Annual Report 2014

Annual Report of the company Elektro Maribor d.d. and the Elektro Maribor Group

2014

CONTENTS OF THE ANNUAL REPORT

CONTENTS ACCORDING TO THE REPORTING GUIDELINES GRI (GRI 3.12)*

Abbreviations

AMI	Advanced Metering Infrastructure
CA	Companies Act
CHP	Combined heat and power
CIM	Common Information Model
DEES	Distribution electricity energy system
DRC	Data recovery centre
EA	Energy Act
EE	Energy efficiency
eIS	Information system
ERP	Enterprise Resource Planning
EU	European Union
EURIBOR	Euro Interbank Offered Rate
GRI	Global Reporting Initiative
HSAW	Health and safety at work
HV	High voltage
ICT	Information communication technology
IIS	Integrated information system
IMAD	Institute of Macroeconomic Analysis and Development
ISO	International Organisation for Standardisation
LV	Low voltage
MAR	The margin represents the difference between generated revenue and production costs (material, services, salaries)
MDC	Management distribution centre
MHPP	Medium sized hydroelectric power plant
MV	Medium voltage
OECD	Organisation for Economic Co-operation and Development
OHSAS	Occupational Health and Safety Advisory Services
OPL	Overhead power line
PLC	Power line communication
PTS	Principal transformer station
RES	Renewable energy sources
RF	Regulatory framework
ROA	Return On Assets
ROE	Return On Equity
RS	Republic of Slovenia
RU	Regional unit
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SAS	Slovenian accounting standards
SDH	Slovenian State Holding (Slo. Slovenski državni holding d.d.)
SHPP	Small hydroelectric power plant
SIST	Slovenian Institute of Standardisation
SODO	Distribution network system operator (Slo. sistemski operater distribucijskega omrežja)
SONDO	System operations instructions for electricity distribution network
SOPO	Transmission network system operator (Slo. sistemski operater prenosnega omrežja)
SS	Switching station
SSPP	Small solar power plant
STS	Switching transformer station
SU	Service unit
TDB	Technical database
TS	Transformer station

I. Introduction

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

To our stakeholders,

The business operation of the company Elektro Maribor d.d. and the Elektro Maribor Groups was successful in 2014. While confronted with extremely difficult natural environment and even more demanding economic conditions, we managed to achieve our best results thus far by the great work performed by our employees.

The Elektro Maribor Group concluded the year 2014 with profit, which after taxes amounted to EUR 11.49 million, which is EUR 1.84 million more than planned or by 18 %.

The company Elektro Maribor also concluded the year 2014 with profit, which after taxes amounted to EUR 9.24 million, which is EUR 2.08 million more than planned or by 29%. The main factors that impacted the improved business result of the company compared to plans were:

- Higher revenues from services on the market. We exceeded the planned revenues because of new businesses related to maintenance of electricity facilities owned by foreign parties and to production of other larger facilities.
- Higher revenues from own investments.
- Lower material costs due to lower realised electricity losses than planned and lower costs of used material in investments mainly because of lower prices.

The business operation of the Company Elektro Maribor was in the beginning of February 2014 marked by catastrophic ice damage, which caused substantial damage at the electricity infrastructure of the company. Major changes in operation in the first three months of 2014 demanded a revised Annual Business Plan of the company in 2014.

In order to restore power to our clients in the supply area of Elektro Maribor as soon as possible, a great amount of work was performed under extremely difficult conditions. During these trying times, confirmation came on how important the strong territorial presence of the distribution was and also how important highly qualified and motivated own electricity assembly teams were. I would like to express my sincere gratitude to all, who helped and assisted us in setting up resupply with the precious and important life commodity - electricity, especially to fire fighters, forest workers, local communities, state institutions and the teams of Hrvatska elektroprivreda, who assisted us in the recovery in the aftermath of the natural disaster. Unfortunately, in eliminating the consequences of the disastrous storm, a tragic work accident occurred at Pohorje of Slovenska Bistrica, where a young contractor lost his life, when he and others selflessly struggled to restore the electricity distribution network that thousands of our consumers rely upon.

Investments in 2014 exceeded the planned scope by 1% and in comparison with the previous year by 4%. For financing investments in 2014 we hired 7% less foreign funds than the previous year. Compared to 2013 the company reduced its level of indebtedness by 0.6% and its net financial debt by 3.3%.

In operation of the regulated activity of the company, we managed to reduce controlled costs by 7% compared to previous year. From 2012 to 2014 we carried out several measures to lower these costs (savings, rationalising material costs, lowering service costs and distributing employees in detail by regulated and service activity) and managed to lower controlled costs by EUR 3.3 million or 13%.

* Reporting according to the guidelines GRI G3.1.

In 2014, we also successfully continued with project employments and for the requirements of own investments, market services, maintenance and recovery after the natural disaster (ice damage) performed 90 fixed-term employments with people from the local environment.

In 2014, we completed the integral renovation of the existing STS Slovenska Bistrica and reconstruction of TS Petišovci. We additionally included 11,909 metering posts to the advanced metering system. The total number of metering posts in the advanced metering system is thus already 98,263, which is 46% of all metering posts.

The company performs regulated activity and as the owner of the electricity infrastructure works with the company SODO d.o.o. under the contract for the lease of the electricity infrastructure and provision of services of an electricity distribution network system operator. The company SODO based on unrevised information conducted a preliminary budget for the regulatory year 2014, which was included in the company's statements for 2014. Here, it is important to mention that long-term failures in 2014 due to ice damage had a negative impact on regulation of the quality of supply.

The company is aware of its mission to provide to the population and the economy with high-quality electricity and power in an environmentally acceptable, competitive, reliable, satisfactory and safe way and with it to ensure a high quality of living and to promote economic development. Here, we strive for a correct relationship with network users, business partners, employees, shareholders and social as well as natural environment. This is also why the company is recognised as friendly and responsible towards its owners, employees, clients and the social environment.

In order for the company to prosper, employees' career development and education is of course of vital importance. Apart from other educational seminars and training that the employees attended in 2014, we included all employees in the regular periodic training in health and safety at work (HSAW) for authorisations on work permits.

As a socially responsible company we have promoted and rewarded the top students of electricity technical secondary schools for their excellence for many years. Together with the University of Maribor we promote and reward also excellence in academia with the acknowledgment of the best student.

In 2015 that we enter while preparing this Annual Report, we will face major challenges, which will have a definite impact on the operation of the company. Strategic investments will be of vital importance, as well as the final restoration of the damaged network after the ice damage, construction of a more robust and smart network, active cost control and active participation in preparing the new Act on the methodology for determining network charges and criteria for determining eligible costs for electricity networks and methodology for billing network charges (Network Act), which will determine a new regulatory framework for the company's operation. The regulation under the Energy Act (EA-1), which will define elements at 110-kilovolt level of transfer to ELES, will also have a major impact on our business operation.

I sincerely wish to express my gratitude to the employees of the Elektro Maribor Group for their excellent work, appropriate implementation of our mission and successful realisation of determined goals, to our supervisors, network users, business partners and shareholders for their correct cooperation, displayed trust and understanding.

Respectfully,

President of the Management Board:
Boris Sovič, MSc.

2 REPORT OF THE SUPERVISORY BOARD

2.1 Composition

The composition of the Supervisory Board of the company Elektro Maribor d.d. in 2014 was as follows:

- Andreja Katič (President from 23 October 2014, member until 30 October 2014),
- Franc Pangerl, MSc. (Deputy President until 3 October 2014),
- Dušan Mohorko (member until 12 December 2014),
- Roman Ferenčak (member, President from 23 October 2014 until 15 December 2014),
- Miroslav Pečovnik (member until 13 July 2014),
- Maksimiljan Turin (member until 13 July 2014),
- Dušan Kovačič (member from 14 July 2014, Deputy President from 23 October 2014 to 15 December 2014),
- Darko Nemec (member from 14 July 2014),
- Tomaž Orešič (member from 12 December 2014, President from 15 December 2014),
- Mateja Čuk, MSc. (member from 12 December 2014, Deputy President from 15 December 2014),
- Ciril Pucko (member from 12 December 2014).

2.2 Membership in other bodies

Membership of the members of the Supervisory Board in management and supervisory bodies of related and unrelated companies is as follows:

- Tomaž Orešič: /
- Mateja Čuk, MSc.: /
- Ciril Pucko: /
- Roman Ferenčak: Ocean Orchids d.o.o. and Gondvana d.o.o.
- Dušan Kovačič: /
- Darko Nemec: /

2.3 Supervision of the company's business operation

The Supervisory Board of Elektro Maribor d.d. supervised the company's business operation in 2014 in accordance with the planned goals, oversaw the Management Board of the company, and controlled risks, public procurement and a number of other operational elements. The Management Board prepared the materials and foundation to the Supervisory Board of the company for its work according to its authorities by law and the Articles of Association of the company Elektro Maribor d.d. The Management Board regularly reported to the Supervisory Board on its work and took into account the decisions, positions and recommendations adopted by the Supervisory Board.

The Supervisory Board finds that the reports and information were prepared and implemented on time and with quality, so that the Supervisory Board could perform its work uninterruptedly and in accordance with the Articles of Association and the legislation in force.

The Supervisory Board of the company Elektro Maribor d.d. performed their work in the business year of 2014 in accordance with the basic function of supervision of company's management and duty of a prudent and rational management on the basis of jurisdictions under valid regulations and company acts. The Supervisory Board supervised management and business operation of the company Elektro Maribor d.d. based on 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 the 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 2014 and also presented additional explanations to the Supervisory Board in addition to the presented materials.

At nine regular and eleven correspondence meetings the Supervisory Board considered and adopted the following important decisions:

- was acquainted with the business benchmarking of the company Elektro Maribor d.d. with other electricity distribution companies from 2007 to 2012;
- agreed with the Preliminary accounting statements of the Elektro Maribor Group for 2014 with business projection for 2015 and 2016;
- confirmed the time schedule for activities for the 18th regular General Meeting of the company Elektro Maribor;
- was acquainted with the consequences of the February storm – ice damage in the area of Elektro Maribor d.d. and further activities of the company to remedy the aftermath;
- was acquainted with the publication of public procurement on submitting public orders;
- was acquainted with refusals of tenders in public procurement;
- was acquainted with the submission of PO Transformer for 2014, 2015;
- was acquainted with review of transactions of the company for 2010, 2011, 2012, I-IX 2013;
- was acquainted with the state of debt for network use;
- was acquainted with information on debt recovery procedures;
- was acquainted with the problem area of submitting documentation of SB for the requirements of court proceedings;
- was acquainted with the information system project for business support (ERP);
- adopted the changes of Article 17 of the Rules of procedure of the Supervisory Board of Elektro Maribor d.d.;
- adopted the Rules of procedure of the Audit Committee of the company Elektro Maribor d.d.;
- adopted the work plan of the Audit Committee of the company Elektro Maribor for 2014;
- confirmed the internal audit fundamental document for Elektro Maribor Group d.d.;
- adopted that the annual report is composed in accordance with the provisions of the Companies Act and accounting standards;
- issued the opinion that the Annual Report and the information in it is a true representation of the company operation in the previous business year;
- confirmed the company's Annual Report for 2013;
- issued a favourable opinion to the Audit report of accounting statements of the company and consolidated accounting statements of the company for 2013, because of the finding that it was made according to the law and based on a careful and integral overview of the annual report and operation of the company;
- suggested to the General Meeting of the company to adopt the decision on awarding the discharge to the management – President of the Management Board Boris Sovič, MSc. for 2013 and to adopt the decision on awarding discharge to the Supervisory Board of the company for 2013, because it estimates that the company operated according to the planned goals and the plan for 2013;
- adopted the Report of the Supervisory Board on revision of the Annual Report of the company for 2013;
- issued consent to the proposed division of profit for 2013;
- confirmed of the audit company KPMG Slovenija d.o.o. for auditing accounting statements for 2014;
- confirmed the material for the 18th regular General Meeting of Elektro Maribor d.d.;
- was acquainted with information on company operation and the Elektro Maribor Group in the period I-III 2014, I-VI 2014, I-IX 2014;
- was acquainted with options of strategic and capital connections of subsidiary companies;
- issued consent with the revised Annual Business Plan of the company Elektro Maribor d.d. and the Elektro Maribor Group for 2014 with the projection of business for 2015 and 2016;
- was acquainted with the report on work plan implementation of the internal audit activity in Elektro Maribor d.d. for 2013;
- confirmed the short-term plan of internal audits in Elektro Maribor Group for 2014;
- confirmed the mid-term plan of internal audits in the Elektro Maribor Group for 2014 to 2016;
- was acquainted with the implementation of self-evaluation according to the EFQM model;
- issued consent to the annex to the contract on successive deposit;
- was acquainted with decisions on infrastructure facilities;
- suggested to the company's Management Board to propose to the Ministry of infrastructure, SODO d.o.o. and the regulator to conclude annexes to the contract on the lease of electricity distribution infrastructure and provision of services for the system operator of the distribution network earlier and in accordance with the business policy of the adopted Annual Business Plan;
- gave consent to signing the annex no. 3 of the Contract on the lease of electricity distribution infrastructure and provision of services for the system operator of the distribution network;

- was acquainted with the risk management system in the company;
- issued consent with supplements to the loan contracts;
- was acquainted with the report on the project of power line 2x110 kV Murska Sobota-Mačkovci;
- was acquainted with the resignation of the President of SB because of election to the National Assembly of RS;
- was acquainted with the resignation of a member of SB;
- appointed the President and Deputy President of SB and a member of the Audit Committee of SB;
- established the Nomination Committee of SB and procedure of selecting candidates for members of the Supervisory Board of Elektro Maribor d.d.;
- was acquainted with the accession of Elektro Maribor d.d. to the Slovenian guidelines of corporate integrity;
- was acquainted with information on preparing the draft plan for development of the distribution network for 2015 to 2024;
- adopted the interpretation of the 11th indent of Article 49 of the Rules of procedure of the Supervisory Board;
- confirmed the material of the 19th regular General Meeting of Elektro Maribor d.d.;
- was acquainted with the draft of strategy of the company Elektro d.d.;
- was acquainted with the report on the 19th General Meeting of the company Elektro Maribor d.d.;
- appointed the President of SB, Deputy President of SB, President of the Audit Committee and member of the Audit Committee;
- adopted the agreement on sharing information with the Supervisory Board;
- was acquainted with information on adoption procedure of the Annual Business Plan 2015 with business projections for 2016 and 2017;
- gave consent to the Annual Business Plan of the company Elektro Maribor d.d. for 2015 with business projections for 2017 and 2016;
- and other.

2.4 Attendance at sessions

According to the recommendations and expectations of the Slovenian State Holding (Article 6.10), we list the attendance data for members of the Supervisory Board at sessions:

	Regular session	Correspondence session
Andreja Katič	4, 5, 6, 7, 8	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
Franc Pangerl, MSc.	4, 5, 6, 7	1, 2, 3, 4, 5, 6, 7, 8
Dušan Mohorko	4, 5, 6, 7, 8, 9, 10	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
Roman Ferenčak	4, 5, 7, 8, 9, 10, 11	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
Miroslav Pečovnik	4, 5,	1, 2, 3, 4
Maksimilijan Turin	4, 5, 6	1, 2, 3, 4
Tomaž Orešič	11, 12	
Mateja Čuk, MSc.	11, 12	
Ciril Pucko	11, 12	
Dušan Kovačič	7, 8, 9, 10, 11, 12	5, 6, 7, 8, 9, 10, 11
Darko Nemec	7, 8, 9, 10, 11, 12	5, 6, 7, 8, 9, 10, 11

2.5 Work of the Audit Committee

The Supervisory Board established the Audit Committee, which had six sessions in 2014.

The Audit Committee of the Supervisory Board addressed the following issues at sessions: legal basis for the operation of the Audit Committee; the work programme of the Audit Committee for 2014; was acquainted with the list of internal acts, which regulate the area of supervision and secrecy of the company Elektro Maribor d.d.; addressed the report of the annual accounts of the company Elektro Maribor d.d. for 2013; examined the selection of the authorised auditor for the business year 2014; was acquainted with the founding paper for the Elektro Maribor Group; confirmed the Rules of Procedure on organisation and operation of the internal audit activity in the Elektro Maribor Group; was acquainted with the short-term plan for internal audits in the Elektro Maribor Group and proposed it to the Supervisory Board for consent; became acquainted with the mid-term plan for internal auditing in the Elektro Maribor Group for the period between 2014 and 2016 and proposed it for confirmation to the Supervisory Board; examined the possibilities of additional employments in the area of internal auditing; was informed of the report on implementing the work plan of the internal audit activity in the company Elektro Maribor d.d. for 2013 and sent it for confirmation to the Supervisory Board; became acquainted with the quarterly report for the period from 1 January 2014 to 31 March 2014; became acquainted with unrealised recommendations or recommendations in implementation after the issued final internal audit reports in 2013; became acquainted with the evaluation of internal control in implementing the purchasing function in the company Elektro Maribor; became acquainted with the responses of the Management Board of the company to the questions to the Annual Report for 2013; confirmed the draft of the revised annual business plan for 2014 and suggested it to the Supervisory Board for adoption; became acquainted with the report on implementing the work plan of the internal audit activity for the period from 1 April 2014 to 30 June 2014; became acquainted with the system of risk management in the company; became acquainted with the report on the operation of the company and the Elektro Maribor Group for the period I-VI 2014; became acquainted with the review of the dependency of suppliers of the company Elektro Maribor d.d.; examined the Annual Business Plan of the company Elektro Maribor d.d. for 2015 with business projections for 2016 and 2017; became acquainted with the report on implementing the work plan of the internal audit activity for the period from 1 July 2014 to 30 September 2014; examined the formation of suggestion on content and form of information for the Supervisory Board of the company Elektro Maribor d.d. in relation to the open claims of consumers for network use and other.

2.6 Expectations of the Slovenian State Holding

The Supervisory Board monitored the operation of the company also with regard to the expectations of the Slovenian State Holding (Slovenski državni holding d.d.).

2.7 Review and confirmation of the Annual Report of the company and the group and position towards the Audit Report

Auditing of the Annual Report of the company Elektro Maribor d.d. for 2014 was performed by the audit company KPMG Slovenija, podjetje za revidiranje d.o.o., which issued a favourable opinion on 24 April 2015 to the Annual Report of the company Elektro Maribor d.d.

The report of the independent auditor was examined by the Audit Committee of the Supervisory Board of the company. Also outside auditors participated at the meeting of the Audit Committee of the Supervisory Board.

The Supervisory Board was informed with the report of the independent auditor of the company KPMG SLOVENIJA, podjetje za revidiranje d.o.o. and issued a favourable opinion to the report of the independent auditor of accounting statements of the company Elektro Maribor d.d. and consolidated financial statements of the Elektro Maribor Group for 2014, because it determined it was written according to the law and based on a careful and integral overview of the annual report and operation of the company.

The Supervisory Board in accordance with provisions of Articles 270 and 294 of the Companies Act provided that the entire remuneration of management are in appropriate correlation with management tasks and financial state of the company and in accordance with the policy of these remuneration and also determined that the remuneration of the members of the management and supervision organs are appropriately shown in the annual report.

The Management Board of the company submitted within the legally defined deadline the audited Annual Report of the company Elektro Maribor d.d. and the Elektro Maribor Group for 2014 to the Supervisory Board along with the report of the independent auditor. The Supervisory Board examined the Annual Report of the company Elektro Maribor d.d. and the Elektro Maribor Group for 2014 and determined that the contents of the Annual Report of the company Elektro Maribor d.d. and the Elektro Maribor Group for 2014 displays the entire contents of the operation of the company in 2014.

In examining the Annual Report of the company Elektro Maribor d.d. and the Elektro Maribor Group for 2014 and examining the report of the independent auditor for 2014, the Supervisory Board adopted the following decisions:

- The Supervisory Board of the company Elektro Maribor d.d. determines that the Annual Report of the company Elektro Maribor d.d. and the Elektro Maribor Group for 2014 is drawn up according to the provisions of the Companies Act and Slovenian Accounting Standards.
- The Supervisory Board of the company Elektro Maribor d.d. determines that the Annual Report of the company Elektro Maribor d.d. and the Elektro Maribor Group for 2014 and information within is a true representation of the company's operation in the past business year.
- The Supervisory Board issues a favourable opinion to the report of the independent auditor on accounting statements of the company Elektro Maribor d.d. the report of the independent auditor on the consolidated financial statements of the company Elektro Maribor d.d. for 2014, because it finds that it was made according to the law and based on a careful and integral overview of the annual report and operation of the company.
- The Supervisory Board of the company Elektro Maribor d.d. confirms the Annual Report of the company Elektro Maribor d.d. and the Elektro Maribor Group for 2014.

Upon examination, the Supervisory Board agreed with the proposition for the distribution of net profit for the business year 2014 as the Management Board of the company proposed. The Supervisory Board suggests to the General Meeting of the company to adopt the decisions on:

- distribution of net profit for 2014;
- awarding discharge to the Management Board,
- awarding discharge to the Supervisory Board of the company for 2014.

The Supervisory Board of the company Elektro Maribor upon final examination of the Annual Report of the company Elektro Maribor d.d. and the Elektro Maribor Group for 2014 confirmed the Annual Report of the company Elektro Maribor d.d. and the Elektro Maribor Group for 2014 at the 14th correspondence session on 22 May 2015.

Maribor, 22 May 2015

President of the Supervisory Board:

Tomaž Orešič

3 ABOUT THE ANNUAL REPORT (GRI 3.1-3.8)*

As part of the Annual Report 2014 we report on sustainable development according to the international guidelines for sustainable reporting GRI (Global Reporting Initiative) according to the third version of guidelines G3.1, level C, where among other things we are reporting according to at least ten efficiency indicators for the second year in a row.

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 general public. With this way of reporting we enable our stakeholders to obtain sufficient information on socially responsible operation of the company, based on which they can form their decisions easier.

In reporting according to the GRI guidelines we focused on the three-year period (2012-2014) and areas, which reflect the important economic, social, management and environmental influences. We included content for which we believe is important for our stakeholders.

The Annual Report in Slovenian language 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.

II. BUSINESS REPORT OF COMPANY ELEKTRO MARIBOR D.D.

1 KEY REPORTING DATA ON BUSINESS OPERATION OF THE COMPANY (GRI 2.8, EC1)*

Key reporting data on the business operation of the company Elektro Maribor

Information	2012	2013	2014
Net profit in EUR	6,958,405	7,419,853	9,238,901
Net return on assets (ROA) in %	2.1 %	2.3 %	2.8 %
Net return on equity (ROE) in %	3.0 %	3.1 %	3.8 %
EBIT (Earnings before interest and tax) in EUR	7,439,262	8,197,676	10,892,662
EBIT margin in % (EBIT/net sales income)	11,6 %	13,4 %	18,0 %
EBITDA (Earnings before interest, tax, depreciation and amortisation) in EUR	27,011,381	27,642,635	30,303,382
EBITDA margin in % (EBITDA/business expenses)	35.8 %	35.4 %	37.6 %
Total income in EUR	76,077,277	78,627,031	81,161,201
Operating revenues in EUR	75,490,463	77,992,191	80,551,933
Net sales income in EUR	63,981,084	61,306,370	60,518,030
Net sales income per employee from hours in EUR	82,284	79,003	73,285
Added value in EUR*	51,582,424	52,959,624	57,613,993
Added value per employee from hours in EUR	66,339	68,247	69,768
Total costs and expenditure in EUR	69,022,161	70,878,175	70,650,411
Business costs and expenditure in EUR	68,051,200	69,794,515	69,659,271
Assets as at 31.12. – in EUR	324,686,272	327,262,514	332,656,097
Equity as at 31.12. – in EUR	236,243,963	240,649,237	246,910,062
Investments in assets in EUR	19,193,117	22,068,292	22,971,243
Paid dividend per share in EUR	0.11	0.09	0.09
Distributed electricity in MWh	2,164,458	2,165,579	2,133,961
Number of consumers connected to the distribution network	213,425	214,052	214,441
Distributed MWh per number of consumers	10.14	10.12	9.95
Number of employees as at 31. 12.	761	762	760
Average no. of employees per working hours	777.56	776.00	825.79
Percentage of women in the total number of employees on 31. 12.	12.4 %	12.5 %	12.4 %

* Added value = business revenues – material costs – service costs – other business expenditure

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

* Reporting according to the guidelines GRI G3.1.

2 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 work and operation follows the recommendations and expectations of the Slovenian State Holding and the provisions of the Corporate governance code for companies with capital assets of the state adopted on 19 December 2014 and published at the website of the Slovenian State Holding (SDH d.d.) www.sdh.si. The Code was adopted based on provisions of the Act on Slovenian State Holding.

The company Elektro Maribor d.d. with its work and operation also follows the provisions of the Code of joint-stock corporate governance, which was consensually formed and adopted by the 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 published at the website of the aforementioned subjects.

This corporate governance statement shall be published at the website of the company Elektro Maribor, www.elektro-maribor.si.

President of the Management Board:
Boris Sovič, MSc.

President of the Supervisory Board:
Tomaž Orešič

3 COMPANY PRESENTATION

3.1 Basic information (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 electricity distribution in Republic of Slovenia.

Name:	ELEKTRO MARIBOR, podjetje za distribucijo električne energije, d.d.
Abbreviated name:	Elektro Maribor d.d.
Seat:	Vetrinjska ulica 2, 2000 Maribor
Registration number:	5231698
Tax number:	46419853
Current account:	04515-0000570965
Share capital	139,773,510.27 EUR
Entry in the register:	Registered at the District Court of Maribor, no. 1/00847/00
Main activity code:	D 35.130 Distribution of electricity
Number of employees on 31. 12. 2014:	760
Supply area:	Northeast Slovenia
Company size according to CA-1:	large company
President of the management board:	Boris Sovič, MSc.
Call centre toll-free number:	080 21 05 (24-hour service for reporting failures and disturbances at the network) 080 21 01 (general information)
General email address:	info@elektro-maribor.si
Website:	www.elektro-maribor.si

The activities of the company are defined in the Articles of Association as of 12 December 2014. The provisions of the Articles of Association are in accordance with the Decree on the Standard Classification of Activities (Official Gazette RS, no. 69/2007, 17/2008).

The most important activities of the company are:

- distribution of electricity (35.130),
- constructions 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).

Basic activities of the company are:

- Operation and technological development: operation of the electricity distribution system, provision of power and reliable supply of electricity with minimum interruptions due to own reasons.
- Maintenance: maintaining the quality of the electricity distribution system, which enables operational capacities and electricity supply to clients, as defined by project parameters during the construction of facilities.
- Distribution network services: professional relationship with clients in all system services of the public utility services built on equal, partnership way and based on transparent, legal and flexible procedures.

* Reporting according to the guidelines GRI G3.1.

- Electricity installation services and metering laboratory: providing transformer installation services for foreign clients and realisation of investments in electricity facilities.

The company has implemented the following management systems:

- quality management system pursuant to the ISO 9001:2008 standard,
- environmental management system pursuant to the ISO 14001:2004,
- health and safety at work management system pursuant to the BS OHSAS 18001:2007,
- metering laboratory management system pursuant to the EN ISO/IEC 17020:2012,
- information protection system pursuant to the ISO/IEC 27001:2005.

The company also has the full Family-Friendly Company certificate, which was acquired in 2014.

POLNI CERTIFIKAT
Družini prijazno podjetje

The company is a signatory of the Declaration on Integrity in Business (since 2013).

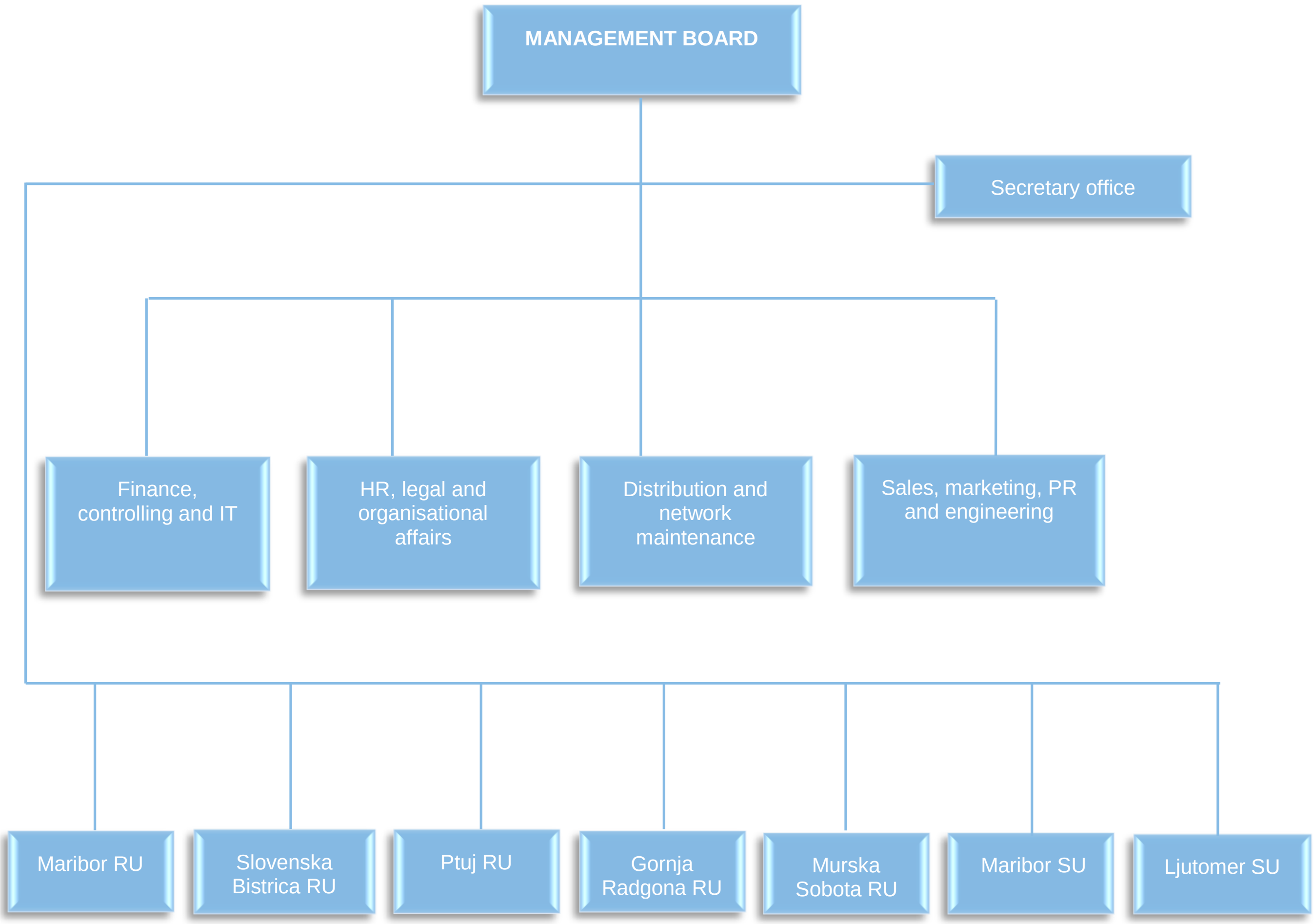
Mreža Global Compact Slovenija

The company signed the Slovenian guidelines for corporate integrity in 2014 and in this way approached the circle of the ambassadors of corporate integrity.

SLOVENSKA KORPORATIVNA INTEGRITETA

3.2 Organisation (GRI 2.3)*

The organisational structure of the company Elektro Maribor d.d. as at 31 December 2014**



As part of individual organisational units, the following basic business functions and activities take place: activities of the distribution operator, services and support professional services. The area of purchase and sales of electricity was in 2011 transferred to the dependent company Elektro Maribor Energija plus d.o.o.

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

Areas:

- Distribution and network maintenance,
- Finance, controlling and information technology,
- Human resources, legal affairs and organisation,
- Sales, marketing, public relations and engineering.

Regional and service units:

- Regional unit of Elektro Maribor and surroundings,
- Regional unit Slovenska Bistrica,

* Reporting according to the guidelines GRI G3.1.

** Formal organisational structure as at 31 December 2014 includes the activity of purchase and sale of electricity, which was in 2011 by spin-off transferred to the dependent company Energija plus d.o.o.

- Regional unit Ptuj,
- Regional unit Gornja Radgona,
- Regional unit Murska Sobota,
- Service unit Maribor,
- Service unit Ljutomer.

In order to achieve short-term and long-term business goals of the company lower organisational units are organised within the framework of areal, regional and service units: services and departments with accurately distributed and defined tasks, authorities and responsibilities as well as goals, which are operationally determined within the annual economic plan. These organisational units form tasks and work positions as the basic organisational units.

3.3 Regulatory and legal frameworks for operation

In our operation we mainly refer to:

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

3.4 Vision, mission, values and strategy

3.4.1 Vision

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

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

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

3.4.2 Mission

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

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

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

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

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

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

3.4.3 Values

Business operation that is founded on respecting ethic and legal norms in accordance with the policies of quality and business excellence.

Relation to:

- clients 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-realisation and personal development,
- business partners based on responsible relationships,
- owners based on stability and prospect of contributions and generated returns,
- natural environment based on sustainable development.

3.4.4 Key strategies

The company in 2014 operated according to the following key strategies:

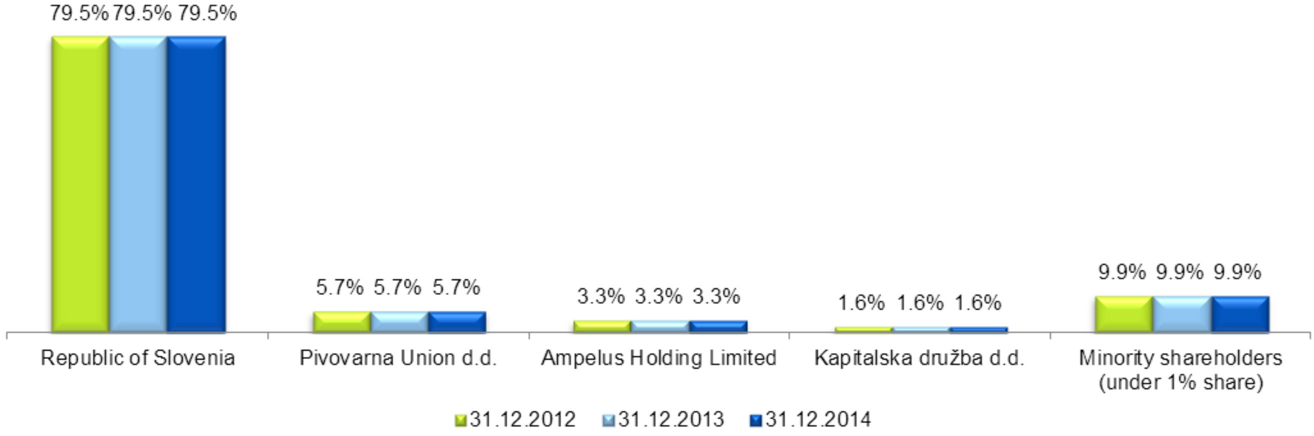
- compliance with the regulatory framework,
- carrying out contractual obligations of the Contract on the lease of electricity distribution infrastructure and provision of services for SODO d.o.o.,
- considering the recommendations of the operator of capital investments of Republic of Slovenia,
- directing maintenance and investment in assets in infrastructure,
- providing reliable and quality electricity supply,
- reducing long-term borrowing,
- increasing the scope of own operation and on the market,
- optimising business operation and rationalising costs,
- management of claims and efficient enforcement,
- providing a safe environment for the employees,
- managing carbon footprint.

3.5 Ownership structure (GRI 2.6)*

The share capital of the company amounts to EUR 139,773,510 and 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.

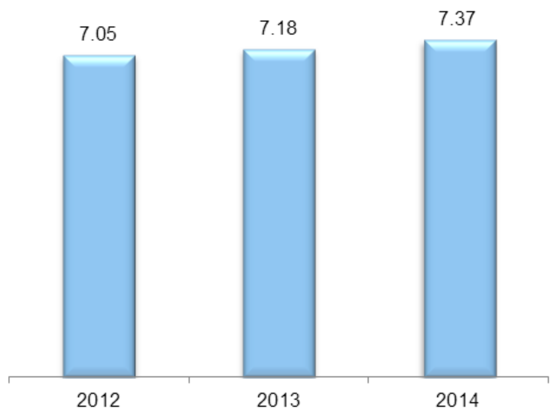
* Reporting according to the guidelines GRI G3.1.

Ownership structure (as at 31 December 2014)



By the end of 2014, the company had 1,310 shareholders compared to 1,320 at the end of 2013. The largest shareholder is the Republic of Slovenia with a 79.5 percent share. Four shareholders have over 1% share.

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



3.6 Governance and management of the company (GRI 4.1, 4.2, 4.3)*

There is a two-tier management system in place in the company. 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 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.

We also adhere to the provisions of the Code of corporate governance for companies with capital assets of the state and the recommendations and expectations of the Slovenian State Holding.

* Reporting according to the guidelines GRI G3.1.

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

3.7 Management Board

The company 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 term of the Management Board is four year with the possibility of reappointment.

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

3.8 Supervisory Board

The Supervisory Board has six members. Four members of the representatives of shareholders are appointed by the General Meeting 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.

Representatives of shareholders:

- Andreja Katič - President (from 23 October 2014, member until 30 October 2014),
- Franc Pangerl, MSc. - Deputy President (until 3 October 2014),
- Dušan Mohorko - member (until 12 December 2014),
- Roman Ferenčak - member, President (from 23 October 2014 until 15 December 2014),
- Tomaž Orešič - member (from 12 December 2014), President (from 15 December 2014),
- Mateja Čuk, MSc. - member (from 12 December 2014), Deputy President (from 15 December. 2014),
- Ciril Pucko - member (from 12 December 2014).

Representatives of workers before 13 July 2014:

- Miro Pečovnik,
- Maksimilijan Turin.

Representatives of workers as of 14 July 2014:

- Dušan Kovačič,
- Darko Nemec.

3.9 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 dates through interim reports, as well as online.

The shareholders of the company Elektro Maribor d.d. convened on 27 June 2014 at the 18th regular General Meeting of the company, where 83.01% of share capital was represented.

The General Meeting was acquainted with the audited Annual Report and consolidated Annual Report of the company for 2013 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 2013.

The General Meeting adopted the decision that the distributable profit on 31 December 2013 amounting to EUR 3,815,092.84 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 800,513.68 shall be used for other profit reserves.

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

Following the proposal of the Supervisory Board, the authorised audit company KPMG Slovenija d.o.o. was appointed for the business year of 2014. Amendments to the activities of the company were confirmed, as well amendments and supplements of the Articles of Association.

The shareholders of the company convened on 12 December 2014 at the 19th regular General Meeting of the company, where 82.32% of the company's share capital was represented.

The General Meeting adopted amendments and supplements of the Articles of Association

The General Meeting dismissed a member of the Supervisory Board of the representative of shareholders and appointed members to the Supervisory Board of the representatives of shareholder for a term of four years.

The General Meeting was acquainted with the appointment of the members of the Supervisory Board for the representatives of workers and the approach of the company towards the Slovenian guidelines of corporate integrity.

3.10 Carried out measures as a response for corruptive actions (GRI SO4)*

The company in 2013 signed the Declaration on corporate integrity, which states that we will conduct our business transparently and with integrity, avoid or refuse any corruption, including blackmail and bribery and preserve the integrity of the company or organisation.

Management of each organisation is responsible for setting up and implementing appropriate programmes and internal control intended for prevention and detection of fraud. The role of the Supervisory Board or the Audit Committee is to review how management has identified the risk of fraud, action taken for fraud not to occur and whether the awareness of such risks is present at all levels within the organisation.

The company in 2014 signed the Slovenian guidelines for corporate integrity and by doing so entered the circle of the Ambassadors of Corporate Integrity. By signing the guidelines we have committed to respect and strengthen corporate integrity in our operation and spread the awareness on the importance of operation according to legislation and ethical standards as one of the founding principles of a socially responsible action in Slovenian economy.

The company produced an integrity plan, which the President of the Management Board signed in February 2015. The purpose and goal of the integrity plan is to strengthen integrity and transparency, prevent and eliminate corruption, conflict of interests, illegal or other unethical conduct. In the integrity plans we control risks in such a way that we wouldn't have to eliminate consequences of uncontrolled risks in the future. Integrity plans enable timely identification of risks, whose realisation will disable achieving the abovementioned goal.

* Reporting according to the guidelines GRI G3.1.

3.11 Anti-corruption clause

In our operation we thoroughly respect the principles of the Integrity and Prevention of Corruption Act (IAPCA), Official Gazette of RS, no. 45/2010, 26/2011 and 43/2011 and the Declaration of Fair Business, which relate to including the anti-corruption clause in the legal affairs of the company.

3.12 Mechanisms for forwarding recommendations and initiatives by the employees and shareholders to the highest management organs (GRI 4.4)*

Communication with the employees is important in order to keep them well informed, which prevents negative rumours and ensures a good organisational climate. Communication with employees is described in greater detail in Chapter 13.1. Employees in the company Elektro Maribor – 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, the company communicates with other public, which is presented in more detail in the Sustainability Report, Chapter 15.1. Social responsibility of the company Elektro Maribor.

3.13 Business Goals and Their Realisation

In 2014, we exceeded the planned business result. We achieved a net profit in the amount of EUR 9,238,901, which is EUR 2,082,973 more or 29% higher than that planned for 2014.

1. **2.2% return on assets (ROA).**
   Return on assets was greater and amounted to 2.8%.

2. **1% capital dividend yield.**
   Capital dividend yield amounted to 1.3%.

3. **5% lower controlled costs of distribution operation with regard to those planned for the previous year. Planned controlled costs in 2014 will not be higher than EUR 22.7 mil.**
   Controlled costs were lower regarding the previous year by 11% and amounted to EUR 21.4 million.

4. **44 % metering points included in the advanced metering system.**
   98,263 metering points were included in the advanced metering system in 2014, which is 46% of all metering points.

5. **The number of employees by the end of 2014 shall not exceed 764 people.**
   At the end of December 2014, the company had 760 employees.

6. **The value of supplies at the end of the year shall not exceed EUR 1.7 million.**
   The value of supplies at the end of the year was as planned and amounted to EUR 1,666,368.

7. **To achieve a MAR [1] greater than EUR 1 million with the distribution of services on the market.**
   We achieved a margin in the amount of EUR 1.3 million with the distribution of services on the market in 2014.

8. **50.7% LV network in the ground.**
   The percentage of LV network in the ground in 2014 was at 51.7%.

9. **Replacing at least 8,000 pylons.**
   In 2014 we replaced 9,242 pylons.

10. **56.6% share of looping the network.**
    The achieved share of looped network in 2014 amounted to 56.8%.

* Reporting according to the guidelines GRI G3.1.

[1] The margin represents the difference between made income and manufacturing costs (material, services, salaries).

11. **26.1% MV cable network (underground, overhead).**
    The percentage of MV cable network in 2014 amounted to 25.9 %.

3.14 Major Events in 2014

Meteorological disaster and ice damage

In February 2014, a meteorological disaster with freezing rain and ice build-up damaged the electricity infrastructure in the supply area of the company. 47,000 consumers were without power. More than 5% of the entire length of overhead mid and low voltage network and 5,150 pylons were damaged. The intervention costs amounted to EUR 1.6 million and the value of damage was estimated at EUR 10.2 million. Together an enormous amount of work was performed in very difficult conditions, where it became evident how important our own electrical installation teams were. We also welcomed the help from our neighbours in Croatia from Elektro Varaždin, Elektro Čakovec, Elektro Koprivnica and Elektro Bjelovar, who helped us in eliminating the consequences of the catastrophic ice storm. In all of this we must not forget the tragic work accident, when a co-worker of our subcontractor lost his life.

Major investments

In order to recover from the aftermath of the ice damage, we prepared a revised investment plan, where we increased the investment share to mid and low voltage network. In the period we carried out the following major investments: Integral renovation of the existing TS Slovenska Bistrica, equipping the new TS Podvelka, anti-corrosion protection of the 110 kV PL Ljutomer-Lendava, completed the reconstruction of TS Petišovci, where we changed transformers I. and II. We built 12 new and reconstructed 57 TS. We reconstructed 92 km of MV and 2014 LV overhead power lines and reconstructed and constructed 19 km of MV and 115 LV cable lines. We included additional 11,909 metering points in the advanced metering system, so that the advanced metering system currently includes as many as 46% metering points.

Project employments for the purpose of own investments

Within project employment we employed 90 people – installers, assistant workers, driver engineers and builders, who cooperated in realising the planned investments in the electricity distribution network in the area of the company, intended for reliable supply of electricity to the population and economy.

Intervention act for the elimination of consequences of ice damage

The National Assembly RS passed the Act Regulating Measures for the Recovery from Ice Damage between 30 January and 10 February 2014 (the act came into force on 8 March 2014). The act enabled somewhat simplified procedures of siting and easier and faster project preparation. Based on this act we returned in total EUR 21,488 to 10,100 clients from the return of billing power and contribution of RES + CHP.

New Energy Act (EA-1)

The National Assembly RS passed the new Energy Act EA-1 (the act came into force on 22 March 2014). The Act among other things prescribes acquisition against payment of 110 transferrable kilovolt lines owned by distribution companies to the system operator of the transmission network (ELES).

Call centre

We have successfully achieved another milestone in communication with network clients; a new call centre began to operate. Some while back the company decided to upgrade its telephone equipment. The upgraded call centre shall enable faster and advanced technologies adapted communication with network clients.

We expanded the scope of services

In an effort to familiarise our network users with our services of the metering laboratory, we purchased and equipped a multi-purpose vehicle, which will perform measurements on location, directly at a user. Controls of measurements in the field by providing reference conditions in the mobile laboratory makes us as the only providers of this service in Slovenia.

Secondary location (DRC)

We set up a secondary location or data recovery centre (DRC) for data storage, which provides the operation of IT support to users in the event of non-functional primary location.

Renovation of the information system

We completed the project of renovation of the integrated enhanced information system (eIS) and released it for operation. With it we began using the renovated billing system, which includes a renovated portal for data exchange with the suppliers of electricity and renovated mass balance accounts.

Education of employees

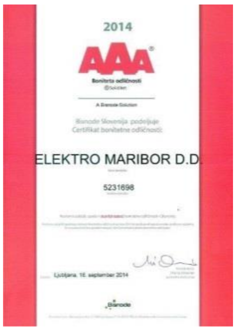
All employees attended the regular periodic training in health and safety at work for authorisations at work permits. All employees successfully passed the exam in health and safety at work. The employees additionally attended a number of functional seminars, necessary for the work process.

Anniversaries and jubilees

We ceremonially marked 100 years of the public service of electricity distribution in Maribor, 115 years of electricity distribution in Maribor and 130 years of electrification of Slovenia. On this occasion we issued a journal, which included a number of historical facts, contributions and pictures, which have connected the activity of the entire Elektro Maribor Group through major historical periods and presented the important milestones.

Credit excellence

In September, Bisnode Slovenia awarded us with the Certificate of Credit Excellence, which places the company in the highest rating of credit excellence in Slovenia. The company also complies with the criteria of credit excellence for 2014 and is among the top Slovenian businesses, eligible to use the AAA status as the symbol of credit excellence.



The company Elektro Maribor also has the highest credit rating among the electricity distribution companies.

Company	GVIN
Elektro Maribor d.d.	**A1++**
Elektro Ljubljana d.d.	B1++
Elektro Celje d.d.	B1++
Elektro Gorenjska d.d.	B1++
Elektro Primorska d.d.	B1++

A1 – company performs excellently and has little likelihood of failure in the future.

B1 – company performs well and has little likelihood of failure in the future.

++ the average possibility that there will be no blockage in the upcoming year, is 99%.

We became an ambassador of corporate integrity

By signing the Slovenian guidelines of corporate integrity we have committed to respecting and reinforcing corporate integrity in our operation and spread the awareness on the importance of business operation according to legislation and ethical standards as one of the founding principles of a socially responsible action in Slovenian economy.

Family-Friendly Company Certificate

We obtained the full Family-Friendly Company Certificate, which compels us to continue our efforts in balancing work and family life of the employees, especially in implementing the existing measures and adopting and implementing new ones.

3.15 Major events after the balance sheet date

There were no major events of 2014, which would influence the company's operation in 2014 after the balance sheet date.

