total	**30,892,388**	**1,322,774**	**742,589**	**30,312,203**

Non-current liabilities

Note 13

Non-current financial liabilities refer entirely to long-term borrowings received from commercial banks.

The company raised a long-term borrowing in the amount of EUR 7,000,000 in 2013 to finance investments.

The maturity of loans is between 5 and 10 years and the interest rate is between 1- and 3-month EURIBOR plus bank's margin of between 1.6% and 3.25%.

All loans are secured with bills of exchange.

Principals in the amount of EUR 29,988,099 fall due within five years from the balance sheet date.

The company duly pays the matured instalments of the principal.

	31 Dec 2013	31 Dec 2012
Long-term financial liabilities to banks	37,480,952	39,311,428
Short-term part of long-term financial liabilities to banks	-7,773,809	-8,747,143
Total	**29,707,143**	**30,564,285**

Current liabilities

Note 14

Current or short-term financial liabilities stood at EUR 7,798,676 and included amounts of the short-term part of long-term borrowings in the amount of EUR 7,773,809 EUR, falling due within one year from the balancing date, and liabilities to shareholders regarding the distribution of profit in the amount of EUR 24,866.

Current operating liabilities totalled EUR 12,255,265, as follows:

	31 Dec 2013	31 Dec 2012
Current operating liabilities to companies in Group, of which:	721,600	45,034
- to Energija plus d.o.o.	721,600	45,034
Current operating liabilities to associated companies	395,012	186,242
Current operating liabilities to suppliers for fixed assets	2,505,808	3,811,071
Current operating liabilities to suppliers for current assets	1,727,037	2,494,292
Current liabilities from operations to SODO d.o.o.	2,968,151	2,636,303
Other current liabilities from operations for third party account	81,945	57,005
Current operating liabilities to employees	2,560,853	2,267,405
Current operating liabilities to state and other institutions	838,801	720,452
Current operating liabilities based on advance payments	226,651	173,591
Other current operating liabilities	229,407	251,017
Total	**12,255,265**	**12,642,412**

The company duly settles its liabilities on maturity dates.

Short-term accrued expenses and deferred revenue

Note 15

Short-term accrued expenses and deferred revenue 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.

	31 Dec 2013	31 Dec 2012
Accrued expenses for unused annual leave	915,105	694,343
Short-term accrued expenses from litigations	336,697	232,837
Short-term accrued expenses from the settlement of loss	0	126,996
Short-term deferred revenue from the settlement of the regulatory period – 2011	145,464	429,980
Short-term deferred revenue from the settlement of the regulatory period – 2013	153,967	0
Total	**1,551,233**	**1,484,156**

Changes in short-term accrued expenses and deferred revenue:

	As at 31 Dec 2012	Formation	Use	Derecognition	As at 31 Dec 2013
Accrued expenses for unused annual leave	694,343	915,105	649,008	45,335	915,105
Short-term accrued expenses from litigations	232,837	103,861			336,697
Short-term accrued expenses from the settlement of loss	126,996		126,996		0
Short-term deferred revenue from the settlement of the regulatory period – 2011	429,980		72,731	211,785	145,464
Short-term deferred revenue from the settlement of the regulatory period – 2013	0	153,967			153,967
Total	**1,484,156**	**1,172,933**	**848,735**	**257,120**	**1,551,233**

Short-term deferred revenue from the settlement of the regulatory framework for 2011 is recorded based on the decision of the Energy Agency of Republic of Slovenia for 2013 based on the estimate prepared by the company in accordance with the applicable act determining the network charge.

Off-balance sheet assets/liabilities

Note 16

	31 Dec 2013	31 Dec 2012
Securities for the insurance of payments – guarantees	222,166	128,679
Securities for the insurance of payments – bills of exchange	37,480,953	39,311,428
Receivables for given bank guarantees	3,969,449	2,683,342
Potential liabilities for damages	71,719	984,209
Small tools in use	1,426,573	1,424,645
Average cost of connection SODO d.o.o. transfer of assets 1 July to 31 December 2009	4,225,489	4,383,327
Average cost of connection SODO d.o.o. transfer of fixed assets from 1 January 2010	1,166,976	1,203,484
Assets for holiday capacities – Eldom d.o.o.	184,870	0
Total	**48,748,196**	**50,119,115**

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 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 2013.

Due to the change in the chart of accounts (the transfer of costs of provisions for service awards and severance pay upon retirement among labour costs; costs of donations were transferred among other expenses, and revenue from received compensations were transferred among other operating revenue) in 2013, published in the Official Gazette of the Republic of Slovenia, No. 78/12, the data for the previous business years were adjusted and presented in the same way as in 2013, thus ensuring the comparability of individual items in terms of the content.

	2013	2012
Operating revenue	77,992,191	75,490,463
Finance income	577,196	549,931
Other revenue	57,644	36,883
Total	**78,627,031**	**76,077,277**

Revenue generated in relation to companies in Group

	Energija plus d.o.o.	Oven d.o.o.
Revenue from the sale of services	197,154	3,952
Revenue from the rent of office buildings	111,174	9,084
Total	**308,328**	**13,036**

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

	2013	2012
Net sales revenue	61,306,370	63,981,084
Capitalised own products and services	14,444,029	9,636,650
Production costs of products and services sold	63,249,697	61,917,647
Gross profit	**12,500,702**	**11,700,087**
Selling costs	1,297,872	1,133,911
General and administrative costs	5,246,946	4,999,644
- normal general and administrative expenses	4,492,447	4,623,281
- revaluation operating expenses pertaining to intangible fixed assets and property, plant and equipment	21,486	107,282
- revaluation operating expenses for current assets	733,013	269,081
Other operating revenue	2,241,792	1,872,729
Profit from operating activities	**8,197,676**	**7,439,262**

Net sales revenue

Note 17

	2013	2012
Sale of electricity for loss	7,234,228	8,280,285
Charged rents	29,416,822	31,599,016
- Sodo d.o.o. - rent	29,016,261	31,095,353
- other	400,561	503,664
Sodo d.o.o. services as per contract	21,995,417	18,971,563
Services charged	2,581,958	5,022,115
Sale of waste material	77,944	108,105
Total	**61,306,370**	**63,981,085**

Net sales revenue accounted for 78% of total operating revenue generated by the company. Net sales revenue includes settlements of the regulatory periods 2011, 2012 and 2013, as follows:

	Revenue 2013	Final settlement 2011	Final settlement 2012	Preliminary settlement 2013	Accrued final settlement 2013	Total 2013
Rent	29,599,891	0	-390,158	-193,473	0	29,016,260
Services	21,932,182	211,785	27,358	-21,941	-153,967	21,995,417
Purchase for losses	7,234,228	0	0	0	0	7,234,228
Total	**58,766,301**	**211,785**	**-362,800**	**-215,414**	**-153,967**	**58,245,905**

Capitalised own products and services

Note 18

Capitalised own products include own construction of investments and revenue from internal services.

	2013	2012
Capitalised products	14,071,116	9,338,473
Capitalised services	372,912	298,177
Total	**14,444,029**	**9,636,650**

Other operating revenue

Note 19

	2013	2012
Derecognition of provisions and accrued expenses and deferred revenue	114,431	55,156
Drawing of long-term accruals and deferrals	1,359,892	1,387,162
Cash receipts from sale of fixed assets	532,524	252,375
Collected receivables from previous years	75,077	410
Derecognition of provisions and accrued expenses and deferred revenue	139,529	177,626
Other operating revenue	20,339	0
Total	**2,241,792**	**1,872,729**

Cost of goods, material and services

Note 20

The cost of material in 2013 amounted to EUR 17,178,846.

	2013	2012
Cost of material, of which:	14,626,973	12,579,608
- purchase of electricity for losses	6,852,103	6,746,593
- material for investments	6,773,340	3,785,044
- material for the elimination of damage	277,337	226,181
- material for services	701,471	1,788,540
- other cost of material	22,722	33,250
Cost of spare parts for fixed assets	1,039,656	1,689,775
Cost of energy	1,032,001	1,192,031
Write-off of small tools and packaging	250,766	312,558
Cost of office material and professional literature	226,042	239,144
Other cost of material	3,409	12,399
Total	**17,178,846**	**16,025,515**

In transactions with the companies in Group, the company recorded the cost of electricity purchase for losses in the amount of EUR 6,962,177, and the cost of electricity purchase for own use in the amount of EUR 151,736. All of the costs were incurred in transactions with Energija plus d.o.o.

The cost of services in 2013 amounted to EUR 6,409,511.

	2013	2012
Cost of services for further settlement	433,623	557,404
Cost of maintenance-related services	1,847,651	2,083,373
Rent income	171,629	169,269
Reimbursement of costs to employees	122,785	164,484
Cost of payment transactions and bank services	1,488,139	1,465,598
Cost of intellectual and personal services	321,051	454,808
Cost of fairs, advertisements and entertainment costs	69,757	192,445
Cost of services by natural persons	178,662	179,136
Postal, telecommunications and internet services	261,355	301,818
IT services	1,183,819	1,058,184
Other cost of services	331,039	357,047
Total	**6,409,511**	**6,983,565**

The Annual Report for 2013 was audited by KPMG Slovenija d.o.o. from Ljubljana with whom an audit contract was concluded in the amount of EUR 10,800. This amount includes the cost of the consolidated Annual Report in the amount of EUR 1,800. The company had no other transactions or expenses connected with auditors in the business year 2013.

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 1,844,069, and they refer to:
- unused holiday leave,
- additional liabilities to employees based on the Collective Bargaining Agreement.

	2013	2012
Costs of wages and salaries	18,379,757	17,296,757
Costs of additional pension insurance of employees	881,978	833,202
Employer contributions and other tributes from salaries	2,967,808	2,818,806
Other labour costs	3,087,446	3,622,280
Total	**25,316,989**	**24,571,044**

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, MSc.

As at 31 December 2013, the company had a liability to the President of the Management Board for the December 2013 salary in the net amount of EUR 3,848.

	Gross	Net
Gross salaries to the Management Board	**81,600**	**46,164**
- base salary	81,600	46,164
Reimbursement of travel expenses	**263**	**263**
Reimbursement of other material costs	**1,700**	**1,700**
Voluntary additional pension insurance	**2,819**	**2,819**

The President of the Management Board received perks in the amount of EUR 237.

In 2013, the company paid a cost of education to the President of the Management Board for the participation in the corporate management conference in the amount of EUR 385.

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

In 2013, a total of 8 employees were employed on the basis of the individual employment contract. The cost of their salaries including material costs amounted to EUR 506,346 in 2013, as follows:

	2013	2012
Gross salaries to other employees on individual employment contracts	**506,346**	**465,959**
- base gross salary	452,041	423,047
- bonus for years of service	42,615	38,192
- Christmas bonus or “13th salary”	11,690	4,720
Reimbursement of travel expenses	**691**	**1,821**
Reimbursement of other material costs	**15,155**	**13,252**
Voluntary additional pension insurance	**22,519**	**19,753**
Holiday allowance	**6,269**	**5,341**

The employees under the individual contract received perks in the amount of EUR 2,066, namely for cars, collective accident insurance and vaccinations.

