

**NON-REVISED
REPORT ON THE
OPERATIONS OF THE
IMPOL GROUP AND
IMPOL 2000, D. D.,
IN THE FIRST HALF
OF 2019**



INTRODUCTORY NOTES

This Report on the Operations of the Impol Group and Impol 2000, d. d. in the first half of 2019 has been prepared pursuant to the Market in Financial Instruments Act, the Rules of a Stock Exchange, the Information Recommendations for Listed Companies, and other applicable legislation. The data and the operating explanations have been prepared on the basis of non-revised consolidated financial statements of the Impol Group and non-revised consolidated financial statements of Impol 2000, d. d. for the first half of 2019, pursuant to the Companies Act and to IAS 34 – Interim Financial Reporting. Pursuant to the IFRS, the subsidiaries are included into group financial statements in accordance with the full consolidation method, while associate companies are included into group financial statements in accordance with the equity method.

The Report on the Operations in the first half of 2019 is published on the website of Impol, d. o. o. (<http://www.impol.si>) and at SEOnet.

The Management Board of the company considered the Report on the Operations of the Impol Group and Impol 2000, d. d. in the first half of 2019 during its session on 25 September 2019.



TABLE OF CONTENTS

CHARACTERISTICS OF THE OPERATIONS IN THE FIRST HALF OF THE YEAR	6		
First half of 2019	10		
Presentation of the parent company Impol, 2000, d. d., and the Impol Group	11		
Analysis of the performance of the Impol Group and Impol 2000, d. d.	16		
FINANCIAL REPORT ON THE OPERATIONS OF THE IMPOL GROUP IN THE FIRST HALF OF 2019	28		
Consolidated Financial Statements of the Impol Group	30		
Consolidated income statement	30		
Second comprehensive consolidated income statement	31		
Consolidated balance sheet	32		
Consolidated statement of changes in equity in the first half of 2019	34		
Consolidated statement of changes in equity in the first half of 2018	36		
Consolidated cash flow statement	38		
Notes to the financial statements	39		
Disclosures to individual items of group financial statements	41		
1. Operating revenues	41		
2. Operating expenses	42		
3. Financial revenue and expenses	43		
4. Income tax	44		
5. Intangible assets and long-term deferred costs and accrued revenue	45		
6. Tangible fixed assets	48		
7. Right to use assets	52		
8. Investment property	52		
9. Long-term financial investments	53		
10. Inventories	54		
11. Short-term financial investments	55		
12. Short-term operating receivables	55		
13. Monetary assets	56		
14. Equity	57		
15. Provisions and long-term accrued expenses and deferred revenue	58		
16. Long-term financial and operating liabilities	58		
17. Short-term operating and financial liabilities	59		
18. Contingent liabilities	60		
19. Financial instruments and financial risks	60		
FINANCIAL REPORT ON THE OPERATIONS OF IMPOL 2000, D. D. IN THE FIRST HALF OF 2019	67		
Financial statements of Impol 2000 d. d.	68		
Profit and loss statement	68		
Second comprehensive income statement	68		
Balance Sheet	69		
Statement of changes in equity in the first half of 2019	72		
Statement of changes in equity in the first half of 2018	74		
Cash flow statement	76		
Notes to the financial statements	77		
Notes to individual items of financial statements	77		
1. Operating revenues	77		
2. Operating expenses	79		
3. Financial revenue and expenses	80		
4. Income tax	81		
5. Net earnings per share	81		
6. Intangible assets and long-term deferred costs and accrued revenue	82		
7. Tangible fixed assets	83		
8. Right to use assets	84		
9. Long-term financial investments:	85		
10. Merchandise inventories	86		
11. Short-term financial investments	86		
12. Short-term operating receivables	87		
13. Monetary assets	88		
14. Long-term financial and operating liabilities	89		
15. Short-term liabilities	90		
16. Financial instruments and financial risks	92		
17. Contingent liabilities	93		
18. Transactions with associates	94		
Index of tables	98		
Index of figures	100		

+2.7 %

SALES

Compared to the first half of 2018, net sales revenues have increased by 2.7 %; in addition, the sales volume has also increased by 4.2% and amounted to 128,400 tonnes. In particular, positive trends of global demand have been demonstrated in the first quarter. We achieved our sales plans in both the Rolling and the Pressing divisions.

18.5

IN EUR MIL- LION FOR NET PROFIT/ LOSS

Due to an increased cost of depreciation, the net profit/loss indicator is lower than the one achieved last year. The increase in depreciation is a consequence of including new investments into the production processes.



+5.6 %

EBIT

In the first half of the year, increased sales have enabled the EBIT to increase in comparison to the same period of last year.

9.4 %

EBITDA

A nearly 10 % increase of EBITDA is a consequence of successfully completed investments, management of material flows, and an improved efficiency of additional production capacities.

14.2

IN EUR MILLION FOR INVESTMENTS

In the first half of the year, we have successfully completed demanding investments, such as the start-up of a new profile extrusion line and a new cutting line in Slovenska Bistrica, as well as the start-up of a new cutting line in Croatia. In addition, numerous investments are currently being implemented: the modernisation of the hot-rolling mill in Sevojno, the construction of a foundry in Šibenik, and the expansion of the Finalisation division.

2,399

NUMBER OF EMPLOYEES

The number of employees increased by 3.4 %, which is a consequence of numerous activities: expansion of the Rolling and the Finalisation divisions, the take-over of Alcad, d. o. o., and an increase in IT support investments. As of 30/06/2019, the Impol Group employed 2,399 people, of which 1,321 in companies in Slovenia, 650 in Serbia, 425 in Croatia, 2 in Hungary and 1 in the USA.

**CHARACTER-
ISTICS OF
OPERATIONS
OF THE
IMPOL
GROUP IN
THE FIRST
HALF OF 2019**



FIRST HALF OF 2019

Table 1: Key indicators

	Measurement unit	01.-06. 2017	01.-06. 2018	01.-06. 2019
Sales volume trend				
Sales volume of AI semi-finished products	in 000 tons	121.4	123.2	128.4
Financial data				
Net sales revenues	in EUR million	344.0	368.1	378.1
Export share	0/0	95 %	95 %	95 %
EBITDA ¹	in EUR million	39.3	29.6	32.3
EBIT	in EUR million	31.6	21.6	22.8
EBITDA margin	0/0	11.4 %	8.0 %	8.6 %
Net profit and loss	in EUR million	20.8	19.8	18.5
Investments	in EUR million	18.5	40.9	14.2
Statement of financial position as of 30/ 6/ 2019				
Total assets	in EUR million	437.6	525.0	542.7
Equity	in EUR million	174.8	207.1	240.2
Net debt ²	in EUR million	147.0	181.2	182.1
Net debt/EBITDA ³		2.3	3.42	2.82
Equity share in financing	0/0	40 %	40 %	44.3 %
Employees				
Number of employees as of 30/ 6/ 2019		2,243	2,320	2,399

¹ EBITDA = operating profit and loss + depreciation

² Net debt = financial obligations – cash and cash equivalents – short-term financial investments

³ The EBITDA calculated on a yearly level has been considered in the indicator

Figure 1: EBITDA margin

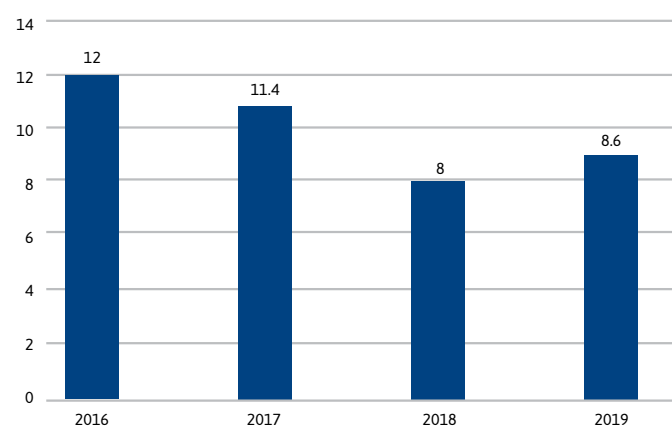
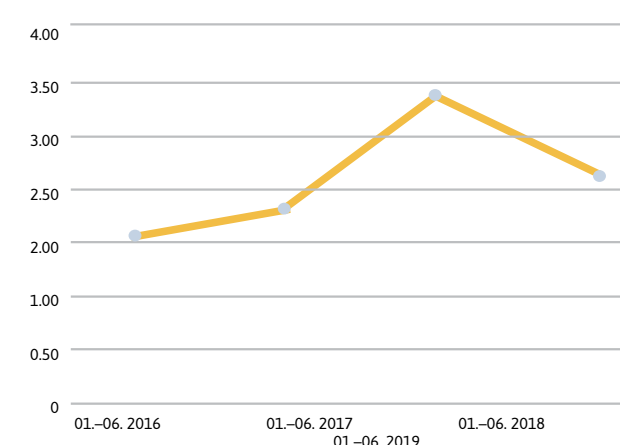


Figure 2: Net debt/EBITDA



Presentation of the parent company Impol, 2000, d. d., and the Impol Group Parent company

Impol 2000 d. d., with its registered office at Partizanska ulica 38, Slovenska Bistrica, is the holding company of the Impol Group and a large public limited company; therefore, it is bound to prepare a consolidated annual report and have its operations audited, pursuant to the Companies Act. With the issue of bonds at the end of 2015, the company was transformed to a public limited company.

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 03/ 08/ 1998 as a public limited company, pursuant to the decision Srg. 98/01042 bearing the entry number 1/10469/00. The Company is classified under the activity code 70.100, i.e., the management of holding companies. The Company's registration number is 1317342.

