



ANNUAL REPORT
OF THE IMPOL GROUP

08

ANNUAL REPORT
FOR THE IMPOL GROUP

2008

impol
Aluminium Industry

contents

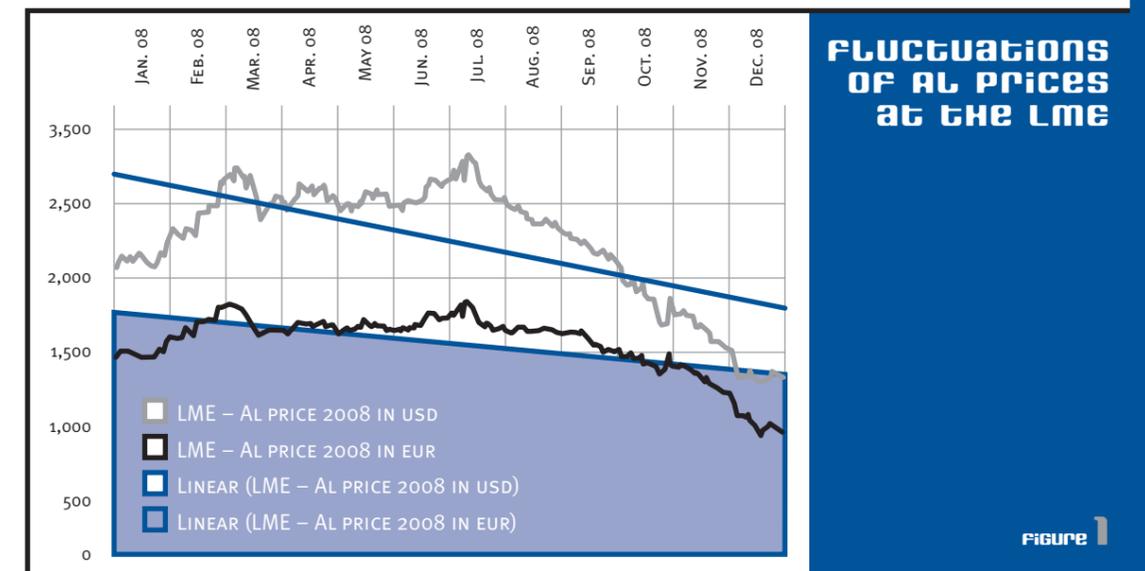
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TURNING POINTS in 2008

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- According to expectations, 2008 was only the first year of the economic crisis; however, the year started off with a relatively high growth rate that slowed during the second half of the year and was stagnating a great deal in the last quarter, when demand decreased significantly. This decrease was strongly reflected in the fluctuations of aluminium prices at the London Metal Exchange (LME).



- In spite of an exceptional fall in the aluminium prices the market realisation for the entire Impol Group was 446 million euros, which is close to the result achieved in the previous year.
- In 2008 the Impol Group was the fifth largest Slovenian exporter.
- As a result of the changed market conditions, the extent of the production was decreased by 3%, being lower than the expectations also by the same proportion.
- The internal ownership consolidation was continued and the status changes were carried out in the group's subsidiaries, aiming at rationalising the management process. As Impol 2000, d.d., obtained a 97.5%-share of Impol, d.d., it was decided to change the status of the latter from a public limited company (d.d.) to a limited company (d.o.o.).

SHARES OF THE SALES BY TYPE

SERVICES - 1%
 TRADING (GOODS) - 1%
 OTHER PRODUCTS - 12%
 EXTRUDED PRODUCTS - 36%
 ROLLED PRODUCTS - 50%

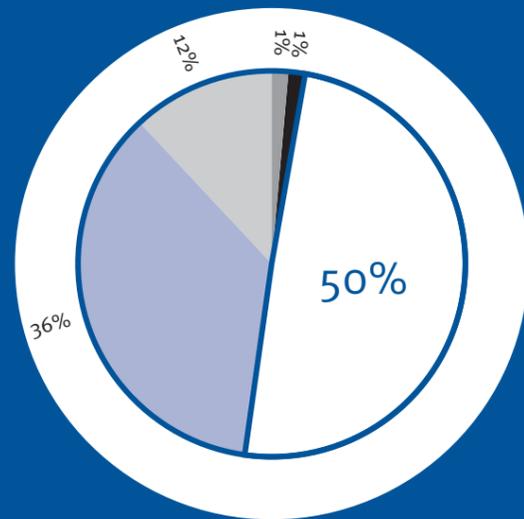


FIGURE 2

• The sales of aluminium products account for 98% of all of Impol's sales.

SALES OF ALUMINIUM PRODUCTS BY GEOGRAPHICAL AREA

EX YU - 1%
 OTHER - 3%
 THE REST OF EUROPE - 4%
 SLOVENIA - 11%
 EU - 81%

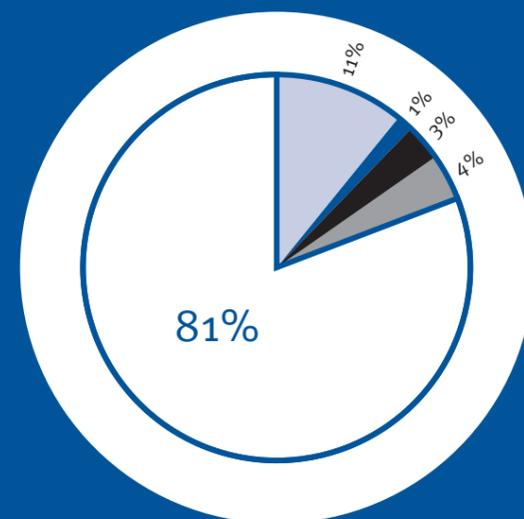


FIGURE 3

• Impol sells 81% of its aluminium products in the EU outside of Slovenia; if Slovenia is included in this area then 92% of the total aluminium production is sold in the EU market.
 • The Impol Group exports to 34 countries.

SALES OF ALUMINIUM PRODUCTS BY COUNTRY

GERMANY	31.8%
ITALY	15.0%
SLOVENIA	11.0%
FRANCE	5.8%
CZECH REPUBLIC	5.5%
NETHERLANDS	5.4%
AUSTRIA	5.2%
SWITZERLAND	4.3%
USA	3.0%
SPAIN	2.7%
HUNGARY	2.3%
GREAT BRITAIN	1.9%
BELGIUM	1.8%
DENMARK	1.1%
OTHERS (20 COUNTRIES)	3.2%

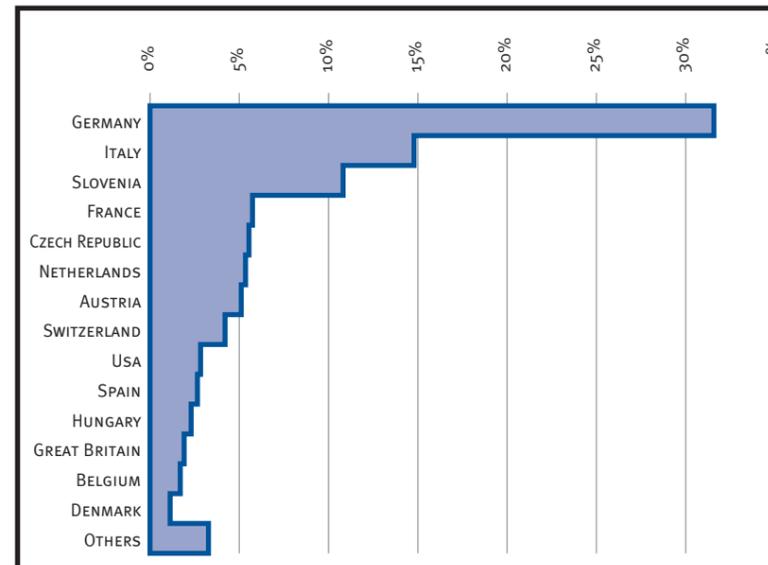


FIGURE 4

VALUE OF SALES

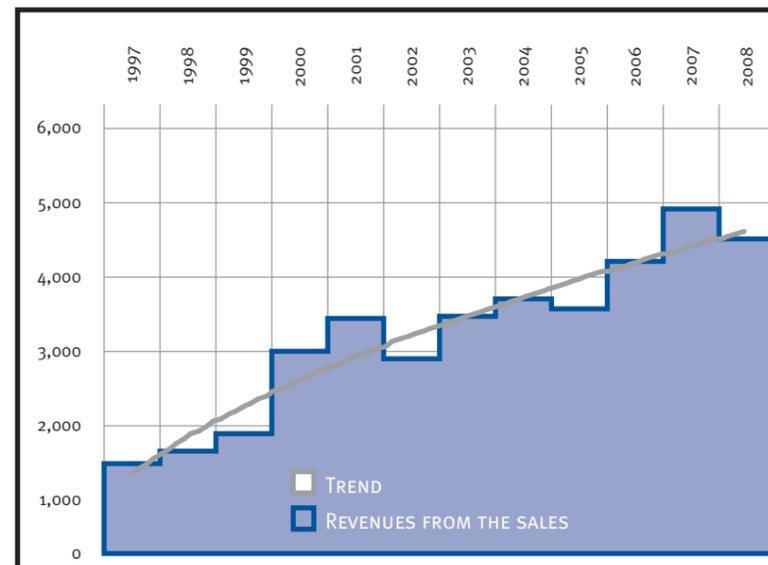


FIGURE 5

KEY DETAILS AND INDICATORS

KEY INDICATORS¹

TABLE 1

YEAR	CONSOLIDATED RESULTS OF THE IMPOL, D.D. GROUP WITHOUT IMPOL 2000, D.D.									IMPOL 2000 GROUP	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Turnover ratio	1.38	1.24	1.38	1.52	1.38	1.38	1.41	1.40	1.43	1.61	1.49
Profitability	8.00%	7.60%	8.60%	5.70%	5.52%	4.10%	-7.93%	2.96%	5.03%	64.69%*	16.05%
Margin	3.6%	2.6%	1.6%	1.5%	1.7%	1.0%	-1.8%	0.7%	1.4%	4.33%**	1.70%
Equity/assets	66.0%	60.0%	54.7%	59.0%	42%	33.9%	28.9%	27.3%	28.1%	16.9%***	18.4%
Debt/equity	52%	64%	82%	74%	136%	193%	238%	259%	290%	485%	445%
Long-term loans/equity	10%	11%	13%	14%	48%	54%	53%	51%	52%	152%	127%
Employees	834	873	895	895	2062	1900	1835	1803	1819	1822	1783

A short review of the business tables (Table 1) shows that, in 2008, the increase in the extent of the operations was stopped and this was immediately reflected in the trends of the cash flow and the profitability of the operations. Most of the cash flow was made with the amortisation/depreciation costs, which affects the tax liabilities.

Some of the key indicators of the operations in 2008 (Table 1) show that the financial year was, mainly with respect to the net cash flow, still satisfactory, even though political and business-related changes strongly affected Impol.

REVIEW OF RESULTS CONSOLIDATED IN 1998-2008 ****

TABLE 2

YEAR	IN THOUSANDS OF EUROS										
	CONSOLIDATED RESULTS OF THE IMPOL, D.D., GROUP WITHOUT IMPOL 2000, D.D.									IMPOL GROUP	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Consolidated revenues	145,130	175,295	294,977	332,472	276,174	346,394	366,708	355,372	432,112	468,309	450,641
- without goods and services	120,680	141,002	294,977	332,472	273,979	344,339	363,818	352,392	427,707	409,119	387,216
Expenses	135,363	164,462	283,139	321,238	266,065	337,566	364,769	343,102	419,243	429,565	428,943
- write-offs (depreciation, etc.)	4,395	4,986	5,312	6,281	6,309	7,908	10,956	14,063	14,416	17,081	18,555
Current operations results – consolidated	9,766	10,833	11,837	11,234	10,109	8,829	1,939	12,270	12,870	38,645	21,698
Financial revenues/expenses difference	-3,293	-3,843	-6,107	-6,217	-5,611	-6,381	-9,365	-12,713	-6,422	-14,470	-12,644
Extraordinary revenues/expenses difference	-284	816	2,096	762	328	1,157	883	2,897	126	-1,137	250
Profit or loss	5,052	6,337	7,690	4,926	4,581	3,381	-6,776	2,280	6,009	21,033	7,867
Cash flow from current operations	9,448	11,323	13,001	11,207	10,890	11,289	4,180	16,343	20,425	38,114	26,422
Cash	3,787	2,156	2,347	5,963	8,983	2,961	6,062	3,632	9,683	5,704	8,053
Equity	65,929	72,861	78,592	83,459	83,802	83,465	78,411	81,650	86,558	53,545	56,889
Share book value in €										44.36	53.33
Profitability	7.66%	8.70%	9.78%	5.90%	5.47%	4.05%	-8.64%	2.79%	6.94%	64.69%	13.83%
Number of employees in the Impol Group	839	868	899	902	2,062	1,900	1,835	1,803	1,823	1,822	1,783
Revenues per employee in €/year	172,979	201,953	328,116	368,594	133,935	182,276	199,806	197,100	237,034	257,030	252,743
Revenues per employee in €/year – products only	143,837	162,445	328,116	368,594	132,870	181,195	198,231	195,448	234,617	234,393	217,171

IDENTITY CARD OF THE IMPOL GROUP

The Impol Group operates within the holding company, Impol 2000, d.d., which has two directly dependent companies, Impol Servis, d.o.o., and Impol, d.d. The latter operates through thirteen subsidiaries, three sub-subsidiaries, and three associated companies (Table 3).

COMPANIES OPERATING WITHIN THE IMPOL GROUP

TABLE 3

	COMPANY	SHARE
IMPOL 2000, D.D. – THE HOLDING COMPANY DIRECTLY CONTROLLING THE FOLLOWING:		
1.	Impol Servis, d.o.o. (controlling 27.4% of Unidel, d.o.o. – see 2.11.)	100%
2.	Impol, d.o.o. with the following subsidiaries:	97.5%
2.1.	Impol Seval, a.d., Srbija, with its sub-subsidiaries:	
2.1.1.	• Impol Seval PKC, d.o.o. (100%)	
2.1.2.	• Impol Seval Tehnika, d.o.o. (100%)	70%
2.1.3.	• Impol Seval Final, d.o.o. (100%)	
2.2.	Impol LLT, d.o.o.	100%
2.3.	Impol FT, d.o.o.	100%
2.4.	Impol PCP, d.o.o.	100%
2.5.	Stampal SB, d.o.o.	100%
2.6.	Impol R in R, d.o.o.	100%
2.7.	Impol Infrastruktura, d.o.o.	100%
2.8.	Impol Aluminium Corporation, New York (USA)	90%
2.9.	Impol Stanovanja, d.o.o., with a subsidiary	100%
2.10.	Štatenberg, d.o.o.	100%
2.11.	Unidel, d.o.o. (the remaining shares are controlled by Impol Servis, d.o.o., in this way the company is 100% owned by the group)	72.6%
2.12.	Impol Montal, d.o.o.	100%
2.13.	Kadring, d.o.o.	62.5%
2.14. associated	Simfin, d.o.o.	49.5%
2.15. associated	Alcad, d.o.o.	32%
2.16. associated	Alureg Pin, d.o.o.	27.7%

¹ The data for 1998-2006 is based on the consolidated financial results of the Impol, d.d., Group, without the newly set up Impol 2000 Group that included Impol 2000, d.d., and Impol Servis, d.o.o.

* The profitability figure for 2007 also includes the profit established on the basis of the following components:

When considering only the achieved profit without the negative goodwill, the profitability for 2007 achieved on the basis of the operations in the that year is 28.4%, which is more realistic, as the effect of the negative goodwill resulting from the purchase of the shares of Impol, d.d., by Impol 2000, d.d., appeared only once.

** The same comment applies to establishing the margin, which would be 1.61% when considering the elimination of the effect of negative goodwill.

*** This figure is not comparable with the figures for previous years, because Impol 2000, d.d., only once acquired the shares of Impol, d.d., and this acquisition has been affecting the results since 2007.

**** In the profit-and-loss accounts for 1998-2006 tolar were converted into euros on the basis of the annual average exchange rates, while the balance-sheet values were converted on the basis of the most recent annual exchange rates.

² Impol, d.o.o., was transformed from Impol, d.d., by way of a reorganisation of the status. The decision on the reorganisation of the status was adopted at the assembly meeting on 6 October 2008, and the decision on recording the status reorganisation was implemented on 31 December 2008. Since that time Impol, d.o.o., has operated with only a single-member management and without a supervisory board, as there are only two partners directly supervising the company.

Consolidated profit of related companies including the minority shareholders' profit	7,628,372
Elimination of intra-group dividend payments	(836,417)
Elimination of the impairment of intra-group investments	1,133,677
Negative goodwill	12,482,473
Profit increase due to the amortisation costs of the fixed assets sold intra-group	731,973
Profit decrease due to the intra-group withheld trading stocks	(104,573)
Profit from the intra-group disposal of fixed assets	(2,366)
Total	21,033,139
- profit of the group	19,802,457
- profit of the minority shareholders	1,230,682

In 2008, Impol 2000, d.d., the controlling company of the Impol Group, obtained 97.5% ownership of Impol, d.d. by acquiring an additional 3.2% of its shares. Together with the other owner of the shares, it decided to convert the company into a limited company, as of 31 December 2008.

Of the above group of twenty companies, five operate abroad. Two are organised as subsidiaries of Impol, d.o.o. – IAC New York, USA and Impol Seval, which is a sole owner of another three companies.

Impol 2000, d.d., is the controlling company of the Impol Group and is organised as a public limited company. The company's share capital is divided into 1,066,767 shares that were registered on 5 March 2007. Its shares are freely transferable, and they all belong to the same class. Impol's share register is managed by the company. At the end of the year, 1049 shareholders were registered in the share register.

The management of Impol 2000, d.d., owns a total of 15,182 shares, or 1.42%, and it acquired no additional shares in 2008.

The members of the Supervisory Board owned a total of 1042 shares or 0.1%.

The list of the ten largest shareholders indicates a significant diversification in the ownership (Table 4):

SHAREHOLDER STRUCTURE AS OF 31 DECEMBER 2008

TABLE 4

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE
BISTRAL, D.O.O.	111,449	10.4474%
IMPOL-MONTAL, D.O.O.	80,482	7.5445%
KARONA, D.O.O.	58,565	5.4900%
UPIMOL 2000, D.O.O.	54,787	5.1358%
ALU-TRG, D.O.O.	53,500	5.0152%
ALUMIX, D.O.O.	53,400	5.0058%
SIMPAL, D.O.O.	53,400	5.0058%
SIMFIN, D.O.O.	19,173	1.7973%
VARIMAT, D.O.O.	17,206	1.6129%
KRANJC DANILO	16,450	1.5420%
Other 1050 shareholders	548,355	51.4034%
Total	1,066,766	100.0000%

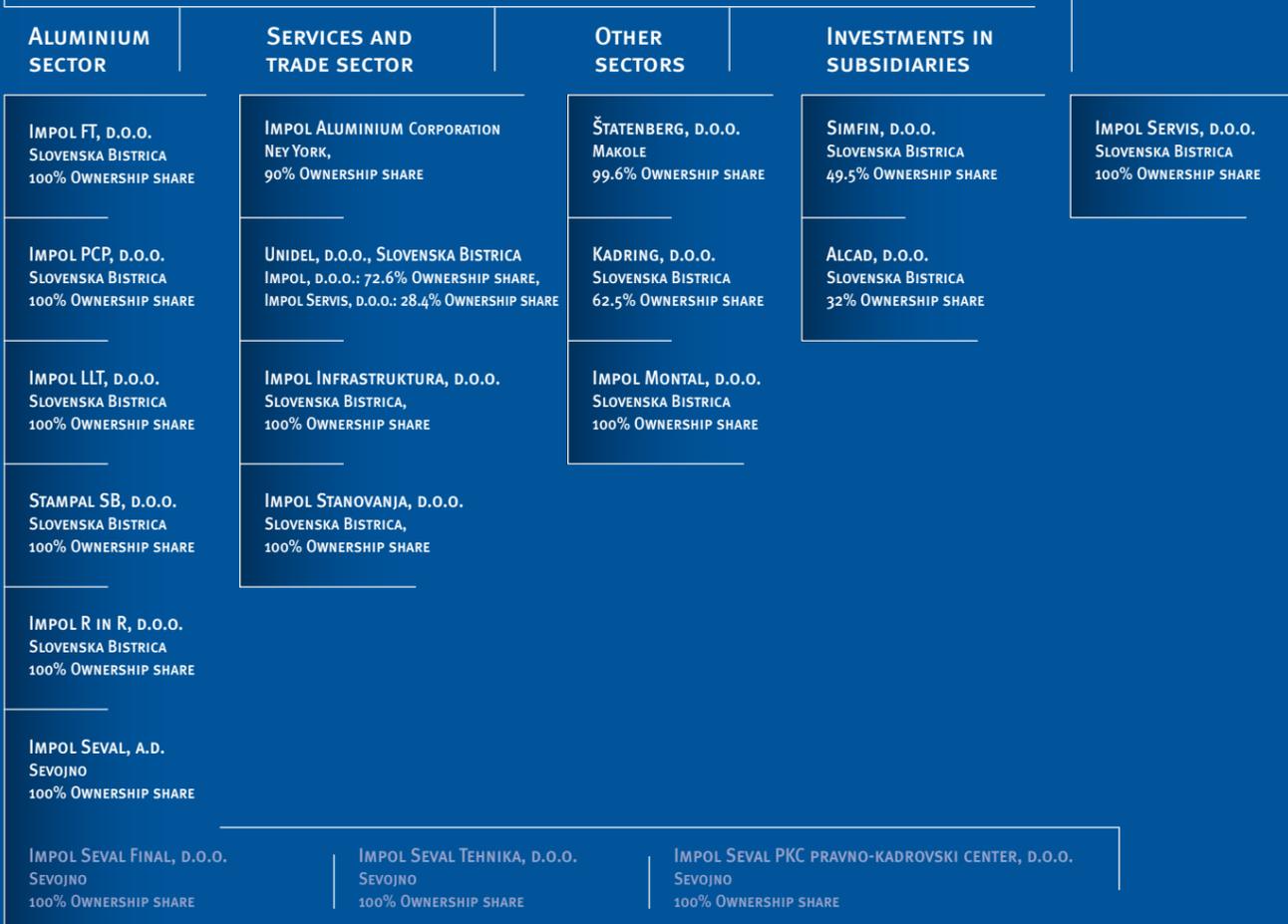
In 2008 the shareholder structure did not change significantly in comparison with the structure on 31 December 2007.

ORGANISATIONAL DIAGRAM

At the end of 2008 the group was organised in the following way:

IMPOL 2000, D.O. SLOVENSKA BISTRICA

IMPOL, D.O.O. SLOVENSKA BISTRICA 97.5% OWNERSHIP SHARE



In line with the Companies Act, Impol 2000, d.d., Slovenska Bistrica, Partizanska 38, being the holding company of the Impol Group and a large public limited company, is obliged to prepare a consolidated annual report and have its operations audited.

Impol 2000, d.d., a management company, was established in August 1998, and registered in the Register of Companies at the Regional Court in Maribor on 3 August 1998 as a public limited company, with the decision Srg. 98/01042, and with the entry number 1/10469/00. The company is classified under the activity code 74.150, i.e., the management of holding companies. The company's registration number is 1317342.

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

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

After the registration of the increase in the share capital as of 15 February 2000, the company's share capital amounted to 4,451,540 euros.

The company's share capital is divided into 1,066,767 registered shares.