3.16 Planned activities in 2015

The planned activities of the company in 2015 are defined in the Annual Business Plan of the company Elektro Maribor d.d. for 2015 with business projections for 2016 and 2017, where the following key business goals are set:

- Return on assets (ROA) shall be increased to 2.4% in 2015.
- In 2015 we plan a 1.2 percent capital dividend yield, which is 20% more than planned in 2014.
- Controlled operating expenses will be lower by 1.9% compared to those planned in 2014. Planned controlled costs in 2015 shall not be higher than EUR 22.3 million.
- In 2015 we shall have at least 50% of all metering points included in the advanced metering system.
- We shall have 754 employees at the end of 2015.
- The value of supplies at the end of 2015, with regard to the estimate for 2014, will be lower by EUR 0.2 million to EUR 1.5 million.
- With the distribution of market services we shall achieve a margin greater than EUR 1 million.
- At the end of 2015 we shall have 52.6% LV network underground.
- We shall replace at least 8,000 pylons.
- The percentage of looped network shall be increased by 0.4% to 57% in 2015.
- SAIDI[2] for LV and MV networks shall be at the annual level, as planned in 2014, lower than 46.5 min/client due to own reasons.

3.17 Investments of the company

The company has investments in shareholdings of companies in the Group, associated companies and other long-term financial investments. The strategy of the company in investment management is preserving a successful portfolio, following the mission, balance in business and preserving capital adequacy. The company will in the sense of the corporate governance system strive for good management with the goal to increase or at least preserve the assets of the company.

Investments of the company Elektro Maribor (in %)

	Investments %
Investments in shareholdings of companies in the group:	
- Energija plus d.o.o., Vetrinjska ul. 2, Maribor	100.00%
- Oven d.o.o., Vetrinjska ul. 2, Maribor	100.00%
Investments in shareholdings and stocks of associated companies:	
- Informatika d.d., Vetrinjska ul. 2, Maribor	21.96%
- Eldom d.o.o., Obrežna ul. 170, Maribor	25.00%
- Moja energija d.o.o.. Jadranska cesta 28, Maribor	33.33%
Other long-term financial investments:	
- Stelkom d.o.o.	6.32%
- Infond Alfa	0.68%

[2]SAIDI - System Average Interruption Duration Index.

4 PERFORMANCE ANALYSIS (GRI EC1)*

4.1 Net profit

The company Elektro Maribor concluded its business operations in 2014 with a profit in the amount of EUR 9,238,901. With regard to 2013 the net profit is higher by 25% or EUR 1,819,047. Net profit in 2014 is mainly higher because of increased revenues, which are compared to the previous year higher by EUR 2,534,170 and compared to costs, which are lower than the year before by EUR 227,764.

in EUR	2012	2013	2014	Plan 2014	Index according to plan
Results from operating activities	7,439,262	8,197,676	10,892,662	8,953,118	122
Net finance income	-298,277	-406,489	-339,157	-815,575	42
Results from other operating activities	-85,869	-42,331	-42,716	-52,298	82
Taxes	-96,711	-329,003	-1,271,889	-929,317	137
Net profit or loss before taxes	**6,958,405**	**7,419,853**	**9,238,901**	**7,155,927**	**129**

4.2 Company revenues

Total company revenues in 2014 amounted to EUR 81,161,201 and increased by 3% compared to the previous year and by 3% exceeded the planned revenues. Above all, operating revenues were higher.

in EUR	2012	2013	2014	Plan 2014	Index according to plan
Operating revenues	75,490,463	77,992,191	80,551,933	78,965,424	102
Financial revenues	549,931	577,195	578,593	59,575	971
Other revenues	36,883	57,644	30,674	4,170	736
Total revenues	**76,077,277**	**78,627,031**	**81,161,201**	**79,029,170**	**103**

Operating revenues are compared to the previous year higher by EUR 2,559,742 or 3% and compared to plans higher by EUR 1,586,510 EUR 2 %. Here we include:

- Revenues from SODO (revenues based on the contract for the lease of infrastructure and provision of services for SODO) in the amount of EUR 56,930,255, which represents 71% of the operating revenues. Compared to plans, revenues are down by EUR 404,016, mostly because of lower revenues from contract.

- Revenues from capitalised own products and services in the amount of EUR 16,853,531, which stands for a 21% share of operating revenue. Compared to plans, these are higher by EUR 478,555 or 3% mostly due to higher realisation of own investment revenues.

- Revenues from sales of services on the market in consulting, project engineering, construction and maintenance of electricity facilities in the amount of EUR 2,914,087, which represent a 4% share of operating revenue. Compared to plans, they are higher by EUR 574,337 or 25%, mostly in construction assembly works.

- Other business revenues in the amount of EUR 3,180,373, which is 4% of all operating revenues. Compared to plans, revenues are higher by EUR 805,383, mostly because of cancellations of reservations and received insurance claims, which were not planned.

* Reporting according to the guidelines GRI G3.1.

Financial revenues are compared to the previous year higher by EUR 1,398 or 0.2% and compared to plans higher by EUR 519,018, mostly because of financial revenues from shares.

Other expenses are higher compared to the previous year by EUR 26,971 or 47 %. They mostly relate to revenues from refunds of construction land.

4.3 Costs and expenditure

All costs and expenditure of the company in 2014 amounted to EUR 70,650,411 and are lower by 0.3% compared to the previous year and by 0.4% lower than planned.

in EUR	2012	2013	2014	Plan 2014	Index according to plan
Business costs and expenses	68.051.201	69.794.515	69.659.271	70.012.306	99
- costs of material	16.025.515	17.178.846	15.687.915	16.826.760	93
- service costs	6.983.565	6.409.511	6.756.255	6.765.211	100
- write-offs	19.572.118	19.444.959	19.410.720	19.674.243	99
- labour costs	24.571.044	25.316.989	27.310.610	26.267.736	104
- other expenses	898.959	1.444.210	493.771	478.356	103
Financial expenses	848.208	983.685	917.751	875.150	105
Other expenses	122.752	99.975	73.390	56.469	130
Total costs and expenses	**69.022.161**	**70.878.175**	**70.650.411**	**70.943.925**	**100**

Material costs are lower compared to the previous year by EUR 1,490,931 or 9% and by EUR 1,138,845 or 7% lower than planned. These costs mostly include:

- Costs of purchasing electricity for losses in the amount of EUR 5,477,565, which represent 35% of all material costs. Compared to the previous year they are lower by 1,374,539 or 20%, and lower by EUR 719,149 EUR than planned or 12% because of lower achieved losses (realised 4.96%, planned 5.71% from distributed energy).

- Material costs for investments in the amount of EUR 6,585,031 represent 42% of all material expenses. Compared to the year before they are lower by EUR 188,309 or 3%. Compared to plans, costs were lower by EUR 432,037 or 6%, mostly because of lower prices in material supply.

- Maintenance costs in the amount of EUR 1,032,616, which represent 7% of all material costs are compared to 2013 lower by EUR 7,040 or 1 %. Compared to the plans, costs were higher by EUR 22,048 or 2% because of higher costs in terms of eliminating deficiencies.

Service costs are higher compared to the previous year by EUR 346,743 or 5% and compared to plans lower by EUR 8,956 or 0,1 %. The greatest share of these are maintenance service costs (27%), insurance premium costs (22%) and information technology costs (20%).

Write-offs are lower compared to the previous year by EUR 34,239 or 0.2% and compared to plans also lower by EUR 263,523 or 1,3 %.

Labour costs are higher compared to the previous year by EUR 1,993,621 or 8% and by EUR 1,042,875 or 4% higher than planned. Compared to plans costs are higher mostly because of accrued labour costs, which relate to unused annual leave and other obligations towards the employees based on the collective agreement. In 2014 labour costs included:

- project employments of 90 workers,
- the provisions of the Collective Agreement on the mid-year coordination of salaries with the cost of living trends,
- financial bonuses at the end of the year,
- recommendation of SDH d.d. regarding the pay for annual leave in the amount of minimum wage in RS for 2014,
- accrued labour costs.

Other operating costs were concerning the previous year lower by EUR 950,439 or 66% and by EUR 15,415 higher than planned. Costs are mainly higher because of damage settlements for assets owned by clients.

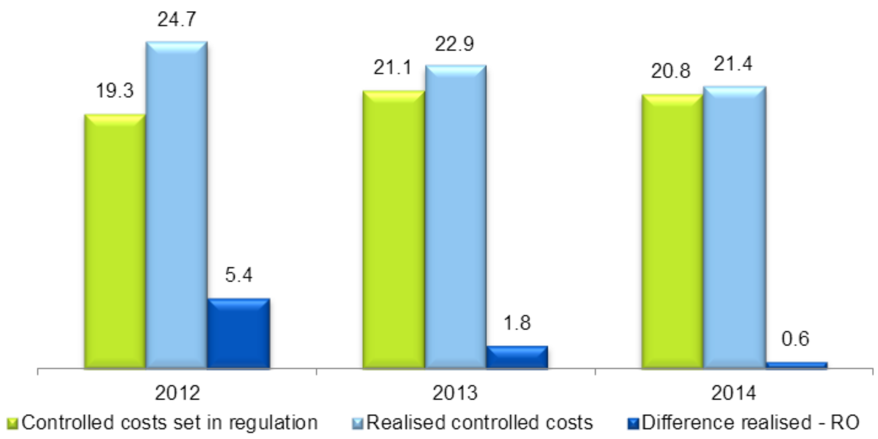
Financial expenses are lower compared to the previous year by EUR 65,934 or 7% and by EUR 42,600 or 5% higher than planned. Costs are higher because of expenses in calculated interest from actuarial observations of reservations for jubilee awards and severance pays upon retirement.

Other expenses are lower compared to the previous year by EUR 26,585 or 27% and higher by EUR 16,921 or 30% than planned.

4.4 Controlled operating expenses

The company Elektro Maribor places great importance to balance 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)



4.5 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 the scope and structure of their financing on a given day.

Total assets of the company as at 31 December 2014 amounted to EUR 332,656,097. Compared to plans it is higher by 1% or EUR 3,260,641.

Changes in the balance sheet total

in EUR	31. 12. 2012	31. 12. 2013	31. 12. 2014	Plan 31. 12. 2014	Index according to plan
Assets	**324,686,272**	**327,262,514**	**332,656,097**	**329,395,456**	**101**
Long-term assets	299,110,105	303,286,398	308,598,435	309,640,437	100
Current assets	25,550,562	23,853,544	24,052,879	19,526,912	123
Short-term accrued revenue and deferred costs	25,605	122,572	4,783	228,107	2
Liabilities	**324,686,272**	**327,262,514**	**332,656,097**	**329,395,456**	**101**
Equity	236,243,963	240,649,237	246,910,062	245,460,491	101
Reservations and long-term accrued costs and deferred revenues	34,970,660	35,289,595	35,451,589	34,654,534	102
Long-term liabilities	30,575,651	29,718,509	28,857,235	28,443,222	101
Current liabilities	21,411,842	20,053,941	19,911,095	19,667,702	101
Short-term accrued costs and deferred revenues	1,484,156	1,551,233	1,526,115	1,169,506	130

The company in 2014 allocated EUR 22,971,243 for investments in fixed assets.

Changes in assets and amounts for investments

in EUR	31. 12. 2012	31. 12. 2013	31. 12. 2014	Plan 31. 12. 2014	Index according to plan
Value of assets	281,231,703	285,149,949	290,405,899	291,500,592	100
Investments into fixed assets	19,193,117	22,068,292	22,971,243	22,750,000	101
%	6.82	7.74	7.91	7.80	

Current assets of the company as at 31 December 2014 amounted to EUR 24,052,879. They are higher by 23% or EUR 4,525,967 than planned, mostly because of higher current assets at the company's current account.

Changes in current assets

in EUR	31. 12. 2012	31. 12. 2013	31. 12. 2014	Plan 31. 12. 2014	Index according to plan
Inventories	1,743,977	1,617,534	1,666,368	1,700,000	98
Short-term trade receivables	12,324,567	9,669,301	10,254,829	10,843,524	95
Cash and cash equivalents	11,482,018	12,566,709	12,131,682	6,983,388	174

Structure of company assets as at 31. 12. 2014

In %	31. 12. 2012	31. 12. 2013	31. 12. 2014	Plan 31. 12. 2014	Index according to plan
Long-term assets	92.12	92.67	92.77	94.00	99
Current assets	7.87	7.29	7.23	5.93	122
Short-term deferred costs and accrued revenues	0.01	0.04	0.00	0.07	2
Total	**100**	**100**	**100**	**100**	

Liabilities as at 31 December 2014 present resources for financing assets, which the company has at its disposal.

Structure of liabilities as at 31. 12. 2014

In %	31. 12. 2012	31. 12. 2013	31. 12. 2014	Plan 31. 12. 2014	Index according to plan
Equity	72.76	73.53	74.22	74.52	100
Reservations and long-term accrued costs and deferred revenues	10.77	10.78	10.66	10.52	101
Long-term liabilities	9.42	9.08	8.67	8.63	100
Current liabilities	6.59	6.13	5.99	5.97	100
Short-term accrued costs and deferred revenues	0.46	0.47	0.46	0.36	129
Total	**100**	**100**	**100**	**100**	

The assets of the company as at 31 December 2014 amounted to EUR 246,910,062. They are by 1% or EUR 1,449,571 higher than planned, mostly because of EUR 1,111,383 higher achieved profit before taxes than planned for 2014.

Reservations and long-term accrued costs and deferred revenues are in the amount of EUR 35,451,589. They are higher by EUR 797,055 than planned, mostly because of higher long-term accrued costs and deferred revenues.

Long-term liabilities as at 31 December 2014 are in the amount of EUR 28,857,235 and by EUR 414,013 higher than planned.

Changes in borrowing

in EUR	31. 12. 2012	31. 12. 2013	31. 12. 2014	Plan 31. 12. 2014	Index according to plan
Loans (short-term + long-term part)	39,311,428	37,480,952	36,207,143	36,207,143	100
Index compared to the previous year	93	95	97	97	

Current liabilities are compared to plans higher by 1% or EUR 243,393, due to higher current liabilities.

Changes in current liabilities

in EUR	31. 12. 2012	31. 12. 2013	31. 12. 2014	Plan 31. 12. 2014	Index according to plan
Current operating liabilities	12,642,412	12,255,265	12,371,617	11,874,011	104
Index compared to the previous year	93	97	101	97	
Current financial liabilities	8,769,430	7,798,676	7,539,478	7,793,691	97
Index compared to the previous year	71	89	97	100	

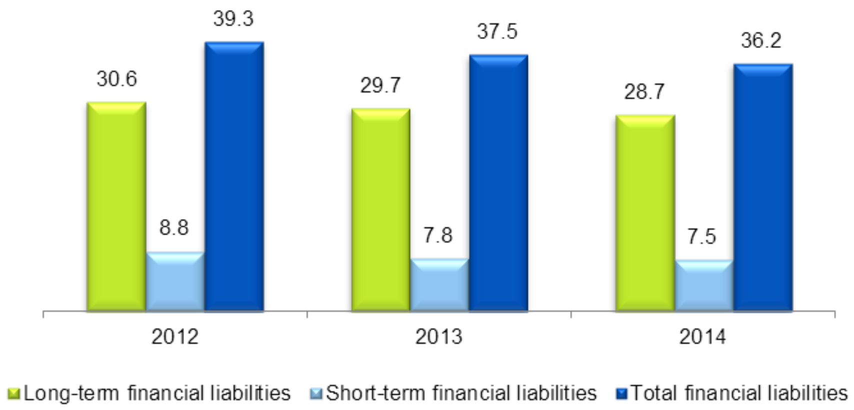
4.6 Cash flow and financial operation

In 2014, the company Elektro Maribor achieved a negative cash flow in the amount of EUR 435,027, although we planned a negative cash flow in the amount of EUR 5,583,321. Lower cash flow mostly results from lower expenses for acquiring tangible assets than planned.

in EUR	2012	2013	2014	Plan 2014
Operating cash flows	**16,102,126**	**15,179,606**	**10,935,306**	**9,268,310**
-operating revenues	112,236,131	107,950,761	105,758,933	104,852,792
-operating expenses	-96,134,005	-92,771,155	-94,823,627	-95,584,482
Investment cash flows	**-1,136,487**	**-8,489,903**	**-6,343,980**	**-10,431,728**
-investment revenues	17,148,220	7,260,697	520,726	3,265,493
-investment expenses	-18,284,707	-15,750,600	-6,864,706	-13,697,221
Financing cash flows	**-9,680,729**	**-5,605,012**	**-5,026,354**	**-4,419,903**
-financing revenues	8,000,000	7,000,000	6,500,000	6,500,000
-financing expenses	-17,680,729	-12,605,012	-11,526,354	-10,919,903
Cash flow in the financial period	**5,284,910**	**1,084,691**	**-435,027**	**-5,583,321**
Final balance of cash flows	**11,482,018**	**12,566,709**	**12,131,682**	**6,983,388**
Starting balance of cash flows	**6.197.108**	**11.482.018**	**12.566.709**	**12.566.709**

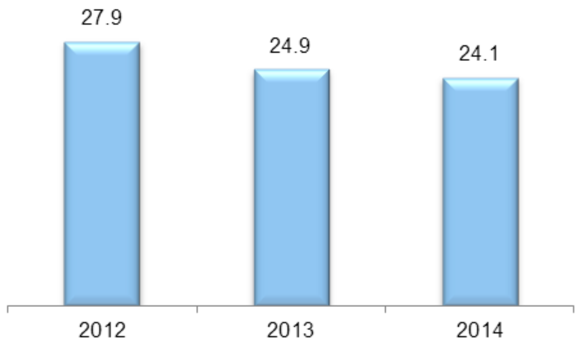
The total financial liabilities of the company by the end of 2014 amounted to EUR 36,239,478 and were 3.4% lower than compared to the previous year, mostly because of lower long-term financial liabilities.

Financial liabilities (in million EUR)



The net financial debt as at 31 December 2014 amounted to EUR 24,107,796, which is 3.3% less than at the end of 2013 and mainly the result of lower long-term financial liabilities.

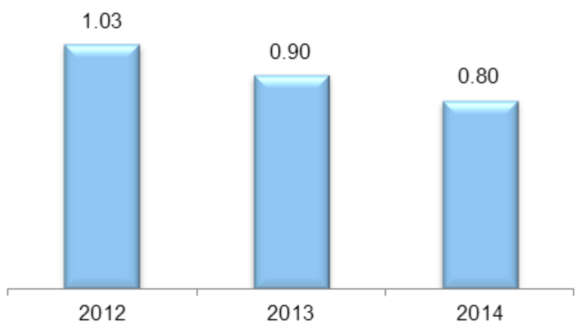
Net financial debt (in million EUR)



Net financial debt = Financial liabilities – Current financial investments – Cash flows

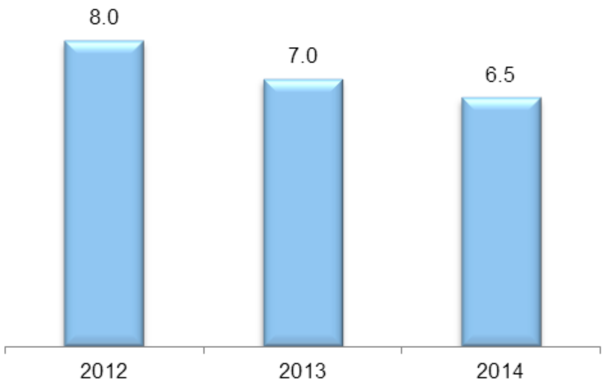
The indicator for the net financial debt at EBITDA amounted in 2014 to 0.80 and is lower with regard to the previous year.

Net financial debt/EBITDA



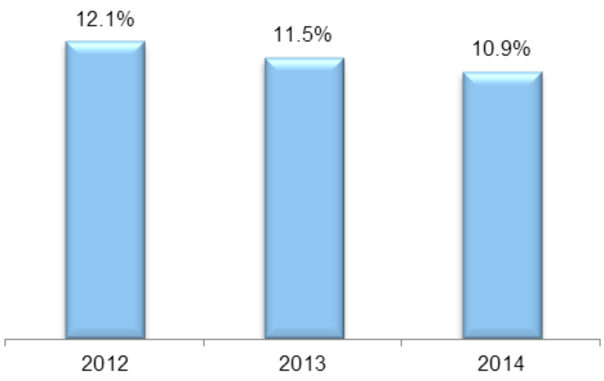
In 2014, we acquired a long-term loan for investment financing in the amount of EUR 6.5 million.

Borrowing with long-term loans (in million EUR)



At the end of 2014, the level of company's indebtedness was 10.9% and lowered compared to the previous year by 0.6%.

Level of indebtedness



4.7 Performance indicators

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

- financing indicators are focused on the analysis of company financing;
- investment indicators are used to analyse the structure of assets;
- indicators of horizontal financial structure, which 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 for the company Elektro Maribor

	2012	2013	2014
I. FINANCING INDICATORS			
Self-financing ratio in % = assets/liabilities	72.76%	73.53%	74.22%
Long-term financing ratio in % = assets + long-term debts + provisions + long-term AEDR/liabilities/liabilities	92.95%	93.40%	93.56%
Equity to total capital in % =share capital/equity	59.16%	58.08%	56.61%
II. INVESTMENT INDICATORS			
Fixed assets investment ratio in % = fixed assets/assets	86.41%	86.92%	87.10%
Long-term investment ratio in % = fixed assets and long-term DEAR + long-term fin. Investments + real-estate investments + long-term receivables/assets	92.12%	92.67%	92.64%
III. HORIZONTAL FINANCIAL STRUCTURE INDICATORS			
Equity to fixed assets ratio =equity/fixed assets	0.84	0.85	0.85
Quick ratio = liquid assets/short-term liabilities	0.54	0.63	0.61
Accelerated liquidity ratio = liquid assets + short-term receivables/short-term liabilities	1.11	1.11	1.12
Short-term ratio = short-term assets/short-term liabilities	1.19	1.19	1.21
IV. EFFICIENCY INDICATORS			
Operating efficiency ratio = operating revenues/operating expenses	1.11	1.12	1.16
Overall efficiency ratio = revenues/expenses	1.10	1.11	1.15
V. PROFITABILITY INDICATORS			
Net return on equity (ROE) in % = net profit or loss/average assets (excluding net profit or loss)	3.01%	3.16%	3.85%
Net return on equity (ROE) in % = net profit or loss/average assets	2.97%	3.11%	3.79%
Net return on assets (ROA) in % = net profit or loss/average assets	2.14%	2.28%	2.80%
Operating revenue profit ratio in % = operating profit or loss/operating revenues	9.85%	10.51%	13.52%
Operating revenue net profit ratio in % = net profit or loss/operating revenues	9.22%	9.51%	11.47%
Total capital dividend yield in % = total dividends paid/average share capital	1.56%	1.26%	1.23%
Dividend to share capital ratio in % = total dividends paid/average fixed capital	2.61%	2.15%	2.14%

5 DISTRIBUTION OF ELECTRICITY

5.1 Operation of the distribution network (GRI PR4)*

In 2014, the quality of electricity supply to consumers in the area, where we supply electricity, was lower than before. The reason was mainly the February weather disaster, which Slovenia had not yet experienced. The disaster caused failures in electricity supply at 1,974 TS's or in total for 84,542 electricity consumers.

In addition, our network suffered great damage in the past year by the heavy winds in October. A great deal of unplanned failures due to own reasons were the result of the fragile network, which was more vulnerable and could not tolerate the environmental impacts and consumer consumption.

The quality of voltage and power supply is measured by:

- **SAIDI factor (System Average Interruption Duration Index)**
  SAIDI measures the average duration of unplanned interruptions per consumer in the area of the distribution network, measured in minutes.

- **SAIFI factor (System Average Interruption Frequency Index)**
  SAIFI measures the average number of unplanned interruptions per consumer in the area of the distribution network. It has no unit.

All unplanned electricity supply failures are divided into force majeure, foreign and own cause and both factors are calculated for all of the causes separately and the combination of factor for all three causes is marked as a joint factor.

In 2014, the quality of supplied energy, by voltage quality according to SIST EN 50160 and reliability, shown by SAIDI factor for own causes (average duration of unplanned interruptions longer than three minutes per consumer) was:

$SAIDI_{2014\ own}$ 76.4 min/consumer (planned for 2014 is 48 min/consumer).

In reviewing joint factors (joint factors are a combination of the factor for own causes, foreign cause and force majeure) the result is:

$SAIDI_{2014\ total}$ 501.9 min/consumer.

For 2014, it is clear that the values of factors for supply quality are much higher than expected and the cause behind it is a vast number of failures, which occurred at the beginning of last year due to the natural disaster – the ice storm at the beginning of February.

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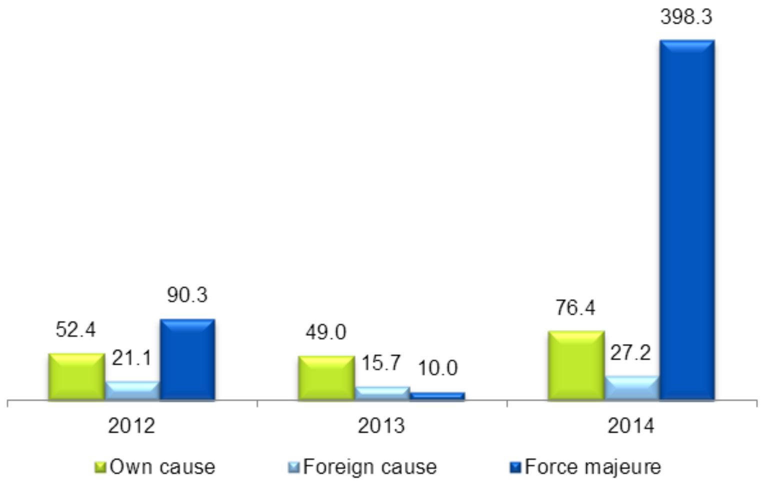
* Reporting according to the guidelines GRI G3.1.

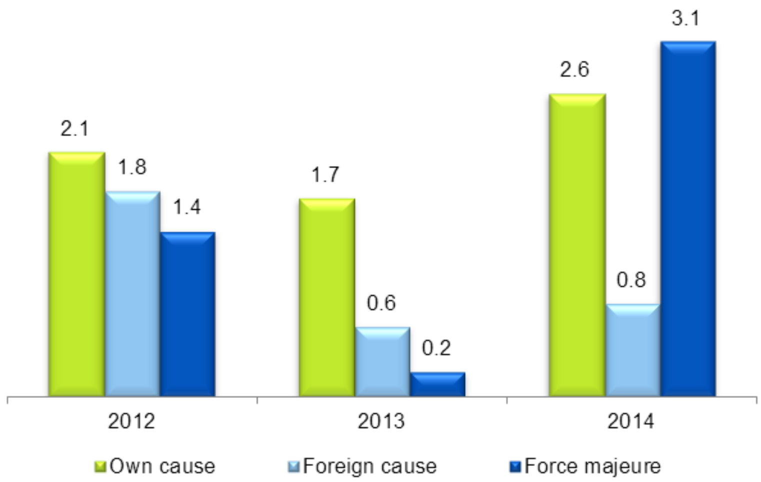
SAIDI (duration of interruptions in minutes per consumer) 2011-2013



The quality of supplied energy shown by SAIFI factor and is not planned, was in 2014 due to own causes:
SAIFI $_{2014\ own}$ 2.6 interruptions per consumer

In reviewing joint factors (joint factors are a combination of the factor for own causes, foreign cause and force majeure) in 2014 the value of the factor was:
SAIFI$_{2014\ total}$ 6.5 interruptions per consumer

SAIFI (number of interruptions per consumer)



5.2 Settlement of network use

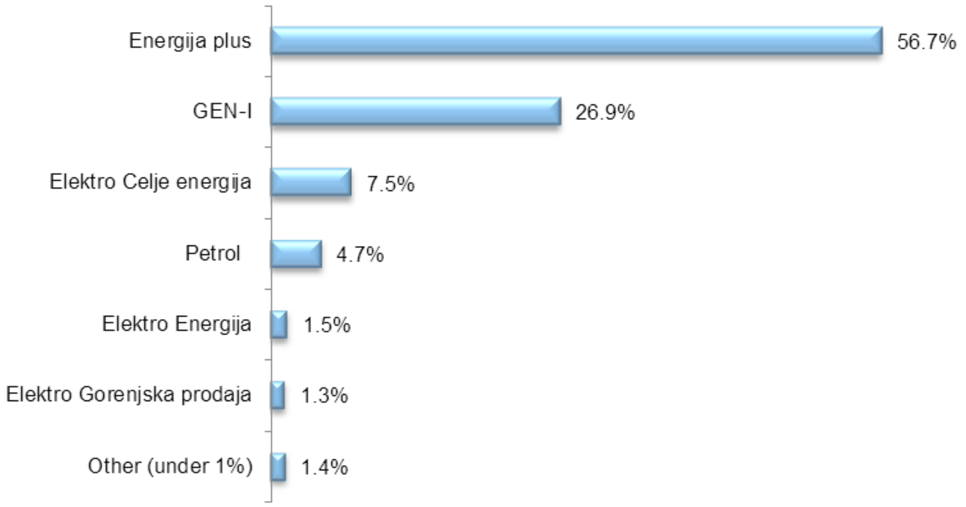
Billing for supplied electricity or network use includes:

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

In 2014, 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 7,396 metering points, which is 22% more than in 2013,
- continued system maintenance for billing network use by remote readings according to the actual state for the period from the first day to the last of the month (currently the system has already 98,263 metering points included or 811 transformer stations, which is 46% of all metering points);
- carried out the calculation of supply power and contribution from RES + CHP due to ice damage for 10,100 users in the total amount of EUR 21,488;
- carried out the coordination of billing system in relation to the new Energy Act;
- adopted for production the new enhanced information system eIS.

Distributed electricity in the area of SODO by Elektro Maribor by suppliers for 2014



5.3 Access to network

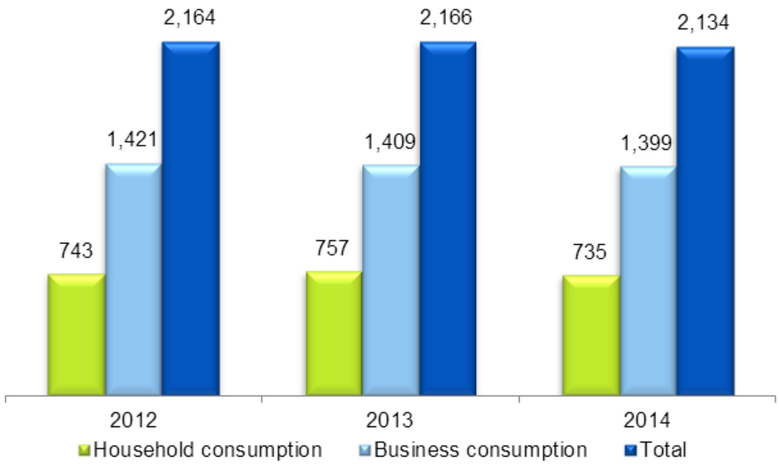
Providing access to the distribution network includes:

- ensuring access to the distribution network for generators of electricity,
- providing access to the distribution network for electricity users,
- changing electricity suppliers
- data exchange with suppliers concerning implementation of tasks for SODO d.o.o, which are necessary for the operation of the electricity market,
- development and management with the internet portal Perun,
- preparing plans, analyses, forwarding data.

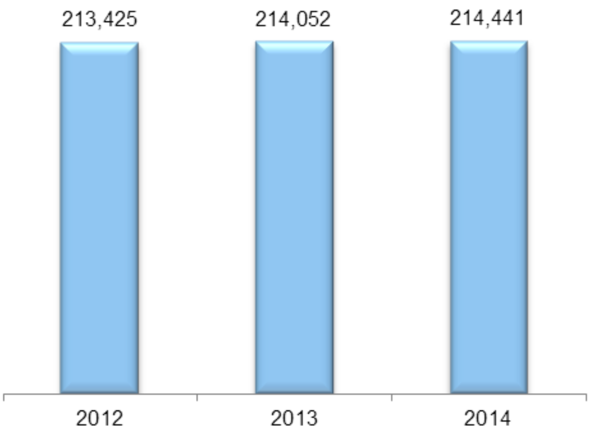
5.3.1 Network use

At the end of 2014 we had 214,441 consumers connected to the electricity distribution network. The number of consumers connected to the distribution network increased by 389 consumers or 0.18%. In 2014, the company's network distributed 2,133,961 MWh of electricity. Total distributed electricity was 1.5% lower than the previous year.

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



Number of consumers connected to the distribution network

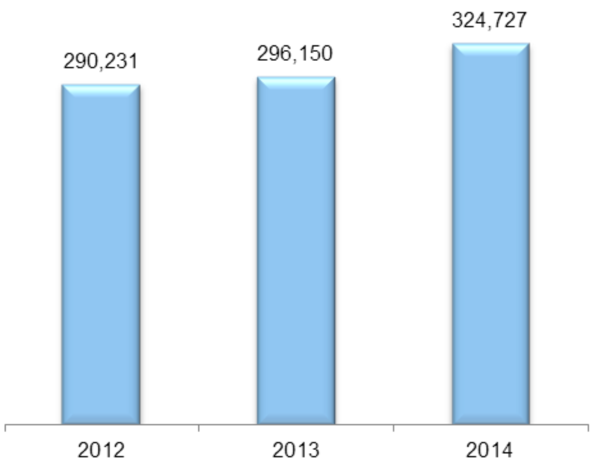


The consumption of household consumers was lower by 2.9% than in 2013. The consumption of consumers at MV was lower by 0.5% and consumption of business consumers at LV by 1.1% than in 2013.

The largest drop was in household consumption, which in consequence had a negative effect on revenues from network use.

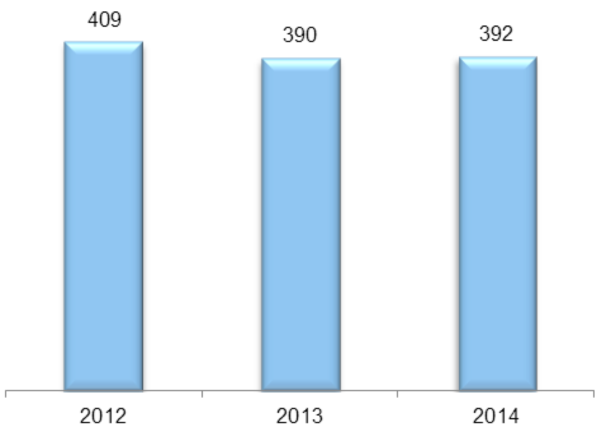
All energy in the system; that is collected from the transmission network and production facilities was in 2014 by 1.9% lower than in 2013. The relation between energy from transmission network and production sources was in 2014 86:14, whereas this relation in 2013 was 87:13. 3.6% less energy was collected from transmission network and 9.6% more from production facilities than the year before.

Changes in electricity collection from production facilities (in MWh)



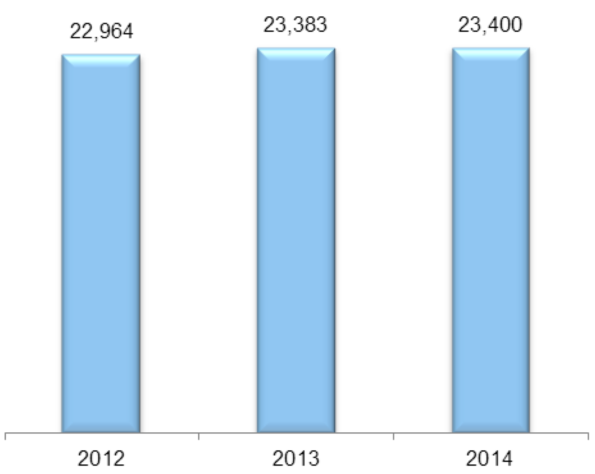
Peak load of the system was highest in January and amounted to 392 MW. Peak load in 2014 increased by 2MW.

Peak load (in MW)



Billing power in 2014 increased by 17 MW or 0,1 %.

Billing power (in MW)

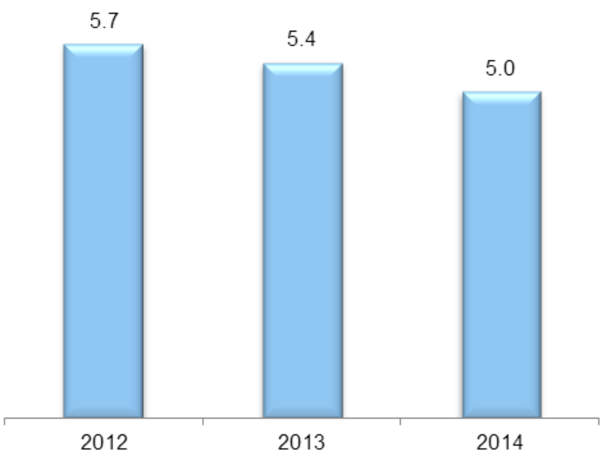


5.3.2 Purchase of electricity for the requirements of SODO

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 incorrectly registered metering data. In 2014, purchasing of electricity in the distribution network for the requirements of SODO was performed according to the agreement by the company Energija plus d.o.o.

For this purpose we purchased 106,172 MWh of electricity in 2014 in the value of EUR 5,477,383. The purchase price for electricity set at auction was EUR/MWH 51.59. The approved share for the purchase of electricity to cover losses by the Agency amounted to 5.71% according to distributed amounts. Achieved losses in 2014 were 4.96% with regard to distributed amounts, which is less than in 2013, when they were at 5.40%.

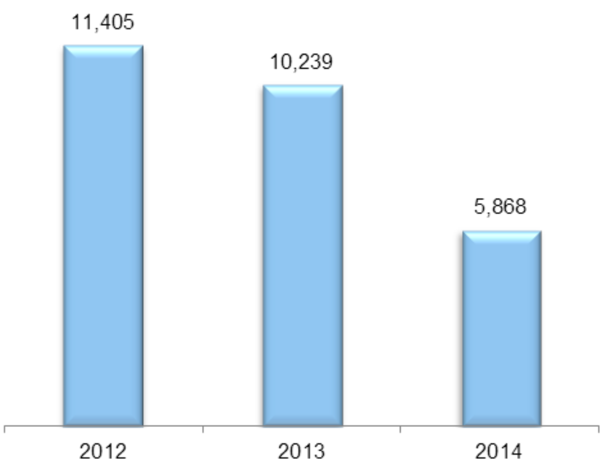
Changes in loss percentage in the network according to distributed energy (in %)



5.3.3 Changes of electricity suppliers

In 2014, 5,868 metering points changed their electricity suppliers in the distribution area of Elektro Maribor, 3,976 of which households and 1,892 business clients, which was 2.7% of all metering points. In 2014, 4,371 less metering points decided to change electricity suppliers.

Trends in the number of changes of electricity suppliers



5.4 Electricity metering and data provision

Electricity metering at metering points for network users (clients 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. Introducing advanced metering systems is not only a technological, but also economic, regulatory and above all sociological challenge. Disregarding any of the noted areas can jeopardise any excellently prepared project. Successful implementation of the advanced metering system is a prerequisite for other areas, such as data provision for internal processes (network planning, operation, voltage quality), adjusting consumption or DSM is also our own automation. The purpose of these is to limit investment requirements into growth of the network and on the other hand it offers the user more comfort, energy efficiency and safety.

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, faster detection of thefts of electricity and consequently less losses in the network and the possibility of links to other energy metering.

For successful continuation of construction of the advanced metering system, MDC, SCADA, DMS, quality control of electricity and for the requirements of development of new services of smart grids in Elektro Maribor, the decision on the construction of own communication infrastructure to transformer stations (optic network, BPL, WiMAX, combination of those) or the decision on long-term lease of foreign M2M communication infrastructure is necessary. In selecting the ICT partner we need to provide contractual insurance so that the built-in metering devices will be functioning at the contractor’s M2M network for the next 15 years.

Major achievements:

- We performed an analysis of all industrial metering points, where due to present high frequency disturbances in the current or voltage (inverters, frequency convertors, adapters, etc.), the older AMR industrial meters would misread electricity. At these metering points the electricity readers, which do not comply with requirements of “SIST-TPCLC/TR 50579: 2012, Equipment for electricity metering – Difficulty levels, requirements for resistance and trial methods for disturbances at lines in the frequency area 2-150 kHz” will be replaced with new ones. The meters, which are not at the end of their technical life span (49 pieces), will be used as control meters at TS in constructing the AMI system. In 2014, we replaced the first 236 industrial meters.
- Based on requirements of the Metrology Institute of RS at selected metering points with installed system meters of certain older types we performed metrology trials of meters in use with the purpose of confirming or refuting the impact of the presence of whiskers for metrology accuracy of these meters. Whiskers are tiny metal hairs (crystals), which grow from special metal alloy under certain condition and PCB’s cause two points to contact. At the population of over 20,000 meters in use, metrology problems caused by the abovementioned crystals were discovered in seven meters. After light trembles of the meter, the hairs fell off and the meters were once again metrologically flawless. In accordance with the adopted decision of the Metrology institute, we will protect as necessary the three-phase electric meters from the harmful influences of growth of conductive crystals.
- We actively participated in public debates of important documents, which will in the future greatly impact the introduction of advanced metering system (cost analysis and benefits of introducing advanced metering in Slovenia and the arrival of the Regulation on measures and procedures for the introduction and connectivity of advanced metering system for electricity within the public utility service of the activity of the electricity distribution operator).
- In accordance with the time schedule for the construction of the advanced metering system as part of AMI maintenance, we installed 2,284 system meters at selected TS’s. These were purchased between 2006 and 2012 by network users (first connections or changes of installed power) and were disassembled upon constructing AMI due to incompatibility with the present advanced metering system.
- In accordance with the time schedule for the construction of the advanced metering system within AMI maintenance we installed 8,174 system meters at selected TS’s.
- During the year we included 11,909 metering points to the advanced metering system. The total number of metering posts in the advanced metering system is already 98,263 (811 TS’s), which is 46% of all metering posts. We enabled payments for used electricity based on actual readings and the transfer from one to two-tariff metering system or vice versa for all our network users.
- By setting up the information system “Remote shut down of electricity distribution” we shut down 531 network users in 2014.
- In cooperation with an outside business partner we developed the new efficient “Band stop” filters to eliminate PLC disturbances, which were caused by certain connected devices at users and producers (inverters). The solutions and experience in eliminating communication issues were presented to other distribution companies in Slovenia.
- Based on promotional above-standard data services for larger network users, whom we provided one-month free data provision, a greater number of network users decided for one of the services, which actively monitors consumption with an online application. In addition during the period we daily provided every 15 minutes metering data to suppliers for over 220 industrial metering points.
- We included 91 production facilities in the advanced metering system and enabled them access to metering data for accounting requirements of generated electricity.
- In line with the provisions of Article 72 of SONDO, we carefully inspected 10,708 randomly selected metering points for households and business users. We determined 6 larger electricity thefts and at 765 metering points or 7.2% of those inspected too large accounting fuses.
- For billing network use, contributions and energy we ensured 1,087,296 readings with the help of the AMI system or over 78 % of all input readings in IIS in 2014.
- In accordance with the annual maintenance plan, we replaced 9,356 metering devices or 99.11% of those, whose certificates expired in 2014. Due to changes in deadlines for certification of electricity meters, for which statistical sampling is no longer possible and reducing the AMI project by half, the original plan of regular maintenance of metering devices increased by more than 100%. These two changes affect the increase of controlled costs in these processes. Metering equipment, 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.

- The pilot project of joint collection of metering data from electric and gas meters (smaller scope than planned) is still in the stage of purchasing the necessary equipment by the partner.
- We installed control meters to determine losses in the network and more efficient network planning in 43 transformer stations that we included in the advanced metering system in the past years, .
- Based on the Rules for statistical sampling of electricity meters we performed a metrology inspection of statistically determined random population samples of system meters manufactured in 2010 and 2011. The meters in the selected random samples passed the metrology tests, so the validity of certification stamp for the population of system meters manufactured in 2010 and 2011 was prolonged for the next four years, when the next statistical trial is stipulated.
- Based on testing eIS we performed additional adjustments to existing IT solutions in the "Metering centre and system MOW, which are necessary for transfer from IIS to eIS. Both contractors of programme solutions (eIS and MOW) received our requirements for additional supplements and corrections. We also held training for users in the metering departments of RU's.

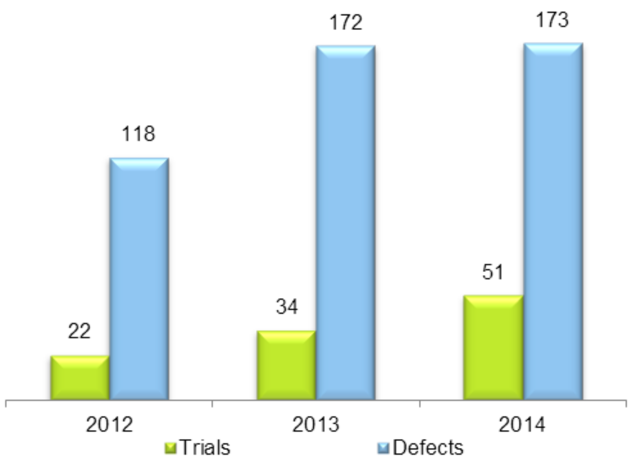
5.5 Measurements and protection

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

- operation – where we cooperated in eliminations and analyses of failures in the network, mostly in metering defects at cables,
- maintenance – by providing regular annual reviews of protective devices at STS's, SS's and TS's at voltage levels of 110, 35, 20 and 10kV, both for the company and outside clients and by control measurements of grounding of 110-kilovolt power line pylons owned by the company,
- investments – by carrying out trial runs and launches of STS, SS, TS facilities. We also participated in integrating different sources in the electricity energy system by controlling the operation of protective facilities.

In 2014, 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 with a specialised vehicle for metering voltage level up to 35kV. We performed 224 measurements, of which 51 trials and 173 measurements of defects at cable lines.

Number of performed metering services



We performed the regular annual inspection of installed protective devices. We completed 602 revisions of individual protective devices (relays) or 1completed a 100 percent realisation at the annual level. In cooperation with DMS and individual regional units we successfully cooperated in analysing defects and failures in the energy system and their elimination.

At 85 pylons we performed control measurements of grounding of 110-kilovolt power line pylons (PL 110 kV Ljutomer-Lendava), which is according to the annual plan. Grounding measurements are performed every five years.

In January we had a larger malfunction at STS Ruše at the primary transformer equipment. The bundle resistor of the energy transformer 110/20 kV was damaged. Because we suspected damaged grounding system we performed extraordinary measurements of the grounding system at STS Ruše in cooperation with MVEPI (Milan Vidmar Electric Power Institute). As an additional extreme measure we introduced additional grounding of resistors to two new additional points in the grounding system. We implemented this measure in all other resistors at other STS's. We also performed an extraordinary review of all installed resistors. Here, we replaced two damaged resistors with new ones. In Ruše, because of operation in ground contact at the isolated neutral point we experienced more punctures at 20 kilovolt cables, which we managed in a short period of time. As part of cable measurements we performed two cable diagnostics with an outside partner (tan delta testing and partial discharge test). In September, we carried out a preventive construction excavation of both transformers in STS Ruše, where we discovered that the grounding network and connections are undamaged. Because of the scope of the excavation of the entire plateau in front of the two transformers, it was not carried out.

In February we actively cooperated in failures, which were the result of the extreme weather influences (ice damage). At one of the remotely guided breakers we carried out measurements because of suspicion of mechanical damage.

We cooperated in investments and carried out trial runs. In January we completed the reconstruction of STS Radvanje and eliminated all deficiencies. At the same time at STS Tezno we installed the SinchroCheck function at both 110 kilovolt power line fields and successfully installed and tested management of 110-kilovolt fields with ELES. This enabled the connection of STS Radvanje and STS Tezno in the 110-kilovolt loop STS Pekre-STS Radvanje-STS Tezno-STS (Dobrava) Maribor.

STS Radvanje

In March we successfully replaced TS I with a new transformer of 31.5 MVA power at STS Tezno and in April also TS II with the new transformer of 31.5 MVA power. We successfully replaced a damaged computer for the transformer field TS IV at STS Dobrava. In September, we successfully completed the renovation of STS Petišovci 35/20 kV, where we upgraded the transformer of 8 MVA power. As part of the renovation we rebuild and upgraded cells 20 and 35 kV with protection, as well as guidance of the facility locally and with a MDC control centre.

We actively participated in selecting and validating equipment and project documentation for STS Podvelka. We performed industrial trial runs of secondary equipment 20kV and performed the first training for ABB equipment. Secondary equipment shall begin testing at the beginning of 2015.

We cooperated in preparing project documentation for STS Slovenska Bistrica. The call for the selection of secondary equipment has successfully completed. In terms of construction the facility is in the stage of reconstruction, whereas the equipment trials for the first part of 20-kilovolt cells are planned in March 2015.

Services were also performed for foreign clients, from trial runs at co-generators and reviews of protection at solar power plants according with the maintenance contract, which two of our service units have. We also carried out measurements at cables for foreign clients.