On 09/ 11/ 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

01/ 10/ 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/ 2/ 2000 with the decision Srg. 1999/03108, and with the entry number 1/10469/00.

After the share capital increase being entered on 15/ 2/ 2000, the company's share capital amounts to EUR 4,451,540. The Company's share capital is divided into 1,066,767 registered pro rata shares.

Table 2: The book value of a share of Impol 2000, d. d. (the holding company of the Impol Group) in EUR

Year	Book value of a share of Impol 2000, d. d. (the holding company)	Book value of a share – consolidated – including the equity of minority shareholders	Book value of a share – consolidated – excluding the equity of minority shareholders
30/ 06/ 2019	57.82	225.20	204.90
2018	57.39	207.94	188.86
2017	55.07	175.74	159.32
2016	53.53	144.38	130.76
2015	51.66	119.58	108.57
2014	49.61	99.88	91.04
2013	47.93	89.61	80.54
2012	45.88	77.78	69.83
2011	40.85	69.21	61.21
2010	36.19	56.46	49.90
2009	32.13	52.75	46.41
2008	26.54	53.33	47.27
2007	23.70	50.19	42.06

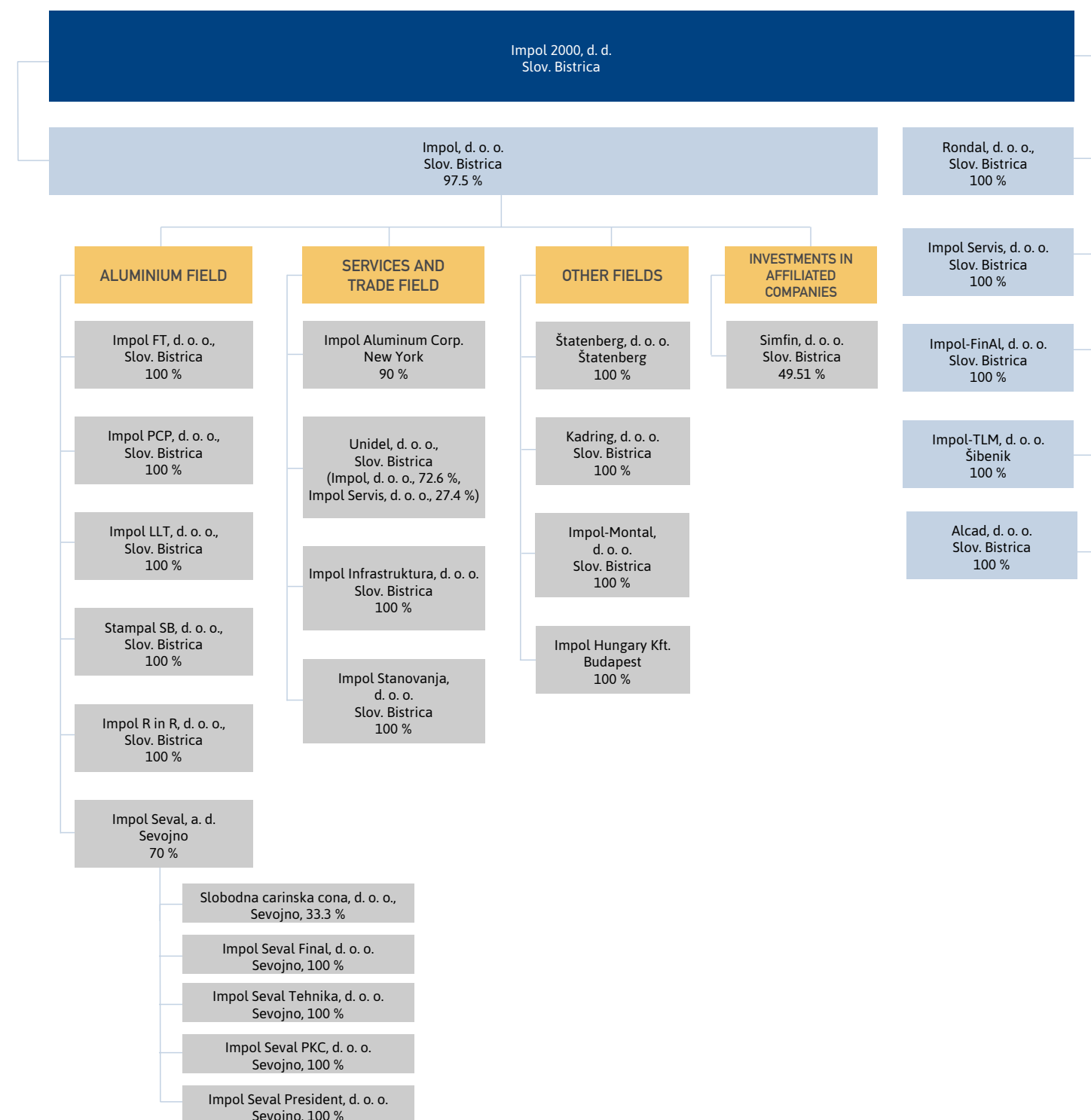
The overview of the ten largest shareholders of Impol 2000, d. d., as of 30/ 06/ 2019, is shown in the following table. The book value of a share of Impol 2000, d. d. as of 30/ 06/ 2019 is presented in the table.

Table 3: The largest shareholders of Impol 2000, d. d.

	Shareholder	Number of shares	%
1	Bistral d. o. o.	111,449	10.45
2	Impol Montal, d. o. o.	80,482	7.54
3	Karona, d. o. o.	72,796	6.82
4	Alu-trg, d. o. o.	58,882	5.52
5	Upimol 2000, d. o. o.	54,787	5.14
6	Alumix, d. o. o.	53,400	5.01
7	Simpal, d. o. o.	53,400	5.01
8	Danilo Kranjc	45,215	4.24
9	Simfin, d. o. o.	19,173	1.80
10	Varimat, d. o. o.	17,206	1.61
11	Others (mainly natural persons)	499,977	46.87

Organization chart as of 30/ 06/ 2019

The organisation of the Impol Group is presented in the following chart.

Figure 3: The Impol Group organisation

Consolidated accounts include all companies in which the Impol Group holds more than 50% management rights, meaning that Simfin, d. o. o., Impol Brazil (which is an inoperative company and is not shown in the organizational chart, since we are planning to liquidate it), and Slobodna carinska cona are not included in the consolidation and are included as associated companies in line with the equity method.

The Impol Group operates as part of the holding company Impol 2000, d. d., which has direct subsidiaries Impol, d. o. o., Rondal, d. o. o., Impol Servis, d. o. o., Impol-FinAl, d. o. o., Impol-TLM, d. o. o., and Alcad, d. o. o. Impol d. o. o. operates with fourteen active subsidiaries, four active subsidiaries, and two active associated companies.

Out of the mentioned group of 27 companies 9 operate abroad. Impol-TLM, d. o. o. is a direct subsidiary of Impol 2000, d. d., and three subsidiaries of Impol, d. o. o. operate abroad, namely: IAC, New York, USA, and Impol Seval a. d., Serbia, which is the 100 % owner of four companies, and Impol Hungary Kft. in Hungary.

Important business events and achievements of the Impol Group in the first half of 2019

In the first half of 2019, we have successfully completed substantial investments, and continued with new investments projects.

The Foundry division

The most investments have been implemented at our location in Slovenska Bistrica. We have obtained two new casting chambers for casting slabs, and have also began using a charging device on the fifth induction smelting furnace. We have moved sampling smelting furnaces onto a new location and connected them to a new treatment plant. We have begun using three rotor injectors with the purpose of processing melts in casting furnaces, thus replacing the technology of processing melts. We have added finishings to the casting chambers with the purpose of casting rods and modernising regulation and symmetry of the induction smelting furnace. In addition, we have also adopted a decision of building a new foundry in Šibenik, which will allow us to increase the input raw material capacity while enabling us to increase the sales share of products with higher value added.

The Rolling division

In the Rolling division, we have concluded an investment into the new combined cutting line in Impol-TLM, d. o. o. Said investment will contribute to a higher degree of productivity, will help us develop new products and increase their quality, while simultaneously constituting a big step towards the development of the automotive market. In the Serbian company Impol Seval, a. d., we have implemented the first modernisation phase of the new hot-rolling mill. At our location in Slovenska Bistrica, we have completed the installation of shears for cutting sheet metal.

The Pressing division

We have completed one of the largest projects in the Pressing division within the last five years; we have set up a new profile pressing line. In addition, we have also increased our warehousing capacities. In the field of product finalisation, we are preparing a proposition to expand production capacities in accordance with newly acquired orders. We have also implemented less extensive investments, such as the modernisation of the cooling system in the Pipe plant process, the installation of a new cooling system in the Profiles process, and the implementation of an automatic line for using the drawing machine.

Process development

Within the Impol Group, we also carry out numerous IT investments and invest in the development of the infrastructure and quality systems, which will enable the optimization of business operations, the increase of production capacities, the expansion of programmes and the compliance with strict quality requirements of buyers.

- We have acquired the EN 9100 standard, proving the compliance of our process management with the requirements of the aviation industry, thus opening up new market possibilities for the company.
- We have acquired the company Alcad, d. o. o. with the purpose of guaranteeing a fast development of digitalisation in order to follow the trends of the Industry 4.0 revolution.
- We have reorganised our quality process with the purpose to efficiently control the field.