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

Data by groups of persons – the Supervisory Board and 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.

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

Gross remuneration to the members of the Supervisory Board from sessions amounted to EUR 17,545 in 2013. Additional cost of transportation to meetings and educational events were recorded in the gross amount of EUR 1,001 in 2013.

Name and surname	Gross base	10%	Base for personal income tax 90%	25%	Payment	6% contribution for pension and disability insurance
Andreja Katič (1 Sept to 31 Dec 2013)	825	83	743	186	639	73
Srečko Kokalj (1 Jan to 31 Aug 2013)	2,145	215	1,931	483	1,662	190
Dr. Matjaž Durjava (1 Jan to 31 Aug 2013)	2,145	215	1,931	483	1,662	190
Drago Naberšnik (1 Jan to 31 Aug 2013)	2,420	242	2,178	545	1,876	214
Franc Pangerl, MSc (1 Sept to 31 Dec 2013)	825	83	743	186	639	73
Roman Ferenčak (1 Jan to 31 Dec 2013)	2,695	270	2,426	606	2,089	239
Dušan Mohorko (1 Sept to 31 Dec 2013)	550	55	495	124	426	49
Miro Pečovnik (1 Jan to 31 Dec 2013)	2,695	270	2,426	606	2,089	239
Maksimiljan Turin (1 Jan to 31 Dec 2013)	3,245	325	2,921	730	2,515	287
Total	**17,545**	**1,755**	**15,791**	**3,948**	**13,597**	**1,553**

The basic pay for the performance of the function to the members of the Supervisory Board, as well as attendance fees, were paid in 2013.

Name and Surname	Gross	Net
Roman Ferenčak (President of the Supervisory Board, 1 Jan to 31 Aug 2013)	11,300	8,758
Roman Ferenčak (member of the Supervisory Board, 1 Sept to 31 Dec 2013)	3,767	2,919
Srečko Kokalj, MSc (Deputy President of the Supervisory Board, 1 Jan to 31 Aug 2013)	8,287	6,422
Andreja Katič (President of the Supervisory Board, 1 Sept to 31 Dec 2013)	5,650	4,379
Franc Pangerl, MSc (Deputy President of the Supervisory Board, 1 Sept to 31 Dec 2013)	4,143	3,211
Dušan Mohorko (member of the Supervisory Board, 1 Sept to 31 Dec 2013)	3,767	2,919
Dr. Matjaž Durjava (member of the Supervisory Board, 1 Jan to 31 Aug 2013)	7,533	5,838
Drago Naberšnik (member of the Supervisory Board, 1 Jan to 31 Aug 2013)	7,533	5,838
Miroslav Pečovnik (member of the Supervisory Board, 1 Jan to 31 Dec 2013)	11,300	8,758
Maksimiljan Turin (member of the Supervisory Board, 1 Jan to 31 Dec 2013)	11,300	8,758
Total	**74,580**	**57,800**

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.

	Gross
Regular and extraordinary session	
Attendance fee for the Chairman of the AC	220
Attendance fee for the members of the AC	220
Correspondence session	
Attendance fee for the Chairman of the AC	176
Attendance fee for the members of the AC	176
Payment for the performance of function	
To the Chairman of the AC	4,238
To the Deputy Chairman of the AC	2,825
To the members of the AC	2,825

The attendance fees paid to the members of the Audit Committee were as follows:

	Gross	Net
Srečko Kokalj (Chairman from 1 Jan to 27 Sept 2013)	1,540	1,194
Drago Naberšnik (member from 1 Jan to 27 Sept 2013)	1,540	1,194
Florjana Bohl (outside member from 1 Jan to 8 Nov 2013)	1,540	1,194
Total	**4,620**	**3,581**

The payments for the performance of function to the members of the Audit Committee in 2013 were as follows:

Name and surname	Gross	Net
Srečko Kokalj (Chairman from 1 Jan to 27 Sept 2013)	2,825	2,189
Drago Naberšnik (member from 1 Jan to 27 Sept 2013)	1,883	1,460
Florjana Bohl (external member from 1 Jan to 8 Nov 2013)	2,409	1,867
Franc Pangerl, MSc (Chairman from 27 Sept to 31 Dec 2013)	1,093	847
Roman Ferenčak (member from 27 Sept to 31 Dec 2013)	729	565
Ivana Kuhar (external member from 8 Nov to 31 Dec 2013)	416	322
Total	**9,355**	**7,250**

Write-offs

Note 22

	2013	2012
Amortisation of intangible assets	597,942	1,030,228
Depreciation of property, plant and equipment, of which:	18,067,939	18,141,077
- building part	12,164,080	12,286,294
- equipment	5,903,859	5,854,783
Depreciation of investment property	24,578	24,450
Total	**18,690,459**	**19,195,755**

The revaluation operating expenses totalled EUR 754,499.

	2013	2012
Revaluation operating expenses from property, plant and equipment and intangible assets	21,486	107,282
Revaluation operating expenses pertaining to inventories	49,714	0
Revaluation operating expenses pertaining to receivables, of which:	670,673	269,081
- from the use of network	508,865	152,430
- from rendered services	156,837	105,348
- from interest	4,971	11,302
Other revaluation operating expenses	12,626	0
Total	**754,499**	**376,363**

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

Other operating expenses

Note 23

	2013	2012
Provisions for guarantees given	31,125	0
Provisions for litigations	885,218	103,340
Charge for the use of construction land	298,747	538,408
Other duties and expenses	229,120	257,212
Total	**1,444,210**	**898,959**

In accordance with SAS and the principle of prudence, the company accrued costs in 2013, and consequently formed provisions for litigation proceedings in which the company acts as the defendant. The company assessed that past events resulted in the present commitment related to such proceedings, which may result in the outflow of assets in the future.

Finance income from shareholdings

Note 24

Based on owners' resolutions, the company received profit from Moja energija d.o.o. in the amount of EUR 400,000 in 2013.

Finance income from loans granted

Note 25

	2013	2012
Finance income from loans to Energija plus d.o.o.	615	884
Finance income from deposits with commercial banks	98,889	184,796
Total	**99,504**	**185,680**

Finance income from operating receivables

Note 26

	2013	2012
Interest income for the use of network	37,788	45,360
Interest income from services	2,987	11,012
Interest income from lawsuits	36,917	7,878
Total	**77,692**	**64,251**

Finance expenses from write-offs and impairments of financial investments

Note 27

The company impaired the investment in the associated company, Eldom d.o.o., in 2013, in the part that refers to the share in holiday capacities. The impairment in the amount of EUR 184,870 was made due to unarranged ownership relations and consequent inability to prove the existence or ownership of investment.

Finance expenses from financial liabilities

Note 28

	2013	2012
Finance expenses from borrowings from Energija plus d.o.o.	0	12,196
Finance expenses from borrowings from banks	769,688	834,777
Finance expenses from other financial liabilities	6,062	276
Total	**775,750**	**847,249**

Finance expenses from operating liabilities

Note 29

Finance expenses from operating liabilities stood at EUR 23,065 and represented the amount of default interest to suppliers for liabilities settled by the company after the maturity date.

Other revenue

Note 30

	2013	2012
Damages received	7,193	33
Other revenue	50,451	36,850
Total	**57,644**	**36,883**

Other expenses

Note 31

	2013	2012
Fines	16,176	14,995
Damages from annuity	25,572	39,092
Deductibles and other expenses	25,118	0
Donations	26,000	39,758
Other expenses	7,109	28,907
Total	**99,975**	**122,752**

Net profit or loss for the period

Note 32

The net profit or loss for the period before tax stood at EUR 7,748,856.

	2013	2012
Operating result	8,197,676	7,439,262
Financing result	-406,489	-298,277
Result from other revenue and expenses	-42,331	-85,869
Total	**7,748,856**	**7,055,116**

Corporate income tax

The company's liability for the payment of corporate income tax in 2013 was established on the basis of the tax return and totalled EUR 766,473.

A presentation of the harmonisation of the tax expense with the tax calculated from the accounting profit before tax.

Comparison between the actual and calculated tax rate	2013		2012	
	Rate	Amount	Rate	Amount
Profit before tax		7,748,856		7,055,115
Income tax applying the official rate	17.00%	1,317,306	18.00%	1,269,921
Amounts negatively affecting the tax base		363,769		291,040
- amount from decrease in expenses to the level of tax deductible expenses		363,769		288,117
- amount from increase in income to the level of taxable income		0		2,923
Amounts positively affecting the tax base (+)(-)		211,482		155,928
- amount from increase of expenses to the level of tax deductible expenses		82,828		71,785
- amount from decrease in income to the level of taxable income		128,655		84,143
Tax relief		703,119		1,308,323
- applied, which decrease the tax liability		703,119		1,308,323
Current tax for the year	**9.89%**	**766,473**	**1.37%**	**96,711**
Increase/decrease in deferred tax		-437,470		0
Tax in the income statement	**4.25%**	**329,003**	**1.37%**	**96,711**

6.3 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 movements in items of equity and movements that would cause changes in items of equity.

Distributable profit and proposal for its allocation

DISTRIBUTABLE PROFIT	2013	2012
a) Net profit for the year	7,419,853	6,958,405
b) Retained net profit	290,663	0
č) Increase in revenue reserves as decided by the Management Board	370,993	347,921
Legal reserves	370,993	347,921
d) Increase in revenue reserves as decided by the Management and Supervisory Boards	3,524,430	3,305,242
Other revenue reserves	3,524,430	3,305,242
DISTRIBUTABLE PROFIT (a + b - č - d)	**3,815,093**	**3,305,242**

At its session held on 28 June 2013, the General Meeting of Elektro Maribor d.d. decided on the allocation of the distributable profit for 2012 and decided to allocate EUR 3,014,579.16 as dividend to shareholders.

6.4 Notes to the Cash Flow Statement

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. The cash flow statement has been prepared under the direct method, version I.

In the reporting period, the company generated EUR 122,211,458 in receipts, and EUR 121,126,767 in disbursements. Of this, EUR 32,555,793 was the balance mainly with SODO d.o.o. – 99.2%. The net cash for the period stood at EUR 1,084,691.

Cash receipts from operating activities

Note 33

Cash receipts from operating activities stood at EUR 107,950,761.

A majority of cash receipts from operating activities were generated from receivables for rent and services under the SODO d.o.o. contract, which amounted to EUR 61,586,695 and accounted for 57% of the total cash receipts from operating activities. In the previous year, such receipts stood at EUR 57,327,755.