In cooperation with outside partners we performed the following presentations of metering instruments and equipment for protection and guidance: Iskra Sistemi, Metrel, Schneider, ABB, and GDB. In addition, we performed the solution presentation of control resistance with Iskra Sistemi; a pilot project which is currently being implemented at the STS Ruše facility. We performed two other measurements of cable diagnostics with the help of business partners SebaKMT from Germany and BAUR from Austria.

As part of restoration of resistors in bundles at energy transformers, we thoroughly restored four older worn down resistors and replaced two with new ones because of wear and tear in cooperation with the resistor manufacturer.

We completed the inventory of 110-kilovolt energy equipment at seven STS's for the planned sale to ELES according to the Energy Act EA-1 and the upcoming regulation.

We successfully performed and concluded the certification call (calibration) for metering equipment. We also concluded the order of metering equipment.

5.6 Maintenance

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

- Manual for maintenance work for distribution lines DPL 0-20.
- Manual for maintenance work for STS and SS STS 0-26.
- Manual for maintenance work for TS 0-10.
- Manual for maintenance work for system devices SIS 0-13.

Quantities and physical scope of facilities in the distribution network

	2012	2013	2014
LV- and MV-network (in km)			
Overhead power lines HV	166.4	165.0	165.0
Overhead power lines MV	2,921.4	2,918.0	2,912.4
Cable lines HV	6.7	6.7	6.7
Cable lines MV	975.5	1,013.5	1,230.8
Total HV network	**173.1**	**171.7**	**171.7**
Total MV network	**3,896.9**	**3,931.5**	**3,930.1**
LVN 1 kV + 0.4 kV + 0.2 kV (v km)			
Overhead lines LV	6,342.1	6,019.1	5,807.1
Underground lines LV	5,656.1	5,937.4	6,250.5
Total LV network	**11,998.2**	**11,956.5**	**12,057.6**
STS and TS (piece)			
STS 110/MV kV, TS 110 kV	19	19	19
STS MV/MV, TS MV (with controls and protection)	21	20	20
TS MV/0.4 kV, TS MV/0.95 kV, TS 0.95/0.4 kV	3,417	3,441	3,449

Strategies for providing safe and reliable operation of the electricity system, which we carry out in maintenance are:

- Maintenance work stipulated in the Rules for maintenance of the distribution system, laid down by SODO d.o.o.
- Maintenance work by manuals of maintenance tasks, which are a component part of the maintenance rules.

- Work, such as elimination of deficiencies, measurements, trials, diagnostic procedures to provide quality, reliable, safe and uninterrupted operation of facilities and the system at all voltage levels.
- Provision of qualified outside workers to carry out inspections of OPL's of 110kV and elimination of deficiencies at OPL's of 110 kV.
- Provision of qualified outside workers for tree removal under EN.
- Carrying out maintenance work under voltage (WUV) at MV (TS clean up) and LVN.
- Performing and monitoring entries of deficiencies in the technical database by RU's, this is the basis for reports to SODO d.o.o.
- Thermography at EF for determining the state of EF and detecting critical points for prevention of failures during operation.
- Education of mainly assembly staff for work at EF (cable couplings, cable end fittings, switches…) with the purpose of providing professional qualification for quality maintenance.
- Providing quality maintenance at non-energy facilities.

Quality planning and implementation of maintenance of EF are the basis for a reliable and safe operation of the energy system. Carrying out maintenance work is monitored by applications, which are based on TDB.

Maintenance is divided according to importance and content in three groups. Facilities and work of the highest priority are included in the first group of strategic maintenance; 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

	2012	2013	2014
Strategic maintenance	9%	11%	9%
Maintenance MV and LV	53%	45%	46%
Maintenance of non-energy facilities	38%	44%	45%
Total	**100%**	**100%**	**100%**

In the business year of 2014 we placed special attention to worn down pylons at MV- and LV-network. The starting goal was to replace 8,000 pylons, which represented a 35-percent increase with regard to realisation in 2013. Because of the ice damage in February and restructuring of plans we replaced 9,242 pylons.

Replacements of pylons at MV- and LV-network (piece)

	2012	2013	2014
Plan	5,450	5,500	8,000
Realisation	6,299	5,909	9,242
Realisation of plan in %	115.6%	107.4%	115.4%

Reviews of transformer station were carried out according to the schedule and maintenance rules.

Reviews of transformer stations (piece)

	2012	2013	2014
Plan	920	900	914
Realisation	958	979	914
Realisation of plan in %	104.1%	108.7%	100%

Tree removal at high voltage network and medium voltage network was carried out with the help of outside contractors and at low voltage network by ourselves.

Tree removal at HV-, MV- and LV-network (piece)

	2012	2013	2014
Plan	300	210	257
Realisation	271	309	302
Realisation of plan in %	-9.7%	147.1%	117.5%

Part of the OPL 35 kV OPL Ljutomer-Petišovci

5.6.1 Ice damage disaster recovery

The area, which the company manages, was struck by heavy snow and freezing rain between 30 January 2014 and 10 February 2014, which caused major damages at the electricity infrastructure. Damages were mostly at the 20- and 0.4 kilovolt network. Because of trees falling on the network, the electrical conductors broke and pylons tore down. We began recovery with all disposable fitter teams and other employees in the company. We received help also from outside workers and teams from abroad, civil protection, foresters, municipal companies, farmers, municipalities,… 370 km of the network and 5,150 pylons were damaged.

Ice damage at OPL 20 kV Kamniška graba

We reported 734 facilities, which were damaged during the period to the Administration of Republic of Slovenia for Civil Protection and Disaster Relief (ACPDR). Damage assessment amounted to EUR 10,217,375.

We began restoration by restructuring the investment plan of 2014. By the end of the year we repaired 74 km of 20-kilovolt network and 205 km of 0.4 kilovolt network and in total replaced 3,301 pylons. Recovery costs amounted to EUR 6,822,987 plus intervention costs EUR 1,666,934.

Part of restoration of facilities in the amount of EUR 2,378,706, which will be electrically and mechanically strengthened or cabled during restoration, were included in the investment plans for 2015 and 2016.

During the ice storm we reported to the Ministry of Environmental and Spatial Planning 24 aggregates operating, of which five were ours. The rest, nine aggregates, came from international relief and 10 from the Slovenian army. The aggregates powered 16 transformer stations and 634 users. For the aggregates we submitted a claim for cost reimbursement to the Ministry of Environmental and Spatial Planning in 2014 in the total amount of EUR 26,641. The total amount we received from excise duty and reimbursement costs for aggregates, was EUR 14,095.

Based on the provisions of Act Regulating Measures for the Recovery from Ice Damage which affected the Republic of Slovenia between January 30 and February 10 2014 (Official Gazette RS, no. 17/14), we returned billed power and RES + CHP contribution to 10,100 users of the Elektro Maribor network in the amount of EUR 21,488.

5.6.2 Cooperation at the maintenance conference CIGRE-CIRED

We attended the 2nd Slovenian conference on maintenance of electricity facilities in Nova Gorica, which took place under the wing of CIGRE-CIRED. We actively participated with the following contributions:

IT support for maintenance

For monitoring failures and interruptions in the electricity energy system and faster response and elimination of irregularities, the company modernised IT support for data collection from users. We connected the applications CREM, ELEKTROEVIDENCA and CISCO FINES. This is how we will receive and forward notifications at toll-free numbers 080 2105 (Reports of failures and interruptions on the network) and 080 2101 (General information) even more efficiently.

Maintenance as a comprehensive indicator system, focused on the reliable state of the distribution network.

Maintenance is a technical system, where maintenance consists of a number of point interventions in the distribution network and as such the system is difficult to describe with maintenance indicators. We speak of economic and technical indicators, which in content base on operational data. We wish to complete maintenance by setting up a third level or targeted maintenance into the points of distribution system, where the forecast for emergence of failures is highest or the points are most critical. And this is what the RCM (Reliability centred maintenance) system provides.

Thermography use in maintenance of electricity facilities and installations

Lately, one of the more important maintenance ways is the use of thermography, which quickly and easily detects potential deficiencies, which could result in major electricity failures and cause great expenses for restoration or repair and nonetheless electricity blackouts for the users. The company began using thermography in 2012, when we started performing thermographic inspections at STS, which were carried out by contractors until 2008. Since 2011 we have performed inspections at STS and ST's with a professional camera by ourselves. For this purpose at that time we additionally trained two workers as Level 1 thermographers according to the international thermography programme.

Resistor flashover – operation, consequences and measures

We demonstrated the operation and consequences at the switching transformer stations (STS Ruše), where resistor flashover occurred and consequently operation with an isolated bundle during defect in the network – ground contact.

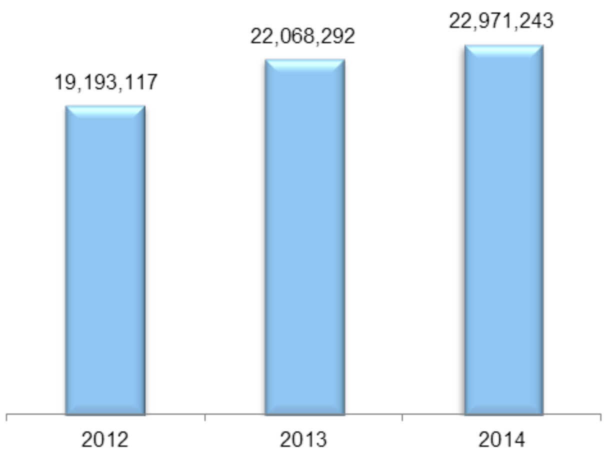
Maintenance under extreme conditions of failures and havoc

We presented our thoughts, experience of co-workers and primarily suggestions, which may prove as examples of good practice for new work methods, procedures and measures in maintenance.

6 COMPANY'S INVESTMENTS

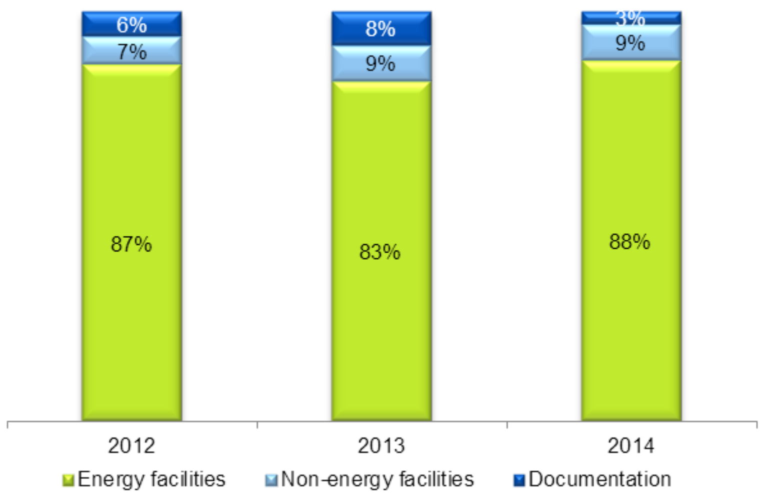
Realisation of investments in 2014 amounted to EUR 22,971,243 and was 4% higher than the previous year and 1% higher according to plans.

Investment trend (in EUR)



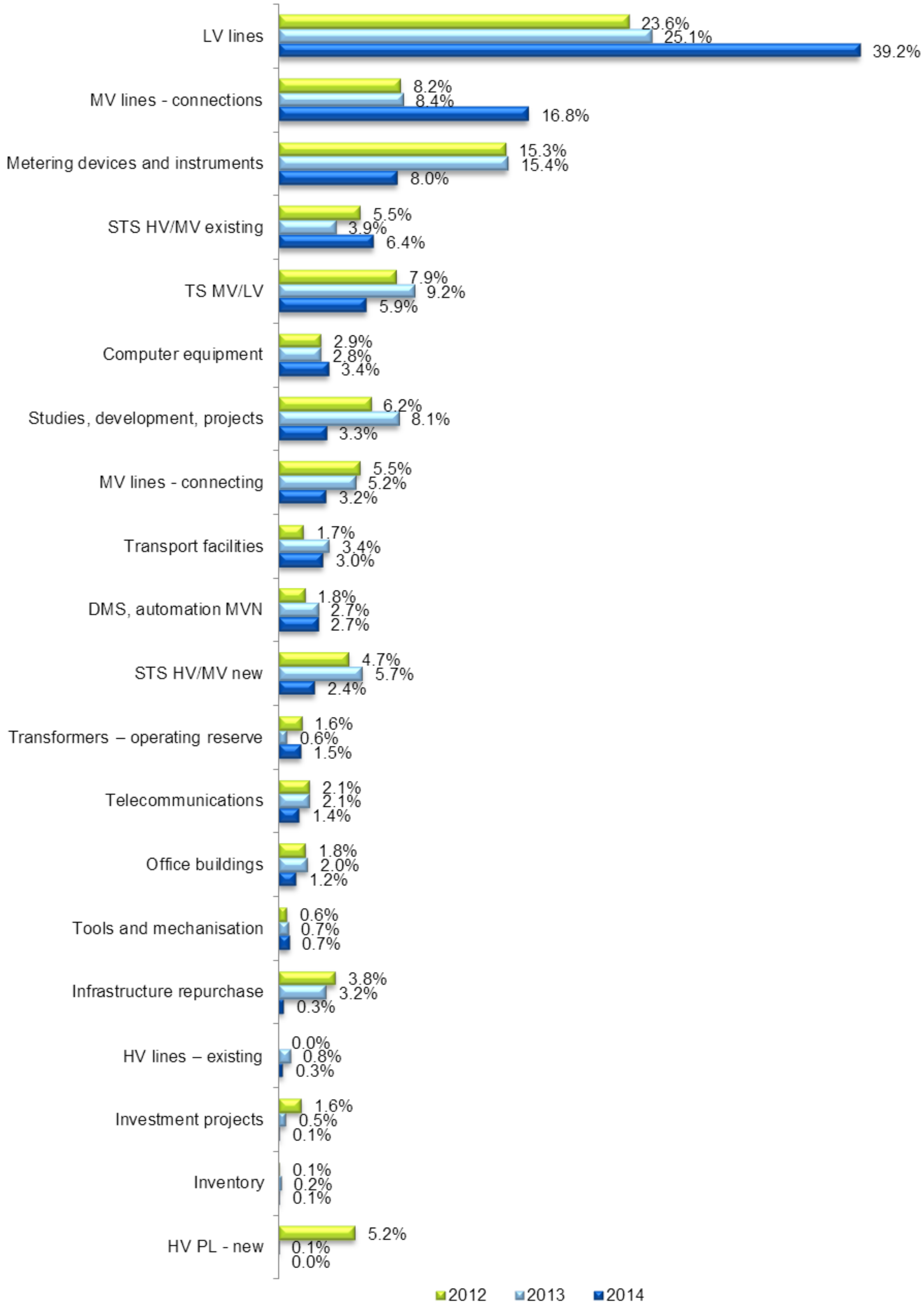
The structure of investments has not changed over the years and the company invests mostly in energy facilities.

Structure of investments



In 2014 we reduced investments to 110-kilovolt facilities and increased investments in MVN and LVN. We wish to turn around the investment trend in MVN and LVN to less curative investments and more preventive investments.

Investments by investment category



Strategic investments of the company in 2014:

- Facilities, which were damaged during the natural ice disaster.
- Existing HV OPL where we completed anti-corrosion protection at 110 kV OPL from STS Ljutomer- STS Lendava.
- Existing HV/MV STS, where we began reconstruction on STS 110/20 kV Slovenska Bistrica and began preparation for reconstruction of STS 110/20/10 kV STS Dobrava.

STS Slovenska Bistrica

- New HV/MV STS, where we completed construction works of the new STS Podvelka. Completion of the facility is planned for 2015 (ELES due to difficulties in public procurement has not implemented the 110-kilovolt connection).

STS Podvelka

- Because of urgent demands to increase power at the backup supply STS Lendava, we completely renovated STS Petišovci 35/20 kV, where we installed a second transformer of 8 MVA power to the existing transformer of 8 MVA power. During restoration we rebuild and modernised cells 20 and 30 kV with protection, as well as controls of the facility locally and with a DMS control centre. This helped the facility STS Petišovci to operate in parallel with both transformers and the transmission capacity increased to at least 12 MVA, which provided adequate backup supply of STS Lendava.

STS Petišovci

Investments to other infrastructure facilities and equipment:

- Physical realisation at MV lines was lower than planned because of increased amount of work in terms of damage control. We reconstructed 92.19 km overhead power lines and laid anew and reconstructed 19.41 km of cable lines.
- In 2014 we built 12 new transformer stations and reconstructed 57 transformer stations.
- Actual realisation at LV lines (cable lines) is 53 % higher than planned. We reconstructed and laid anew 203.62 km of overhead power lines and laid anew and reconstructed 115.01 km of cable lines.

Actual realisation of facility construction MV, TS and LV

Items		2012	2013	2014
MV lines	overhead power line	25.1	46.8	92.2
	cable line	29.3	18.5	19.4
TS MV/LV	new construction	24	28	12
	restoration	51	77	57
LVN	overhead power line	43.3	54.1	203.6
	cable line	86.3	77.1	115.0

- We replaced switches at RU Maribor and surroundings and RU Murska Sobota with powerful routers, which support modern powerful protocols and increased the reliability of IP network. We set up a communication junction for the recovery data centre, which needs to have a dynamic connection with Informatika. We optically connected STS Koroška vrata – STS Melje. We set up a DMR (digital mobile radio) repeater at Velike Kope and replaced radio Ethernet connections among repeaters. At RU Murska Sobota we included for operation the backup VoIP (Voice over IP) server and call centre.
- We fully realised investments in metering devices and instruments, among which is also the AMI project and purchase of metering devices for location requirements.
- As part of the investment group working facilities we set up a disposal facility for pylons in Rače, roof restoration at STS Ljutomer, finished the roof at RU Ptuj and completed heating renovation at the office building Management.
- Within the investment group documentation for energy facilities we carried out mostly activities to obtain the rights to build the corridor and pylons for planned overhead power lines and for implementing the project for acquiring building permit (PABP) and acquiring building permit (BP) for the next energy facilities, which we plan to build:
  - overhead power line 2 x 110 kV M. Sobota – Mačkovci,
  - overhead power line 2 x 110 kV M. Sobota – Lendava,
  - overhead power line 2 x 110kV Lenart – Radenci.

  In 2014, we took an active part in acquiring investment documentation to build electricity energy facilities of medium and low voltage, which are planned for the period 2014-2016. In 2014, project documentation for 60% facilities from the investment plan for 2014 was performed.
- Realisation of investments into computer equipment was in 2014 11% higher than planned due to purchases of additional licenses of software and renovation of eIS.
- In 2014 we repurchased TS Bloki 3 Slovenska Bistrica – LVN construction Kugl, TS/MV Penovje - Koren, equipment for data transfer on MV lines – Ljutomer and Rače.

  In investment projects we continue with activities in the pilot project Smart Grid Radvanje. In 2014, we concluded the inspection review of the construction part of the smart transformer station Radvanje.

6.1 Own investments

We implemented the following own investments:

- new constructions and reconstructions of electricity energy facilities, transformer stations, low-voltage networks, medium-voltage networks and switching transformer stations,
- project engineering of electricity energy objects,
- after-work services of metal shop.
- elimination of defects at networks, transformer stations and switching transformer stations and restoration after malfunction.

Revenues from own investments and internal realisation were in the amount of EUR 16,853,531, which is 17% more than the previous year and 3% higher than planned. Here, revenues from own investments amounted to EUR 16,481,564, which is 17% more than last year and 2% more than planned.

In internal realisation in 2014, we accomplished EUR 371,967, which is at the level of 2013 and 55% more than planned. The reason behind higher investment than planned is mainly the higher volume of production of metal details, which were planned for the restoration of electricity facilities after the ice damage.

Our work on location takes place in all weather conditions. 2014 was marked by the recovery from the ice damage, which damaged our electricity network in the first trimester of the year. By project employments of installers, driver engineers and auxiliary workers and renting construction mechanisation we achieved the set goals. We continuously adapted and redistributed the work of workers on locations to provide uninterrupted supply with electricity.

7 REGULATION OF DISTRIBUTION

7.1 Regulator of the electricity market

In 2001, the Energy Agency of RS (hereinafter referred to as Agency) was established as the regulator of the energy market. In accordance with Article 383 of EA-1, the Agency is the national regulatory authority of RS in the area of energy market (gas and electricity), which monitors, directs and supervises the performers of energy activities.

The Agency determines the regulatory framework (RF), which it issues as decision to the electricity distributer. In the decision the Agency by value, by individual years of a regulatory period, defines the planned eligible costs and sources to cover the costs:

- **Eligible costs:**
  - Controlled operating costs and maintenance costs.
  - Uncontrolled operating costs and maintenance costs.
  - Costs of electricity for losses in the network.
  - Depreciation.
  - Regulated return on assets.
- **Sources to cover eligible costs:**
  - Network charge.
  - Other revenue.

The values are determined so that the network charge together with other revenue from the activity of electricity operator covers the planned eligible costs, taking into consideration of the cost-efficient operation of the electricity operator.

Network charge is part of the price for network use and is therefore the dedicated revenue of the electricity operator, intended to cover eligible costs in an individual year of a regulatory period. Network charge for the electricity network is determined by the Agency according to the Act on the methodology for determining network charges and criteria for establishing eligible costs for electricity networks and the methodology for charging network charges. Network charge includes the following items:

- network charge for transmission network (for carrying out activities of the transmission network system operator ELES d.o.o.),
- network charge for distribution network (for carrying out the activities of the distribution operator SODO d.o.o.),
- network charge for system services (ELES d.o.o.).

For billing network charge we use the non-transactional method of postage-stamp, which means using the system of unified tariff items for billing network charge in the area of Slovenia within individual consumption groups.

7.2 Contract with SODO d.o.o.

In 2007, the government of RS awarded the company SODO concession for implementing the public utility service of the electricity distribution network system operator for a period of 50 years.

The company SODO owns only a smaller portion of the electricity infrastructure, the owners of the majority part are the electricity distribution companies (Elektro Maribor, Elektro Celje, Elektro Ljubljana, Elektro Gorenjska and Elektro Primorska). Mutual relations with network owners are determined in the Contract on the lease of electricity distribution infrastructure and provision of services for the distribution network system operator. Based on this contract the company SODO concludes annual annexes to the contract with each owner of the electricity infrastructure, which determine the way of billing network use, lease for infrastructure, provision of services and purchase of electricity to cover losses:

- **Infrastructure lease**

  SODO pays monthly advance rent determined from values in the RF for the lease of electricity infrastructure. The value of rent depends on eligible costs according to RF and covers the recognised return on regulatory base of funds of the electricity infrastructure and depreciation cost for the means.

- **Service provision**

  In the area we cover, we perform the following services for SODO:
  - maintenance of electricity infrastructure and organisation of on-duty service,
  - management and operation of the electricity network,
  - development, planning and investments in electricity infrastructure,
  - preparation and implementation of investments,
  - monitoring and determining supply quality,
  - electricity metering,
  - access services to distribution network and other services for network users.

  The value of services depends on eligible costs according to RF and includes acknowledged return on the regulatory base of assets of non-infrastructure, depreciation for the assets, controlled operating costs and maintenance, as well as uncontrolled operating and maintenance costs, reduced by 90% value of other revenue and SODO return. SODO return presents additional lowering of eligible company revenue and depends on the amount of distributed energy.

  Apart from the listed services we also perform services, which we will directly to users on our behalf and behalf of SODO. The prices for these services are determined by SODO.

- **Purchase of electricity for losses**
  For the distribution area of the company, we also perform the service of covering losses of electricity and supplies for SODO. SODO supplies include:
  - emergency and urgent supply,
  - billing of unjustified consumption and
  - billing of incorrect metering data.

  The amount of losses is determined in the approved share from distributed energy (as set in regulation) and evaluated by contract price (price approved at auction).

The regulatory framework for the company determines the annual height of eligible revenue to be achieved upon the determined return with eligible operating costs.

1.	Eligible costs (from 1. 1 to 1. 5)	Rent	Services	Losses
1.1.	Controlled operating and maintenance costs		X	
1.2.	Uncontrolled operating and maintenance costs.		X	
1.3.	Costs of electricity for losses in the network.			X
1.4.	Depreciation.	X (infrastructure)	X (other fixed assets)	
1.5.	Regulated return on assets.	X (infrastructure)	X (other fixed assets)	
2.	**Sources to cover eligible costs (2.1. + 2.2.):**			
2.1.	Network charge for distribution network = rent, services, losses, SODO return			
2.2.	Other revenue		X	

The Energy Agency in determining the regulation takes into account cost-efficient operation, which is observed in lowering the controlled operating and maintenance costs and increase of return.

The regulatory framework 2013-2015 demands of the company an annual reduction of controlled operating and maintenance costs by a general (2.4%) and individual efficiency rate (1.72%) or in total by EUR 2.4 million in the entire regulatory period.

Determining the individual efficiency rate is based on a range of indicators of contradictory and unaudited comparative analysis of the efficiency of electricity distribution in Slovenia for the period of 2004-2010. The company focuses great attention on reaching the amounts determined in the regulation with the realised amount of controlled costs.

For this purpose we performed several measures, which had positive effects already in 2013 and 2014. From 2012 to 2014 we managed to lower controlled costs by EUR 2 million.

8 MARKET SERVICES

The company performs complete services in consulting, project engineering, construction and maintenance of electricity facilities and buildings:

- **Construction assembly services**: STS construction, construction of power lines, cable lines, TS's and installations, public lighting construction, LV electricity connections for users, construction of solar power plants and compensation facilities, industrial electricity installation work and protective lightning conductors, services with construction mechanisation and vehicle fleet.

- **Maintenance of electricity facilities**: servicing, maintenance, repairs, reconstruction and management of electricity facilities and buildings, inspections and metering of electrical installation, grounding systems and protection, measurements and voltage trials of MV and LV cable lines, metering at energy transformers, settings and trials of protective relays, metering of voltage quality according to SIST EN 50160, energy consulting, verification of electricity characteristics of modules and metering of efficiency of photovoltaic systems, inspection of electrical equipment with thermographic camera.

- **Project engineering:** we optimise constructions of all investments for the investor's energy infrastructure. On behalf of the investor we perform the entire project and implementation engineering: consulting, preliminary design, project documentation, procedures for acquiring construction and operating permit, organisation of ownership relations, construction or professional supervision of implementation and arrangement of temporary or permanent connection of facilities to the distribution network.

- **Electrical and metal workshop:** construction and equipment of metering junction boxes. LV switching blocks, restoration of metal constructions (carriers, consoles, pedestals, suspending material, pillars, masts, rails, rooftops, bolting material…) in accordance with the SIST EN 1090-1 standard and welding of metal elements in accordance with the SIST EN ISO 3834 standard.

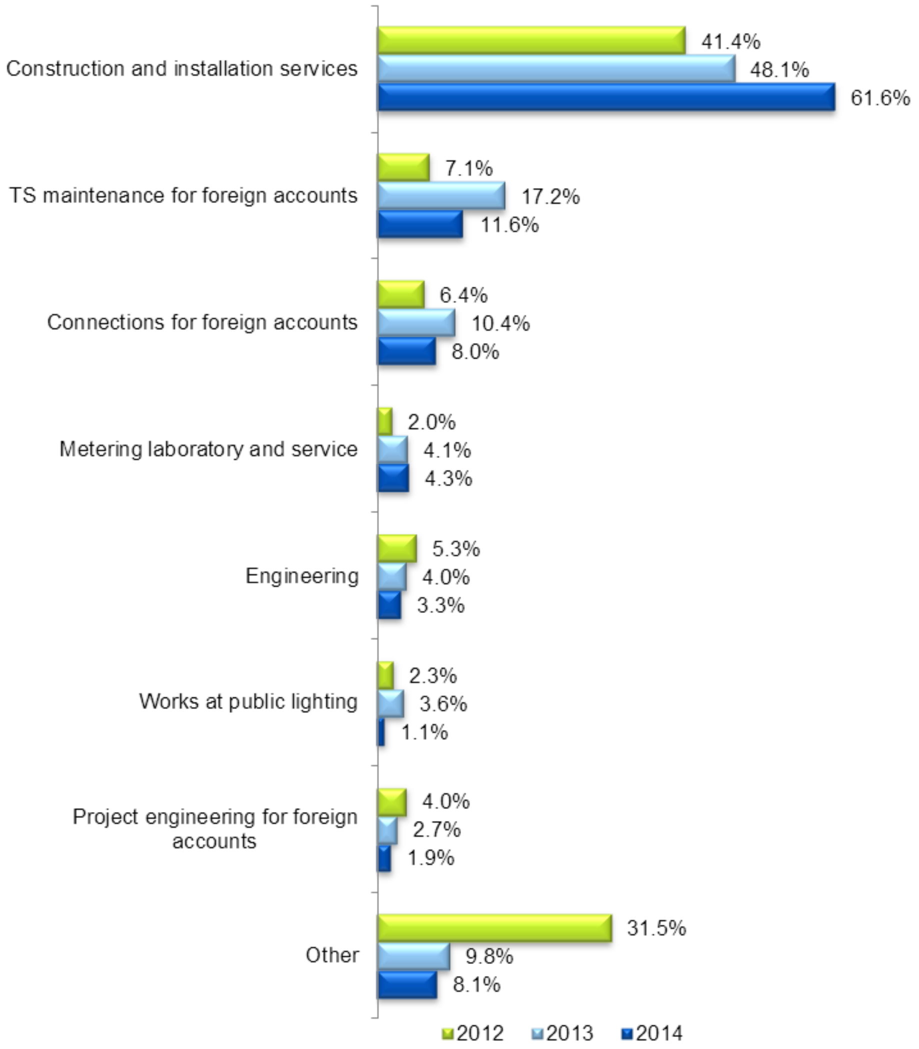
- **Transformer shop:** we perform inspections of medium voltage oil distribution transformers of 35-1,600 kVA power. We provide the implementation of complete sealing and measurements of transformers: defects and reviews of transformers in the shop and measurements of electricity sizes, insulation strength of transformer oil, insulation resistance of transformers and production of metering sheets.

- **Metering laboratory:** we perform controls and certification of accounting standards, electrical meters and metering transformers by procedures, which provide independence and impartiality of measurements. The laboratory works as an accredited control authority of type C according to the SIST EN ISO/IEC 17020 standard. The controls and certification of meters are performed in the facilities of the control authority and on location in the mobile metering laboratory.

On the market in 2014 we generated revenue by sales of services such as:
- construction of electricity energy facilities,
- construction of connections,
- engineering and project engineering,
- maintenance and construction of public lighting,
- maintenance of all electricity energy facilities (TS's, connections, solar power plants),
- electricity metering at all kinds of EE objects,
- installing and testing of protective devices,
- services of metering laboratory and servicing.

In 2014, revenues from service sales in consulting, project engineering, construction and maintenance of electricity facilities amounted to EUR 2,914,087, which is 18% more than the previous year and 25% more than planned. The largest share was represented by construction assembly services.

Structure of revenues from service sales of Elektro Maribor



Planned revenues were exceeded and we also obtained new clients that are owners of electricity facilities, for maintenance of their electricity facilities. Planned revenues were exceeded because of larger facilities (supply for the electricity station Ptuj, construction of TS and LV Geberit, construction of TS PLC Videm, modernisation of phase transmissions Pragersko-Hodoš-set A, etc.) and maximum engagement in obtaining new clients on the market and good work organisation.

The metering laboratory in 2014 extended the scope of activity of controls of electric meters also on locations. We obtained accreditation for the mobile metering laboratory and began carrying out testing. Servicing and metering laboratory in the business year 2014 realised revenue in the amount of EUR 125,832, which is 23% more than the previous year, mostly because of revenue from the new service (metering service on location).

9 RESEARCH AND DEVELOPMENT ACTIVITIES

9.1 Development and planning of the distribution network

9.1.1 Preparing and issuing documents in the process of connecting users

The amount of documents in 2014 as part of the process of connecting users to the electricity distribution network and documents, which we are obliged to issue as owners of the distribution network in accordance with the Spatial Planning Act and Construction Act, is evident from the table below:

Name:	2012	2013	2014
Guidelines to spatial planning documents	60	40	53
Opinions to spatial planning documents	59	68	57
Project conditions	1,322	1,458	1,350
Consents to project solutions	2,258	1,857	1,686
Consents for connections	5,089	3,306	2,751
Contracts for connections	3,399	2,929	2,468
Analyses for dispersed sources	1,212	278	139
Total	**13,399**	**9,936**	**8,504**

Compared to 2013 realisation was larger in guidelines for spatial planning documents. In all other events realisation was lower than in 2013. Analyses for dispersed sources were lowest, where the realisation is at 50% of that of the previous year. There were fewer analyses for dispersed sources because of weaker interest for the construction of production facilities because the system for awarding support for construction of these types of production facilities ended.

9.1.2 Development of the distribution system

In 2014, the contractor for the project REDOS 2040 performed studies for the distribution company of long-term development of the electricity distribution network for Pomurje, the city Maribor and the valley of Drava, as well as Slovenska Bistrica. The study Development of the distribution network for Ptujsko polje, Slovenske gorice and the study Prognosis and peak loads Haloze will be completed in 2015.

Because of preparing data and content of the network development plan (NDP) 2015-2024 in October we began the electricity analysis of the supply area of the 20-kilovolt conduit Majšperk from STS 110/20 Breg and connected 20-kilovolt conduits, which will be completed in 2015. Electricity analysis of the supply area 20kV of the conduit Oplotnica from STS 110/20 kV Slovenska Konjice will begin in 2015.

We examined compliance with technical criteria in normal and backup operation for medium voltage conduits in all STS’s 110/X kV and adequacy of transformation of 110/X kV by preparing a list of necessary facilities (measures) to achieve the required technical criteria.

In the second half of 2014, we prepared a ten-year development plan for the distribution network in the distribution area of Elektro Maribor for the period between 2015 and 2024. The draft was submitted to the distribution network system operator SODO within the required deadline. In the next decade we foresee investments in 110-kilovolt facilities, medium and low voltage network, secondary equipment, project documentation and non-energy investments in the amount of EUR 330.5 million.

Planned investments for 2015-2024

Investment group	Value (in EUR million)
Facilities 110kV	70.0
MV facilities	122.8
LV facilities	65.4
Secondary equipment	39.4
Documentation	10.3
Other non-energy investments	22.6
Total	**330.5**

Financing sources in the decade plan cover 70.3% of investments. The financing sources to meet and implement the investments are own finances (available depreciation and remaining profit) as well as foreign (loans).

Financing sources for 2015-2024

Available depreciation	Value (in EUR million)	Structure (in %)
Disposable depreciation	117.8	50.7
Remaining profit	39.7	17.1
Loans	75.0	32.2
Total	**232.5**	**100.0**

9.1.3 Technical data management

We produced an application in the geographical information system to which polygons can be added in a special layer, which represent the areas of municipal spatial plans and where we can connect them with issued documents (guidelines, opinions) and thus enable the display of the new planned electricity network and rearrangement of the existing (separate layer for planned network).

We produced a joint application for reporting on the scope of electricity infrastructure and prepared reports for SODO and joint data on electricity infrastructure (individual data on electricity infrastructure by RU's, lengths, standardised by infrastructure type).

To realise electricity analyses we obtained and arranged data on peak loads of MV conduits and STS 110/X kV from the control distribution centre and if required from the numerical metering database.

9.1.4 Project engineering of electricity energy facilities

In project engineering for foreign accounts we designed 42 projects and generated revenue of EUR 55,553, which is 18% less than the previous year. In own investments we produced 172 projects and generated EUR 632,646 of revenue, which is 14% more than the previous year.

9.2 Strategic projects

In 2014, we carried out strategic projects to determine the future development of the distribution electricity energy system (DEES), establish the required infrastructure for further development of smart grids and to provide for operational safety and information support to business processes.

9.2.1 SmartGrids platform

As part of the SmartGrids platform we prepared the document draft Strategy of technical technological development of the distribution electricity energy system (DEES) of the company Elektro Maribor for the period 2015-2030, which defines the main strategic goals in detail:

- provision of the appropriate high level of continuous operation/reliability of supply in the entire area of Elektro Maribor for a certain type of network (city, mixed, rural).

The goal includes the problem areas of DEES, guidelines/requirements of the regulator concerning the quality of supply and is directly linked with the vulnerability of the electricity network, because we assume that the network will be more reliable (continuous operation), if it's less vulnerable and more robust.

The strategic goals in development of smart grids were also determined:

- High voltage level provided, as defined by the SIST EN 50160 standard at the entire area of Elektro Maribor.
- Improvement of reliability/continuous power supply by setting up advanced distribution management system (ADMS).

Apart from strategic goals, the document also includes key measures, the building blocks of smart grids and technical guidelines.

At the national level we cooperated in activities for the implementation of the Japanese-Slovenian demonstration project in smart grids and smart communities.

In content, the platform also relates to projects Smart Grid Radvanje, AMI, and E-mobility. Smart grid Radvanje is a pilot project, where we are testing new concepts for operation and management in a closed geographical area and which also includes the users. In 2014, we completed the inspection review of the construction part of the smart transformer station Radvanje.

9.2.2 Integration of various databases (CIM)

Data from different electricity facilities are collected in different databases: technical database (TDB), distribution management centre (DMC), geographical information system (GIS), call centre (CC), advanced metering infrastructure (AMI), programme for graphical display of the development of the electricity distribution network of Slovenia (GDEDNS). Because the same data occurs in different databases, we need to connect these through a common information model (CIM). By connecting databases TDB and DMC for the area of STS Lendava, we completed the first stage of the project.

9.2.3 Data transmission at MV conduits

Development of the advanced distribution management system (ADMS), which includes management of individual transformer stations (TS), data transmission through switches, data from digital multi-metres, data transmission from protective devices, requires a reliable, independent and available communication system.

The pilot project for data transmission at the medium voltage network has shown that communication is stable, reliable and fast.

9.2.4 Data recovery centre (DRC)

We successfully completed the data recovery centre (DRC) project. This accomplished the technical/economic optimal way for setting up a secondary location. Key technological areas in terms of hardware and software as the foundation for the company's operation were identified, described and sorted according to importance. Appropriate and reliable operation of the secondary connection and operation of facilities in the safe room are ensured.

9.2.5 Information support for investment process

The goal of the setup of information support is to monitor in one place the entire life cycle for an individual investment (from identification through planning and implementation to activation and evaluation).

At the company's intranet site we gathered the current realisations of plans, documentation statuses, final development plans of the network (10-year plans), last confirmed plan, propositions of reports, which are sent to outside information users. The depth of the review includes also: all contracts, purchase orders, invoices and work orders. So, that all documentation is in one place for each investment number.

10 PURCHASING

According to the current Act Regulating Public Procurement in Water, Energy, Transport and Postal Services (OG RS no. 90/2012) in 2014 we had 59 public procurement procedures, of which 48 have completed and 11 continue in 2015.

Public procurements base on the principles of economy, efficiency, successfulness, providing competition among providers, transparency, proportionality and equal treatment of providers.

According to the current Rules on purchase of material, services and construction of lesser value we publish all orders over EUR 1,000 at the company's website. In order to provide timely supply of goods, material and services, we have produced a time schedule for public procurement procedures, framework annual plan for the purchase of goods and monthly plan for the purchase of strategic materials.

According to the recommendations of the Slovenian State Holding we publish current information on all contracts concluded as part of public procurement, small value purchase orders and tender procedures.

In line with the goals, the company has achieved a combined savings in purchase of goods in the amount of EUR 541,331 from lower prices of the same or technically comparable material, which is 6.1% of the purchase value of material in 2014.

The company has reduced material supply by installing it in the electricity network. The trend in the amount of inventory had dropped from 2010 to 2014. The value of supplies as at 31 December 2014 amounted to EUR 1,666,368 EUR, which is in accordance with plans.

11 IT SUPPORT

IT support in the company is provided by using the integrated information system (IIS), which is developed and planned by the company Informatika and Elektro Maribor also develops its own information solutions. The main systems in IIS are for:

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

The renovation project of the enhanced information system (eIS) was completed in 2014 and launched for operation in October. The project presented in terms of software the largest share of investments in IT support in 2014. Also other distribution companies were involved in the project, as well as the dependent company for electricity sale. The most important result of the project for the company is the renovated information technology support for:

- a user's life cycle (with numerical values),
- accounting system,
- mass balance accounts and recovery.

In cooperation with other distribution companies and the company Informatika d.d. we:

- Renovated the umbrella safety policy. The latter was necessary because of organisational changes (spin-off,…) and technical changes in connecting networks. The main achieved goals were the increase of data safety and an increase in the awareness of users of the IT system on information technology. To this end we also prepared additional instructions for the users.
- We implemented IT support for sending e-mail accounts to budget users.

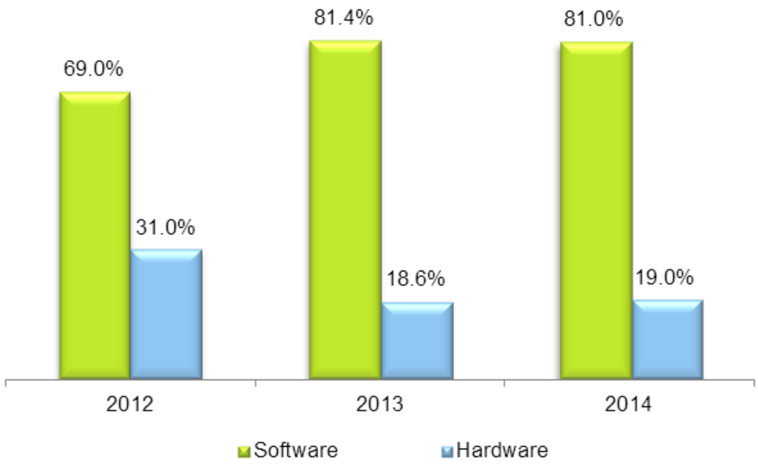
We transferred for production our own application for customer relationship management (CRM), which offers the users a wide array of data and enables performance of several tasks, because they are linked with other company systems (technical database, SCADA – supervisory control and data acquisition…).

We upgraded the graphic information technology system, which enables the users a thorough overview of funds entered in the database (display of history of changes, connecting data of the metering point with metering data, connection to other sources of data, such as consents, servitude, etc.).

We completed the setup of a data recovery centre (DRC). The company until now hasn't had an information technology infrastructure outside the primary location, which would in the event of a disaster at the primary location present the operational failure of the entire information technology system. By setting up the appropriate infrastructure at a secondary location we have reduced the risk of failure of operation of certain parts of IT infrastructure.

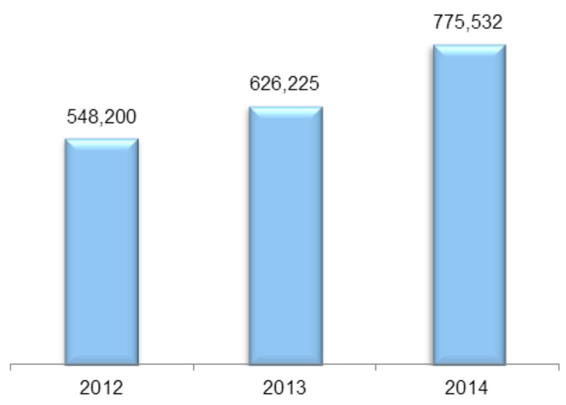
The investment structure has not changed substantially in view of the past year. The majority of funds are intended for software purchases.

Investment structure in IT support by type of equipment



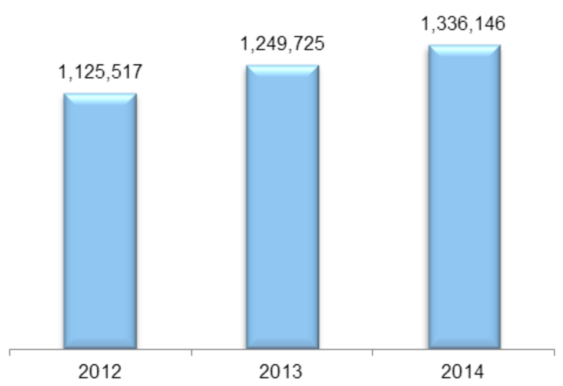
In the examined year we spent EUR 775,532 for software solutions and hardware, which is 110.8% of planned assets. The increase of investment funds compared to 2013 is a result of the completion of the renovation project of eIS.

Changes in investments in IT support (in EUR)



Increase in costs for IT support is a result of an increased amount of services and introduction of new information services, which increased operational reliability and facilitated work processes.

Changes in costs for IT support (in EUR)



12 RISK MANAGEMENT

The company defines 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's 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's (or of a group of companies) objectives, define risks, adopt the guidelines for risk management, evaluate risks and organise them according to importance, determine actions for individual risks, define measures for their management, monitor risks and report on them. By risk management the company is trying to recognise risks on time and take appropriate action to reduce the amount of damage a certain risk may cause.

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

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

At the end of 2014, the company approached the implementation of software support, which will also help the company in risk management to refine certain recognition procedures and risk evaluation, redefine risk managers and responses and establish an internal control system and managers for internal control.

The maturity of the risk management system or approach in the company is currently at the level of a basic mature 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 outside requirements (regulator).	Risk management structure has been set up with clear authorities and goals for risk management.	Risk management is part of the process of providing 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 because of outside requirements (regulator)	Reporting to the Management Board and Audit Committee (AC) on current risk exposure and expectations.	Comprehensive reporting provides a unified and overall overview of the risk profile of the company.
Risk optimisation	**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 assets.

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

- strategic,
- operational and
- financial risks.

12.1 Strategic risk

Strategic risks are potential events, which may have an (un)favourable effect on achieving mid-term or long-term goals of the company. Here, we include:

- management/strategy risk,
- HR risk,
- integrity/reputation risk and
- risk of exposure to the outside environment.

The recognised strategic risks in 2014 were managed by regular monthly and quarterly monitoring of operation, by monitoring events, analysing influences to the business result, active operation and cooperation with institutions and stakeholders, as well as dynamic adapting to new conditions.

12.2 Operating risks

Operating risks are potential events, which may have an (un) favourable effect on achieving the annual goals of operation and risks of losses (benefits) together with legal risks due to inappropriate or irregular internal procedures, other inappropriate personnel conduct, which belong to internal operation of the company, inappropriate or irregular system operation, which belong to internal operation of the company or outside events or actions. Operating risks include:

- employee conduct risk,
- system operation risk,
- outside events risk.

Recognised operating risks in 2014 were managed by appropriate business organisation, including the appropriate data flow, by setting up internal control, which provides company operation according to regulations and values of the company, which ensure reliable, accurate and timely information and efficient and successful operation of the company. In 2014, we completed the systematic procedure by determining persons responsible for investment facilities. For a more reliable operation of the IT system, we established a secondary location or data recovery centre. Data protection is implemented according to the ISO 27001 standard.

12.3 Financial risk

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

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

We managed the recognised financial risks in 2014 with adopted measures in such a way that we closely monitored receivables and checked credit ratings of clients, demanded guarantee documents (notes, prepayments, enforcement drafts), carried out enforcement procedures and charged default interest rates. In financial risks the concentrated risk to one client (SODO d.o.o.) is emerging, because the company generates 70% of all revenue from it. We monitored the needs for liquid assets and changes in interest rates on financial markets.

13 INTERNAL AUDIT

Internal audit in the company is performed by an internal auditor, who is directly subordinate to the Management Board of the company and responsible for the implementation of continuous and comprehensive control of the company’s operation.

Authorities, responsibilities, tasks and mode of operation of the internal audit activity are defined in more detail in the Rules on organisation and operation for the internal audit activity in the Elektro Maribor Group, which the Management Board of the company adopted in 2014 with approval from the Supervisory Board.

Upon the request of the Management Board, the Audit Committee and Supervisory Board, the internal auditor in 2014 began performing 10 extraordinary audits and issued nine final reports on completed extraordinary audits. The planned and not performed internal audits (4) from the plan for 2014 were included in the work programme for 2015.

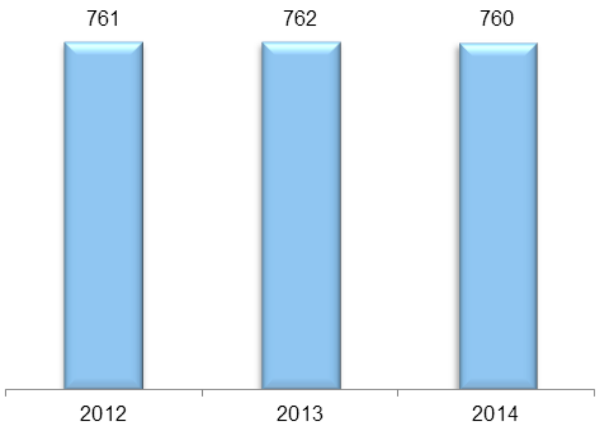
The internal auditor produced the Annual Internal Audit Report in 2014 and submitted it to the Management Board, Audit Committee and the Supervisory Board of the company.