In accordance with the strategy up to 2025, the Impol Group is pursuing a big strategic objective, which is to achieve sales volumes in the amount of EUR 1 billion by 2025. We are pursuing the following developmental priorities:

- increase of rolling capacities through investments into the Impol-TLM, d. o. o. and through the modernisation of equipment in Impol Seval;
- increase of pressing capacities at the location in Slovenska Bistrica and development of the finalization of pressed products;

- implementation of the technology for the casting of rods and increase of sale opportunities in this segment;
- gradual introduction of the digitalization of business operations and set-up of a system of smart factories.

Important business events after the expiry of the business period

On 19/ 07/ 2019, the General Meeting of shareholders of Impol 2000, d. d. was held, which was attended by shareholders with 533,762 shares or 50.45 % of shares with voting right. The General Meeting was informed of the adoption of the Annual Report of the company and with the 2018 Consolidated Annual Report of the Impol Group. The General Meeting decided that from the allocation of the accumulated profit of Impol 2000, d. d. in the amount of EUR 38,084,827.12 the amount of EUR 4,000,376.25 will be used to pay dividends, amounting to a gross amount of EUR 3.75 per share. The remaining portion of the accumulated profit in the amount of EUR 34,084,450.87 remained undistributed. In September 2019, dividends were paid to all shareholders who were entered into the register of shareholders one business day before the payment day. The shareholders granted discharge to the Management Board and to the general directors of Impol 2000, d. d. The company Auditor, d. o. o. was appointed as the authorised auditor for 2019, 2020 and 2021. The General Assembly of the company authorised the Executive Directors to buy the business share that the company Upimol 2000, d. o. o. has had in the company Impol, d. o. o., amounting to 2.46 %, acquired by the former through a basic input in a nominal amount of EUR 417,083.12, whereby the amount of said purchase must not be higher than the estimated amount determined by the authorised independent valuer.

Envisaged operations in the second half of 2019

At the end of the first semester, we are faced with a drop in demand on our main markets, which indicates a challenging second semester in terms of operating; furthermore, we must also consider the fact that, regarding the business operations of the Impol Group, the second half of the year is usually less profitable due to two factors:

- due to holidays in August, particularly in Italy, the shipping level decreases, which is appropriately envisaged in the annual plan;
- in December, sales stop in the second part of the month, and in the last week of the month, production itself shuts down due to planned annual overhauls.

Table 4: Key data from Impol operations

	Measurement unit	1 - 6/ 2017	1 - 6/ 2018	1 - 6/ 2019
Consolidated net sales revenue	in EUR million	344.0	368.2	378.1
• of which sold products	in EUR million	308.4	334.5	330.2
Consolidated operating expenses and costs	in EUR million	315.2	350.7	353.1
• of which depreciation	in EUR million	7.6	8.0	9.6
Operating profit or loss	in EUR million	31.6	21.6	22.8
Financial revenues/expenses difference	in EUR million	-7.2	0.5	-1.8
Net profit and loss	in EUR million	20.8	19.8	18.5
Equity	in EUR million	174.8	206.6	240.2
Assets	in EUR million	437.6	520.4	542.7
Value added per employee:	in EUR	59,782	55,519	57,229
EBIT margin	in %	11.4	5.9	6.1
Return on sales revenue – margin	in %	6.1 %	5.4 %	4.89 %
Return on assets (ROA) ⁴	in %	9.5 %	8.0 %	6.9 %
Return on equity (ROE) ⁵	in %	23.8 %	21.1 %	16.7 %

⁴ Calculated to the annual level.

⁵ Calculated to the annual level.

Analysis of the performance of the Impol Group and Impol 2000, d. d.

The Impol Group operation

The financial year 2019 started in a promising manner, with a sufficient scope of orders for both of our core programmes, Rolling and Pressing. In the first quarter, we have followed our annual objectives in both fields. Towards the end of the first quarter, we started experiencing a drop in product demand, expressed as a global drop in demand. We have concluded the first half of the year pursuant to our planned operating results.

Impol Group Performance

Notes on the Statement of Financial Position of the Impol Group

In the first half of 2019, the Impol Group generated net sales revenues of EUR 378.1 million, which is 2.7 % more than in the first half of 2018, whereas sales increased in volume by 4,2 %.

The revenues generated in the domestic market account for 5.2% in the structure of sales revenues, while exports account for 94.8 %. The Impol Group generates the most foreign market profit on EU markets; in the first half of 2019, we have also increased the share of export on the North American market, whereby said share amounted to 10.9 %.

- Operating expenses of the Impol Group amounting to EUR 353 million are by 0.7 % higher than in the comparable period of 2018. The costs of goods, material and services decreased by 0.84 % in comparison to the first half of 2018 and account for 86.9% in the structure.
- The most important category of operating expenses is the cost of material which amounted to EUR 237.1 million in the first half of 2019. Their proportion in total operating expenses equals 67.2 %. The largest share of costs of material represents the costs of raw materials, and the remaining costs are the costs of energy products, water, packaging and other materials.
- Costs of services which account for 7.98 % of total operating expenses amounted to EUR 28.2 million in the first half of 2019 and increased by 23.26 % compared to the same period in 2018.
- Costs of labour amounting to EUR 34.7 million are by 8.25 % higher than in the first half of 2018. Said growth is mostly due to an increase in employment for the needs of the company Impol-TLM, d. o. o., the purchase of the controlled part of Alcad, d. o. o., and an increase in development activities.
- The write-offs amounting to EUR 9.7 million have increased by 19.23 % compared to the first half of 2018, which is mostly a consequence of an increase in depreciation at the expense of including new investments and applying depreciation related to the right to use assets. Depreciation charge in the first half of 2019 amounts to EUR 9.6 million, which is 19.6 % more than in the same period of last year.
- Other operating expenses in the first half of 2019 amounted to EUR 1.8 million, which is by 68.9 % more than in the same period of last year. The biggest proportion of other operating expenses is the cost associated with the environmental taxes (concession for water, land use fee, etc.).
- In the first half of 2019, the Impol Group generated a positive operating result in the amount of EUR 22.8 million (EBIT) and cash flow from operations in the amount of EUR 32.3 million (EBITDA), whereas in the first half of 2018 EBIT amounted to EUR 21.6 million and EBITDA amounted to EUR 29.6 million.
- In the first half of 2019, the Impol Group generated a negative financing result in the amount of EUR 1.8 million (same period in 2018 - EUR 0.5 million).
- Financial expenses referring mainly to liabilities to banks and interests of issued bonds amount to EUR 2.1 million in the first half of the year (first half of 2018 - EUR 2.2 million). Financial expenses from operating liabilities amount to EUR 0.8 million (EUR 0.8 million in the same period last year). Said expenses are a consequence of exchange losses.
- In the first half of 2019, the Impol Group generated a net operating result in the amount of EUR 18.5 million, which means 6.6% less than in the same period in 2018, when the net operating result amounted to EUR 19.8 million.

Notes on the Statement of Financial Position of the Impol Group

As of 30/ 06/ 2019, the assets of the Impol Group equalled EUR 542.7 million, which is 2.4 % more than total assets of the Group at the end of 2018.

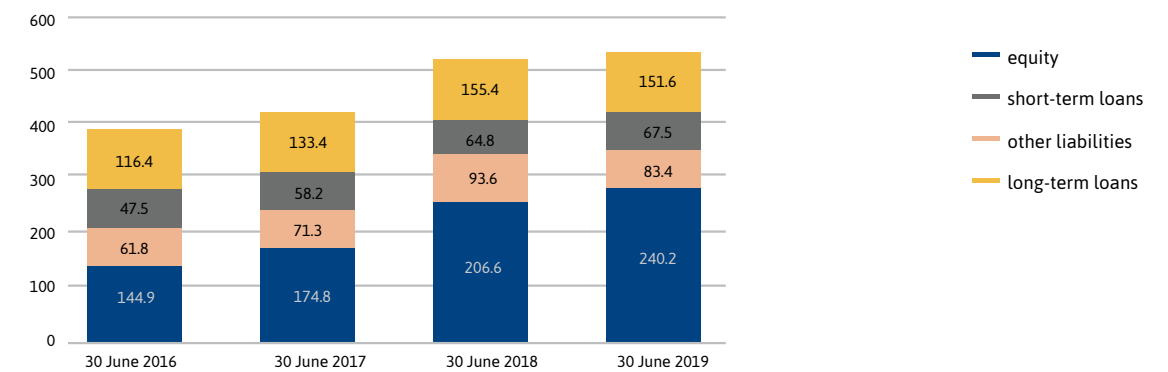
Due to investments in the first half of 2019, non-current assets have increased by EUR 5.6 million in comparison to the end of

Within the Impol Group, our long-term liabilities have increased by EUR 32 million.

The net debt of the Impol Group as of 30/ 06/ 2019, calculated as the difference between financial liabilities and monetary assets and short-term financial investments, amounts to EUR 182.1 million and is higher by EUR 18.2 million compared to the last day of 2018.

Total capital of the Impol Group increased in the first half of 2019 by EUR 18.4 million in comparison with 31/ 12/ 2018, and in comparison with 30/ 6/ 2018, by EUR 33.6 million.

Figure 4: Structure of liabilities from sources of assets in EUR million



Performance of Impol 2000, d. d.

Notes on the Statement of Financial Position of Impol 2000, d. d.

In the first half of 2019, the Impol 2000, d. d. (hereinafter: the Company) generated net sales revenues of EUR 13.6 million from the sales of products, services and merchandise, which is 6.5 % more than in the same period in 2018. In the domestic market, the Company generated net revenues arising from the sales of products, services and merchandise of more than EUR 12.9 million, which is 12.5 % more than in the first half of 2018. In foreign markets, it generated net revenues of EUR 0.7 million, which is 45 % less than in the first half of 2018. In the first half of 2019, operating expenses increased by 13.77 % compared to the first half of 2018 and stood at EUR 12.8 million. Costs of goods and material sold account for 59.1 % of total operating expenses and are followed by labour costs equalling 32.11 %, and costs of services with 6.4 %. The increase in labour cost is also a result of the reorganisation, i.e. the redeployment of a large number of commercial employees from two subsidiaries to Impol 2000, d. d.