The book value of a share of Impol 2000, d.d., as of 31 December 2008 is as follows:

BOOK VALUE OF A SHARE OF IMPOL 2000, D.D. (THE HOLDING COMPANY OF IMPOL)

TABLE 5

YEAR	SHARE	BOOK VALUE OF A SHARE OF IMPOL 2000, D.D.	BOOK VALUE OF A SHARE: CONSOLIDATED – INCLUDING THE EQUITY OF MINORITY SHAREHOLDERS	BOOK VALUE OF A SHARE: CONSOLIDATED – EXCLUDING THE EQUITY OF MINORITY SHAREHOLDERS
2008	individual shares	€26.54	€53.33	€47.27
2007	individual shares	€23.70	€50.19	€42.06

Subsidiaries in which Impol 2000, d.d., directly or indirectly holds a majority stake, operate in the following areas:

SUBSIDIARIES OF IMPOL 2000, D.D., INCLUDED IN THE GROUP

TABLE 6

COMPANY	REGIS-TRATION NUMBER	STANDARD ACTIVITY CODE	COUNTRY OF OPERATION
Impol, d.d., industrija metalnih polizdelkov, Partizanska 38, 2310 Slovenska Bistrica	5040736	28.400	Slovenia
Impol Servis, d.o.o., Partizanska 38, 2310 Slovenska Bistrica	5482593	52.461	Slovenia
Impol Montal, podjetje za projektiranje, izdelavo in montažo, d.o.o., Partizanska 38, Slovenska Bistrica	5479355	28.120	Slovenia
Impol Stanovanja, podjetje za pridobivanje, upravljanje in oddajanje stanovanj, d.o.o., Partizanska 39, Slovenska Bistrica	5598010	70.320	Slovenia
Štatenberg, turistično-gostinsko podjetje, d.o.o., Štatenberg 89, Makole	5465249	55.301	Slovenia
Unidel, podjetje za zaposlovanje in usposabljanje invalidnih oseb, d.o.o., Partizanska 39, Slovenska Bistrica	5764769	85.325	Slovenia
Impol Aluminium Corporation, 12305 Schenectady, New York, 155 Erie Blvd., 2nd Floor; USA		51.520	USA
Impol Seval, a.d., Sevojno, Prvomajska bb, Srbija, and four subsidiary companies	07606265	27.423	Serbia
Stampal SB, d.o.o., Partizanska 38, Slovenska Bistrica	1317610	28.400	Slovenia
Kadring, d.o.o., Partizanska 38, Slovenska Bistrica	5870941	74.140	Slovenia
Impol FT, d.o.o., Partizanska 38, Slovenska Bistrica	2239418	28.400	Slovenia
Impol PCP, d.o.o., Partizanska 38, Slovenska Bistrica	2239442	28.400	Slovenia
Impol LLT, d.o.o., Partizanska 38, Slovenska Bistrica	2239434	27.530	Slovenia
Impol R in R, d.o.o., Partizanska 38, Slovenska Bistrica	2239400	73.102	Slovenia
Impol Infrastruktura, d.o.o., Partizanska 38, Slovenska Bistrica	2239426	70.320	Slovenia

Other associated companies in which Impol 2000, d.d., indirectly holds more than 20% of the share capital:

ASSOCIATED COMPANIES

TABLE 7

NAME	ADDRESS	
Simfin, d.o.o.	Partizanska 38, Slovenska Bistrica	Slovenia
Alcad, d.o.o.	Partizanska 38, Slovenska Bistrica	Slovenia
Alureg Pin, d.o.o.	Partizanska 38, Slovenska Bistrica	Slovenia
Almont Seval	Sevojno, Serbia	Serbia

REPORT OF THE MANAGEMENT BOARD AND REPORT OF THE SUPERVISORY BOARD

REPORT OF THE MANAGEMENT BOARD

Dear shareholders and stakeholders,

A review of 2008 shows us that this year was anything but a period of normal and stable operations. In spite of intense activities carried out with respect to mitigating business risks, we saw exceptionally intense fluctuations during certain parts of the year. At the end of the year these fluctuations were very negative.

The financial crisis that had a very negative influence on the operating conditions in the real economy, made us, in the final quarter of the year, start to use up the savings made in the previous part of the year. The demand and the prices decreased a great deal, and these were followed by a rapid reduction in the extent of operations.

As Impol mostly relies on its operations abroad – its exports account for more than 90% of all the income, and most of them are realised in the markets of the EU – it was affected by the recession earlier than most other domestic companies, because the recession reached Slovenia with a half-a-year delay.

Already in October, Impol implemented its anticrisis program prepared by the Management Board, which also supervises its realisation and updates it regularly due to the deepening of the crisis.

The most important, almost prevailing, material for the Impol Group is aluminium. All the purchases of the materials and the selling prices for the aluminium products depend on the basic exchange price that fluctuated significantly in 2008. Expressed in dollars, it ranged between 1431 and 3291 dollars/tonne, expressed in euros, it was between 978 and 2083 euros/tonne. The negative effects of such fluctuations could only be managed with a careful provision of forward insurance that was, in 2008, much larger than in previous years.

In the industry of aluminium processing, all the market segments are being increasingly centralised, divided into only a few large areas. For this reason, any favourable or unfavourable trends are, very quickly, spread from individual market segments throughout the market. In 2008 the prevailing effects, affecting aluminium producers in the first half of the year, were very positive; they were partly positive also with respect to aluminium processing. However, in the second part of the year these effects became negative, and in the last two months they became critical. These trends affected Impol's operations, as most of its profit was made in the first half of the year.

Due to the negative trends in the business environment further reforming of the aluminium industry was almost completely stopped and new development programmes were severely hindered. Investments into organic development and growth are being realised only in the case of the projects already in progress, while there are no new projects relating to the financial assets.

The most negative effects are noted in those business segments that are directly or indirectly associated with the automotive industry, especially the car industry, where the production was, at the end of the year, almost completely stopped, as only vehicles from existing stocks were being sold. The sales in the automobile industry decreased a lot and continued to be on a decrease also at the beginning of 2009.

Taking this trend into account, Impol started, already during the year, to modify its development plans in such a way that its programme of extruded products will, in future, depend less on the changes in the most vulnerable markets.

In addition, Impol continues to take measures to safeguard the foundations for sustainable development including the adjustments allowing a successful operation based on a smaller proportion of its production.

The development investments in the fixed assets remained, for the third year, at about the same level (7 million euros) allowing the capacities to be large enough to meet the demand.

In spite of a relatively high debt-to-assets ratio, the investments in Impol are, with respect to the achieved results, remunerative and relatively safe.

IN THOUSANDS OF EUROS			
INDICATOR	2008	2007	2006
EBITDA	40,084	50,762 ³	29,786
annual growth	-21.0%	70.4%	27.2%
EBIT	24,434	34,569	15,142
annual growth	-29.3%	128.3%	61.7%

These results allow us to smoothly manage the debts of the whole group.

In 2008 Impol continued with its internal reorganisation, aiming at setting up new forms that allow more transparent and cheaper operations. For this reason, Impol, d.d., that has been, since May 2008, included in the group with a 97.5% share, was reorganised into a limited company, which allows a significantly simpler management. In line with this change, the documents of the group companies were modified and adopted at the assembly meetings in October 2008.

With respect to this change, all the necessary activities were carried out in such a way that they did not affect the market relations: the customers and strategic suppliers reach Impol in the same way as before, while all the group companies have the same trade payables to, and the same receivables due from, these partners.

Impol continues the processes for safeguarding a slim organisation, aiming at maximising the profit in the given conditions. In this way Impol ensures the following:

- a focus on generating added value for customers;
- a focus on the production of products with a higher added value;
- attracting customers in the process of acquiring new products;
- the use of raw materials that previously underwent the lowest possible processing level, so that the added value of Impol's final products can be increased;
- a reduction in the production of products with a low added value to the smallest possible, but commercially still acceptable, extent;
- the continual improvement and rationalisation of the production processes, allowing a reduction in the production costs and improved customer satisfaction;
- an increased use of secondary raw materials;
- generating a sufficient cash flow that allows the financing of development processes and the settlement of liabilities to investors (shareholders, creditors, etc.).

In spite of the demanding business conditions in the second half of the year, Impol generated the same amount of cash flow from its operations as in 2007. Of the cash flow of almost 24 million euros Impol used more than 5 million euros for the development of investments relating to durable assets, and the rest for paying off long-term loans for the investments in durable assets taken in previous years, and for the investments in the current assets.

In 2008 Impol increased its share of financing the investments with a capital by 10%, so that this figure amounted to 18.4% at the end of the year. In this way Impol's strategy to finance at least 30% of its investments with the capital is being realised.

³ The total of 50.7 million euros of the EBITDA for 2007 consists of 14.5 millions that were generated with the revaluation of the investments of Impol 2000, d.d., transforming into Impol, d.d., while purchasing an additional 45% of shares of Impol, d.d., at an auction, and of about 36 million euros generated from the current operations.

The objectives of the Impol Group for 2008 were as follows:

- to make 12.1 million euros of profit;
- to generate 28.9 million euros of cash flow;
- to achieve the above by selling 163.5 thousand tonnes of aluminium products.

The following was realised:

- a total of 153.6 thousand tonnes of aluminium products were sold (94%);
- a net nominal amount of 23 million euros of cash flow was generated (80%);
- a nominal amount of 8 million euros of profit was made (66%).

According to our assessment, Impol's objectives relating to the current operations were not entirely fulfilled for the following reasons:

- a drastic decrease in demand followed by a decreased scope for production in the last quarter of 2008, especially with respect to the programme of bars and rods for the automotive industry;
- an increase in the costs per unit product with respect to energy and interest that could only be balanced by reducing other costs;
- a significant reduction in the market for thin stripes, causing production capacities to be underused.

A comparison with the previous year and a comparison of the achieved results with the expectations show the following:

- in comparison with the previous year, Impol's income was reduced from 486 million euros to 446 million euros (an 8% decrease); as a result of the reduced prices for aluminium set at the LME, the income was also lower than the expected figure of 489 million euros;
- the profit was lower than in 2007, and lower than the expected figure for 2008; however, it was the same as the profit from the current operations for 2007 if we exclude the fraction of the profit for 2007 that was made on the basis of revaluation effects;
- the net cash flows established on the basis of amortisation and the net profit, and corrected for the sake of adjustment, revaluation, dividend payments and the changes to the provisions, remained the same as in the previous year, but lower, by 7%, than the expected values, allowing Impol to increase its capital share in all its investments by 10% (to 18.4%).

Impol 2000, d.d., is not a listed company; for this reason it makes it possible for its shareholders to find the values of their investments by objectively presenting the value of the company in its financial statements. However, because of the ownership changes we have been able to objectively present the data about the value of the shares since 2006. At the end of 2006, after taking the value adjustments into account, the book value of the capital per share for Impol 2000, d.d., was 22.36 euros. At the end of 2007 the capital per share was 23.57 euros, which was a 5.4% increase. At the end of 2008 this value was 26.83 euros, or 13.8% more than in 2007. At the end of 2007 the consolidated book value of capital per share for the Impol Group, reduced by the capital of the minority shareholders, was, after considering the adjustments, 42.07 euros, and at the end of 2008 this value was 47.27 euros, or 12% more than the year before. As a result of the achieved financial results and expectations for 2009, the Impol Group will keep the same policy for determining shareholders' dividends that applied to Impol 2000, d.d., in the previous year. The dividend will be 0.30 euro per share.

In the next financial period Impol will:

- *primarily focus on the measures for overcoming the economic crisis in such a way that its negative effect on sustainable operation will be minimised; a lot of short-term measures are already, and will in the future be, dedicated to this challenge.*
- *operate in such a way that it will make at least the profit expected in the plan, allowing us to smoothly manage the debts, and provide for a sustainable development. These objectives will also be reflected in our policies concerning the costs, the selection of the production and sales programmes, the strategic connections, the development investments, the process organisation, and the selection of sources. Special attention will be paid to recruiting and seeking cost-effective and economically justified employments.*
- *use the current production capacities in such a way that they will generate minimum costs; manage the increased use of the capacities in such a way that they do not require large additional investments, which can mainly be achieved by making use of synergy effects.*
- *invest mainly in the current assets. Short-term investments will be financed with short-term loans. Investments in the Alumobil project, whose intended use has been significantly extended in comparison with the initial programme, will be completed in line with the plan; however, additional efforts will have to be made to allow the relevant market segment to be in place at the beginning of 2010, when the investment will have been completed.*

We will continue to carefully monitor, throughout the entire system, the effects of our production on the environment, and strive to minimise them, or eliminate them, in line with the environmental standard ISO 14001.

Impol will also continue to ensure that the knowledge acquired by the company will be maintained and upgraded. Impol encourages the acquisition of the knowledge that helps the company increase its productivity. For this reason Impol ensures its employees that it will:

- *reward them in line with the achieved profit, stimulating them to further improve their results;*
- *encourage their cooperation in the process of innovations, improvements, and development projects;*
- *pay for supplementary pensions;*
- *provide a safe and healthy working environment in line with the acquired standard OHSAS 18001.*

Impol will continue to provide, mainly in its own environment, training for its employees, as it can only satisfy the needs of its customers with appropriately qualified staff.

Jernej Čokl
President of the Board

Janko Žerjav
Member of the Board

Vlado Leskovar
Member of the Board

MANAGEMENT BOARD'S STATEMENT OF RESPONSIBILITY

The Management Board assumes responsibility for the consolidated annual report representing a true value of the property of the group, and a true profit-and-loss account for 2008.

The Management Board confirms that the prescribed accounting guidelines were consistently applied, and that the accounting estimates were made in line with due diligence and care. The Management Board also confirms that the financial statements, together with the explanatory notes, were made on the basis of the plans for the future operations of the company, and in line with the current legislation and the Slovenian Accounting Standards.

The Management Board also takes the responsibility for appropriate accounting, for adopting relevant measures to secure the property, for continual monitoring of other operational risks, for adopting and implementing the measures to minimise these risks, as well as preventing and identifying frauds and other irregularities or illegalities.

The Management Board gives approval to the consolidated financial statements for the year completed on 31 December 2008 and to the observed accounting guidelines.

Jernej Čokl
President of the Board

Janko Žerjav
Member of the Board

Vlado Leskovar
Member of the Board



Impol 2000, d.d. Management Board: Janko Žerjav, Jernej Čokl (president) and Vlado Leskovar

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of Impol controlled and examined, in line with the competencies from Article 281 of the Companies Act, throughout the year the management of the company's operations in the financial year 2008. It carried out this task by reviewing the reports submitted to it by the Management Board. The most important of these documents is the annual report on the company's operations for 2008. All the meetings of the Supervisory Board, at the end of the year consisting of four members, were attended by a quorum.

Acting on the proposal of the Management Board, the Supervisory Board discussed and approved the company's business plan and business policies for 2008. During its meetings, it most frequently discussed the pricing and trading policies of the company and their role in the development strategy of the Impol system.

The Supervisory Board thoroughly examined and approved the new investment projects – Alumobil, the new strategy and the new organisation of the Impol Group.

In 2008 Impol, d.d., was converted into Impol, d.o.o. As a result, the supervisory board of this company ceased to exist. The control and examination of the operations of the companies within the Impol Group are the responsibilities of the Supervisory Board of Impol 2000, d.d.



Impol 2000, d.d. members of Supervisory Board: Milan Cerar (president) and Jože Kavkler

The Supervisory Board established that the reports by the Management Board, submitted throughout the year to be discussed at individual meetings, were composed clearly and transparently, giving a true and fair picture of the company's operations and its current financial situation.

The Supervisory Board also established that the Management Board promptly and consistently implemented the decisions of the Supervisory Board. The President and the Members of the Supervisory Board were regularly, on a monthly basis, receiving written reports on the company's current operations, prepared by the Management Board.

The Supervisory Board established that, according to the auditor's report, attached to the business report, prepared by the audit company Auditor, d.o.o., Ptuj, the financial statements give, in all respects, a true and fair picture of the financial situation of Impol 2000, d.d., the whole Impol Group and other companies from the Impol Group, as of 31 December 2008, and are in line with the Slovenian Accounting Standards. The same is true of the business results and the movement of the financial flows in the year that ended on the above-mentioned date. With respect to the operations of Impol 2000, the most important link is Impol, d.o.o., affecting crucially the success of Impol 2000. The business report of the Management Board is consistent with the financial statement. The Supervisory Board had no comments relating to the auditor's report, and gave approval to it, as well as to the proposal for the formation of the capital, balance-sheet profit, and the profit after the financial year 2008. The Supervisory Board suggested that the shareholders' meeting of the company adopt these documents and give a discharge for the financial year 2008 to the Management Board and the Supervisory Board.

Milan Cerar
President of the Supervisory Board



Impol 2000, d.d. members of Supervisory Board: Adi Žunec and Tanja Ahaj

BUSINESS REVIEW



Impol's main activity is the processing of aluminium into rolled, extruded, drawn, and forged products, as well as other types of products (the main activity is registered to be 25,500). The group also carries out other, less-important activities. Most of the activities in the group are organised within specific companies that do business with each other following market-based rules.

In 2008 Impol did not expand its activities to any new areas, as it paid all its attention to improving and modernising the existing capacities, as well as making the best use of them. At the same time, it was involved in the restructuring and specialisation of the production programmes. Throughout the group, Impol was abandoning the programmes for producing products with low added value and redirecting and specialising its activities.

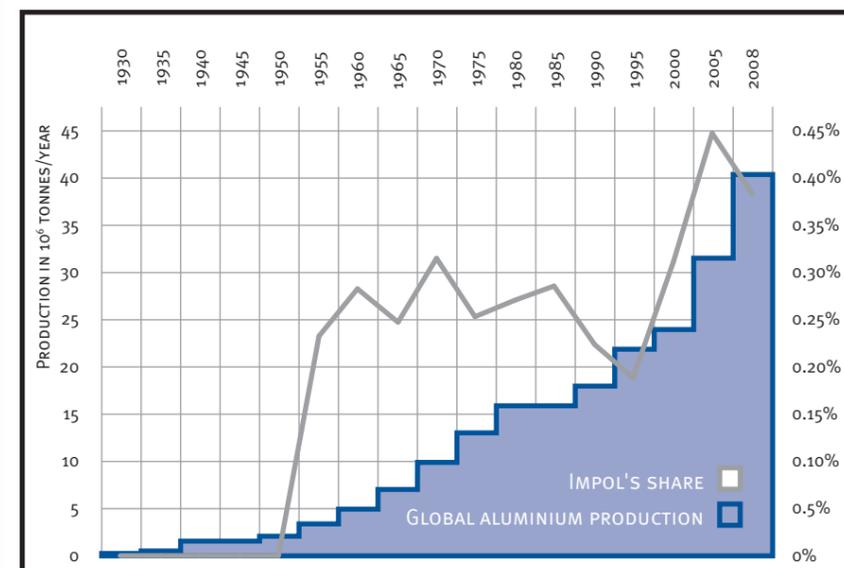
Until 1950 Impol processed only copper. The processing of aluminium started in 1950 (the programme is described, in detail, at <http://www.impol.si>), when the total global annual production of primary electrolytic aluminium was only a good million tonnes. Today, it amounts to more than 40 million tonnes (Figure 6) and is expected to remain at about the same level in 2009, provided the crisis does not drastically affect the amount concerned. At the same time, the processing of secondary (i.e., scrap) aluminium is also becoming increasingly important; its estimated annual amount already exceeds 15 million tonnes.

GLOBAL PRODUCTION OF PRIMARY AL

TABLE 8

PRIMARY AL - EXPECTATIONS	2006	2007	2008 ⁴	2009 ⁵
Global production of primary Al in tonnes	33.93	38.14	40.50	40.70
Global consumption of primary Al in tonnes	34.40	37.85	38.90	39.70
Incurring imbalance	-0.47	0.29	1.60	1.00
LME cash price - \$/tonne	2,566	2,639	2,600	1,625

Sources: IAI, WBMS, CRU, SG Commodities Research estimates



ALUMINIUM PRODUCTION IN MILLIONS OF TONNES PER YEAR, AND IMPOL'S SHARE OF THE CONSUMPTION OF PRIMARY ALUMINIUM

FIGURE 6

⁴ Estimated production

⁵ Expected (planned) production, excluding the effects of the crisis and planned on the basis of the available capacities

The Impol Group has a 0.38% share of newly produced, globally processed aluminium. In 2008 it reduced its share, because it was focused, in line with Impol's strategic policies, more on the products with a high added value and less on the quantity of the production. However, the quantity of Impol's production also remains important, as in the processes of mass production Impol can only manage its fixed costs with a sufficient quantity. As the global processing of aluminium, including the processing of secondary, recycled aluminium is close to 55 million tonnes per year, Impol's share of the total processing is a little less than 0.3%.

In 2008, after a long period of the opposite trend, the realisation scope decreased:

- two thirds of this decrease was a result of the physical extent that was reduced by 4% – this is also one of the reasons for the decrease of Impol's consumption share of the total global aluminium production that was reduced from 0.4% to 0.3%;
- the rest of the decrease was caused by the decrease of the prices for aluminium raw materials.

SALES IN THOUSANDS OF EUROS AND THEIR TREND

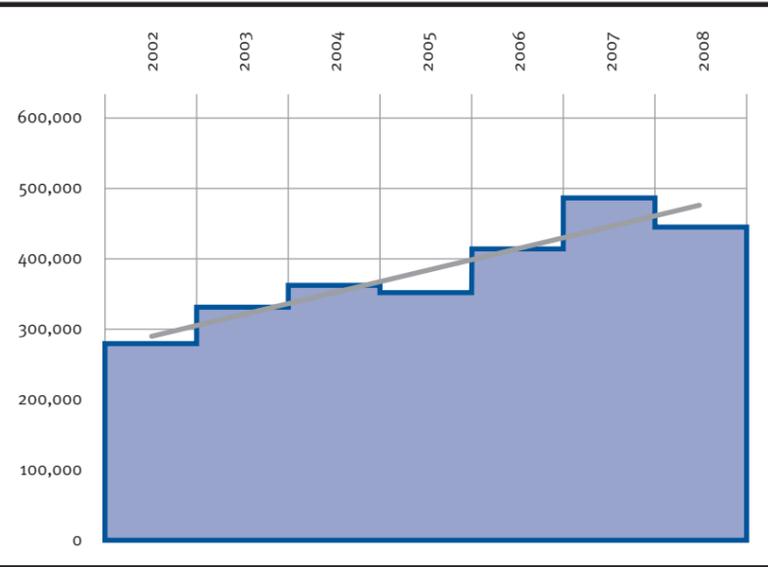


FIGURE 7

PRODUCTION AND MARKETING PROGRAMME

Impol's prevailing production-and-marketing programme includes the production and sale of aluminium semi-manufactured products. The other market-based programmes carried out outside the group's framework represent an unimportant share of the total realisation (Figure 8):

- various rolled aluminium products (strips, sheets, embossed and formed sheets);
- foils and thin strips;
- profiles (untreated, eloxed);
- bars, rods, tubes;
- forgings, cast and coloured aluminium products;
- other products, trading activities and services.

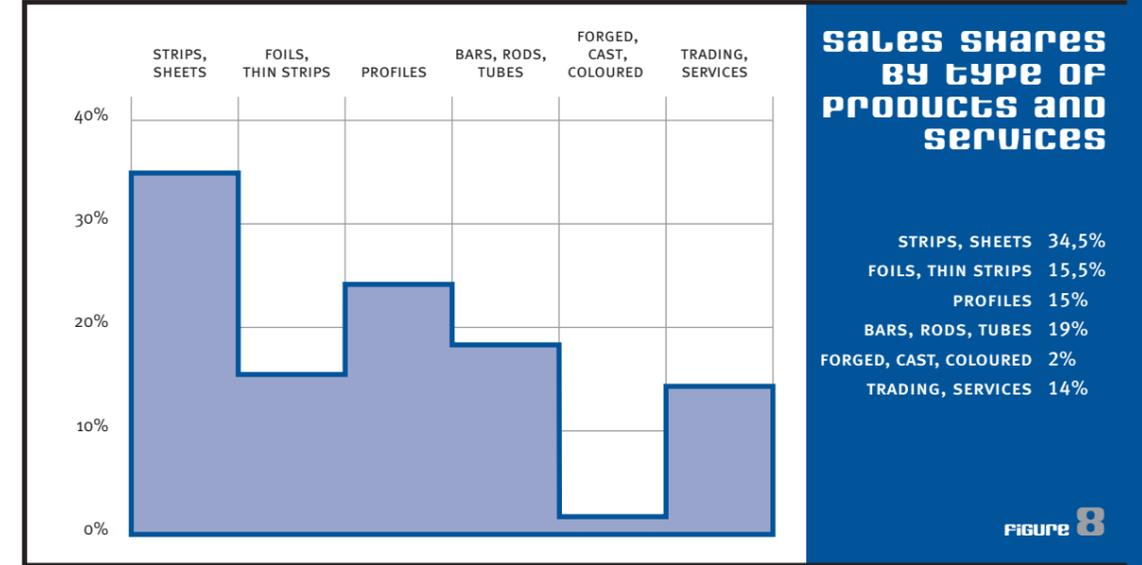


FIGURE 8

The entire production programme was, beforehand, brought into line with the sales programme, as all the production is based on the orders received, and it will remain so because of the nature of our products.

Rolled products constitute the largest share, and the production of foils will continue to increase rapidly. The share of extruded products amounts to 36% of the total production, and it is expected to be on the increase until 2010. The rest of the products and services account for a small proportion of the Impol system, and for this reason an increase in their production cannot significantly increase their share of the total operation (see Figure 8).

MARKETS AND CUSTOMERS

Impol sells most of its aluminium products in the EU.

EU	80%
Slovenia	11%
Ex YU	1%
the rest of Europe	4%
other	3%

Its most important markets are still in Germany, Italy, Slovenia, etc. (Figure 4 on page 7). Customers of Impol's products are producers in the car industry and other automotive industries, the construction industry, the electricity industry, the heat-exchanger industry, and the household-appliances industry; there is also a number of other producers with small purchasing shares.

Impol supplies its customers with a wide range of rolled and extruded aluminium products, and, to a slightly lesser extent, with additionally treated products (forged, painted, eloxed products, etc.) that are all made at the request of individual customers. Consequently, the entire production is based on the demands of individual customers; however, the company uses mass production so that it can meet the price expectations of these customers.

The most realistic growth trend of Impol's production is shown by the data on the amount of aluminium products realised in tonnes. The data on the value realisation would be distorted by the price movements at the LME.

AMOUNT AND GROWTH OF SALES OF ALUMINIUM PRODUCTS FOR THE IMPOL GROUP

TABLE 9

YEAR	SOLD AMOUNTS IN TONNES	SALES TREND INDEX
96	41,238	
97	51,024	1.24
98	56,134	1.10
99	64,212	1.14
00	74,092	1.15
01	80,378	1.08
02	84,452	1.05
03	107,778	1.28
04	122,233	1.13
05	139,769	1.14
06	144,255	1.03
07	160,679	1.11
08	153,620	0.96
Plan 09	157,750	1.03

There is a positive trend, except for 2008, indicated also by Impol's plan of further operations.