Short-term operating receivables from operations for third party account – SODO d.o.o. amounted to EUR 8,824,895, accounting for 8.2% of receipts from operating activities; in the previous year, these were 12% higher (EUR 9,914,221).

Cash receipts from the use of network stood at EUR 29,458,223; in the period I–XII 2012, these receipts totalled EUR 23,917,864. Higher inflows are a result of a higher contribution referred to in Article 64 of the Energy Act. The company issues invoices to network users on behalf of SODO d.o.o.

Other cash receipts from operating activities, which totalled EUR 2,276,446, included receipts from damages, refunds, receivables for holidays, liabilities to the subsidiary Energija plus d.o.o., etc.

Cash disbursements from operating activities

Note 34

Cash disbursements from the purchase of material and services, which stood at EUR 60,003,946, accounted for a majority share of cash disbursements from operating activities (64.7%); in 2012, these disbursements totalled EUR 53,335,213.

Cash disbursements from operating liabilities for SODO d.o.o. amounted to EUR 29,622,529 in 2013 (2012: EUR 24,296,710), accounting for a majority share of cash disbursements from operating activities.

Cash disbursements from salaries and wages excluding tax and contributions stood at EUR 14,652,643; contributions and taxes for salaries and wages amounted to EUR 9,839,847 in the discussed period.

The company paid EUR 5,249,201 in VAT in 2013, compared to EUR 4,650,620 in 2012. The higher VAT liability is a result of increased VAT levels as at 1 July 2013.

Other cash disbursements from operating activities include liabilities to the Pension Fund Management for additional pension insurance in the amount of EUR 977,873, liabilities for damages in the amount of EUR 734,302 and other cash disbursements from operating activities.

The net cash from operating activities stood at EUR 15,179,606. This means the company generated a positive result with its core activity and was able to settle all the liabilities relating to the payment of principals and interest from long-term loans, pay dividends, and partly settle cash disbursements from the acquisition of property, plant and equipment.

Cash receipts from investing activities

Note 35

Cash receipts from investing activities stood at EUR 7,260,697; they include receipts from the disposal of current financial investments in the amount of EUR 6,700,000, receipts from interest received and participation in profit of others in the amount of EUR 495,129, and receipts from fixed assets sold, in the amount of EUR 65,568.

Cash disbursements from investing activities

Note 36

The total cash disbursements from investing activities amounted to EUR 15,750,600 in 2013. A majority part of this type of disbursement comprises cash disbursements from the acquisition of property, plant and equipment in the amount of EUR 8,522,475 and cash disbursements from the acquisition of current financial investments (short-term loans to the subsidiary Energija Plus in the amount of EUR 6,700,000).

Cash receipts from financing activities

Note 37

In 2013, Elektro Maribor d.d. raised a long-term borrowing (for a period of five years) in the amount of EUR 7,000,000. The funds were used to finance investments.

Cash disbursements from financing activities

Note 38

Cash disbursements from interest on the repayment of long-term loans totalled EUR 775,083 in the reporting period, compared to EUR 889,278 in the previous period.

The company's cash disbursements from the repayment of principals totalled EUR 8,830,476 in 2013, compared to EUR 11,046,163 in 2012. Lower cash disbursements from the repayment of principals result from the company's policy, which is based on decreasing the debt.

Dividend was paid out in the amount of EUR 2,999,453 (2012: EUR 3,650,301).

The end balance of cash was EUR 12,566,709; it represents cash in transaction accounts and call money.

6.5 Segment Reporting of Elektro Maribor

Elektro Maribor has defined the following segments for the needs 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 company is obliged to report on the operation of individual segments to the regulator (Energy Agency RS) and SODO d.o.o.

The financial statements for individual activities are, therefore, compiled based on the following assumptions:

- the 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;
- the 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 company Elektro Maribor d.d., which was approved by the Energy Agency of the RS;
- subbalance sheets are subject to the selection of suitable criteria and their limited scope.

Balance sheet by activities as at 31 December 2013

in EUR

	Distribution	Services	Total Elektro Maribor
A. Long-term assets	**293,635,703**	**9,650,695**	**303,286,398**
I. Intangible assets and long-term accrued income and deferred expenses	1,752,611	4,960	1,757,571
II. Property, plant and equipment	277,995,299	4,717,367	282,712,666
III. Investment property	0	679,713	679,713
IV. Non-current financial investments	13,538,068	4,141,665	17,679,733
V. Long-term operating receivables	14,737	4,508	19,245
VI. Deferred tax assets	334,988	102,482	437,470
B. Current assets	**19,431,533**	**4,422,011**	**23,853,544**
II. Inventories	409,213	1,208,321	1,617,534
IV. Short-term operating receivables	9,163,521	505,780	9,669,301
V. Cash and cash equivalents	9,858,799	2,707,910	12,566,709
C. Short-term accrued revenue and deferred expenses	**121,434**	**1,138**	**122,572**
ASSETS (A + B + C)	**313,188,670**	**14,073,844**	**327,262,514**
A. Equity	**229,727,432**	**10,921,805**	**240,649,236**
I. Called up capital	135,006,079	4,767,431	139,773,510
II. Share premium	72,559,319	2,562,266	75,121,586
III. Revenue reserves	18,438,803	3,395,061	21,833,864
IV. Revaluation surplus	80,544	24,640	105,184
V. Retained earnings	273,223	17,440	290,663
VI. Net profit or loss for the year	3,369,463	154,967	3,524,430
B. Provisions and long-term accrued expenses and deferred revenue	**34,109,461**	**1,180,134**	**35,289,595**
C. Non-current liabilities	**29,707,143**	**11,366**	**29,718,509**
I. Non-current financial liabilities	29,707,143	0	29,707,143
II. Non-current operating liabilities		11,366	11,366
Č. Current liabilities	**18,386,699**	**1,667,242**	**20,053,941**
II. Current financial liabilities	7,792,850	5,825	7,798,675
III. Current trade liabilities	10,593,848	1,661,416	12,255,264
D. Short-term accrued expenses and deferred revenue	**1,257,936**	**293,297**	**1,551,233**
LIABILITIES (A + B + C + Č + D)	**313,188,670**	**14,073,844**	**327,262,514**

Income statement by activities for the period I-XII 2013

in EUR

	Item	Distribution	Services	Total Elektro Maribor
1.	Net sales revenue	58,991,712	2,314,658	61,306,370
2.	Capitalised own products and services	0	14,444,029	14,444,029
3.	Other operating revenue (including revaluation operating revenue)	2,205,025	36,767	2,241,792
4.	Cost of goods, material and services	14,764,184	8,824,173	23,588,357
5.	Labour cost	18,341,651	6,975,338	25,316,989
6.	Write-offs	18,937,516	507,443	19,444,959
7.	Other operating expenses	1,147,409	296,801	1,444,210
8.	Finance income from shareholdings	337,200	62,800	400,000
9.	Finance income from loans granted	83,882	15,622	99,504
10.	Finance income from operating receivables	75,607	2,085	77,692
11.	Finance expenses from write-offs and impairments of financial investments	155,845	29,025	184,870
12.	Finance expenses from financial liabilities	775,504	245	775,750
13.	Finance expenses from operating liabilities	23,024	41	23,065
14.	Other revenue	52,520	5,124	57,644
15.	Other expenses	79,522	20,453	99,975
16.	Income tax	762,673	3,801	766,474
17.	Deferred tax	334,988	102,482	437,470
18.	**Net profit for the period**	**7,093,606**	**326,246**	**7,419,852**

V. Financial Report of the Elektro Maribor Group

1 INDEPENDENT AUDITOR'S REPORT

To the shareholders of Elektro Maribor, d.d., Maribor

Report on financial statements

We audited the consolidated financial statements of the business company Elektro Maribor, d.d., Maribor and its subsidiaries (Elektro Maribor Group) comprising the consolidated balance sheet as at 31 December 2013, consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and the summary of the relevant accounting principles and other explanatory information.

Management responsibility for the preparation of financial statements

The management bears overall responsibility for the preparation and appropriateness and effectiveness of the financial statements in accordance with Slovenian accounting standards and in accordance with the internal control as deemed necessary by the Management Board to ensure that the accounting process is free of any risk of misstatement or fraud.

Auditor's Responsibility and Duties

It is our responsibility to express an opinion about financial statements on the basis of our auditing process. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

The audit includes examining, on a test basis, 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. Risk evaluation is intended to ensure the reliability of financial reporting and minimise the risk of inaccurate external or internal Group reporting; the auditor's aim is thus to establish appropriate auditing procedures, not to assess the effectiveness of the company's internal control procedures. The audit also includes assessing the accounting principles used and significant estimates made by Management, Board as well as evaluating the overall financial statement presentation.

We believe that the audited evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Opinion

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the Elektro Maribor Group as of 31 December 2013 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

In accordance with the provision of the Companies Act we hereby confirm that the information in the business report were found to conform with the audited financial statements.

KPMG SLOVENIJA,
Podjetje za revidiranje, d.o.o.

Boštjan Mertelj
Authorised auditor

Danilo Bukovec
Director

Ljubljana, 17 April 2014

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.

The Management Board is responsible for keeping proper accounting records, which represent the Group's financial position with reasonable accuracy at any given time. Furthermore, it is responsible 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.

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 Slovene 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, 17 April 2014

President of the Management Board:
Boris Sovič, MSc

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 and notes as well as the accounting policies to the financial statement and the presented Annual Report for 2013 on 28 March 2014.

4 ACCOUNTING STANDARDS

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 point 13 of the Introduction to SAS 2006, the Group is presented 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 managing company in equity or liabilities of subsidiaries, and shareholdings of the managing company in equity or liabilities of subsidiaries, as well as other mutual financial investments and shareholdings 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 revenue 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 subsidiaries;
- items in individual financial statements of subsidiaries are presented equally formally,
- individual financial statements of consolidated companies are prepared for the business year ended on the same date.

The consolidated financial statements for 2013 have been prepared based on the fundamental accounting assumptions, Slovene 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 Group.
- Assumption of entireness of the content of financial statements and unified inclusion in financial statements,
- Assumption of uniform valuation.

- Assumption of same date.
- Assumption of consistency in consolidation process.
- Assumption of clarity and surveyability.
- 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 company 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 addition may have resulted from rounding; the differences are insignificant.

The business year equals the calendar year.

There were no changes in accounting policies in 2013.

Events after the balance sheet date

As at the preparation of the consolidated financial statements, the final settlement for the regulatory year 2013 that will be based on the audited data for 2013 was not available; therefore the preliminary settlement amount for the regulatory year 2013 has been taken into account and it shows surplus of received assets over the recognised contractual values of lease and services in the amount of EUR 215,414. Moreover, the estimate of the final settlement for the regulatory year 2013 has been taken into account, and it shows surplus of received assets over the recognised contractual values of lease and services in the amount of EUR 153,967.