In the first half of 2019, the Company generated EUR 0.85 million of operating profit, which is 45.6 % less as in the comparable period in 2018.

Operating cash flow (EBITDA) in the amount of EUR 1 million was positive. In the first half of 2019, the Company generated EUR 0.278 million of financial revenues due to revenues from loans granted to other companies in the group. Financial expenses in this period amounted to EUR 0.57 million and are, compared to the first half of 2018, lower by EUR 19.2 %, which is also a consequence of financial liabilities decreasing due to bonds being issued. In the first half of 2019, the Company generated net profit after tax in the amount of EUR 0.459 million; in the first half of 2018, net profit after tax amounted to EUR 2.103 million. A larger profit in the first half of 2018 is also a consequence of financial revenues from shares in companies in the group amounting to EUR 0.975 million, while in the first half of 2019, such profits have not been realised.

Notes on the Statement of Financial Position of Impol 2000, d. d.

As of 30/ 06/ 2019, the assets of the Company equalled EUR 138.5 million, which is 6.3 % more than at the end of 2018. In the first half of 2019, long-term assets increased by 2.54 % compared to the end of 31/ 12/ 2018, which is a consequence of increased investments in intangible assets and of the introduction of the IFRS 16 standard – Leases. Short-term assets increased by 49 % compared to 31/ 12/ 2018, since the monetary assets in the account of the company are significantly higher than at the end of the year.

As of 30/ 06/ 2019, the short- and long-term liabilities of the company stood at EUR 75.67 million and were EUR 7.3 million higher than the liabilities of the previous year. The reason for this is a higher level of financial obligations related to loans to companies within the Group, as well as a higher level of liabilities to purchasers.

The capital of the Company of EUR 61.7 million was 0.75 % or EUR 0.46 million higher than in 2018.

Net debt as of 30/ 06/ 2019, calculated as the difference between financial liabilities and monetary assets and short-term financial investments, amounts to EUR 61.26 million and is higher by EUR 1.9 million compared to the last day of 2018.

Sales

Trends of the external operating environment

- Long-term forecasts in terms of global demand of aluminium products are positive. According to analysts, the increase in demand is most defined by automotive industry, construction industry, and the general growth of manufacturing sector. Numerous advantages of aluminium in comparison to steel (lower environmental impact, lower weight, corrosion resistance, good forming properties, and good mechanical properties) have an important influence on growth in demand within the transport industry. According to the forecasts predicted by Fitch Solutions, an 11.9 % growth in demand of aluminium products is expected between 2019–2028. Fortune Business Insights also accentuates the importance of the use of aluminium in aviation, transport, and automotive industry.
- In the first half of the year, global aluminium production decreased by 0.5 %, which is the first registered drop since the year of the 2009 crisis. In accordance with this fact, the main manufacturers of aluminium products have also decreased their forecasts regarding their operations in the second half of 2019.
- Due to a decrease in the demand dynamic, the pricing pressure increased; simultaneously, the level of orders has decreased compared to the past two years, but is still maintaining at an acceptable level. An additional pressure on the price decrease on the EU market is exerted due to the aggressive entrance of Chinese suppliers trying to find alternative markets due to their loss of shares in the US.
- Political instability (relations between China and the US, the planned exit of the United Kingdom from the EU) is also reflected in economic instability displaying the current decrease in global demand, which makes the manufacturers of aluminium final products proceed with caution when it comes to demand.
- New marketing opportunities are presenting themselves in relation to business development as “tier 1” suppliers, which requires good control of additional processing of products, as well as suitable organisation and certifying of processes. Particular growth is expected in the field of pressed products where new marketing opportunities are presented due to the growth in the market of electric vehicles. Simultaneously, the demand in rolled sheet metal is also increasing.
- Due to an increase in competition, specialisation and differentiation on the global market are key.

Operation trends of the Impol Group in the sales area

The demand for Impol products in the first half of 2019 has been stable, which made it possible for us to achieve the objectives set and to increase our profits and quantities of products sold. Due to an ever-increasing amount of pricing pressure related to standard products within the Impol Group, we are gradually restructuring towards the increase of the share of products with a higher value added, such as finalised products, complex profiles, profiles absorbing high amounts of energy, sheet metal for car industry, etc. The market orientation is showing the first positive results: as far as the segment of finalised products is concerned, we already successfully concluded long-term contracts with suppliers of prestigious brands.

Compared to the same period of last year the sales volume increased by 4.2 %. We have ameliorated the efficiency of rolled production capacities; in the field of pressed products, we have been increasingly focussing on the production of products with a higher value added.

As far as pressed products are concerned, we have successfully increased the sale volume of forged rods and have also managed to produce more complex products (profiles of more complex forms and alloys), which somewhat hindered our quantity-related

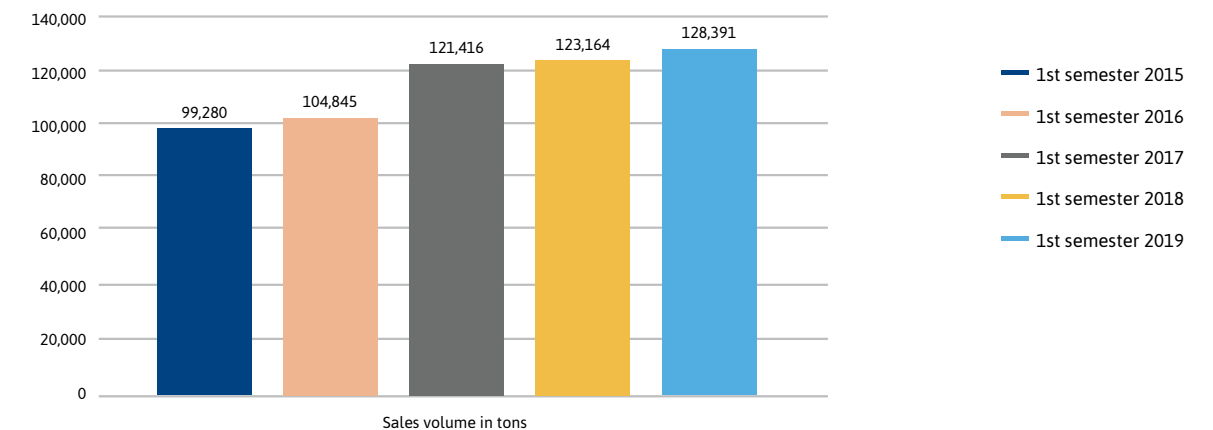
plans in this segment but also allowed us to create a more complex market that will help us successfully achieve higher value added in the future. Towards the end of the semester, we also noticed a drop in orders from the automotive industry. In the second half of the year, this might make it difficult for us to achieve our yearly plans.

From January to June, we successfully completed our quantity-related production and sales plan in the field of rolled products; an additional increase is possible if we stabilise the functioning of updated production equipment. We are intensively restructuring our production towards products with a higher value added.

Table 5: Sales in tons by semesters

	1st semester 2015	1st semester 2016	1st semester 2017	1st semester 2018	1st semester 2019
Sales volume in tons	99,280	104,845	121,416	123,164	128,391

Figure 5: Sales in tons



This chart shows the growth in sales of products according to semesters in each individual year, and shows that the growth increases as years pass. In addition, we are also expanding our offer within the Impol Group. The trend of the net sales revenue does not indicate a true growth trend due to the already mentioned trend of the aluminium stock-market price.

Sales dispersion

Impol's strategic advantage is the dispersion of sales by markets, industries and buyers. Impol also continued this kind of policy in 2019. In the first half of the year, we exported 95.6 % of products. Europe still remains the most important market, whereby the largest share of products is exported to Germany (34 %), followed by Italy (12 %) and the Czech Republic (6 %). Furthermore, we have also increased our sales share of products into the US market (10.5 %), while export shares to other countries are lower than 5 %. In the first half of 2019, Impol's products were exported to 46 different countries around the world.

Figure 6: Sales by region expressed in percentage

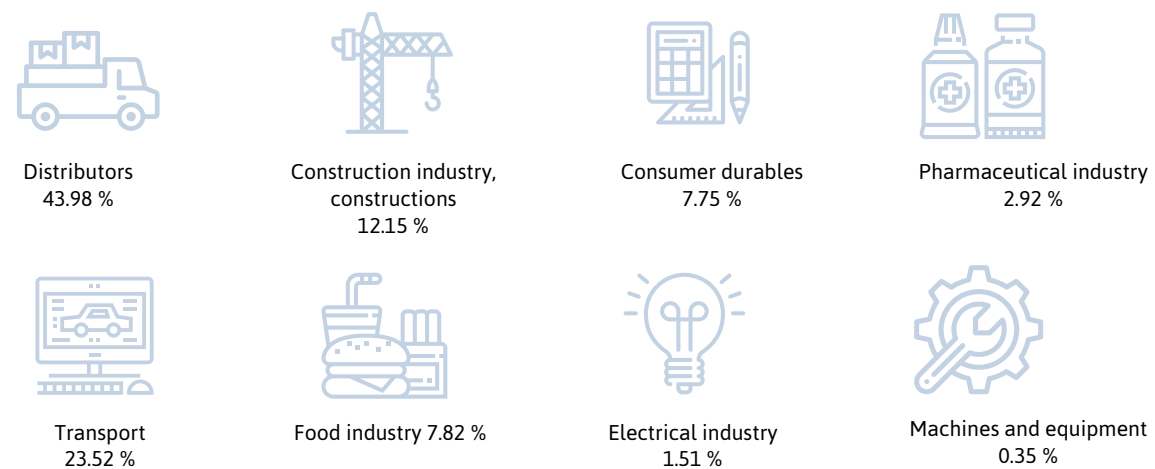
EU	78.05 %
North America	10.91 %
Europe – other	5.39 %
Slovenia	4.43 %
South America	0.73 %
Africa	0.34 %
Asia	0.11 %
Australia	0.03 %

Table 6: 15 largest markets of the Impol Group

Country	Sales share
Germany	33.71 %
Italy	12.21 %
USA	10.53 %
Czech Republic	5.46 %
Slovenia	4.43 %
Croatia	4.37 %
France	4.03 %
Spain	3.70 %
Austria	3.65 %
Netherlands	3.43 %
Poland	1.68 %
Norway	1.66 %
Denmark	1.59 %
Hungary	1.52 %
Great Britain	1.19 %
Switzerland	1.08 %
Russia	1.02 %
Serbia	0.97 %
Other	3.76 %
TOTAL	100.00 %

More than a half of Impol's products are bought by end customers, with 44% of the products being bought by distributors. The largest share among the end users is represented by transport (24 %), followed by construction (12 %), the food industry (8 %) and consumer durables (8 %).