14 EMPLOYEES

14.1 Changes in employees

As at the end of 2014, the company had a total of 760 employees, of whom 87.6% men and 12.4% women. There were 103 new arrivals and 105 departures in 2014.

Number of employees (as at 31. 12. 2014):



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

	2012	2013	2014
Number of employees - men	667	667	666
Number of employees - women	94	95	94
Permanent employment	732	741	743
Fixed-term employment	29	21	17
Full-time employment	748	747	743
Part-time employment	13	15	17

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

	2012	2013	2014
Number of arrivals	69	55	103
- men	64	53	102
- women	5	2	1
- age up to 30	21	8	45
- age 30-50	42	46	49
- age over 50	6	1	9
Number of departures	51	54	105
- men	46	54	103
- women	5	0	2
- age up to 30	4	8	42
- age 30-50	19	30	51
- age over 50	28	16	12

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

In the last four years the average age and employment period have been increasing. The average age of employees was 43.6 and average employment period 23.7 years.

Average age

	2012	2013	2014
Average age of employees (in years)	42.4	42.9	43.6
Average employment period (in years)	22.8	23.1	23.7

Percentage of employees covered by collective agreements was in 2014 99%, which is at the level of previous years (GRI LA4)*.

Percentage of employees covered by collective agreements

	2012	2013	2014
Percentage of employees covered by collective agreements	99	99	99

Percentage of employees with recognised disability in 2014 increased with regard to the previous year.

Number of employees with recognised disability

	2012	2013	2014
Number of employees with recognised disability	73	78	79

In 2014 we had four scholarship recipients by the end of June. All of them successfully completed the secondary school programme Electrician. Since September 2014, we have had five scholarship recipients, four for the secondary school programme and one for the university programme.

Number of scholarship pupils and students

	2012	2013	2014
Number of scholarship pupils and students	14	4	9

Structure of employees by education is about the same as in 2013 with the exception that by the end of 2014 there were fewer employees with lower education.

* Reporting according to the guidelines GRI G3.1.

14.2 Project employments

In 2014 in project employments we hired 90 co-workers to realise investments, market services, maintenance and natural disaster recovery (ice damage). Employments took place for the duration from 1 April to 24 December 2014. Out of 90 project employments, we hired 47 installers, 11 driver engineers, 2 masons and 30 auxiliary workers.

Number of project employments

	2012	2013	2014
Employment period	Jun. – Dec.	Feb.-Oct.	Apr.-Dec.
No. of workers	**47**	**40**	**90**
Installer	3	10	47
Auxiliary worker	22	20	30
Driver engineer	12	7	11
Mason	6	2	2
Carpenter	2	0	0
Construction clerk	2	1	0

Number of employees from hours

	2012	2013	2014
Number of employees from hours	**777.56**	**776.00**	**825.79**
- number of employees from hours – permanent employment	755.36	748.39	751.39
- number of employees from hours – project employment	22.20	27.61	74.40

14.3 Education of employees

In 2014, the company carried out the following educational programmes:

- regular periodic training in health and safety at work for authorisations at work permits; all employees were trained;
- regular training of drivers of cargo vehicles with MPW over 3.5 t according to the Road Transport Act (OG RS no. 131/06 and Rules on internal control (OG RS no. 107/07); 66 employees attended the training.
- management seminars – training to improve management efficiency and development of competences for heads of supervision; 17 employees attended the training;
- training for public communications; 12 employees attended the training.

Throughout the year employees attended focused seminars, workshops and conferences (functional education) and trainings necessary for the work process. They attended 85 different seminars, conferences and workshops.

Education for employees (GRI LA12)[*]

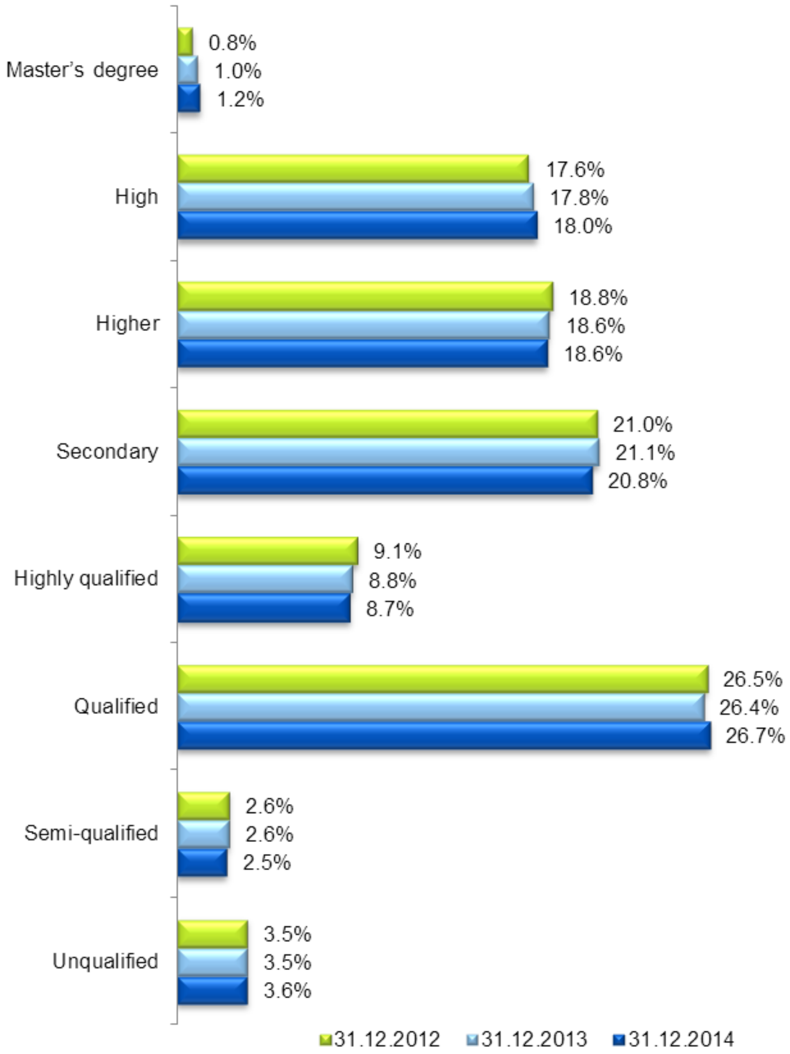
	2012	2013	2014
Total employees	761	762	760
Number of attendees of education	409	473	397
Number of hours of training	3,272	3,784	3,176
Percentage of employees included in education	54%	62%	52%
Average number of hours of training per employee	4.3	5.0	4.2

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

The table does not include the employees, who attended the periodic training in safety at work for authorisations at work permits. All employees attended that training.

In 2014, nine employees were included in formal education, of whom seven had a contract on education for training leave and two employees contract on education.

Structure of employees by education as at 31. 12. 2014



14.4 Employee innovation

The company 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 (changes in the number of proposals from 2011 to 2013) in 2014 we strived to improve employee innovation. Useful suggestions (proposals for improvement of operation or business) are included in the evaluation procedure for individual job performance (eLOR).

A detailed display of proposals in 2014 shows that 46 proposals were presented, of which 10 fresh ideas and 36 useful suggestions.

Number of suggestions Useful suggestions/Fresh ideas/Striking projects

	2012	2013	2014
Number of suggestions	15	14	46

14.5 Motivation and care for employees

14.5.1 Additional pension insurance for employees

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

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

	2012	2013	2014
Number of employees	741	739	815

The number of employees included in additional pension insurance increased in 2014 mostly because of a larger number of project employments, who because of previous year decided to join the pension insurance in greater numbers.

14.5.2 Use of parental leave

Parental leave may be taken in several ways; men can take parental leave of 11 days upon the birth of a child and women or men can take parental leave in such a way that they work part-time until the child is three years old. In 2014, 31 employees used parental leave, of whom 29 men and 2 women.

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

	2012	2013	2014
Number of employees	31	35	31
- men	28	31	29
- women	3	4	2

14.5.3 Family friendly company

Research and practice have confirmed that a balanced family life is important for a successful and satisfied employee. Because balancing work and family life often presents problems and challenges for the employees, we are bound to encourage it. In May of 2011, we were awarded with the basic Family Friendly Company Certificate and bound to implementing ten actions. Our goal to obtain the full certificate was achieved in 2014. We started selecting new actions, which are the basis for implementing the full certificate and represent the next step on the road of balancing work and family life.

14.5.4 Communication with employees

Communication with employees through different channels for mass communication is important for keeping the employees informed on the events of the company and about the company. We have especially focused on personal communication.

* Reporting according to the guidelines GRI G3.1.

Communication with the employees took place in several ways:

- 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 two times per year – one printed and one electronic issue includes a collection of selected events in the company for the previous months and in-depth articles on important projects, investments, news and events in the company.
- Information desks – current announcements and calls for employees.
- Work meetings – the annual meeting of employees at headquarters or individual regional or service units with the President of the Management Board. Meetings every three months of employees with the head of their regional or service unit or at headquarters for an individual area with the executive director of that area.
- Monthly interviews with management – once a month the employees are invited for interviews with the management, where they can personally speak about their ideas, visions and problems.
- Board meetings and extended board meetings – weekly or when needed meetings of the Management Board or extended management on key current topics in the company.
- Meetings of areas and departments – the employees had meetings in their work environment or with co-workers from the company, required to carry out certain tasks.
- Personal meetings with employees (annual development meetings, daily communication) – superiors and their subordinates determine personal development goals according to the company goals. We also performed an evaluation or overview of the work performed.
- 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 – we had meetings in the company, which are important in terms 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. The Works Council 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.

14.5.5 Satisfaction of employees (GRI LA12)*

The company monitors 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.

Employee satisfaction index and organisational climate

	2012	2013	2014
Employee satisfaction index	3.6	3.5	3.4
Organisational climate index	3.3	3.2	3.1

In employee satisfaction in 2014 the highest ratings were given to satisfaction with working hours and the constancy of employment and lowest to promotion possibilities and satisfaction with salary.

The highest ratings in organisational climate were achieved in categories related to quality and affiliation to the organisation and lowest in categories reward system and career development.

* Reporting according to the guidelines GRI G3.1.

14.5.6 Code of Ethics

The company is aware of the necessity of ethical operation, conduct and behaviour within the company among its employees and outside the company in the environment, where the company operates and is recognised.

For the sake of business ethical conduct and constant awareness on business ethical conduct in 2010, the company adopted the Code of Ethics and upon recommendation of the manager of capital assets of the state amended and complemented it in 2012. The guidelines, recommendations, responsibilities according to the existing Code of Ethics are at the same time a responsibility for each employee to honour them.

As every year also in 2014 we reviewed unethical situations or employee conduct on the basis of complaints of such situations or any problem areas. In 2014, with regard to previous years we discovered that the reported and reviewed unethical situations and violations of the Code of Ethics by the employees were severer. There were also more consulting regarding actions according to the Code of Ethics.

15 SAFETY AND HEALTH AT WORK (GRI LA7)*

Ensuring a safe work environment or health and safety at work (HSAW) is one of the main concerns of the company. We follow the principles and guidelines of the OHSAS 18001 standard, which defines the health and safety at work requirements. The standard is integrated with others in a unified management system and we have been complying with the requirements since 2008.

As part of activities in the area safety at work also inspection services are involved as outside stakeholders, which through regular inspections watch over the company’s 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 attend training in safety at work every two years. In 2014 all employees (administration, technical personnel, heads, installers, auxiliary workers, driver engineers, interns and apprentices) attended the periodical practical and theoretical training for health and safety at work. A total of 887 employees were trained.

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

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

The number of medical examinations is shown in the table below. The number of medical examinations includes preliminary medical examinations, special medical examinations, control medical examinations and periodic – preventive medical examinations. In 2014, because of the project employment system, we additionally carried out preliminary medical examinations. In terms of health promotion, we invited 24 workers for targeted medical examinations, who were on sick leaves for a longer period of time and facilitated their reintroduction to work.

	2012	2013	2014
Number of medical examinations	372	454	484

* Reporting according to the guidelines GRI G3.1.

The number of work-related accidents has increased compared to 2013. There were four cases because of the ice damage in February, several at the expense of project employments, because these are field workers, where the exposure to work-related accidents is greatest. In order to reduce the number of work-related accidents, we perform preventive inspections to determine concordance in implementing work procedures. In spite of an increase of work-related accidents in the period, the number of lost work days was lower than the previous year. Above all, we have witnessed a lower number of lost days because of work accidents. The company records work-related accidents, which have occurred to the employees. In 2014, there were no serious employee work accidents. Here, we of course cannot overlook the fatal work accident, which occurred when restoring the network after the ice damage, where a worker lost his life, but who was employed by a subcontractor.

Number of work accidents

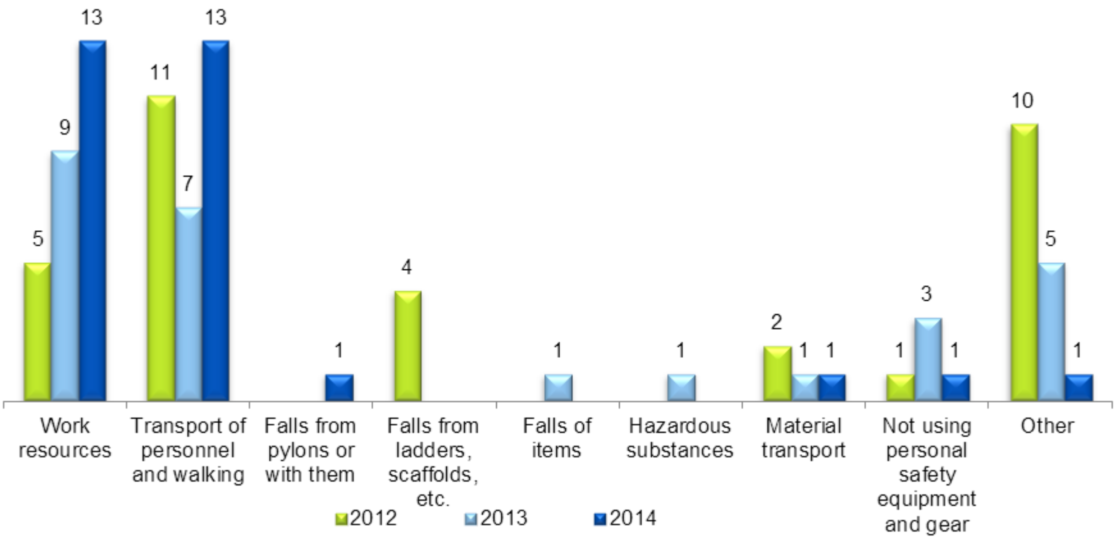
	2012	2013	2014
Number of accidents	33	27	30
- women	2	0	1
- men	31	27	29

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

Number of lost work days

	2012	2013	2014
Number of all lost work days (wok accidents, sick leaves)	920	778	776
Share of lost days due to work accidents in %	0.46	0.39	0.37
Share of lost days due to sick leaves in %	5.1	5.09	4.78

Number of work accidents by source

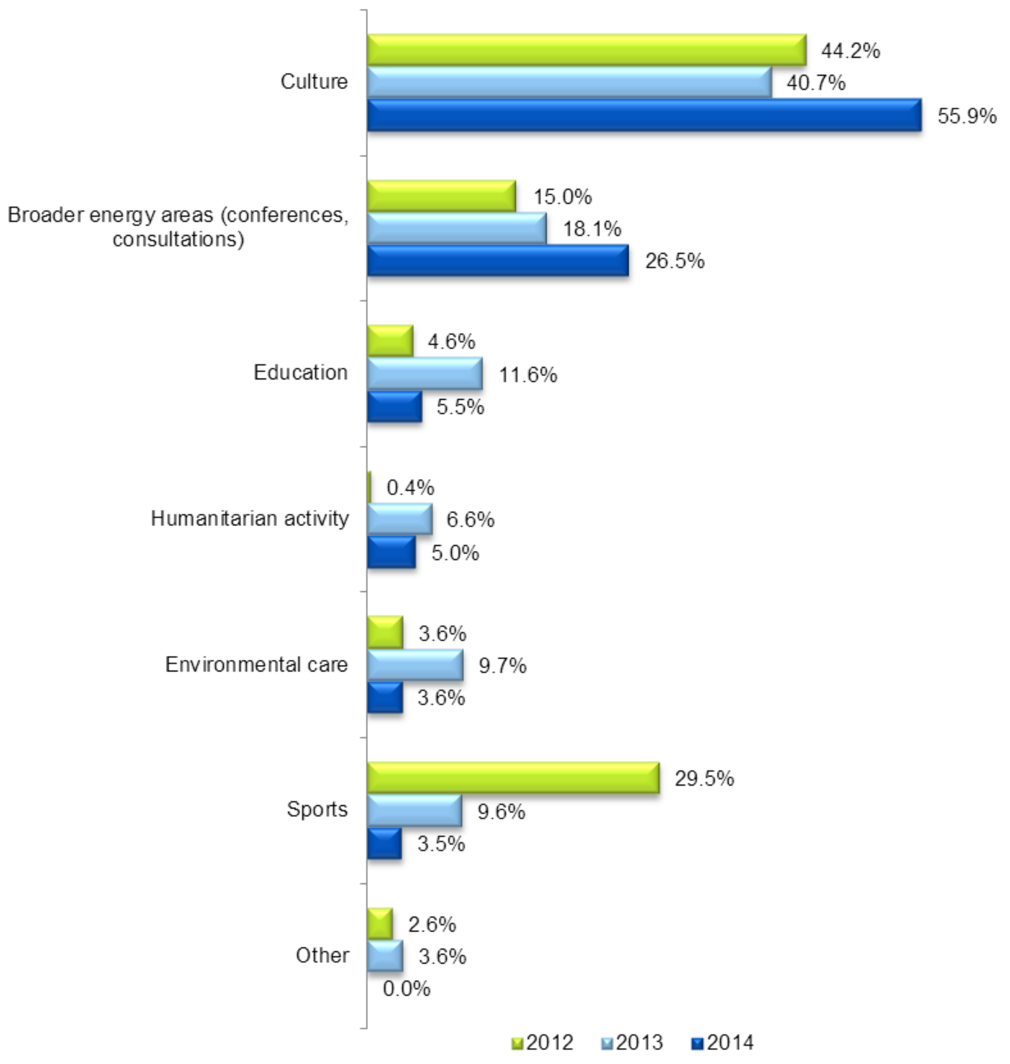


16 SOCIAL RESPONSIBILITY (GRI 4.14, 4.15, EC1)*

16.1 Sponsorship and donations

The company shows social responsibility also through sponsorship and donations, where we observe the principles of transparency, stability, economic benefit and adequate dispersal. Our endeavours support the greater community as we are involved in many areas and in contact with numerous social groups, local communities, societies and organisations, which allows us to realise the socially responsible role of Elektro Maribor, which as an initiator or participant connects the business and social environment in its important mission; that is to add value to the greater community.

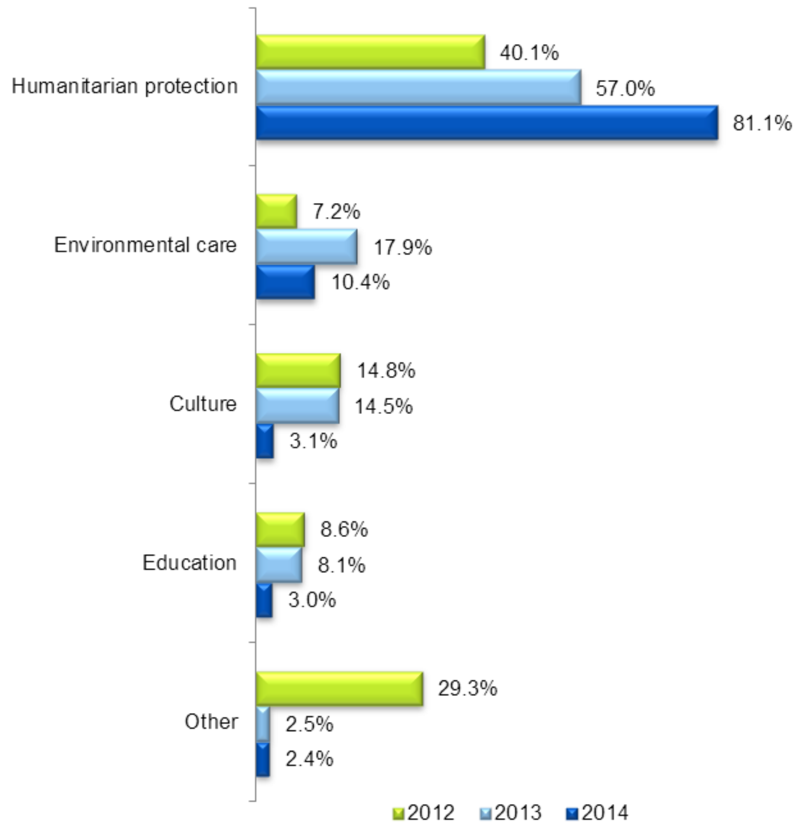
Sponsorship distribution by purpose



By focusing on socially responsible activities in 2014 the company in sponsorships supported projects in culture (56%), sports (4%), education (5%), energy (26%), environmental protection (4%) and humanitarian projects (5%). We pursue to position the trademark of Elektro Maribor as a socially responsible company and a company focused on sustainable development.

* Reporting according to the guidelines GRI G3.1.

Donation distribution by purpose



Through donations we supported humanitarian projects (81.1%), cultural projects (3.1%), educational projects (3.0%), environmental care (10.4%) and other (2.4%).

Along with a number of socially responsible activities we encourage excellence in numerous areas. Young people, who in the educational process prove their excellence, are a special challenge. For several years in a row we have encouraged and rewarded the top students of electricity technical secondary schools for their excellence. Together with the University of Maribor we encourage and reward also excellence in academia with the Best Student Award.

Best Student of University of Maribor ceremony

We also support humanitarian organisations: The Red Cross and the Slovenian Association of Friends of Youth. At the end of the year we distributed funds, originally intended for gifts and compliments to our business partners to charity organisations: Red Cross Slovenia, regional association Murska Sobota, Karitas, Murska Sobota and Protestant Humanitarian Organisation Podpornica.

We support a number of fire-fighting organisations, who in weather disasters come to our aid and facilitate work on locations, which often times takes place at difficult and inaccessible areas.

Awarding the donation to the humanitarian organisations of Pomurje

We support projects in sustainable development and efficient energy use, which in the long run present also savings in energy use and lower greenhouse gas emissions. In memory of the first lit electrical light bulb in the beginning of April 1883 at Grajski trg in Maribor, we modernised the public lighting with modern light emitting diodes (LED). State-of-the-art light emitting diodes of the renovated lamps use as much as seven times less electricity and have the equal amount longer life span. With this project alone we will save almost 6,000 kWh or 3,300 tons of carbon dioxide per year.

Renovated lighting at Rotovž in Maribor

Upon the centennial of the public electricity distribution utility service in Maribor, the company in cooperation with the Municipality of Maribor, renovated the lighting of the Rotovž building in Maribor with modern light emitting diodes (LED), where 100 years ago, on 15 July 1914 the then Maribor's city council decided that the municipality would build electrical switching wiring in the city and provide for electricity sale. By changing to modern light emitting diodes the installed power reduced from 9,250 to 1,540 W or by six times, which resulted in lower electricity consumption by 83% and several times longer life span.

In line with the recommendations and expectations of SDH we set up a system for providing transparency in transactions relating to company expenditure. On the website www.elektro-maribor.si we publish up-to-date all required information in the recommendations, including the eligible recipient and value of the concluded transaction for individual sponsorships and donations. According to the provisions of Paragraph 11 Article 10a of the Public Information Access Act we also publish information on sponsorships and donations.

16.2 Marketing activities

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

Marketing activities were targeted in support to business decisions of the Management Board of the company by employing all the modern communication knowledge and tools. They mainly linked to the promotion of new and existing services of the company, introduction and promotion of the metering laboratory, electric mobility and many others.

16.3 Communication with outside public

- **Call centre** – consumers have two toll-free numbers available, 080 21 05, the 24-hour service for reporting failures and interruptions on the network and 080 21 01 for general information.

- **Press releases and statements** – we prepared press releases and statements at major topics. We also held press releases when we needed to communicate information to a larger number of journalists.

- **Publications** – at three major jubilees, which we celebrated almost simultaneously, we published a journal titled 130 years of the electrification of Slovenia, 115 years of electricity distribution in Maribor and 100 years of the electricity distribution public utility service in Maribor.

  Towards a more transparent operation and responsibility towards the public and the awareness of the importance of transition to low-carbon society, as well as respect for the provisions of the Energy Act for public disclosure of quantity data on energy supplies by power groups and by groups of final users, we published the publication *Power and Energy in the network of Elektro Maribor from 1980-2013.*

  We published a short brochure *Presentation* to present the company Elektro Maribor to the public. It includes important company data.

- **Facebook in Twitter** – network users and journalists were acquainted with current news on the social media. We also announced major failures on Facebook. During the February ice storm both journalists and our network users could often times find information on recoveries from failures on Facebook. We also used this channel for questions about the recovery from failures and for reporting on network status.

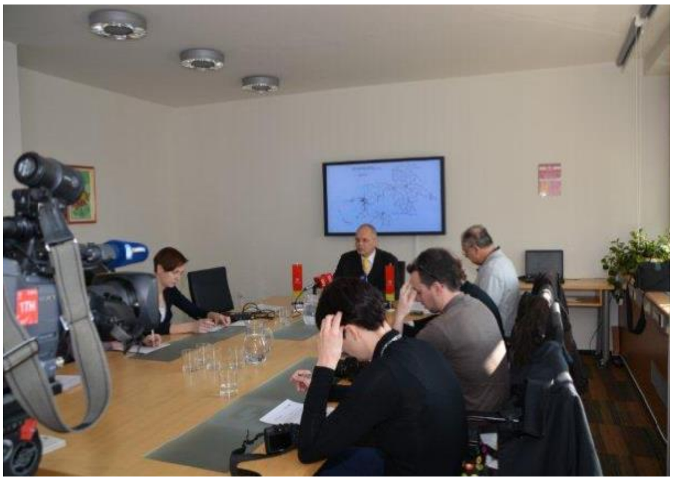
- **Website** – public information, information and current events on the company are always available at the company's website: **www.elektro-maribor.si**.

- **Responses to media and statements** – we responded correctly to media questions and on many occasions forwarded journalists also to additional or other sources for information. Answers were mostly written. With regard to the characteristics of the media, we also issued audio or video statements.

- **Press conferences** - we announced key plans and activities.

- **Cooperation on shows** – on more extensive topics we participated in talk or contact shows.

Press conference on the recovery from the ice storm disaster, March 2014



16.4 Relations with network users

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

In line with requirements of network users and applicable legislation, we carried out the following activities:
- forwarded information on failures, interruptions and planned works on network;
- recorded and registered failures on metering devices;
- provided information on the quality of supplied electricity;
- gave advice on efficient electricity use;
- provided information regarding the connections of users;
- registered metering data;
- gave explanations of billing data;
- received and redirected calls at the relay station (02) 220 00 00.

We introduced a more capable automatic telephone responder for the blue number 080 2105 with the capacity of 100 calls. When the responder is activated we provide 10 times greater throughput of our call centre.

In August 2014, we successfully turned another milestone in communication with network clients, when the new call centre began to operate. Because of the changes in the switchboard, we also had to replace the equipment in the call centre. Because of this replacement we created a new CRM application, which was developed and implemented for the first time by us, in our Information Department.

The advantages of the new product:

- in-house development and greater possibility for upgrades, realisation of new ideas, faster response time,
- lower costs than if an outside provider were to continue programming the application,
- advanced technologies used (also maps to display facilities were included),
- the new application enables submitting failures through text messages (greater safety of installers and participants in traffic),
- better management of responders,
- more reliable operation.

We provide 24-hour service at the toll-free blue phone number for reporting failures and interruptions – 080 21 05. In 2014, we recorded 59,750 calls, where the service level indicator amounted to 64%, which means that 64% callers reached the operator in under one minute. The number of calls is rather inconstant, depending on weather conditions and failures resulting from urgent maintenance works.
From 1 February 2014 to 11 February 2014 we recorded an increased number of calls because of failures on the network because of ice damage and we also communicated intensely with the users on the Facebook social network.

Period	Calls	Responded	Information obtained on the responder
1. 2. 2014–11. 2. 2014	18,653	7,437	11,216

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 18,714 calls recorded in 2014, where the service level indicator was 83%, which means that 83% of callers reached the operator in under one minute.

According to legislative requirements we notified consumers on planned interruptions of supply also on the website www.elektro-maribor.si. There is an online application available for network users to subscribe to notifications on planned power supply interruptions (text message, email). The current number of subscribers to text message notifications: 587 metering points. The current number of subscribers to e-mail notifications: 1,856 metering points. We also notified users on shut downs because of necessary maintenance works on radio stations (Radio Maxi, Radio Rogla, Radio Brezje and Radio Ptuj).

Relations with network users

Type of contact	2012	2013	2014
Number of total call to 080 21 05 – for reporting failures and interruptions	58,609	40,687	59,750
Number of total calls to 080 21 01 – general information	19,388	19,976	18,714
Number of subscribers to SMS notifications		400	587
Number of subscribers to e-mail notifications:		638	1,856

17 ENVIRONMENTAL PROTECTION

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

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

In achieving the set objectives in the area of environmental protection, cooperation or involvement of all employees, who with their work contribute to the reduction of environmental effects, both inside and indirectly also outside the company, is of crucial importance.

Here, the most important part is recognising environmental influences caused by the company. Through various activities we are trying to reduce the harmful influences to a lower level. Separate collection of waste and appropriate treatment before submitting to 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.

The influences we cause are also included in the production of the company's carbon footprint. 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	2012	2013	2014
Fuel	l	583,990	533,359	599,830
Electricity	kWh	3,196,791	3,257,914	2,900,460
Heating oil	l	16,843	1,689	1,842
Natural gas	m3	175,045	146,082	97,025
Remote heating	kWh	713,794	730,797	825,918

In energy product consumption in 2014, we must note the network recovery after the ice damage in February 2014, which shows in greater fuel consumption (12.5%). A larger number of machines of heavy construction equipment and cargo vehicles, which resulted in a greater number of driven kilometres and performed work hours of equipment than in the past. The other energy product values mostly depend on winter temperatures.

17.1 Carbon footprint (GRI EN7*)

The company continued with the carbon footprint calculation also in 2014. The carbon footprint included the following 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 purchase of materials and fuels, company transports with vehicles that are not owned by the company, etc.

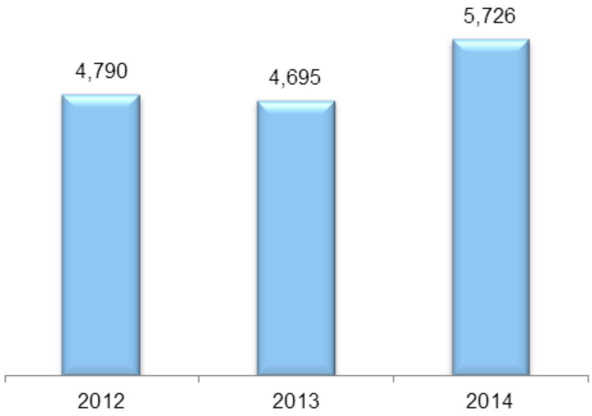
The calculation includes indirect emissions due to paper use, employee commutes and business travels with transport means not owned by the company.

Carbon footprint 2011–2013 (kg CO_2/employee)

	2012	2013	2014
Transport	2,687	2,688	2,855
Electricity	1,373	1,392	2,363
Heating	701	588	482
Paper	29	27	26
Total	**4,790**	**4,695**	**5,726**

* Reporting according to the guidelines GRI G3.1.

Carbon footprint (kg CO_2/employee)



The greater amount of CO_2 emissions per employee is a result of the increased conversion factor of carbon dioxide emission of supplied electricity despite lower used amounts and an increase in the number of transports for elimination of consequences from the ice damage in February.

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

The company encounters different types of waste in its line of work. For the most part this is waste resulting from maintenance of the distribution network (construction waste, various metals, conduits and cables, wood, packaging, meters). We separate waste and hand it over to waste managers, who are have been authorised since 2013 to manage the record sheets of collected waste in the system IS waste.

Weight of waste (in kg)

	2012	2013	2014
Hazardous waste	9,142	11,013	4,834
Polluted water	104,100	0	43,500
Packaging	13,301	22,300	19,381
Paper, cardboard	19,961	35,264	28,217
Construction waste	39,211	921,421	2,242,950
Municipal waste	100,343	107,012	62,374
Non-ferrous metals	9,692	11,915	24,657
Other metals	122,511	128,984	125,664
Electrical waste and electronic equipment	15,338	62,590	16,905
Other	316,242	81,508	140,045
Total	**749,841**	**1,382,007**	**2,708,527**

The RS in 2013 established the system of electronic records of collected waste through the application “IS waste”, which fully came to life in 2014 and there are notable differences in amounts of collected construction waste. In 2014, the amounts from maintenance of the distribution network and investments are total, in 2013 only partial and in 2012 only from maintenance of the distribution network.

* Reporting according to the guidelines GRI G3.1.

18 QUALITY SYSTEM

Quality systems are subject to constant improvements and development, where we strive to modernise and preserve their growth as well as already established activities. Upgrading or improving activities in quality system management increases our competitive position and raises the level compared to other companies in the branch.

Quality in business operation is provided by following the quality standard ISO 9001. The standard requirements also interfere with client relations or satisfying their expectations and needs. In 2015, we expect a new version of the standard focused to new activities in the area, mostly regarding risk control, which we will manage with the help of appropriate software.

The company has shown its environmental stance with the ten-year revalidation of the certificate according to the requirements of the ISO 14001 standard. Like any management system this too is subjected to certain changes, which in 2015 will reflect in the new standard, which will have an indirect effect also on the company operation in the environmental area.

The area of health and safety at work is basically covered with legislative and executive acts. By introducing the OHSAS 18001 standard we managed the operation also systematically. In the future in this area we will also face a new standard version.

In the desire to achieve quality in our basic activity we already in 2006 established the operation of the Metering laboratory according to the requirements of SIST EN ISO 17020. Control over the requirements of the standard is performed by Slovenian accreditation. In 2014, we were the first in Slovenia to upgrade the operation of the metering laboratory and certified it by introducing a mobile unit to perform certification of meters on locations.

Management of the information protection was in 2013 upgraded by introducing the ISO 27001 standard – information protection. Successful operation in the area will have to be upgraded in 2015, because like with other standards a new standard version is on the horizon.

The basic activities in terms of quality are managed according to previously mentioned standards. Because these are areas greatly relating to the basic activity, we approached providing greater level of employee satisfaction. We introduced the Family Friendly Company Certificate, where we try to connect the requirements of the work process with requirements of the outside environment towards the employees. Different measures in the past years enabled us to reach the full certificate in 2014.

All activities in the area of quality were regularly performed, upgraded and examined. Still, we wish to strengthen our operation. This is why in the past two years we performed the self-evaluation according to the business excellence model – EFQM. Self-evaluations produced measures and certain guidelines to strengthen our competitive position. We will perform comparability with other companies in 2015 by applying at the call for the Business Excellence of Republic of Slovenia, which will be the standard for future operation.

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

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 2014, 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 2014 and the income statement and cash flows for the year then ended, in accordance with Slovenian accounting standards.

Report on the requirements stipulated by other legislation

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

The company Elektro Maribor d.d. Maribor has, in the preparation of financial statements, respected separate accounting for the distribution, and service and commercial activities and prepared Annual Report for the year 2014 in accordance with Article 109 of the Energy Act (EA-1).

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, 24 April 2015

2 MANAGEMENT BOARD'S STATEMENT OF RESPONSIBILITY

The Management Board of Elektro Maribor d.d. endorses the financial statements presented in this Annual Report, as well as all other integral parts of this Annual Report for the financial year 2014.

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

The Management Board hereby declares that:

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

Maribor, 24 April 2015

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 (CA-1), the requirements of the Energy Act, and the legislation on taxes and finance.

Management Board's statement of responsibility

The Management Board approved and adopted the financial statements and notes, as well as the accounting policies to the financial statements and the presented the Annual Report for 2014 on 30 March 2015.

Functional currency

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

Changes in accounting policies

There were no changes in accounting policies in 2014.

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 2014, 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 2014 and do not require additional disclosures in the financial report.

As at the completion of financial statements, the final settlement for the regulatory year 2014 that will be based on the audited data for 2014 was not available; therefore the preliminary settlement amount for the regulatory year 2014 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 34,134. The estimate of the preliminary settlement for the regulatory year 2014 has been taken into account, and it shows deficit of received assets over the recognised contractual values of lease and services in the amount of EUR 83,498.

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

Relations with affiliated companies

Elektro Maribor d.d. holds long-term financial investments with over 20% 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 2014

	Equity	Total assets	Net profit or loss	Total revenue
Energija plus d.o.o., Vetrinjska ul. 2, Maribor	17,631,768	37,372,081	1,652,618	102,553,324
OVEN Elektro Maribor d.o.o., Vetrinjska ul. 2, Maribor	4,655,301	4,833,108	553,940	1,642,556
Moja energija d.o.o., Jadranska cesta 28, Maribor	4,081,967	5,877,501	1,216,006	6,677,121
Eldom d.o.o., Obrežna ulica 170, Maribor	256,301	431,265	47,125	824,615
Informatika d.d., Vetrinjska ulica 2, Maribor	1,792,145	4,078,767	137,276	11,503,354

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

4 RELEVANT ACCOUNTING POLICIES

Intangible assets

Intangible assets are stated at cost less the accumulated amortisation.

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

Long-term property rights are amortised individually using the straight line amortisation method. The amortisation begins as soon as they are made available for use. Items of long-term property rights 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 for which the period until their availability for use is longer than one year and the amounts of which are significant, is increased by interest on loans raised in order to bring such items of property, plant and equipment to the condition necessary for their availability for use. The significance is determined in the Rules on Accounting.

The company 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 life spans 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. 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 2014.

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 2014.

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 with other distribution companies in Slovenia. Items of property, plant and equipment are depreciated individually using the straight-line depreciation method.

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

Company independently determines useful life periods for individual tangible assets. The company defines useful lives of individual fixed assets as follows:

	2014	2013
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, TS on wooden pole	33 years	33 years
STS and secondary SS equipment	15 years	15 years
STS, SS and primary DCS equipment	30 years	30 years
Energy transformer HV/MV	35 years	35 years
Energy transformer MV/LV	30 years	30 years
Measuring and control devices (meters)	5-24 years	5-24 years
Motor vehicles	7-12 years	7-12 years
Computer equipment	3 years	3 years
Intangible assets (application software)	3 years	3 years
Servitude	1-100 years	1-100 years

Financial investments

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

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

In financial statements, non-current financial investments in dependent companies are stated at cost.

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

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

Inventories

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

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

Inventories of material are 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 receivables that are believed to be uncollectible by their due date should be recorded as doubtful receivables or as disputable receivables.

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

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

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

Cash and cash equivalents

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

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

Short-term accrued revenue and deferred expenses

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

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

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

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.

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

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.

Provisions for long-term accrued costs 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 provisions of IAS 19 and IAS 26, and performed at the end of each financial year when the company adjusts the value and balance of provisions. The most important assumptions used in the actuarial calculation are:

- mortality probability (SLO2002x, SLO2002y);
- retirement in accordance with the model based on Pension and Disability Insurance Act (PDIA-2A; the Official Gazette of the Republic of Slovenia, No. 39/2013);
- employee turnover:
  - 4.0% in the interval to 35 years;
  - 3.0% in the interval from 36 to 45 years;
  - 2.0% in the interval to 46 years;
- nominal long-term interest rate 3.55%;
- 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. 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 accrued revenues and deferred expenses from deferred revenue for fixed assets acquired free of charge and from contributions for co-financing, which are intended to cover for depreciation of such assets.

Liabilities

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

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

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

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

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

Off-balance sheet records

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

Recognition of revenue

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 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.

Financial 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 revaluated financial income.

This income is recognised at settlement, regardless of the receipts, if there is no reasonable doubt as regards its size, maturity and reliability. 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, financial 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.

Financial 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 company includes the following items in labour costs:
- salaries and wages,
- salary and wage compensations,
- additional pension insurance cost,
- contributions and other taxes,
- other costs such as: 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 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 2015.

Taxes

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

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

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

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

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

Cash flow statement

The cash flow statement has been prepared 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 company is in accordance with the Energy Act-1 bound to report by activities (segments). Two activities are defined for that purpose:
- the contract with SODO which sets forth the tasks performed by the company in accordance with the Contract on the lease of the electricity distribution infrastructure and provision of services for SODO, and
- the services which include other market activities performed by the company.

5 FINANCIAL STATEMENTS OF THE ELEKTRO MARIBOR COMPANY

Balance sheet

in EUR		Note	31 Dec 2014	31 Dec 2013
A.	**Long-term assets (I–VI)**		**308,598,435**	**303,286,398**
I.	**Intangible assets and long-term deferred expenses and accrued revenues (1 to 6)**	**1**	**1,787,308**	**1,757,571**
	1. Long-term property rights		1,787,308	1,757,571
II.	**Property, plant and equipment (1 to 6)**	**2**	**287,950,664**	**282,712,665**
	1. Land and buildings (a + b)		213,221,305	209,072,456
	a. Land		7,686,245	7,642,980
	b. Buildings		205,535,060	201,429,477
	2. Production equipment and machinery		68,942,634	67,970,844
	4. Property, plant and equipment under acquisition (a + b)		5,786,725	5,669,365
	a. Property, plant and equipment under construction		5,769,500	5,654,560
	b. Advance payments for acquisition of property, plant and equipment		17,225	14,805
III.	**Investment property**	**3**	**667,927**	**679,713**
IV.	**Non-current financial investments (1 to 2)**	**4**	**17,679,733**	**17,679,733**
	1. Non-current financial investments excluding loans (a to č)		17,679,733	17,679,733
	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	487,907
	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**	**98,042**	**19,245**
	3. Long-term operating receivables due from others		98,042	19,245
VI.	**Deferred tax assets**	**6**	**414,761**	**437,470**
B.	**Current assets (I - V)**		**24,052,879**	**23,853,544**
II.	**Inventories (1 to 4)**	**7**	**1,666,368**	**1,617,534**
	1. Material		1,666,368	1,617,534
IV.	**Current operating receivables (1 to 3)**	**8**	**10,254,829**	**9,669,301**
	1. Current operating receivables due from companies in the Group		68,887	56,445
	2. Current operating receivables due from buyers		9,030,687	8,430,079
	3. Current operating receivables due from others		1,155,255	1,182,777
V.	**Cash and cash equivalents**	**9**	**12,131,682**	**12,566,709**
C.	**Short-term accrued revenues and deferred expenses**	**10**	**4,783**	**122,572**
	ASSETS (A + B + C)		**332,656,097**	**327,262,514**
	Off-balance sheet assets		47,397,147	48,748,196

in EUR		Note	31 Dec 2014	31 Dec 2013
A.	**Equity**	**11**	**246,910,062**	**240,649,237**
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)**		**27,484,800**	**21,833,863**
	1. Legal reserves		2,635,976	2,174,031
	5. Other revenue reserves		24,848,824	19,659,833
IV.	**Revaluation surplus**		**-6,505**	**105,184**
V.	**Retained net profit or loss**		**148,193**	**290,663**
	1. Retained net profit from previous years		148,193	290,663
VI.	**Net profit or loss for the financial year**		**4,388,478**	**3,524,430**
	1. Undistributed profit for the financial year		4,388,478	3,524,430
B.	**Provisions and long-term accrued expenses and deferred revenue (1 to 3)**	**12**	**35,451,589**	**35,289,595**
	1. Provisions for retirement benefits and similar liabilities		4,266,044	4,026,802
	2. Other provisions		674,156	950,590
	3. Long-term accrued expenses and deferred revenue		30,511,389	30,312,203
C.	**Non-current liabilities (I to III)**	**13**	**28,857,235**	**29,718,509**
I.	**Long-term financial liabilities (1 to 4)**		**28,700,000**	**29,707,143**
	2. Long-term financial liabilities to banks and companies		28,700,000	29,707,143
II.	**Long-term operating liabilities**		**157,235**	**11,366**
	2. Long-term operating liabilities to suppliers		157,235	11,366
Č.	**Current liabilities (I to III)**	**14**	**19,911,095**	**20,053,941**
II.	**Current financial liabilities (1 to 4)**		**7,539,478**	**7,798,676**
	2. Current financial liabilities to banks and companies		7,507,143	7,773,809
	4. Other current financial liabilities		32,335	24,866
III.	**Current operating liabilities (1 to 8)**		**12,371,617**	**12,255,265**
	1. Current operating liabilities to companies of Group		103,444	721,600
	2. Current operating liabilities to suppliers		4,931,328	4,627,856
	4. Current liabilities from operations for third party accounts		2,914,096	3,050,096
	5. Current liabilities to employees		3,108,826	2,560,853
	6. Current liabilities to state and other institutions		750,905	838,801
	7. Current operating liabilities based on advances		327,265	226,651
	8. Other current operating liabilities		235,753	229,407
D.	**Short-term accrued expenses and deferred revenue**	**15**	**1,526,115**	**1,551,233**
	LIABILITIES (A to D)		**332,656,097**	**327,262,514**
	Off-balance-sheet liabilities	16	47,397,147	48,748,196

Income statement

in EUR		Note	I–XII 2014	I–XII 2013
1	**Net sales revenue (a + b)**	**17**	**60,518,030**	**61,306,370**
	a. Domestic market		60,518,030	61,306,370
3.	**Capitalised own products and services**	**18**	**16,853,531**	**14,444,029**
4.	**Other operating revenues (including revaluated operating revenues)**	**19**	**3,180,373**	**2,241,792**
5.	**Cost of goods, material and services (a + b)**	**20**	**22,444,169**	**23,588,357**
	a. Cost of goods sold and costs of material used		15,687,915	17,178,846
	b. Cost of services		6,756,255	6,409,511
6.	**Labour cost (a + b + c + d)**	**21**	**27,310,610**	**25,316,989**
	a. Costs of wages and salaries		19,921,516	18,379,757
	b. Cost of additional pension insurance for employees		938,733	881,978
	c. Employer contributions and other salary duties		3,183,851	2,967,808
	d. Other labour costs		3,266,510	3,087,446
7.	**Write-offs (a + b + c)**	**22**	**19,410,720**	**19,444,959**
	a. Amortisation and depreciation		18,393,566	18,690,459
	b. Revaluation operating expenses for intangible assets and property, plant and equipment		618,052	21,486
	c. Revaluation operating expenses for current assets		399,102	733,013
8.	**Other operating expenses**	**23**	**493,771**	**1,444,210**
9.	**Financial revenues from shareholdings**	**24**	**400,000**	**400,000**
	a) Financial income from shareholdings in companies of the Group		400,000	400,000
10.	**Financial income from loans granted (a+b)**	**25**	**73,569**	**99,504**
	a. Financial income from loans granted to companies of the Group		0	615
	b. Financial revenues from loans granted to others		73,569	98,889
11.	**Financial income from operating receivables (a + b)**	**26**	**105,024**	**77,692**
	b. Financial income from operating receivables due from others		105,024	77,692
12	**Financial expenses from write-offs and impairments of financial investments**		**0**	**184,870**
13.	**Financial expenses from financial liabilities (a + b + c + č)**	**27**	**759,654**	**775,750**
	b. Financial expenses from borrowings		759,245	769,688
	č. Financial expenses from other financial liabilities		409	6,062
14.	**Financial expenses from operating liabilities (a + b + c)**	**28**	**158,097**	**23,065**
	b. Financial expenses from liabilities to suppliers and liabilities pertaining to bills of exchange		2,077	23,065
	c. Financial expenses from other operating liabilities		156,019	0
15.	**Other revenues**	**29**	**30,674**	**57,644**
16.	**Other expenses**	**30**	**73,390**	**99,975**
17.	**Income tax**		**1,249,180**	**766,473**
18.	**Deferred taxes**		**-22,709**	**437,470**
19.	**NET PROFIT/LOSS FOR THE PERIOD**	**31**		
	(1 ± 2 +3 + 4 - 5 - 6 - 7 - 8 + 9 + 10 + 11 - 12 - 13 - 14 + 15 - 16 - 17 +18)		**9,238,901**	**7,419,853**

Statement of comprehensive income

in EUR		Note	I–XII 2014	I–XII 2013
19	Net profit/loss for the period		9,238,901	7,419,853
23.	Other items of comprehensive income		-111,689	0
24.	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (19 + 20 + 21 + 22 + 23)**		**9,127,212**	**7,419,853**

Cash flow statement

in EUR	Note	I–XII 2014	I–XII 2013
A. Cash flows from operating activities			
a) Cash receipts from operating activities	***32***	***105,758,933***	***107,950,761***
aa) Cash receipts from sales of products and services		103,327,940	105,674,315
ab) Other cash receipts from operating activities		2,430,993	2,276,446
b) Cash disbursements from operating activities	***33***	***-94,823,627***	***-92,771,155***
ba) Cash disbursements from the purchase of material and services		-60,119,533	-60,003,946
bb) Cash disbursements from salaries and employees' participation in profit		-15,547,988	-14,652,643
bc) Cash disbursements from taxes		-17,225,392	-15,718,907
bd) Other cash disbursements from operating activities		-1,930,714	-2,395,659
c) Net cash used in operating activities (a + b)		***10,935,306***	***15,179,606***
B. Cash flows from investing activities			
a) Cash receipts from investing activities	***34***	***520,726***	***7,260,697***
aa) Cash receipts from interest and participation in profit, relating to investment activities		475,236	495,129
ac) Cash receipts from disposal of property, plant and equipment		45,490	65,568
ad) Cash receipts from disposal of current financial investments		0	6,700,000
b) Cash disbursements from investing activities	***35***	***-6,864,706***	***-15,750,600***
ba) Cash disbursements from acquisition of intangible assets		-671,273	-528,124
bb) Cash disbursements from acquisition of property, plant and equipment		-6,193,433	-8,522,476
bd) Cash disbursements from acquisition of current financial investments		0	-6,700,000
c) Net cash used in investing activities (a + b)		***-6,343,980***	***-8,489,903***
C. Cash flows from financing activities			
a) Cash receipts from financing activities	***36***	***6,500,000***	***7,000,000***
ab) Cash receipts from increase of long-term financial liabilities		6,500,000	7,000,000
b) Cash disbursements from financing activities	***37***	***-11,526,354***	***-12,605,012***
ba) Cash disbursements from interest paid on financing		-755,057	-775,083
bc) Cash disbursements from repayment of non-current financial liabilities		-7,773,810	-8,830,476
be) Cash disbursements from dividends and other participation in profit		-2,997,487	-2,999,453
c) Surplus of cash receipts in financing or net cash used in financing (a + b)		***-5,026,354***	***-5,605,012***
Č. Closing balance of cash and cash equivalents		**12,131,682**	**12,566,709**
x) Cash flow result for the period (sum of net cash Ac, Bc and Cc)		**-435,027**	**1,084,691**
+			
y) Opening balance of cash and cash equivalents		**12,566,709**	**11,482,018**

Statement of changes in equity

	Statement of changes in equity for 2014	Called-up capital	Revenue reserves				Retained net profit or loss	Net profit or loss for the period	Total
	(in EUR)	Share capital I/1	Share premium II	Legal reserves III/1	Other revenue reserves III/5	Revaluation Revaluation IV	Retained net profit V/1	Net profit VI/1	
A.1.	**Closing balance as at the end of the previous reporting period**	**139,773,510**	**75,121,586**	**2,174,031**	**19,659,833**	**105,184**	**290,663**	**3,524,430**	**240,649,237**
b.	Retroactive adjustment						148,193		148,193
A.2	**Opening balance of the reporting period**	**139,773,510**	**75,121,586**	**2,174,031**	**19,659,833**	**105,184**	**3,963,286**		**240,797,429**
B.1	**Changes in equity - transactions with shareholders**						**-3,014,579**		-3,014,579
g.	Payment of dividend						-3,014,579		-3,014,579
B.2	**Total comprehensive income for the reporting period**					**-111,689**		**9,238,901**	**9,127,212**
a.	Entry of net profit or loss for the period							9,238,901	9,238,901
d.	Other items of comprehensive income					-111,689			-111,689
B.3	**Changes in equity**			**461,945**	**5,188,991**	**0**	**-800,514**	**-4,850,423**	**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			461,945	4,388,478			-4,850,423	0
c.	Allocation of a part of the net profit for the formation of additional reserves pursuant to the resolution of the General Meeting				800,514		-800,514		0
C.	**Closing balance for the reporting period**	**139,773,510**	**75,121,586**	**2,635,976**	**24,848,824**	**-6,505**	**148,193**	**4,388,478**	**246,910,062**

	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
	(in EUR)	Share capital I/1	Share premium II	Legal reserves III/1	Other revenue reserves III/5	Revaluation Revaluation IV	Retained net profit V/1	Net profit 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**

6 NOTES AND DISCLOSURES TO CONSOLIDATED 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.

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

Changes in intangible assets

in EUR	Intangible assets	Investments in progress	Total
Cost			
As at 1 Jan 2014	7,137,930	0	7,137,930
Increase	669,680	0	669,680
- New acquisitions	0	669,680	669,680
- Activation	669,680	-669,680	0
Disposals	-484,614	0	-484,614
As at 31 Dec 2014	7,322,996	0	7,322,996
Write-offs			
As at 1 Jan 2014	5,380,358	0	5,380,358
Disposals	-484,613		-484,613
Depreciation	639,944		639,944
As at 31 Dec 2014	5,535,689	0	5,535,689
Carrying amount			
As at 1 Jan 2014	1,757,571	0	1,757,571
As at 31 Dec 2014	1,787,307	0	1,787,307

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

Property, plant and equipment

Note 2

Changes in property, plant and equipment in 2014

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

Changes in property, plant and equipment in 2013

in EUR	Land	Buildings	Equipment	Investments in progress	Advance payments made	Total property, plant and equipment
Cost						
As at 1 Jan 2014	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				0
As at 31 Dec 2014	7,642,980	669,107,638	163,542,353	5,654,560	14,805	845,962,336
Write-offs						
As at 1 Jan 2014		457,026,392	92,406,194			549,432,586
Disposals		-1,512,310	-2,738,544			-4,250,854
Amortisation		12,164,080	5,903,859			18,067,939
As at 31 Dec 2014		467,678,162	95,571,509			563,249,671
Carrying amount						
As at 1 Jan 2014	7,628,369	201,244,460	66,427,858	4,399,377	6,763	279,706,828
As at 31 Dec 2014	7,642,980	201,429,476	67,970,844	5,654,560	14,805	282,712,665

Major acquisitions of items of property, plant and equipment in 2014 refer particularly to:

in EUR	2014	2013
LV power lines	8,993,842	5,542,173
Metering equipment and instruments	1,839,709	3,404,789
TS MV/HV	1,361,825	2,022,588
MV power lines (connecting)	3,859,869	1,851,693
STS HV/MV new	562,112	1,248,178
MV power lines (connecting)	739,262	1,144,970

Major decrease in property, plant and equipment refers to buildings in the amount of EUR 7,158,067 and equipment in the amount of EUR 4,475,201.