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. Items of long-term property rights start being amortised over their expected useful lives as soon as they are made available for use.

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 that determined in 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.

Parts 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. 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 2013.

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 amortisation.

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 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 investment property in 2013.

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.

The Group uses the following useful lives for amortisation/depreciation:

	2013	2012
Buildings	50 years	50 years
Cable underground system, HV overhead lines, HV cable lines, MV overhead 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 line and CR with wooden poles, TP 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 years	3 years
Easement	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:

- Affiliated companies and
- others.

At initial recognition, financial investments are classified as available-for-sale financial assets. The Group classifies financial investments as 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 revalued for impairment if the carrying amount exceeds the net realisable value. The market value equals the replacement value. The company assesses that the carrying amount corresponds to the net realisable 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 with 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 receivable 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 value adjustment for receivables connected with the household electricity consumption is recorded as a difference between the balance of receivables above 90 days and the receivables paid in the business year 2013. 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 Group’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 at amounts based on appropriate document, after such nature of the document has been confirmed.

Short-term accruals and deferrals

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 amount assessed reliably.

Initially, these are amounts that do not affect the Group’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.

Equity

The company’s equity is presented in amounts invested by owners and amounts that occurred during operations and belong to the owner.

The share capital is recorded in euros. It is entered in the register of companies 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 the KDD – centralna klirinško depotna družba d.d. (Central Securities Clearing Corporation) in line with the regulations.

Profit reserves are recognised in accordance with the decision of the Management Board, the Supervisory Board, and the General Meeting’s resolution.

Revaluation surplus is recognised on the basis of the revaluation of investments at the end of each business year.

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

The Group presents the changes in equity in the statement of changes in equity.

Provisions and long-term accrued expenses and deferred revenue

The purpose of provisions is to collect, in the form of accrued costs or expenses, 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 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 Unit Credit method and performed at the end of each business year when the Group adjusts the value and balance of provisions.

The most important assumptions used in the actuarial calculation are:

- mortality probability (SLO2002x, SLO2002y);
- disability probability (in accordance with the model on the basis of BUZ/BV 1990x, BUZ/BV1990y);
- retirement in accordance with the model based on Pension and Disability Insurance Act (ZPIZ-2A; the Official Gazette of the Republic of Slovenia, No. 39/2013);
- staff turnover:
  - 4.0% in interval to 35 years;
  - 3.0% in interval from 36 to 45 years;
  - 2.0% in interval to 46 years;
- 4.0% discount rate;
- growth of salaries and wages in the Republic of Slovenia: 2.0%;
- growth of wages in the company: 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 (the Official Gazette of the Republic of Slovenia, No. RS 76/2008).

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 costs and from contributions for pension and disability insurance of disabled employees. The company uses this income to cover the actual costs of improving the working conditions for the disabled.

The Group also makes long-term accrued expenses and deferred revenue 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 short-term and long-term, and in terms of the content, they are financial and operating. All debts are initially recognised at the amounts arising from the relevant documents base 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 notes for received loans, the guarantees given and received, potential liabilities for payments, small tools in use in amounts and amount of fixed assets transferred to SODO d.o.o..

Commitments and contingent liabilities

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

Recognition of revenue

The revenue is recognised if the increase in 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. The revenue is recognised when it is reasonable to expect it to result in receipts, if these are not already realised at inception.

The revenue comprises of operating, financial, and other revenue.

Operating revenue is sales revenue and represents the sales values of sold 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 revalued in previous years.

Finance income is income 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 regards its size, maturity and realisability. 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 costs in an accounting period.

Revaluation operating expenses are recognised when an adequate revaluation is completed and it appears 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 the 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 Elektro Maribor Group includes the following items in labour costs:
- salaries and wages,
- salary and wage compensations,
- additional pension insurance,
- contributions and other duties,
- other costs such as: holiday pay, reimbursement of material costs, solidarity aid and other.

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

Labour costs also include accrued costs 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 2014.

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 under 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,
- purchase and sale of electricity, and
- electricity production.

5 CONSOLIDATED FINANCIAL STATEMENTS OF THE ELEKTRO MARIBOR GROUP

Consolidated balance sheet

in EUR

	Item	Note	31 Dec 2013	31 Dec 2012
A.	**Long-term assets (I–VI)**		**293,931,967**	**287,752,849**
I.	**Intangible assets and long-term accrued revenue and deferred expenses (1 to 6)**	**1**	**2,023,989**	**1,101,778**
	1. Long-term property rights		2,023,989	1,101,778
II.	**Property, plant and equipment (1 to 6)**	**2**	**287,827,759**	**284,159,997**
	1. Land and buildings (a + b)		211,264,545	211,011,305
	a. Land		7,844,712	7,830,101
	b. Buildings		203,419,833	203,181,204
	2. Production equipment and machinery		70,828,941	68,692,093
	4. Property, plant and equipment under acquisition (a + b)		5,734,273	4,456,599
	a. Property, plant and equipment under construction		5,719,468	4,449,836
	b. Advances for acquisition of property, plant and equipment		14,805	6,763
III.	**Investment property**	**3**	**746,011**	**686,108**
IV.	**Non-current financial investments (1 to 2)**	**4**	**1,944,304**	**1,791,165**
	1. Non-current financial investments excluding loans (a to č)		1,944,304	1,791,165
	b. Investments in shares and shareholdings of associated companies		1,735,956	1,582,817
	c. Other non-current investments in shares and shareholdings		56,594	56,594
	č. Other non-current financial investments		151,754	151,754
V.	**Long-term operating receivables (1 to 3)**	**5**	**19,245**	**13,801**
	3. Long-term operating receivables due from others		19,245	13,801
VI.	**Deferred tax assets**		**1,370,659**	**0**
B.	**Current assets (I–V)**		**55,929,611**	**58,507,190**
II.	**Inventories (1 to 4)**	**6**	**1,619,232**	**1,743,977**
	1. Material		1,617,534	1,743,977
	3. Products and merchandise		1,698	0
III.	**Current financial investments (1 to 2)**		**51,290**	**0**
	2. Short-term loans (a to c)		51,290	0
	b. Short-term loans to others		51,290	0
IV.	**Short-term operating receivables (1 to 3)**	**7**	**37,779,302**	**40,874,141**
	2. Short-term accounts receivable		34,291,011	37,744,349
	3. Short-term operating receivables due from others		3,488,291	3,129,792
V.	**Cash and cash equivalents**	**8**	**16,479,786**	**15,889,072**
C.	**Short-term accrued revenue and deferred expenses**	**9**	**57,156**	**332,961**
	ASSETS (A + B + C)		**349,918,733**	**346,593,000**
	Off-balance-sheet liabilities		67,169,105	68,998,322

	Item	Note	31 Dec 2013	31 Dec 2012
A.	**Equity**	**10**	**245,002,446**	**238,736,555**
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.	**Reserves from profit (1 to 5)**		**23,880,398**	**19,907,244**
	1. Legal reserves		2,174,031	1,803,038
	5. Other profit reserves		21,706,367	18,104,206
IV.	**Revaluation surplus**		**105,184**	**105,184**
V.	**Retained net profit**		**1,397,241**	**329,048**
	1. Retained net profit from previous year		1,397,241	329,048
VI.	**Net profit for the year**		**4,724,527**	**3,499,982**
	1. Undistributed profit for the year		4,724,527	3,499,982
B.	**Provisions and long-term accrued expenses and deferred revenue (1 to 3)**	**11**	**35,568,485**	**35,274,890**
	1. Provisions for retirement benefits and similar liabilities		4,305,692	4,250,169
	2. Other provisions		950,590	103,340
	3. Long-term accrued expenses and deferred revenue		30,312,203	30,921,381
C.	**Non-current liabilities (I to III)**		**29,718,509**	**30,575,651**
I.	**Non-current financial liabilities (1 to 4)**	**12**	**29,707,143**	**30,564,285**
	2. Non-current financial liabilities to banks and companies		29,707,143	30,564,285
II.	**Non-current operating liabilities (1 to 5)**		**11,366**	**11,366**
	2. Non-current operating liabilities to suppliers		11,366	11,366
Č.	**Current liabilities (I to III)**	**13**	**38,053,866**	**40,499,143**
II.	**Current financial liabilities (1 to 4)**		**7,798,675**	**8,922,207**
	2. Current financial liabilities to banks and companies		7,773,809	8,899,920
	4. Other current financial liabilities		24,866	22,287
III.	**Current operating liabilities (1 to 8)**		**30,255,191**	**31,576,936**
	2. Current operating liabilities to suppliers		25,480,328	26,818,548
	7. Current operating liabilities based on advances		722,964	890,931
	8. Other current operating liabilities		4,051,899	3,867,457
D.	**Short-term accrued expense and deferred revenue**	**14**	**1,575,427**	**1,506,761**
	LIABILITIES (A to D)		**349,918,733**	**346,593,000**
	Off-balance-sheet liabilities	15	67,169,105	68,998,322

Consolidated income statement

in EUR

	Item	Note	I–XII 2013	I–XII 2012
1.	**Net sales revenue (a + b)**	**16**	**157,316,997**	**170,269,716**
	a. Domestic market		157,316,997	170,269,716
3.	**Capitalised own products and services**	**17**	**14,444,029**	**9,636,650**
4.	**Other operating revenue (including revaluation operating revenue)**	**18**	**3,253,488**	**2,455,299**
5.	**Cost of goods, material and services (a + b)**	**19**	**115,017,192**	**124,939,894**
	a. Cost of goods sold and material used		105,504,663	115,725,492
	b. Cost of services		9,512,529	9,214,402
6.	**Labour cost (a + b + c + d)**	**20**	**27,552,183**	**26,651,824**
	a. Costs of wages and salaries		20,029,635	18,772,693
	b. Cost of additional pension insurance for employees		957,742	895,233
	c. Employer contributions and other salary duties		3,238,102	3,062,735
	d. Other labour costs		3,326,704	3,921,163
7.	**Write-offs (a + b + c)**	**21**	**21,991,198**	**20,844,681**
	a. Amortisation and depreciation		19,220,621	19,784,654
	b. Revaluation operating expenses for intangible assets and property, plant and equipment		23,433	107,377
	c. Revaluation operating expenses for current assets		2,747,144	952,650
8.	**Other operating expenses**	**22**	**1,794,869**	**995,402**
9.	**Finance income from shareholdings (a + b + c + č)**	**23**	**620,067**	**433,777**
	a. Finance income from shareholdings in affiliated companies		620,067	433,777
10.	**Finance income from loans granted (a + b)**	**23**	**153,555**	**250,491**
	b. Finance income from loans granted to others		153,555	250,491
11.	**Finance income from operating receivables (a + b)**	**23**	**391,105**	**360,273**
	b. Finance income from operating receivables due from others		391,105	360,273
12.	**Finance expenses from impairments and write-offs of financial investments**	**24**	**66,928**	**94,498**
	a. Associated companies		66,928	94,498
13.	**Finance expenses from financial liabilities (a + b + c + č)**	**24**	**787,575**	**865,377**
	b. Finance expenses from borrowings		771,629	842,402
	č . Finance expenses from other financial liabilities		15,946	22,975
14.	**Finance expenses from operating liabilities (a + b + c)**	**24**	**23,083**	**3,401**
	b. Finance expenses from liabilities to suppliers and liabilities pertaining to bills of exchange		23,082	3,390
	c. Finance expenses from other operating liabilities		1	11
15.	**Other revenue**	**25**	**59,972**	**206,586**
16.	**Other expenses**	**25**	**127,736**	**142,958**
17.	**Income tax**	**26**	**968,637**	**216,404**
18.	**Deferred tax**	**27**	**1,370,659**	**0**
19.	**NET PROFIT FOR THE PERIOD**	**28**		
	(1 ± 2 +3 + 4 - 5 - 6 - 7 - 8 + 9 + 10 + 11 - 12 - 13 - 14 + 15 - 16 - 17 ± 18)		**9,280,471**	**8,858,353**