TREND OF SOLD ALUMINIUM PRODUCTS

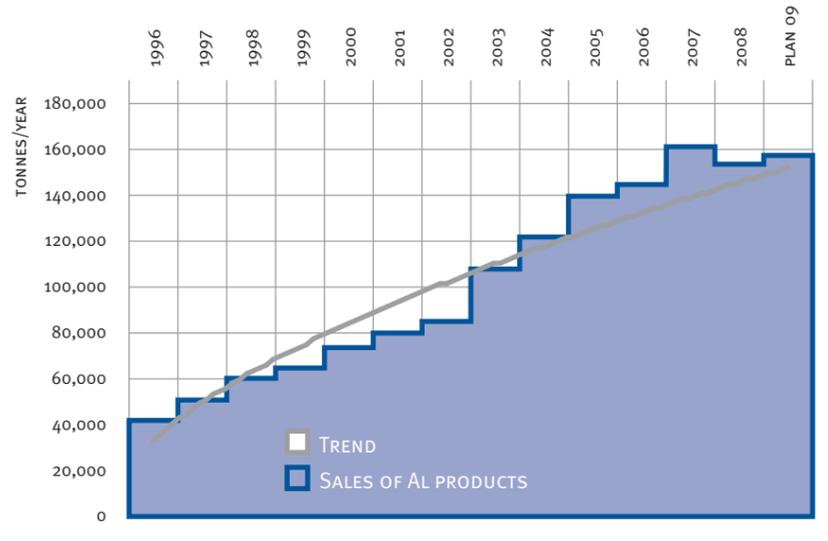


FIGURE 9

The majority of sales is still in the EU. Impol sells about 90 percent of all its products in the EU, including Slovenia. This market includes 400 large customers, none of which account for a particularly large share (Figure 4 on page 6).

The year 2008 had, until its final quarter, positive market conditions and the sales were carried out in line with the expectations; however, in the final quarter the market conditions changed, resulting in a decreased demand and, consequently, reduced sales. In the recession conditions it became clear that our diversification across different markets and our complex supply were appropriate approaches, allowing us to avoid an even larger decrease of the orders and mitigate the effects of the recession.

We focused mainly on the European markets, as the sales in the dollar areas were, due to the low dollar exchange rate, rather unremunerative. In these areas we could only keep the products with a high added value.

MARKET CHARACTERISTICS

During the first three quarters of 2008 the development in the market was very stable and the demand sufficient, so that we were smoothly achieving our set sales objectives. In the final quarter of the year the positive market conditions came to an end and we had to face the recession that severely hit the car industry and was also reflected in the construction industry. As a result, we were forced to scale back our sales plans and adapt to the market conditions.

The signs of the crisis were reflected in different segments of the sales operations – as a decrease in the demand, as a reduction of the processing prices, as increased stocks in the final storage capacities (delays to the customers' product recall), as customers' payment difficulties or delayed payments, as customers' bankruptcies, as customers' tendencies to extend the payment periods and as the reduced insurance limits given by insurance agencies.

Due to our supply diversification and the complex organisation of sales, we managed to mitigate the effects of the recession. At the same time we were focusing on more profitable markets, increasing the sales in the areas that were less hit by the recession (the foodstuff industry, the pharmaceutical industry) and had negotiations with the current customers, aiming at keeping strategic contracts. In this we were successful, as we did not lose any customers, in spite of the unfavourable conditions in that year.

SALES ORGANISATION

The sales of the Impol Group are carried out through five different channels:

- *Impol 2000: the sales of standard products made by Impol PCP, Impol FT and Impol Seval intended for traders,*
- *Impol PCP: the sales of profiles, bars and rods intended for direct sales to end customers,*
- *Impol FT: the sales of foils, thin strips and cut blanks intended for direct sales to end customers,*
- *Impol Seval: the sales of products to direct buyers,*
- *IAC: the sales of aluminium products for the North American markets.*

Our sales programme is divided into the standard programme and the specialised programme. The former includes the products intended for sale to traders and the latter includes the products to be sold directly to end customers. This type of sale is more complex, requiring a lot of cooperation between the sales team, the production team and the end customers. The time required for attracting customers is long. Each customer has to be considered with regard to different aspects (credit standing, payment capacity and long-term cooperation).

COOPERATION BETWEEN THE SALES AND THE TECHNICAL TEAMS

Due to the complexity of attracting customers and the nature of selling aluminium products, the cooperation between the sales and the technical-support team is necessary. These two teams cooperate during the development of new products, as, in this way, we attract the customers more quickly and improve the quality of products and the logistics. Such cooperation is being effectively stimulated and consolidated.

MARKET COMMUNICATION

In 2008 we set up a team for market communication that analysed the current activities in the concerned area and prepared action points, with which to improve future operations. These action points include the following: website upgrade, the redesigning of catalogues, the careful promotion of the Impol trademark, the use of corporate design, as well as strengthening the system of electronic and telephone communications.

The main activities in this area were aimed at increasing our presence in the relevant markets through the agents, increasing the number of press releases about our company, and participation at fairs and conferences organised by the EAA (European Aluminium Association) and the EAFA (European Aluminium Foil Association). In September 2008 we took part at a specialised Essen Aluminium Fair, where we had our exhibition venue. The fair was an important opportunity to attract new customers and reinforce links with the current customers.

We also carefully reinforced the reputation of the Impol trademark, which has a long tradition. All the companies within the group use the same trademark – Impol – as it represents quality and stability. We maintain our reputation with constant activity, providing our customers with a consistent quality of products, effective sales and after-sales services and the reliability of supply.

IMPORTANT SALES ACHIEVEMENTS

- We managed to increase the sales of the foils with a higher added value, strengthening our position in the foil market.
- In spite of the effects of recession, we kept most of our customers.
- We increased our market diversification across Europe, thereby reducing our risks.
- By introducing the risk-management system, we reduced the level of risks relating to purchasing aluminium.
- We strengthened the presence of the Impol trademark across Europe.
- We improved the quality of the products and the sales services of Impol Seval.

PURCHASING

Within the Impol Group only the purchase of aluminium materials is organised centrally. Purchasing abides by the principle that materials should be bought under optimum conditions (in terms of prices, deadlines, costs and quality). This purchasing amounts to 70 percent of all purchases.

In addition to the suppliers of aluminium raw materials, the providers of energy and transport are also very important to Impol. Aluminium materials are mostly of foreign origin (more than 90 percent). The conditions and prices for their purchasing are entirely set by the movements of the prices at the London Metal Exchange (LME). Impol also processes a lot of secondary aluminium, with which it can reduce its purchasing costs.

In 2008 the purchase prices for the raw materials decreased to a certain extent in comparison with the prices in the previous year. The drop of aluminium prices in the last quarter was very significant, as shown by the graph of the aluminium-price fluctuations for 2008. The graph indicates a significant volatility of the aluminium price that makes it necessary for the group to take up the demanding tasks of insuring its operations against unexpected market trends.

As the purchase prices for aluminium and energy are set autonomously, and Impol can exert no influence on them, the group sticks to the rule, according to which it selects the materials and energy products whose type and quality are satisfactory, while the prices are as low as possible (e.g., the use of secondary aluminium instead of aluminium ingots, the use of natural gas instead of propane-butane, an advance lease of energy, etc).



FIGURE 10

In 2008 the multi-annual fluctuations of aluminium prices at the LME completely changed their direction.

The Impol Group organises all the other purchasing within the production and services processes that require the purchasing, causing no major problems to its realisation. In 2008 the services relating to purchasing continued to be carried out by an external company, Upimol 2000, d.o.o., because we believe that this way of organising the purchasing is the most rational. It is expected that this company will keep providing such services in the future as well.

Most of our aluminium raw materials are of Russian origin. In the future we will attempt to ensure a wider dispersion of our purchasing markets.

RISK MANAGEMENT

MANAGING FINANCIAL RISKS

The financial risks of the Impol Group are monitored and controlled by the department for finances and economics and by the relevant departments of the group companies operating outside Slovenia.

RISK MANAGEMENT IN THE IMPOL GROUP

TABLE 10

RISK AREA	RISK DESCRIPTION	MANAGEMENT METHOD	EXPOSURE
Liquidity risk	Shortage of the float for settling business or financing liabilities	Credit lines agreed in advance, planning of inflows and outflows	low
Exchange-rate risk	Financial-loss threat due to unfavourable fluctuations of exchange rates, mainly for dollar	Use of appropriate derivative instruments, making use of the possibility to buy basic raw materials with the national currency	moderate
Interest-rate risk	Risks related to the changed terms and conditions of financing and raising loans	Following the policies of the ECB and the FED, the use of appropriate derivative instruments – interest-rate swaps, replacing the fixed interest rate with a variable rate	moderate
Credit risk	Risk of not getting the payments from the customers	Insuring the trade payables – mainly foreign payables to be insured at the First Credit Insurance Company, Ljubljana; Following the customers' credit standing, reducing the maximum exposure with respect to certain customers	moderate
Risk of compensation claims and legal actions	The threat of the compensation claims of third parties due to loss events caused by the company involuntarily with its operations, property or product marketing	General liability insurance and producer's liability insurance (for the production of bars, rods and tubes)	low
Property-damage risk	The threat of property damage due to natural disasters and machinery malfunction	Property insurance, insurance against machinery malfunction and against any interruption to operations	moderate

LIQUIDITY RISK

With respect to managing liquidity risk, we examine whether the Impol Group is capable of settling current operating liabilities and generating sufficient cash flow to settle financial liabilities.

The existence of the float is checked by daily monitoring of the inflows and outflows, as well as weekly and monthly planning of the cash flows. Any cash shortage is covered by the credit lines opened at banks, while any short-term surpluses are invested in short-term financial assets.

EXCHANGE-RATE RISK

Part of Impol's purchase of aluminium as its basic raw material is carried out in American dollars. As a result, Impol, d.o.o., has an open US-dollar position, while other companies, operating in Slovenia, do not have such open positions. An exception is Impol Seval, because of the large exchange-rate differences caused by the drop in the Serbian dinar. The actions taken to reduce the negative effects of the exchange-rate differences on our operations are as follows:

- *All the sales to Western Europe are carried out through Impol, d.o.o.*
- *Impol, d.o.o., forwards aluminium to the processing sector in such a way that Impol Seval does not have to finance aluminium stocks, while financing only a small extent of the receivables.*

In 2008 we secured a certain part of Impol's open US-dollar positions in line with the exchange risk-management policy by using derivatives, while the rest of the positions remained unsecured. For securing positions in this way, we used simple derivatives, such as forwards and currency options. With these instruments we created positive effects; however, we did not entirely succeed in neutralising the exchange-rate differences.

Review of US dollar inflows and outflows and open positions:

	IN MILLIONS OF USD	
	2008	2007
inflows	28	31
outflows	244	255
open positions	216	224

CREDIT RISK

The process of credit control includes an assessment of the customers' credit standing that we regularly carry out, together with the First Credit Insurance Company, by monitoring their payment discipline.

INSURANCE OF PROPERTY, INTERRUPTION TO OPERATIONS AND LIABILITY

The aim of the insurance of the Impol Group is to safeguard financial compensation for the damage made to the property, a loss of profit due to an interruption of the operations and to protect the group against the compensation claims of the third parties. Insurance procedures are uniform for the entire group.

The insurance of equipment is taken out on the basis of the book value of the equipment, the same applies to insurance against machinery malfunction. The insurance sum for an interruption to the operations includes the labour costs and amortisation (or its renting costs in the cases of independent companies renting the equipment).

With respect to insuring the goods in transport from Impol to the customers, contracts with the transport operators are made and they are also required to insure their liability for damage.

As we are well aware of our responsibility relating to any damage incurred by selling our products in the market, we also took out the producer's liability insurance. In this way we insured our liability relating to the production of bars, rods and tubes used in the car industry. We also insured our general liability for the case of involuntarily causing damage to third parties with our operations or property ownership.

MANAGING RISKS RELATING TO ALUMINIUM

The Impol Group has been involved in managing the risks incurred because of an increase in the volatility of the market for non-ferrous metals, mainly aluminium (as our most important strategic raw material), since the introduction of this type of insurance in our market. We have been systematically involved in these activities since 2007. However, non-ferrous metals have been traded at the LME for more than 130 years.

The role of the LME is complex: it is one of the rare exchanges that, in addition to forward deals, also allows the transfer of goods. For this reason, the LME has more than 400 storage capacities around the world. However, the majority of forward deals are not realised as the supply of goods; instead, such deals are used as a security against adverse price trends, called hedging, which, thus, became the primary function of the exchange. Another important task of the LME is setting official daily quotes for individual metals, on the basis of which numerous deals are made.

Hedging, a type of security against unfavourable price changes, is an instrument important at all levels of the production chain: it is used by the producers of primary aluminium, the processing industry, the traders with metals and the producers of finished goods. For each link in this chain, the function of hedging is very specific. In this chain, the Impol Group acts as a processor of primary aluminium into

aluminium semi-manufactured products. As aluminium represents an important fraction of the final selling price, the success of Impol depends significantly on the fluctuations of the price for the raw material at the LME. This dependency can be minimised with hedging that, thus, represents security allowing us a stable processing margin (and, with it, also a profit) that is the difference between the selling price for a product and the price of aluminium, the strategic raw material. The basic security instrument is a forward contract; in addition, there are other, more complex, security instruments and strategies (e.g., option dealings).

The aim of risk management relating to aluminium is, thus, to find out what risk threatens the Impol Group. The risk brought about by the unfavourable fluctuations of the aluminium price is secured with the forward deals. Such management also has other advantages: it allows us to offer, to our customers, an option to choose the price for aluminium without risking a reduction of our processing margin. In addition to concluding forward contracts on the basis of the spot exchange prices, buyers can choose the LME aluminium prices that suit them the most. They can choose a price applying for a longer period, or they decide that the aluminium price included in the final price for a product is accounted for on the basis of an optional average of the official daily quotes. A buyer also has an option to determine the value of aluminium in ordered goods after these goods have been finished. Such a selling approach is usually determined in the so-called strategic selling/purchasing contracts.

At the end of the year there were open positions for 20 million euros or 13,800 tonnes of aluminium. We secured those sales positions that do not cover the stocks of aluminium raw materials.

OPERATIONAL RISKS

Operational risks are the risks of incurred loss, including legal risks, due to:

- *the inappropriate or incorrect organisation of internal procedures;*
- *the other incorrect conduct of the management staff;*
- *the inappropriate or incorrect functioning of the management systems;*
- *the external events or actions.*

Operational risks occur in different areas of the Impol Group's operations: investing, planning process, production, information system and staffing. The risks were precisely defined, and the Risk Management Board weekly reviews all the areas, looking for ways of reducing the risks.

SYSTEMATIC RISK ELIMINATION

The Impol Group has a Risk Management Board consisting of the representatives from individual companies and different working areas with a specific risk exposure. The Risk Management Board is an advisory body giving specialist advice to the management bodies on how to act in order to identify the risks associated with the operations. The board also forms proposals for risk elimination, risk avoidance and for reducing the negative effects of the incurred risks. The board discussed risks at 27 meetings, making decisions on taking the actions, or proposing the actions relating to 100 different areas, which means that, at each meeting, the board discussed, on average, four risk areas, proposing the relevant actions to be taken to reduce the risks.

In addition, the risks are being systematically reduced by making the business-related and strategic decisions only on the basis of appropriate specialist foundations, after they had been examined by the relevant management bodies, and by implementing a multi-level advisability control relating to all the purchasing.

The management of Impol assessed that, due to the critical situation, the risks were more difficult to manage in the second half of the year, requiring special and continual attention to be paid to all potential risk areas.

INTERNAL AUDIT

In the framework of the holding company an internal audit is in place, helping the management of the company to make decisions with the minimum risk. The internal audit operates in line with the plan set for it by the management, and in line with the current decisions of the management regarding its involvement in solving individual priority issues. In 2008 the internal audit worked on more than 20 projects following the principle, according to which in the case of identifying a shortcoming, guidelines for its elimination are to be given as well, or even a concrete solution is to be prepared and implemented.

Internal auditors report on their activities to the management of the holding company. They operate within the entire Impol Group. In line with Serbian legislation, the Serbian fraction of the group chooses its specialised internal auditor that monitors the legality and justifiability of the operations.

DEVELOPMENT AND INVESTMENT PROCESSES

With the investments carried out, we mainly provided for the consolidation of the group and its organic growth. The intensity of the investments was at about the same level as in the previous year. However, due to the decreased aluminium prices and the reduced scope of operations at the end of the year, the requirements to invest in the current assets decreased as well in 2008.

	MILLIONS OF EUROS		
	2006	2007	2008
Investments in shares		44.8	3.2
Investments in durable assets	15.7	5.9	7.0
Investments in current assets	44.6	-14.3	-2.9
Total	60.3	35.5	7.3

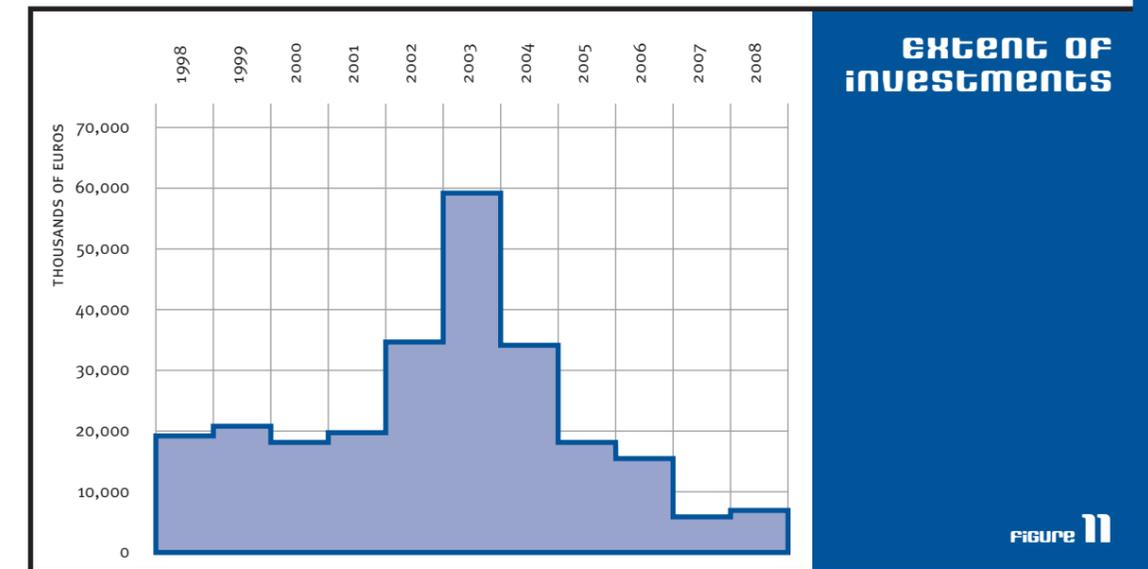


FIGURE 11

IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

In the time between 1 January 2009 and the completion of this report, there were no events that would significantly influence our business accounts and require additional disclosure and clarification.

SUSTAINABLE DEVELOPMENT

Review of events and achievements

1. We carried out a survey of employees' satisfaction and determined measures for improvements.
2. We improved the system of internal communication with the employees.
3. We reduced the number of work-place accidents by 17 percent.
4. We reduced the number of fires in the Impol Group.
5. We set up a system of public relations.
6. We reduced environmental effects by introducing measures to protect against noise, starting the dust extractor and improving the cooling systems.

EMPLOYEES

Number of employees in the Impol Group

EMPLOYEES BY COMPANY IN THE GROUP					TABLE 11
	2004	2005	2006	2007	2008 ⁶
Impol 2000, d.d.				25	30
Impol, d.o.o.	978	971	981	15	15
Impol FT, d.o.o.				323	299
Impol PCP, d.o.o.				459	435
Impol LLT, d.o.o.				115	94
Impol R in R, d.o.o.				29	29
Impol Infrastruktura, d.o.o.				27	27
Impol Seval, a.d.	544	564	561	574	582
Seval Finalizacija, d.o.o.	91	69	71	60	
Impol Seval PKC, d.o.o.	31	11	11	11	10
Impol Seval Tehnika, d.o.o.	76	67	68	68	105
Impol Seval Final, d.o.o.	28	29	29	29	27
Stampal SB, d.o.o.	38	36	35	38	37
Impol Aluminium Corporation	4	3	3	3	3
Impol Stan, d.o.o.	1	1	1	1	
Impol Stanovanja, d.o.o.	1	2	3	3	3
Unidel, d.o.o.	49	50	50	55	44
Kadring, d.o.o.			6	12	12
Impol Servis, d.o.o.				7	7
Total for the Impol group	1841	1803	1819	1854	1759

⁶ The details about the number of employees in the Impol Group are comparable only for 2007 and 2008. In the previous years, 2004, 2005 and 2006, the Impol Group operated within a different ownership framework, when Impol 2000, d.d. and Impol Servis, d.o.o., were not yet part of the group.

GENDER OF THE EMPLOYEES IN SLOVENIA FOR 2008

TABLE 12

Male	81%
Female	19%

Impol companies operating in Slovenia have 995 employees. Their average age is 41 years.

GENDER OF THE EMPLOYEES OUTSIDE SLOVENIA FOR 2008

TABLE 13

Male	67%
Female	23%

The companies of Impol Seval have a total of 764 employees. Their average age is 48 years.

QUALIFICATION STRUCTURE FOR THE EMPLOYEES IN SLOVENIA

TABLE 14

PH.D	MSC.	UNIV. GRADUATE	HIGHER EDUCATION	VOCATIONAL DEGREE	HIGH SCHOOL	SKILLED EMPLOYEE	SEMI-SKILLED EMPLOYEE	NON-SKILLED EMPLOYEE
0.0%	0.4%	5.6%	1.8%	4.5%	29.0%	39.0%	10.7%	9.0%

QUALIFICATION STRUCTURE FOR THE EMPLOYEES OUTSIDE SLOVENIA

TABLE 15

PH.D	MSC.	UNIV. GRADUATE	HIGHER EDUCATION	VOCATIONAL DEGREE	HIGH SCHOOL	SKILLED EMPLOYEE	SEMI-SKILLED EMPLOYEE	NON-SKILLED EMPLOYEE
0%	0%	11%	4%	9%	23%	42%	5%	6%

BENEFITS FOR THE EMPLOYEES

The employees have supplementary pensions. All the employees that also pay individual premiums for the supplementary pension are included in this savings scheme. The monthly premium paid for an employee by the individual group companies is 25.04 euros.

Employees get long-service awards for 10, 20, 30 and 40 years of their loyalty. In the case of sickness of an employee or an employee's close relative, he or she is entitled to a solidarity payment. At the end of each year the employees get gifts. For each 8 March (Women's Day) we prepare, in cooperation with the trade union, a social event for our female employees.

Employees outside Slovenia get long-service awards for 10, 15, 20, 25, 30 and 35 years of loyalty. In the case of the sickness of an employee or an employee's close relative, he or she is entitled to a solidarity payment. At the end of each year the employees' children, up to seven years of age, receive gifts. For each 8 March our female employees get small gifts.

PARTICIPATION OF THE EMPLOYEES

In 2008, workers' councils were set up in all the larger companies of the Slovenian part of the Impol Group. Each council received the Rules of Procedure of a Workers' Council, together with the annex called the Code of Ethics for the Members of Workers' Councils of the Impol Group Companies. The members of a workers' council made, with the relevant director, an Agreement Regulating the Relations between the Workers' Council and the Company Associated with the Workers' Management Participation. While

setting up the workers' councils, the Impol Group offered, to all the companies, legal and staffing counselling and helped conduct the procedures relevant to this area. In this way we provided the employees with an additional organised form of participation that is valuable also to the managers of the individual companies, allowing a more transparent transfer of information.

Trade unions are organised in the three largest companies of the Impol Group: Impol LLT, Impol FT and Impol PCP. In each of these companies two representative trade unions are operating – the Trade Union for the Slovenian Metal-Products Industry and Electrical Industry, and the Confederation of the New Slovenian Trade Unions. In January 2008 we signed the Entrepreneurial Collective Agreement with both trade unions. Together with our social partners, we use this collective agreement to regulate the issues associated with the employment relations that we organise in a different, more favourable, way than stipulated by the law, or the collective contract applying to our activity area. In the companies that do not have a trade union, these issues are regulated with a general legal act.

REGULATING DISABILITY ISSUES

On 31 December 2008 the companies of the Slovenian part of the Impol Group employed 90 disabled employees, which is 8.5% of all employees. In 2008 the number of decisions on potential disability made by the first-instance invalidity committee increased, in comparison with the previous year, by 80% (in 2007 the invalidity issue was discussed 20 times, while in 2008 it was discussed 36 times). In 15 cases the employees' potential disability was discussed for the first time, and 11 of these candidates acquired disability status. In the remaining 21 cases the reason for being discussed by the invalidity committee was seeking an opinion on whether an employee was able to work at another post.