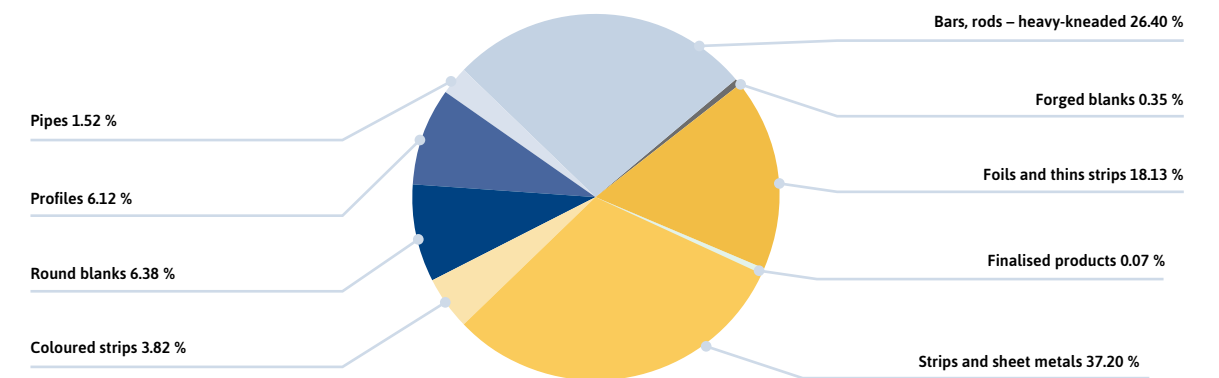
Figure 7: Sales share by industries



Sales by programmes

Impol's sales programme is divided into two sales segments – rolling and pressing. Positive trends are characteristic for both sales segments.

Figure 8: Shares of sales by product programmes



Key characteristics of the sale of rolled products:

- The demand for nearly the entire assortment of rolled products has been increasing, with the exception of round blanks. The largest growth in demand has been recorded in the field of products belonging to the thin programme, such as foils and thin strips.
- In 2018 and in the first half of 2019, we have significantly increased our export to US markets due to new marketing opportunities, which helped us additionally complete our capacities.
- We are focussing towards a restructuring of the market in terms of manufacturing more complex products with a higher value added.

Key characteristics of the sale of pressed products:

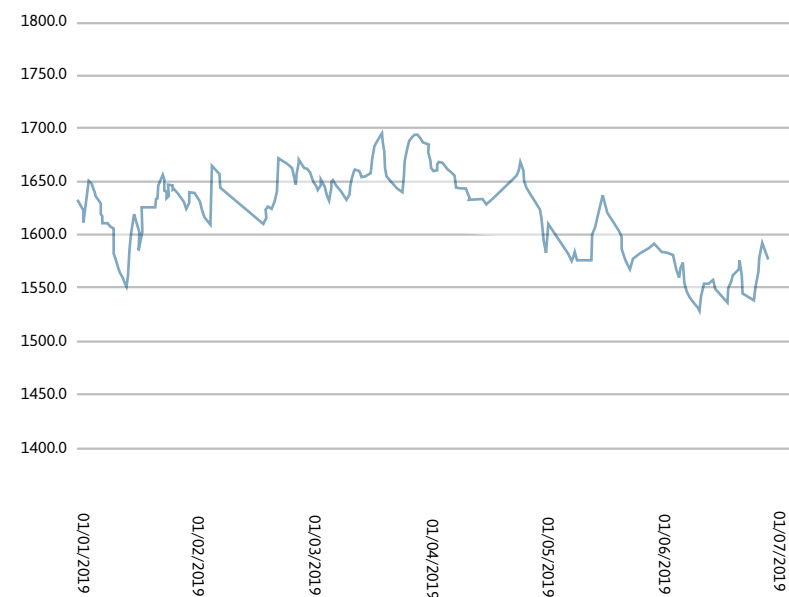
- The year began with an increased demand in pressed products which dampened within the first six months of the year.
- We are intensively addressing customers in the automotive industry where new projects are constantly being implemented through an increase in long-term forms of cooperation and new opportunities for setting up strategic partnerships.
- We have initiated new strategic partnerships for future cooperation through an increase in production capacities.
- We have also developed the field of further finishing of products by developing new products and increasing their share of finalisation.
- We have implemented project managing for an integrated control over the needs of the customers into our working system.
- We have also increased resources for the development of new products.
- We have continued with our technology verification activities for the sale of new types of products.

Purchasing

Trends in purchasing

In the first half of 2019, the prices of aluminium on the London Metal Exchange (LME) have been stable; with slight discrepancies, the spot price amounted to approximately EUR 1,600/tonne. There were no significant economic or political shocks in the market that could increase or decrease the price. The fact remains that economic activities are slowing down; since the beginning of the year, stock exchange analysts have been warning stakeholders to proceed with caution, thus maintaining the price of aluminium at a relatively low level.

Figure 9: Changes in the prices of aluminium on the LME for the period from January to June 2019



Within the Impol Group, we have been increasing the purchase of secondary aluminium in 2019. The ratio between the purchase of primary and secondary aluminium in the first semester is of 76:23, which helps us decrease the costs of input raw materials. The MB premium of primary aluminium in this period has been continuously increasing; at the end of the period, however, it stabilised. The premiums for rods have dropped in the period between January and June, which reflects a decrease in demand and the stabilisation of economy.

Towards the end of the first semester, our greatest challenge was the fact that the manufacturer Aluminij, d. d. Mostar closed its doors; having had to replace the foregone raw material, we managed to do so by having sufficiently developed purchasing resources. An important role of the purchasing department is to provide an adequate supply of increased manufacturing capacities, thus providing for a constant development of purchasing resources.

Risks

The exposure to various risks is regularly monitored in the Impol Group and measures to manage these risks are adopted accordingly. Within the Impol Group, risk management is based on the principle that the risk assessment and management is the integral part of all business activities.

The Impol Group faces several risks within the scope of its business process.

Table 7: Types of risks and their management through the application of special measures (business risks)

Business risks	Risk description	Risk management method	Exposure
Market and price risks	<ul style="list-style-type: none"> Sales: <ul style="list-style-type: none"> Market prices do not follow the changes in purchase prices or they only adjust to the them with a lag long for several months. Customer service – delays resulting from production stoppages, inadequately organised logistics cause excessive costs and delays. 	<ul style="list-style-type: none"> Conclusion of contracts by determining sales premiums so that the changes in purchase premiums are translated in the sales premiums. Continuous training for quality and full compliance with all the obligations. 	Moderate
	<ul style="list-style-type: none"> Purchasing: <ul style="list-style-type: none"> Changes in the prices of aluminium on the LME. MB premiums trend for aluminium. Trends of supplements for MB premiums (surcharges for types of raw material and costs of transportation to the factory). Ensuring the reliability of aluminium supplies. Energy products – unexpected increase in prices, shortage of readily available sources. 	<ul style="list-style-type: none"> Hedging insurance – forwards and futures contracts. Conclusion of contracts for longer, at least one year delivery periods. Three-party formulations of sale prices (integration of MB premiums into contracts). Integration of suppliers as providers of funds. Majority of energy is purchased for a period of at least two years in advance. 	
Investments	<ul style="list-style-type: none"> Increase in fixed costs and the resulting need to increase the volume of sales and the threat of an increase in losses. Being late in mastering the technical-technological aspects of new investments, new markets; neglecting the costs resulting from the above. Cash flow being too weak to ensure the return of invested assets. Neglect investments into durable short-term assets and their subsequent financing with short-term sources of financing despite the investment definitely being a long-term one. 	<ul style="list-style-type: none"> When planning the required added value per employee, Impol starts from the finding that the said value must, in addition to meeting the requirements arising from short-term operations and the dividend-related expectations of the shareholders, also meet the need of investing no less than EUR 10 thousand in order to preserve the existing position of employment and that at least a total of EUR 1 million must be earmarked for all types of investments for each new position of employment taking into account the expected growth in the number of new positions of employment. 	Moderate
Human resources	<ul style="list-style-type: none"> Ensuring an adequate level of competence of employees. Risk of departure/loss of key staff. Injuries of employees. 	<ul style="list-style-type: none"> By introducing new IT applications, we ensure the capture of a broader scope of employee knowledge and important data that are thus made available to a broader circle of employees, Introduction of methods of HR management (introducing management standards, constant training of employees, mentoring, gauging the climate within the organization, etc). 	Moderate