Consolidated statement of comprehensive income

	Item	Note	I–XII 2013	I–XII 2012
19.	Net profit for the period		9,280,471	8,858,353
24.	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**		**9,280,471**	**8,858,353**

Consolidated statement of cash flows

in EUR

Item	I–XII 2013	I–XII 2012
A. Cash flows from operating activities		
a) Cash receipts from operating activities	***303,152,858***	***318,338,457***
aa) Cash receipts from the sale of products and services	300,445,245	305,495,242
ab) Other cash receipts from operating activities	2,707,613	12,843,215
b) Cash disbursements from operating activities	***-287,284,096***	***-300,633,642***
ba) Cash disbursements from the purchase of material and services	-246,816,529	-247,870,513
bb) Cash disbursements from salaries and employees' participation in profit	-15,942,674	-15,001,373
bc) Cash disbursements from taxes	-22,058,076	-23,024,518
bd) Other cash disbursements from operating activities	-2,466,817	-14,737,238
c) Net cash used in operating activities (a+b)	***15,868,762***	***17,704,815***
B. Cash flows from investing activities		
a) Cash receipts from investing activities	***610,397***	***9,613,687***
aa) Cash receipts from interest and participation in profit of others, pertaining to investing activities	544,829	565,148
ac) Cash receipts from disposal of property, plant and equipment	65,568	48,539
ad) Cash receipts from disposal of current financial investments	0	9,000,000
b) Cash disbursements from investing activities	***-10,128,650***	***-10,965,379***
ba) Cash disbursements from acquisition of intangible assets	-627,602	-401,693
bb) Cash disbursements from acquisition of property, plant and equipment	-9,449,758	-9,563,686
bd) Cash disbursements from acquisition of current financial investments	-51,290	-1,000,000
c) Net cash used in investing activities (a + b)	***-9,518,253***	***-1,351,692***
C. Cash flows from financing activities		
a) Cash receipts from financing activities	***7,000,000***	***8,000,000***
ab) Cash receipts from increase of long-term financial liabilities	7,000,000	8,000,000
b) Cash disbursements from financing activities	***-12,759,795***	***-15,743,206***
ba) Cash disbursements from interest paid on financing	-777,089	-880,075
bc) Cash disbursements from repayment of non-current financial liabilities	-8,983,253	-11,198,940
bd) Cash disbursements from repayment of current financial liabilities	0	-13,890
be) Cash disbursements from dividends and other participation in profit	-2,999,453	-3,650,301
c) Net cash used in financing activities (a + b)	***-5,759,795***	***-7,743,206***
Č Closing balance of cash and cash equivalents	**16,479,786**	**15,889,072**
x) Cash flow for the period (sum of net cash Ac, Bc and Cc)	**590,714**	**8,609,917**
y) Opening balance of cash and cash equivalents	**15,889,072**	**7,279,155**

Consolidated statement of changes in equity

in EUR

	STATEMENT OF CHANGES IN EQUITY FOR 2013	Called-up capital					Retained net profit or loss	Net profit or loss for the period	Total
		Share capital	Share premium	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.2	**Opening balance for the reporting period**	**139,773,510**	**75,121,586**	**1,803,038**	**18,104,206**	**105,184**	**3,829,030**	**0**	**238,736,554**
B.1	**Changes in equity – transactions with shareholders**						**-3,014,579**	**0**	**-3,014,579**
g.	Payment of dividends						-3,014,579	0	-3,014,579
B.2	**Total comprehensive income for the period**						**0**	**9,280,471**	**9,280,471**
a.	Entry of net profit or loss for the period						0	9,280,471	9,280,471
B.3	**Changes in equity**	**0**	**0**	**370,993**	**3,602,161**	**0**	**582,790**	**-4,555,944**	**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			370,993	3,524,430			-3,895,423	
c.	Allocation of a part of the net profit for the formation of additional reserves pursuant to General Meeting's resolution				77,731		-77,731		
č.	Settlement of loss as equity deductive						660,521	-660,521	0
D.	**Closing balance for the 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**

	STATEMENT OF CHANGES IN EQUITY FOR 2012	Called-up capital					Retained net profit or loss	Net profit or loss for the period	Total
		Share capital	Share premium	Legal reserves	Other revenue reserves	Revaluation surplus	Retained net profit	Net profit	
		I/1	II	III/1	III/5	V	V/1	VI/1	
A.2	**Opening balance for the reporting period**	**139,773,510**	**75,121,586**	**1,455,118**	**14,680,157**	**105,184**	**2,427,132**		**233,562,688**
B.1	**Changes in equity – transactions with shareholders**	**0**	**0**	**0**		**0**	**-3,684,486**	**0**	**-3,684,486**
g.	Payment of dividends						-3,684,486	0	-3,684,486
B.2	**Total comprehensive income for the period**	**0**	**0**	**0**		**0**	**0**	**8,858,353**	**8,858,353**
a.	Entry of net profit or loss for the period							8,858,353	8,858,353
B.3	**Changes in equity**	**0**	**0**	**347,920**	**3,424,049**	**0**	**1,586,402**	**-5,358,371**	**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			229,113	3,424,049			-3,653,162	
c.	Allocation of a part of the net profit for the formation of additional reserves pursuant to General Meeting's resolution			118,807			-118,807	-	0
č.	Settlement of loss as equity deductive						1,705,209	-1,705,209	
D.	**Closing balance for the reporting period**	**139,773,510**	**75,121,586**	**1,803,038**	**18,104,206**	**105,184**	**329,048**	**3,499,982**	**238,736,554**

6 SEGMENT REPORTING

The Group's segments consist of:

- distribution of electricity,
- purchase and sale of electricity, and
- electricity production.

	Distribution of electricity		Purchase and sale of electricity		Electricity production		Mutual relations		The Elektro Maribor Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Net profit in EUR	7,419,853	6,958,405	1,356,288	1,705,209	166,322	155,462	338,008	39,278	9,280,471	8,858,353
Return on assets (ROA) in %	2.3%	2.1%	3.9%	4.9%	4.0%	3.7%			2.7%	2.6%
Return on equity (ROE) in %	3.2%	3.0%	8.9%	11.2%	4.3%	4.2%			3.9%	3.8%
EBIT (Profit from operating activities) in EUR	8,197,676	7,439,263	269,034	1,292,742	192,361	130,302			8,659,072	8,929,864
Total revenue in EUR	78,627,031	76,077,277	104,164,051	107,368,959	1,165,202	1,027,341	-7,717,071	-860,786	176,239,213	183,612,792
Operating revenue in EUR	77,992,191	75,490,463	103,793,723	106,825,404	1,165,123	959,718	-7,936,523	-981,481	175,014,514	182,361,665
Net sales revenue in EUR	61,306,370	63,981,084	102,895,677	106,309,862	1,051,473	959,718	-7,936,523	-980,948	157,316,997	170,269,716
Net sales revenue per employee from hours in EUR	79,003	82,284	1,693,756	1,961,799	205,768	187,812			186,868	203,463
Added value in EUR	52,959,624	51,582,424	4,467,708	4,054,314	775,120	722,071			58,202,453	56,426,369
Added value per employee from hours in EUR	68,247	66,339	73,543	74,817	151,687	141,305			69,136	67,426
Total costs and expenses in EUR	70,878,175	69,022,161	103,557,069	105,567,134	980,601	848,801	-8,055,081	-976,985	167,360,764	174,538,035
Operating costs and expenses in EUR	69,794,515	68,051,200	103,524,689	105,532,662	972,762	829,416	-7,936,524	-981,481	166,355,442	173,431,801
Assets as at 31 December in EUR	327,262,514	324,686,272	35,152,492	33,953,374	4,207,248	4,179,578	-16,703,521	-16,226,224	349,918,733	346,593,000
Equity as at 31 December in EUR	240,649,237	236,243,963	15,987,277	14,630,990	4,101,361	3,935,039	-15,735,429	-16,073,437	245,002,446	238,736,555
Investments in EUR	22,068,292	19,193,117	1,059,431	209,729	204,306	194,933			23,332,028	19,597,779
Number of employees as at 31 December	762	761	63	57	5	5			830	823
Average number of employees based on working hours	776.00	777.56	60.75	54.19	5.11	5.11			841.86	836.86

7 NOTES AND DISCLOSURES TO CONSOLIDATED FINANCIAL 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 2013.

Items in the balance sheet are shown according to their carrying amounts as the difference between their 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 licences, 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.

	Intangible assets	Current investments	Total
Purchase value			
As at 31 Dec 2012	6,200,364	568,887	6,769,251
Increase	0	1,669,594	1,669,594
- New purchases	0	1,669,594	1,669,594
- Activation	2,238,481	-2,238,481	0
- Transfer	0	0	0
As at 31 Dec 2011	8,438,845	0	8,438,845
Write-off			
As at 31 Dec 2012	5,667,472	0	5,667,472
Amortisation	747,384	0	747,384
As at 31 Dec 2013	6,414,856	0	6,414,856
Carrying amount			
As at 31 Dec 2012	532,892	568,887	1,101,779
As at 31 Dec 2013	2,023,989	0	2,023,989

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 amortisation of property, plant and equipment in the Group in 2013 amounted EUR 18,448,658.

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 with state aid.