All the companies reached the prescribed quota regarding the employment of disabled persons. Due to insufficient numbers of their own disabled employees, Impol FT and Stampal SB had contracts for an alternative mode of meeting the prescribed quota. In 2008 the total financial bonus obtained for exceeding the prescribed quota of disabled employees within the group amounted to €40,108, while the total exemption from the social-security payments amounted to €26,840.

UTILIZATION OF THE WORKING TIME IN THE SLOVENIAN PART OF THE IMPOL GROUP

UTILIZATION OF THE WORKING TIME IN THE SLOVENIAN PART OF THE IMPOL GROUP		TABLE 16
STRUCTURE OF THE WORKING TIME IN 2008	HOURS IN %	
Regular working hours	77.06%	
Overtime	1.38%	
Annual leave and compensation leave	11.30%	
Sickness benefit	7.36%	
- the employer's liability	4.41%	
- social-insurance liability	2.68%	
- the disability person's liability	0.28%	
National holidays	2.56%	
Other absences from work	0.34%	
Exemption from work	0.31%	
Unjustified absence from work, unpaid leave	0.02%	
Total	100.00%	

In 2008 we decided to introduce a project for reducing the amount of sick leave.

REWARDING AND STIMULATING THE EMPLOYEES

In 2008 the employees' salaries decreased slightly in comparison with 2007. The reason for this reduction was a drop in the demand during the last quarter of 2008, when we could not reach the expected results and, consequently, could not pay out the incentives.

However, in comparison with the previous year, 2008 saw an increase in the allowances for unfavourable working time, sickness benefits and vacation allowances.

GROSS SALARIES BY TYPE OF PAYMENTS IN PERCENTAGE		TABLE 17
	2007	2008
basic salary	43.6%	48.6%
overtime work	1.2%	1.1%
incentives	18.3%	9.6%
project allowance	2.4%	2.4%
allowance for unfavourable working time	17.6%	18.7%
allowances – vacation	9.6%	11.5%
allowances – holidays	2.7%	2.8%
sickness benefit – the employer's liability	2.8%	3.2%
sickness benefit – the liability of the Slovenian Health Insurance Institute	1.4%	1.8%
other	0.4%	0.3%
total	100%	100%

Employees are also encouraged to be innovative. They are rewarded for making innovations or putting forward useful proposals. In addition to financial rewards we organise, each year, an event at which all our innovators receive awards and the Impol Golden Emblems.

TRAINING OF THE EMPLOYEES

In 2008 each employee in the Impol Group was, on average, involved in the training for 8.6 hours.

COMMUNICATING WITH THE EMPLOYEES IN SLOVENIA

When communicating with the employees, we use the following tools: the internal newsletter called Metalurg (6 issues per year), a monthly brochure called Metalurgov poročevalec (12 issues), information displays and the website.

In 2008 we decided to renew our communication activities, focusing mainly on the newsletter Metalurg and the website. We renewed the content and the layout of the newsletter with the aim to adjust it to the needs of our employees and increasing the two-way flow of information. In a similar way, we also started using the website for communicating with the employees.

The communication with the employees outside Slovenia is carried out by way of internal newsletters and bulletins that are issued on a monthly basis. Printed communication is also available on information displays, where the decisions of the companies' management boards are regularly displayed.

ORGANISING EVENTS

We know that in order for the employees to effectively carry out their work duties and feel satisfied at work, they should, in addition to business activities, also be involved in some of the social life organised within the group. For this reason we annually organise different events, aimed at reinforcing the loyalty of the employees, expressing our confidence in them and praising them for their good work. We also annually organise an event for our retired employees.

In 2008 we organised the following events: sports games, a symposium on the research activities of the Impol Group, an awards-giving event for the innovators and the winners of the long-service awards, and a pensioners gathering.

ORGANISATIONAL CLIMATE AND ANNUAL INTERVIEWS

In the previous year we carried out a survey of employees' satisfaction that was later followed also by quality-boosting workshops. The information on the results of the survey was available to all the employees. With respect to the areas where the satisfaction levels were low, we found the solutions and took the measures that we will implement in the following period.

We carried out interviews with the key employees, during which they described their ambitions, set the objectives for the following period, proposed improvements relating to the work organisation, assessed their line-managers and their colleagues, etc. The aim of these interviews is mainly collecting feedback from the employees, allowing us to find solutions for improvements. Annual interviews also help us develop employees' careers and assess the results achieved at the work posts.

SAFETY AND HEALTH OF THE EMPLOYEES

BASIC PRINCIPLES

- *The permanent dedication of the management to protecting health is reflected in delegating the relevant capacities and responsibilities to the process owners, physicians and other experts. By way of regular examinations, our management provides for effective health protection, and an appropriate policy concerning the health and safety at work, taking into account the changes that take place in the group's companies.*
- *With respect to the health and safety at work, we aim at the gradual introduction of safer and health-friendly procedures in line with our technological and financial capacities, and taking into account the principle of economy.*
- *It is our duty to observe statutory provisions.*
- *We included the programme of health and safety at work in our short-term and long-term plans and provide the necessary funds. We provide for a continual improvement in this area by annually setting new tasks regarding the health and safety at work.*
- *All the employees are included in the health-and-safety training with regard to our respective activities within the working process. In this way we provide for a higher level of safeguarding our own health and safety. The employees are obliged to become acquainted with the principles of health and safety at work and to implement these principles.*
- *When doing research and solving problems relating to the health and safety at work, we at the Impol Group are open to suggestions from all interested individuals.*
- *Information about our efforts and achievements in this area is available to the employees and to the public.*
- *By adopting the policy concerning the health and safety at work, we commit ourselves to health protection. Our efforts are mainly reflected in:*
 - *the changes to technological procedures, where unsafe procedures are being replaced with safer ones;*
 - *decreased periods of employees' exposure to physical factors;*
 - *the designation of unsafe, and consequently restricted, areas with special warning signs;*

- *periodic checks of employees' theoretical and practical knowledge relating to safety at work;*
- *periodic checks of the physical and ecological harmfulness in the working area;*
- *regular preventative medical checkups;*
- *monitoring the employees' health;*
- *periodic checks of the working equipment;*
- *an effective use of the prescribed means of protection.*

IMPORTANT ACHIEVEMENTS

In 2008 we were especially proud of the following achievements:

- *We managed to reduce, in the companies of the Impol Group based in Slovenska Bistrica, the number of work-place accidents by 17%. Over the past five years we reduced work-place accidents by 44%.*
- *We managed to implement the new standard OHSAS 18001:2007.*
- *We provided all the employees working at posts where noise exceeds the legally stipulated limits with the appropriate protection equipment.*
- *We reduced the noise of certain production processes.*
- *We renewed the work posts that had inadequate lighting.*

FUTURE GUIDELINES

In the following period we intend to:

- *Free up the production halls and increase the storage facilities.*
- *Additionally improve the lighting at the work posts.*
- *Install noise protection on the working equipment to reduce the noise of certain production processes.*
- *Reduce the amounts of dust and flue gases at the work posts.*
- *Reduce the work-place accidents by an additional 10%.*
- *Build a covered storage facility for the bulk input material.*
- *Reduce the number of sick leaves.*

PUBLIC RELATIONS

Together with the employees, we have been, for some time, carrying out activities for the improvement of the working environment. For this reason we set up a well-organised network of internal communicating, as well as organising various events for the employees.

We are aware that we are an important organisation in our local community. For this reason we wish our operations to be as transparent as possible, carried out in synergy with the other stakeholders from the local environment. We organise guided tours around our company for interested groups and associations; if these guests wish to require additional information, the President of the Management Board meets them and conveys to them the required information. We also help local societies with sponsorship and donations.

We wish to increase our cooperation with universities and enhance our exposure in the specialist media. Another important tool for communicating with our stakeholders is our website, where we regularly update the sections relating to our operations.

We also strengthened our communication with the media, providing, to the interested reporters, rapid and clear information relating to the operations of the Impol Group.

Objectives for future activities:

- *to increase our exposure in the specialist media;*
- *to produce a manual for the employees and a manual for communication during a crisis;*
- *to publish an annual brochure about the Impol Group intended for financial experts and other specialist public.*

PROTECTION OF THE ENVIRONMENT

IMPORTANT ACHIEVEMENTS

In 2008 we allocated 335,600 euros for the realisation of the environment-management programme and environmental investments. The largest acquisitions were:

- *the start-up of the dust-abatement equipment used in the foundry production;*
- *the renovation of the protection against noise used in the profile production;*
- *the improvements to the cooling systems in Impol LLT.*

EFFICIENT USE OF ENERGY

USE OF ENERGY SOURCES				TABLE 18
	2005	2006	2007	2008
Use of natural gas (Sm ³ /t produced)	110.12	111.03	103.7	117.83
Use of fuel oil (m ³)	349	175	184	368
Use of electricity (kWh/t produced)	0.995	1.023	0.998	0.993
Use of process water (m ³ /t produced)	2.04	2.58	2.24	1.90

In 2008 we managed to reduce the use of electricity and process water. The use of natural gas and fuel oil, which increased in that year, remains our challenge.

WASTE MANAGEMENT

We planned the waste amounts in the Waste Management Plan. We controlled the following waste types:

- *non-chlorinated engine, gear, and lubricant oils;*
- *sludges from the equipment separating oil and water;*
- *used machining emulsions that do not contain halogens;*
- *sludges and filter cakes not included in 110110;*
- *absorbents and filtering materials, cleaning cloths and protective clothing;*
- *laboratory chemicals that are compounds or contain dangerous substances including mixtures of laboratory chemicals;*
- *lyes;*
- *skimmings;*
- *transformers and condensers containing PCB or PCT;*
- *oil filters;*
- *fluorescent bulbs;*
- *waste electrical and electronic equipment;*
- *other wastes containing dangerous substances;*
- *sludges from other waste-water treatment plants containing dangerous substances.*

FIRE SAFETY

In individual companies of the Impol Group the places and rooms with a high fire risk have warning signs. In all the process areas we invest in fire prevention. This includes the planning of facilities and technological processes, periodic training of the employees in fire safety, simulations and fire-extinguishing exercises, regular maintenance of fire extinguishers and of the systems for active fire protection, technical control of the hydrant network, fire watch, control and preventative checks and other activities.

Continual training of the employees in fire safety is of great importance. In 2008 almost half of the employees were included in such training. Its emphasis was mainly put on acquainting the employees with the prevention measures relating to fire safety, the measures and conducts necessary in the case of a fire, and practical exercises in extinguishing small fires using different types of manual extinguishers. The employees are also involved in practical exercises organised in individual sectors, where incidents can be expected. In addition to the Impol fire-fighting unit, the neighbouring units are involved in these exercises. With respect to environment management, we organised, in the previous period, the exercises simulating a loss of chlorine and ammonia, and a spillage of sodium lye. We also carried out, in all the companies, the exercises simulating a large fire.

The year 2008 was the third successive year in which we managed to reduce the number of fires in the companies of the Impol Group. Other indicators relating to fire safety are also encouraging.

In the future we will continue with the above activities, as the training of employees and testing intervention groups are of great importance with respect to an efficient and safe rescuing in the case of real accidents. A strong emphasis will mainly be placed on practical training in evacuations from individual facilities.

ENVIRONMENT PROTECTION IN THE FUTURE

- *We will continue to pay a lot of attention to emissions in the air. By optimising the functioning of the dust-abatement equipment, we will, in 2009, reduce the concentrations of chlorides and dioxins.*
- *Until 2012 we will prevent the NOx emissions from the combustion installations.*
- *We will examine the possibilities of directing the industrial waste water from Impol LLT, which has the largest amounts of such water, to the municipal waste-water treatment plant. This would additionally improve the water quality of the Bistrica brook.*
- *We will reinforce the noise-reduction measures reducing, in this way, the negative effects on the local environment.*

GUIDELINES

2009 – THE YEAR OF CONSOLIDATION

The basic aim of the Impol Group⁷ is to manage the crisis, and its recession, extended into 2009 from the previous two years, in such a way that it maintains, by implementing the measures available to it, the market shares, prevents any reduction in knowledge and ownership, and provides for the value of dividends still acceptable to the shareholders, while at the same time maintaining good public relations.

In doing this, aluminium processing will remain, by far, our most important area, focusing on the processing that generates high added value and does not require significant additional investments (in the current or fixed assets).

We expect our business environment to remain turbulent, mainly due to:

- rapid changes of the aluminium prices at the exchanges;
- rapid changes to the structure and size of our competitors;
- rapid changes of the supply sources;
- rapid and unpredictable changes relating to the customers, i.e., the demand;
- rapid changes to exchange-currency rates;
- uncertainty and shrinking of the financial support system, etc.

With this plan, Impol is setting itself specific objectives and tasks, allowing the company to realise the basic aims for 2009 in the environment determined with the following restrictions:

- A serious international financial crisis started in 2007 and will, according to analysts, have long-term, mainly negative, effects.
- Certain operating costs are expected to undergo an exceptional increase (energy, salaries, market penetration, financing) resulting in a need to increase the added value (expressed per unit or as the total).
- In the first months of the year, the operations will be hampered because of a significantly smaller extent of operations, significantly increased competition, and the changes in the markets for raw materials. The market is expected to level out in the second half of the year.
- The growth of the operations, financed from external sources, will be aggravated, and for this reason the scope of operations needs to be planned with regard to the available non-bank sources.
- The challenges will mainly be managed with a strict cost control, an increased involvement in the sales activities, and a focus on generating an additional value for the customers.
- The plan will have to be updated at least once per month, with respect to the current situation that now cannot be realistically predicted.

Impol has set itself the following main objectives and the resulting tasks for 2009:

- The expected profit generated by Impol will be at least 3 million euros; however, mainly in the first quarter of the year, the monthly scope of operations will be below the expected average amount resulting in negative financial results.
- As a result of the above, Impol will focus on the production of products with a higher added value, and it will adjust to this objective its development and innovation-related activities, its financing, as well as the activities and methods relating to sales, production and technology.

⁷ Henceforth, Impol refers to the whole group and to its individual companies.

- Impol will very carefully consider its customers in all the stages of its dealings with them, especially with respect to planning new products, ensuring quality, and providing supplies in line with the agreements, and together with improved after-sales services.
- The most important activity area is the production of aluminium products and semi-manufactures products. We will strive to meet, to the largest possible extent, the demand, while stimulating the operations in the areas with the best business results, and efficiently providing for a smooth transition of the employees within the company structure.
- We plan to realise the following minimum framework extent of the aluminium production for the customers outside the Impol system (in tonnes/year)⁸:

EXTENT OF ALUMINIUM PRODUCTION BY TYPE				TABLE 19
PRODUCTION TYPE	EXTERNAL MARKETS (IN TONNES)			INTERNAL MARKET (IN TONNES)
	TOTAL	PRODUCTS	PROCESSING	
Rolled products				19,754
- foils, thin strips	28,200	26,200	2,000	
- ribbed products, cut blanks, strips	28,200	26,200	2,000	
- Seval – sheets, strips, miscellaneous	47,000	47,000		630
Extruded products				
- profiles	23,500	23,500		
- bars, rods, tubes	27,500	27,500		70,490
Forgings	350	350		
Castings				
- poles, slabs, alloys	3,000	3,000		12,002
- cast strips				
Total	157,750	153,750	4,000	102,876

- We will prepare a wide range of tailor-made products for our customers by integrating all Impol's products in a unified supply system, and by cooperating with the other partners in the market. The Impol trademark is to guarantee high quality.
- With respect to the deepening crisis that Impol cannot avoid, a set of additional actions is being prepared. They will help us reduce its negative effects:
 - We will continue to reduce all types of stock (with respect to aluminium stocks, the upper limit is 30 thousand tonnes for 2009 and 25–27 thousand tonnes for 2010, depending on the demand).
 - To the greatest possible extent, we will prepare the materials suitable to be processed into end products in our own foundries using the input materials at the lowest possible processing level.
 - We will increase the use of secondary raw materials as much as technology allows us, reducing, as a consequence, the costs of these materials.
 - Each company in the group will prepare a programme of measures for reducing the operating costs (energy, flow factors, complaints, scrap, all the other types of costs for services and materials, organisation of the production in the fewest possible shifts, closure of the shifts in the most expensive periods).

⁸ Only the production and services related to aluminium products are planned in terms of quantity, whereas marketing activities relating to services are planned in terms of value. Slag is not included in this list.

- The employees in the sales departments will be assigned with personal responsibilities in the following areas: the amount of sales, customers, markets, and realised sales premiums. The responsibilities will be matched with the corresponding powers. The stimulation system will also have to be adapted accordingly.
- We will regularly check the cost-effectiveness of operations (the main ones and the supporting ones) and reorganise them if necessary. For the time being, there will be no recruiting of new staff.
- The actions taken anywhere in the group should aim at benefiting the whole of Impol. The success of the whole group is more important than the success of an individual company, showing off its good results that had perhaps been achieved at the expense of another company in the group or even of the whole group.

GUIDELINES FOR 2009

- With the expected extent of operations and the reorganised operational processes in 2009, Impol will provide for the equity growth of the shareholders and other investors, and also for the value of dividends, or interest, that will be in line with Impol's long-term operational strategy. Impol intends to have the following sales outside the group:⁹

IN THOUSANDS OF EUROS	
NET REVENUES FROM SALES	428,690
sales of products (tangible)	389,332
in the domestic market	39,714
in the markets abroad	349,618
sales of services	4,950
in the domestic market	2,220
in the markets abroad	2,730
sales of goods and materials	34,409
in the domestic market	3,648
in the markets abroad	30,761

- We will continue to expand in all our existing markets. We will reduce market risks with suitable, cost-effective and rational insurances. With the aluminium products, we still aim at attracting more than 20 percent of our market from outside the EU, while also paying special attention to the domestic market and, considering its potentials, striving to fully meet its demand.
- We will organise the entire sales through representative offices and agencies operating within the group. We will stimulate all the participants in this area, mainly on the basis of the achieved, and paid, selling premium exceeding the aluminium price at the LME.

PLANNED MARKET ACTIVITIES FOR 2009

In 2009 we intend to:

- Keep diversified sales and improve our market position by attracting new markets. Here, we will mainly focus on the markets of Eastern Europe and the Baltic states.
- Set up a network of agents involved in intense marketing in the new markets. As a result of a more favourable dollar exchange rate, we will again strive to attract the markets of the Near East and Asia.
- Increase the sales share of the products with a higher added value.
- Reduce the number of complaints and improve flow factors.
- Improve the services and the logistics for all the customers.
- Upgrade and further develop the programme of market communication.
- With our development and investment policies, we will continue to provide for a balanced growth of the company, while increasing its security by purchasing cost-effective input materials. For this reason, our top priority will be to reduce the investments in the current assets.
- In line with the above objectives, we will harmonise our financial measures with Impol's development and trading guidelines and the controlling company's undertaken liabilities to long-term investors. When providing finances for long-term investments, Impol will cooperate with other investors and banks. With respect to short-term financing, Impol will use the available bank sources, while, at the same time, ensuring a sufficient dispersion of sources, and reducing the extent of necessary investments in the current assets.
- Financing within the group will depend on external conditions including the costs for acquiring the funds. Individual companies from the group can act independently in the financial markets, in line with a previously given approval from the superior company.
- Long-term investments planned for this year, except for the investments already in progress, are moved to the following year.
- As a result of reduced risks arising from the exchange-rate fluctuations, we will strive to buy aluminium materials, as much as possible, in the euro area.
- We will obtain materials from those sources that can ensure a stable supply under the most favourable, or acceptable, price conditions and other conditions, as well as from the sources that allow Impol to supply its customers with the goods with the appropriate EU origin.
- We will continue to pay special attention to insurance against risks caused by the constant changing of material prices, and upgrade our knowledge that we will promptly use for risk management.
- With customer-oriented projects, such as improvements and upgrades to the electronic commerce and daily planning, we will strive to better satisfy our customers in line with their tastes and expectations.
- Organisational changes in the company will enable us to be more efficient at satisfying customer needs, optimizing the cost-effectiveness of the operations of individual companies within the group, and upgrading the group's integrated information system.
- With the Code of Operating Rules we will determine, for the whole group, the minimum set of management rules, aiming at minimising the risks and avoiding the unnecessary costs.
- The system of stimulating the employees will continue to be based on the profit achieved in the whole financial year.

SELECTION OF BUSINESS PROGRAMMES

We will uniformly select and develop business programmes within the entire group. By strengthening the involvement of our own foundries in the early phase of preparing suitable materials made of less-advanced input materials (an increased use of secondary raw materials will result in a reduced use of the materials that have been already partially processed by the suppliers), we will add higher value to our products.

We will continue to use a modular approach of introducing and using the process monitoring in the group, as well as reorganising the group in such a way that similar business programmes will merge.

ORGANISATIONAL ASPECTS

Important changes to the group organisation are planned for 2009.

Impol is organised as a public limited company with 1,066,767 shares of the holding company Impol 2000, d.d. If we find out that the current legislation regulating the participation of the employees in the profit requires us to assign the company's shares for the purpose of remuneration, these will be provided for by way of buying them from the shareholders willing to sell their shares. As a result of our current high debt rate, we do not expect that Impol will soon become active in the organised capital market.

As a rule, Impol will use new financial assets only for the entities allowing the strengthening of business links, synergistic effects, secure supply paths, complementary programmes, and high profitability. We expect that a total of 21 companies will be included in the group's consolidated business results.

IMPORTANT DETAILS RELATING TO THE EXPECTED FINANCIAL RESULTS

We expect that in 2009 the business results of the whole Impol Group (consolidated results), and especially of the holding company, Impol 2000, d.d., as well as of Impol, d.o.o., will be as follows (only selected indicators are presented – values are shown in thousands of euros, and whenever this is not the case, the currency is appropriately indicated):

IMPORTANT DETAILS RELATING TO THE EXPECTED FINANCIAL RESULTS			TABLE 20
IN THOUSANDS OF EUROS			
	CONSOLIDATED	IMPOL 2000, D.D.	IMPOL, D.O.O.
Fixed assets	146,226	68,401	133,354
Short-term assets	161,697	7,369	138,186
Total assets	310,302	75,783	271,704
Equity	61,594	34,620	84,110
Provisions and long-term accruals	1,746		119
Long-term liabilities	85,732	37,706	32,614
Short-term liabilities	159,253	3,449	154,685
Liabilities	310,303	75,783	271,705
Net sales revenues	428,690	11,219	445,868
Amortisation/depreciation	20,799	142	12,971
Pre-tax profit/loss	2,941	5,903	1,082
Net profit for the accounting period	2,384	5,862	865
Expected number of employees	1,704	32	8
Profitability (without the profit for the current year)	4.46%	20.38%	1.04%
Cash flow from the current year	23,183	6,036	13,836
EVA at 4% equity interest rate	(80)	4,477	(2,499)
Added value per employee in €	41,265	151,838	2,988,820
EBIT	20,651	8,715	13,882
EBITDA	41,450	8,856	26,853



Financial Statements

CONSOLIDATED BALANCE SHEET ¹⁰

CONSOLIDATED BALANCE SHEET		IN EUROS		2008/2007
		31 DEC 2008	31 DEC 2007	
A.	Fixed assets	142,708,608	148,885,168	95.9%
I.	Intangible fixed assets and long-term deferred costs	3,184,073	2,543,265	125.2%
1.	Long-term property rights	559,025	193,470	288.9%
2.	Goodwill	691,182	319,229	216.5%
3.	Advances for intangible fixed assets	0	0	
4.	Long-term deferred development expenses	612	706	86.7%
5.	Other long-term deferred costs	1,933,254	2,029,860	95.2%
II.	Tangible fixed assets	113,374,949	120,955,555	93.7%
1.	Land and buildings	18,820,280	20,111,764	93.6%
a)	Land	4,374,865	4,436,983	98.6%
b)	Buildings	14,445,415	15,674,781	92.2%
2.	Manufacturing facilities and equipment	77,428,879	89,580,566	86.4%
3.	Other facilities and equipment	3,789,068	4,237,869	89.4%
4.	Fixed assets being acquired	13,336,722	7,025,356	189.8%
a)	Tangible fixed assets being built or manufactured	11,161,993	6,761,002	165.1%
b)	Advances for tangible fixed assets	2,174,729	264,354	822.7%
5.	Livestock	0	0	
6.	Vineyards, orchards and other plantations	0	0	
III.	Investment property	22,096,747	23,125,179	95.6%
IV.	Financial fixed assets	1,749,135	1,790,714	97.7%
1.	Financial fixed assets without loans	1,459,093	1,386,217	105.3%
a)	Shares in group companies	0	0	
b)	Shares in the associated companies	706,216	719,351	98.2%
c)	Other shares	703,078	619,760	113.4%
d)	Other financial fixed assets	49,799	47,106	105.7%
2.	Long-term loans	290,042	404,497	71.7%
a)	Long-term loans to group companies	0	0	
b)	Long-term loans to others	290,042	404,497	71.7%
c)	Long-term unpaid called-up capital	0	0	
V.	Long-term operating receivables	122,499	159,249	76.9%
1.	Long-term operating receivables due from group companies	0	0	
2.	Long-term trade receivables	122,499	159,249	76.9%
3.	Other long-term operating receivables	0	0	
VI.	Deferred tax assets	2,181,205	311,206	700.9%
B.	Short-term assets	161,421,912	165,898,469	97.3%
I.	Assets held for sale (disposal groups)	0	0	
II.	Inventories	85,570,523	88,861,145	96.3%
1.	Materials	68,459,779	71,780,744	95.4%
2.	Work in progress	7,515,866	6,425,275	117.0%
3.	Products and merchandise	9,050,706	10,126,131	89.4%
4.	Advances for inventories	544,172	528,995	102.9%
III.	Short-term financial assets	6,618,960	1,917,929	345.1%
1.	Short-term financial assets without loans	2,278,307	385,701	590.7%
a)	Shares in group companies	0	0	
b)	Other shares	0	0	
c)	Other short-term financial assets	2,278,307	385,701	590.7%
2.	Short-term loans	4,340,653	1,532,228	283.3%
a)	Short-term loans to group companies	0	0	
b)	Short-term loans to others	4,340,653	1,532,228	283.3%
c)	Short-term unpaid called-up capital	0	0	

¹⁰ Figures in the financial statements and in the accounting report are in euros.