Research and development	<ul style="list-style-type: none"> Efficiency of development processes, provision of new products. 	<ul style="list-style-type: none"> Introduction of a comprehensive system of applicative and technological development, inclusion as a development supplier of buyers. 	Moderate
--------------------------	---	---	----------

Environmental protection	<ul style="list-style-type: none"> Discharges of hazardous substances. 	<ul style="list-style-type: none"> Constant monitoring of emissions, integration of devices to prevent or reduce risks. 	Moderate
--------------------------	---	--	----------

Table 8: Types of risks and their management through the application of special measures (financial risks)

Financial risks	Risk description	Risk management method	Exposure
Liquidity risks	<ul style="list-style-type: none"> Lack of liquid assets for the settlement of operating or financing liabilities. Liquidity risk of incurring loss owing to short-term insolvency. 	<ul style="list-style-type: none"> Pre-agreed credit lines and preparation of inflow and outflow schedules. 	Low
Foreign exchange risks	<ul style="list-style-type: none"> The threat of loss caused by unfavourable exchange rate fluctuations – this mainly applies to USD. 	<ul style="list-style-type: none"> Hedging by means of appropriate derivative financial instruments and the option of purchasing basic raw materials in the local currency. 	Moderate
Interest rate risk	<ul style="list-style-type: none"> Risk associated with changes in the terms and conditions of financing and borrowing. 	<ul style="list-style-type: none"> Monitoring of the ECB's and FED's policies, hedging by using appropriate derivative financial instruments – interest rate swaps, shifting from a fixed to a floating interest rate. 	Moderate
Credit risk	<ul style="list-style-type: none"> Risk of customer failure to settle their liabilities. 	<ul style="list-style-type: none"> Securing trade receivables -primarily receivables from foreign debtors - through Prva kreditna zavarovalnica and foreign insurance firms, monitoring of customer credit ratings, limiting maximum exposure to individual customers. Transactions with customers located in high-risk markets are only performed on the basis of advance payments or prime bank guarantees. 	Moderate to high
Claims for damages and lawsuit risk	<ul style="list-style-type: none"> Risk of claims for damages being filed by third parties as a result of loss events caused inadvertently by the company through its activities, possession of items and placement of products on the market. 	<ul style="list-style-type: none"> General liability and product liability insurance (mainly for the segment of the manufacture of products intended for the means of transport industry). Implementation of all activities in the area of safety at work in accordance with legislative regulations and their upgrade. 	Low to moderate
Damage to property risk	<ul style="list-style-type: none"> The threat of damage to property resulting from destructive natural forces, machinery break-down, fire, etc. 	<ul style="list-style-type: none"> Conclusion of property insurance, machinery break-down insurance, business interruption insurance, fire insurance and other specific insurance. 	Moderate

Operational risk is the risk of incurring losses together with legal risk arising from:

1. Inadequate or incorrect implementation of internal procedures,
2. Other incorrect actions by the people belonging to the company's internal business area,
3. Inadequate or incorrect functioning of systems within the company's internal business area,
4. External events or acts.

This is why the Impol Group constantly improves or adapts its organisational structure (in 2015, the governance system was changed from a two-tier to a one-tier system) and also continuously improve the entire IT system in order to ensure that business events are monitored in real time.

Table 9: Types of risks and their management through the application of special measures (operational risks)

Operational risks	Risk description	Risk management method	Exposure
Manufacturing risks	<ul style="list-style-type: none"> Failure to manage technological processes (recurring problems and associated dissatisfaction of customers). Excessive inventories – foreign exchange, cost, liquidity and other risks. Equipment reliability – insurance costs, deductibles. Bottlenecks – disruptive inventories, disrupted flow with logistical difficulties, failures to meet delivery deadline, etc. 	<ul style="list-style-type: none"> Planning of the entire supply chain and the provision of sufficient production capacities. 	Moderate
Information technology risks	<ul style="list-style-type: none"> Failure to manage internal controls. Replacement is not provided for. Multiple processing of the same data. Disruptions in the production process due to disturbances in the field of information sources. 	<ul style="list-style-type: none"> Security measures, a plan for uninterrupted operation of information technology. 	Moderate
Risks associated with employees	<ul style="list-style-type: none"> Occurrence of accidents and injuries, unplanned absence. 	<ul style="list-style-type: none"> Measures in the field of risk assessment at the workplace, continuous education and training in the working environment, a system of replacement. 	Moderate

Executive Directors' Liability Declaration

The Executive Directors are responsible for preparing an Interim Report of the Impol Group that provides a true and fair view of the financial situation of the Impol Group and Impol 2000, d. d., and thus declare the following:

- we are responsible for the adoption of the appropriate measures for securing property, constant monitoring of other operating risks and adopting and implementing measures for their minimization;
- the financial report of the Impol Group and Impol 2000, d. d. for the first half of 2019 is drawn up in accordance with the International Financial Reporting Standards and that the report gives a true and fair view of the assets and liabilities, financial situation, profit and loss statement and the comprehensive income of Impol 2000, d. d. and other companies, included in the consolidation, as a whole.
- the financial report of the Impol Group and Impol 2000, d. d. for the first half of 2019 gives a fair view of the development and results of the Company's business operations and its financial situation, including the description of essential types of risks to which Impol 2000, d. d. and other companies, included in the consolidation, are exposed as a whole;
- the financial report of the Impol Group and Impol 2000, d. d. for the first half of 2019 gives a fair view of significant transactions with associated persons and is drawn up in accordance with the International Financial Reporting Standards.

Andrej Kolmanič
(Chief Executive Officer)



Irena Šela
(Chief Financial and IT Officer)



Slovenska Bistrica, 16/ 09/ 2019

Declaration of the Management Board

The Management Board confirms the interim consolidated financial statements and the financial statements of Impol 2000, d. d. for the period from 1/ 01/ 2019 to 30/ 6/ 2019 and for the applied accounting policies. This Interim Report was adopted by the Company's Management Board at its session held on 25/ 9/ 2019.

Jernej Čokl
(Chairman of the Management Board)



Vladimir Leskovar
(Deputy Chairman of the Management Board)



Janko Žerjav
(Member of the Management Board)



Milan Cerar
(Member of the Management Board)



Bojan Gril
(Member of the Management Board)



Slovenska Bistrica, 25/ 09/ 2019



**FINANCIAL
REPORT ON THE
OPERATIONS
OF THE IMPOL
GROUP FOR THE
FIRST
SEMESTER
2019**



Consolidated Financial Statements of the Impol Group

Accounting policies and notes form an integral part of the financial statements presented below and should be read in conjunction with them.

Consolidated income statement

Table 10: Consolidated profit and loss statement in EUR

Item	Note	01-06/ 2019	01-06/ 2018
1. Net sales revenues	1	378,109,726	368,200,604
a) Net sales revenues in the domestic market		19,811,437	19,950,788
b) Net sales revenues in the foreign market		358,298,289	348,249,816
2. Change in the value of product inventories and unfinished production		-3,771,393	782,924
3. Capitalised own products and services		36,350	554,917
4. Other operating revenue (including operating revenue from revaluation)	1	1,449,514	2,720,398
5. Costs of goods, materials and services	2	306,815,176	309,401,484
a) Costs of goods and materials sold, and costs of the materials used		278,643,104	286,546,522
b) Costs of services		28,172,072	22,854,962
6. Labour costs	2	34,748,224	32,100,392
a) Costs of wages and salaries		26,533,123	24,279,106
b) Social security costs (pension insurance costs are shown separately)		4,583,050	4,292,131
c) Other labour costs		3,632,051	3,529,155
7. Write-offs	2	9,694,765	8,130,975
a) Depreciation		9,563,479	7,996,678
b) Revaluation operating expenses of intangible assets and tangible fixed assets		40,972	1,668
c) Revaluation operating expenses of current assets		90,314	132,629
8. Other operating expenses	2	1,798,677	1,065,210
9. Financial revenues from participating interests	3	25,031	15,407
a) Financial revenues from participating interests in associate companies		15,954	0
b) Financial revenues from participating interests in other companies		9,077	15,407
10. Financial revenues from loans granted	3	4,223	34,037
a) Financial revenues from loans granted to others		4,223	34,037
11. Financial revenues from operating receivables	3	1,046,798	3,427,996
a) Financial revenues from operating receivables due from others		1,046,798	3,427,996
12. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	3	2,083,364	2,202,964
a) b) Financial expenses from loans received from associated companies		2,060	0
b) Financial expenses from loans received from banks		1,520,568	1,438,502
c) Financial expenses from issued bonds		376,877	565,315
C) Financial expenses from other financial liabilities		160,440	199,147

d) Financial expenses due to rights to use towards others		23,419	0
13. Financial expenses due to operating liabilities	3	837,414	822,726
a) a) Financial expenses from operating liabilities to companies in the group		0	0
b) Financial expenses from trade creditors and bills of exchange		1,585	34,657
c) Financial expenses from other operating liabilities		835,829	788,069
14. Income tax	4	2,413,883	2,202,396
15. Deferred taxes	5	2,252	5,363
16. Net profit or loss for the financial year:		18,506,494	19,804,771
Of which profit/loss attributable to non-controlling interest		1,326,090	1,423,235
Profit/loss attributable to owners of the parent company		17,180,404	18,381,536
Continuing operations result		18,506,494	19,804,771
Discontinued operations result		0	0