	31 Dec 2013	31 Dec 2012
Land and buildings	211,264,545	211,011,305
Land	7,844,712	7,830,101
- Buildings	203,419,833	203,181,204
Production machinery	70,828,941	68,692,093
Property, plant and equipment under construction and in production	5,719,468	4,449,836
Advance payments for acquisition of property, plant and equipment	14,805	6,763
Total	**287,827,759**	**284,159,997**

	Land	Buildings	Equipment	Investments in other tangible fixed assets	Current investments	Advances	Total property, plant and equipment
Purchase value							
As at 1 Jan 2013	7,830,101	661,417,800	162,805,702		4,449,836	6,763	836,510,202
Increase:			,		22,144,632	9,630	22,154,262
- New purchases			,		21,577,951	9,630	21,587,581
- Acquisitions – free takeover					566,681		566,681
Activation	22,727	12,493,851	8,162,586	195,835	-20,874,999		
Elimination	-8,985	-1,517,978	-2,812,449			-1,588	-4,341,000
Transfers	868	-868					
As at 31 Dec 2013	7,844,711	672,392,805	168,155,839	195,835	5,719,469	14,805	854,323,464
Write-off							
As at 1 Jan 2013		458,236,596	94,113,608				552,350,204
Disposals		-1,512,310	-2,790,846				-4,303,156
Amortisation		12,248,688	6,199,283	687			18,448,658
As at 31 Dec 2013		468,972,974	97,522,045	687			566,495706
Carrying value							
As at 1 Jan 2013	7,830,101	203,181,204	68,692,094		4,449,836	6,763	284,159,998
As at 31 Dec 2013	7,844,711	203,419,830	70,633,794	195,148	5,719,468	14,805	287,827,758

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 SODO d.o.o. company which is the sole holder of concession for performing the public utility service of 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 Elektro Maribor performs for SODO, and the amount of assets for covering losses in the Elektro Maribor distribution network.

Balance and changes in electricity distribution infrastructure in 2013

	Intangible fixed assets	Land	Buildings	Equipment	Total property, land and equipment
Purchase value					
As at 31 Dec 2012	0	4,822,881	632,587,454	135,545,384	772,955,719
Transfers			-22,129	-4,431	-26,560
As at 1 Jan 2013	0	4,822,881	632,565,325	135,540,953	772,929,159
Increase:	899,373	17,233	12,130,599	5,793,892	18,841,097
- Activation	899,373	17,233	12,130,599	5,793,892	18,841,097
Elimination	0	-206	-1,709,082	-1,749,317	-3,458,605
As at 31 Dec 2013	899,373	4,839,908	642,986,842	139,585,528	788,311,651
Write-off					
As at 31 Dec 2012			446,129,846	74,519,851	520,649,697
Transfers			-4,165	-419	-4,584
As at 1 Jan 2013	0		446,125,681	74,519,432	520,645,113
Decrease			1,394,146	1,736,445	3,130,591
Amortisation	1,367		11,666,140	4,375,859	16,043,366
As at 31 Dec 2013	1,367	0	456,397,675	77,158,846	533,557,888
					0
Carrying value					0
As at 1 Jan 2013	0	4,822,881	186,439,644	61,021,521	252,284,046
As at 31 Dec 2013	898,007	4,839,908	186,589,167	62,426,682	254,753,765

The amounts of future leases cannot be presented reliably, since the price and scope of lease change in accordance with the planned regulatory framework for each year.

The book value of leased electricity distribution infrastructure on 31 December 2013 amounted to EUR 254,753,765.

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 amortisation method is the method of equal time amortisation and is calculated individually, based on each real property.

The Group's managers actively monitor the market and have assessed that no objective evidence exists in 2013 which would show the need to impair fixed assets.

The assessed fair value of investment real property on 31 December 2013 amounted to EUR 746,011.

	31 Dec 2013
Purchase value	
As at 31 Dec 2012	1,415,507
Increase	84,481
As at 31 Dec 2013	1,499,988
Write-off	
As at 31 Dec 2012	729,399
Amortisation	24,578
As at 31 Dec 2013	753,977
Carrying amount	
As at 31 Dec 2012	686,108
As at 31 Dec 2013	746,011

	Value	Revenues	Costs
Holiday capacities	734,710	108,120	119,986
Apartments	11,301	8,047	3,258
Total	**746,011**	**116,167**	**123,244**

Long-term financial investments

Note 4

In individual financial statements financial investments in associated, affiliated companies and subsidiaries are calculated at purchase value.

Investments in companies in the Group are eliminated from consolidated financial statement, while investments in affiliated companies are reported according to the equity method.

All companies in the Group have distributed all financial investments in the group for sale as determined by the SAS 2006.

Long-term financial investments of Elektro Maribor Group refer to:

	31 Dec 2013	31 Dec 2012
Long-term financial investments excluding loans	1,944,304	1,791,165
- Investments in shares and shareholdings of associated companies	1,735,956	1,582,817
- Other long-term financial investments in shares and shareholdings	56,594	56,594
- Other long-term financial investments	151,754	151,754

The Elektro Maribor d.d. parent company established in 2013 that there were reasons to eliminate investments in holiday capacities of Eldom d.o.o. company, since ownership was not regulated and the existence of the investment could not be proven. Therefore, investments were recognised in the off-balance sheet records, the expenses due to the impairment of this investment were recognised at the amount of EUR 58,288.

	As at 1 Jan 2013	Payment of shares in profit	Investment impairments	Attribution of profit/loss	As at 31 Dec 2013
Investment in Informatika d.d.	389,482			-8,640	380,842
Investment in Eldom d.o.o.	58,288		58,288	0	0
Investment in Moja energija d.o.o.	1,135,048	400,000		620,066	1,355,114
Total	**1,582,818**			**611,426**	**1,735,956**

Long–term operating receivables

Note 5

Long-term operating receivables include receivables from accumulating funds in the reserve fund of ownership dwelling buildings.

Inventories

Note 6

	31 Dec 2013	31 Dec 2012
Material	1,533,355	1,661,096
Fuel and lubricants	15,298	12,673
Stationery	11,789	10,760
Small tools and packaging inventories	57,092	59,448
Products and merchandise	1,698	0
Total	**1,619,232**	**1,743,977**

They consist of inventories of material for use in own investments, material for provision of services in 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 company has made adjustments to net marketable value.

On 31 December 2013, the Group reported inventories with no changes, i.e. in the amount of EUR 69,203, which is determined as the current reserve inventories. The management has assessed that the net marketable value of these inventories is lower, therefore, it formed a 50% value adjustment in 2013 for these inventories.

	31 Dec 2013	31 Dec 2012
Gross value of inventories of material and merchandise	1,653,837	1,743,977
Value adjustments	34,605	0
Net value of inventories of material and merchandise	1,619,232	1,743,977

Merchandise inventories include inventories of wood pellets at Energija plus d.o.o. company and are purposed for further sale.

At stocktaking in 2013, the Group established EUR 1.48 deficit and there were no surpluses. In 2013, EUR 15,112 worth of material was written off due to damage, destruction or obsolescence.

All inventories are owned by the Group and are not pledged as collateral for debts.

Short–term operating receivables

Note 7

	31 Dec 2013	31 Dec 2012
Short-term operating receivables due from buyers:	34,291,011	37,744,349
- Receivables for sold electricity and use of network	28,367,115	29,341,633
- Receivables for lease and services according to SODO d.o.o. contract	4,283,161	6,542,852
- Receivables for other charged services	656,644	909,211
- Receivables for charged interest	124,373	118,464
- Receivables for operating for third-party account	859,718	832,189
Short-term operating receivables due from others	3,488,292	3,129,792
Total	**37,779,303**	**40,874,141**

Clients usually settle their receivables in due time or with minor delays. In case of delays clients 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 adjustment is made.

In companies in Group adjustments are considered only if the company is in bankruptcy or compulsory settlement, i.e. in whole.

At the end of 2013, the Group has no receivables due to the Management Board and members of the Supervisory Board, except for the regular receivables for sold electricity.

	31 Dec 2013	31 Dec 2012
Gross receivables	45,911,068	47,739,644
Value adjustment	8,131,765	6,865,503
Net receivables	37,779,303	40,874,141

	As at 1 Jan 2013	Decrease	Increase	As at 31 Dec 2013
Value adjustments of short-term operating receivables:	6,674,969	0	0	6,674,969
- Decrease of value adjustments due to payments		497,166		
- Decrease of value adjustments due to write-offs		934,002		
Total	**6,674,969**	**1,431,168**	**2,697,512**	**7,941,313**

Companies in the Group in 2013 formed value adjustments for doubtful and disputable receivables and for receivables subject to insolvency proceedings. The most significant impact on the increase of value adjustment of receivables in 2013 was caused by the start of the insolvency proceedings of Mariborska livarna d.o.o. company.

	31 Dec 2013	Structure in %	31 Dec 2012	Structure in %
Non-matured receivables	31,706,810	83.93	31,328,173	76.65
Past due up to 30 days	4,072,554	10.78	6,160,250	15.07
Past due from 31 to 60 days	971,670	2.57	1,358,580	3.32
Past due from 61 to 90 days	332,140	0.88	473,167	1.16
Past due over 90 days	696,129	1.84	1,553,971	3.80
Total	**37,779,303**	**100.00**	**40,874,141**	**100.00**

Cash and cash equivalents

Note 8

	31 Dec 2013	31 Dec 2012
Assets on accounts	441,470	181,241
Call deposits	16,038,316	15,707,831
Total	**16,479,786**	**15,889,072**

Short-term accrued revenues and deferred expenses

Note 9

Short-term accrued revenues and deferred expenses include mostly the amounts of short-term deferred expenses caused by the offset of deviations in the purchase of electricity.

Equity

Note 10

Share capital of the company is the equity of Elektro Maribor d.d. company, and is distributed to 33,495,324 ordinary no-par shares.

Capital reserves show the paid surplus of capital.

	31 Dec 2013	31 Dec 2012
Share capital	139,773,510	139,773,510
Capital reserves	75,121,586	75,121,586
Legal reserves	2,174,031	1,803,038
Other profit reserves	21,706,367	14,798,964
Revaluation surplus	105,184	105,184
Retained net earnings	1,397,241	-1,376,161
Net profit or loss for the financial year	4,724,527	8,510,434
Total	**245,002,446**	**238,736,555**

Elektro Maribor Group in 2013 had net profit in the amount of EUR 9,280,471.

Net profit per share in Group amounts to EUR 0.27.

Book value of a share in the Group is EUR 7.31.

The prices of consumer goods for 2013 grew by 0.7%. If the company would revalue the capital with consumer goods prices growth rate for 2013, its net profit would amount to EUR 7,620,039. The calculated result amounted EUR -1,660,432.