		IN EUROS		2008/2007
		31 DEC 2008	31 DEC 2007	
IV.	Short-term operating receivables	61,106,710	69,415,565	88.9%
1.	Short-term operating receivables due from group companies	0	0	
2.	Short-term trade receivables	48,284,636	61,158,752	
3.	Other short-term operating receivables	12,822,074	8,256,813	
V.	Cash	8,125,719	5,703,830	142.5%
C.	Short-term deferred costs	3,990,576	2,136,316	186.8%
	TOTAL ASSETS	308,121,096	316,919,953	97.2%
D.	Off-balance-sheet assets	256,792,423	261,705,308	
E.	Equity	57,079,788	53,545,478	106.6%
	Equity of minority shareholders	6,949,976	9,866,328	70.4%
I.	Called-up capital	4,451,540	4,451,540	
1.	Share capital	4,451,540	4,451,540	
2.	Uncalled capital (a deduction)	0	0	
II.	Capital reserves	10,751,254	10,751,254	
III.	Profit reserves	5,732,581	5,226,175	109.7%
1.	Legal reserves	0	0	
2.	Reserves for own shares	506,406	0	
3.	Own shares (a deduction)	-506,406	-506,406	
4.	Statutory reserves	0	0	
5.	Other profit reserves	5,732,581	5,732,581	
IV.	Revaluation profit	505,498	439,096	115.1%
V.	Consolidation capital adjustment	-867,236	-91,387	948.9%
VI.	Net profit or loss from previous periods	21,951,093	3,100,015	708.1%
VII.	Net profit or loss for the period	7,605,082	19,802,457	38.40%
F.	Provisions and long-term accruals	1,755,900	1,664,730	105.5%
1.	Provisions for pensions and similar liabilities	767,159	686,529	
2.	Other provisions	23,480	827	
3.	Long-term accruals	965,261	977,374	
G.	Long-term liabilities	70,694,882	81,613,822	86.6%
I.	Long-term financial liabilities	69,981,166	80,579,399	86.8%
1.	Long-term financial liabilities to group companies	0	0	
2.	Long-term financial liabilities to banks	68,563,295	78,660,468	
3.	Long-term financial liabilities on the basis of bonds	0	0	
4.	Other long-term financial liabilities	1,417,871	1,918,931	
II.	Long-term operating liabilities	151,705	126,768	119.7%
1.	Long-term operating liabilities to group companies	0	0	
2.	Long-term operating liabilities to suppliers	0	32,999	
3.	Long-term liabilities related to bills of exchange	0	0	
4.	Long-term operating liabilities on the basis of advances	0	0	
5.	Other long-term operating liabilities	151,705	93,769	
III.	Deferred tax liabilities	562,011	907,655	61.9%
H.	Short-term liabilities	177,623,715	178,306,717	99.6%
I.	Liabilities included in disposal groups	0	0	
II.	Short-term financial liabilities	153,059,857	149,115,097	102.6%
1.	Short-term financial liabilities to group companies	0	0	
2.	Short-term financial liabilities to banks	147,698,413	141,392,964	
3.	Short-term financial liabilities on the basis of bonds	0	0	
4.	Other short-term financial liabilities	5,361,444	7,722,133	
III.	Short-term operating liabilities	24,563,858	29,191,620	84.1%
1.	Short-term operating liabilities to group companies	0	0	
2.	Short-term operating liabilities to suppliers	17,804,125	21,105,686	
3.	Short-term liabilities related to bills of exchange	0	0	
4.	Short-term operating liabilities on the basis of advances	809,933	516,022	
5.	Other short-term operating liabilities	5,949,800	7,569,912	
I.	Short-term accruals	966,811	1,789,206	54.03%
	TOTAL LIABILITIES	308,121,096	316,919,953	97.2%
J.	Off-balance-sheet liabilities	256,792,423	261,705,308	

STATEMENT OF THE MINORITY SHAREHOLDERS' EQUITY

STATEMENT OF THE MINORITY SHAREHOLDERS' EQUITY

TABLE 22

		IN EUROS	
		2008	2007
A)	Equity	6,949,974	9,866,328
I.	Called-up capital	3,592,220	4,394,253
1.	Share capital	3,592,220	4,394,253
2.	Uncalled capital (a deduction)	0	0
II.	Capital reserves	768,967	1,736,954
	Capital reserves from capital revaluation adjustment	725,289	1,690,104
III.	Profit reserves	870,064	2,015,591
1.	Legal reserves	67,487	156,505
2.	Reserves for own shares	0	0
3.	Own shares (a deduction)	0	(0)
4.	Statutory reserves	6,019	6,019
5.	Other profit reserves	796,558	1,853,067
IV.	Revaluation surplus + consolidated difference	3,283,587	3,540,630
V.	Net profit or loss from previous periods	-2,051,159	-3,016,144
VI.	Net profit or loss for the period	486,295	1,195,044

ELIMINATIONS AND ADJUSTMENTS IN THE CONSOLIDATED BALANCE SHEET AS OF 31 DEC 2008

Intra-group receivables and payables relating to business operations and given or received loans of the group companies (amounting in both cases to 31,233,494 euros), long-term financial assets and the corresponding fraction of the equity of the dependent companies were eliminated in the consolidated balance sheet. Other adjustments and eliminations are shown in Table 23:

ADJUSTMENTS IN THE CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2008

TABLE 23

		IN EUROS
a)	Elimination of the non-depreciated portion of gains on the disposal of the fixed assets in the group	-6,192,955
b)	Addition of the goodwill of Stampal SB (based on the acquisition-cost method for 2002)	319,229
c)	Addition of the goodwill relating to the purchase of an additional share of Impol by Impol 2000, d.d.	371,953
d)	Elimination of intra-group intermediate profits from inventories	129,707
e)	Formation of special capital revaluation adjustment of the profits of associated companies	426,131
f)	Decrease in profit reserves based on the formation of the own-share fund	-506,407
g)	Consolidated capital adjustment (the profit for the current year was adjusted on the basis of the balance sheet)	-103,874
h)	Payment of the profit of Impol 2000 caused a decrease in the retained profit brought forward	316,904

CONSOLIDATED PROFIT-AND-LOSS ACCOUNT

CONSOLIDATED PROFIT-AND-LOSS ACCOUNT

TABLE 24

ITEM		IN EUROS	
		2008	2007
1.	Net sales revenues	445,927,269	485,853,630
	a) Net domestic sales revenues	53,040,239	60,948,717
	b) Net foreign sales revenues	392,887,030	424,904,913
2.	Change in inventories of finished goods and work in progress	1,243,460	-34,262,674
3.	Capitalised own products and services	6,031	18,476
4.	Other operating revenues (including operating revenues from revaluation)	3,015,795	16,699,349
5.	Costs of goods, materials and services	374,623,716	375,589,083
	a) Costs of goods and materials sold and costs of materials used	348,961,423	352,488,386
	b) Costs of services	25,662,293	23,100,697
6.	Labour costs	34,363,019	34,885,662
	a) Costs of salaries	23,892,820	24,494,495
	b) Social security costs (pension-security costs shown separately)	6,370,195	6,149,855
	c) Other labour costs	4,100,004	4,241,312
7.	Write-offs	18,557,605	18,180,310
	a) Amortisation/depreciation	15,676,845	16,215,021
	b) Operating expenses for the revaluation of intangible and tangible fixed assets	29,262	71,179
	c) Operating expenses for the revaluation of current assets	2,851,498	1,894,110
8.	Other operating expenses	1,379,060	2,009,353
9.	Financial revenues from shares	82,553	123,860
	a) Financial revenues from shares in group companies	0	0
	b) Financial revenues from shares in associated companies	0	10,137
	c) Financial revenues from shares in other companies	74,209	111,955
	d) Financial revenues from other investments	8,344	1,768
10.	Financial revenues from lending	259,199	175,366
	a) Financial revenues from lending to group companies	0	0
	b) Financial revenues from lending to others	259,199	175,366
11.	Financial revenues from operating receivables	12,261,839	5,323,229
	a) Financial revenues from operating receivables due from group companies	0	0
	b) Financial revenues from operating receivables due from others	12,261,839	5,323,229
12.	Financial expenses for impairment and write-offs of financial assets	772,068	549
13.	Financial expenses for financial liabilities	17,350,664	13,048,881
	a) Financial expenses for loans received from group companies	0	0
	b) Financial expenses for loans received from banks	13,522,688	10,892,674
	c) Financial expenses for issued bonds	0	0
	d) Financial expenses for other financial liabilities	3,827,976	2,156,207
14.	Financial expenses for operating liabilities	7,137,961	7,042,812
	a) Financial expenses for operating liabilities to group companies	0	0
	b) Financial expenses for liabilities to suppliers and for liabilities related to bills of exchange	39,100	45,707
	c) Financial expenses for other operating liabilities	7,098,861	6,997,105
15.	Other revenues	493,822	262,115
16.	Other expenses	162,567	249,716
17.	Income tax	2,996,803	2,636,083
18.	Deferred taxes	-2,177,782	-482,237
19.	Net profit or loss for the period	8,124,287	21,033,139
	a) Net profit or loss of minority shareholders	519,205	1,230,682
	b) Net profit or loss of group companies	7,605,082	19,802,457

ELIMINATIONS AND ADJUSTMENTS IN THE CONSOLIDATED PROFIT-AND-LOSS ACCOUNT FOR 2008

Intra-group operating revenues and expenses in the amount of 314,118,076 euros, as well as intra-group financial revenues and expenses in the amount of 1,013,901 euros were eliminated (excluding the adjustments from Table 25). Other eliminations and adjustments are shown in Table 25.

ADJUSTMENTS IN THE CONSOLIDATED PROFIT-AND-LOSS ACCOUNT AS OF 31 DECEMBER 2008

TABLE 25

		IN EUROS
a)	Elimination of intra-group revenues from profits	-7,081,086
b)	Elimination of intra-group revenues or intermediate profits from inventories	-129,708
c)	Profit increase due to the elimination of intermediate profits for 2007	104,572
d)	Profit increase due to the elimination of negative goodwill at the time of purchasing a 0.4% share of TGP Štatenberg, d.o.o	9
e)	Profit increase due to the amortisation costs of the fixed assets sold intra-group	732,396

CONSOLIDATED CASH-FLOW STATEMENT

CONSOLIDATED CASH-FLOW STATEMENT

TABLE 26

ITEM		IN EUROS	
		2008	2007
A.	Cash flows from operating activities		
a)	Profit-and-loss categories	44,657,111	53,541,518
	Operating revenues (without revenues from revaluation) and financial revenues from operating liabilities	461,228,928	509,092,749
	Operating expenses without depreciation (except for revaluation) and financial expenses for operating liabilities	-415,752,796	-453,397,385
	Tax on profit and other taxes not included in operating expenses	-819,021	-2,153,846
b)	Changes in net current assets (and accruals, provisions, deferred receivables and tax payables) of the balance-sheet categories	-386,904	-19,377,201
	Opening less closing operating receivables	5,494,176	278,250
	Opening less closing deferrals	-1,854,260	-1,263,903
	Opening less closing deferred tax liabilities	-1,869,999	-238,877
	Opening less closing assets held for sale (disposal groups)	0	0
	Opening less closing inventories	3,264,417	7538,999
	Closing less opening operating debts	-4,637,168	-26,148,110
	Closing less opening accruals and provisions	-438,426	674,665
	Closing less opening deferred tax liabilities	-345,644	-218,225
c)	Net cash used in operating activities (a+b)	44,270,207	34,164,317
B.	Cash flows used in investing activities		
a)	Revenues from investment activities	5,150,192	3,151,862
	Revenues from gained interest and shares of the profit of others relating to investing activities	356,569	246,252
	Revenues from the disposal of intangible fixed assets	118,805	86,188
	Revenues from the disposal of tangible fixed assets	1,827,445	393,703
	Revenues from the disposal of investment property	27,289	0
	Revenues from the disposal of long-term financial assets	67,440	572,821
	Revenues from the disposal of short-term financial assets	2,752,644	1,852,898

ITEM	IN EUROS	
	2008	2007
b) Expenses for investing activities	-18,377,626	-55,523,745
Expenses for acquiring intangible fixed assets	-1,111,107	-851,680
Expenses for acquiring tangible fixed assets	-9,849,083	-7,654,101
Expenses for acquiring investment property	0	0
Expenses for acquiring long-term financial assets	-57,619	-45,088,325
Expenses for acquiring short-term financial assets	-7,359,817	-1,929,639
c) Net cash used in investing activities (a+b)	-13,227,434	-52,371,883
C. Cash flows used in financing activities		
a) Revenues from financing activities	265,179,526	286,213,483
Revenues from paid-up capital	0	0
Revenues from an increase in long-term financial liabilities	11,948,650	56,971,705
Revenues from an increase in short-term financial liabilities	253,230,876	229,241,778
b) Expenses for financing activities	-293,800,410	-263,438,083
Expenses for paid interest relating to financing activities	-18,082,640	-11,954,663
Expenses for reimbursement of capital	-3,230,862	0
Expenses for payments relating to long-term financial liabilities	-5,182	0
Expenses for payments relating to short-term financial liabilities	-271,844,338	-251,189,819
Expenses for paying dividends and other profit shares	-637,388	-293,601
c) Net cash used in financing activities (a+b)	-28,620,884	22,775,400
D. Cash at the end of the period	8,125,719	5,703,830
a) Net cash flow in the period	2,421,889	4,567,834
b) Cash at the beginning of the period	5,703,830	1,135,996

Statement of changes in equity for 2008

The disclosures in the above table also relate to the disclosures in the subsections Eliminations and Adjustments in the Consolidated Balance Sheet as of 31 Dec 2008 on page 51 and Eliminations and Adjustments in the Consolidated Profit-and-Loss Account for 2008 on page 53. The consolidated-balance profit amounted to 29,556,176 euros; however, it is non-operational.

Statement of changes in equity for 2008

Table 27

	IN EUROS														TOTAL EQUITY	
	CALLED-UP CAPITAL		CAPITAL OF MINORITY SHAREHOLDERS	CAPITAL RESERVES	LEGAL RESERVES	RESERVES FOR OWN STAKES AND BUSINESS SHARES	OWN STAKES AND BUSINESS SHARES	PROFIT RESERVES		REVALUATION SURPLUS	CONSOLIDATED CAPITAL ADJUSTMENT	TRANSFERRED NET PROFIT OR LOSS		NET PROFIT OR LOSS FOR THE PERIOD		
	I	II						III	IV			V	VI	VII		VIII
	SHARE CAPITAL	UNCALLED CAPITAL (A DEDUCTION)					STATUTORY RESERVES	OTHER PROFIT RESERVES			TRANSFERRED NET PROFIT	TRANSFERRED NET LOSS	NET PROFIT FOR THE PERIOD	NET LOSS FOR THE PERIOD		
I/1	I/2	II	III	IV/1	IV/2	IV/4	IV/5	V	VI	EQUITY	VII/2	VIII/1	VIII/2	IX		
A. Balance as of 1 Jan 2008	4,451,540		9,866,328	10,751,254						-91,387		3,100,015		19,802,457		53,545,478
B. Equity inflows																
Equity increase due to the net profit for the period			519,205											7,605,082		8,124,287
Increase due to equity revaluation			313					66,402								66,715
Purchase of own stocks and shares																0
C. Transfers within equity																
Allocation of net profit to additional reserves in line with the shareholders' decision												19,802,457		-19,802,457		0
Formation of reserves for own stakes and business shares of other equity components						506,406						-506,406				0
D. Equity outflows																
Dividend payments			-192,415									-444,973				-637,388
Equity refund			-2,858,911													-2,858,911
Other decreases in equity components			-384,544													-1,160,393
E. Balance as of 31 Dec 2008	4,451,540	0	6,949,976	10,751,254	0	506,406	-506,406	0	5,732,581	505,498	-867,236	21,951,093	0	7,605,082	0	57,079,788
ACCUMULATED PROFIT/LOSS												21,951,093	0	7,605,082	0	29,556,175

ACCUMULATED PROFIT

The accumulated profit is drawn up and appropriated in Impol 2000, d.d., and it is not consolidated. Impol 2000, d.d., makes individual decisions as to how to use it in the case of each dependent company of the group, with respect to each company's financial results and the development programmes approved of by Impol 2000, d.d.

We suggest that, at the shareholders' meeting in 2008, the accumulated profit of Impol 2000, d.d., is drawn up in the following way:

STATEMENT OF CHANGES IN EQUITY FOR 2007

ACCUMULATED PROFIT

TABLE 28

ITEM	IN EUROS	
	31 DEC 2008	31 DEC 2007
1. Net profit or loss for the period	3,681,601	1,745,726
2. Net profit/loss from previous periods	4,006,957	2,603,589
3. Reversal (mobilisation) of capital reserves	0	0
4. Reversal (mobilisation) of profit reserves by individual type of reserves	0	0
5. Allocation to profit reserves (reconstitution of reserves) by individual type of reserves	0	0
6. Accumulated profit/loss	7,688,558	4,349,315

We will propose to the shareholders that the dividend per share to be paid out is 0.31 euro. The remaining part of the accumulated profit remains undistributed.

STATEMENT OF CHANGES IN EQUITY FOR 2007

TABLE 29

	CALLED-UP CAPITAL							CAPITAL OF MINORITY SHAREHOLDERS	CAPITAL RESERVES	PROFIT RESERVES			REVALUATION SURPLUS	CONSOLIDATED CAPITAL ADJUSTMENT	TRANSFERRED NET PROFIT OR LOSS		NET PROFIT OR LOSS FOR THE PERIOD		TOTAL EQUITY		
	I		II		IV							V	VI	VII		VIII		IX			
	SHARE CAPITAL	UNCALLED CAPITAL (A DEDUCTION)			LEGAL RESERVES	RESERVES FOR OWN STAKES AND BUSINESS SHARES	OWN STAKES AND BUSINESS SHARES						STATUTORY RESERVES	OTHER PROFIT RESERVES	TRANSFERRED NET PROFIT	TRANSFERRED NET LOSS	NET PROFIT FOR THE PERIOD	NET LOSS FOR THE PERIOD	TOTAL EQUITY		
	I/1	I/2	II	III	IV/1	IV/2	IV/3						IV/4	IV/5	V	VI	VII/1	VII/2	VIII/1	VIII/2	IX
A. Balance as of 1 Dec 2007	4,451,540			10,751,256																	
B. Equity inflows																					
Equity increase due to the net profit for the period			1,230,682															19,802,457			21,033,139
Increase due to equity revaluation											439,096										439,096
Other increases in equity components			8,635,646								-7,247,062		-91,387								1,297,197
Purchase of own stocks and shares																					-506,406
C. Transfers within equity																					
D. Equity outflows																					
Dividend payments																					-309,295
Other decreases in equity components																					-3
E. Balance as of 31 Dec 2007	4,451,540	0	9,866,328	10,751,254	0	0	-506,406					0	5,732,581	439,096	-91,387	3,100,015	0	19,802,457	0		53,545,478
ACCUMULATED PROFIT/LOSS																3,100,015	0	19,802,457	0		22,902,472

REVIEW OF BUSINESS OPERATIONS OF THE IMPOL GROUP COMPANIES

The consolidated balance sheet was established on the basis of the financial statements of Impol 2000, d.d., and dependent companies included in the consolidation of the Impol Group (the full names of these companies are listed in Table 3: Companies operating within the Impol Group).

BALANCE SHEET OF DEPENDENT COMPANIES

BALANCE SHEET OF DEPENDENT COMPANIES

TABLE 30

ITEM										IN EUROS													
	IMPOL 2000, D.O.O.	IMPOL SERVIS, D.O.O.	IMPOL, D.O.O.	KADRING, D.O.O.	IMPOL STANO-VANJA, D.O.O.	ŠTATEN-BERG, D.O.O.	IMPOL FT, D.O.O.	IMPOL LLT, D.O.O.		IMPOL MONTAL, D.O.O.	IMPOL PCP, D.O.O.	IMPOL R IN R, D.O.O.	STAMPAL SB, D.O.O.	UNIDEL, D.O.O.	INFRASTRUK-TURA, D.O.O.	IMPOL ALUMINIUM CORPORA-TION	IMPOL STAN, D.O.O.	IMPOL SEVAL, A.D.	IMPOL SEVAL FINAL, D.O.O.	IMPOL SEVAL FINA-LIZACIJA, D.O.O.	IMPOL SEVAL PKC, D.O.O.	IMPOL SEVAL TEHNIKA, D.O.O.	
A. Fixed assets	68,695,298	196,098	126,876,088	177,061	2,053,335	584,399	2,374,880	95,817		500,000	563,583	194,439	593,684	168,384	75,914	47,736	0	31,727,756	0	0	0	0	67,211
I. Intangible fixed assets and long-term deferred costs	612	0	2,198,632	0	379	0	14,800	6,154		0	12,545	1,016	1,649	1,179	0	0	0	253,812	0	0	0	0	2,113
1. Long-term property rights	0	0	265,378	0	379	0	14,800	6,154		0	12,545	1,016	1,649	1,179	0	0	0	253,812	0	0	0	0	2,113
2. Goodwill	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Advances for intangible assets	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Long-term deferred development costs	612	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Other long-term deferred costs	0	0	1,933,254	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Tangible fixed assets	351,481	178,492	82,890,844	96,592	1,894,621	506,728	1,266,623	78,448		0	505,682	190,068	544,060	167,205	72,176	39,976	0	30,719,810	0	0	0	0	65,098
1. Land and buildings	0	125,926	7,907,407	59,077	1,826,203	506,728	0	0		0	0	312	117,384	0	0	0	0	8,277,243	0	0	0	0	0
a) Land	0	16,238	3,436,071	0	0	111,488	0	0		0	0	0	18,793	0	0	0	0	792,275	0	0	0	0	0
b) Buildings	0	109,688	4,471,336	59,077	1,826,203	395,240	0	0		0	0	312	98,591	0	0	0	0	7,484,968	0	0	0	0	0
2. Manufacturing plant and equipment	321,578	25,053	64,501,721	0	68,418	0	218,902	72,717		0	326,830	180,826	515,840	20,569	0	0	0	17,369,380	0	0	0	0	0
3. Other plant and equipment	29,903	27,513	2,218,181	37,515	0	0	1,047,721	5,731		0	178,852	9,242	27,908	29,252	72,176	39,976	0	0	0	0	0	0	65,098
4. Fixed assets being acquired	0	0	8,263,535	0	0	0	0	0		0	0	0	0	0	0	0	0	5,073,187	0	0	0	0	0
a) Tangible fixed assets being constructed and manufact.	0	0	6,088,806	0	0	0	0	0		0	0	0	0	0	0	0	0	5,073,187	0	0	0	0	0
b) Advances for acquiring tangible fixed assets	0	0	2,174,729	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
III. Investment property	0	0	21,758,572	37,816	0	77,671	0	0		0	0	0	0	0	0	0	0	222,688	0	0	0	0	0
IV. Financial fixed assets	68,030,682	17,606	19,163,235	42,653	158,335	0	0	0		500,000	0	0	0	0	7,760	0	0	531,446	0	0	0	0	0
1. Financial fixed assets without loans	68,030,682	17,606	17,593,401	42,653	99,130	0	0	0		500,000	0	0	0	0	7,760	0	0	379,912	0	0	0	0	0
a) Shares in group companies	67,833,900	17,606	16,963,691	6,407	2,349	0	0	0		500,000	0	0	0	0	0	0	0	314,229	0	0	0	0	0
b) Shares in the associated companies	0	0	77,830	30,000	0	0	0	0		0	0	0	0	0	0	0	0	2,255	0	0	0	0	0
c) Other shares	196,782	0	551,880	6,246	96,781	0	0	0		0	0	0	0	0	7,760	0	0	13,629	0	0	0	0	0
d) Other financial fixed assets	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	49,799	0	0	0	0	0
2. Long-term loans	0	0	1,569,834	0	59,205	0	0	0		0	0	0	0	0	0	0	0	151,534	0	0	0	0	0
a) Long-term loans to group companies	0	0	1,338,997	0	0	0	0	0		0	0	0	0	0	0	0	0	151,534	0	0	0	0	0
b) Long-term loans to others	0	0	230,837	0	59,205	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
V. Long-term operating receivables	0	0	201,219	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
1. Long-term operating receivables due from group compani.	0	0	78,720	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Long-term trade receivables	0	0	122,499	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Other long-term operating receivables	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
VI. Deferred tax assets	312,523	0	663,586	0	0	0	1,093,457	11,215		0	45,356	3,355	47,975	0	3,738	0	0	0	0	0	0	0	0
B. Short-term assets	4,519,929	814,248	136,441,094	273,386	1,616,053	25,284	8,864,343	3,492,189		277,072	9,959,726	392,100	1,646,601	1,129,790	536,652	2,450,233	46,834	17,812,824	97,210	0	99,679	720,615	
I. Assets held for sale (disposal groups)	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Inventories	63,624	336,731	57,909,189	0	0	0	7,963,027	2,501,890		0	4,441,854	0	343,985	324,248	0	986,840	10,830	10,467,549	510	0	0	0	349,953
1. Materials	0	0	57,854,151	0	0	0	4,038,954	1,835,092		0	1,945,187	0	18,197	19,571	0	10,830	0	2,422,427	0	0	0	0	255,264
2. Work in progress	0	0	0	0	0	0	1,625,748	666,747		0	630,757	0	325,788	0	0	0	0	4,266,826	0	0	0	0	0
3. Products and merchandise	63,624	336,731	0	0	0	0	2,298,325	0		0	1,865,910	0	304,677	0	986,840	0	0	3,292,579	0	0	0	0	91,833
4. Advances for inventories	0	0	55,038	0	0	0	0	51		0	0	0	0	0	0	0	0	485,717	510	0	0	0	2,856
III. Short-term financial assets	2,180,768	0	10,110,428	60,000	1,322,043	14,191	0	300,000		264,857	4,793,872	133,630	0	18,820	235,113	27,871	0	190,720	4,297	0	46,547	22,149	
1. Short-term financial assets without loans	730,768	0	1,414,546	60,000	0	0	0	0		0	0	0	0	0	0	0	0	0	4,297	0	46,547	22,149	
a) Shares in group companies	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
b) Other shares	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
c) Other short-term financial assets	730,768	0	1,414,546	60,000	0	0	0	0		0	0	0	0	0	0	0	0	0	4,297	0	46,547	22,149	
2. Short-term loans	1,450,000	0	8,695,882	0	1,322,043	14,191	0	300,000		264,857	4,793,872	133,630	0	18,820	235,113	27,871	0	190,720	0	0	0	0	0
a) Short-term loans to group companies	1,450,000	0	5,818,908	0	261,172	0	0	300,000		0	4,793,872	133,630	0	0	235,113	0	0	113,651	0	0	0	0	0
b) Short-term loans to others	0	0	2,876,974	0	1,060,871	14,191	0	0		264,857	0	0	0	18,820	0	27,871	0	77,069	0	0	0	0	0
IV. Short-term operating receivables	1,819,100	350,623	64,734,900	109,439	55,477	5,513	631,580	490,753		10,187	477,001	127,201	1,031,413	595,494	169,802	1,336,454	6,446	5,276,927	88,549	0	42,157	305,591	
1. Short-term operating receivables due from group compani.	146,027	89,965	12,929,280	39,190	2,044	0	41,449	180,522		0	45,840	57,173	14,898	53,547	151,123	0	0	2,452,393	86,777	0	35,338	232,331	
2. Short-term trade receivables	1,494,492	221,002	41,476,060	56,893	35,008	4,500	1,624	30,082		2,175	4,465	13,337	951,352	507,644	2,446	1,336,454	0	2,087,407	286	0	2,914	56,495	
3. Other short-term operating receivables	178,581	39,656	10,329,560	13,356	18,425	1,013	588,507	280,149		8,012	426,696	56,691	65,163	34,303	16,233	0	6,446	737,127	1,486	0	3,905	16,765	
V. Cash	456,437	126,894	3,686,577	103,947	238,533	5,580	269,736	199,546		2,028	246,999	131,269	271,203	191,228	131,737	99,068	29,558	1,877,628	3,854	0	10,975	42,922	
C. Short-term deferred costs	83,982	2,086	342,721	6,476	668	2	4,608	1,750		0	13,116	2,450	259	1,595	1,037	0	0	3,526,976	472	0	0	2,378	