The items of property, plant and equipment not yet available for use totalled at EUR 5,769,500.

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

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

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

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

	31 Dec 2014	31 Dec 2013
Buildings - in %	70	69
Equipment - in %	58	58

Elektro Maribor d.d., as the owner of the electricity infrastructure, signed the Annex No. 3 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 2014, which stipulates the amount of lease and services that Elektro Maribor performs for SODO, and the amount of assets for covering losses in the Elektro Maribor distribution network.

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 rent for the financial year 2014 amounts to EUR 26,878,747.

The carrying amount of the leased electricity distribution infrastructure as at 31 Dec 2014 amounts to EUR 259,816,006.

Changes in electricity distribution infrastructure in 2014

in EUR	Intangible fixed assets	Land	Buildings	Equipment	Total property, plant and equipment
Cost					
As at 1 Jan 2014	899,373	4,839,908	642,986,842	139,585,528	788,311,652
Transfers					
As at 1 Jan 2014	**899,373**	**4,839,908**	**642,986,842**	**139,585,528**	**788,311,652**
Increases, of which:	40,182	44,934	16,413,342	5,412,017	21,910,475
- Activation	40,182	44,934	16,413,342	5,412,017	21,910,475
Disposals		-2,688	-7,988,920	-2,885,825	-10,877,433
As at 31 Dec 2014	**939,556**	**4,882,154**	**651,411,264**	**142,111,720**	**799,344,694**
Write-offs					
As at 1 Jan 2014	1,367	0	456,397,675	77,158,847	533,557,888
Transfers					
As at 1 Jan 2014	**1,367**	**0**	**456,397,675**	**77,158,847**	**533,557,888**
Decreases			7,158,067	2,869,417	10,027,484
Amortisation/depreciation	**9,110**	**0**	11,384,160	4,605,014	15,998,284
As at 31 Dec 2014	**10,477**	**0**	**460,623,768**	**78,894,443**	**539,528,688**
Carrying amount					
As at 1 Jan 2014	898,007	4,839,908	186,589,168	62,426,682	254,753,764
As at 31 Dec 2014	**929,079**	**4,882,154**	**190,787,496**	**63,217,277**	**259,816,006**

Investment property

Note 3

The Management Board of the company has actively monitored the events on the market. It has estimated that there was no objective evidence on factors that would point to the need for the impairment of investment property in 2014.

in EUR	31 Dec 2014
Cost	
As at 1 Jan 2014	1,433,691
Increase	13,111
As at 31 Dec 2014	1,446,802
Write-offs	
As at 1 Jan 2014	753,977
Amortisation/depreciation	24,897
As at 31 Dec 2014	778,874
Carrying amount	
As at 1 Jan 2014	679,713
As at 31 Dec 2014	667,928

in EUR	Value	Revenue	Expenses
Holiday capacities	657,148	108,315	124,233
Apartments	10,779	8,464	3,827
Total	**667,927**	**116,779**	**128,060**

Long-term financial investments

Note 4

in EUR	As at 31 Dec 2014	As at 31 Dec 2013
Investments in shareholdings in companies of the Group:	16,983,478	16,983,478
- Energija plus d.o.o.	15,291,511	15,291,511
- Oven d.o.o.	1,691,967	1,691,967
Investments in shareholdings and shares of associated companies:	487,907	487,907
- Informatika d.d.	437,530	437,530
- Eldom d.o.o.	50,376	50,376
- Moja energija d.o.o.	0	0
Other long-term investments shareholdings	56,594	56,594
Other non-current financial investments	151,754	151,754
Total	**17,679,733**	**17,679,733**

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

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

Long-term operating receivables

Note 5

Long-term operating receivables due from buyers show receivables from the balance account of the regulatory framework for 2014 in the amount of EUR 72,256. The part, which falls due in the current financial year, is transferred to short-term receivables.

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

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

Deferred tax assets

Note 6

In 2014, the company recognised a decrease in deferred tax assets for temporary deductible tax differences from the past and current provisions and use, and from the formation of provisions for jubilee awards and retirement benefits.

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

In 2014, the company reduced such deferred receivables for taxes by EUR 22,709. For the same amount the net profit of the company lowered in 2014. The balance of deferred receivables for taxes as at 31 Dec 2014 amounted to EUR 414,761.

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.

in EUR	31 Dec 2014	31 Dec 2013
Raw materials and material	1,575,782	1,533,355
Fuel and lubricants	12,563	15,298
Office material	12,017	11,789
Small tools and packaging	66,006	57,092
Total	**1,666,368**	**1,617,534**

As at 31 12 2014 the company showed inventories valued at EUR 79.553; there were no changes in the period from 1 Jan 2012 to 31 Dec 2014, i.e. the inventory is determined as current reserve inventory. The management of the company estimates that the net realisable value was lower, thus the company made a value adjustment of the inventory with no changes in 2014 in the amount of EUR 5,174.

in EUR	31 Dec 2014	31 Dec 2013
Gross value of inventory	1,706,144	1,652,136
Value adjustments	39,776	34,602
Net value of inventory	1,666,368	1,617,534

During the regular annual inventorying, the company found no deficit nor surplus. EUR 4,461 in material was written off in 2014 due to damage, destruction and obsolescence. The same amount was recognised in the company's expenses.

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

Current operating receivables

Note 8

in EUR	31 Dec 2014	31 Dec 2013
Current operating receivables due from Group companies, of which:	68,887	56,445
- receivables due from Energija plus d.o.o.	67,991	55,528
- receivables due from Oven Elektro Maribor d.o.o.	896	917
Current accounts receivable for network use	3,358,944	3,470,564
Current accounts receivable for services	5,588,296	4,905,720
Current operating receivables for interest	13,109	15,386
Current operating receivables from operations for third party account	661,699	748,911
Other current receivables	563,893	472,275
Total	**10,254,829**	**9,669,301**

Current accounts receivables for services are higher compared to the previous business year, primarily due to more 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 in 2014 for disputable and doubtful receivables and for receivables that were more than 90 days in arrears, in accordance with the rules.

in EUR	31 Dec 2014	31 Dec 2013
Gross receivables	12,474,532	11,629,816
Value adjustment	2,219,703	1,960,515
Net receivables	10,254,829	9,669,301

in EUR	As at 1 Jan 2014	Decrease	Increase	As at 31 Dec 2014
Value adjustments of current operating receivables:				
- Decrease in value adjustments due to payments		65,860		
- Decrease in value adjustments due to write-offs		64,418		
Total	**1,960,515**	**130,278**	**389,466**	**2,219,703**

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 Dec 2014 stood at EUR 5,142,023 for lease and services and EUR 661,699 for other receivables deriving from other operating activities for SODO d.o.o.

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

As at the end of 2014, the company had no receivables due from the Management Board or the members of the Supervisory Board.

Breakdown of current operating receivables by maturity

in EUR	31 Dec 2014	Structure in %	31 Dec 2013	Structure in %	31 Dec 2012	Structure in %
Non-mature receivables	9,622,196	93.83	8,878,145	91.82	11,306,138	91.74
Past due up to 30 days	443,445	4.32	665,577	6.88	627,764	5.09
Past due from 31 to 60 days	29,871	0.29	5,666	0.06	319,506	2.59
Past due from 61 to 90 days	31,672	0.31	48,022	0.5	44,512	0.36
Past due over 90 days	127,646	1.24	71,891	0.74	26,647	0.22
Total	**10,254,829**	**100**	**9,669,301**	**100**	**12,324,567**	**100**

Cash and cash equivalents

Note 9

in EUR	31 Dec 2014	31 Dec 2013
Cash at accounts	574,930	3,196
Call deposits	11,556,752	12,563,513
Total	**12,131,682**	**12,566,709**

Short-term accrued revenues and deferred expenses

Note 10

in EUR	31 Dec 2014	31 Dec 2013
Short-term deferred expenses from settlement of network loss and other	0	122,572
Short-term accrued revenue	4,783	0
Total	**4,783**	**122,572**

Equity

Note 11

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

in EUR	31 Dec 2014	31 Dec 2013
Share capital	139,773,510	139,773,510
Capital reserves	75,121,586	75,121,586
Legal reserves	2,635,976	2,174,031
Other revenue reserves	24,848,824	19,659,833
Revaluation surplus	-6,505	105,184
Retained earnings	148,193	290,663
Net profit for the year	4,388,478	3,524,430
Total	**246,910,062**	**240,649,237**

The company had as at 1 January 2014, through retained earnings adjustment, showed correction of overcharged tax on profit for the year 2013 in the amount of EUR 148,193.

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 9,238,901 in 2014. The Management Board had in accordance with the responsibilities defined in the Companies Act-1, used part of net profit in the amount of EUR 461,945 for legal reserves, and part in the amount of EUR 4,388,478 for the formation of other revenue reserves.

The net profit thus amounted to EUR 4,536,671; and is presented in the appendix to the statement of changes in equity and is subject to distribution at the General Meeting of shareholders in 2015.

As at 31 Dec 2014, the book value of one share totalled at EUR 7.37; the book value of 1 share totalled at EUR 7.18 as at 31 Dec 2013.

The net profit per share in 2014 amounted to EUR 0.28.

The prices of consumer goods for 2014 grew by 0.2%. Were the company to revaluate the equity using the growth rate of consumer prices for 2014, the net profit would total at EUR 8,760,683. The calculated effect is EUR -478,218.

in EUR	Opening balance of equity	Growth in %	Calculated effect	Increase/ decrease of equity during the year	Growth in %	Calculated effect	Net profit before calculation	Net profit after calculation	Calculated effect
EQUITY - all categories excluding current profit	240,649,237	0.2	481,298	-3,014,579	0.1022	-3,080	9,238,901	8,760,683	478,218

Provisions and long-term accrued expenses and deferred revenue

Note 12

in EUR	As at 31 Dec 2014	As at 31 Dec 2013
Provisions for service awards	1,557,222	1,579,686
Provisions for retirement benefits	2,708,823	2,447,117
Provisions for guarantees given	24,757	31,128
Provisions for long-term accrued expenses	649,398	919,461
Total	**4,940,200**	**4,977,392**

Provisions for service awards and severance pays 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 amount of provisions based on legal obligations totals at EUR 649,398 and is the best estimate of expenses, needed for their settlement. In making the best estimate, we observed risks and uncertainties which inevitably accompany the legal proceedings for which provisions were formed.

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

in EUR	As at 31 Dec 2013	Formation	Use	Derecognition	As at 31 Dec 2014
Provisions for service awards	1,579,686	319,931	205,759	136,637	1,557,222
Provisions for retirement benefits	2,447,117	314,023	52,318		2,708,823
Provisions for guarantees given	31,128	17,644		24,015	24,757
Provisions for long-term accrued expenses	919,461			270,063	649,398
Total	**4,977,392**	**651,599**	**258,076**	**430,715**	**4,940,200**

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 depreciation costs for the formed long-term accrued expenses and deferred revenue are those that match the actual depreciation rate of an individual fixed asset.

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

in EUR	As at 31 Dec 2013	Decrease	Increase	As at 31 Dec 2014
Long-term deferred revenue from house connections acquired free of charge	15,688,077	638,268	806,075	15,855,884
Long-term deferred revenue from fixed asset acquired free of charge	6,432,980	229,437	490,259	6,693,802
Long-term deferred revenue from average cost of connection	4,367,465	178,523	0	4,188,942
Long-term deferred revenue from co-financing	3,764,224	149,191	92,934	3,707,967
Long-term deferred revenue from contributions for disabled employees	0	138,764	138,764	0
Long-term deferred revenue from EU projects	59,458	0	5,337	64,795
Total	**30,312,203**	**1,334,183**	**1,533,370**	**30,511,389**

Long-term financial liabilities

Note 13

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

The company raised a long-term loan in the amount of EUR 6,500,000 in 2014; the loan is entirely intended to finance investments.

The maturity of loans is 5 to 10 years. Interest rate is between 1- to 6-month EURIBOR, with 1.6 to 2.5% profit margin.

All loans are secured with bills of exchange.

Principals in the amount of EUR 20,057,143 fall due within five years from the balance sheet date.

The company duly pays the matured instalments of the principal.

in EUR	31 Dec 2014	31 Dec 2013
Long-term financial liabilities to banks	36,207,143	37,480,952
Current part of long-term financial liabilities to banks	-7,507,143	-7,773,809
Total	**28,700,000**	**29,707,143**

Current liabilities

Note 14

Current financial liabilities stood at EUR 7,539,478 and included amounts of the short-term part of long-term borrowings in the amount of EUR 7,507,143 EUR, falling due within one year from the balancing date, and liabilities to shareholders regarding the distribution of profit in the amount of EUR 32,335.

Current operating liabilities totalled EUR 12,371,617, as follows:

in EUR	31 Dec 2014	31 Dec 2013
Current operating liabilities to companies in Group, of which:	103,444	721,600
- to Energija plus d.o.o.	103,444	721,600
Current operating liabilities to associated companies	341,864	395,012
Current operating liabilities to suppliers for fixed assets	2,711,041	2,505,808
Current operating liabilities to suppliers for current assets	1,878,425	1,727,037
Current operating liabilities to SODO d.o.o.	2,912,680	2,968,151
Other current liabilities from operations for third party account	1,415	81,945
Current operating liabilities to employees	3,108,827	2,560,853
Current operating liabilities to state and other institutions	750,905	838,801
Current operating liabilities based on advanced payments	327,265	226,651
Other current operating liabilities	235,753	229,407
Total	**12,371,617**	**12,255,265**

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.

in EUR	31 Dec 2014	31 Dec 2013
Accrued expenses for unused annual leave	983,240	915,105
Current accrued expenses for legal matters	422,294	336,697
Current deferred revenues for the RF balance - 2011	72,732	145,464
Current deferred revenues for the RF balance - 2013	0	153,967
Short-term deferred revenue from damages	47,850	0
Total	**1,526,115**	**1,551,233**

Changes in short-term accrued expenses and deferred revenue are shown in the table below:

in EUR	As at 31 Dec 2013	Formation	Use	Derecognition	As at 31 Dec 2014
Accrued expenses for unused annual leave	915,105	983,240	864,681	50,424	983,240
Current accrued expenses from litigations	336,697	85,597			422,294
Current deferred revenues for the RF balance - 2011	145,464		72,732		72,732
Current deferred revenues for the RF balance - 2013	153,967		153,967		0
Current deferred revenue from damages	0	999,998	952,148		47,850
Total	**1,551,233**	**2,068,835**	**2,043,528**	**50,424**	**1,526,115**

Registration of short-term deferred revenues from the balance account of the regulatory framework for 2011 base on the decision of Energy Agency.

Off-balance sheet assets/liabilities

Note 16

in EUR	31 Dec 2014	31 Dec 2013
Securities for insurance of payments - guarantees	259,306	222,166
Securities for insurance of payments - bills of exchange	36,207,143	37,480,953
Receivables for provided bank guarantees	3,849,755	3,969,449
Potential liabilities for damages	113,761	71,719
Small tools in use	1,584,193	1,426,573
Average cost of connection SODO d.o.o. transfer of assets 1 July to 31 Dec 2009	4,067,651	4,225,489
Average cost of connection SODO d.o.o. transfer of property, plant and equipment 1 Jan 2010	1,130,469	1,166,976
Assets for holiday capacities - Eldom d.o.o.	184,870	184,870
Total	**47,397,147**	**48,748,196**

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 2014.

in EUR	2014	2013
Operating revenues	80,551,933	77,992,191
Financial revenues	578,593	577,196
Other revenues	30,674	57,644
Total	**81,161,201**	**78,627,031**

Revenue generated in relation to companies in Group

in EUR	Energija plus d.o.o.	Oven d.o.o.
Revenues from the sale of services	202,914	378
Revenues from the rent of office buildings	89,256	9,084
Total	**292,170**	**9,462**

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

Appendix to the income statement

in EUR	2014	2013
Net sales revenue	60,518,030	61,306,370
Capitalised own products and services	16,853,531	14,444,029
Production costs of products and services sold	63,688,570	63,249,697
Gross sale profit	**13,682,991**	**12,500,702**
Selling costs	1,324,107	1,297,872
General and administrative expenses	4,646,595	5,246,946
- Normal general and administrative expenses	3,629,441	4,492,447
- Revaluation operating expenses pertaining to intangible fixed assets and property, plant and equipment	618,052	21,486
- Revaluation operating expenses for current assets	399,102	733,013
Other operating revenues	3,180,373	2,241,792
Profit or loss from operating activities	**10,892,662**	**8,197,676**

Net sales revenue

Note 17

in EUR	2014	2013
Sale of electricity for losses	6,308,527	7,234,228
Charged rents	27,367,451	29,416,822
- Sodo d.o.o. - Rent	26,878,747	29,016,261
- Other	488,704	400,561
Sodo d.o.o. services as per contract	23,742,982	21,995,417
Charged services	3,022,402	2,581,958
Sale of waste material	76,669	77,944
Total	**60,518,030**	**61,306,370**

Net sales revenues accounted for 75% of total operating revenues generated by the company. Net sales revenues include settlements for the regulatory periods 2011, 2012 and 2013, as follows:

in EUR	Revenues in 2014	Elimination of final balance 2013	Final balance 2013	Preliminary balance 2014	Accrued final settlement 2014	Total 2014
Rent	26,612,237	0	-84,664	385,308	-34,134	26,878,747
Services	23,897,794	153,967	-6,970	-301,810	0	23,742,982
Interest			-1,375			-1,375
Purchase for losses	6,308,527	0	0	0	0	6,308,527
Total	**56,818,558**	**153,967**	**-93,009**	**83,498**	**-34,134**	**56,928,880**

Capitalised own products and services

Note 18

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

in EUR	2014	2013
Capitalised products	16,481,564	14,071,116
Capitalised services	371,967	372,912
Total	**16,853,531**	**14,444,029**

Other operating revenues

Note 19

in EUR	2014	2013
Derecognition of provisions	481,139	114,431
Derecognition of accrued expenses and deferred revenue	1,334,184	1,322,774
Indemnifications received from the insurance company	1,166,242	532,524
Profit from sale of fixed assets	26,505	75,077
Recovered receivables from previous years	129,386	139,529
Other operating revenues	42,916	57,457
Total	**3,180,373**	**2,241,792**

In 2014, other operating income increased primarily due to damage compensation received from insurance companies because of the ice damage.

Cost of goods, material and services

Note 20

The cost of material in 2014 amounted to EUR 15,687,915.

in EUR	2014	2013
Cost of material, of which:	13,118,607	14,626,973
- purchase of electricity for losses	5,477,565	6,852,103
- material for investments	6,585,031	6,773,340
- material for the elimination of damage	288,709	277,337
- material for services	712,257	701,471
- other cost of material	55,045	22,722
Cost of spare parts for fixed assets	1,032,616	1,039,656
Cost of energy	1,011,986	1,032,001
Write-offs of small tools and packaging	296,885	250,766
Cost of office material and professional literature	224,069	226,042
Other cost of material	3,753	3,409
Total	**15,687,915**	**17,178,846**

In transactions with companies in the Group, the company recorded the cost of electricity purchase for losses in the amount of EUR 5,477,565, the cost of electricity purchase for own use in the amount of EUR 114,830 and the cost of gas purchase in the amount of EUR 51,563. All of the costs were incurred in transactions with Energija plus d.o.o.

The cost of services in 2014 amounted to EUR 6,756,255.

in EUR	2014	2013
Cost of services for further settlement	765,847	433,623
Cost of maintenance-related services	1,856,139	1,847,651
Cost of rents	87,899	171,629
Reimbursement of costs to employees	113,196	122,785
Cost of payment transactions and bank services	1,504,277	1,488,139
Cost of intellectual and personal services	328,445	321,051
Cost of fairs, advertisements and entertainment costs	73,222	69,757
Cost of services by natural persons	174,975	178,662
Postal, telecommunications and internet services	192,738	261,355
IT services	1,328,520	1,183,819
Other cost of services	330,996	331,039
Total	**6,756,255**	**6,409,511**

KPMG Slovenija d.o.o. from Ljubljana was appointed as an auditor of the Annual Report for the business year 2014. An audit contract in the amount of EUR 10,800 was concluded with the auditor. This amount includes the cost of the consolidated Annual Report audit in the amount of EUR 1,800. The Company in 2014 performed and produced a report on the agreed procedures, in accordance with the provisions of EA-1, the costs of which amounted to EUR 1,500.

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 2,280,391, and they refer to:

- unused holiday leave,
- additional liabilities to employees based on the Collective Agreement.

in EUR	2014	2013
Costs of wages and salaries	19,921,516	18,379,757
Cost of additional pension insurance for employees	938,733	881,978
Employer contributions and other salary duties	3,183,851	2,967,808
Other labour costs	3,266,510	3,087,446
- Holiday allowances	654,271	626,014
- Travel allowances	978,395	899,384
- Meal allowances	1,074,092	997,680
- Collective accident insurance	105,603	101,533
- Provisions for jubilee awards and severance pays	366,247	398,067
- Other cash receipts	87,902	64,768
Total	**27,310,610**	**25,316,989**

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 12 2014, the company had a liability to the President of the Management Board for the December 2014 salary in the net amount of EUR 4,327.

in EUR	Gross	Net
Gross salaries to the Management Board	92,463	51,091
- Base gross salary	92,463	51,091
Reimbursement of travel expenses	188	188
Reimbursement of other material costs	1,748	1,748
Voluntary additional pension insurance	2,819	2,819
TOTAL	**97,218**	**55,846**

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

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

In 2014, 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 533,347 in 2014. Those expenses are composed of following costs:

	2014	2013
Gross salaries to other employees on individual employment contracts	492,646	506,346
- Base gross salary	439,283	452,041
- Bonus for years of service	42,441	42,615
- Christmas bonus or "13th salary"	10,922	11,690
Reimbursement of travel expenses	499	691
Reimbursement of other material costs	14,644	15,155
Voluntary additional pension insurance	19,968	22,519
Holiday allowance	5,590	6,269
TOTAL	**533,347**	**550,980**

The employees under the individual contract received perks in the amount of EUR 2,876, namely for 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 its committees

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

in EUR	2014 Gross	2013 Gross
Regular and extraordinary session		
Attendance fee for the President of the Supervisory Board	275	275
Attendance fee for the members of the Supervisory Board	275	275
Correspondence session		
Attendance fee for the President of the Supervisory Board	220	220
Attendance fee for the members of the Supervisory Board	220	220
Payment for the performance of function		
To the President of the Supervisory Board	16,950	16,950
To the Deputy President of the Supervisory Board	12,430	12,430
To the members of the Supervisory Board	11,300	11,300

Gross remuneration to the members of the Supervisory Board from sessions amounted to EUR 12,650 in 2014. Additional cost of transportation to meetings and educational events were recorded in the gross amount of EUR 904 in 2014. Remunerations from employment of Supervisory Board members, who are representatives of employees amounted to EUR 86,794.

in EUR	Gross base	10%	6,36% medical insurance contribution	Base for personal income tax 90%	25%	Payment	8.85% contribution for pension and disability insurance	0,53% flat rate cont. for the risk of occupational injury or disease
Andreja Katič	1,375	138	87	1,150	288	1,000	122	7
Franc Pangerl MSc.	1,100	110	70	920	230	800	97	6
Roman Ferenčak	1,925	193	122	1,610	403	1,400	170	10
Dušan Mohorko	1,925	193	122	1,610	403	1,400	170	10
Ciril Pucko	550	55	35	460	115	400	49	3
Tomaž Orešič	550	55	35	460	115	400	49	3
Miro Pečovnik	550	55	35	460	115	400	49	3
Maksimiljan Turin	825	83	52	690	173	600	73	4
Darko Nemec	1,650	165	105	1,380	345	1,200	146	9
Dušan Kovačič	1,650	165	105	1,380	345	1,200	146	9
Mateja Čuk MSc.	550	55	35	460	115	400	49	3
Total	**12,650**	**1,265**	**805**	**10,580**	**2,645**	**9,200**	**1,120**	**67**

The basic pay for the performance of the function to the members of the Supervisory Board, as well as attendance fees, were paid in 2014.

in EUR	Gross	Net
Roman Ferenčak (President of the SB)	2,460	1,790
Roman Ferenčak (Member of the SB)	9,660	7,026
Tomaž Orešič (President of the SB)	775	563
Tomaž Orešič (Member of the SB)	91	66
Franc Pangerl (Deputy President of the SB) MSc.	9,389	6,829
Andreja Katič (President of the SB)	13,715	9,975
Andreja Katič (Member of the SB)	243	177
Mateja Čuk (Deputy President of the SB) MSc.	568	413
Mateja Čuk (Member of the SB) MSc.	91	66
Dušan Mohorko (Member of the SB)	10,693	7,777
Miroslav Pečovnik (Member of the SB)	6,045	4,397
Ciril Pucko (Member of the SB)	608	442
Maksimiljan Turin (Member of the SB)	6,045	4,396
Dušan Kovačič (Member of the SB)	3,615	2,629
Dušan Kovačič (Deputy President of the SB)	1,804	1,312
Darko Nemec (Member of the SB)	5,255	3,822
Total	**71,056**	**51,679**

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.

in EUR	2014 Gross	2013 Gross
Regular and extraordinary session		
Attendance fee for the President of the AC	220	220
Attendance fee for the members of the AC	220	220
Correspondence session		
Attendance fee for the President of the AC	176	176
Attendance fee for the members of the AC	176	176
Payment for the performance of function		
To the President of the AC	4,238	4,238
To the Deputy President of the AC	2,825	2,825
To the Members of the AC	2,825	2,825

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

in EUR	Gross	Net
Franc Pangerl MSc.	1,100	800
Roman Ferenčak	1,100	800
Ciril Pucko	220	160
Ivana Kuhar	1,320	960
Total	**3,740**	**2,720**

The payments for the performance of function to the members of the Audit Committee in 2014 were as follows:

in EUR	Gross	Net
Franc Pangerl (President) MSc.	3,201	2,328
Roman Ferenčak (Member)	2,415	1,756
Roman Ferenčak (President)	615	447
Darko Nemec (Member)	410	298
Ciril Pucko (President)	194	141
Ivana Kuhar (outside member)	2,825	2,055
Total	**9,660**	**7,026**

In 2014, the Nomination Committee was appointed within the Supervisory Board, which received payment for the two meetings of:

in EUR	Gross base	10%	6,36% medical insurance contribution	Base for personal income tax	25%	Payment	8.85% contribution for pension and disability insurance	0,53% flat rate cont. for the risk of occupational injury or disease
Roman Ferenčak	440	44	28	368	92	320	39	2
Dušan Mohorko	440	44	28	368	92	320	39	2
Miha Kerin	440	44	28	368	92	320	39	2
Total	**1,320**	**132**	**84**	**1,104**	**276**	**960**	**117**	**7**

Outside members of the Nomination Committee received remuneration in the amount EUR 191 EUR for travelling expenses.

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

Write-offs

Note 22

in EUR	2014	2013
Depreciation of intangible assets	639,944	597,942
Depreciation of property, plant and equipment, of which:	17,728,725	18,067,939
- Building part	11,887,247	12,164,080
- Equipment	5,841,478	5,903,859
Depreciation of investment property	24,897	24,578
Total	**18,393,566**	**18,690,459**

The revaluation operating expenses totalled at EUR 1,017,154.

in EUR	2014	2013
Revaluation operating expenses from property, plant and equipment and intangible assets	618,052	21,486
Revaluation operating expenses pertaining to inventories	9,636	49,714
Revaluation operating expenses pertaining to receivables, of which:	374,271	670,673
- from the use of network	298,721	508,865
- from rendered services	15,683	156,837
- from interest	59,868	4,971
Other revaluation operating expenses	15,195	12,626
Total	**1,017,154**	**754,499**

Operating expenses from revaluation of tangible fixed assets relate primarily to write-offs of damaged and destroyed parts of buildings and equipment caused by the ice damage in the beginning of the year.

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

Other operating expenses

Note 23

in EUR	2014	2013
Provisions for guarantees given	17,644	31,125
Provisions for legal proceedings	0	885,218
Compensation for use of construction land	268,365	298,747
Other duties and expenses	207,761	229,120
Total	**493,771**	**1,444,210**

Financial revenues from shareholdings

Note 24

Based on the owners' resolutions, the company received profit from Moja energija d.o.o. in the amount of EUR 400,000 in 2014.

Financial revenues from loans granted

Note 25

in EUR	2014	2013
Financial income from loans to Energija plus d.o.o.	0	615
Financial income from deposits with commercial banks	73,569	98,889
Total	**73,569**	**99,504**

Financial revenues from operating receivables
Note 26

in EUR	2014	2013
Interest income for the use of network	36,296	37,788
Interest income from services	2,908	2,987
Interest income from lawsuits	65,820	36,917
Total	**105,024**	**77,692**

Financial expenses from financial liabilities
Note 27

in EUR	2014	2013
Financial expenses from borrowings from banks	759,245	769,688
Financial expenses from other financial liabilities	409	6,062
Total	**759,654**	**775,750**

Financial expenses from operating liabilities
Note 28

in EUR	2014	2013
Financial expenses from liabilities to suppliers and liabilities pertaining to bills of exchange	2,077	23,065
Financial expenses from other operating liabilities	156,019	0
Total	**158,097**	**23,065**

Financial expenses from other operating liabilities amounted to EUR 156,019 and included the amount of default interest from the actuarial measurement of provisions for jubilee awards and retirement benefits.

Other revenues
Note 29

in EUR	2014	2013
Damages received	0	7,193
Other revenues	30,674	50,451
Total	**30,674**	**57,644**

Other expenses
Note 30

in EUR	2014	2013
Fines	1,000	16,176
Damages from annuity	12,568	25,572
Deductibles and other expenses	24,718	25,118
Donations	26,944	26,000
Other expenses	8,160	7,109
Total	**73,390**	**99,975**

Net profit or loss for the period

Note 31

The net profit for the period before tax stood at EUR 10,510,790.

in EUR	2014	2013
Operating profit	10,892,662	8,197,676
Financing loss	-339,157	-406,489
Loss from other revenues and expenses	-42,716	-42,331
Total	**10,510,790**	**7,748,856**

Corporate income tax

The company's liability for the payment of corporate income tax in 2014 was established on the basis of the tax return and totalled at EUR 1,249,180.

Adjustment of tax expenses calculated on the basis of reported profit before tax

Comparison between the actual and calculated tax rate	2014		2013	
	Rate	Amount	Rate	Amount
Profit before tax		10,510,790		7,748,856
Tax on profit (official rate)	17.00%	1,786,834	17.00%	1,317,306
Amounts negatively affecting the tax base		297,380		363,769
- Amount for reducing expenses to the level of tax deductible expenses		297,380		363,769
- Amount for increasing revenues to the level of taxable revenues		0		0
Amounts positively affecting the tax base (+)(-)		120,983		211,482
- Amount for increasing expenses to the level of tax deductible expenses		10,951		82,828
- Amount for decreasing revenues to the level of taxable revenues		110,032		128,655
Tax relief		714,051		703,119
- applied, which reduced tax liability		714,051		703,119
Current tax for the year	**11.88%**	**1,249,180**	**9.89%**	**766,473**
Increase/decrease of deferred tax		22,709		-437,470
Tax in income statement	**12.10%**	**1,271,889**	**4.25%**	**329,003**

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 changes in items of equity and trends that would cause changes in items of equity.

Distributable profit and proposal for its allocation

in EUR	2014	2013
a) Net profit or loss for the financial year	9,238,901	7,419,853
b) Retained net profit	148,193	290,663
č) Increase in revenue reserves as decided by the Management Board	461,945	370,993
Legal reserves	461,945	370,993
d) Increase in revenue reserves as decided by the Management Board	4,388,478	3,524,430
Other revenue reserves	4,388,478	3,524,430
DISTRIBUTABLE PROFIT (a + b - č - d)	**4,536,671**	**3,815,093**

At its session held on 27 June 2014, the General Meeting of Elektro Maribor d.d. decided on the allocation of the distributable profit for 2013. It was decided to allocate EUR 3,014,579.16 as dividend to shareholders. The rest of the distributable profit in the amount of EUR 800,513.68, the Assembly allocated to other revenue reserves.

The Management Board and the Supervisory Board proposed to the Annual General Meeting to allocate the distributable profit for 2014, amounting to EUR 4,536,670.47, for the payment of a dividend in the amount of EUR 0.11 gross per share, which amounts to a total of EUR 3,684,485.64; the remainder of the distributable profit in the amount of EUR 852,184.83 shall be allocated to other revenue reserves.

6.4 Notes to the Cash Flow Statement

The cash flow statement has been prepared under the direct method, applying the provisions from Version I. The data used to prepare the cash flow statement were obtained from records on receipts and disbursements of cash from the company's transaction accounts.

In the reporting period, the company generated EUR 112,779,659 in receipts and EUR 113,214,687 in disbursements. Despite the excess of expenditure over income in the amount of EUR 435,027, the final balance of cash was positive in the amount of EUR 12,131,682, mainly due to the high initial balance of funds in the accounts of the Company in the amount of EUR 12,566,709.

Cash receipts from operating activities

Note 32

Cash receipts from operating activities stood at EUR 105,758,933. Compared to 2013, the receipts were down by 2%, which amounted to EUR 2,191,828.

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 58,656,868. Compared to 2013, the receipts were down by 4.8%, which amounted to EUR 2,292,827.

Proceeds arising from network use amounted to EUR 28,913,518, which represents a decrease of EUR 544,286 or 1.8% compared to 2013.

Operating receivables from operations for third party accounts - SODO d.o.o. amounted to EUR 7,784,179; compared to the previous year, these were 11.8% or EUR 1,040,716 lower.

Other receipts arising from operations amounted to EUR 2,430,993, which represented an increase of EUR 154,547 or 6.8 % compared to 2013.

The largest share of other cash receipts from operating receivables comes from damage compensations received from the insurance companies in the amount of EUR 1,170,383, an increase of EUR 646,123 or 232%, compared to the previous year.

Cash disbursements from operating activities

Note 33

Cash disbursements from operating activities amounted to EUR 94,823,627 and were 2.2% or EUR 2,054,472 higher than in the previous year.

The largest share of cash disbursements from operating activities was intended for the purchases of material and services and amounted to EUR 60,119,533; an increase of 0.2% respectively EUR 115,586 as compared to the year 2013.

Expenditure on salaries, wages and employees' shares in the profits totalled in the amount of EUR 15,547,988, an increase of EUR 895,345, or 6.1% compared to 2013.

Expenditure for all contributions in 2014 amounted to EUR 17,225,392, an increase of EUR 1,506,485 or 9.6% as compared to 2013. The highest increase in expenditure among different activities was regarding the income tax which in 2014 amounted to EUR 1,145,223, an increase of EUR 957,174 or 609% compared to the previous year.

Other cash disbursements arising from the operations amounted to EUR 1,930,714, which means a decrease of EUR 464,945 or 19.4% compared to 2013. Expenditures were lower primarily due to lower transfers to dependent company Energija Plus, which have been incorrectly credited to our account.

The net cash receipts from operating activities totalled at EUR 10,935,306; the total amount is EUR 4,244,300 or 28% lower than in 2013, due to lower revenues and higher expenditures in 2014 compared to 2013.

Cash receipts from investing activities

Note 34

Receipts from investing activities during the period amounted to EUR 520,726 and were lower than in 2013 for EUR 6,739,971. The difference is mainly due to receipts from disposal of short-term investments. In 2013 the company lent short-term loans to the dependent company Energija Plus, which were returned in the same year they were lent.

Revenues from received interest and shares in the profit of others, relating to investments, amounted to EUR 475,236 in 2014, which is EUR 19,893 or 4% less than in the previous year. The largest share of these receipts represents receipts from shares in the profit of others, which were received from the company Moja energija.

Cash disbursements from investing activities

Note 35

Cash disbursements from investing activities in 2014 stood at EUR 6,864,706 and were for EUR 8,885,894 or 56.4% lower than in 2013; that is the result of short-term loans to the dependent company in 2013 as is in receipts from investing activities.

Cash disbursements for acquisition of intangible assets amounted to EUR 671,273 in 2014, an increase of EUR 143,149 or 27.1 % as compared to 2013.

Cash disbursements for acquisition of tangible assets in the period amounted to EUR 6,193,433; compared to the previous year, these are 27.3 % or EUR 2,327,454 lower.

Cash receipts from financing activities

Note 36

Cash receipts from financing activities represent a long-term loan in the amount of EUR 6,500,000, which the company rented for a period of five years and was, in accordance with the investment plan, used for financing the construction of electricity facilities.

Cash disbursements from financing activities

Note 37

Cash disbursements for all contributions in 2014 amounted to EUR 11,526,354, an increase of EUR 1,078,658 or 8.6 % as compared to 2013. Cash disbursements were lower primarily due to lower repayments of principals as a result of reduced borrowing compared to previous years.

Cash disbursements for interest relating to the financing in the period, amounted to EUR 755,057, which is EUR 20,026 or 2.6% less than in 2013.

Cash disbursements for repayments of long-term financial liabilities in 2014 amounted to EUR 7,773,810, a decrease of EUR 1,056,666 or 12% as compared to 2013.

Cash disbursements on the payment of dividends in the amount of EUR 2,997,487 are at the same level as in the previous year.

6.5 Segment reporting of Elektro Maribor

6.5.1 Segment reporting in accordance with SAS

Net sales revenue in segments

in EUR	2014			2013		
	Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
Sale of electricity for losses	6,308,527		**6,308,527**	7,234,228		**7,234,228**
Charged rents	27,365,813	1,637	**27,367,451**	29,413,062	3,760	**29,416,822**
- Sodo d.o.o. - Rent	26,878,747		**26,878,747**	29,016,261		**29,016,261**
- Other	487,066	1,637	**488,704**	396,801	3,760	**400,561**
Sodo d.o.o. services as per contract	23,742,982		**23,742,982**	21,995,417		**21,995,417**
Charged services	281,937	2,740,465	**3,022,402**	283,094	2,298,864	**2,581,958**
Sale of waste material	66126	10543	**76,669**	65,910	12,034	**77,944**
Total	**57,765,385**	**2,752,645**	**60,518,030**	**58,991,711**	**2,314,658**	**61,306,370**

Net profit/loss in segments

in EUR	2014			2013		
	Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
Operating profit/loss	10,112,304	780,358	**10,892,662**	8,005,977	191,699	**8,197,676**
Financial profit/loss	-383,999	44,841	**-339,157**	-457,685	51,196	**-406,489**
Profit/loss from other revenues and expenses	-28,661	-14,055	**-42,716**	-27,001	-15,330	**-42,331**
Total	**9,699,644**	**811,145**	**10,510,790**	**7,521,291**	**227,565**	**7,748,856**

Appendix to the income statement in segments

in EUR	2014			2013		
	Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
Net sales revenue	57,765,384	2,752,646	**60,518,030**	58,991,712	2,314,658	**61,306,370**
Capitalised own products and services	0	16,853,531	**16,853,531**	0	14,444,029	**14,444,029**
Production costs of products and services sold	46,202,202	17,486,368	**63,688,570**	48,217,117	15,032,581	**63,249,697**
Gross sale profit	11,563,182	2,119,809	**13,682,991**	10,774,595	1,726,107	**12,500,702**
Selling costs	0	1,324,107	**1,324,107**	0	1,297,871	**1,297,872**
General and administrative expenses	4,479,583	167,012	**4,646,595**	4,973,643	273,304	**5,246,946**
- Normal general and administrative expenses	3,511,032	118,408	**3,629,441**	4,346,088	146,359	**4,492,447**
- Revaluation operating expenses pertaining to intangible fixed assets and property, plant and equipment	582,231	35,821	**618,052.10**	34,248	2,350	**21,486**
- Revaluation operating expenses for current assets	386,320	12,782	**399,102**	593,306	124,595	**733,013**
Other operating revenues	3,059,556	120,817	**3,180,373**	2,205,025	36,767	**2,241,792**
Profit or loss from operating activities	**10,143,155**	**749,507**	**10,892,662**	**8,005,977**	**191,699**	**8,197,676**

Balance sheet of segments

in EUR	as at 31 Dec 2014			as at 31 Dec 2013		
	Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
A. Long-term assets	**297,924,268**	**10,674,167**	**308,598,435**	**293,635,703**	**9,650,695**	**303,286,398**
I. Intangible assets and long-term accrued revenues and deferred expenses	1,783,374	3,933	**1,787,307**	1,752,611	4,960	**1,757,571**
II. Property, plant and equipment	283,206,934	4,743,731	**287,950,665**	277,995,299	4,717,367	**282,712,666**
III. Investment property	0	667,927	**667,927**	0	679,713	**679,713**
IV. Long-term financial investments	12,546,907	5,132,826	**17,679,733**	13,538,068	4,141,665	**17,679,733**
V. Long-term operating receivables	92,706	5,336	**98,042**	14,737	4,508	**19,245**
VI. Deferred tax receivables	294,347	120,414	**414,761**	334,988	102,482	**437,470**
B. Current assets	**19,372,868**	**4,680,011**	**24,052,879**	**19,431,533**	**4,422,011**	**23,853,544**
II. Inventories	724,669	941,699	**1,666,368**	409,213	1,208,321	**1,617,534**
IV. Short-term operating receivables	9,493,990	760,839	**10,254,829**	9,163,521	505,780	**9,669,301**
V. Cash and cash equivalents	9,154,209	2,977,473	**12,131,682**	9,858,799	2,707,910	**12,566,709**
C. Short-term accrued revenues and deferred expenses	**3,745**	**1,038**	**4,783**	**121,434**	**1,138**	**122,572**
ASSETS (A + B + C)	**317,300,881**	**15,355,215**	**332,656,097**	**313,188,670**	**14,073,844**	**327,262,514**
A. Equity	**236,971,175**	**9,938,886**	**246,910,062**	**229,727,432**	**10,921,805**	**240,649,236**
I. Called-up capital	136,011,430	3,762,080	**139,773,510**	135,006,079	4,767,431	**139,773,510**
II. Capital reserves	73,099,647	2,021,938	**75,121,586**	72,559,319	2,562,266	**75,121,586**
III. Revenue reserves	23,683,687	3,801,113	**27,484,800**	18,438,803	3,395,061	**21,833,864**
IV. Revaluation surplus	-4,616	-1,889	**-6,505**	80,544	24,640	**105,184**
V. Retained earnings	136,338	11,811	**148,193**	273,223	17,440	**290,663**
VI. Net profit or loss for the year	4,044,689	343,789	**4,388,478**	3,369,463	154,967	**3,524,430**
B. Provisions and long - term accrued costs and deferred revenue	**34,055,918**	**1,395,671**	**35,451,589**	**34,109,461**	**1,180,134**	**35,289,595**
C. Non-current liabilities	**28,827,143**	**30,092**	**28,857,235**	**29,707,143**	**11,366**	**29,718,509**
I. Non-current financial liabilities	28,700,000	0	**28,700,000**	29,707,143	0	**29,707,143**
II. Non-current operating liabilities	127,143	30,092	**157,235**	0	11,366	**11,366**
Č. Current liabilities	**16,320,578**	**3,590,519**	**19,911,097**	**18,386,699**	**1,667,242**	**20,053,941**
II. Current financial liabilities	7,530,091	9,387	**7,539,478**	7,792,850	5,825	**7,798,675**
III. Current trade liabilities	8,790,487	3,581,132	**12,371,619**	10,593,848	1,661,416	**12,255,264**
D. Short-term accrued expenses and deferred revenue	**1,126,068**	**400,047**	**1,526,115**	**1,257,936**	**293,297**	**1,551,233**
LIABILITIES (A + B + C + Č + D)	**317,300,881**	**15,355,215**	**332,656,097**	**313,188,670**	**14,073,844**	**327,262,514**

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

Transactions with associated persons (disclosure in accordance with the provisions of CA-1)

in EUR	Eldom d.o.o.	Energija plus d.o.o.	Informatika d.d.	Moja energija d.o.o.	Oven Elektro Maribor d.o.o.	Total associated companies
REVENUES	**1,806**	**292,171**	**14,112**	**404,554**	**9,462**	**722,104**
Net sales revenues	1,806	292,171	14,112	4,554	9,462	322,104
Financial revenues from shareholdings				400,000		400,000
COSTS AND EXPENDITURE	**207,124**	**5,668,280**	**1,342,745**	**0**	**0**	**7,218,149**
Cost of material	76,337	5,644,460	7,435	0		5,728,233
Cost of services	124,731	17,430	1,335,310	0		1,477,471
Other operating expenses	6,056	6,390	0	0		12,446
ASSETS	**598**	**67,991**	**337,848**	**0**	**896**	**407,333**
Acquisition of intangible assets			336,278			**336,278**
Current operating receivables	598	67,991	1,570	0	896	**71,055**
LIABILITIES	**61,950**	**103,250**	**364,173**	**0**	**0**	**529,373**
Current trade liabilities	61,950	103,250	364,173	0	0	**529,373**

6.5.3 Reporting in accordance with the provisions of the Energy Act-1

The company is in accordance with Article 109 of the EA-1 obliged to keep separate accounts for distribution activities and other activities that are not distribution. The company has, in accordance with Article 110 of the EA-1 in the Rules on the criteria for separate accounting monitoring and reporting of the company Elektro Maribor d.d., defined criteria for the allocation of assets, liabilities, costs and expenses. The abovementioned Rules were also approved by the Energy Agency.