Second comprehensive consolidated income statement

Table 11: Group statement of other comprehensive income in EUR

	Note	1 - 6/ 2019	1 - 6/ 2018
Net profit or loss for the financial year		18,506,494	19,804,771
Changes in reserves from fair value measurement of assets through another comprehensive income (+/-)	4	-186,079	-45,133
Gains and losses arising from the translation of financial statements of foreign operations (impact of changes in exchange rates) (+/-)	4	208,510	-493,777
Total comprehensive income for the accounting period		18,528,925	19,265,861
• of which total comprehensive income of non-controlling interest		1,410,486	1,422,124
• of which total comprehensive income of controlling interest		17,118,439	17,843,737

Consolidated balance sheet

Table 12: Consolidated balance sheet in EUR

	Note	30/ 06. 2019	31/ 12/ 2018
A.		234,486,311	228,857,055
I.		3,842,273	2,562,160
1/		1,714,855	1,637,287
2/		1,567,988	319,229
3/		559,430	605,644
II.		224,677,635	221,065,899
1/		60,104,539	58,932,273
a)		15,202,764	15,151,684
b)		44,901,775	43,780,589
2/		105,465,336	89,414,049
3/		6,449,008	5,999,106
4/		52,658,752	66,720,471
a)		46,768,012	63,171,462
b)		5,890,740	3,549,009
III.		1,076,574	0
1/		24,559	0
2/		1,052,015	0
IV.		1,774,400	1,835,298
V.		1,156,745	1,470,774
1/		803,907	1,123,398
a)		493,523	813,762
b)		310,384	309,636
2/		352,838	347,376
a)		352,838	347,376
VI.		0	0
VII.		1,958,684	1,922,924
B.		306,234,161	300,900,375
I.		0	0
II.		160,403,252	174,107,381
1/		123,661,586	133,184,490
2/		20,503,846	20,958,730
3/		15,941,442	19,827,388
4/		296,378	136,773
III.		7,029,242	2,100,843
1/		2,027,767	2,023,609
a)		2,027,767	2,023,609
2/		5,001,475	77,234
a)		5,001,475	77,234
IV.		108,783,294	80,031,602
1/		96,652,760	66,476,801
2/		12,130,534	13,554,801
V.		30,018,373	44,660,549

C.		13	1,931,455	446,682
			542,651,927	530,204,112
A.		14	240,237,022	221,821,679
I.			21,651,619	20,354,714
II.			4,451,540	4,451,540
1/			4,451,540	4,451,540
III.			10,751,254	10,751,254
IV.			7,958,351	7,958,351
1/			0	0
2/			506,406	506,406
3/			-506,406	-506,406
4/			2,225,770	2,225,770
5/			5,732,581	5,732,581
V.			0	0
VI.			-979,349	-797,851
VII.			118,079	-1,453
VIII.			179,105,124	145,466,231
IX.			17,180,404	33,638,893
B.		15	4,002,819	4,012,202
1/			3,467,675	3,432,616
2/			2,088	2,088
3/			533,056	577,498
C.		16	153,750,339	121,755,940
I.			151,607,945	119,585,582
1/			140,474,975	109,346,146
2/			10,000,000	10,000,000
3/			239,436	239,436
4/			893,534	0
II.			193,005	232,805
1/			193,005	232,805
III.			1,949,389	1,937,553
D.		17	141,743,262	180,832,395
I.			0	0
II.			67,530,309	91,034,671
1/			48,997,959	72,890,218
2/			10,000,000	10,000,000
3/			8,335,821	8,144,453
4/			196,529	0
III.			74,212,953	89,797,724
1/			61,322,055	76,239,100
2/			769,274	1,328,054
3/			12,121,624	12,230,570
E.		17	2,918,485	1,781,896
			542,651,927	530,204,112

Consolidated statement of changes in equity in 2019

Table 13: Consolidated statement of changes in equity for the first half of 2019 in EUR

	Share capital	Equity of the non-controlling share	Capital reserves	Revenue reserves			Reserves resulting from valuation at fair value	Capital revaluation adjustment	Retained net profit/loss	Net profit/loss of the financial year	Total EQUITY	
	I	II	III	IV		V	VI	VII	VIII	IX		
				Reserves for own shares and own business shares	Own shares and own business shares (deductible item)	Statutory reserves	Other revenue reserves					
	I	II	III	IV/1	IV/2	IV/3	IV/4	V	VI	VII	VIII	IX
A.1. Balance at the end of the previous financial year as of 31/ 12/ 2018	4,451,540	20,354,714	10,751,254	506,406	-506,406	2,225,770	5,732,581	-797,851	-1,453	145,466,231	33,638,893	221,821,679
A.2. Initial balance of the reporting period as of 01/ 1/ 2019	4,451,540	20,354,714	10,751,254	506,406	-506,406	2,225,770	5,732,581	-797,851	-1,453	145,466,231	33,638,893	221,821,679
B.1. Changes in equity – transactions with owners	0	-113,581	0	0	0	0	0	0	0	0	0	-113,581
Payment of dividends to others	0	-113,581	0	0	0	0	0	0	0	0	0	-113,581
B.2. Total comprehensive income for the accounting period	0	1,410,486	0	0	0	0	0	-181,498	119,532	0	17,180,404	18,528,925
Entry of net profit/loss in the financial year	0	1,326,090	0	0	0	0	0	0	0	0	17,180,404	18,506,494
Change in reserves resulting from valuation of financial investments at fair value	0	-4,581	0	0	0	0	0	-181,498	0	0	0	-186,079
Gains and losses arising from the translation of financial statements of foreign operations (+ / -)	0	88,977	0	0	0	0	0	0	119,532	0	0	208,509
B.3. Changes in equity	0	0	0	0	0	0	0	0	0	33,638,893	-33,638,893	0
Allocation of the remaining portion of the net profit to other equity components	0	0	0	0	0	0	0	0	0	33,638,893	-33,638,893	0
C Closing balance of the financial year as of 30/ 6/ 2019	4,451,540	21,651,619	10,751,254	506,406	-506,406	2,225,770	5,732,581	-979,349	118,079	179,105,124	17,180,404	240,237,022

Consolidated statement of changes in equity in 2018

Table 14: Consolidated statement of changes in equity for the first half of 2018 in EUR

	Called-up capital	Equity of the non-controlling share	Capital reserves	Revenue reserves			Reserves resulting from valuation at fair value	Capital revaluation adjustment	Retained net profit or loss	Net profit or loss for the financial year	Total capital	
	I	II	III	IV			V	VI	VII	VIII	IX	
	Share capital			Reserves for own shares and own business shares	Own shares and own business shares (deductible item)	Statutory reserves	Other revenue reserves		Retained net profit	Net profit for the current year	Total capital	
	I	II	III	IV/1	IV/2	IV/3	IV/4	V	VI	VII	VIII	IX
A.1. Balance at the end of the previous financial year as of 31/ 12/ 2017	4,451,540	17,524,336	10,751,254	506,406	-506,406	2,225,770	5,732,581	-735,539	251,501	116,049,375	31,226,097	187,476,915
Retroactive conversions	0	0	0	0	0	0	0	0	0	0	0	0
Retroactive adjustments	0	0	0	0	0	0	0	0	0	0	0	0
A.2. Initial balance of the reporting period as of 01/ 1/ 2018	4,451,540	17,524,336	10,751,254	506,406	-506,406	2,225,770	5,732,581	-735,539	251,501	116,049,375	31,226,097	187,476,915
B.1. Changes in equity – transactions with owners	0	-133,763	0	0	0	0	0	0	0	0	0	-133,763
Payment of dividends to others	0	-133,763	0	0	0	0	0	0	0	0	0	-133,763
B.2. Total comprehensive income for the accounting period	0	1,422,124	0	0	0	0	0	-44,022	-493,777	0	18,381,537	19,265,861
Entry of net profit/loss in the financial year	0	1,423,235	0	0	0	0	0	0	0	0	18,381,537	19,804,771
Change in reserves from fair value measurement	0	-1,111	0	0	0	0	0	-44,022	0	0	0	-45,133
Gains and losses arising from the translation of financial statements of foreign operations	0	0	0	0	0	0	0	0	-493,777	0	0	-493,777
B.3. Changes in equity	0	0	0	0	0	0	0	0	0	31,226,097	-31,226,097	0
Allocation of the remaining portion of the net profit to other equity components	0	0	0	0	0	0	0	0	0	31,226,097	-31,226,097	0
C Closing balance of the financial year as of 30/ 6/ 2018	4,451,540	18,812,697	10,751,254	506,406	-506,406	2,225,770	5,732,581	-779,561	-242,276	147,275,472	18,381,537	206,609,013