ITEM	IN EUROS																				
	IMPOL 2000, D.D.	IMPOL SERVIS, D.O.O.	IMPOL, D.O.O.	KADRING, D.O.O.	IMPOL STANO-VANJA, D.O.O.	ŠTATEN-BERG, D.O.O.	IMPOL FT, D.O.O.	IMPOL LLT, D.O.O.	IMPOL MONTAL, D.O.O.	IMPOL PCP, D.O.O.	IMPOL R IN R, D.O.O.	STAMPAL SB, D.O.O.	UNIDEL, D.O.O.	IMPOL INFRASTRUK-TURA, D.O.O.	IMPOL ALUMINIUM CORPORA-TION, D.O.O.	IMPOL STAN, D.O.O.	IMPOL SEVAL, A.D.	IMPOL SEVAL FINAL, D.O.O.	IMPOL SEVAL FINA-LIZACIJA, D.O.O.	IMPOL SEVAL PKC, D.O.O.	IMPOL SEVAL TEHNIKA, D.O.O.
TOTAL ASSETS	73,299,209	1,012,432	263,659,903	456,923	3,670,056	609,685	11,243,831	3,589,756	777,072	10,536,425	588,989	2,240,544	1,299,769	613,603	2,497,969	46,834	53,067,556	97,682	0	99,679	790,204
D. Off-balance-sheet assets	45,807,315	204,843	216,239,521	0	472,517	188,269	7,336,551	3,152,984	264,857	7,425,953	2,358,495	166,521	9,596	2,461,285	0	0	26,339,421	0	0	0	0
E. Equity	28,623,933	597,829	87,996,779	352,497	3,491,212	434,183	1,569,430	498,616	609,708	5,471,540	324,648	1,262,289	102,197	388,329	673,208	45,555	15,274,420	78,413	0	84,005	44,528
All types of equity of minority shareholders	0	0	2,165,865	132,186	0	0	0	0	0	0	0	0	0	0	67,321	2,278	4,582,326	0	0	0	0
I. Called-up capital	4,451,540	14,659	16,954,599	12,198	1,613,690	53,521	840,000	310,000	349,114	1,170,000	90,000	834,585	36,779	80,000	71,855	2,447	10,543,449	69,922	0	55,718	188,590
1. Share capital	4,451,540	14,659	16,954,599	12,198	1,613,690	53,521	840,000	310,000	349,114	1,170,000	90,000	834,585	36,779	80,000	71,855	2,447	10,543,449	69,922	0	55,718	188,590
2. Uncalled capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Capital reserves	10,751,254	8,858	29,467,739	8,565	1,446,971	400,655	5,000,000	0	57,684	0	0	702	0	0	0	0	134,885	0	0	0	0
III. Profit reserves	5,732,581	175,767	35,045,344	19,981	359,724	0	732	13,778	34,911	117,964	9,030	83,465	3,678	8,016	0	0	10,941,223	0	0	0	0
1. Legal reserves	0	1,466	2,723,350	1,220	161,369	0	70	13,591	34,911	117,000	9,000	83,459	3,678	8,000	0	0	0	0	0	0	0
2. Reserves for own shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Own shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Statutory reserves	0	0	0	16,050	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Other profit reserves	5,732,581	174,301	32,321,994	2,711	198,355	0	662	187	0	964	30	6	0	16	0	0	10,941,223	0	0	0	0
IV. Revaluation profit	0	0	49,528	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32,567
V. Net profit or loss from previous periods	4,006,957	264,908	975,436	252,708	0	-2,657	-3,280,704	55,433	137,944	52,952	79,058	108,350	40,487	86,529	586,933	42,967	-7,435,907	-627	0	16,978	-103,574
VI. Net profit or loss for the period	3,681,601	133,637	5,504,133	59,045	70,827	-17,336	-990,598	119,405	30,055	4,130,624	146,560	235,187	21,253	213,784	14,420	141	1,090,770	9,118	0	11,309	-73,055
VII. Consolidation capital adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F. Provisions and long-term accruals	0	0	118,550	1,491	0	0	0	88,105	0	450,774	33,310	21,190	886,454	35,604	0	0	120,422	0	0	0	0
1. Provisions for pensions and similar liabilities	0	0	0	0	0	0	0	86,293	0	431,959	31,948	21,190	39,743	35,604	0	0	120,422	0	0	0	0
2. Other provisions	0	0	0	1,491	0	0	0	1,812	0	18,815	1,362	0	0	0	0	0	0	0	0	0	0
3. Long-term accruals	0	0	118,550	0	0	0	0	0	0	0	0	0	846,711	0	0	0	0	0	0	0	0
G. Long-term liabilities	38,206,483	33,232	16,408,371	0	151,705	0	30,066	0	0	64,652	0	13,672	0	0	0	0	17,123,704	0	0	0	153,528
I. Long-term financial liabilities	38,206,483	33,232	16,408,371	0	0	0	30,066	0	0	64,652	0	13,672	0	0	0	0	16,563,687	0	0	0	151,534
1. Long-term financial liabilities to group companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,338,997	0	0	0	151,534
2. Long-term financial liabilities to banks	38,206,483	0	15,191,552	0	0	0	0	0	0	0	0	0	0	0	0	0	15,165,260	0	0	0	0
3. Long-term financial liabilities on the basis of bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Other long-term financial liabilities	0	33,232	1,216,819	0	0	0	30,066	0	0	64,652	0	13,672	0	0	0	0	59,430	0	0	0	0
II. Long-term operating liabilities	0	0	0	0	151,705	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1. Long-term operating liabilities to group companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Long-term operating liabilities to suppliers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Long-term liabilities related to bills of exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Long-term operating liabilities on the basis of advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Other long-term operating liabilities	0	0	0	0	151,705	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
III. Deferred tax liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	560,017	0	0	0	1,994
H. Short-term liabilities	6,402,058	381,371	158,757,076	102,201	27,118	175,502	9,644,062	3,003,035	167,364	4,508,416	231,011	943,345	311,118	189,670	1,824,761	1,279	20,073,317	18,759	0	15,674	589,541
I. Liabilities included in disposal groups	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Short-term financial liabilities	5,651,000	204,610	141,023,429	0	0	107,485	5,029,132	0	166,900	22,828	0	152,849	4,844	0	0	0	13,856,375	0	0	0	113,651
1. Short-term financial liabilities to group companies	0	200,000	6,973,787	0	0	107,485	5,012,664	0	166,900	0	0	0	0	0	0	0	698,759	0	0	0	113,651
2. Short-term financial liabilities to banks	5,651,000	0	128,735,159	0	0	0	0	0	0	0	0	150,000	4,638	0	0	0	13,157,616	0	0	0	0
3. Short-term financial liabilities on the basis of bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Other short-term financial liabilities	0	4,610	5,314,483	0	0	0	16,468	0	0	22,828	0	2,849	206	0	0	0	0	0	0	0	0
III. Short-term operating liabilities	751,058	176,761	17,733,647	102,201	27,118	68,017	4,614,930	3,003,035	464	4,485,588	231,011	790,496	306,274	189,670	1,824,761	1,279	6,216,942	18,759	0	15,674	475,890
1. Short-term operating liabilities to group companies	6,940	121,458	2,536,077	1,820	1,077	66,593	3,415,086	2,575,893	0	1,888,534	146,056	492,343	20,439	19,369	1,794,960	0	3,093,511	2,069	0	6,489	281,003
2. Short-term operating liabilities to suppliers	23,049	23,014	13,212,242	39,432	10,221	498	625,390	209,468	450	687,920	17,457	173,039	192,256	88,972	29,801	1,279	2,341,570	1,006	0	889	126,172
3. Short-term liabilities related to bills of exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Short-term operating liabilities on the basis of advances	167,022	1,320	252,268	1,012	125	0	0	0	0	0	0	0	0	0	0	0	387,159	7	0	0	1,020
5. Other short-term operating liabilities	554,047	30,969	1,733,060	59,937	15,695	926	574,454	217,674	14	1,909,134	67,498	125,114	93,579	81,329	0	0	394,702	15,677	0	8,296	67,695
I. Short-term accruals	66,735	0	379,127	734	21	0	273	0	0	41,043	20	48	0	0	0	0	475,693	510	0	0	2,607
TOTAL LIABILITIES	73,299,209	1,012,432	263,659,903	456,923	3,670,056	609,685	11,243,831	3,589,756	777,072	10,536,425	588,989	2,240,544	1,299,769	613,603	2,497,969	46,834	53,067,556	97,682	0	99,679	790,204
Off-balance-sheet liabilities	45,807,315	204,843	216,239,521	0	472,517	188,269	7,336,551	3,152,984	264,857	7,425,953	2,358,495	166,521	9,596	2,461,285	0	0	26,339,421	0	0	0	0

To convert the balance-sheet items from the national values into euros, the following exchange rates were used:

- Serbian Dinar 89.3718
- USD 1.3917
- Croatian Kuna 7.3555

PROFIT-AND-LOSS ACCOUNT OF THE GROUP COMPANIES

PROFIT-AND-LOSS ACCOUNT OF THE GROUP COMPANIES

TABLE 31

		IN EUROS																			
ITEM	IMPOL 2000, D.D.	IMPOL SERVIS, D.O.O.	IMPOL, D.O.O.	KADRING, D.O.O.	IMPOL STANO-VANJA, D.O.O.	ŠTATEN-BERG, D.O.O.	IMPOL FT, D.O.O.	IMPOL LLT, D.O.O.	IMPOL MONTAL, D.O.O.	IMPOL PCP, D.O.O.	IMPOL R IN R, D.O.O.	STAMPAL SB, D.O.O.	UNIDEL, D.O.O.	IMPOL INFRASTRUK-TURA, D.O.O.	IMPOL ALUMINIUM CORPORA-TION	IMPOL STAN, D.O.O.	IMPOL SEVAL, A.D.	IMPOL SEVAL FINAL, D.O.O.	IMPOL SEVAL FINA-LIZACIJA, D.O.O.	IMPOL SEVAL PKC, D.O.O.	IMPOL SEVAL TEHNIKA, D.O.O.
1. Net sales revenues	11,451,560	2,856,534	508,347,397	680,415	325,347	4,882	44,188,885	22,572,211	0	56,223,587	1,321,167	4,734,997	2,170,530	1,490,946	13,977,601	1,291	84,851,186	331,173	1,996,268	169,287	1,340,403
a) Net domestic sales revenues	7,593,444	2,659,143	107,518,349	680,415	300,865	4,882	44,186,897	22,572,211	0	56,223,587	1,318,943	549,155	2,166,681	1,490,946	0	1,291	14,663,722	331,173	1,794,319	169,287	1,283,039
Net revenues from domestic sales to group companies (included in 1. a)	2,504,150	288,797	80,041,330	447,792	1,946	0	44,144,041	21,836,328	0	56,202,750	1,260,835	476,194	491,730	1,482,227	0	0	916,470	329,336	772,695	132,767	1,198,275
b) Net foreign sales revenues	3,858,116	197,391	400,829,048	0	24,482	0	1,988	0	0	0	2,224	4,185,842	3,849	0	13,977,601	0	70,187,464	0	201,949	0	57,364
Net revenues from foreign sales to group companies (included in 1. b)	0	0	48,662,795	0	0	0	3,488	0	0	0	2,224	0	0	0	0	0	51,782,521	0	0	0	0
2. Change in the values of product inventories and work in progress	0	0	-144,449	0	0	0	933,602	328,526	0	-264,146	0	78,658	-10,691	0	0	0	337,960	0	-106,932	0	-13,640
3. Capitalised own products and services	0	550	0	0	0	0	0	381	0	0	0	0	0	0	0	0	5,100	0	0	0	0
4. Other operating revenues (including revaluation operating revenues)	1,072	3,348	2,547,858	1,553	469	0	0	16,493	0	32,700	16,832	4,228	252,655	0	0	0	1,277,963	0	0	0	0
Other operating revenues (including intra-group revaluation operating revenues) (included in 4.)	0	0	1,139,385	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Costs of goods, materials and services	8,629,310	2,489,219	481,544,662	256,983	122,494	4,136	39,604,931	19,878,265	5,620	40,624,590	336,599	3,209,532	1,478,648	448,452	13,738,628	1,112	73,889,409	35,794	1,578,465	39,873	544,642
a) Costs of goods and materials sold and materials used	8,332,088	2,388,774	351,958,202	25,251	34,135	153	20,855,778	16,014,559	0	17,090,968	58,271	2,439,835	1,248,662	29,457	13,521,883	0	64,169,607	8,405	1,464,003	7,647	397,886
Intra-group costs of goods and materials sold and materials used (included in 5. a)	8,363,335	2,062,935	42,923,293	1,620	67	0	19,008,523	15,809,583	0	14,302,866	34,138	1,908,251	49,161	16,872	12,291,408	0	34,308,246	0	62	0	3,781
b) Costs of services	297,222	100,445	129,586,460	231,732	88,359	3,983	18,749,153	3,863,706	5,620	23,533,622	278,328	769,697	229,986	418,995	216,745	1,112	9,719,802	27,389	114,462	32,226	146,756
Intra-group costs of services (included in 5. b)	92,776	9,638	115,757,019	12,985	2,096	0	17,108,161	2,909,002	0	20,965,073	189,579	134,623	0	110,725	0	0	5,231,974	20,742	74,328	19,042	115,744
6. Labour costs	841,257	175,523	1,847,025	333,863	90,294	0	6,849,638	2,730,008	0	9,866,340	836,177	847,661	829,215	747,974	283,127	0	6,562,043	284,039	350,122	112,325	776,388
a) Costs of salaries	589,104	132,420	1,417,165	216,209	69,500	0	5,042,689	1,976,921	0	7,299,198	562,928	622,892	584,503	555,995	283,127	0	3,670,675	162,674	199,042	64,776	443,002
b) Social security costs (pension insurance costs are shown separately)	96,229	23,468	256,609	37,295	12,180	0	875,080	389,421	0	1,277,074	98,368	109,432	105,651	110,915	0	0	2,408,793	106,610	130,404	42,785	289,881
c) Other labour costs	155,924	19,635	173,251	80,359	8,614	0	931,869	363,666	0	1,290,068	174,881	115,337	139,061	81,064	0	0	482,575	14,755	20,676	4,764	43,505
7. Write-offs	199,288	31,633	15,569,280	24,837	94,475	12,076	276,457	29,464	0	144,960	17,552	453,198	86,809	7,236	24,374	0	2,244,759	172	44,979	3,325	25,127
a) Amortisation/depreciation	105,413	24,391	13,200,901	20,698	68,428	1,408	276,306	19,204	0	118,557	17,552	222,375	59,169	5,840	24,374	0	2,227,707	0	2,025	0	14,893
Amortisation of the group companies' assets (included in 7. a)																					
b) Operating expenses for the revaluation of intangible and tangible fixed assets	1,395	0	8,003	103	4,963	0	0	0	0	198	0	0	11,398	0	0	0	3,202	0	0	0	0
Operating expenses for the revaluation of intangible and tangible fixed assets of the group companies (included in 7. b)																					
c) Operating expenses for the revaluation of current assets	92,480	7,242	2,360,376	4,036	21,084	10,668	151	10,260	0	26,205	0	230,823	16,242	1,396	0	0	13,850	172	42,954	3,325	10,234
Operating expenses for the revaluation of the group companies' current assets (included in 7. c)																					
8. Other operating expenses	16,515	4,207	592,848	5,391	4,770	251	206,908	119,602	0	191,088	7,860	13,978	32,884	37,936	0	0	331,076	1,124	52,969	526	39,555
Other group companies' operating expenses (included in 8.)	0	0	0	172	0	0	119,324	113,498	0	40,656	918	5,456	199	205	0	0	0	0	0	0	0

ITEM	IN EUROS																				
	IMPOL 2000, D.D.	IMPOL SERVIS, D.O.O.	IMPOL, D.O.O.	KADRING, D.O.O.	IMPOL STANO-VANJA, D.O.O.	ŠTATEN-BERG, D.O.O.	IMPOL FT, D.O.O.	IMPOL LLT, D.O.O.	IMPOL MONTAL, D.O.O.	IMPOL PCP, D.O.O.	IMPOL R IN R, D.O.O.	STAMPAL SB, D.O.O.	UNIDEL, D.O.O.	IMPOL INFRASTRUK-TURA, D.O.O.	IMPOL ALUMINIUM CORPORA-TION	IMPOL STAN, D.O.O.	IMPOL SEVAL, A.D.	IMPOL SEVAL FINAL, D.O.O.	IMPOL SEVAL FINA-LIZACIJA, D.O.O.	IMPOL SEVAL PKC, D.O.O.	IMPOL SEVAL TEHNIKA, D.O.O.
9. Financial revenues from shares	5,155,986	19	1,976,420	2,137	3,105	0	0	0	24,949	0	0	0	19	0	0	0	1,004	0	0	0	0
a) Financial revenues from the shares in the group companies	5,152,900	19	1,902,676	504	19	0	0	0	24,949	0	0	0	19	0	0	0	0	0	0	0	0
b) Financial revenues from the shares in associated companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c) Financial revenues from the shares in other companies	3,086	0	66,404	1,633	3,086	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d) Financial revenues from other investments	0	0	7,340	0	0	0	0	0	0	0	0	0	0	0	0	0	1,004	0	0	0	0
10. Financial revenues from lending	92,373	7,099	741,619	3,342	75,272	251	2,150	33,570	12,518	199,688	11,560	2,514	0	15,043	0	0	30,618	0	1,976	377	5
a) Financial revenues from intra-group lending	87,047	6,233	590,537	0	23,100	0	661	33,570	0	178,677	9,479	0	0	15,043	0	0	26,429	0	0	0	0
b) Financial revenues from other lending	5,326	866	151,082	3,342	52,172	251	1,489	0	12,518	21,011	2,081	2,514	0	0	0	0	4,189	0	1,976	377	5
11. Financial revenues from operating receivables	22,048	6,225	9,111,555	486	46	0	809	15,708	0	870	568	42,581	12,984	432	9,378	0	3,016,633	0	39,687	8	24,946
a) Financial revenues from operating receivables due from group companies	109	0	27,721	0	0	0	701	13,369	0	589	509	0	127	0	0	0	0	0	0	0	0
b) Financial revenues from operating receivables due from others	21,939	6,225	9,083,834	486	46	0	108	2,339	0	281	59	42,581	12,857	432	9,378	0	3,016,633	0	39,687	8	24,946
12. Financial expenses for investment impairment and write-offs	769,230	0	0	2,838	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial expenses for intra-group investment impairment and write-offs (included in 12.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Financial expenses for financial liabilities	2,876,097	2,248	9,584,911	0	4	6,119	172,894	0	0	7,751	0	18,927	978	0	0	0	5,421,491	7	22,738	1,263	47,019
a) Financial expenses for intra-group lending	6,684	54	353,727	0	0	6,119	170,210	0	0	0	0	0	0	0	0	0	248,560	0	21,317	0	5,112
b) Financial expenses for bank loans	2,835,537	656	8,920,136	0	0	0	0	0	0	0	0	18,806	978	0	0	0	1,746,575	0	0	0	0
c) Financial expenses for issued bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d) Financial expenses for other financial liabilities	33,876	1,538	311,048	0	4	0	2,684	0	0	7,751	0	121	0	0	0	0	3,426,356	7	1,421	1,263	41,907
14. Financial expenses for operating liabilities	22,843	2,920	6,917,321	824	77	0	102,597	68,432	0	26,842	68	18,147	1,182	0	0	0	178,551	2	162	1	110
a) Financial expenses for intra-group operating liabilities	66	98	2,025	0	0	0	101,454	68,236	0	26,467	40	3,566	166	0	0	0	0	0	0	0	0
b) Financial expenses for operating liabilities to suppliers and for liabilities related to bills of exchange	10	468	11,049	0	0	0	1,143	196	0	375	0	14,581	731	0	0	0	10,382	2	162	1	0
c) Financial expenses for other operating liabilities	22,767	2,354	6,904,247	824	77	0	0	0	0	0	28	0	285	0	0	0	168,169	0	0	0	110
15. Other revenues	579	2,669	210,953	11,850	3,493	113	8,774	1,862	0	48,818	10,908	1,732	25,472	1,756	81,530	0	47,357	2	30,815	88	5,051
16. Other expenses	0	0	64,450	20	1,731	0	4,850	4,000	0	8,070	19	0	0	0	0	0	47,547	0	27,535	1	4,344
Other intra-group expenses (included in 16.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17. Income tax	0	37,057	1,574,772	15,982	23,060	0	0	14,332	1,792	1,131,900	16,549	116,055	0	56,533	8,735	36	0	0	0	0	0
18. Deferred taxes	-312,523	0	-408,049	0	0	0	-1,093,457	-1,041	0	-2,867	-349	-47,975	0	-3,738	0	0	-307,783	0	0	0	0
19. Net profit or loss for the period	3,681,601	133,637	5,504,133	59,045	70,827	-17,336	-990,598	125,689	30,055	4,242,843	146,560	235,187	21,253	213,784	13,645	143	1,200,728	10,037	-115,156	12,446	-80,420
20. Net profit or loss of minority shareholders	0	0	135,473	22,142	0	0	0	0	0	0	0	0	0	0	1,365	7	360,218	0	0	0	0

To convert the profit-and-loss-account items from the national values into euros, the following average exchange rates were used:

- *Serbian Dinar* 81.1875
- *USD* 1.4708
- *Croatian Kuna* 7.2239



ACCOUNTING GUIDELINES

The consolidated financial statements for the whole Impol Group are put together on the basis of the new Slovenian Accounting Standards (henceforth referred to as the SRS 2006) taking into account necessary adjustments relating to the integration of dependent companies operating in the environments that use different accounting standards (USA, Serbia, Croatia). With these statements the Impol Group gives a true and fair picture of the financial situation, and of its business performance.