The following activities were defined for the requirements of segment reporting:

- distribution (which mostly includes the tasks performed by the company in accordance with the Contract on the lease of electricity distribution infrastructure and provision of services for SODO) and
- services (which include other services provided by the company).

The financial statements for individual activities are, therefore, compiled based on the following assumptions:

- Business events for which it can, beyond any doubt, be determined which activity they refer to, are recorded to the relevant activity already at the time when they occur.
- Business events with common character or which cannot be properly defined at the moment of recording, are recorded at the level of support processes.
- Balance of assets and liabilities, and revenue, expenses and costs, which are recorded at the level of support processes, are broken down to activities in accordance with the criteria determined in the Rules on separate business accounts and reporting of the company Elektro Maribor d.d., which was approved by the Energy Agency of the RS.
- Sub balance sheets are subject to the selection of suitable criteria and their limited scope.

6.5.3.1 Criteria for distribution of assets and liabilities

C-BS 1 = C-IS 1 Share of employees by individual activity is used for allocation of long-term accrued expenses, intangible assets, long-term financial investments, long-term receivables, inventories of small tools, and liabilities from wages. The aforementioned assets and liabilities are in their substance and scope associated with the number of employees (long-term property rights (licenses), instalment sales of apartments, purchase of small tools, employees' salaries).

C-BS 2 = C-IS 3 Share of the current value of fixed assets by individual activity is used for the distribution of tangible fixed assets and liabilities to suppliers for fixed assets. Fixed assets that are used within the scope of support processes by more activities are proportionately charged to each individual activity based on the volume of fixed assets used by that activity.

C-BS-3 Share of total revenues in the accounting period without transfer of income from support processes is used to allocate funds, short-term receivables, short-term financial investments and accrued revenue and deferred expenses. The state of these assets is conditioned by invoicing and related total revenues.

C-BS 4 Share of material consumption in the accounting period by the individual activity is used to allocate stocks of material. Since there is no data on the procurement of materials by each activity, this is based on material consumption and the assumption that increased consumption of material preconditions the purchase of more material and, consequently greater stock. This takes into account the material, which is being used from inventory.

C-BS 5 Share of costs of material and services by individual activity (excluding the cost of electricity purchase for losses and material consumption) is used for sharing liabilities to suppliers for current assets and other operating liabilities. Since these obligations derive from incoming invoices for material and services, which are recorded at the level of, support processes upon occurrence and then allocated in accordance with the distribution key of materials and services used by individual segments that are reasonably assumed to have caused those obligations.

Balance sheet by segments

in EUR	as at 31 Dec 2014			as at 31 Dec 2013		
	Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
A. Long-term assets	**297,924,268**	**10,674,167**	**308,598,435**	**293,635,703**	**9,650,695**	**303,286,398**
I. Intangible assets and long-term accrued revenues and deferred expenses	1,783,374	3,933	**1,787,307**	1,752,611	4,960	**1,757,571**
II. Property, plant and equipment	283,206,934	4,743,731	**287,950,665**	277,995,299	4,717,367	**282,712,666**
III. Investment property	0	667,927	**667,927**	0	679,713	**679,713**
IV. Long-term financial investments	12,546,907	5,132,826	**17,679,733**	13,538,068	4,141,665	**17,679,733**
V. Long-term operating receivables	92,706	5,336	**98,042**	14,737	4,508	**19,245**
VI. Deferred tax receivables	294,347	120,414	**414,761**	334,988	102,482	**437,470**
B. Current assets	**19,372,868**	**4,680,011**	**24,052,879**	**19,431,533**	**4,422,011**	**23,853,544**
II. Inventories	724,669	941,699	**1,666,368**	409,213	1,208,321	**1,617,534**
IV. Current operating receivables	9,493,990	760,839	**10,254,829**	9,163,521	505,780	**9,669,301**
V. Cash and cash equivalents	9,154,209	2,977,473	**12,131,682**	9,858,799	2,707,910	**12,566,709**
C. Short-term accrued revenues and deferred expenses	**3,745**	**1,038**	**4,783**	**121,434**	**1,138**	**122,572**
ASSETS (A + B + C)	**317,300,881**	**15,355,215**	**332,656,097**	**313,188,670**	**14,073,844**	**327,262,514**
A. Equity	**236,971,175**	**9,938,886**	**246,910,062**	**229,727,432**	**10,921,805**	**240,649,236**
I. Called-up capital	136,011,430	3,762,080	**139,773,510**	135,006,079	4,767,431	**139,773,510**
II. Capital reserves	73,099,647	2,021,938	**75,121,586**	72,559,319	2,562,266	**75,121,586**
III. Revenue reserves	23,683,687	3,801,113	**27,484,800**	18,438,803	3,395,061	**21,833,864**
IV. Revaluation surplus	-4,616	-1,889	**-6,505**	80,544	24,640	**105,184**
V. Retained earnings	136,338	11,811	**148,193**	273,223	17,440	**290,663**
VI. Net profit or loss for the year	4,044,689	343,789	**4,388,478**	3,369,463	154,967	**3,524,430**
B. Provisions and long - term accrued costs and deferred revenue	**34,055,918**	**1,395,671**	**35,451,589**	**34,109,461**	**1,180,134**	**35,289,595**
C. Non-current liabilities	**28,827,143**	**30,092**	**28,857,235**	**29,707,143**	**11,366**	**29,718,509**
I. Non-current financial liabilities	28,700,000	0	**28,700,000**	29,707,143	0	**29,707,143**
II. Non-current operating liabilities	127,143	30,092	**157,235**	0	11,366	**11,366**
Č. Current liabilities	**16,320,578**	**3,590,519**	**19,911,097**	**18,386,699**	**1,667,242**	**20,053,941**
II. Current financial liabilities	7,530,091	9,387	**7,539,478**	7,792,850	5,825	**7,798,675**
III. Current trade liabilities	8,790,487	3,581,132	**12,371,619**	10,593,848	1,661,416	**12,255,264**
D. Short-term accrued expenses and deferred revenue	**1,126,068**	**400,047**	**1,526,115**	**1,257,936**	**293,297**	**1,551,233**
LIABILITIES (A + B + C + Č + D)	**317,300,881**	**15,355,215**	**332,656,097**	**313,188,670**	**14,073,844**	**327,262,514**

6.5.3.2 Criteria for distribution of assets and liabilities

The criteria apply to the distribution of revenues, expenses (excluding depreciation) and expenditure on business support processes regarding distribution and services:

C-IS-1 = C-BS 1 Share of employees by individual activity is used for the distribution of revenues, costs and expenses in the departments for human resources, legal department, organisation, and public procurement and purchasing service. These services are, regarding work content and scope, dependent on the number of employees in each activity.

C-IS 2 Share of computer-equipped workplaces by each activity is used for the distribution of revenues, costs and expenses for IT and telecommunications services, which are a part of Finance, controlling and IT services. The number of computer-equipped workplaces conditions the workload of the Department of IT and Telecommunications.

C-IS 3 = C-BS 2 Share of the current value of fixed assets by individual activity is used for the distribution of all revenues, costs and expenses for Finance, Controlling and IT services (except for the IT and Telecommunications service, to which C-IS 2 applies).

C-IS 4 Share of total revenue, excluding investments by individual activity is used for the distribution of revenues, costs and expenses in the area of administration.

C-IS-5 Share of costs for marketing activities by individual activity is used for the distribution of costs and expenses for marketing and public relations departments.

On this basis individual shares are calculated for the distribution of revenues, costs and expenses for individual services (departments) within the framework of supporting processes of the individual activity. Based on individual shares the average proportion for the distribution is calculated, which presents a foundation for attribution of revenues, costs and expenses of supporting processes of these activities.

Depreciation costs are divided by the same criterion that is applied for the preparation of the balance sheet by activities, namely the distribution of tangible and intangible fixed assets C-BS-2 and C-BS-1.

Income statement by segments

	in EUR	2014			2013		
		Distribution	Services	Total Elektro Maribor	Distribution	Services	Total Elektro Maribor
1	Net sales revenues	57,765,384	2,752,646	**60,518,030**	58,991,712	2,314,658	**61,306,370**
3	Capitalised own products and services	0	16,853,531	**16,853,531**	0	14,444,029	**14,444,029**
4	Other operating revenues (including revaluated operating revenues)	3,059,556	120,817	**3,180,373**	2,205,025	36,767	**2,241,792**
5	Cost of goods, material and services	13,379,741	9,064,428	**22,444,169**	14,764,184	8,824,173	**23,588,357**
6	Labour costs	18,043,777	9,266,834	**27,310,610**	18,341,651	6,975,338	**25,316,989**
7	Write-offs	18,953,002	457,718	**19,410,720**	18,937,516	507,443	**19,444,959**
8	Other operating expenses	336,115	157,656	**493,771**	1,147,409	296,801	**1,444,210**
9	Financial revenues from shares	336,000	64,000	**400,000**	337,200	62,800	**400,000**
10	Financial revenues from loans granted	61,798	11,771	**73,569**	83,882	15,622	**99,504**
11	Financial revenues from operating receivables	95,209	9,815	**105,024**	75,607	2,085	**77,692**
13	Financial expenses from financial liabilities	759,568	87	**759,654**	155,845	29,025	**184,870**
14	Financial expenses from operating liabilities	117,438	40,658	**158,097**	775,504	245	**775,750**
15	Other revenues	27,632	3,042	**30,674**	23,024	41	**23,065**
16	Other expenses	56,293	17,097	**73,390**	52,520	5,124	**57,644**
18	Income tax	1,165,435	83,745	**1,249,180**	79,522	20,453	**99,975**
19	Deferred taxes	-19,075	-3,633	**-22,709**	762,673	3,801	**766,474**
20	**NET PROFIT/LOSS FOR THE PERIOD**	**8,515,134**	**723,766**	**9,238,901**	**334,988**	**102,482**	**437,470**

6.5.3.3 Criteria for distribution of cash receipts and disbursements

The cash flow statement by activities for 2014 has been prepared under the direct method, as it has greater useful value and more substantive correctness of the actual cash receipts and disbursements.

Cash disbursements relating to employees (cash disbursements for salaries, contributions and taxes on salaries, health insurance receivables and obligations for additional pension insurance ...) and which are recorded at the level of services activity, but their content corresponds to distribution activities, are divided into distribution activity in the share of revenues from the sale of services in all operating revenues of service activities.

Cash receipts and disbursements of cash flows, which are recorded at the level of support processes, are divided into activities in accordance with the following criteria:

C-SCF 1 Share of tax on profit by individual activity is used to allocate the amount for prepayment of tax on profit.

C-SCF 2 Share of net profit by individual activity is used for distribution of cash disbursements on the payment of dividends and other shares of net profit.

C-SCF 3 Recalculated rate of VAT regarding the difference between cash receipts and disbursements from operations is used for the distribution of value added tax.

C-SCF 4 Share of revenues by individual activities is used for the allocation of advances for current assets, short-term receivables for interest, erroneous payments and other cash receipts from operations.

C-SCF 5 = C-BS 5 Share of cost of material and services by individual activity (excluding the cost of electricity purchase for losses) is used for distribution of unexplained and erroneous payments, fees, court costs.

C-SCF 6 Share of cost of material and services by individual activities (excluding the cost of electricity purchase for losses and material costs for investments) is used for the distribution of cash disbursements on short-term advances given for supplies and services not yet rendered, and the remuneration of the various claims.

C-SCF 7 Average share of distribution, which is the basis for attribution of cash receipts, costs and cash disbursements of supporting processes to each activity is used for the allocation of cash disbursements on salaries, contributions and taxes on wages, deductions and other liabilities to employees, revenues from shares in the profit of others.

C-SCF 8 = C-BS 1 Number of employees by activities is used to allocate the liabilities for health insurance, reimbursements, liabilities to company Kapitalska družba.

C-SCF 9 = C-BS 2 = C-IS 3 Share of the current value of fixed assets by individual activity is used for the distribution of cash receipts and disbursements for the acquisition of intangible and tangible fixed assets and cash receipts from disposal of tangible fixed assets.

C-SCF 10 = C-BS 3 Share of total revenues by individual activities in the accounting period without a transfer of cash receipts from support processes is used for distribution of other cash receipts from operating activities.

Statement of cash flows by segments for the period I-XII 2014

in EUR	Distribution	Services	Total Elektro Maribor
A. Cash flows from operating activities			
a) Cash receipts from operating activities	***102,169,546***	***3,589,387***	***105,758,933***
aa) Cash receipts from sales of products and services	100,042,272	3,285,668	**103,327,940**
ab) Other cash receipts from operating activities	2,127,274	303,718	**2,430,993**
b) Cash disbursements from operating activities	***-91,810,012***	***-3,013,615***	***-94,823,627***
ba) Cash disbursements from the purchase of material and services	-59,187,504	-932,028	**-60,119,532**
bb) Cash disbursements from salaries and employees' participation in profit	-14,610,670	-937,319	**-15,547,988**
bc) Cash disbursements from taxes	-16,436,966	-788,426	**-17,225,392**
bd) Other cash disbursements from operating activities	-1,574,872	-355,842	**-1,930,714**
c) Net cash used in operating activities (a + b)	***10,359,534***	***575,771***	***10,935,306***
B. Cash flows from investing activities			
a) Cash receipts from investing activities	***456,706***	***64,020***	***520,726***
aa) Interest received and shares in profit received, relating to investment activities	411,236	64,000	**475,236**
ac) Cash receipts from disposal of tangible fixed assets	45,470	20	**45,490**
b) Cash disbursements from investing activities	***-6,734,277***	***-130,429***	***-6,864,706***
ba) Cash disbursements from acquisition of intangible assets	-658,519	-12,754	**-671,273**
bb) Cash disbursements from acquisition of property, plant and equipment	-6,075,758	-117,675	**-6,193,433**
c) Net cash used in investing activities (a + b)	***-6,277,571***	***-66,409***	***-6,343,980***
C. Cash flows from financing activities			
a) Cash receipts from financing activities	***6,500,000***	***0***	***6,500,000***
ab) Cash receipts from increase of long-term financial liabilities	6,500,000	0	**6,500,000**
b) Cash disbursements from financing activities	***-11,286,554***	***-239,799***	***-11,526,353***
ba) Cash disbursements from interest paid on financing	-755,056	0	**-755,056**
bc) Cash disbursements from repayment of non-current financial liabilities	-7,773,809	0	**-7,773,809**
be) Cash disbursements from dividends and other participation in profit	-2,757,688	-239,799	**-2,997,487**
c) Surplus of cash receipts in financing or surplus of cash disbursements in financing (a + b)	***-4,786,554***	***-239,799***	***-5,026,353***
Č. Closing balance of cash and cash equivalents	**9,154,209**	**2,977,473**	**12,131,682**
x) Cash flow result for the period (sum of net cash Ac, Bc and Cc)	**-704,590**	**269,563**	**-435,027**
+			
y) Opening balance of cash and cash equivalents	**9,858,799**	**2,707,910**	**12,566,709**

IV. Business report for the Elektro Maribor Group

1 KEY PERFORMANCE DATA FOR THE GROUP (GRI 2.8, EC1)*

Key reporting data on the operation of the Elektro Maribor Group

Information	2012	2013	2014
Net profit in EUR	8,858,353	9,280,471	11,492,681
Net return on assets (ROA) in %	2.6 %	2.7 %	3.2 %
Net return on equity (ROE) in %	3.8 %	3.8 %	4.6 %
EBIT (Earnings before interest and tax) in EUR	8,929,864	8,659,072	13,373,404
EBIT margin in % (EBIT/net sales income)	5.2 %	5.5 %	8.5 %
EBITDA (Earnings before interest, tax, depreciation and amortisation) in EUR	29,774,545	30,650,270	34,870,531
EBITDA margin in % (EBITDA/business expenses)	16.3 %	17.5 %	19.6 %
Total income in EUR	183,612,792	176,239,213	178,618,598
Operating revenues in EUR	182,361,665	175,014,514	177,718,201
Net sales income in EUR	170,269,716	157,316,997	157,037,660
Net sales income per employee from hours in EUR	203,463	186,868	175,842
Added value in EUR*	56,426,369	58,202,453	64,546,123
Added value per employee from hours in EUR	67,426	69,136	72,275
Total costs and expenditure in EUR	174,538,035	167,360,764	165,490,159
Business costs and expenditure in EUR	173,431,801	166,355,442	164,344,797
Assets after the end of the period – in EUR	346,593,000	349,918,733	358,929,747
Capital after the end of the period – in EUR	238,736,555	245,002,446	253,508,924
Investments in assets in EUR	19,597,779	23,332,028	24,786,234
Paid dividend per share in EUR	0.11	0.09	0.09
Distributed electricity in MWh	2,164,458	2,165,579	2,133,961
Number of consumers connected to the distribution network	213,425	214,052	214,441
Distributed MWh per number of consumers	10.14	10.12	9.95
Number of employees at the end of the period	823	830	831
Average no. of employees by working hours	836.86	841.86	893.06
Percentage of women in the total number of employees as at 31. 12.	16.8 %	17.1 %	17.4 %

* Added value = business revenues – material costs – service costs – other business expenditure

Information relating to 2012 is because of 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.

2 COMPANIES IN THE GROUP

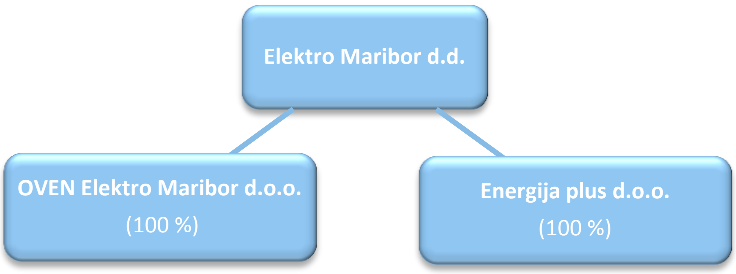
The Elektro Maribor Group, which was created in 2011 by the spin-off of the company Elektro Maribor d.d. consists of the controlling company Elektro Maribor d.d. and two dependent companies, 100% owned by the controlling company:

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

The company Elektro Maribor d.d. as the controlling company prepares the consolidated accounting statements and the consolidated annual report. Both dependent 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 seat of the company Elektro Maribor, Vetrinjska ul. 2, 2000 Maribor and at the company's website.

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



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

- electricity (purchasing, sales, distribution, efficient energy use and other services),
- natural gas supply,
- remote heat supply,
- pellet supply,
- electricity generation (from renewable sources and high-efficiency facilities).

2.1 Presentation of the controlling company Elektro Maribor

Presentation of the controlling company Elektro Maribor d.d. is described in detail in II. Chapter. Business Report of the company Elektro Maribor d.d.

* Reporting according to the guidelines GRI G3.1.

2.2 Presentation of the dependent company Energija plus

2.2.1 Basic information (GRI 2.1, 2.4)*

Name:	Elektro Maribor Energija plus podjetje za trženje energije in storitev, d.o.o.
Abbreviated name:	Energija plus d.o.o.,
Address:	Vetrinjska ulica 2, 2000 Maribor
Registration number:	3991008000
Tax number:	88157598
Current account:	SI56 0451 5000 1853 305
Share capital:	8,000,000 EUR
Entry in the register:	District Court of Maribor, No. 2011/23297 20 June 2011, No. 2011/36929 1 December 2011
Main activity code:	D 35.140 Trade of electricity
Number of employees as at 31. 12. 2014:	66
Company size according to CA-1:	large company
Founder:	Elektro Maribor d.d.
Company Director:	Bojan Horvat
Call centre toll-free number:	080 21 15
General email address:	info@energijaplus.si
Website:	www.energijaplus.si

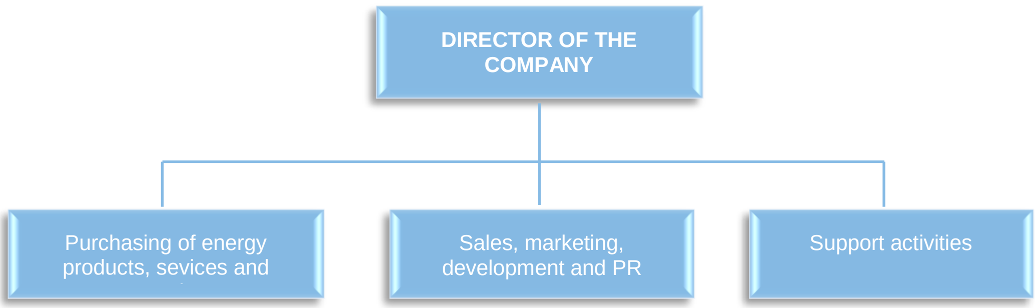
The company's mission is integral supply of energy products for clients. The main activities of the company are purchase and sale of energy products (electricity, heat energy, gas and pellet sale) both for households and large business systems.

2.2.2 Organisation (GRI 2.3)*

The company is at the macro level divided into three organisational areas:

- the area of purchase of energy products, services and goods,
- the area of sales, marketing, development and PR,
- the area of support activities.

Organisational structure



* Reporting according to the guidelines GRI G3.1.

In order to achieve the set goals, organisational units are organised within areas as services and departments with defined tasks, authorities, responsibilities and goals, which are shown in the annual economic plan. Micro organisation is set according to the business needs of the company.

2.2.3 Vision, mission, values and strategy

2.2.3.1 Mission

Energija plus offers and provides clients with efficient and integral energy supply while caring for sustainable development. We provide everything that clients need for high quality living and work both at home and in the business environment in one place.

2.2.3.2 Vision

To become and remain a quality and reliable energy supplier and provider of energy services and to ensure sustainable energy future through development.

2.2.3.3 Values

- Excellence – we want to be the best in the business that we perform.
- Creativity – our work contributes to development.
- Boldness – we work with enthusiasm and persistence.
- Sustainable development – we care for the environment and people.

At Energija plus we have a responsibility towards our employees, clients, suppliers, owners, as well as the society as whole. In our work we strengthen employee motivation and respect the fundamental moral and legal provisions.

2.2.3.4 Key strategic guidelines for development

The basic strategic guidelines are:
- ensuring growth,
- increasing business profitability and added value per employee.

Strategic guidelines are reached:
- by developing a comprehensive offer of products and services that completely covers the energy supply needs; by following development of new technological products in renewable energy sources; by investing in service development for efficient energy use; by obtaining new clients with a positive approach,
- by proactive development, motivation and individual reward system for the employees; by target education; by providing internal knowledge transfer; by mutual communication,
- by optimising operation; by active risk control; by providing financial sources; by introducing modern management tools to follow the implementation of set goals and project management; by organic growth and dynamic adaptation of the organisational structure,
- by active cooperation in project development financed by Eco Fund, EU funding and similar,
- by developing a modern business infrastructure; by introducing modern technologies and methods for efficient work; by providing appropriate technological solutions.

2.2.4 Ownership structure (GRI 2.6)*

The company Energija plus was established in 2011 by the company Elektro Maribor d.d. as an independent legal entity. It is organised as a limited liability company 100-percent owned by the controlling company Elektro Maribor.

2.2.5 Governance and management of the company Energija plus (GRI 4.1, 4.2, 4.3)*

The company has a one-tier management system in place. The supervisory functions is performed by the President of the Management Board of Elektro Maribor, who also represents the company's General Meeting.

The Director manages the company Energija plus according to the Articles Association independently and with full responsibility.

Director of the company is Bojan Horvat, B.E.E.

2.2.5.1 Mechanisms for forwarding recommendations and initiatives by the employees and shareholders to the highest management organs (GRI 4.4)*

Communication with employees takes place in different ways with the goal to familiarise the employees with current business conditions. Here, we use both modern and classic communication methods.

2.2.6 Business goals and their realisation – Energija plus

1. **Return on equity (ROE) 6.1%.**
   Return on equity was greater and amounted to 10.3%.

2. **Return on assets (ROA) 2.6%.**
   Return on assets was greater and amounted to 4.6%.

3. **Net profit of EUR 931,496.**
   We realised a higher net profit of EUR 1,652,616.

4. **Added value per employee of EUR 58,190.**
   Added value per employee amounted to EUR 90,390.

5. **Increasing the market share in electricity sale by 2%.**
   The market share in electricity sale in 2014 was at 11.8%, which is an increase by 1.6% according to the year before.

6. **Sale of at least 4 million Sm^3 of natural gas.**
   In 2014, we sold 72% of the planned amounts of natural gas, of which 65% to end clients and 35% to other balance groups. Derogation from plans is the result of a mild winter and limited possibilities for sale due to concluded long-term contracts with a majority of business clients.

7. **To reduce the amount of receivables by at least 7% according to the previous year.**
   The amount of outstanding receivables in 2014 lowered only by 5.9% compared to the previous year because of a large number of introduced insolvency procedures.

Despite unfavourable conditions on the trade market we achieved a far better business result than planned. In natural gas sale and wood pellets we set ambitious goals, but could not realise them because of the market situation and weather conditions.

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* Reporting according to the guidelines GRI G3.1.

2.2.7 Major events for the company Energija plus in 2014 (GRI 2.10)*

- We reduced the electricity price per average by 5.9% to all households and small business clients as of 1 February 2014.

- In February of 2014 the ice storm and ice damage caused interruptions in electricity supply and resulted in lower sale mostly to Slovenian Railway Holding.

- In March 2014, the new Energy Act (EA-1) was adopted and greatly affected the open electricity and gas market and demanded of us a number of changes and adjustments in contracts, documents and mode of operation.

- We opened a new consulting information office in Maribor. New, modern and functionally equipped offices provide clients with a complete energy service in one place.

- For the project Renovation of the boiler room Pobrežje, we received the prestigious first award of the newspaper Finance and the Jožef Štefan Institute for “Energy efficient project (EE).

- With the most favourable price of natural gas we won at the Slovenian Consumers’ Association auction, which in cooperation with a foreign partner for the first time in 2014 organised the collective purchase of electricity and gas. Because the auction was held only in October, the first contracts will be concluded after the procedure in 2015.

* Reporting according to the guidelines GRI G3.1.

- Because the existing information system was insufficient, we started renovation mid 2014 – changing the information system by implementing the SAP solution, which will be concluded mid-2015. We will have invested EUR 2.3 million to modernise the information system over two years. This will significantly lower the costs of IT support, provide more efficient business process and raise the service quality, which will undoubtedly have an effect on the competitive position of the company.

- For a third year in a row we prepared a call for different ways of more efficient energy use, which was intended for the public sector.

- We developed the ePLUS mobile application, which offers clients an integral overview and entries of meter readings, as well as provisional calculations 24 hours a day.

- In December, the technically modernised call centre began to operate, which has added additional value in our everyday work with clients.

- We started using the enhanced renovated information system (eIS).

2.2.8 Major events after the balance sheet date

There were no major events of 2014, which would influence the company's operation in 2014 after the balance sheet date.

2.2.9 Planned activities for 2015 in the company Energija plus

The planned activities of the company Energija plus for 2015 are defined in the Annual Business Plan for 2015 with business projections for 2016 and 2017, where the following key business goals are set:

- Return on equity (ROE) is planned at 9.2%.
- Return on assets (ROA) is planned at 4.5%.
- Net profit is planned at EUR 1,671,762.
- Added value per employee is planned in the amount of EUR 79,140.
- Increase in the market share in electricity sale by 1%.
- To sell at least 7 million Sm^3 of natural gas.

- To sell 1,800 t of wood pellets.
- To reduce the amount of receivables by 10% according to 2014.

2.3 Presentation of the dependent company OVEN Elektro Maribor

2.3.1 Basic information (GRI 2.1, 2.4)*

Name:	OVEN Elektro Maribor d.o.o.
Seat:	Vetrinjska ulica 2, p. p. 1553, 2001 Maribor
Registration number:	1708503
Tax number:	SI22034412
Current account:	SI56 2410 0900 4370 202 Raiffeisen Bank
Share capital:	38,792 EUR
Entry in the register:	Registered at the District Court of Maribor, No. 1/00847/00
Main activity code:	D 35.111 Production of electricity in HE generation facilities
Number of employees as at 31. 12. 2014:	5
Company size according to CA-1:	Micro company
Founder:	Elektro Maribor d.d.
Director:	Miroslav Prešern
Phone:	02/22 00 782
Website:	www.oven-em.si

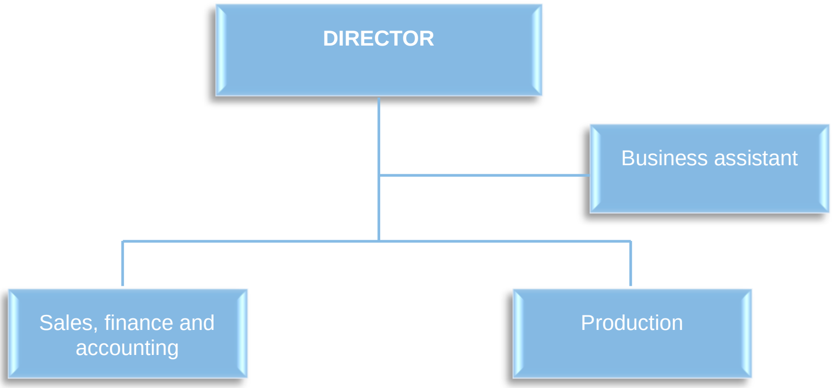
The company OVEN Elektro Maribor d.o.o. operates four small hydroelectric power plants (SHPP), one medium hydroelectric power plant (MHPP) and 18 small solar power plants (SSPP). The owner and sole partner is the company Elektro Maribor.

Basic activities of the company are:

- Electricity production in small hydroelectric power plants.
- Electricity production in small solar power plants.
- Maintenance of hydroelectric and solar power plants.
- Marketing of related products in renewable energy sources (marketing on our behalf for a foreign account).

2.3.2 Organisation (GRI 2.3)*

Organisational structure



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* Reporting according to the guidelines GRI G3.1.

2.3.3 Vision, mission, values and strategy

2.3.3.1 Company's mission

- To provide generated electricity from renewable sources at an environmentally acceptable, reliable and safe way directly to buyers and indirectly to end users.
- To promote renewable energy sources and efficient energy use.
- To protect the environment.
- To fulfil the recommendations and expectations of the owner.

2.3.3.2 Vision

- To become an important regional partner in the area of renewable energy sources.
- To work in the area of energy consulting and other consulting areas.
- To carry out activities in accordance with the highest ecological standards.
- To reduce business and social risks by quality development and business operation.

2.3.3.3 Key strategies

- Siting of appropriate locations for new potential hydroelectric power plants.
- Investment maintenance and modernisation of all hydroelectric power plants.
- Maximising the sales price for generated electricity.
- Development of new products in the area of self-sufficiency in electricity (micro production units, power from 3 to 10 kW).
- Placing RES and EE in the city and regional environment.

2.3.4 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.

2.3.5 Governance and management of the company OVEN Elektro Maribor (GRI 4.1, 4.2, 4.3)*

The company has a one-tier management system in place. The supervisory function is performed by the President of the Management Board of Elektro Maribor, who also represents the company's General Meeting.

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

The director of the company is Miroslav Prešern, lawyer.

* Reporting according to the guidelines GRI G3.1.

2.3.5.1 Mechanisms for forwarding recommendations and initiatives by the employees and shareholders to the highest management authorities (GRI 4.4)*

The company has set up a mechanism for forwarding recommendations and initiatives from the employees in the form of daily meetings, internal sales meetings and monthly colleges. At the same time every individual may propose initiatives and suggestion for any sorts of improvements.

2.3.6 Operating goals and their realisation – OVEN Elektro Maribor

The set goals for 2014 were fully achieved and exceeded. In 2014, we realised a net profit in the amount of EUR 553,940 and exceeded the planned business result (EUR 257,752) by EUR 296,188 or 115 %. We achieved a net profit in the amount of EUR 9,238,901, which is EUR 2,082,973 more or 29% higher than that planned for 2014.

We invested in the new energy facility MSPP OVEN-ADORNO from own current assets with the installed power of 49.9 kW.

2.3.7 Major events for the company OVEN Elektro Maribor in 2014

In 2014, the company generated 18,605 MWh of electricity due to record annual rainfall. The generated amount of electricity was 62% higher than planned.

2.3.8 Major events after the balance sheet date

There were no major events of 2014, which would influence the company's operation in 2014 after the balance sheet date.

2.3.9 Planned activities for 2015 in the company OVEN Elektro Maribor

The planned activities of the company OVEN Elektro Maribor in 2015 are defined in the Annual Business Plan for 2015, where the following key business goals are set:

- Net return on equity (ROE) between 5 and 7%.
- Net return on assets (ROA) between 5 and 6%.
- The company shall remain with five employees.
- Renovation of MHPP Činžat I.
- Construction of a solar power plant of power 50 kW.

3 BUSINESS ENVIRONMENT OF THE GROUP

3.1 Economic environment

The Group operates in the area of the Republic of Slovenia and this is why the economic conditions in the country have major impact on operation. In 2014, the economic activity was higher than expected. After two years of GDP dropping, GDP marked the highest growth in 2014 since the beginning of the economic crisis. The main reason for economic recovery was export, which has been increasing. An additional reason for recovery is the growth of public investments, linked with increased absorption of European funds. In 2014, the labour market conditions improved, which reflected also in the gradual strengthening of domestic

* Reporting according to the guidelines GRI G3.1.

consumption. The inflation trend in 2014 was influenced by prices of oil and other raw products, which were substantially lower.

Economic trends in Slovenia

Real growth rates in %	2012	2013	2014
Gross domestic product (GDP)	-2.6	-1.0	2.6
Final consumption	-2.6	-3.1	0.1
Inflation (end of year)	2.7	0.7	0.2
Fixed capital formation	-8.9	1.9	4.8

Source: IMAD, Spring forecast of economic trends 2015

3.2 Changes in prices of electricity and natural gas in 2014

The price of electricity, which greatly depends on weather influences and disposable production sources, was lower than planned, which resulted in positive effects on the business result.

The price of electricity on the futures markets, where we purchase energy for years in advance, fluctuated throughout the year between EUR/MWh 44.50 and 42.30 for band energy. Compared to the price on the German market, where the price was for the majority of the year between EUR/MWh 34 and 36, the difference is between EUR/MWh 8 and 10.

Political issues related to the Ukraine crisis had a major impact on the price of natural gas, as well as market regularities. The downward trend was joined by the effect of uncertainty of supply, which occasionally raised the prices. In general the prices on the market in Austria were between EUR/MWh 27 and 23, which was also more favourable than originally expected.

4 TRADEMARKS OF THE GROUP (GRI 2.2, 2.5)*

The companies in the Elektro Maribor Group offer their services to legal entities and natural persons in the area of Slovenia with the following trademarks:

ELEKTRO MARIBOR

The trademark of the company Elektro Maribor is positioned in the environment along with its vision, values and mission of the company. It is recognised in Slovenian space as a large company for electricity distribution, which provides reliable energy supply to network users by high quality electricity and energy services. The trademark of the company is a synonym for professional, credible, reliable and respectable partner in the business environment. A number of endeavours and activities in the past year were focused on providing reliable supply to network users, which because of the devastating weather disaster presented an enormous challenge for the entire company, but also additionally strengthened the company's position as a reliable partner in the environment, which provides electricity supply for the population and economy.

The important role of the company is also reinforced in the social environment by socially responsible activities. We are a company with a hundred-year tradition and one of the larger employers in the region.

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* Reporting according to the guidelines GRI G3.1.

In 2011, the company introduced the trademark E-Mobil. Its basic intent is to bring closer the technology of electric vehicles to future users and enable them to obtain their own experience and knowledge on the use of electric vehicles.

The company Energija plus provides clients with integral energy supply with the trademark Energija plus, registered at the appropriate institution. In marketing of individual energy products we use the following product lines:

The company OVEN Elektro Maribor, whose main activity is electricity generation from renewable energy sources, uses the OVEN trademark.

5 GROUP PERFORMANCE ANALYSIS

5.1 Net profit

The net profit of the Elektro Maribor Group in 2014 amounted to EUR 11,492,681. According to the previous year the net profit was higher by 24 % or EUR 2,212,210, which is mostly because of higher operating profit.

Net profit or loss before taxes

in EUR	2012	2013	2014	Plan 2014	Index according to plan
Results from operating activities	8,929,864	8,659,072	13,373,404	11,085,277	121
Net finance revenue	81,265	287,141	-140,430	-295,085	48
Results from other operating activities	63,628	-67,764	-104,535	-80,044	131
Taxes	-216,404	402,022	-1,635,758	-1,041,470	157
Net profit or loss	**8,858,353**	**9,280,471**	**11,492,681**	**9,668,678**	**119**

Revenues of the Group

in EUR	2012	2013	2014	Plan 2014	Index according to plan
Operating revenue	182,361,665	175,014,514	177,718,201	177,747,374	100
Financial revenue	1,044,541	1,164,727	858,088	678,862	126
Other revenue	206,586	59,972	42,309	5,127	825
Total revenue	**183,612,792**	**176,239,213**	**178,618,598**	**178,431,363**	**100**

Costs and expenses of the Group

in EUR	2012	2013	2014	Plan 2014	Index according to plan
Operating costs and expenses	173,431,801	166,355,442	164,344,797	166,662,097	99
- material costs	115,725,492	105,504,663	102,269,365	105,880,986	97
- service costs	9,214,402	9,512,529	10,152,472	9,950,684	102
- write-offs	20,844,681	21,991,198	21,497,127	21,043,660	102
- labour costs	26,651,824	27,552,183	29,675,592	28,608,003	104
- other expenses	995,402	1,794,869	750,241	1,178,764	64
Financial expenses	963,276	877,586	998,518	973,947	103
Other expenses	142,958	127,736	146,844	85,171	172
Total costs and expenses	**174,538,035**	**167,360,764**	**165,490,159**	**167,721,215**	**99**

5.2 Financial condition

Assets and liabilities of the Group as at 31 December 2014 amounted to EUR 358,929,747 and had increased from 31 December 2013 by EUR 9,011,014 or 3 %.

Changes in the balance sheet total

in EUR	31. 12. 2012	31. 12. 2013	31. 12. 2014	Plan 31. 12. 2014	Index according to plan
Assets	**346,593,000**	**349,918,733**	**358,929,747**	**356,079,074**	**101**
Fixed assets	287,752,849	293,931,967	300,376,219	300,738,814	100
Current assets	58,507,190	55,929,611	58,526,184	54,872,948	107
Short-term accrued revenues and deferred costs	332,961	57,156	27,344	467,312	6
Liabilities	**346,593,000**	**349,918,733**	**358,929,747**	**356,079,074**	**101**
Equity	238,736,555	245,002,446	253,508,924	252,326,450	100
Provisions and long-term accrued costs and deferred revenues	35,274,890	35,568,485	35,752,927	34,985,313	102
Long-term liabilities	30,575,651	29,718,509	28,857,235	28,443,223	101
Current liabilities	40,499,143	38,053,866	39,126,282	39,151,079	100
Short-term accrued costs and deferred revenues	1,506,761	1,575,427	1,684,379	1,173,009	144

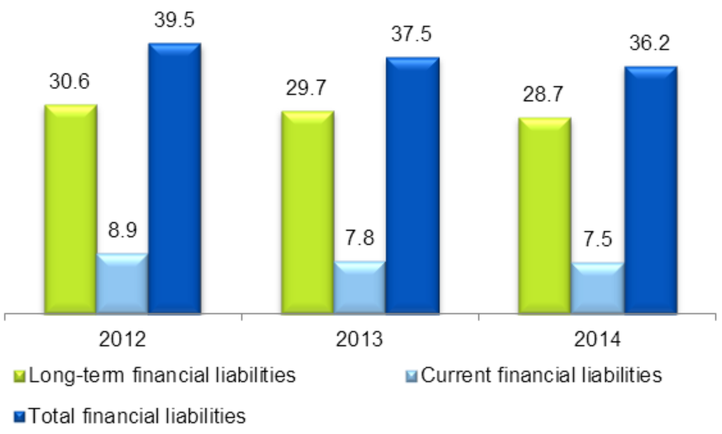
5.3 Cash flow and financial operation

The cash flow in 2014 was positive and amounted to EUR 2,580,277 with the final balance of cash and cash equivalents at EUR 19,060,063.

in EUR	2012	2013	2014	Plan 2014
Cash flow from operating activities	**17,704,815**	**15,868,762**	**15,742,945**	**12,010,016**
- operating revenues	318,338,457	303,152,858	308,187,325	316,140,772
- operating expenses	-300,633,642	-287,284,096	-292,444,380	-304,130,756
Cash flow from Investing activities	**-1,351,692**	**-9,518,253**	**-8,136,315**	**-11,645,585**
- investment revenues	9,613,687	610,397	626,542	258,105
- investment expenses	-10,965,379	-10,128,650	-8,762,857	-11,903,690
Cash flow from financing activities	**-7,743,206**	**-5,759,795**	**-5,026,353**	**-4,419,903**
- financing revenues	8,000,000	7,000,000	6,500,000	6,500,000
- financing expenses	-15,743,206	-12,759,795	-11,526,353	-10,919,903
Cash flow in the financial period	**8,609,917**	**590,714**	**2,580,277**	**-4,055,472**
Final balance of cash flows	**15,889,072**	**16,479,786**	**19,060,063**	**12,424,315**

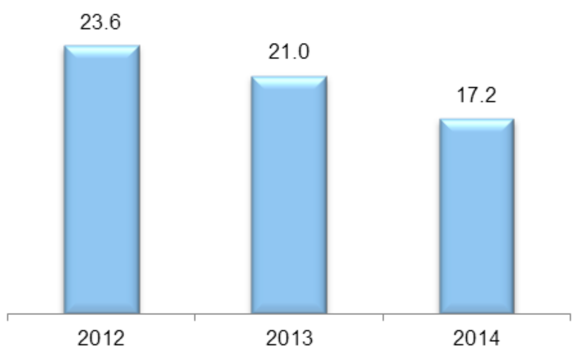
The entire financial liabilities of the Elektro Maribor Group are the same as for the company Elektro Maribor, because only the latter borrows within the Group.

Financial liabilities (in million EUR)



Net financial debt as at 31 December 2014 amounted to EUR 17,174,826, which is 18.1% less than at the end of 2013, mainly because of higher cash and cash equivalents.

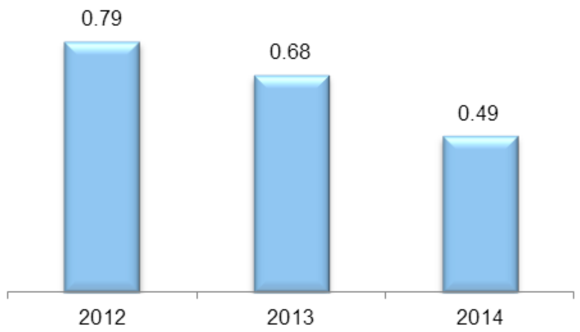
Net financial debt (in million EUR)



Net financial debt = Financial liabilities – Current financial investments – Cash flows

The net financial debt indicator per EBITDA was 0.49% in 2014; that is 28% lower than the previous year, because of lower net financial debt and higher EBITDA.

Net financial debt/EBITDA



5.4 Group performance indicators

The performance of the Elektro Maribor Group is measured by the following performance indicators:

- financing indicators are focused to 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 indicators or efficiency ratios examine the achieved business results according to the inputs required to generate them;
- ROI indicators, which determine the relation between a certain return and average investments.

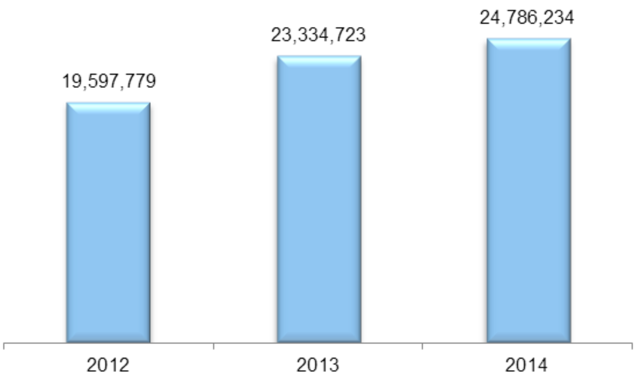
Performance indicators for the Elektro Maribor Group

	2012	2013	2014
I. FINANCING INDICATORS			
Self-financing ratio in % = assets/liabilities	68.88%	70.02%	70.63%
Long-term financing ratio in % = assets + long-term debts + provisions + long-term AEDR/liabilities/liabilities	87.88%	88.67%	88.63%
Equity to total capital in % =share capital/equity	58.55%	57.05%	55.14%
II. INVESTMENT INDICATORS			
Fixed assets investment ratio in % = fixed assets/assets	82.30%	82.83%	82.51%
Long-term investment ratio in % = fixed assets and long-term DEAR + long-term fin. Investments + real-estate investments + long-term receivables/assets	83.02%	83.61%	83.30%
III. HORIZONTAL FINANCIAL STRUCTURE INDICATORS			
Equity to fixed assets ratio =equity/fixed assets	0.84	0.85	0.86
Quick ratio = liquid assets/short-term liabilities	0.39	0.43	0.49
Accelerated liquidity ratio = liquid assets + short-term receivables/short-term liabilities	1.40	1.43	1.45
Short-term ratio = short-term assets/short-term liabilities	1.44	1.47	1.50
IV. EFFICIENCY INDICATORS			
Operating efficiency ratio = operating revenues/operating expenses	1.05	1.05	1.08
Overall efficiency ratio = revenues/expenses	1.05	1.05	1.08
V. PROFITABILITY INDICATORS			
Net return on equity (ROE) in % = net profit or loss/average assets (excluding net profit or loss)	3.79%	3.90%	4.72%
Net return on assets (ROA) in % = net profit or loss/average assets	3.75%	3.84%	4.61%
Net return on assets (ROA) in % = net profit or loss/average assets	2.56%	2.66%	3.24%
Operating revenue profit ratio in % = operating profit or loss/operating revenues	4.90%	4.95%	7.53%
Operating revenue net profit ratio in % = net profit or loss/operating revenues	4.86%	5.30%	6.47%
Total capital dividend yield in % = total dividends paid/average share capital	1.55%	1.24%	1.20%
Dividend to share capital ratio in % = total dividends paid/average fixed capital	2.61%	2.15%	2.14%

6 INVESTMENTS OF THE GROUP

In 2014, investments of the Elektro Maribor Group amounted to EUR 24,786,234 and were 6% higher than the year before.