Item	Capital at start of the year	Growth in %	Calculated result	Increase/decrease of equity during the year	Growth in %	Calculated result	Net profit/loss prior to calculation	Net profit/loss after the calculation	Calculated result
EQUITY – all categories excluding current profit	238,736,554	0.70	1,671,156	-3,014,579	0.3557	-10,724	9,280,471	7,620,039	1,660,432

Provisions for long–term accrued costs and deferred revenue

Note 11

	As at 1 Jan 2013	Spent	Increase	Release	As at 31 Dec 2013
Provisions for service awards for employees	1,523,929	215,431	385,329		1,693,827
Provisions for pensions	2,726,240	146,818	42,801	10,359	2,611,864
Provisions for securities			31,128		31,128
Provisions for long-term imputed costs	103,340	0	885,219	69,096	919,463
Total	**4,353,509**	**362,249**	**1,344,477**	**79,455**	**5,256,282**

Provisions for securities 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 the mentioned provisions in the assessed amount of 10% of total contractual value.

In 2013, the Group formed provisions for legal commitments in accordance with the caution principle, and also imputed costs, for which there is a great probability that an outflow of cash will be required for their settlement in the future. The recognised amount is the best estimation of amounts required for settlement. In order to achieve the best evaluation, we considered the risks and uncertainties, which follow legal proceedings, for which the provisions were formed.

The amount of provisions equals the current value of outflows, which will be needed to settle these commitments.

Long-term accrued expenses and deferred revenues in the amount of EUR 30,312,203 refer to contributions for the disabled and fixed assets claimed free of charge. The mentioned long-term accrued expenses and deferred revenues are drawn for the purposes of covering fixed assets amortisation costs.

	As at 31 Dec 2012	Decrease	Increase	As at 31 Dec 2013
Long-term deferred revenues from HC (household connections) claimed free of charge	15,784,083	621,380	525,374	15,688,077
Long-term deferred revenues from FA (fixed assets) claimed free of charge	6,614,577	222,903	41,306	6,432,980
Long-term deferred revenues from average connection costs	4,545,988	178,523	0	4,367,465
Long-term deferred costs from co-financing	3,903,194	148,228	9,257	3,764,223
Long-term deferred revenues from waived contributions for the disabled	28,993	180,733	151,740	0
Long-term deferred revenues - EU projects	44,547	0	14,911	59,458
Total	**30,921,382**	**1,351,767**	**742,588**	**30,312,203**

Long-term financial liabilities

Note 12

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

The maturity of loans is 5 to 10 years. Interest rate is from 1- to 6-month EURIBOR, with 1.6 to 3.25% profit margin.

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 or in instalments.

	31 Dec 2013	31 Dec 2012
Long-term financial liabilities to banks	37,480,952	39,464,205
Short-term part of long-term financial liabilities to banks	-7,773,809	-8,899,920
Total	**29,707,143**	**30,564,285**

Short-term liabilities

Note 13

Short-term financial liabilities in the amount of EUR 7,798,675 refer to the short-term part of long-term loans that will be due in one year from the date of the balance sheet, i.e. in the amount of EUR 7,773,809, and the shareholders' liabilities in relation to profit distribution in the amount of EUR 24,866.

Short-term operating liabilities amount to EUR 30,255,191.

	31 Dec 2013	31 Dec 2012
Short-term operating liabilities to affiliated companies	991,737	689,945
Short-term operating liabilities to suppliers for fixed assets	2,664,489	3,821,973
Short-term operating liabilities to suppliers for current assets	12,049,074	13,570,840
Short-term operating liabilities to SODO d.o.o.	9,612,148	8,727,594
Short-term operating liabilities to employees	2,735,372	2,494,577
Short-term operating liabilities to state and other institutions	838,801	716,569
Short-term operating advance payables	722,964	890,931
Other short-term operating liabilities	640,605	664,508
Total	**30,255,191**	**31,576,936**

Most liabilities refer to the purchase of electricity in the amount of EUR 9,926,554 and liabilities from operating for third-party account in the amount of EUR 9,694,093.

Short-term accrued expenses and deferred revenues

Note 14

Short-term accrued expenses and deferred revenues show the balance of short-term imputed expenses and short-term deferred revenues. They include receivables and other assets, which are assumed to appear within a year and are probable and their amount is assessed reliably.

	31 Dec 2013	31 Dec 2012
Accrued expenses for unused annual leave	915,105	694,343
Short-term accrued expenses for legal matters	336,697	232,837
Short-term accrued expenses for offset of losses	0	126,996
Other accrued costs	24,194	22,605
Short-term deferred revenues for the RF balance - 2011	145,464	429,980
Short-term deferred revenues for the RF balance - 2013	153,967	0
Total	**1,575,427**	**1,506,761**

	Balance as of 31 Dec 2012	Formation	Spent	Elimination	Balance as at 31 Dec 2013
Calculated costs for unused annual leave	694,343	915,105	649,008	45,335	915,105
Short-term accrued expenses for legal matters	232,837	103,861			336,697
Short-term accrued expenses for offset of losses	126,996		126,996		0
Other accrued costs	22,605	20,298	18,709		24,194
Short-term deferred revenues for the RF balance - 2011	429,980		72,731	211,785	145,464
Short-term deferred revenues for the RF balance - 2013	0	153,967			153,967
Total	**1,506,761**	**1,193,231**	**867,444**	**257,120**	**1,575,427**

The registration of short-term deferred revenues from the balance account of the regulatory framework for 2011 base on the decision of Energy Agency and for 2013 on the basis of the assessment which the company made in accordance with the valid act on network fee.

Off-balance sheet assets and liabilities

Note 15

	31 Dec 2013	31 Dec 2012
Securities for payment insurance – guarantees	18,454,805	18,653,370
Securities for payment insurance – bills of exchange	3,480,953	39,464,205
Receivables for provided bank guarantees	4,120,098	2,837,708
Potential liabilities for damages	71,719	984,209
Small tools in use	1,426,573	1,424,645
Potential liabilities for payment due to leasing	37,621	47,373
Average costs of SODO d.o.o. connection, transfer of assets 1 July to 31 Dec 2009	4,225,489	4,383,327
Average cost of connection SODO d.o.o. transfer of property, plant and equipment 1 January 2010	1,166,976	1,203,484
Assets for holiday capacities – Eldom d.o.o.	184,870	0
Total	**67,169,105**	**68,998,322**

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

Consolidated income statement by functional activities

	2013	2012
Net sales revenue	157,316,997	170,269,716
Capitalised own products and services	14,444,029	9,636,650
Productions costs of products and services sold	152,325,426	161,830,968
Gross profit	**19,435,600**	**18,075,398**
Selling costs	5,378,674	4,770,403
Administrative expenses	8,651,341	6,830,430
- Normal administrative expenses	5,880,764	5,770,403
- Revaluation operating expenses in intangible and tangible fixed assets	23,433	107,377
- Revaluation expenses in current assets	2,747,144	952,650
Other operating revenues	3,253,488	2,455,299
Profit or loss	**8,659,072**	**8,929,864**

Types of revenues

	2013	2012
Operating revenues	175,014,514	182,361,665
Financial revenues	1,164,727	1,044,541
Other revenues	59,972	206,586
Total	**176,239,213**	**183,612,792**

Net sales revenues

Note 16

	2013	2012
Sale of electricity	102,945,063	114,294,891
Charged rent	29,416,822	31,641,306
- Sodo d.o.o. – rent	29,016,261	31,095,352
- Other	400,561	545,954
Sodo d.o.o. contractual services	21,995,417	18,971,563
Charged services	2,881,750	5,253,851
Sale of waste material	77,944	108,105
Total	**157,316,997**	**170,269,716**

Net sales revenues also include the value of balance accounts for the regulatory period as shown in the table below.

	Revenues in 2013	Final balance 2011	Final balance 2012	Preliminary balance 2013	Accrued final balance 2013	Total
Rents	29,599,891	0	-390,158	-193,473	0	29,016,260
Services	21,932,182	211,785	27,358	-21,941	-153,967	21,995,417
Losses	7,234,228	0	0		0	7,234,228
Total	**58,766,301**	**211,785**	**-362,800**	**-215,414**	**-153,967**	**58,245,905**

Net sales revenues represent 89% of total revenues of the Group.

Capitalised own products and services

Note 17

	2013	2012
Capitalized products	14,071,116	9,338,473
Capitalized services	372,912	298,177
Total	**14,444,029**	**9,636,650**

Other operating revenues

Note 18

	2013	2012
Elimination of provisions and accrued costs and deferred revenues	124,790	55,156
Drawing of long-term accrued costs and deferred revenues	1,359,892	1,387,162
Indemnifications received from the insurance company	646,174	252,375
Profit from sale of fixed assets	75,077	410
Recovered receivables from previous years	553,833	177,626
Other operating revenues	493,721	582,570
Total	**3,253,488**	**2,455,299**

Costs of goods, materials and services

Note 19

	2013	2012
Purchase value of sold merchandise	75,859	0
Costs of material	105,428,804	115,725,492
Costs of services	9,512,529	9,214,402
Total	**115,017,192**	**124,939,894**

The costs of material in the Group include mostly amounts for the purchase of electricity in the amount of EUR 95,060,180.

Costs of services amounted to EUR 9,512,529 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 15,900, of which EUR 1,800 were spend for the consolidated Annual Report.

Labour costs

Note 20

	2013	2012
Costs of salaries	20,029,635	18,772,693
Costs of additional pension insurance	957,742	895,233
Costs of employer contributions and other taxes on salaries	3,238,102	3,062,735
Other labour costs	3,326,704	3,921,163
Total	**27,552,183**	**26,651,824**

Salaries were paid on the basis of the provisions of the general and Collective Bargaining Agreement and individual employment contracts.

Other labour costs also include the holiday pay, 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

	2013		2012	
	Number	Amount	Number	Amount
Members of management boards	3	227,268	3	220,378
Other employees (individual contracts)	11	698,660	11	649,999
Members of supervisory boards	12	92,755	9	97,662
Audit Committee	6	13,975	3	16,708
Total	**32**	**1,032,658**	**26**	**984,747**

The names of management and supervisory boards' members are disclosed in Annual reports of individual subsidiaries.

The companies in the Elektro Maribor Group have no receivables and liabilities to the members of the management and supervisory boards, except for December salaries which were paid in January 2014.

Write-offs

Note 21

	2013	2012
Amortisation of intangible assets	747,384	1,260,455
Amortisation of tangible fixed assets	18,448,659	18,499,749
Amortisation of investment property	24,578	24,450
Total	**19,220,621**	**19,784,654**

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.

	2013	2012
Revaluation operating expenses in intangible and tangible fixed assets	23,433	107,377
Revaluation operating expenses for inventories	49,714	0
Revaluation operating expenses for receivables:	2,684,804	950,987
- For the use of network and sale of electricity	2,343,455	461,205
- For performed services	236,831	445,620
- For interest	104,518	44,162
Other revaluation operating expenses	12,626	1,663
Total	**2,770,577**	**1,060,027**

Other operating expenses

Note 22

	2013	2012
Provisions for securities	31,125	0
Provisions for legal proceedings	885,218	103,340
Building land compensation	314,191	538,408
Other taxes and expenses	564,335	353,655
Total	**1,794,869**	**995,402**

In 2013, the Group formed provisions for legal proceedings, where was is involved as the prosecuted party, i.e. in accordance with SAS and with the caution principle. The Group assessed that on the basis of past events such situation can result in cash disbursement in the future.