The financial year is the same as the calendar year, i.e., 1 January 2008 to 31 December 2008.

When establishing and distributing the profit, we considered the provisions from Article 230 of the Companies Act-1.

We consistently follow the two basic accounting rules:

- *the course of accounting events,*
- *the unlimited duration of operations.*

When preparing the accounting policies and financial statements we also consider the principles of clarity, adequacy, reliability and comparability. Consequently, these documents are accurate, meeting legal requirements and preventing any fraud.

As a result of considering the precautionary principle, the financial statements:

- *include only the profits realised by 31 December 2008,*
- *take into account all the predictable risks and losses taking place by the end of 2008.*

The items of assets and liabilities are valued individually.

The group keeps its accounting books on the basis of the double-entry method.

Consolidation was carried out in such a way that:

- *within the group, the investments of controlling companies in the subsidiaries are eliminated,*
- *intra-group receivables and payables are eliminated,*
- *intra-group revenues and expenses are eliminated.*

Consolidation is carried out with the simultaneous-consolidation method applied to all the group's companies.

With respect to the acquisition of the Impol Group carried out by Impol 2000, d.d., the related opening amounts are indicated in the turnover figures for the assets and liabilities.

INTANGIBLE FIXED ASSETS

The intangible fixed assets include:

- *long-term deferred costs of development,*
- *rights on fixed assets belonging to others,*
- *investments in the acquired industrial-property rights and other rights.*

For the purpose of their evaluation, the acquisition-cost model is used.

The goodwill created with the purchasing of the majority share of Stampal SB, d.o.o., in the amount of 319,299 euros, remains included in the balance sheet, having the same value as on the day of the purchase.

The same applies to the goodwill created with the purchasing of additional shares of Impol, d.o.o., in the amount of 371,953 euros.

In line with the SRS 2006, goodwill is not depreciated; it can only affect the profit-and-loss account after the disposal of the investment.

Intangible Fixed Assets

TABLE 32

DESCRIPTION	IN EUROS				
	LONG-TERM PROPERTY RIGHTS	GOODWILL	LONG-TERM DEFERRED DEVELOPMENT COSTS	OTHER LONG-TERM DEFERRED COSTS	TOTAL
Acquisition costs as on 31 Dec 2007	1,327,023	319,229	930	3,153,580	4,800,762
Opening-balance adjustments					0
Acquisition costs as on 1 Jan 2008	1,327,023	319,229	930	3,153,580	4,800,762
Direct additions due to purchases	232,138	371,953		505,235	1,109,326
Direct additions due to financial leasing					0
Transfer from investments in progress	189,661			-188,426	1,235
Intra-group transfer due to purchases	1,790				1,790
Intra-group transfer due to sales					0
Intra-group transfer of intangible assets due to acquisitions					0
Decrease in fair value	-6,966				-6,966
Revaluation due to impairment					0
Write-downs due to sales					0
Write-downs due to retirement, other write-downs	-8,864			-123,394	-132,258
Acquisition costs as on 31 Dec 2008	1,734,782	691,182	930	3,346,995	5,773,889
Value adjustment as on 31 Dec 2007	1,133,553		224	1,123,720	2,257,497
Opening-balance adjustments					0
Value adjustment as on 1 Jan 2008	1,133,553	0	224	1,123,720	2,257,497
Amortisation for the period	50,606		94	300,803	351,503
Direct additions					0
Transfer from investments in progress	1,235				1,235
Intra-group transfer due to purchases	537				537
Intra-group transfer of intangible assets due to acquisitions					0
Decrease in fair value	-1,310				-1,310
Revaluation due to impairment					0
Write-downs due to sales					0
Write-downs due to retirement, other write-downs	-8,864			-10,782	-19,646
Value adjustment as on 31 Dec 2008	1,175,757	0	318	1,413,741	2,589,816
Book value as of 31 Dec 2008	559,025	691,182	612	1,933,254	3,184,073
Book value as of 31 Dec 2007	193,470	319,229	706	2,029,860	2,543,265

Tangible Fixed Assets

Tangible fixed assets include land, buildings, production facilities and machinery, other facilities and equipment, tangible fixed assets under construction, as well as advances paid for the tangible fixed assets that are, in the balance sheet, included in the tangible fixed assets, while they are recorded as receivables in the account books.

Tangible fixed assets are recognised at their acquisition values, which include the purchase prices, import duties and non-refundable purchase taxes, and the directly attributable costs of bringing an asset to working condition for its intended use, especially the costs of its delivery and installation. Non-refundable purchase taxes also include non-refundable value-added tax. Trade discounts and rebates are deducted from the buying price. The acquisition cost and the cumulative value adjustment of a fixed asset are separately recorded in the account books, while the balance sheet only includes the current value of a fixed asset, which is the difference between the acquisition cost and the cumulative value adjustment.

The current value of a tangible fixed asset is decreased through depreciation. The Impol Group uses the method of steady depreciation.

Disposed of or retired fixed assets are no longer recorded in the account books. However, any existing profits or losses are recorded as operating revenues/expenses from revaluation.

The property hired out to subsidiaries and other companies is recorded as investment property and is depreciated in the same way as the assets in operational use. With the reorganisation of Impol, d.d., most of the equipment was hired out to the newly established subsidiaries.

Tangible Fixed Assets

TABLE 33

DESCRIPTION	IN EUROS									
	LAND	BUILDINGS	PROPERTY BEING ACQUIRED	TOTAL PROPERTY	PRODUCTION FACILITIES AND MACHINERY	OTHER FACILITIES AND EQUIPMENT	EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS BEING ACQUIRED	ADVANCES FOR ACQUIRING TANGIBLE FIXED ASSETS	TOTAL EQUIPMENT	TOTAL
Acquisition costs as on 31 Dec 2007	4,436,983	30,729,877	92,898	35,259,758	249,257,751	10,624,736	6,668,104	264,354	266,814,945	302,074,703
Opening-balance adjustments				0					0	0
Acquisition costs as on 1 Jan 2008	4,436,983	30,729,877	92,898	35,259,758	249,257,751	10,624,736	6,668,104	264,354	266,814,945	302,074,703
Direct additions due to purchases		44,678	607,219	651,897	247,690	82,794	3,830,052	2,759,480	6,920,016	7,571,913
Direct additions due to financial leasing				0		20,500			20,500	20,500
Transfer from investments in progress		122,566	-122,566	0	2,094,160	806,164	-2,857,370	-42,954	0	0
Intra-group transfer due to purchases			36,899	36,899	149,929	15,666	250,999		416,594	453,493
Intra-group transfer due to sales				0					0	0
Transfer to investment property		-85,636		-85,636					0	-85,636
Transfer to non-current assets				0					0	0
Transfer from investment property		61,477		61,477					0	61,477
Intra-group transfer of tangible fixed assets due to acquisition				0					0	0
Decrease in fair value	-62,118	-2,234,479		-2,296,597	-2,273,362	56,704	186,245		-2,030,413	-4,327,010
Revaluation due to impairment				0					0	0
Write-downs due to disposals				0	-18,313	-27,494			-45,807	-45,807
Write-downs due to retirement, other write-downs		-3,972		-3,972	-98,110	-686,419	-21,107	-806,151	-1,611,787	-1,615,759
Transfer between tangible-fixed-asset categories				0	-2,324,497		2,324,497		0	0
Acquisition costs as on 31 Dec 2008	4,374,865	28,634,511	614,450	33,623,826	247,035,248	10,892,651	10,381,420	2,174,729	270,484,048	304,107,874
Value adjustment as on 31 Dec 2007		15,055,096		15,055,096	159,677,185	6,386,867			166,064,052	181,119,148
Opening-balance adjustments				0					0	0
Value adjustment as on 1 Jan 2008	0	15,055,096	0	15,055,096	159,677,185	6,386,867	0	0	166,064,052	181,119,148
Depreciation		713,309		713,309	12,543,713	1,380,552	137,590		14,061,855	14,775,164
Direct additions				0	-1,606,976	8,631	-213,283		-1,811,628	-1,811,628
Transfer from investments in progress				0					0	0
Intra-group transfer due to sales				0					0	0
Transfer to investment property				0			8,373		8,373	8,373
Transfer to non-current assets				0					0	0
Transfer from investment property		42,915		42,915					0	42,915
Intra-group transfer of tangible fixed assets due to acquisition				0	-12,049				-12,049	-12,049
Decrease in fair value		-1,619,205		-1,619,205	-919,101	3,157	-90,430		-1,006,374	-2,625,579
Revaluation due to impairment				0					0	0
Write-downs due to disposals				0	20,100	-17,002			3,098	3,098
Write-downs due to retirement, other write-downs		-3,019		-3,019	-96,503	-666,995			-763,498	-766,517
Transfer between tangible-fixed-asset categories				0					0	0
Value adjustment as on 31 Dec 2008	0	14,189,096	0	14,189,096	169,606,369	7,103,583	-166,123	0	176,543,829	190,732,925
Book value as of 31 Dec 2008	4,374,865	14,445,415	614,450	19,434,730	77,428,879	3,789,068	10,547,543	2,174,729	93,940,219	113,374,949
Book value as of 1 Jan 2006	4,436,983	15,674,781	92,898	20,204,662	89,580,566	4,237,869	6,668,104	264,354	100,750,893	120,955,555

The tangible fixed assets in the amount shown in the table below are pledged as security for liabilities.

PLEGDED FIXED ASSETS			TABLE 34
REVIEW OF VALUES BY ASSET TYPE	PURCHASE PRICE/FAIR VALUE (+)	DEPRECIATION/AMORTISATION COSTS (-)	BOOK VALUE (=)
1	Intangible fixed assets	0	0
2	Property	13,148,963	8,677,627
3	Equipment	151,541,851	10,383,449
4	Investment property	43,690,297	22,107,750
	Total	208,381,111	41,168,826

USED DEPRECIATION RATES

USED DEPRECIATION RATES		TABLE 35
DEPRECIATION RATES USED BY THE GROUP	DEPRECIATION RATES IN %	
	LOWEST	HIGHEST
Intangible fixed assets		
other investments	10.00%	10.00%
licences	20.00%	20.00%
Tangible fixed assets		
Property:		
constructed buildings	1.30%	2.50%
other buildings	1.30%	5.00%
Equipment:		
production equipment	4.50%	20.00%
equipment and low-value assets until 2003		33.00%
low-value assets	20.00%	25.00%
other equipment	8.00%	25.00%
IT equipment:		
software	20.00%	50.00%
hardware	20.00%	50.00%
Motor vehicles:		
transport vehicles	6.20%	20.00%
personal vehicles	12.50%	20.00%
Other tangible fixed assets:		
Investment property (acquisition-cost model)	1.30%	5.00%

- Depreciation is accounted for each asset individually, following the method of steady depreciation.
- The non-depreciable value is recorded only for the equipment that, according to our findings, preserves its value.
- The revaluation of tangible fixed assets was not carried out because we found that the market prices for these assets did not change.

- Depreciation is charged to the acquisition values of intangible and tangible fixed assets, and of investment property. The depreciation rate depends on the determined useful life of each individual asset, considering the anticipated period of utilisation, economic aging, and legal and other limitations to its use. When checking the periods of the determined useful life of individual assets, we found that there was no need to change them, so the depreciation rates remained the same. At the end of the year we set the depreciation rates for the production equipment with respect to the level of its utilisation during the year (work in shifts was the main factor in this case).
- The depreciation of intangible and tangible fixed assets is accounted for individually, and on the basis of the method of steady depreciation.
- The depreciation period for individual assets starts when the assets are put into use.

INVESTMENT PROPERTY

In the discussed period, only the buildings that we own for the purposes of renting were included in the investment property.

INVESTMENT PROPERTY		TABLE 36	
DESCRIPTION	IN EUROS		
	LAND	BUILDINGS	TOTAL
Acquisition costs as on 31 Dec 2007		45,142,740	45,142,740
Opening-balance adjustments			0
Acquisition costs as on 1 Jan 2008	0	45,142,740	45,142,740
Direct additions (+)			0
Transfer from tangible fixed assets (+)		85,636	85,636
Transfer from inventories (+)			0
Intra-group transfer of investment property due to acquisitions			0
Write-downs (-)		-57,851	-57,851
Transfer to tangible fixed assets (-)		-61,477	-61,477
Transfer to non-current assets (-)			0
Transfer to inventories (-)			0
Acquisition value as on 31 Dec 2008	0	45,109,048	45,109,048
Value adjustment as on 31 Dec 2007		22,017,561	22,017,561
Opening-balance adjustments			0
Value adjustment as on 1 Jan 2008	0	22,017,561	22,017,561
Depreciation/amortisation (+)		1,076,590	1,076,590
Direct additions (+)			0
Transfer from tangible fixed assets (+)		-8,373	-8,373
Intra-group transfer of investment property due to acquisitions			0
Write-downs (-)		-30,562	-30,562
Transfer to tangible fixed assets (-)		-42,915	-42,915
Transfer to non-current assets (-)			0
Transfer to inventories (-)			0
Value adjustment as on 31 Dec 2008	0	23,012,301	23,012,301
Book value as of 31 Dec 2008	0	22,096,747	22,096,747
Book Value as of 31 Dec 2007	0	23,125,179	23,125,179

LONG-TERM FINANCIAL ASSETS IN ASSOCIATED COMPANIES, AND OTHER LONG-TERM FINANCIAL ASSETS

Long-term financial assets are assets with a maturity longer than one year, and are initially determined with their acquisition values that equal the values of the invested cash. The investments that are, in the course of consolidation, eliminated because they were carried out within the group, are, in the original financial statements of individual group companies, recorded on the basis of the acquisition-cost method, considering any impairment caused by the losses.

The investments in the stakes and shares of foreign public limited companies, the investments in the stakes of domestic banks and in the shares of domestic companies, and long-term loans granted on the basis of loan contracts are all recorded separately.

Long-term financial assets have been classified as the financial assets available for sale. In the consolidated balance sheet, the investments in the associated companies have been evaluated with the equity method ¹² considering the equity-revaluation surplus.

LONG-TERM FINANCIAL ASSETS IN ASSOCIATED COMPANIES, AND OTHER LONG-TERM FINANCIAL ASSETS (LTFAS)

TABLE 37

	IN EUROS						
	PURCHASE COST / LTFA VALUE ON 31 DEC	LONG-TERM FINANCIAL ASSETS IN COMPANIES:			AVERAGE VALUE ON 31 DEC	BOOK VALUE	
		OF THE GROUP	ASSOCIATED COMPANIES	OTHERS	IMPAIRMENT (ACCOUNTS 069, 079)	31 DEC 2008	31 DEC 2007
A. LONG-TERM FINANCIAL ASSETS	=	+	+	+	-	=	
Long-term financial assets (+)	1,839,211	0	706,215	1,132,996	-5,232	1,833,979	1,855,474
Short-term portion of long-term financial assets (-)	-84,844	0	0	-84,844	0	-84,844	-64,760
TOTAL LONG-TERM FINANCIAL ASSETS	1,754,367	0	536,215	1,218,152	-5,232	1,749,135	1,790,714
B. OTHER LONG-TERM FINANCIAL ASSETS							
Investments in stocks and shares	1,406,764	0	706,215	700,549	-5,232	1,401,532	1,339,111
Investments in precious metals, precious stones, art and similar	0	0	0	0	0	0	0
Other long-term financial assets in equity	57,561	0	0	57,561	0	57,561	47,106
TOTAL long-term financial assets without loans	1,464,325	0	536,215	928,110	-5,232	1,459,093	1,386,217
Long-term loans to companies	290,042	0	0	290,042	0	290,042	388,145
Long-term loans through purchasing of bonds	0	0	0	0	0	0	0
Other long-term invested funds	0	0	0	0	0	0	12,696
Long-term deposits	0	0	0	0	0	0	3,656
Long-term receivables relating to financial leasing	0	0	0	0	0	0	0
TOTAL long-term loans	290,042	0	0	290,042	0	290,042	404,497
Long-term unpaid called-up capital	0	0	0	0	0	0	0
TOTAL LONG-TERM FINANCIAL ASSETS	1,754,367	0	536,215	1,218,152	-5,232	1,749,135	1,790,714

¹² The surplus from the revaluation of financial assets is 426,131 euros, relating to the following companies:

Invested in	Acquisition costs of the investment	Revaluation surplus
Simfin, d.o.o.	61,820	192,213
Alcad, d.o.o.	16,010	228,114
Alureg Pin, d.o.o.	200,000	5,467
Almont Seval	2,254	337

LONG-TERM OPERATING RECEIVABLES

Long-term operating receivables that mature one year after the date of the balance sheet are disclosed as short-term receivables. All the long-term operating receivables are included in the other long-term trade receivables; they are not secured, and, with a total of 122,499 euros, they do not represent an important business category.

INVENTORIES

We use the following evaluation methods:

- We record the inventories of goods and materials by purchase price, increased by the accompanying costs of acquisition. We used the same method as in the previous period.
- For inventory utilization we use the FIFO method.
- The inventories of finished products and of work in progress are initially evaluated according to their production costs that include: direct costs of materials, direct labour costs, direct costs of services, direct depreciation costs, and general production costs.
- We convert the amounts from foreign currencies into euros on the basis of the middle exchange rate of the Bank of Slovenia.

INVENTORIES

TABLE 38

	IN EUROS					
	31 DEC 2008			INVENTORIES AS ON 31 DEC '08		31 DEC 2007
	ACQUISITION COSTS (+)	VALUE ADJUSTMENT DUE TO INVENTORY IMPAIRMENT (-)	BOOK VALUE	BOUGHT FROM GROUP COMPANIES	PLEGDED AS SECURITY FOR LIABILITIES	
Goods and materials	68,448,949	0	68,448,949	715,353	1,088,849	71,780,744
Low-value assets	10,830	0	10,830	0	0	0
Work in progress and services	7,515,866	0	7,515,866	0	0	6,425,275
Products	8,360,340	0	8,360,340	0	0	8,001,034
Goods for resale	690,366	0	690,366	399,286	0	2,125,097
Advances for inventories	544,172	0	544,172	0	0	528,995
TOTAL	85,570,523	0	85,570,523	1,114,639	1,088,849	88,861,145

We did not pledge our inventories as security for liabilities outside the group.

The write-downs or adjustments of the inventories due to a change in their quality or value amounted to 99,143 euros.

The received goods and materials used for processing were, as foreign goods, only recorded with respect to their quantity.

SHORT-TERM OPERATING RECEIVABLES

We initially disclose receivables with the amounts originating from the relevant documents taking into account that they will be settled. A later increase in receivables normally leads to an increase in the corresponding operating, or financial, revenues, while a later decrease in receivables normally leads to a decrease in the corresponding operating, or financial, expenses, except for given advances. The receivables related to gained interest result in financial revenues.

We adjust the values of trade receivables due from domestic or foreign customers on the basis of our experiences and expectations.

The receivables due from customers abroad are converted into domestic currency on the basis of the middle exchange rate of the Bank of Slovenia valid on the date of the balance sheet. An exchange-rate difference generated by the settlement date of a receivable, or by the date of the balance sheet, is recorded under financial revenues or financial expenses.

SHORT-TERM OPERATING RECEIVABLES

Table 39

SHORT-TERM OPERATING RECEIVABLES DUE FROM COMPANIES:							IN EUROS	
A. SHORT-TERM OPERATING RECEIVABLES	SHORT-TERM OPERATING RECEIVABLES	SHORT-TERM OPERATING RECEIVABLES DUE FROM COMPANIES:			VALUE ADJUSTMENT DUE TO IMPAIRMENT*	31 DEC 2008	31 DEC 2007	
		IN THE GROUP	ASSOCIATES	OTHERS				
	=	+	+	+	-	=	+	
Short-term trade receivables	51,970,527	0	54,973	51,915,554	-3,677,989	48,292,538	61,133,628	
receivables overdue by 31 Dec 2008	11,243,275	0	114	11,243,161	0	11,243,275	19,236,156	
Given short-term advances and collaterals	3,949,423	0	0	3,949,423	0	3,949,423	14,086	
Short-term operating receivables related to foreign-currency accounts	26,217	0	0	26,217	0	26,217	31,640	
Short-term receivables related to financial revenues	234,005	0	2,778	231,227	-60,690	173,315	275,707	
Short-term receivables due from state institutions	8,590,533	0	0	8,590,533	0	8,590,533	7,928,899	
Other short-term operating receivables	76,080	0	0	76,080	-1,396	74,684	31,605	
TOTAL short-term operating receivables	64,846,785	0	57,751	64,789,034	-3,740,075	61,106,710	69,415,565	
B. VALUE ADJUSTMENT OF SHORT-TERM RECEIVABLES DUE TO IMPAIRMENT							IN EUROS	
	2008	IN THE GROUP	ASSOCIATES	OTHERS	2007			
Balance as of 1 Jan (+)	1,238,051	0	0	1,238,051	24,998			
Decrease in value adjustment due to the settlement of receivables (-)	-72,424	0	0	-72,424	-19,378			
Decrease in value adjustment due to the write-off of receivables (-)	-3,821	0	0	-3,821	-8,027			
Established value adjustments for the period due to impairment (+)	2,578,269	0	0	2,578,269	1,178,528			
Intra-group transfer of established adjustments due to acquisition	0	0	0	0	61,930			
Balance as of 31 Dec	3,740,075	0	0	3,740,075	1,238,051			

The established value adjustment of short-term operating receivables due to impairment amounted to 2,578,269 euros.

Trade receivables are secured to the agreed amount with the Slovenian Export Corporation. During the market penetration, these receivables are, as a rule, unsecured, and at such times the exposure risks are very high. The unsettled receivables that lead to the initiation of formal court proceedings relating to their recovery, and those that will probably not be settled, or will not be fully settled, are treated as doubtful and disputable receivables.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Table 40

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES			IN EUROS	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES		
Deferred taxes as on 31 Dec 2007 (+)	311,206	907,655		
Opening-balance adjustments (+/-)	0	0		
Deferred taxes as on 1 Jan 2008	311,206	907,655		
Deductible temporary differences (+)	1,872,540			
Taxable temporary differences (+)		-7		
Intra-group transfer of deferred taxes due to acquisition	0	0		
Utilisation of deductible temporary differences (-)	-2,034			
Cancellation of deductible temporary differences (-)		-279,645		
Change of unused opening-balance amounts due to the tax-rate change	-507	-65,992		
Deferred taxes as of 31 Dec 2008	2,181,205	562,011		
RECOGNISED CHANGES IN DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES:			2008	2007
- in the profit-and-loss account (+/-)			2,177,782	482,237
- in the equity - revaluation surplus (+/-)				-2,208
- in the equity - retained profit/loss (+/-)			37,861	
TOTAL			2,215,643	480,029

In 2008 deferred tax assets were formed for the written-down tax assets, for the provisions relating to severance pays and to the rewards for years-long service, and for tax losses. Deferred tax liabilities were formed in Impol Seval, d.o.o. as the temporary deductible differences relating to liabilities.

SHORT-TERM FINANCIAL ASSETS

When they arise, short-term financial assets are accounted for in accordance with their acquisition values. If expressed in a foreign currency, they are converted into domestic currency on the basis of the middle exchange rate of the Bank of Slovenia valid on the balance date.

SHORT-TERM FINANCIAL ASSETS (STFAS)

Table 41

SHORT-TERM FINANCIAL ASSETS (STFAS)							IN EUROS	
A. SHORT-TERM FINANCIAL ASSETS	ACQUISITION COSTS OF STFAS ON 31 DEC	STFAS IN COMPANIES:			VALUE ADJUSTMENT DUE TO IMPAIRMENT	BOOK VALUE		
		IN THE GROUP	ASSOCIATES	OTHERS		31 DEC 2008	31 DEC 2007	
	=	+	+	+	-	=		
Short-term financial assets (+)	6,532,442	0	353,154	6,179,288	0	6,532,442	1,853,169	
Short-term portion of long-term financial assets (+)	86,518	0	0	86,518	0	86,518	64,760	
TOTAL SHORT-TERM FINANCIAL ASSETS	6,618,960	0	353,154	6,265,806	0	6,618,960	1,917,929	

	ACQUISITION COSTS OF STFAS ON 31 DEC	STFAS IN COMPANIES:			VALUE ADJUSTMENT DUE TO IMPAIRMENT	BOOK VALUE	
		IN THE GROUP	ASSOCIATES	OTHERS		31 DEC 2008	31 DEC 2007
B. SHORT-TERM FINANCIAL ASSETS	=	+	+	+	-	=	
Stakes acquired for sale	730,768	0	0	730,768	0	730,768	0
Shares acquired for sale	106,547	0	0	106,547	0	106,547	0
Other securities acquired for sale	0	0	0	0	0	0	0
Receivables acquired for sale	1,440,992	0	0	1,440,992	0	1,440,992	385,701
TOTAL short-term financial assets without loans	2,278,307	0	0	2,278,307	0	2,278,307	385,701
Short-term portion of long-term lending (including bonds)	86,518	0	0	86,518	0	86,518	86,241
Short-term lending (including bonds)	598,575	0	353,154	245,421	0	598,575	569,336
Received bills of exchange	0	0	0	0	0	0	0
Short-term deposit	3,655,560	0	0	3,655,560	0	3,655,560	876,651
Short-term receivables relating to financial leasing	0	0	0	0	0	0	0
TOTAL short-term lending	4,340,653	0	353,154	3,987,499	0	4,340,653	1,532,228
Short-term unpaid called-up capital	0	0	0	0	0	0	0
TOTAL SHORT-TERM FINANCIAL ASSETS	6,618,960	0	353,154	6,265,806	0	6,618,960	1,917,929

Short-term financial assets include the stakes acquired for sale, short-term lending, investments in securities, short-term portions of long-term financial assets, and bank deposits. They all represent the assets that the group invests, for a short term, in order to increase its financial revenues. These assets are all classified as the financial assets intended for sale.