Investments of the Group (in EUR)



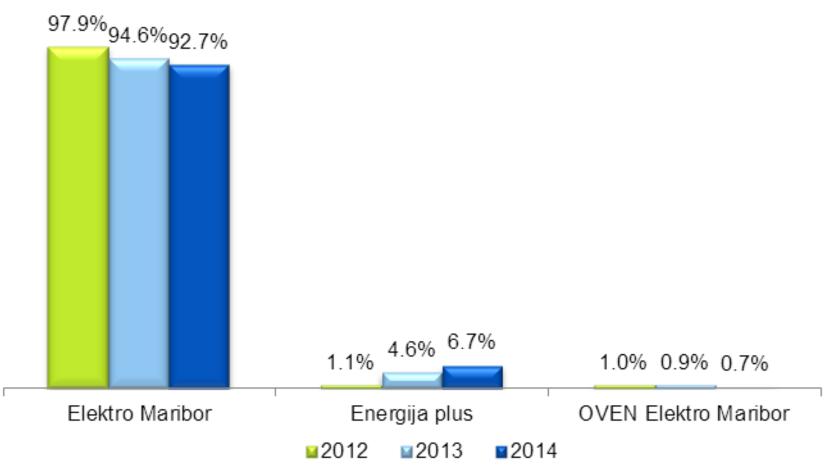
The largest share (93%) of investments of the groups is represented by investments of the company Elektro Maribor in the amount of EUR 22,971,243, which are 4% higher than the year before.

Structure of investments of the Group in 2014 saw an increase of the investment share of the company Energija plus, mostly because of two major investments:

- renovation of the boiler room Bratov Greif and office building in the amount of EUR 291,201 and
- renovation of the IT system by implementing SAP for Utilities with ERP in the amount of EUR 923,166, which is 40% of the total investment value, which will be completed in 2015.

The company OVEN Elektro Maribor in 2014 allocated the major amount of funds as part of investments in fixed assets to the construction of the new solar power plant SSPP OVEN-Adorno (49.9 kW) at Studenci in Maribor.

Investment structure by individual companies



7 ELECTRICITY

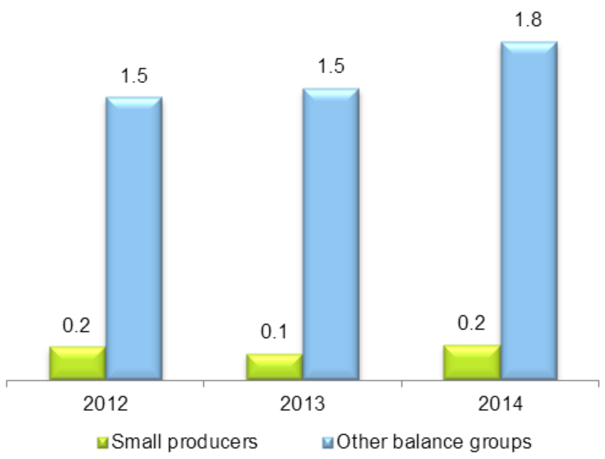
7.1 Purchase of electricity

In 2014, the company Energija plus based on futures contract and real-time purchases purchased 1,941 GWh of electricity.

Monitoring events on the market and energy consumption of our clients present the key basis for making prudent decisions on the amounts of electricity for end clients, which we buy real-time at real-time prices and on the amount of futures purchase at an annual level in the sense of position trading or power exchanges with trading of the same amounts of electricity in purchase and sale without additional risks. In 2014, we concluded business deals with seven balance groups and subgroups, which are present on the wholesale market.

By actively managing the electricity portfolio, we managed to lower the average purchase price for electricity for our end clients by 1.5 % according to plan.

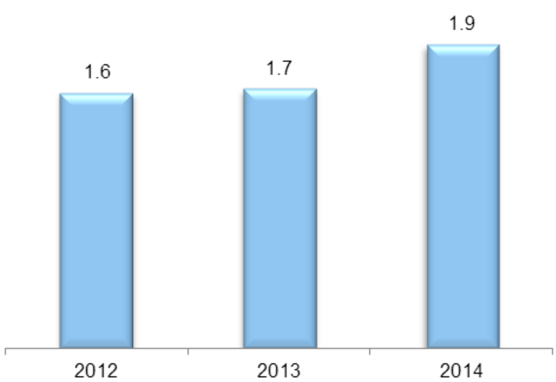
The purchase amount of electricity (in TWh)



7.2 Sale of electricity

Sale of electricity in 2014 (to households and business clients and other balance groups) amounted to 1,941,239 MWh, which is 0.96% less than planned and 17.1 % higher than in 2013.

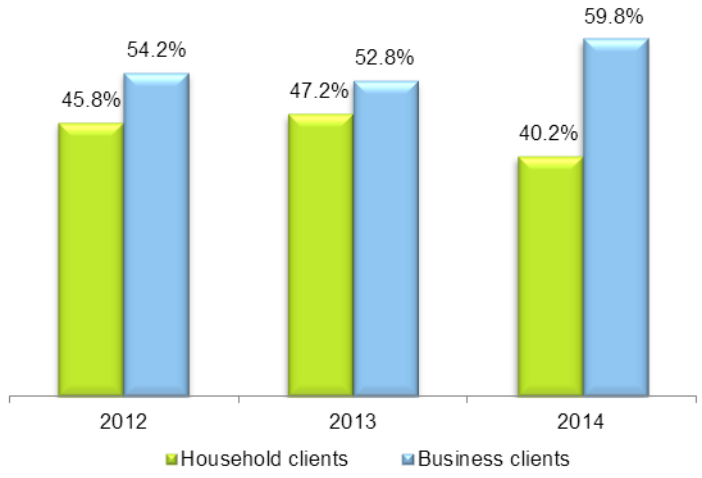
The amount of electricity sold (in TWh)



To achieve the set goals in 2014 we intensively continued with activities to keep our existing clients and to obtain new clients from all groups. The competition remains aggressive and the clients are aware of their position. We stay strong on our path to keep our clients and acquire new ones; that is in strengthening our market position and increasing our offer. Our clients remain our partners.

Sales to end clients in 2014 were similarly as with business and household clients in amounts and values below that planned. The entire sale of electricity to end clients was in amount by 7.63% and in value by 6.94% under that planned.

Share of sold electricity amounts to end clients



In 2014, we achieved an increase in the market share by 1.6 percent. The market share of Energija plus regarding the annual sold electricity to end clients of households and other consumption in the retail market in Slovenia in 2013 amounted to 10.20% according to official data and to 11.8% in 2014 (source: http://www.energetika-portal.si). Concluded contracts with new clients and a smaller number of migrations had an impact on growth.

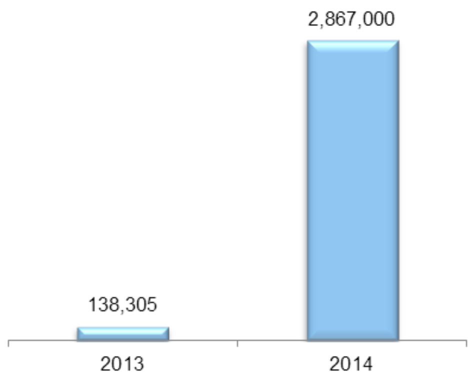
8 NATURAL GAS

2014 was the second year in which the company Energija plus also traded with natural gas. We manage an independent balance group for purchase and sale of gas, which is purchased at the Austrian-Slovenian border under futures and daily contracts. In futures trading this is done with position trading (power exchange) with equal purchase and sale quantities without additional risks. We daily implement all activities required for efficient and profitable activity. We established a partner relationship in 2013 with the supplier E.ON for the purchase and sale of natural gas, which will continue in the future years.

8.1 Gas purchase

Lower development of the gas market compared to the electricity market in Slovenia is also seen in the fact that we do not have an exchange market for gas trade. Price signals are monitored on energy markets of other countries, where we are also witnessing a downward price trend similarly as with electricity. In 2014, based on futures contract and real-time purchases we purchased 2.867.000 Sm^3 of gas. In futures trading this is performed by position trading (power exchange), with equal purchase and sale quantities without additional risks.

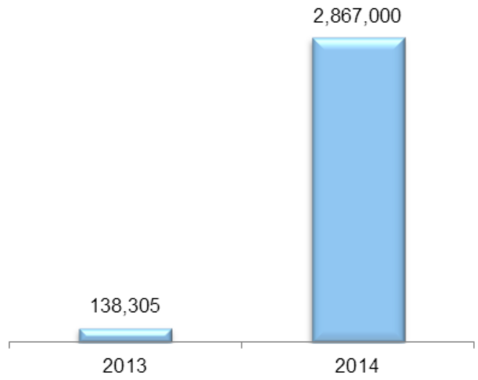
Purchase amounts of gas (in Sm^3)



8.2 Sale of gas

Gas sale in 2014 increased slower than planned. The main reason was the smaller number of acquired clients because of competitive prices of other suppliers and lower consumption because of mild winters. Despite the fact, we sold 20 times more gas than in 2013 (from June to the end of the year). With the package Dvojni plus, which combined electricity and natural gas supply, we continued to strengthen the recognition of the company as a gas supplier and promotion of advantages of both electricity and natural gas supply.

Gas sale amounts (in Sm^3)



In October, we participated at the auction of the Consumers' Association of Slovenia and with the most favourable price of natural gas for 2015 won in the gas category. New clients will receive all the benefits already received by our present clients. We wish to establish a long-term relationship also with new clients, because we especially appreciate and reward loyalty.

We are gradually strengthening our position on the gas market. Statistically because of our small size we are not monitored among market participants. According to the consumption of natural gas in Slovenia in 2013, we estimate that we had a 0.21% market share in 2014.

9 PELLET SALES

Wood pellets present an additional offer of energy products or trade goods. Clients accepted the offer well, but the warm autumn and mild winter despite promotions were the reasons, why we couldn't reach the planned goals. In 2014, we sold 17% more pellets than in 2013.

In 2014 in the area of wood pellet sale we performed several activities of sales promotions and also included in the sale programme pellets made of 100-percent soft conifer wood (along with mixed pellets). Still, we didn't achieve the set sale goal. The main reasons are mainly the warm autumn and mild winter, as well as the competitive offer for wood pellets of other suppliers.

10 SALE OF HEATING

The produced heat in the renovated boiler room at Pobrežje in Maribor in 2014 supplied 580 apartments. Apart from sale of heating in 2014, we began to produce also electricity in cogeneration and release it to the network and consequently increased revenues from sold heating by revenues from generated electricity.

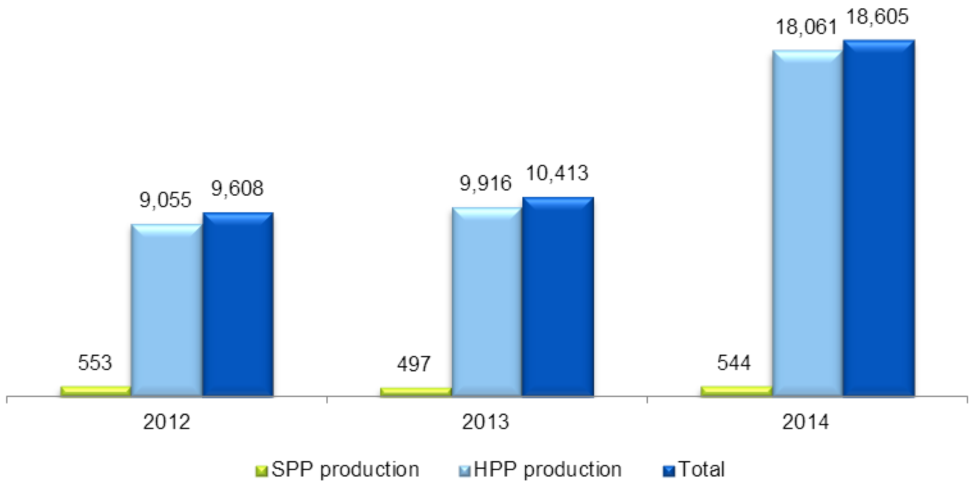
For the first project of renovation of the boiler room at Pobrežje in Maribor in 2014 we received the first award at the 14th Days of Energy Sector in Portorož in the category "Energy efficient project (EE) 2014". Also in the future we will find similar opportunities, which will present in potential new investments a stronger market position in the area of production and heat distribution in the years to come.

According to the consumption of remote heating in Slovenia in 2013, we estimate that we had a 0.11% market share in 2014.

11 ELECTRICITY PRODUCTION

The company OVEN Elektro Maribor in 2014 generated 18,605 MWh of electricity in its production facilities, which is 62% more than planned and 79% more than in the previous year. Higher production is mostly the consequence of more rainfall in 2014.

Generated amounts of electricity in hydroelectric (HPP) and solar power plants (SPP) (in MWh)



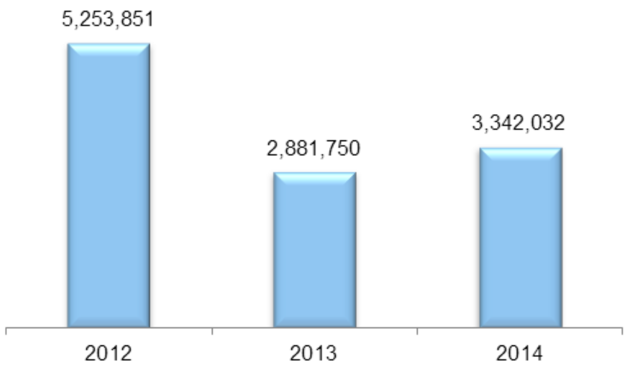
The largest electricity production was marked in March, August and September. Only in June were production plans higher than the actual generated electricity by 3%. At the annual level the amount of produced electricity exceeded the planned by 62%. Compared to the previous year we generated 79% more electricity. Of the annual produced amount of electricity of 18,605 kWh, 13,121 kWh of produced electricity was eligible for premium support.

The share of produced electricity from hydroelectric power plants in 2014 amounted to 97% and the share from solar power plants to 3%.

12 MARKET SERVICES OF THE GROUP

In 2014, the revenues from sale of services for the Elektro Maribor Group amounted to EUR 3,342,032, which is 16% more than the previous year.

Changes in revenues from sale of services in the Elektro Maribor Group (in EUR)



Revenues from services of the company Elektro Maribor represent 84.4% of all revenues from sale of services of the Group and relate mostly to services the company performs on energy facilities and objects.

Revenues from services of the company Energija plus, which represent 15.6% all revenues of the Elektro Maribor Group mostly relate to services connected to electricity sales.

The company OVEN Elektro Maribor on the market offers services and products in the area of renewable sources. These are integrated products in terms of energy industry, clean environment, e-mobility and consulting as well as education. In the initial stage, the company wishes to gain recognition with the abovementioned products.

13 PURCHASING IN THE GROUP

Within the group the greatest share of purchasing is the purchase of energy products by the company Energija plus. We purchase energy products long-term and over-the-counter (OTC) according to the dynamic of concluding sale contracts and forecasts for consumption. Long-term contracts are concluded based on received offers from suppliers on the principle of the most favourable price, while current supply contracts at daily and hourly levels are concluded at energy exchanges or directly at the most favourable supplier. Because of daily settlements within balance groups current transactions are concluded on a daily basis.

Purchasing also includes the evaluation and management of the portfolio of energy contracts, so that with appropriate purchase-sale transactions we control purchase costs and use the most favourable conditions on the purchase market to achieve the best possible business result. This enabled the company Energija plus to achieve savings in the amount of EUR 1,211,120, which is 1.3% of the purchase value in 2014.

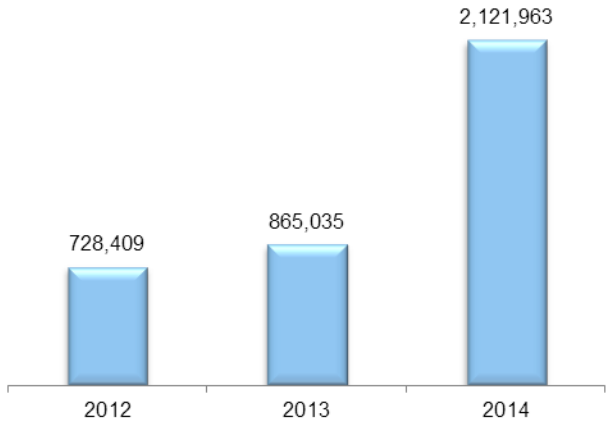
The large portion of purchasing is also performed by the company Elektro Maribor, where according to the legislation in force on public procurement (Act Regulating Public Procurement in Water, Energy, Transport and Postal Services, OG No. 90/2012) we purchase mostly material and services for maintenance of electricity facilities and for own investments.

14 IT SUPPORT IN THE GROUP

The Elektro Maribor Group in 2014 allocated EUR 2,121,963 for investments in IT support. Investments were intended both for hardware upgrades, as well as purchases and maintenance of licensed software.

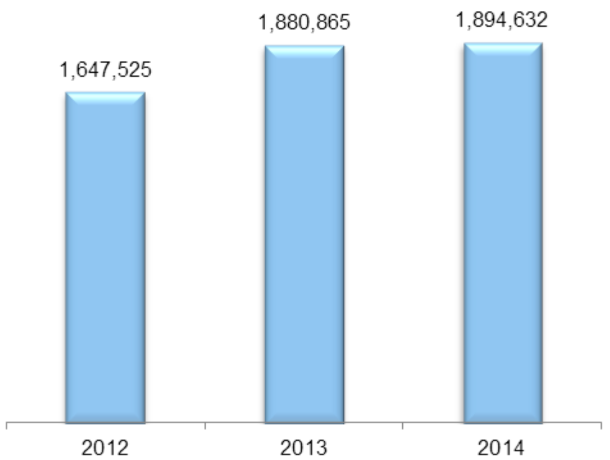
Investments in IT support increased in 2014 because of the investment in SAP for Utilities with the ERP information system in the company Energija plus. Increasing client demands and expectations led to the decision that so many different products of different manufacturers cannot provide adequate efficiency, so the company Energija plus realised the planned investment in the abovementioned information system SAP for Utilities with ERP in the final quarterly. Cost analysis of the new investment in IT support after implementation has shown 50% lower costs for IT, which furthermore confirmed that this was a correct business decision. Based on the public call and an investment plan for eligibility the selected best provider and the company signed the implementation contract in August.

Changes in investments in IT support (in EUR)



Costs for IT support for the Elektro Maribor Group in 2014 amounted to EUR 1,894,632, which was 1% more compared to the year before.

Changes in costs for IT support (in EUR)



The company Elektro Maribor provides IT support with the integral information system (IIS), developed by the company Informatika and in-house information solutions.

The company Energija plus according to the share balance remained the contracting authority for a segment of IT services under the already concluded contract with the companies Informatika and Elektro Maribor. In 2014, we completed the modernisation of IT support in the form of a new account and adjusted balance accounts.

Company OVEN Elektro Maribor rents software, which includes the complete area of accounting and finances.

15 RISK MANAGEMENT IN THE GROUP

15.1 Risk management in the company Elektro Maribor

Risk management in the company Elektro Maribor is described in more detail in II. Chapter of the Business Report of the company Elektro Maribor d.d.

15.2 Risk management in the company Energija plus

During this economic crisis all businesses face business risks. 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 transactions. We are building an IT supported system for managing risks, which will ensure that the key risks that the company faces are recognised on time, properly evaluated and managed. The risk management system is part of the entire organisational structure. By efficient response we have successfully managed individual business risks, lowered them and also avoided some.

The main emphasis of the previous year was on managing credit and liquidity risks. We especially focused to the solvency of clients and status of operating receivables. We managed to maintain a positive cash flow, so we didn’t require bridging loans for operating activities. At all times we have strived that the financial position and cash flow of Energija plus has remained stable and positive. By taking different measures for financial risk management we can say that we are successfully adapting to increasingly more difficult conditions on the market.

By purchasing IT support for risk management the company once again estimated risks. Evaluation took place according to three criteria: according to risk probability (risk frequency), risk importance (potential business damage) and damage value. Risks were assessed by a four-level value scale of relevance and probability.

According to the results of business risk assessment from 2013 among the most important and probable business risks are the following financial risks: price, loan and liquidity risk. In order to control and manage these risks the strongest control system is required, which is also performed in the company and which is described in detail for individual financial risks. Apart from financial risks among the most important and probable risks are commercial risk, financial environment risk, business-financial decision-making risk, economic environment risk, strategic decision risk and legislative and regulatory risk.

The final result of the assessment of business risks in 2014 is a comprehensive list of risks or a catalogue of groups of risks with a presentation of the most important and probable ones. We also analysed the possibility of an insurance system in terms of transferring certain business risks to an insurance company, but the cost amount exceeds the positive effect of the insurance.

We defined three groups of risks:

- strategic,
- business and
- financial risk.

15.2.1 Strategic risk

Strategic risks may be political, legislative and regulatory. We protect ourselves from these risks by constantly following them, reacting on time and by actively cooperating with institutions. Increasingly greater competition and aggressive sale of electricity in a small 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 and gas companies, monitor client satisfaction and other.

15.2.2 Business risks

Business risks represent a combination of operating risks, which include HR risks, commercial risks, risk of business interruption, risks of management and decision-making, risks of providing information, risks of fraud and other illegal activities and of course financial risks.

Managing HR risks 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 process. Risks of management and decision-making are managed by regular meetings and examining organisational climate. The company manages process risks with a clear strategy, defined processes, responsibilities, authorities 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 lack of control requires increased personal engagement of employees and can result in lower response level and rigid communication system. Energija plus is aware of the risk of inappropriate IT support and this is why in 2014 we began the procedure of introducing a modern information and communication system for support to business processes.

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

15.2.3 Financial risk

Energija plus is among all business risks most exposed to financial risk with special focus on price, credit and liquidity risk. The company purchases electricity and gas at stock exchanges, where we are exposed to price risks. In electricity supply to end clients the price and quantity risk was adequately managed by immediate closing of positions. The company is exposed to price risk due to changes of electricity prices at the energy exchange.

In 2014, the established system for management of operating claims enabled even more efficient management of credit risks. For the requirements of the new IT support, we updated the rules on managing receivables from legal entities, we were more active in enforcement, in the event of non-payment we were quicker to decide to withdraw from sales to such clients and quicker to use legal remedies means to settle claims. We place special attention to individual treatment of large clients and clients, who find themselves in social distress. In 2014 we continued performing fierce conditions to approve exposure limits to individual clients. Lately in 2014 we also began implementing a new insurance and payment instrument – enforcement draft.

Claims are systematically followed by maturity, quality and individual clients. Credit risk was the most important risk, which the company was exposed to in sale of products and services to natural persons and legal entities in 2014 and managed it with the above mentioned measures.

15.3 Risk management in the company OVEN Elektro Maribor

In 2014, we prepared a risk register for all recognised strategic, operating and financial risks, determined the managers for risks and appropriate actions for risk control.

Rapid changes in 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 and to implement actions for their control. The most important risks are:

Disclosure of business secrets

Risk of disclosure of business secrets is managed with the adopted Act on determining business secrets, which all the employees sign and with provisions in employment contracts.

Natural disasters and weather influences

We are exposed to the risk of natural disasters (mostly floods), especially in autumn months, in the event of extremely large rainfall. Amounts and changes in production are subject to direct weather influences (rainfall and sunny days). For events of material damage (machine failure, fire, etc.) and operational standstill we have concluded appropriate insurances.

Price risk

The company manages price risk with concluded contracts, which ensure long-term stable prices for the sale of generated electricity. As a future risk we estimate the sustainability or persistence of the support scheme for electricity production from renewable energy sources (Borzen, d.o.o.).

Liquidity risk

The company manages liquidity risk by regularly following cash flows and coordinating maturity of liabilities and claims. Credit ratings of future business partners are always checked prior to cooperation on an online application hired for this purpose. Credit ratings for business partners are regularly monitored.

16 INTERNAL AUDIT IN THE GROUP

The internal audit activity is performed by an internal auditor, who is directly subordinate to the Management Board of the company Elektro Maribor and responsible for the implementation of constant and integral control of company operation and as of June 2014 also for constant and integral control of operation of both dependent companies (Energija plus and OVEN Elektro Maribor).

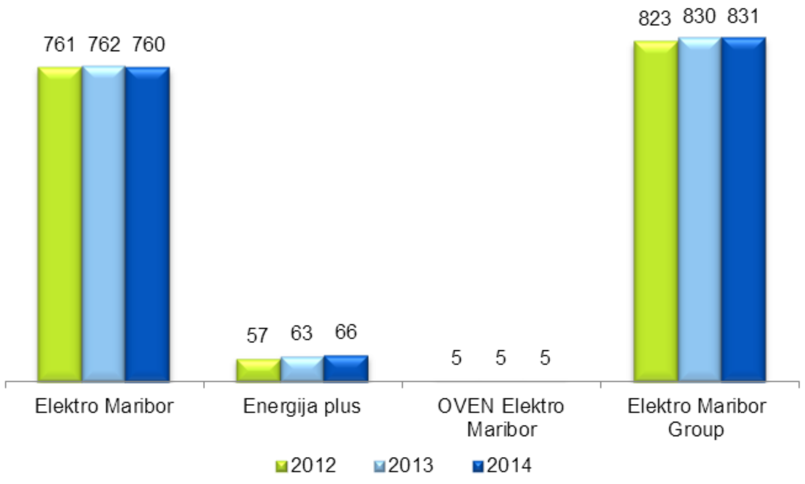
Based on recognised risks, noted in the company's risk register and taking into account that there are two dependent companies in the Elektro Maribor Group, the areas audited for 2014 were specified in the Short-term Plan of Internal Audits in the Elektro Maribor Group for 2014 with projections of the work plan for 2015 and 2016. The plan mandated that the internal auditor would perform seven regular and one extraordinary audit in 2014 (net 140 working days). According to the work plan, the internal auditor in 2014 began four internal audits and issued three final reports on the performed regular internal audits.

17 EMPLOYEES IN THE GROUP

17.1 Changes in employees

The Elektro Maribor Group had 831 employees by the end of the year. There were 109 new arrivals and 108 departures in 2014. The number of employees somewhat increased compared to 2013 because of new employments in the company Energija plus.

Number of employees (end of year)



In 2014, the group had 83% men employed and 17% women, which is the same as in previous years.

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

	2012	2013	2014
Number of employees - men	685	688	686
Number of employees - women	138	142	145
Permanent employment	791	802	805
Fixed-term employment	31	27	25
Full-time employment	809	814	813
Part-time employment	14	16	18

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

	2012	2013	2014
Number of arrivals	86	62	109
- men	69	56	103
- women	18	6	6
- age up to 30	24	9	45
- age 30-50	57	52	55
- age over 50	6	1	9
Number of departures	53	55	108
- men	46	54	105
- women	7	1	3
- age up to 30	4	8	43
- age 30-50	20	30	53
- age over 50	29	17	12

* Reporting according to the guidelines GRI G3.1.

In 2014, the average age of employees in Elektro Maribor Group was 43.2 and the average employment period 21.3. The average age and employment period are somewhat increasing in the last years.

	2012	2013	2014
Average age of employees (in years)	41.7	42.3	43.2
Average employment period (in years)	19.9	20.3	21.3

Percentage of employees covered by collective agreements in 2014 was 98.6 %, which is at the level of previous years (GRI LA4)*.

	2012	2013	2014
Percentage of employees covered by collective bargaining agreements	98.3%	98.5%	98.6%

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

	2012	2013	2014
Number of employees	803	800	878

The number of employees with recognised disability is growing. In 2014, it increased by 1 employee in the controlling company and by 1 in the company Energija plus.

	2012	2013	2014
Number of employees with recognised disability	75	79	81

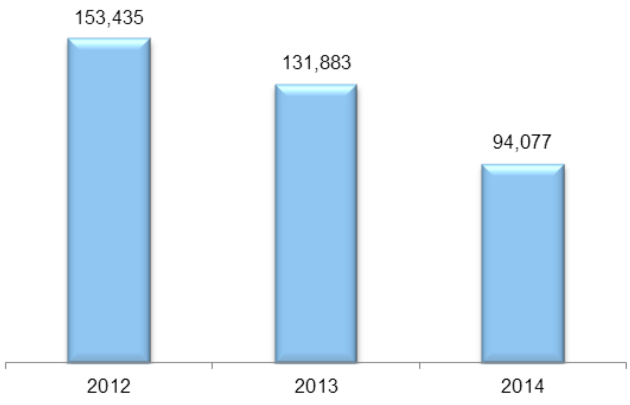
Number of employees (by gender) using parental leave (GRI LA15)

	2012	2013	2014
Number of employees	37	43	38
- men	33	38	34
- women	4	5	4

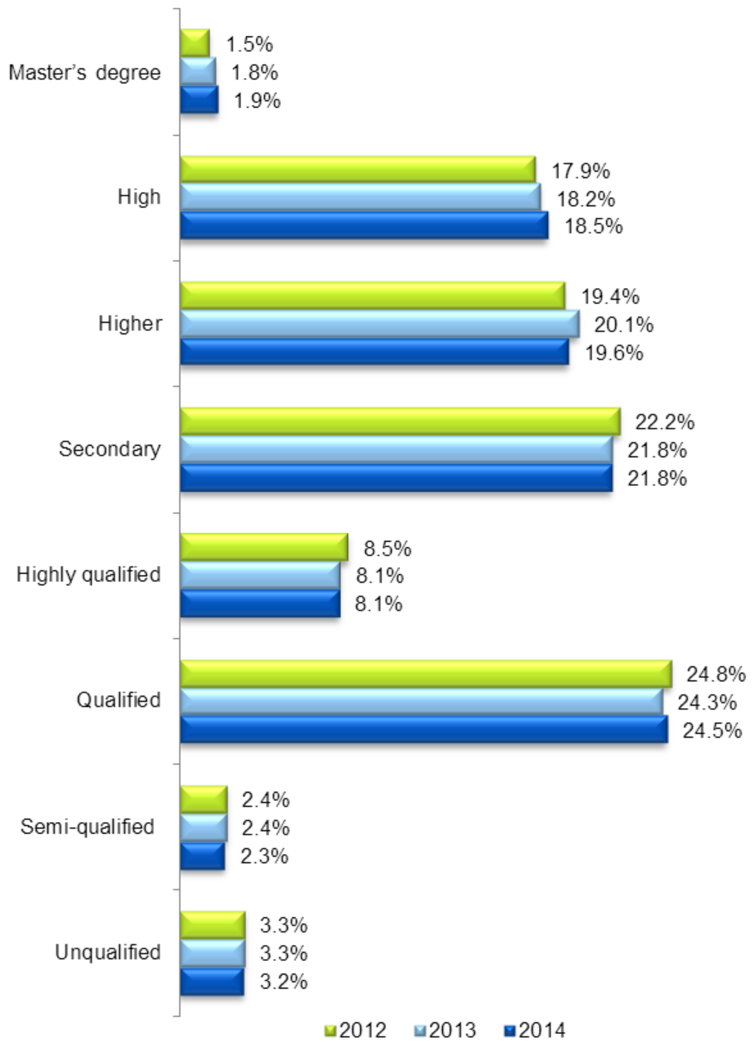
17.2 Education of employees

Development of employees is one of the most important motivational factors and we place great attention to it. The education of employees is carefully planned and implemented according to adjustments to current conditions on the labour market. In 2014, we allocated EUR 94,077 to different forms of education in forms of different workshops, seminars and conferences, which is 29% less compared to 2013. In education, we are increasingly opting for internal education and training.

Cost of education of employees (in EUR)



Structure of employees by education as at 31. 12. 2014



18 SAFETY AND HEALTH AT WORK IN THE GROUP

Within the Group the company Elektro Maribor places the most attention on health and safety at work (HSAW), mostly because of the number of employees and the nature of the company's work. In the group we are aware of the importance of an organised work environment in order to achieve the set goals. Job systematisation includes safety measures, which reduce health and safety risks for the employees. Prior to beginning employment each new employee performs a preventive medical examination and employees also regularly attend periodic medical examinations. The group especially focuses on theoretical and practical training of employees in the area of health and safety at work.

The company Elektro Maribor in 2014 recorded 30 work-related accidents. The company Energija plus and OVEN Elektro Maribor in 2014, as in 2013, recorded no work-related accidents or related lost work days.

19 SOCIAL RESPONSIBILITY OF THE GROUP

19.1 Social responsibility of the company Elektro Maribor

Social responsibility of the company Elektro Maribor is described in more detail in II. Chapter. Business Report of the company Elektro Maribor d.d.

19.2 Social responsibility of the company Energija plus

Responsibility towards the people, the core and general living environment is an important value, which Energija plus takes seriously and tries to strengthen. We are aware that apart from generating good business results there are also other things important, which enable a richer, higher quality and better life. Social responsibility is for us a value, with which we wish to contribute to our share on the road to a better society and cleaner environment.

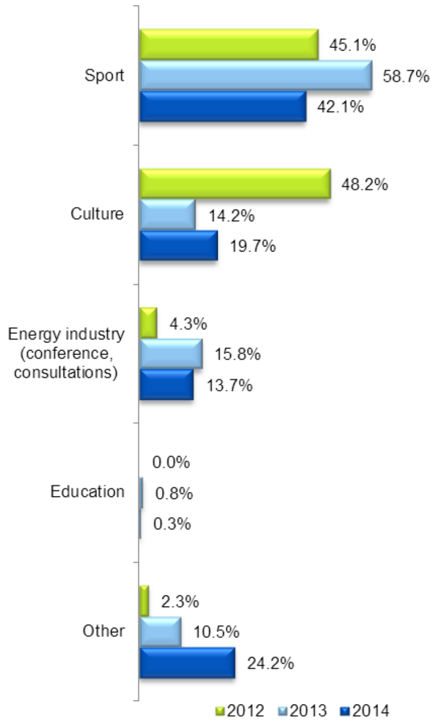
In September 2014, storms and heavy rainfall engulfed all of Slovenia and paralysed certain places. We authorised a special discount for billed electricity for all our household clients, who experienced damage in these September floods in the amount of EUR 50. We received over 1200 applications and allocated approximately EUR 60,000 of help to those, who needed it most.

19.2.1 Sponsorship and donations

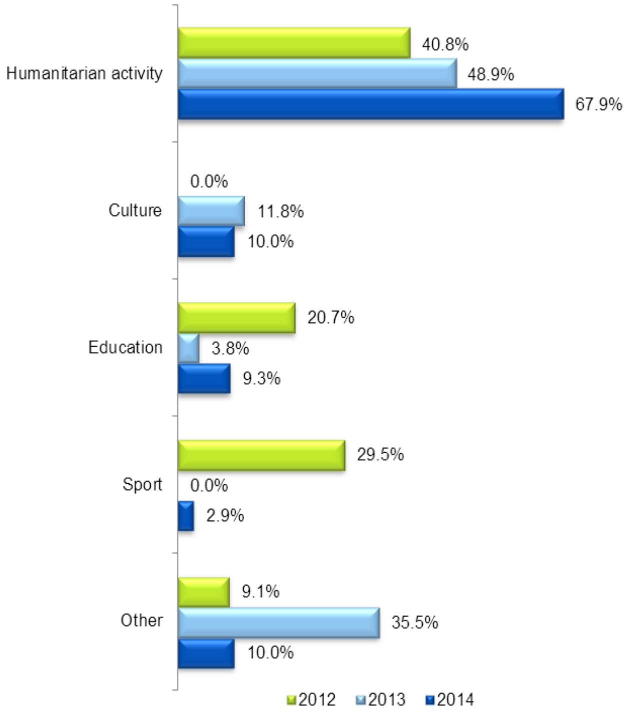
As a socially responsible company, we helped different organisations and individuals in need both in the social, cultural and sport area also in 2014. Donations were mainly given to charity. This gave us the opportunity to help those, who need help in all walks of life.

We believe that the focus on sustainable development and an open ear to the needs of the society is proof of our success.

Distribution of sponsorship by purpose



Distribution of donations by purpose



19.2.2 Marketing activities

We used different marketing activities to make way for sales activities and used all communication channels with the intent to develop markets, notify clients, build loyalty and sale promotions in order to achieve the sales goals and the company's goals. We addressed existing and potential clients, reinforced the trademark, loyalty and interest for our offer. With different sales promotions at trade shows, prize competitions and topic events we strived to maintain direct contact with clients (both business and household).

19.2.3 Communication with outside public

Public relations in Energija plus are a vital operation, which sets up and maintains mutual communication, understanding and cooperation within the company and with its public. Through regular communication we wish to positively impact our image and public perception of the company in the environment. We are establishing an affinity of the general public, increasing the positive image, credibility and reputation and building the trademark.

In 2014, as the new supplier of natural gas, wood pellets and heating according to the communication plan we carried out communication activities mostly in the North-eastern part of Slovenia, where as the local supplier we reinforced client loyalty and increased sales of natural gas and wood pellets. All activities were carried out with the goal to reinforce the general perception of the company as a reliable supplier, who apart from competitive prices focuses on the quality of the service and client satisfaction.

All throughout 2014 we provided clients with different discounts for purchases of energy products and various equipment (heat pumps, gas and pellet furnaces, and radiators), special bonuses for loyalty, offered energy tips and other benefits. In September and October at all our sales points we organised energy consulting, where we advised our clients on how to save energy and which supply package to select. At the end of the year all clients received the most advanced mobile application ePLUS, which in a simpler and easier way enables access to all data and current information, allows submitting meter readings, overview of payments and a number of other functions 24 hours a day.

With the intent of sales promotion for electricity, natural gas and wood pellets, we held promotions in different parts of Slovenia. We presented our offer in March at the tradeshow Dom in Ljubljana, in May at the Energy Sector tradeshow in Celje and in September at the International Trade Fair in Celje. At the 23rd international consultation of municipal energy, we presented the project of the renovation of the boiler room at Pobrežje in Maribor and at the 16th Days of Energy Sector in Portorož we won the prestigious first prize for the abovementioned project in the category "Energy Efficient Project (EE) 2014".

Tradeshow energy sector

19.2.4 Media communication

Media communication is one of the fastest ways to communicate with different publics. By consistent responses to press and other public question and initiatives, we maintain a good relationship with the media, which is of crucial importance in maintaining the company's good reputation. Regular informing of media is one of the central tasks of the company. We always communicate openly and responsibly to the media. We are building a long-term relationship with the press, one which bases on trust and reciprocity.

In 2014, we provided the media with regular and timely information on all new offers, special offers, new services and other important content, which had a major impact on the company operation. In March, when we opened our new consulting and information office in Maribor we held a press conference and another one at the end of the year, when we presented the company's key achievements and projects on 2014. We prepared public announcements on major events and always published current news at the website www.energijaplus.is, Facebook, Twitter and YouTube.

Press conference

19.2.5 Client relations

Energija plus focuses a great deal of attention on the satisfaction of the clients, in fulfilling their wishes and needs and building mutual relations and trust. Clients receive the highest quality services and benefits, no matter the amount of consumption or the form of contract. The comprehensive and competitive offer of energy products and services in energy supply is the strategic development guideline of our company.

We are constantly looking for new solutions and increasing the range of services, which provide the clients with optimal energy supply at competitive prices. Vicinity, direct contact and individual treatment are the advantages, which our clients appreciate. With sales points in Maribor, Gornja Radgona, Murska Sobota, Ptuj and Slovenska Bistrica we have established direct contact with clients, who can arrange simply anything and everything at these locations: from obtaining information, concluding contracts to payments without commission on POS terminals. In 2014, we organised different promotional meetings for the clients. We performed energy consulting at sales points, where we advised the clients on safe energy use and how to choose the appropriate energy package and the savings they can achieve by choosing it. We complemented our offer of energy products and services with products for a wider segment of clients and included in the sales programme also educational books for children on efficient energy use and responsible approach to the environment and gift certificates. In the future we plan to include other useful products from the energy area in our offer.

Clients can reach us at the toll-free number 080 21 15, at all our sales points, through regular and e-mail info@energijaplus.si. News and current events are published at the website www.energijaplus.si, Facebook, Twitter and YouTube. We issue monthly e-news eINFO and inform the clients on news and special offers in attachments to invoices and through advertising in different media (printed papers, radio and television ads).

The number of all calls in 2014 was lower than in 2013 by 11.6%, while the number of personal visits in 2014 compared to 2013 increased by 8.5%. eServices has registered 21.4% more users than in 2013, all together 12,435 with a total of 15,057 metering points.

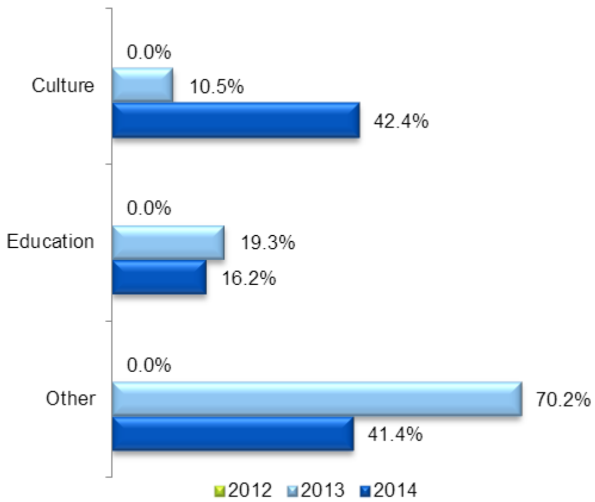
Client contact

Type of contact	2012	2013	2014
Number of calls at 080 2115	120,254	125,484	110,861
Personal visits of clients at sales points	69,240	56,827	61,706

19.3 Social responsibility of the company OVEN Elektro Maribor

The company in 2014 with donations helped athletes, culture professionals, educational institutions and other societies.

Donation distribution by purpose



The company publishes current news and announcements at the company's website www.oven-mb.si and on Facebook www.facebook.com/Planet.OVEN.

20 ENVIRONMENTAL PROTECTION IN THE GROUP

Environmental protection in the company Elektro Maribor is described in more detail in the II. Chapter. Business Report of the company Elektro Maribor d.d.

The company Energija plus in its range of products looks for products, which protect the environment. By finding products, which provide clients with automatic monitoring and remote management of electricity consumers and the PURE call, which gives the opportunity to the public and service sector to acquire non-refundable funds for different actions in terms of 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. By stressing the use of electronic bills and e-Services we contribute to environmental protection, because we are reducing paper consumption. All employees attend seminars on environmental protection once per year, where they are acquainted with recent developments in the area.

The company OVEN Elektro Maribor tries to lower, as much as possible, the potential negative influences to the environment, where we operate. All employees are included in environmental protection, both inside, as well as outside of the company. The greatest and practically the only possible environmental threat are potential spills of lubricating hydraulic oils. Here, multi-phase protection with collecting containers and controlled level probes prevent any possible leakage.

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 2014, 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 2014 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 was found to conform with the audited financial statements.

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

Boštjan Mertelj
Authorised auditor

Danilo Bukovec
Director

Ljubljana, 24 April 2015

2 STATEMENT OF RESPONSIBILITY BY THE MANAGEMENT BOARD OF ELEKTRO MARIBOR D.D. FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Elektro Maribor d.d. is responsible for the preparation of consolidated financial statements and presentation thereof to the interested public. The financial statements provide a true and fair presentation of the Group's financial position and its results for the year 2014.

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

The Management Board hereby declares that:

- all financial statements of the Group have been prepared in line with professional standards and the legislation pertaining to operations, accounting, taxes and finance,
- the financial statements of the Group have been prepared in accordance with all requirements set by the 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, 24 April 2015

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 of the Group and notes as well as the accounting policies to the financial statements of the Group and the presented Annual Report for 2014 on 20 April 2015.

4 ACCOUNTING STANDARDS

The consolidated financial statements have been compiled in accordance with the Companies Act (CA-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.

Point 13 of the Introduction to SAS 2006 determines the Group in the consolidated financial statements as a single company. The consolidated financial statements are prepared based on individual financial statements of consolidated companies with proper consolidation corrections, which are, however, not a subject of recording in financial statements of consolidated companies.

Since the Group has to be presented as one single company, the following is required:

- to eliminate financial investments of the 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 revenues and expenses, and
- to eliminate mutual cash transactions.

In order to carry out the complete consolidation, the following must be ensured:

- unified accounting policies are used for similar business events in individual financial statements of dependent companies;
- items in individual financial statements of dependent companies are presented in equal form,
- individual financial statements of consolidated companies are prepared for the business year ended on the same date.

The consolidated financial statements for 2014 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 additions may have resulted from rounding at the decimal level of the numbers. These differences are insignificant.

The business year equals the calendar year.

There were no changes in accounting policies in 2014.

Events after the balance sheet date

Events after the balance sheet date have no significant effect on the financial statements for 2014 and do not require additional disclosures in the financial report.

As at the completion of financial statements, the final settlement for the regulatory year 2014 that will be based on the audited data for 2014 was not available; therefore the preliminary settlement amount for the regulatory year 2014 has been taken into account and it shows a surplus of received assets over the recognised contractual values of lease and services in the amount of EUR 34,134. The estimate of the preliminary settlement for the regulatory year 2014 has been taken into account, and it shows deficit of received assets over the recognised contractual values of lease and services in the amount of EUR 83,498.
These values are treated in accordance with paragraphs 4 and 5 of Article 60a of the contract and therefore shall have an impact on cash flow in the next regulatory period of the controlling company.

Intangible assets

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

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

Property, plant and equipment

In accordance with SAS 1.24, the Group uses the cost model to assess property, plant and equipment on their recognition.

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

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

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

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

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

Investments in items of property, plant and equipment are accrued on the basis of systemic instruction on the accrual of investments in property, plant and equipment and maintenance costs, forming an appendix to the Rules on 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 2014.

Investment property

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

Investment property is stated at cost less the accumulated depreciation.

The Group depreciates investment property using the straight-line depreciation method. Depreciation is accounted for individually.

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

The Group actively monitored the events on the market and estimates that there is no objective evidence on factors pointing to the need for the impairment of property, plant and equipment assets, classified as investment property in 2014.

Amortisation 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. 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:

	2014	2013
Buildings	50 years	50 years
Cable underground system, HV overhead power lines, HV cable lines, MV overhead power lines	40 years	40 years
Construction part of STS, SS and TS	40 years	40 years
MV cable lines with XHP and EHP, LV overhead power line and CR with wooden poles, TS on wooden pole	33 years	33 years
STS and secondary SS equipment	15 years	15 years
STS, SS and primary DCS equipment	30 years	30 years
Energy transformer HV/MV	35 years	35 years
Energy transformer MV/LV	30 years	30 years
Measuring and control devices (meters)	5-24 years	5-24 years
Motor vehicles	7-12 years	7-12 years
Computer equipment	3 years	3 years
Intangible assets (application software)	3-5 years	3 years
SHPP equipment and photovoltaic power plants equipment	14-13 years	14-13 years
Servitude	1-100 years	1-100 years

Financial investments

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

Financial investments in equity and financial investments in loans are broken down to those referring to:

- affiliated companies and
- others.

At initial recognition, other investments are classified as financial investments available-for-sale financial assets.

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

In the consolidated financial statements, investments in associates are presented under the equity method.

Inventories

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

Inventories are carried at the floating average price method.

The Group immediately transfers items of small tools given for use to costs.

The revaluation of inventories means the change in their carrying amount. Inventories are 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 receivables that are believed to be uncollectible by their due date should be recorded as doubtful receivables or as disputable receivables.

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

In forming revaluation adjustments for doubtful or disputable receivables, the Group uses the approach of a 100% value adjustment of a receivable due from a client, no matter the level of recoverability. The 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 2014. The Group also forms revaluation adjustments for receivables when it disposes with data on initiated insolvency proceedings or legal actions.

Value adjustments are also made individually for those receivables due from individual partners, which are not settled within 90 days from the maturity date.

In Group companies, adjustments are only considered if a company is in bankruptcy or compulsory settlement proceedings, namely in full.

All mutual receivables and liabilities that refer to Group companies and which are supposed to be mutually coordinated are eliminated in consolidation procedures.