Financial revenues from shares, granted loans and operating receivables

Note 23

	2013	2012
Financial revenues from shares	**620,067**	**433,777**
Financial revenues from shareholdings in affiliated companies	620,067	433,777
Financial revenues from loans granted	**153,555**	**250,491**
Financial revenues from loans granted to others	153,555	250,491
Financial revenues from operating receivables	**391,105**	**360,273**
Financial revenues from operating receivables due from others	391,105	360,273
Total	**1,164,727**	**1,044,541**

Financial revenues from shareholdings in affiliated companies refer to the profit from participation in the capital of affiliated companies.

Financial expenses for impairment and write-offs of financial investments and expenses from financial and operating liabilities

Note 24

	2013	2012
Financial expenses from impairments and write-offs of investments	**66,928**	**94,498**
Affiliated companies:	66,928	94,498
- Eldom d.o.o.	58,288	0
- Informatika d.d.	8,640	94,498
Financial expenses from financial liabilities	**787,575**	**865,377**
Financial expenses from loans received from others	771,629	842,402
Financial expenses from financial liabilities	15,946	22,975
Financial expenses from operating liabilities	**23,083**	**3,401**
Financial expenses from liabilities to suppliers	23,082	3,390
Financial expenses from operating liabilities	1	11
Total	**877,586**	**963,276**

Other revenues and expenses

Note 25

	2013	2012
Other revenues	59,972	206,586
Other expenses	127,736	142,958

Other expenses mostly refer to donations in the amount of EUR 33,884, and indemnifications as well as franchises deductible in the amount of EUR 50,690.

Corporate income tax

Note 26

In 2013, Elektro Maribor Group reported liability for the payment of corporate income tax in the amount of EUR 968,637 based on tax assessment.

Adjustment of expenses for tax calculated on the basis of reported profit before taxation

Comparison between actual and calculated tax rate	2013		2012	
	Rate	Amount	Rate	Amount
Profit before taxation		8,878,449		9,074,757
Tax on profit (official rate)	17.00%	1,509,336	18.00%	1,633,456
Amounts that have negative impact on tax base		706,711		428,351
- Amount for reducing expenses to the level of taxable expenses		706,711		428,351
- Amount for increasing revenues to the level of taxable revenues		0		2,923
Amounts that have positive impact on tax base (+)(-)		457,291		219,312
- Amount for increasing expenses to the level of taxable expenses		219,912		77,254
- Amount for decreasing revenues to the level of taxable revenues		237,379		142,058
Tax relief		790,119		1,626,091
- Used to impact the reduction of tax		790,119		1,626,091
Calculated tax	**10.91%**	**968,637**	**2.38%**	**216,404**
Increase/decrease of deferred tax		-1,370,659		0
Tax in income statement	**-4.53%**	**-402,022**	**2.38%**	**216,404**

Deferred taxes

Note 27

	2013
Deferred tax for provisions for service awards and severance pays	437,470
Deferred tax for formed adjustments of value of receivables	933,189
Total	**1,370,659**

In 2013, the Group recognised the 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 recognition bases on the fact that this item became relevant and that the Group has stabilised its operations in the past financial years, therefore, due to achieved profit before taxation levels, we can claim that in the future, significant amounts of positive tax base which will be decreased by existing deductible temporary tax differences, will occur. 17% tax rate was used for the calculation of deferred receivables for deferred tax, therefore, it is expected that this rate will also be used in the future financial years.

Such receivables in 2013 increased the profit of the Group by EUR 1,370,659.

Net profit/loss of the Group

Note 28

	2013	2012
Profit/loss in operations	8,659,072	8,929,864
Profit/loss in financing	287,141	81,265
Profit/loss in other revenues and expenses	-67,764	63,628
Total	**8,878,449**	**9,074,757**

	Elektro Maribor d.d.	Energija plus d.o.o.	Ingel d.o.o.	Affiliated companies	Total
Profit / loss before tax	7,748,856	606,983	184,601	738,009	9,278,449
Elimination of profits within the Group				-400,000	-400,000
Corporate income tax	766,473	183,885	18,279		968,637
Deferred taxes	437,470	933,189	0	0	1,370,659
Net profit/loss	**7,419,853**	**1,356,287**	**166,322**	**338,009**	**9,280,471**

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 operating report a surplus of cash receipts over cash disbursements.

Cash flow from operating activities	I–XII 2013	I–XII 2012
Cash receipts from operating activities	**303,152,858**	**318,338,457**
Cash receipts from sales of products and services	300,445,245	305,495,242
Other cash receipts from operations	2,707,613	12,843,215
Cash disbursements from financing activities	**-287,284,096**	**-300,633,642**
Cash disbursements from purchases of material and services	-246,816,529	-247,870,513
Cash disbursements for salaries and employees' shares in revenue	-15,942,674	-15,001,373
Cash disbursements for taxes	-22,058,076	-23,024,518
Other cash disbursements from operations	-2,466,817	-14,737,238
Surplus of inflows in operations or surplus of outflows	**15,868,762**	**17,704,815**

Cash flows from investing report a surplus of cash disbursements over cash receipts.

Cash flow from investing activities	I–XII 2013	I–XII 2012
Cash receipts from investment	**610,397**	**9,613,687**
Interest received and shares in profit received, relating to investment activities	544,829	565,148
Cash receipts from disposal of tangible fixed assets	65,568	48,539
Cash receipts from disposal of short-term financial investments	0	9,000,000
Cash disbursements from investment	**-10,128,650**	**-10,965,379**
Cash disbursements for acquisition of intangible assets	-627,602	-401,693
Cash disbursements for acquisition of tangible fixed assets	-9,449,758	-9,563,686
Cash disbursements for acquisition of short-term financial investments	-51,290	-1,000,000
Surplus of cash receipts in investment or surplus of cash disbursements in investments	**-9,518,253**	**-1,351,691**

Cash flows from financing report a surplus of cash disbursements over cash receipts.

Cash flow from financing activities	I–XII 2013	I–XII 2012
Cash receipts from financing activities	**7,000,000**	**8,000,000**
Cash receipts from increase of long-term financial liabilities	7,000,000	8,000,000
Cash disbursements from financing activities	**-12,759,795**	**-15,743,206**
Cash disbursements for given interest related to financing activities	-777,089	-880,075
Cash disbursements for repayment of long-term financial liabilities	-8,983,253	-11,198,940
Cash disbursements for repayment of short-term financial liabilities	0	-13,890
Cash disbursements for payment of dividends and other shares of net profit	-2,999,453	-3,650,301
Surplus of cash receipts in financing or surplus of cash disbursements in financing	**-5,759,795**	**-7,743,206**

The balance of the Group in this period is positive, i.e. EUR 590,714.

	I–XII 2013	I–XII 2012
Closing cash balance	16,479,786	15,889,072
Net cash in the period	590,714	8,609,917
Opening cash balance	15,889,072	7,279,155

VI. Contact information

Elektro Maribor d.d.
Vetrinjska ulica 2,
2000 Maribor
Slovenija

Telephone: (02) 22 00 000
Toll-free numbers:

080 21 05 – 24-hour service for reporting defects and disturbances on the network
080 21 01 – general information
Fax: 00386 2 22 00 109

Website: http://www.elektro-maribor.si
E-mail: info@elektro-maribor.si

Regional units

Maribor RU
Vodovodna ulica 2, 2000 Maribor, tel.: 00386 2 22 00 300, fax: 00386 2 22 00 336

Slovenska Bistrica RU
Kolodvorska ulica 21a, 2310 Slovenska Bistrica, tel.: 00386 2 22 00 500, fax: 00386 2 81 81 246

Gornja Radgona RU
Lackova ulica 4, 9250 Gornja Radgona, tel.: 00386 2 22 00 800, fax: (02) 22 00 808

Murska Sobota RU
Lendavska ulica 31a, 9000 Murska Sobota, tel.: 00386 2 22 00 700, fax: 00386 2 52 31 443

Ptuj RU
Ormoška cesta 26a, 2250 Ptuj, tel.: 00386 2 22 00 600, fax: 00386 2 77 60 901

Service units

Ljutomer SU
Ulica Rada Pušenjaka 5, 9240 Ljutomer, tel.: 00386 2 22 00 850, fax: 00386 2 58 21 492

Maribor SU
Veselova ulica 6, 2000 Maribor, tel.: 00386 2 22 00 451, fax: 00386 2 42 01 369

Energija plus d.o.o.
Vetrinjska ulica 2,
2000 Maribor
Slovenija

Toll-free telephone number:
080 21 15 – general information

Website: http://www.energijaplus.si
E-mail: info@energijaplus.si

OVEN Elektro Maribor d.o.o.
Vetrinjska ulica 2,
2000 Maribor
Slovenija

Telephone: (02) 22 00 782
Fax: 00386 2 22 00 781
Website: http://www.oven-em.si

Abbreviations

ARDE	Accrued revenues and deferred costs
AGEN-RS	Energy Agency of the Republic of Slovenia
AMI	Advanced Metering Infrastructure
AUKN	Capital Assets Management Agency
TDB	Technical Database
MDC	Management Distribution Centre
DEES	Distribution Electricity Energy System
OPL	Overhead power line
EMR	Electromagnetic radiation
EOO	Electronic office operations
ERP	Enterprise Resource Planning
EU	European Union
EURIBOR	Euro Interbank Offered Rate
EA	Energy Act
PS	Public service
IIS	Integrated information system
ISO	International Organisation for Standardisation
SHPP	Small Hydro Power Plant
SPPP	Small Solar Power Plant
LV	Low voltage
SB	Supervisory Board
RU	Regional unit
OHSAS	Occupational Health and Safety Advisory Services
FA	Fixed assets
OVE	Support to the generation of electric energy in co-production with high efficiency and from renewable resources
OVEN	Renewable energy resources
AEDR	Accrued expenses and deferred revenues
RF	Regulatory framework
ROA	Return On Assets
ROE	Return On Equity
RS	Republic of Slovenia
SS	Switching station
STS	Switching transformer station
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SU	Service unit
MHPP	Medium sized hydro power plant
SIST	Slovenian Institute of Standardisation
MV	Medium voltage
SODO	Distribution network system operator
SONDO	System operations instructions for electricity distribution network
SPDOEE	General terms and conditions for the supply and purchase of electric energy
SAS	Slovenian Accounting Standards
TS	Transformer station
IMAD	Institute of Macroeconomic Analysis and Development
URE	Efficiency improvement in the use of electric energy
HV	High voltage
CA	Companies Act

ELEKTRO MARIBOR

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