CASH

CASH		TABLE 42	
IN EUROS			
	31 DEC 2008	31 DEC 2007	
Cash in hand and redeemable securities	1,917,662	7,681	
Cash in banks and other financial institutions	6,208,057	5,696,149	
TOTAL	8,125,719	5,703,830	

The amount in cash is about the same as the revenue generated in two days. We maintain that such an amount is manageable.

SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES

SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES		TABLE 43	
IN EUROS			
	31 DEC 2008	31 DEC 2007	
Short-term deferred costs or expenses	3,601,662	309,365	
Short-term accrued revenues	0	0	
Securities	0	0	
VAT from received advances	388,914	1,826,951	
TOTAL	3,990,576	2,136,316	

Short-term deferred costs or expenses are the received invoices related to given advances, or issued invoices related to received advances charging for value-added tax, mainly incurred in Impol Seval due to advances.

PROVISIONS AND LONG-TERM ACCRUALS

PROVISIONS AND LONG-TERM ACCRUALS		TABLE 44					
IN EUROS							
	PROVISIONS			LONG-TERM ACCRUALS			
	FOR PENSIONS, REWARDS FOR YEARS-LONG SERVICE, AND SEVERANCE PAYS	FOR GIVEN INDEMNITIES	OTHER PROVISIONS FOR LONG-TERM ACCRUED COSTS	RECEIVED STATE SUBSIDIES	RECEIVED DONATIONS	OTHER LONG-TERM ACCRUALS	TOTAL
Balance as of 31 Dec 2007	686,529	0	827	854,492	0	122,882	1,664,730
Opening-balance adjustments	0	0	0	0	0	0	0
Balance as of 1 Jan 2008	686,529	0	827	854,492	0	122,882	1,664,730
Formation (+)	149,361	0	21,877	234,393	0	0	405,631
Other increases (+)	0	0	18,815	0	0	0	18,815
Intra-group transfer of provisions due to acquisition	0	0	0	0	0	0	0
Utilisation (-)	-44,579	0	-18,039	-242,174	0	0	-304,792
Disposal (-)	-16,370	0	0	0	0	0	-16,370
Other decreases (-)	-7,782	0	0	0	0	-4,332	-12,114
Balance as of 31 Dec 2008	767,159	0	23,480	846,711	0	118,550	1,755,900

We maintain that there is no need to have other provisions, in addition to the above ones.

LONG-TERM FINANCIAL AND OPERATING LIABILITIES

LONG-TERM FINANCIAL AND OPERATING LIABILITIES		TABLE 45		
IN EUROS				
A. LONG-TERM FINANCIAL AND OPERATING LIABILITIES	TOTAL DEBT AS OF 31 DEC 2008	THE PORTION PAYABLE IN 2009	31 DEC 2008	31 DEC 2007
	+	-	=	
Long-term financial liabilities related to bonds	0	0	0	0
Long-term financial liabilities to banks	90,570,019	-22,006,724	68,563,295	78,660,468
Long-term financial liabilities to associated companies (without financial-leasing liabilities)	0	0	0	0
Long-term financial liabilities to others (without financial-leasing liabilities)	1,764,206	-456,209	1,307,997	1,729,696
Long-term intra-group liabilities due to financial leasing	0	0	0	0
Long-term financial-leasing liabilities to associated companies	52,582	-52,582	0	50,470
Long-term financial-leasing liabilities to other companies	154,693	-44,819	109,874	138,765
Long-term operating liabilities to other companies as suppliers	0	0	0	32,999
Other intra-group long-term operating liabilities	0	0	0	0
Other long-term operating liabilities to associated companies	0	0	0	0
Other long-term operating liabilities to other companies	151,705	0	151,705	93,769
Long-term liabilities related to bills of exchange	0	0	0	0
TOTAL long-term financial and operating liabilities	92,693,205	-22,560,334	70,132,871	80,706,167

B. LONG-TERM FINANCIAL AND OPERATING LIABILITIES	TOTAL DEBT AS OF 31 DEC 2008	THE PORTION PAYABLE IN 2009	31 DEC 2008	31 DEC 2007
	+	-	=	
Long-term financial liabilities	92,541,500	-22,560,334	69,981,166	80,579,399
Long-term operating liabilities	151,705	0	151,705	126,768
TOTAL long-term financial and operating liabilities	92,693,205	-22,560,334	70,132,871	80,706,167

a. When they arise, long-term financial and operating liabilities are accounted for in accordance with their acquisition values. If expressed in a foreign currency, they are converted into domestic currency on the basis of the middle exchange rate of the Bank of Slovenia valid on the balance date.

b. Long-term financial and operating liabilities are the financial and operating debts of the companies that include long-term financial liabilities to banks, long-term financial liabilities to companies, and long-term operating liabilities to others.

c. The portion of long term debts with a maturity of one year after the date of the balance sheet is shown as short-term financial and operating liabilities.

d. The interest rates for the long-term loans are as follows:

- in euros it ranges between 6-month Euribor + 1.3% to 6-month Euribor + 2.5% (depending on the area).

e. Long-term liabilities are secured with a mortgage on the property of Impol, d.o.o., as well as on a part of the equipment and the shares.

With respect to the consolidated financial statements, in the case of consolidating the equity, we do not establish any hidden reserves (land, equipment), that would result in a deferred tax liability.

SHORT-TERM LIABILITIES

SHORT-TERM OPERATING LIABILITIES	31 DEC 2008	31 DEC 2007
Short-term portion of long-term operating liabilities to suppliers	0	243
Short-term operating liabilities to associated companies as suppliers	272,162	148,257
Short-term operating liabilities to other companies as suppliers	17,531,963	20,957,186
Total short-term liabilities to suppliers	17,804,125	21,105,686
Total short-term liabilities related to bills of exchange	0	0
Short-term portion of long-term operating liabilities based on advances	0	0
Short-term liabilities based on advances	809,933	516,022
Total short-term liabilities based on advances	809,933	516,022
Short-term portion of other long-term operating liabilities	0	28,263
Short-term liabilities to employees	1,831,551	1,984,560
Short-term liabilities to the state	2,361,331	3,426,914
Short-term intra-group liabilities relating to interest	0	0
Short-term liabilities to associated companies relating to interest	1,074	558
Short-term liabilities to other companies relating to interest	1,169,569	1,107,131
Other short-term operating liabilities to associated companies	0	0
Other short-term operating liabilities to other companies	586,275	1,022,486
Total other short-term operating liabilities	5,949,800	7,569,912
TOTAL short-term operating liabilities	24,563,858	29,191,620

BREAKDOWN OF SHORT-TERM LIABILITIES RELATING TO INTEREST		
The interest related to the financial expenses for operating liabilities	27,113	9,483
The interest related to the financial expenses for financial liabilities	1,143,530	1,098,206
Total short-term liabilities relating to interest	1,170,643	1,107,689

SHORT-TERM FINANCIAL LIABILITIES	TABLE 47	
	IN EUROS	
Short-term portion of long-term financial liabilities to banks	22,006,724	19,456,808
Short-term portion of long-term financial liabilities to other companies (without financial-leasing liabilities)	456,209	662,484
Short-term portion of long-term financial-leasing liabilities to associated companies	52,582	65,124
Short-term portion of long-term financial-leasing liabilities to other companies	44,819	92,436
Short-term intra-group financial liabilities (without financial-leasing liabilities)	0	0
Short-term financial liabilities to associated companies (without financial-leasing liabilities)	0	0
Short-term financial liabilities to banks	125,691,689	121,936,156
Short-term financial liabilities to other companies (without financial-leasing liabilities)	4,806,943	6,884,788
Short-term financial liabilities related to bills of exchange	0	0
Short-term financial liabilities relating to profit distribution	0	17,301
Short-term financial-leasing liabilities to other companies	891	
TOTAL short-term financial liabilities	153,059,857	149,115,097
SHORT-TERM FINANCIAL LIABILITIES		
Short-term financial liabilities	130,499,523	128,838,245
Short-term portion of long-term financial liabilities	22,560,334	20,276,852
Total short-term financial liabilities	153,059,857	149,115,097

The interest rates for the short-term loans are as follows:

- between 6-month Euribor + 0.75% to 6-month Euribor + 2.2%, and
- between 1-month Euribor + 0.9% to 1-month Euribor + 1.1%.

Short-term liabilities are secured partly with a mortgage, and partly with the bills of exchange, the assignment of credit, and indemnities.

Short-term financial liabilities include the liabilities relating to received loans, whose maturity is shorter than one year.

Short-term financial liabilities stated in a foreign currency are converted into domestic currency at the exchange rate of the Bank of Slovenia valid on the date when an obligation arises. The exchange-rate difference up to the balance-sheet date is recognised as a financial expense.

Short-term operating liabilities include short-term liabilities to suppliers, liabilities based on advances, as well as short-term financial and operating liabilities to others.

Short-term liabilities are initially entered as amounts recorded in the corresponding documents, based on the assumption that the creditors will request a discharge of the debt.

Short-term liabilities to foreign parties are converted into domestic currency on the date when these obligations arise. The exchange-rate difference up to the balance-sheet date is recognised as a financial expense.

SHORT-TERM ACCRUALS

SHORT-TERM ACCRUALS			TABLE 48
			IN EUROS
	31 DEC 2008	31 DEC 2007	
Accrued costs or expenses	15,776	61,208	
Short-term deferred revenues	41,244	33,286	
VAT on given advances	909,791	1,694,712	
TOTAL	966,811	1,789,206	

Short-term accruals include received invoices for given advances, or issued invoices for received advances charging for the value-added tax, mainly for Impol Seval due to advances.

OFF-BALANCE-SHEET RECORDS

OFF-BALANCE-SHEET RECORDS			TABLE 49
			IN EUROS
	31 DEC 2008	31 DEC 2007	
Given securities for liabilities	179,573,738	243,247,534	
Received securities for receivables	14,787,476	5,803,186	
Other	62,431,209	12,654,588	
TOTAL off-balance-sheet records	256,792,423	261,705,308	

OPERATING REVENUES

OPERATING REVENUES			TABLE 50		
			IN EUROS		
A. OPERATING REVENUES	OPERATING REVENUES GAINED WITH THE COMPANIES			2008	2007
	IN THE GROUP	ASSOCIATES	OTHERS		
Net sales revenues	0	113,769	445,813,500	445,927,269	485,853,630
Value adjustment on the inventories of products and work in progress			1,243,460	1,243,460	-34,262,674
Capitalised own products and services			6,031	6,031	18,476
Other operating revenues	0	0	3,015,795	3,015,795	16,699,349
TOTAL	0	113,769	450,078,786	450,192,555	468,308,781

			IN EUROS
B. OTHER OPERATING REVENUES	2008	2007	
Revenues from the disposal of provisions	430,423	286,123	
Revenues from mergers (revaluation surplus – negative goodwill)	9	12,482,473	
Other revenues related to business performance (subsidies, grants, supports, compensations, premiums, etc)	2,543,651	3,632,056	
Operating revenues from revaluation	41,712	298,697	
TOTAL	3,015,795	16,699,349	

			IN EUROS
C. OPERATING REVENUES FROM REVALUATION	2008	2007	
Relating to the disposal of intangible fixed assets	0	0	
Relating to the disposal of tangible fixed assets	28,384	8,367	
Relating to the disposal of non-current assets	0	0	
Relating to the elimination of revaluation decrease in intangible fixed assets	0	0	
Relating to the elimination of revaluation decrease in tangible fixed assets	0	0	
Relating to operating receivables	2,347	284,820	
Relating to operating liabilities	10,981	5,510	
Relating to the disposal of investment property (cost model)	0	0	
Relating to classifying the property already used by the owner as investment property considering fair value	0	0	
TOTAL	41,712	298,697	

More detailed information on the net sales revenues is included in the section Markets and Customers on page 25.

NET SALES REVENUES BY AREA			TABLE 51
			IN EUROS
	2008	2007	
Slovenia	53,040,239	60,948,717	
group companies	0	0	
associated companies	113,769	1,242,873	
other companies	52,926,470	59,705,844	
the EU	355,172,569	388,193,215	
group companies	0	0	
associated companies	0	0	
other companies	355,172,569	388,193,215	
the rest of Europe	22,268,233	16,422,850	
group companies	0	0	
associated companies	0	0	
other companies	22,268,233	16,422,850	
Other markets	15,446,228	20,288,848	
group companies	0	0	
associated companies	0	0	
other companies	15,446,228	20,288,848	
TOTAL	445,927,269	485,853,630	

OPERATING EXPENSES

In principle the operating expenses for the period are the costs increased by the costs of the opening inventories of completed products and work in progress, and decreased by the accrued costs for the closing inventories. Selling costs and the costs for general activities are entirely included in the expenses as soon as they arise.

We evaluate the inventories on the basis of direct production prices (for more information, see the section Inventories on page 73). We evaluate the inventories of work in progress with respect to the degree of their completion. Impol, d.d., has no inventories of work in progress, because the aluminium raw materials are used for processing by other companies.

For the purpose of completing the accounts for 2008 we used the FIFO method in the entire Impol Group.

COSTS BY FUNCTION GROUP

COSTS BY FUNCTION GROUP								TABLE 52
IN EUROS								
A. ANALYSIS OF COSTS AND EXPENSES	PRODUCTION COSTS	SALES COSTS	GENERAL-ACTIVITIES COSTS	TOTAL FOR 2008	TOTAL PURCHASE IN 2008 FROM:			TOTAL FOR 2007
					GROUP COMPANIES	ASSOCIATED COMPANIES	OTHER COMPANIES	
Purchase cost of goods and materials sold	14,532,818	36,906,098	3,371	51,442,287	0	0	51,442,287	67,644,096
Costs of materials	293,363,160	3,158,711	997,265	297,519,136	0	22,007	297,497,129	284,844,290
Costs of services	7,890,653	14,144,593	3,627,047	25,662,293	0	974,207	24,688,086	23,100,697
Labour costs	28,482,044	1,458,234	4,422,741	34,363,019	0	0	34,363,019	34,885,662
Depreciation	14,061,232	426,696	1,188,917	15,676,845	0	0	15,676,845	16,215,021
Operating expenses from revaluation	102,611	2,404,814	373,335	2,880,760	0	0	2,880,760	1,965,289
Provisions	111,630	5,454	20,540	137,624	0	0	137,624	623,440
Other operating expenses	780,067	9,502	451,867	1,241,436	0	0	1,241,436	1,385,913
TOTAL	359,324,215	58,514,102	11,085,083	428,923,400	0	996,214	427,927,186	430,664,408

IN EUROS		
B. OPERATING EXPENSES FROM REVALUATION	2008	2007
Relating to intangible fixed assets	0	0
Relating to tangible fixed assets	29,262	71,179
Relating to non-current assets	0	0
Relating to inventories	26,205	11,703
Relating to operating receivables	2,825,293	1,882,407
Relating to operating liabilities	0	0
Relating to labour costs	0	0
Relating to investment property	0	0
TOTAL	2,880,760	1,965,289

A more detailed presentation of costs and expenses is included in the table Consolidated Profit-and-Loss Account on page 52.

FINANCIAL REVENUES AND EXPENSES

FINANCIAL REVENUES AND EXPENSES					TABLE 53
IN EUROS					
A. FINANCIAL REVENUES FROM FINANCIAL ASSETS	TOTAL 2008	RELATING TO			TOTAL 2007
		GROUP COMPANIES	ASSOCIATED COMPANIES	OTHER COMPANIES	
Financial revenues from shares – profit shares, dividends	74,209	0	0	74,209	102,815
Financial revenues from shares – exchange-rate differences	0	0	0	0	0
Financial revenues from shares – revenues from the sale of long-term financial assets	0	0	0	0	19,277
Financial revenues from shares – revenues from the sale of short-term financial assets	0	0	0	0	0
Financial revenues from other investments	1,004	0	0	1,004	1,768
Financial revenues from other investments – exchange-rate differences	0	0	0	0	0
Financial revenues from other investments – revenues from the sale of long-term financial assets	0	0	0	0	0
Financial revenues from other investments – revenues from the sale of short-term financial assets	7,340	0	0	7,340	0
Financial revenues from lending – interest	259,199	0	16,607	242,592	175,366
Financial revenues from lending – exchange-rate differences	0	0	0	0	0
Financial revenues from operating receivables – interest	249,727	0	21	249,706	1,981,486
Financial revenues from operating receivables – exchange-rate differences	12,012,112	0	0	12,012,112	3,341,743
Financial revenues from financial assets distributed on the basis of fair value through profit-and-loss account – shares	0	0	0	0	0
TOTAL	12,603,591	0	16,628	12,586,963	5,622,455
B. FINANCIAL EXPENSES FOR FINANCIAL ASSETS					
Financial expenses for loans (without bank loans) – interest	363,643	0	0	363,643	277,936
Financial expenses for loans (without bank loans) – exchange-rate difference	32,360	0	0	32,360	0
Financial expenses for bank loans – interest	13,522,688	0	0	13,522,688	10,892,674
Financial expenses for bank loans – exchange-rate difference	0	0	0	0	0
Financial expenses for bonds – interest	0	0	0	0	0
Financial expenses for bonds – exchange-rate difference	0	0	0	0	0
Financial expenses for other financial liabilities – interest	4,075	0	0	4,075	322,123
Financial expenses for other financial liabilities – exchange-rate differences	3,427,898	0	0	3,427,898	1,556,148
Financial expenses for operating liabilities – interest	62,146	0	4,432	57,714	3,616,988
Financial expenses for operating liabilities – exchange-rate differences	7,075,815	0	0	7,075,815	3,425,824
Financial expenses for the sale of long-term financial assets	0	0	0	0	0
Financial expenses for the sale of short-term financial assets	0	0	0	0	0
Financial expenses for financial assets distributed on the basis of fair value through profit-and-loss account	769,230	0	0	769,230	0
Financial expenses for impairment	2,838	0	0	2,838	549
TOTAL	25,260,693	0	4,432	25,256,261	20,092,242

The above tables only include those categories that actually show revenues or expenses.

OTHER REVENUES AND EXPENSES

OTHER REVENUES AND EXPENSES

TABLE 54

IN EUROS					
	TOTAL 2008	RELATING TO			TOTAL 2007
		GROUP COMPANIES	ASSOCIATED COMPANIES	OTHER COMPANIES	
A. OTHER FINANCIAL REVENUES AND OTHER REVENUES					
Subsidies, grants and similar revenues not related to the business performance	60,109	0	0	60,109	25,777
Received compensations and payments of fines	280,085	0	0	280,085	84,430
Recovered written-off receivables	1,876	0	0	1,876	11,533
Other revenues	151,752	0	0	151,752	140,375
TOTAL	493,822	0	0	493,822	262,115
B. OTHER FINANCIAL EXPENSES AND OTHER EXPENSES					
Fines and compensations	81,224	0	0	81,224	242,183
Other expenses	81,343	0	0	81,343	7,533
TOTAL	162,567	0	0	162,567	249,716

OTHER DISCLOSURES

The members of the Management Board were as follows:

- *Jernej Čokl, president*
- *Janko Žerjav, member*
- *Adi Žunec, member until 31 Dec 2008*
- *Vlado Leskovar, member*

Until October 2008, the members of the Supervisory Board were as follows:

- *Davorin Brodnjak, president*
- *Tanja Ahaj, member*
- *Edvard Slaček, member*

Since October 2008, the members of the Supervisory Board have been as follows:

- *Milan Cerar, president*
- *Tanja Ahaj, deputy president*
- *Jože Kavkler, member*
- *Adi Žunec, member*

PAYMENTS TO SUPERVISORY BOARD MEMBERS, MANAGEMENT BOARD MEMBERS, AND DIRECTORS OF THE GROUP COMPANIES

TABLE 55

IN EUROS		
PAYMENTS TO MEMBERS OF MANAGEMENT AND SUPERVISORY BOARDS	2008	2007
Members of the Management Board	1,765,683	1,860,747
Members of the Supervisory Board	35,290	22,572
Employees with individual contracts	2,536,481	2,672,679
TOTAL	4,337,454	4,555,998

The table 55 shows the actual income for the calendar year.

The company has no claim on the members of the Management Board and the Supervisory Board, or on the employees with individual contracts.

THE AMOUNT (COST) SPENT FOR THE AUDITOR

TABLE 56

IN EUROS		
THE AMOUNT (COST) FOR THE AUDITOR (COMPANIES ACT-1, ARTICLE 69, FIRST PARAGRAPH, POINT 17)	2008	2007
Auditing of the annual report	72,757	75,979
Other auditing services	0	0
Taxation advisory services	0	0
Other non-auditing services	0	0
TOTAL	72,757	75,979

BREAKDOWN OF LABOUR COSTS

TABLE 57

IN EUROS		
	2008	2007
Cost of salaries	23,892,820	24,494,495
Pension-security costs	5,005,891	4,242,899
Other social-security costs	1,364,304	1,906,956
Other labour costs	4,100,004	4,241,312
TOTAL	34,363,019	34,885,662

CONSOLIDATED PERFORMANCE INDICATORS

CONSOLIDATED PERFORMANCE INDICATORS		TABLE 58		
		31 DEC 2008	31 DEC 2007	2008/2007
1.	BASIC FINANCING INDICATORS			
a.	Equity financing rate			
	equity/liabilities	0.1853	0.1690	1.0964
b.	Debt financing rate			
	debts/liabilities	0.8059	0.8201	0.9826
c.	Rate of accrued and deferred items			
	provisions + short-term accruals + long-term accruals/liabilities	0.0088	0.0109	0.8108
2.	BASIC INVESTMENT INDICATORS			
a.	Operating fixed assts rate			
	fixed assets at book value/assets	0.3720	0.3833	0.9706
b.	Long-term financing rate			
	fixed assets + long-term deferred costs at book value + investment property + long-term financial assets + long-term operating receivables/assets	0.4561	0.4688	0.9729
3.	BASIC HORIZONTAL FINANCIAL STRUCTURE RATIOS			
a.	Ratio of equity to fixed assets			
	equity/fixed assets at book value	0.4980	0.4408	1.1296
b.	Immediate solvency ratio			
	liquid assets/short-term liabilities	0.5648	0.5411	1.0437
c.	Quick ratio			
	liquid assets + short-term receivables/short-term payables	0.4270	0.4320	0.9884
d.	Current ratio			
	short-term assets/short-term liabilities	0.9088	0.9304	0.9768
4.	BASIC EFFICIENCY INDICATORS			
a.	Operating efficiency rate			
	operating revenues/operating expenses	1.0496	1.0874	0.9652
5.	BASIC PROFITABILITY INDICATORS			
a.	Net return on equity ratio			
	net profit for the period/average equity (without the net profit for the period)	0.1660	0.6469	0.2565
b.	Ratio of dividends to share capital			
	total dividends for the period/average share capital	0.0115	0.0073	1.5860

AUDITOR'S REPORT


AUDITOR
 REVIZIJSKA DRUŽBA d.o.o. PTUJ
INDEPENDENT AUDITOR'S REPORT

To the shareholders of IMPOL 2000 d.d.
Slovenska Bistrica

We have audited the accompanying consolidated financial statements of IMPOL 2000 d.d., Partizanska 38, Slovenska Bistrica, which include the consolidated balance sheet as at December 31, 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and the related notes. We have also reviewed the company's management business report.

Management's Responsibility

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with Slovene Accounting Standards. This responsibility includes maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require meeting all ethical requirements as well as planning and performing the audit to obtain reasonable assurance so that the financial statements are free from material misstatement.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's assessment and include assessing the risks of material misstatement of the financial statements, whether due to fraud or error. When assessing those risks, the auditor considers internal control relevant to the entity's preparation of the financial statements as a basis for designing audit procedures that are appropriate in the circumstances, rather than expressing an opinion on the effectiveness of the entity's internal control. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the management, as well as evaluating the overall financial statement presentation and disclosures.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of IMPOL 2000 d.d., Partizanska 38, Slovenska Bistrica, as of December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with Slovene Accounting Standards.

Company's management business report is consistent with the audited financial statements.

Ptuj, May 26th 2009

General manager
DSc. Erika Turin,
Certified auditor




AUDITOR REVIZIJSKA DRUŽBA d.o.o. PTUJ, podjetje za revizijo, vrednotenje in svetovanje, Murkova 4, 2250 Ptuj

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