Cash and cash equivalents

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

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

Short-term accrued revenues and deferred expenses

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

Initially, these are not amounts that affect the Group's activity or 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 revenues include all costs calculated in advance (expenses) and short-term deferred revenue. These may only be used for items which have been initially recognised. In the balance sheet, they are presented in amounts assessed reliably without any hidden reserves.

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

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

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

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

Provisions for long-term accrued expenses and deferred revenues

The purpose of provisions for long-term accrued expenses and deferred revenues 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 provisions of IAS 19 and IAS 26, and performed at the end of each business year when the Group adjusts the value and balance of provisions.

The most important assumptions used in the actuarial calculation are:

- mortality probability (SLO2002x, SLO2002y);
- retirement in accordance with the model based on Pension and Disability Insurance Act (PDIA-2A; the Official Gazette of the Republic of Slovenia, No. 39/2013);
- staff turnover:
  - 4.0% in the interval to 35 years;
  - 3.0% in the interval from 36 to 45 years;
  - 2.0% in the interval to 46 years;
- nominal long-term interest rate 3.55%;
- 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. 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 expenses 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 revenues from fixed assets acquired free of charge and from contributions for co-financing, which are intended to cover for depreciation of such assets.

Debts

In terms of the period, debts are current or short-term and long-term, and in terms of the content, they are financial and operating. All liabilities are initially recognised in amounts arising from the relevant documents based on the assumption that the creditors require these to be repaid.

The carrying amount of debts equals their historical value decreased by their repayments. In the consolidated balance sheet, long-term debts and short-term debts are presented separately, and they are further broken down to financial and operating debts.

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

Off-balance sheet records

Off-balance sheet records of the Group present the amounts of 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.

Recognition of revenue

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

Revenue comprises of operating, financial, and other revenue.

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

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

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

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

This income is recognised at settlement, regardless of the receipts, if there is no reasonable doubt as to its size, maturity and 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 expenses 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 settlement, regardless of the related payments.

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

Labour costs and reimbursements to employees

The Group includes the following items in labour costs:

- salaries and wages,
- salary and wage compensations,
- additional pension insurance cost,
- contributions and other taxes,
- other costs such as: pay for annual leave, reimbursement of material costs, solidarity aid and other.

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

Labour costs also include accrued expenses from unused annual leave of employees. The Group accrued among labour costs the costs of salaries and wages, arising from legal claims and for which it can claim with more than a 50% certainty that they will be settled in 2015.

Taxes

All companies in the Elektro Maribor Group are liable for payment of taxes in accordance with the Value Added Tax Act and the Corporate Income Tax Act.

The Group's corporate income tax is calculated on the basis of revenue and expenses such as stated in the income statements of individual companies, taking into account the provisions of the Corporate Income Tax Act. The tax calculated this way is the tax expected to be paid from the taxable profit for the year, using tax rates applicable on the date of the account.

Deferred tax assets and liabilities

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

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

Cash flow statement

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

Segment reporting

The Group reports by segments. A business segment is an integral part of the Group performing business activities that generate revenues and incur expenses. The Group's segments consist of:

- distribution of electricity and services,
- purchase and sale of electricity,
- electricity production.

5 CONSOLIDATED FINANCIAL STATEMENTS OF THE ELEKTRO MARIBOR GROUP

Consolidated balance sheet

	in EUR	Note	31 Dec 2014	31 Dec 2013
A.	**Long-term assets (I–VI)**		**300,376,219**	**293,931,967**
I.	**Intangible assets and long-term accrued revenues and deferred expenses (1 to 6)**	**1**	**3,081,354**	**2,023,989**
	1. Long-term property rights		3,081,354	2,023,989
II.	**Property, plant and equipment (1 to 6)**	**2**	**293,073,978**	**287,827,759**
	1. Land and buildings (a + b)		215,310,579	211,264,545
	a. Land		7,887,977	7,844,712
	b. Buildings		207,422,602	203,419,833
	2. Production equipment and machinery		71,872,192	70,828,941
	4. Property, plant and equipment under acquisition (a + b)		5,891,207	5,734,273
	a. Property, plant and equipment under construction		5,842,774	5,719,468
	b. Advances for acquisition of property, plant and equipment		48,433	14,805
III.	**Investment property**	**3**	**732,899**	**746,011**
IV.	**Non-current financial investments (1 to 2)**	**4**	**1,991,526**	**1,944,304**
	1. Non-current financial investments excluding loans (a to č)		1,991,526	1,944,304
	b. Investments in shares and shareholdings of associated companies		1,783,178	1,735,956
	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**	**98,042**	**19,245**
	3. Long-term operating receivables due from others		98,042	19,245
VI.	**Deferred tax assets**	**6**	**1,398,420**	**1,370,659**
B.	**Current assets (I - V)**		**58,526,184**	**55,929,611**
II.	**Inventories (1 to 4)**	**7**	**1,714,830**	**1,619,232**
	1. Material		1,666,368	1,617,534
	3. Products and merchandise		48,462	1,698
III.	**Current financial investments (1 to 2)**		**4,589**	**51,290**
	2. Short-term loans (a to c)		4,589	51,290
	b. Short-term loans to others		4,589	51,290
IV.	**Current operating receivables (1 to 3)**	**8**	**37,746,702**	**37,779,302**
	2. Current operating receivables due from clients		35,052,257	34,291,011
	3. Current operating receivables due from others		2,694,445	3,488,291
V.	**Cash and cash equivalents**	**9**	**19,060,063**	**16,479,786**
C.	**Short-term accrued revenues and deferred expenses**	**10**	**27,344**	**57,156**
	ASSETS (A + B + C)		**358,929,747**	**349,918,733**
	Off-balance-sheet liabilities		67,323,240	67,169,105

	in EUR	Note	31 Dec 2014	31. Dec 2013
A.	**Equity**	**11**	**253,508,924**	**245,002,446**
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)**		**29,614,495**	**23,880,398**
	1. Legal reserves		2,635,976	2,174,031
	5. Other profit reserves		26,978,519	21,706,367
IV.	**Revaluation surplus**		**-14,631**	**105,184**
V.	**Retained net profit or loss**		**2,371,706**	**1,397,241**
	1. Retained net profit from previous years		2,371,706	1,397,241
VI.	**Net profit or loss for the financial year**		**6,642,258**	**4,724,527**
	1. Undistributed profit for the financial year		6,642,258	4,724,527
B.	**Provisions and long-term accrued expenses and deferred revenues (1 to 3)**	**12**	**35,752,927**	**35,568,485**
	1. Provisions for retirement benefits and similar liabilities		4,567,382	4,305,692
	2. Other provisions		674,156	950,590
	3. Long-term accrued expenses and deferred revenue		30,511,389	30,312,203
C.	**Non-current liabilities (I to III)**		**28,857,235**	**29,718,509**
I.	**Non-current financial liabilities (1 to 4)**	**13**	**28,700,000**	**29,707,143**
	2. Long-term financial liabilities to banks and companies		28,700,000	29,707,143
II.	**Non-current operating liabilities (1 to 5)**		**157,235**	**11,366**
	2. Long-term operating liabilities to suppliers (1 to 5)		157,235	11,366
Č.	**Current liabilities (I to III)**	**14**	**39,126,282**	**38,053,866**
II.	**Current financial liabilities (1 to 4)**		**7,539,478**	**7,798,675**
	2. Current financial liabilities to banks and companies		7,507,143	7,773,809
	4. Other current financial liabilities		32,335	24,866
III.	**Current operating liabilities (1 to 8)**		**31,586,804**	**30,255,191**
	2. Current operating liabilities to suppliers (1 to 5)		25,854,683	25,480,328
	7. Current operating liabilities based on advance payments		815,895	722,964
	8. Other current operating liabilities		4,916,226	4,051,899
D.	**Short-term accrued expenses and deferred revenues**	**15**	**1,684,379**	**1,575,427**
	LIABILITIES (A to D)		**358,929,747**	**349,918,733**
	Off-balance-sheet liabilities	16	67,323,240	67,169,105

Consolidated income statement

	in EUR	Note	I–XII 2014	I–XII 2013
1.	**Net sales revenues (a + b)**	**17**	**157,037,660**	**157,316,997**
	a. Domestic market		157,037,660	157,316,997
3.	**Capitalised own products and own services**	**18**	**16,853,531**	**14,444,029**
4.	**Other operating revenues (with revaluated operating revenues)**	**19**	**3,827,010**	**3,253,488**
5.	**Cost of goods, material and services (a + b)**	**20**	**112,421,837**	**115,017,192**
	Cost of goods sold and costs material used		102,269,365	105,504,663
	b. Cost of services		10,152,472	9,512,529
6.	**Labour cost (a + b + c + d)**	**21**	**29,675,592**	**27,552,183**
	a. Costs of wages and salaries		21,685,382	20,029,635
	b. Cost of additional pension insurance for employees		1,015,016	957,742
	c Employer contributions and other salary duties		3,468,679	3,238,102
	d. Other labour costs		3,506,515	3,326,704
7.	**Write-offs (a + b + c)**	**22**	**21,497,127**	**21,991,198**
	a. Depreciation		19,139,245	19,220,621
	b. Revaluation operating expenses for intangible assets and property, plant and equipment		684,049	23,433
	c. Revaluation operating expenses for current assets		1,673,833	2,747,144
8.	**Other operating expenses**	**23**	**750,241**	**1,794,869**
9.	**Financial revenues from shareholdings**	**24**	**447,222**	**620,067**
	a. Financial revenues from shareholdings in affiliated companies		447,222	620,067
10.	**Financial revenues from loans granted (a+b)**	**24**	**122,141**	**153,555**
	b. Financial revenues from loans granted to others		122,141	153,555
11.	**Financial revenues from operating receivables (a + b)**	**24**	**288,725**	**391,105**
	b. Financial revenues from operating receivables due from others		288,725	391,105
12.	**Financial expenses from impairments and write-offs of investments**	**25**	**0**	**66,928**
	a. Associated companies		0	66,928
13.	**Financial expenses from financial liabilities (a + b + c + č)**	**25**	**840,410**	**787,575**
	b. Financial expenses from borrowings		759,245	771,629
	č. Financial expenses from other financial liabilities		81,165	15,946
14.	**Financial expenses from operating liabilities (a + b + c)**	**25**	**158,108**	**23,083**
	b. Financial expenses from liabilities to suppliers and liabilities pertaining to bills of exchange		2,089	23,082
	c. Financial expenses from other operating liabilities		156,019	1
15.	**Other revenues**	**26**	**42,309**	**59,972**
16.	**Other expenses**	**26**	**146,844**	**127,736**
17.	**Income tax**	**27**	**1,663,519**	**968,637**
18.	**Deferred taxes**	**28**	**27,761**	**1,370,659**
19.	**NET PROFIT/LOSS FOR THE PERIOD**	**29**		
	(1 ± 2 +3 + 4 - 5 - 6 - 7 - 8 + 9 + 10 + 11 - 12 - 13 - 14 + 15 - 16 - 17 ± 18)		**11,492,681**	**9,280,471**

Consolidated statement of comprehensive income

	in EUR	I–XII 2014	I–XII 2013
19.	Net profit/loss for the period	11,492,681	9,280,471
23.	Other items of comprehensive income	-119,815	0
24.	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (19 + 20 + 21 + 22 + 23)**	**-11,372,866**	**9,280,471**

Consolidated statement of cash flows

in EUR	I–XII 2014	I–XII 2013
A. Cash flows from operating activities		
a) Cash receipts from operating activities	***308,187,325***	***303,152,858***
aa) Cash receipts from sales of products and services	305,422,230	300,445,245
ab) Other cash receipts from operating activities	2,765,095	2,707,613
b) Cash disbursements from operating activities	***-292,444,380***	***-287,284,096***
ba) Cash disbursements from the purchase of material and services	-248,915,129	-246,816,529
bb) Cash disbursements from salaries and employees' participation in profit	-16,860,091	-15,942,674
bc) Cash disbursements from taxes	-24,664,321	-22,058,076
bd) Other cash disbursements from operating activities	-2,004,839	-2,466,817
c) Surplus of inflows in operations or surplus of outflows (a + b)	***15,742,945***	***15,868,762***
B. Cash flows from investing activities		
a) Cash receipts from investing activities	***626,542***	***610,397***
aa) Interest received and shares in profit received, relating to investment activities	529,762	544,829
ac) Cash receipts from disposal of tangible fixed assets	45,490	65,568
ad) Cash receipts from disposal of short-term financial investments	51,290	0
b) Cash disbursements from investing activities	***-8,762,857***	***-10,128,650***
ba) Cash disbursements from acquisition of intangible assets	-1,813,699	-627,602
bb) Cash disbursements from acquisition of property, plant and equipment	-6,944,569	-9,449,758
bd) Cash disbursements from acquisition of current financial investments	-4,589	-51,290
c) Net cash used in investing activities (a + b)	***-8,136,315***	***-9,518,253***
C. Cash flows from financing activities		
a) Cash receipts from financing activities	***6,500,000***	***7,000,000***
ab) Cash receipts from increase of long-term financial liabilities	6,500,000	7,000,000
b) Cash disbursements from financing activities	***-11,526,353***	***-12,759,795***
ba) Cash disbursements from interest paid on financing	-755,057	-777,089
bc) Cash disbursements from repayment of non-current financial liabilities	-7,773,810	-8,983,253
be) Cash disbursements from dividends and other participation in profit	-2,997,486	-2,999,453
c) Surplus of cash receipts in financing or surplus of cash disbursements in financing (a + b)	***-5,026,353***	***-5,759,795***
Č. Closing balance of cash and cash equivalents	**19,060,063**	**16,479,786**
x) Cash flow result for the period (sum of net cash Ac, Bc and Cc)	**2,580,277**	**590,714**
y) Opening balance of cash and cash equivalents	**16,479,786**	**15,889,072**

Consolidated statement of changes in equity

	STATEMENT OF CHANGES IN EQUITY FOR 2014	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	
	(in EUR)	I/1	II	III/1	III/5	V	VI/1	VI/2	
A.1	**Closing balance as at the end of the previous reporting period**	**139,773,510**	**75,121,586**	**2,174,031**	**21,706,367**	**105,184**	**1,397,241**	**4,724,527**	**245,002,446**
b.	Retroactive adjustment						148,193		148,193
A.2	**Opening balance for the reporting period**	**139,773,510**	**75,121,586**	**2,174,031**	**21,706,367**	**105,184**	**6,269,961**		**245,150,639**
B.1	**Changes in equity - transactions with shareholders**	**0**	**0**	**0**	**0**	**0**	**-3,014,579**	**0**	**-3,014,579**
g.	Payment of dividend						-3,014,579		-3,014,579
B.2	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**0**	**-119,815**	**0**	**11,492,681**	**11,372,866**
a.	Entry of net profit or loss for the period							11,492,681	11,492,681
b.	Other items of the total comprehensive income for the reporting period					-119,815			-119,815
B.3	**Changes in equity**	**0**	**0**	**461,945**	**5,272,153**	**0**	**-883,677**	**-4,850,423**	**0**
b.	Allocation of the remaining part of the net profit for the period to other items of equity pursuant to resolution by the Management and Supervisory Boards			461,945	4,471,639		-83,163	-4,850,423	0
c.	Allocation of a part of the net profit for the formation of additional reserves pursuant to General Meeting's resolution				800,514		-800,514		0
č.	Settlement of loss as equity deductive								0
D.	**Closing balance for the reporting period**	**139,773,510**	**75,121,586**	**2,635,976**	**26,978,520**	**-14,631**	**2,371,705**	**6,642,258**	**253,508,924**

	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	Premium share	Legal reserves	Other revenue reserves	Revaluation surplus	Retained net profit	Net profit	
	(in EUR)	I/1	II	III/1	III/5	V	VI/1	VI/2	
A.2	**Opening balance of 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 dividend						-3,014,579	0	-3,014,579
B.2	**Total comprehensive income for the reporting 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**

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		Consolidation eliminations		The Elektro Maribor Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net profit/loss for the period in EUR	9,238,901	7,419,853	1,652,618	1,356,288	553,940	166,322	47,222	338,008	11,492,681	9,280,471
Return on assets (ROA) in %	2,8%	2,3%	4,6%	3,9%	12,3%	4,0%			3,2%	2,7%
Return on equity (ROE) in %	3,8%	3,2%	10,3%	8,9%	12,7%	4,1%			4,6%	3,8%
EBIT (Profit from operating activities) in EUR	10,892,662	8,197,676	1,818,048	269,034	662,693	192,361			13,373,404	8,659,072
Total revenue in EUR	81,161,201	78,627,031	102,553,324	104,164,051	1,642,556	1,165,202	-6,738,483	-7,717,071	178,618,598	176,239,213
Operating revenue in EUR	80,551,933	77,992,191	102,311,285	103,793,723	1,640,687	1,165,123	-6,785,704	-7,936,523	177,718,201	175,014,514
Net sales revenue in EUR	60,518,030	61,306,370	101,667,911	102,895,677	1,637,424	1,051,473	-6,785,704	-7,936,523	157,037,660	157,316,997
Net sales revenue per employee from hours in EUR	73,285	79,003	1,634,795	1,693,756	322,328	205,768			175,842	186,868
Added value in EUR	57,613,993	52,959,624	5,621,328	4,467,708	1,310,802	775,120			64,546,123	58,202,453
Added value per employee from hours in EUR	69,768	68,247	90,390	73,543	258,032	151,687			72,275	69,136
Total costs and expenditure in EUR	70,650,411	70,878,175	100,642,505	103,557,069	982,947	980,601	-6,785,704	-8,055,081	165,490,159	167,360,764
Operating costs and expenses in EUR	69,659,271	69,794,515	100,493,237	103,524,689	977,994	972,762	-6,785,704	-7,936,524	164,344,797	166,355,442
Assets as at 31 December – in EUR	332,656,097	327,262,514	37,372,081	35,152,492	4,833,108	4,207,248	-15,931,539	-16,703,521	358,929,747	349,918,733
Equity as at 31 December – in EUR	246,910,062	240,649,237	17,631,768	15,987,277	4,655,301	4,101,361	-15,688,207	-15,735,429	253,508,924	245,002,446
Investments in EUR	22,971,243	22,068,292	1,650,008	1,059,431	164,982	204,306	0		24,786,234	23,332,028
Number of employees as at 31 December	760	762	66	63	5	5			831	830
Average number of employees based on working hours	825.79	776.00	62.19	60.75	5.08	5.11			893.06	841.86

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 2014.

Items in the balance sheet are presented at their carrying amounts as the difference between the cost and the deducted value adjustment. In the preparation of the consolidated balance sheet we considered the principle of individual asset and liability valuation.

No significant adjustments were made in any of the balance sheets.

Intangible assets

Note 1

Intangible assets of the Group include property rights for the use of licenses, applied software and material rights to other's property.

Intangible assets are not pledged for the repayment of debts, no assets in the Group were acquired with state aid.

in EUR	Intangible assets	Investments in progress	Total
Purchase value			
As at 31 December 2013	8,438,845	0	8,438,845
Increase		1,972,408	1,972,408
- New purchases		1,972,408	1,972,408
Activation	1,972,408	-1,972,408	0
Transfer	-484,614	30,618	-453,996
As at 31 December 2014	9,926,639		9,926,639
Write-offs			
As at 31 December 2013	6,414,856		6,414,856
Depreciation	430,430		430,430
As at 31 December 2014	6,845,286		6,845,286
Carrying amount			
As at 31 December 2013	2,023,989	0	2,023,989
As at 31 Dec 2014	3,081,354	30,618	3,111,972

Major acquisitions relate to the acquisition of Microsoft licenses and the modernisation of IIS and the introduction of the new information system SAP in the company Energija plus d.o.o.

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

Property, plant and equipment
Note 2

In recognising property, plant and equipment the Group uses the cost or purchase value model in accordance with SAS 1.24.

The depreciation of property, plant and equipment in the Group in 2014 amounted EUR19,139,245.

The Group does not possess assets that would be acquired by financial lease. All fixed assets in the Group are owned by the individual companies and are not pledged as collateral for debts. The Group does not dispose of assets that would be acquired through state aid.

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

in EUR	31 Dec 2014	31 Dec 2013
Land and buildings	215,310,579	211,264,545
- Land	7,887,977	7,844,712
- Buildings	207,422,602	203,419,833
Production machinery	71,872,192	70,828,941
Property, plant and equipment under construction and in production	5,842,774	5,719,468
Advance payments for acquisition of property, plant and equipment	48,433	14,805
Total	**293,073,978**	**287,827,759**

in EUR	Land	Buildings	Equipment	Investments in other tangible fixed assets	Current investments	Advances	Total property, plant and equipment
Purchase value							
As at 1 Jan 2014	7,844,711	672,392,805	168,155,839	195,835	5,719,469	14,805	854,323,464
Additions, of which:							
- Additions (new acquisitions)					24,247,903	41,229	24,289,132
- Additions (free of charge acquisition)					1,296,334	0	1,296,334
Activation	705,017	16,865,049	7,429,603	158,978	-25,158,647		0
- Activation (new acquisitions)	705,017	15,578,529	7,419,789	158,978			
- Activation (free of charge acquisition)		1,286,520	9,814				
Elimination	-661,752	-8,006,261	-4,797,431		-77,061	-7,600	-13,550,105
Transfers			-8		-185,224		-185,232
As at 31 Dec 2014	7,887,977	681,251,593	170,788,003	354,813	5,842,774	48,433	866,173,593
Write-offs							
As at 1 Jan 2014	0	468,972,974	97,522,045	687	0	0	566,495,706
Elimination		-7,158,067	-4,475,201				-11,633,268
Amortisation and depreciation		12,014,085	6,206,084	17,008			18,237,177
As at 31 Dec 2014	0	473,828,991	99,252,928	17,695	0	0	573,099,614
Carrying amount							
As at 1 Jan 2014	7,844,711	203,419,830	70,633,794	195,148	5,719,469	14,805	287,827,756
As at 31 Dec 2014	7,887,977	207,422,602	71,535,075	337,117	5,842,774	48,433	293,073,978

Larger purchases relate primarily to the purchase of electricity facilities and equipment by the Elektro Maribor Company.

The controlling company Elektro Maribor as the owner of the electricity distribution infrastructure for 2011 concluded a new Contract on the lease of electricity distribution infrastructure and provision of services for the distribution network system operator with the company SODO d.o.o., which is the sole concessionaire for performing the public utility service of 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.

Changes in electricity distribution infrastructure in 2014

in EUR	Intangible fixed assets	Land	Buildings	Equipment	Total property, plant and equipment
Purchase value					
As at 1 Jan 2014	899,373	4,839,908	642,986,842	139,585,528	788,311,651
Transfers					
As at 1 Jan 2014	899,373	4,839,908	642,986,842	139,585,528	788,311,651
Additions, of which:	40,182	42,246	8,424,422	2,526,192	11,033,042
- Activation	40,182	44,934	16,413,342	5,412,017	21,910,475
Elimination		-2,688	-7,988,920	-2,885,825	-10,877,433
As at 31 Dec 2014	939,555	4,882,154	651,411,264	142,111,720	799,344,694
Write-offs					
As at 1 Jan 2014	1,367	0	456,397,675	77,158,847	533,557,888
Transfers					
As at 1 Jan 2014	1,367	0	456,397,675	77,158,847	533,557,888
Decrease			7,158,067	2,869,417	10,027,484
Depreciation	9,110		11,384,160	4,605,014	15,998,284
As at 31 Dec 2014	10,477	0	460,623,768	78,894,443	539,528,688
Carrying amount					
As at 1 Jan 2014	899,373	4,839,908	186,589,168	62,426,682	254,753,764
As at 31 Dec 2014	929,079	4,882,154	190,787,496	63,217,277	259,816,006

The amounts of future leases cannot be presented reliably, since the price and scope of the lease change in accordance with the planned regulatory framework for each year.

The book value for the leased electricity distribution infrastructure as at 31 December 2014 amounts to EUR 259,816,006.

Investment property
Note 3

The Group owns investments in apartments that are leased, as well as holiday capacities which are marketed. The purchase value method is used for assessing investment property. The used depreciation method is the method of equal time depreciation and is calculated individually, based on each real property.

The Management Board of the company has actively monitored the events on the market and it assesses that there was no objective evidence in 2014 on the facts that would point to the need for impairment of investment property.

in EUR	31 Dec 2014
Purchase value	
As at 1 Jan 2014	1,499,988
Increase	13,111
As at 31 Dec 2014	1,513,099
Write-offs	
As at 1 Jan 2014	753,977
Depreciation	26,223
As at 31 Dec 2014	780,200
Carrying amount	
As at 1 Jan 2014	746,011
As at 31 Dec 2014	732,899

in EUR	Value	Revenue	Cost
Holiday capacities	722,120	108,315	125,559
Apartments	10,779	8,464	3,827
Total	**732,899**	**116,779**	**129,386**

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:

in EUR	31 Dec 2014	31 Dec 2013
Long-term financial investments excluding loans	1,991,526	1,944,304
- Investments in shares and shareholdings of affiliated companies	1,783,178	1,735,956
- Other long-term financial investments in shares and shareholdings	56,594	56,594
- Other non-current financial investments	151,754	151,754

in EUR	As at 1 Jan 2014	Payment of shares in profit	Investment impairments	Attribution of profit/loss	As at 31 Dec 2014
Investment in Informatika d.d.	380,842			30,146	410,988
Investment in Eldom d.o.o.	0			11,781	11,781
Investment in Moja energija d.o.o.	1,355,114	400,000		405,295	1,360,409
Total	**1,735,956**	**400,000**	**0**	**447,222**	**1,783,178**

Long-term operating receivables
Note 5

Long-term operating receivables are recognised in the total amount of EUR 98,042 due from clients show receivables from the balance account of the regulatory framework for 2014 in the amount of EUR 72,256 and receivables from the collection of assets to the reserve fund of owner-occupied residential buildings.

Receivables in the group are not secured and not pledged as collateral for liabilities.

Deferred tax assets
Note 6

In 2014, the Group recognised the increase in deferred receivables for taxes for temporary deductible tax differences based on past and current expenses not recognised for tax purposes, i.e. on the basis of formed provisions for service awards and severance pays, as well as for revaluation operating expenses for receivables, which are not recognised for tax purposes.

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

In 2014, the Group increased such deferred receivables for taxes by EUR 27,761. For the same amount the net profit of the Group increased in 2014. The balance of deferred receivables for taxes as at 31 December 2014 amount to EUR 1,398,420.

Inventories

Note 7

in EUR	31 Dec 2014	31 Dec 2013
Material	1,575,782	1,533,355
Fuel and lubricants	12,563	15,298
Stationery	12,017	11,789
Small tools and packaging inventories	66,006	57,092
Products and merchandise	48,462	1,698
Total	**1,714,830**	**1,619,232**

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.

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 2014, the Group reported inventories with no changes during the period from 1 January 2012 to 31 December 2014, i.e. in the amount of EUR 79,553, this is determined as the current reserve inventories. The management has assessed that the net marketable value of these inventories is lower; therefore in 2014 it adjusted its value for these inventories in the amount of EUR 5,174.

in EUR	31 Dec 2014	31 Dec 2013
Gross value of inventories of material and merchandise	1,754,609	1,653,837
Value adjustments	39,779	34,605
Net value of inventories of material and merchandise	1,714,830	1,619,232

Merchandise inventories include inventories of wood pellets at the company Energija plus d.o.o. and are purposed for further sale.

At stocktaking in 2014, the Group established EUR 10 deficit and there were no surpluses. EUR 4,461 in material was written off in 2014 due to damage, destruction and obsolescence.

All inventories are owned by the Group and are not pledged as collateral for debts.

Current operating receivables

Note 8

in EUR	31 Dec 2014	31 Dec 2013
Short-term operating receivables due from clients:	35,052,257	34,291,011
- Receivables for sold energy generating products	28,563,534	28,367,115
- Receivables for lease and services according to SODO d.o.o. contract	5,142,023	4,283,161
- Receivables for other charged services	598,466	656,644
- Receivables for charged interest	57,542	124,373
- Receivables for operating for third-party account	690,692	859,718
Current operating receivables due from others	2,694,445	3,488,292
Total	**37,746,702**	**37,779,303**

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 adjustments are made.

In companies of the Group adjustments are considered only if the company is in bankruptcy or compulsory settlement, i.e. in whole.

At the end of business year, the Group has no receivables due to the Management Board and members of the Supervisory Board, except for the regular receivables for sold electricity.

in EUR	31 Dec 2014	31 Dec 2013
Gross receivables	46,434,589	45,911,068
Value adjustment	8,687,887	8,131,765
Net receivables	37,746,702	37,779,302

in EUR	As at 1 Jan 2014	Decrease	Increase	As at 31 Dec 2014
Value adjustments of current operating receivables:				
- Decrease in value adjustments due to payments		429,024		
- Decrease in value adjustments due to write-offs		493,474		
Total	**7,941,313**	**922,498**	**1,478,559**	**8,497,374**

Companies in the Group in 2014 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 2014 was caused by the start of the insolvency proceedings of the following companies: Market klasek, trgovina in storitve d.o.o., Nafta-Petrochem d.o.o., Magistrala d.o.o., Avto Šerbinek d.o.o., Kristal tehnika d.o.o., Tehcenter d.o.o.

in EUR	31 Dec 2014	Structure in %	31 Dec 2013	Structure in %	31 Dec 2012	Structure in %
Non-mature receivables	33,669,834	89.20	31,706,810	83.93	31,328,173	76.65
Past due up to 30 days	2,872,918	7.61	4,072,554	10.78	6,160,250	15.07
Past due from 31 to 60 days	577,605	1.53	971,670	2.57	1,358,580	3.32
Past due from 61 to 90 days	202,834	0.54	332,140	0.88	473,167	1.16
Past due over 90 days	423,511	1.12	696,129	1.84	1,553,971	3.8
Total	**37,746,702**	**100**	**37,779,303**	**100**	**40,874,141**	**100**

Cash and cash equivalents

Note 9

in EUR	31 Dec 2014	31 Dec 2013
Assets on accounts	1,199,392	441,470
Call deposits	17,860,671	16,038,316
Total	**19,060,063**	**16,479,786**

Short-term accrued revenues and deferred expenses

Note 10

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 11

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 or premium share show the paid surplus of capital.

in EUR	31 Dec 2014	31 Dec 2013
Share capital	139,773,510	139,773,510
Capital reserves	75,121,586	75,121,586
Legal reserves	2,635,976	2,174,031
Other revenue reserves	26,978,519	21,706,367
Revaluation surplus	-14,631	105,184
Retained net profit or loss	2,371,706	1,397,241
Net profit or loss for the financial year	6,642,258	4,724,527
Total	**253,508,924**	**245,002,446**

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

The Elektro Maribor Group in 2014 had a net profit in the amount of EUR 11,492,681.

Net profit per share in the Group amounts to EUR 0.34.

Book value of a share in the Group is EUR 7.57.

The prices of consumer goods for 2014 grew by 0.2%. Were the company to revaluate the equity using the growth rate of consumer prices for 2014, the net profit would total at EUR 11,005,757. The calculated effect is EUR -486,924.

in EUR	Opening balance of equity	Growth in %	Calculated effect	Increase/ decrease of equity during the year	Growth in %	Calculated effect	Net profit before calculation	Net profit after calculation	Calculated effect
EQUITY - all categories excluding current profit	245,002,446	0.20	490,005	-3,014,579	0.1022	-3,080	11,492,681	11,005,757	486,924

Provisions for long- term accrued expenses and deferred revenues

Note 12

in EUR	As at 1 Jan 2014	Spent	Increase	Release	As at 31 Dec 2014
Provisions for service awards	1,693,827	219,563	345,676	143,251	1,676,689
Provisions for pensions	2,611,864	52,318	331,144		2,890,691
Provisions for guarantees given	31,128	0	17,644	24,015	24,757
Provisions for long-term accrued expenses	919,463		0	270,063	649,401
Total	**5,256,282**	**271,881**	**694,464**	**437,329**	**5,241,538**

Provisions for guarantees given are formed for cases when the Group grants a warranty period for the elimination of errors in the construction of buildings, and this period lasts about five years. The Group formed these provisions in the estimated amount of 10% of the total exposed contractual value.

The amount of provisions based on legal obligations totals at EUR 649,401 and is the best estimate of expenses needed for their settlement. In making the best estimate, we observed risks and uncertainties which inevitably accompany the legal proceedings for which provisions were formed.
The amount of provisions equals the current value of expenses, which are expected to be needed for the settlement of such commitments.

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

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

in EUR	As at 31 Dec 2013	Decrease	Increase	As at 31 Dec 2014
Long-term deferred revenues from house connections acquired free of charge	15,688,077	638,268	806,075	15,855,884
Long-term deferred revenues from FA (fixed assets) claimed free of charge	6,432,980	229,437	490,259	6,693,802
Long-term deferred revenues from average connection costs	4,367,465	178,523	0	4,188,942
Long-term deferred revenues from co-financing	3,764,223	149,191	92,934	3,707,966
Long-term deferred revenues from contributions for disabled employees	0	138,764	138,764	0
Long-term deferred revenues from EU projects	59,458		5,337	64,795
Total	**30,312,203**	**1,334,183**	**1,533,369**	**30,511,389**

Long-term financial liabilities

Note 13

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 between 1- to 6-month EURIBOR, with 1.6 to 2.5% 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.

in EUR	31 Dec 2014	31 Dec 2013
Long-term financial liabilities to banks	36,207,143	37,480,952
Short-term part of long-term financial liabilities to banks	-7,507,143	-7,773,809
Total	**28,700,000**	**29,707,143**

Current liabilities
Note 14

Current or short-term financial liabilities stood at EUR 7,539,478 and included amounts of the short-term part of long-term borrowings in the amount of EUR 7,507,143 EUR, falling due within one year from the balancing date, and liabilities to shareholders regarding the distribution of profit in the amount of EUR 32,335.

Current operating liabilities amount to EUR 31,586,804.

in EUR	31 Dec 2014	31 Dec 2013
Current operating liabilities to affiliated companies	950,201	991,737
Current operating liabilities to suppliers for fixed assets	3,190,613	2,664,489
Current operating liabilities to suppliers for current assets	11,667,481	12,049,074
Current operating liabilities to SODO d.o.o.	10,044,973	9,612,148
Current operating liabilities to employees	3,358,179	2,735,372
Current operating liabilities to state and other institutions	1,308,467	838,801
Current operating liabilities based on advance payments	815,895	722,964
Other current operating liabilities	250,996	640,605
Total	**31,586,804**	**30,255,191**

Most liabilities refer to the purchase of electricity in the amount of EUR 9,240,073 and liabilities from operating for third-party account in the amount of EUR 10,044,973.

Short-term accrued expenses and deferred revenues
Note 15

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

in EUR	31 Dec 2014	31 Dec 2013
Calculated costs for unused annual leave	983,240	915,105
Short-term accrued expenses for legal matters	422,294	336,697
Short-term accrued expenses for offset of losses	154,658	0
Other accrued expenses	51,455	24,194
Short-term deferred revenues for the RF balance - 2011	72,732	145,464
Short-term deferred revenues for the RF balance - 2013		153,967
Total	**1,684,379**	**1,575,427**

in EUR	As at 31 Dec 2013	Formation	Spent	Elimination	As at 31 Dec 2014
Calculated costs for unused annual leave	915,105	983,240	864,681	50,424	983,240
Short-term accrued expenses for legal matters	336,697	85,597			422,294
Short-term accrued expenses for offset of losses	0	154,658			154,658
Other accrued expenses	24,194	1,003,602	976,341		51,455
Short-term deferred revenues for the RF balance - 2011	145,464		72,732		72,732
Short-term deferred revenues for the RF balance - 2013	153,967		153,967		0
Total	**1,575,427**	**2,227,097**	**2,067,721**	**50,424**	**1,684,379**

The registration of short-term deferred revenues from the balance account of the regulatory framework for 2011 base on the decision of the Energy Agency.

Off-balance sheet assets and liabilities

Note 16

in EUR	31 Dec 2014	31 Dec 2013
Securities for insurance of payments - guarantees	19,974,321	18,454,805
Securities for insurance of payments - bills of exchange	36,207,143	37,480,953
Receivables for provided bank guarantees	4,032,962	4,120,098
Potential liabilities for damages	113,761	71,719
Small tools in use	1,584,193	1,426,573
Potential liabilities for payment due to leasing	27,870	37,621
Average cost of connection SODO d.o.o. transfer of assets 1 July to 31 Dec 2009	4,067,651	4,225,489
Average cost of connection SODO d.o.o. transfer of property, plant and equipment 1 Jan 2010	1,130,469	1,166,976
Assets for holiday capacities - Eldom d.o.o.	184,870	184,870
Total	**67,323,240**	**67,169,105**

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

in EUR	2014	2013
Net sales revenue	157,037,660	157,316,997
Capitalised own products and services	16,853,531	14,444,029
Production costs of products and services sold	151,003,160	152,325,426
Gross profit	**22,888,031**	**19,435,600**
Selling costs	5,538,331	5,378,674
Administrative expenses	7,803,306	8,651,341
- Normal administrative expenses	5,445,424	5,880,764
- Revaluation operating expenses in intangible and tangible fixed assets	684,049	23,433
- Revaluation operating expenses for current assets	1,673,833	2,747,144
Other operating revenues	3,827,010	3,253,488
Profit or loss	**13,373,404**	**8,659,072**

Types of revenues

in EUR	2014	2013
Operating revenues	177,718,201	175,014,514
Financial revenues	858,088	1,164,727
Other revenues	42,309	59,972
Total	**178,618,598**	**176,239,213**

Net sales revenue

Note 17

in EUR	2014	2013
Sale of electricity, and other energy products,	102,606,113	102,945,063
Charged rents	27,269,864	29,416,822
- Sodo d.o.o. - Rent	26,878,747	29,016,261
- Other	391,117	400,561
Sodo d.o.o. services as per contract	23,742,982	21,995,417
Charged services	3,342,032	2,881,750
Sale of waste material	76,669	77,944
Total	**157,037,660**	**157,316,997**

Net sales revenues also include the value of balance accounts for the regulatory period as shown in the table below.

in EUR	Revenues in 2014	Elimination of final balance 2013	Final balance 2013	Preliminary balance 2014	Accrued final balance 2014	Total
Rent	26,612,237	0	-84,664	385,308	-34,134	26,878,747
Services	23,897,794	153,967	-6,970	-301,810	0	23,742,982
Interest	0	0	-1,375		0	-1,375
Losses	6,308,527	0	0	0	0	6,308,527
Total	**56,818,558**	**153,967**	**-93,009**	**83,498**	**-34,134**	**56,928,880**

Net sales revenues represent 88% of total revenues of the Group.

Capitalised own products and services

Note 18

in EUR	2014	2013
Capitalised products	16,481,564	14,071,116
Capitalised services	371,967	372,912
Total	**16,853,531**	**14,444,029**

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

Other operating revenues

Note 19

in EUR	2014	2013
Elimination of provisions and accrued expenses and deferred revenues	487,753	124,790
Drawing of long-term accrued expenses and deferred revenues	1,195,419	1,359,892
Indemnifications received from the insurance company	1,169,505	646,174
Profit from sale of fixed assets	26,505	75,077
Recovered receivables from previous years	492,550	553,833
Other operating revenues	455,278	493,721
Total	**3,827,010**	**3,253,488**

Other operating revenues derive primarily from long-term accrued expenses and deferred revenues in the amount to cover the cost of depreciation, fixed assets claimed free of charge, co-financing of power plants, compensation received from insurance companies for damage to the electricity network at the beginning of the year due to ice and recovered receivables for electricity and network usage.

Cost of goods, material and services

Note 20

in EUR	2014	2013
Purchase value of sold merchandise	96,847	75,859
Cost of material	102,172,518	105,428,804
Cost of services	10,152,472	9,512,529
Total	**112,421,837**	**115,017,192**

The costs of material in the Group include mostly amounts for the purchase of electricity in the amount of EUR 90,931,484.

Costs of services amounted to EUR 10,152,472 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 18,900, of which EUR 1,800 were spent for the consolidated Annual Report.

Labour costs

Note 21

in EUR	2014	2013
Costs of wages and salaries	21,685,382	20,029,635
Cost of additional pension insurance for employees	1,015,016	957,742
Employer contributions and other salary duties	3,468,679	3,238,102
Other labour costs	3,506,515	3,326,704
Total	**29,675,592**	**27,552,183**

Salaries were paid on the basis of the provisions of the general and Collective Agreement and individual employment contracts.

Other labour costs also include pay for annual leave, reimbursement to employees for material costs and the amount of formed provisions for service awards and severance pays.

Gross income of special groups of employees

	2014		2013	
	Number	Amount	Number	Amount
Members of Management Boards	3	252,350	3	227,268
Other employees (individual contracts)	11	749,269	11	698,660
Members of Supervisory Boards	11	83,706	12	92,755
Audit Committee	4	13,400	6	13,975
Nomination Committee	3	1,320	0	0
Total	**32**	**1,098,725**	**32**	**1,032,658**

Only the controlling company of the Group, Elektro Maribor, has a Supervisory Board and the members' names are disclosed in the business part of the report (chapter 4.3.: Presentation of the controlling company Elektro Maribor). The names of the board members of the companies in the Group are disclosed in the business report (Chapter 4. Companies in the Group).

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 2015.

Write-offs

Note 22

in EUR	2014	2013
Depreciation of intangible assets	915,044	747,384
Depreciation of tangible fixed assets	18,197,978	18,448,659
Depreciation of investment property	26,223	24,578
Total	**19,139,245**	**19,220,621**

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.

in EUR	2014	2013
Revaluation operating expenses in intangible assets and property, plant and equipment	684,049	23,433
Revaluation operating expenses pertaining to inventories	9,636	49,714
Revaluation operating expenses pertaining to receivables, of which:	1,600,797	2,684,804
- from the use of network and sale of electricity	1,430,210	2,343,455
- from rendered services	92,699	236,831
- from interest	77,888	104,518
Other revaluation operating expenses	63,401	12,626
Total	**2,357,883**	**2,770,577**

Other operating expenses

Note 23

in EUR	2014	2013
Provisions for securities	17,644	31,125
Provisions for legal proceedings	0	885,218
Construction land compensation	290,766	314,191
Other duties and expenses	441,831	564,335
Total	**750,241**	**1,794,869**

Financial revenues from shares, granted loans and operating receivables

Note 24

in EUR	2014	2013
Financial revenues from shares	**447,222**	**620,067**
Financial revenues from shareholdings in affiliated companies	447,222	620,067
Financial revenues from loans granted	**122,141**	**153,555**
Financial revenues from loans granted to others	122,141	153,555
Financial revenues from operating receivables	**288,725**	**391,105**
Financial revenues from operating receivables due from others	288,725	391,105
Total	**858,088**	**1,164,727**

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 25

in EUR	2014	2013
Financial expenses from impairments and write-offs of investments	**0**	**66,928**
Affiliated companies:	0	66,928
- Eldom d.o.o.		58,288
- Informatika d.d.		8,640
Finance expenses from financial liabilities	**840,410**	**787,575**
Financial expenses from loans received from others	759,245	771,629
Financial expenses from other financial liabilities	81,165	15,946
Finance expenses from operating liabilities	**158,108**	**23,083**
Financial expenses from liabilities to suppliers	2,089	23,082
Financial expenses from other operating liabilities	156,019	1
Total	**998,518**	**877,586**

Other revenues and expenses

Note 26

in EUR	2014	2013
Other revenues	42,309	59,972
Other expenses	146,844	127,736

Other expenses mostly refer to donations in the amount of EUR 38,894, and indemnifications, as well as franchises deductible in the amount of EUR 27,718.

Corporate income tax

Note 27

In 2014, Elektro Maribor Group reported liability for the payment of corporate income tax in the amount of EUR 1,663,519 based on tax assessment.

Adjustment of expenses for tax calculated on the basis of reported profit before taxation

Comparison between the actual and calculated tax rate	2014		2013	
	Rate	Amount	Rate	Amount
Profit before taxation		13,128,439		8,878,449
Tax on profit (official rate)	17.00%	2,231,835	17.00%	1,509,336
Amounts that have negative impact on tax base		534,527		706,711
- Amount for reducing expenses to the level of taxable expenses		534,527		706,711
- Amount for increasing revenues to the level of taxable revenues				0
Amounts that have positive impact on tax base (+)(-)		263,688		457,291
- Amount for increasing expenses to the level of taxable expenses		83,891		219,912
- Amount for decreasing revenues to the level of taxable revenues		179,797		237,379
Tax relief		839,154		790,119
- Used to impact the reduction of tax		839,154		790,119
Calculated tax	**12.67%**	**1,663,519**	**10.91%**	**968,637**
Increase/decrease of deferred tax		-27,761		-1,370,659
Tax in income statement	**12.46%**	**1,635,758**	**-4.53%**	**-402,022**

Deferred taxes

Note 28

in EUR	2014	2013
Deferred tax for provisions for service awards and severance pays	22,709	437,470
Deferred tax for formed adjustments of value of receivables	-50,470	933,189
Total	**-27,761**	**1,370,659**

In 2014, the Group recognised the increase in deferred receivables for taxes for temporary deductible tax differences based on past and current expenses not recognised for tax purposes, i.e. on the basis of formed provisions for service awards and severance pays, as well as for revaluation operating expenses for receivables, which are not recognised for tax purposes. The tax rate used in the calculation of deferred tax assets was 17%. The same rate is also expected to be applied in the future business years.

Such receivables in 2014 increased the profit of the Group by EUR 27,761.

Net profit/loss of the Group

Note 29

in EUR	2014	2013
Operating profit	13,373,404	8,659,072
Financing loss	-140,430	287,141
Loss from other revenues and expenses	-104,535	-67,764
Total	**13,128,439**	**8,878,449**

in EUR	Elektro Maribor d.d.	Energija plus d.o.o.	Oven d.o.o.	Affiliated companies	Total
Profit / loss before taxation	10,510,790	1,910,819	659,609	447,222	13,528,440
Elimination of profits within the Group				-400,000	-400,000
Corporate income tax	1,249,180	308,670	105,669		1,663,519
Deferred taxes	-22,709	50,470			27,761
Net profit or loss	**9,238,901**	**1,652,619**	**553,940**	**47,222**	**11,492,681**

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 (in EUR)	I–XII 2014	I–XII 2013
Cash receipts from operating activities	**308,187,325**	**303,152,858**
Cash receipts from sales of products and services	305,422,230	300,445,245
Other cash receipts from operating activities	2,765,095	2,707,613
Cash disbursements from operating activities	**-292,444,380**	**-287,284,096**
Cash disbursements from purchases of material and services	-248,915,129	-246,816,529
Cash disbursements for salaries and employees' shares in revenue	-16,860,091	-15,942,674
Cash disbursements for charges of all kinds	-24,664,321	-22,058,076
Other cash disbursements from operations	-2,004,839	-2,466,817
Surplus of inflows in operations or surplus of outflows	**15,742,945**	**15,868,762**

Cash flows from financing report a surplus of cash disbursements over cash receipts.

Cash flow from investing activities (in EUR)	I–XII 2014	I–XII 2013
Cash receipts from investing activities	**626,542**	**610,397**
Interest received and shares in profit received, relating to investment activities	529,762	544,829
Cash receipts from disposal of tangible fixed assets	45,490	65,568
Cash receipts from disposal of short-term financial investments	51,290	0
Cash disbursements from investing activities	**-8,762,857**	**-10,128,650**
Cash disbursements for acquisition of intangible assets	-1,813,699	-627,602
Cash disbursements for acquisition of tangible fixed assets	-6,944,569	-9,449,758
Cash disbursements for acquisition of short-term financial investments	-4,589	-51,290
Surplus of cash receipts in investment or surplus of cash disbursements in investing activities	**-8,136,315**	**-9,518,253**

Cash flows from financing report a surplus of cash disbursements over cash receipts.

Cash flow from financing activities (in EUR)	I–XII 2014	I–XII 2013
Cash receipts from financing activities	**6,500,000**	**7,000,000**
Cash receipts from increase of long-term financial liabilities	6,500,000	7,000,000
Cash disbursements from financing activities	**-11,526,353**	**-12,759,795**
Cash disbursements for given interest related to financing activities	-755,057	-777,089
Cash disbursements for repayment of long-term financial liabilities	-7,773,810	-8,983,253
Cash disbursements for repayment of short-term financial liabilities	0	0
Cash disbursements for payment of dividends and other shares of net profit	-2,997,486	-2,999,453
Surplus of cash receipts in financing or surplus of cash disbursements in financing	**-5,026,353**	**-5,759,795**

The balance of the Group in this period is positive, i.e. EUR 2,580,277.

in EUR	I–XII 2014	I–XII 2013
Closing cash balance	19,060,063	16,479,786
Net cash in the period	2,580,277	590,714
Opening cash balance	16,479,786	15,889,072

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