Consolidated cash flow statement

Table 15: Group Cash Flow Statement in EUR

Item	Note	01-06/ 2019	01-06/ 2018
A. Cash flows from operating activities			
a) Profit & Loss Statement items		30,036,042	27,992,267
Operating revenue (except from revaluation) and financial revenue from operating receivables	1	380,386,711	372,251,998
Operating revenue excluding depreciation (except from revaluation) and financial expenses from operating liabilities	2	-347,934,534	-342,051,972
Income tax and other taxes not included in operating expenses	4	-2,416,135	-2,207,759
b) Changes of net working assets (and accrued costs and deferred revenues, provisions and deferred tax receivables and liabilities) of the balance sheet operating items		-31,278,024	5,634,815
Opening minus closing operating receivables	12	-28,832,930	-17,069,623
Opening minus closing deferred costs and accrued revenue		-1,484,772	-1,347,728
Opening minus closing deferred tax receivables	5	-35,760	-3,095
Opening minus closing inventory	10	13,704,127	4,145,852
Closing minus opening operating debts	17	-15,578,343	17,966,308
Closing minus opening accrued costs and deferred revenues and provisions		937,818	1,936,035
Closing minus opening deferred tax liabilities		11,836	7,067
c) Positive or negative cash flow from operating activities (a + b)		-1,241,982	33,627,083
B. Cash flows from investing activities			
a) Cash receipts from investing activities		2,733,544	3,499,456
Cash receipts from interest and participation in profit of others relating to investing activities	3	4,223	40,716
Cash receipts from the disposal of tangible fixed assets	1	147,550	1,447,471
Cash receipts from the disposal of long-term financial investments	3	2,267	8,843
Cash receipts from the disposal of short-term financial investments	3	2,579,504	2,002,427
b) Cash disbursements from investing activities		-21,422,660	-43,303,812
Cash disbursements for the acquisition of intangible assets	5	-1,591,456	-399,519
Cash disbursements for the acquisition of tangible fixed assets	6	-12,323,504	-40,664,532
Cash disbursements for the acquisition of long-term financial investments	9	-11,076	-4,052
Cash disbursements for the acquisition of short-term financial investments	11	-7,496,624	-2,235,708
c) Positive or negative cash flow from investing activities (a + b)		-18,689,116	-39,804,355
Net cash receipts/disbursements from operating activities and investing activities		-19,931,098	-6,177,271
C. Cash flows from financing activities			
a) Cash receipts from financing activities		54,360,459	69,260,557
Cash receipts from the increase of long-term financial liabilities	16	35,138,581	52,958,487
Cash receipts from the increase of short-term financial liabilities	17	19,221,878	16,302,070
b) Cash disbursements from financing activities		-49,071,537	-53,429,346
Cash disbursements for given interests from financing activities	3	-1,690,193	-2,178,750
Cash repayments of long-term financial liabilities	16	-666,667	-2,500,000
Cash repayments of short-term financial liabilities	17	-46,704,745	-48,616,833
Cash repayments of dividends and other profit shares paid	14	-9,932	-133,763
c) Positive or negative cash flow from financing activities (a + b)		5,288,922	15,831,212
D. Monetary assets at the end of the period		30,018,372	22,121,331
Net cash flow in the period		-14,642,176	9,653,939
Monetary assets at the beginning of the period		44,660,549	12,467,392

Notes to the financial statements

Parent company

In compliance with the Companies Act, Impol 2000, d. d., having its head office in Slovenska Bistrica, Partizanska 38, and being a large public limited company. The Company is classified under the activity code 70.100 – management of companies. The company's share capital in the amount of EUR 4,451,540 EUR is divided into 1,066,767 registered pro rata shares that are not traded in the organized security market. The shares are owned by 831 shareholders.

The non-revised consolidated financial statements for the period that ended on 30 June 2019 are presented hereafter. The consolidated financial statements include the company Impol 2000, d. d. and its subsidiaries and participations in associates.

Statement of compliance with the IFRS

The Management Board confirmed the financial statements and the consolidated financial statements on 26/ 9/ 2019/ The financial statements of Impol 2000, d. d. and the consolidated financial statements of the Impol Group were drawn up in accordance with the International Financial Reporting Standards (IFRS), as they were adopted by the European Union, including the notes that were adopted by the International Financial Reporting Interpretations Committee (IFRIC) and that were also adopted by the European Union, and in accordance with the Slovenian Companies Act (ZGD). The interim report is drawn up in accordance with requirements of MRS 34 – Interim Financial Reporting. In drawing up the financial statements for the period between January and June 2019, the same accounting policies were taken into account as in drawing up the financial statements for 2018, pursuant to the new standard IFRS 16 – Loans.

At the balance sheet date, regarding the standard-setting process in the European Union and the financial reporting guidelines of the company Impol 2000, d. d. and the Impol Group, there are no differences between the IFRS used and the IFRS adopted by the European Union. The interim financial statements of the Impol Group are not revised.

As of 01/ 1/ 2019, the Impol Group started using a new standard, IFRS 16 – Loans. We have chosen the possibility of using the standard retroactively, with a cumulative effect of the beginning of use of the standard and measurement of assets amounting to the calculated lease liabilities. Interest liabilities have been recognized as financial expenses.

Basis and estimates for preparing financial statements

The financial statements of the Group and financial statements of the company Impol 2000, d. d. were drawn up taking into consideration the historical cost, except in case of derivatives.

The financial statements in this report are in EUR (without cents), and EUR is also the functional currency of the Group. Since the original data we use to present the disclosures hereinafter are rounded up to two decimal points, it can happen (in certain cases of detailed disclosures) that, due to rounding-up, the sum is in discrepancy with the actually presented sum of main items of financial statements for no more than +/- EUR 1.

Transactions in foreign currency

Items of every company in the Group that are included in the financial statements are converted into the reporting currency for the purpose of the consolidated financial statements as specified in the table:

Table 16: Applied exchange rates for converting balance sheet items

Currency	Exchange rate as of 30/ 6/ 2019
USD	1.138
HUF	323.39
RSD	117.85
HRK	7.3973

Revenue and expenditure of foreign companies are converted into EUR according to average annual exchange rates of the semester. For converting balance sheet items from national currencies into EUR, the following exchange rates were used:

Table 17: Exchange rates for converting profit or loss

Currency	Average annual exchange rate on 30/ 6/ 2019
USD	1.1315
HUF	320.60
RSD	118.22
HRK	7.419

Currency differences are recognised as profit or loss or other comprehensive income and reported under the item exchange differences in equity. If a foreign entity is disposed of in a way that there is no longer a controlling or significant influence, the corresponding cumulative amount in the exchange difference in equity is translated into gains and losses on disposal. If the Group disposes of only part of its share in a subsidiary that includes a foreign company, while maintaining a controlling influence, the corresponding share of the cumulative amount is reclassified as non-controlling share. If the Group disposes of only part of its investment in a subsidiary of joint venture that includes a foreign company, while maintaining a controlling influence, the corresponding share of the cumulative amount is reclassified as profit or loss.

Segment reporting

Because of the very similar nature of product groups, their production procedure and distribution, the company defined only one reporting segment. Presentation of data with segment reporting takes into account that aluminium business activities represent the main operating activities of the Group. Other activities have an insignificant effect on presenting financial information.

The Group reports on sales by geographical area. The defined geographical areas are Slovenia, European Union, other European countries and the rest of the world.

Disclosures to individual items of group financial statements

1/ Operating revenues

Table 18: Operating revenue in EUR

	Operating revenue generated with		1 - 6/ 2019	1 - 6/ 2018
	associated	others		
Net sales revenues	39,369	378,070,357	378,109,726	368,200,604
Change in the value of product inventories and unfinished production	0	-3,771,393	-3,771,393	782,924
Capitalised own products and services	0	36,350	36,350	554,917
Other operating revenues	0	1,449,514	1,449,514	2,720,398
TOTAL	39,369	375,784,828	375,824,197	372,258,842

Table 19: Other operating revenues in EUR

	Operating revenue generated with other companies	01-06/ 2019	01-06/ 2018
Revenues from the reversal of provisions	154,156	154,156	300,146
Other revenues associated with business effects (subsidies, grants, compensations, premiums, etc.)	1,091,285	1,091,285	1,221,545
Revaluation operating revenue	204,073	204,073	1,198,707
TOTAL	1,449,514	1,449,514	2,720,398

Table 20: Other operating revenues in EUR

	Operating revenue generated with other companies	01-06/ 2019	01-06/ 2018
From disposal of tangible fixed assets	115,899	115,899	1,058,889
From operating receivables	25,653	25,653	133,418
From operating liabilities	62,521	62,521	6,400
TOTAL	204,073	204,073	1,198,707

Net sales revenue from the sale of aluminium products (per division and per state) is specified in detail under section Sales.

Table 21: Net sales revenue by business segment in EUR

	01–06/ 2019	01–06/ 2018
Revenue from sales in Slovenia	15,895,354	19,950,788
• Associates	39,369	39,811
• Other companies	15,855,986	19,910,977
Revenues from sales in EU	291,548,442	304,744,710
• Other companies	291,548,442	304,744,710
Revenue from sales in other European countries	19,610,416	26,979,891
• Other companies	19,610,416	26,979,891
Revenue from sales on other markets	51,055,514	16,525,214
• Other companies	51,055,514	16,525,214
TOTAL	378,109,726	368,200,604

2/ Operating expenses

Table 22: Analysis of costs and expenses in EUR

	Manufacturing costs	Cost of sales	Costs of general activities	Total 01–06/ 2019	Total purchase in the first half of 2019 from:		Total 01–06/ 2018
					Associate companies	Other companies	
Costs of merchandise and materials sold	0	41,550,546	0	41,550,546	0	41,550,546	36,430,696
Costs of material	233,903,366	2,989,362	199,830	237,092,558	0	237,092,558	250,115,826
Costs of services	13,160,984	9,745,598	5,265,490	28,172,072	1,048,545	27,123,527	22,854,962
Labour costs	24,233,087	4,239,867	6,275,269	34,748,224	0	34,748,224	32,100,392
Depreciation	8,476,310	105,752	981,418	9,563,479	0	9,563,479	7,996,679
Revaluation operating expenses	0	6,245	125,041	131,286	0	131,286	134,297
Other operating expenses	1,107,441	35,397	655,839	1,798,677	0	1,798,677	1,065,210
TOTAL	280,881,187	58,672,767	13,502,888	353,056,842	1,048,545	352,008,297	350,698,061

Other operating expenses represent expenditure on environmental protection, donations and costs that are re-invoiced.

Revaluation operating expenses

Table 23: Revaluation operating expenses in EUR

	Total 01–06 2019	Total 01–06 2018
Revaluating operating expenses from tangible fixed assets	40,972	1,668
Revaluation operating revenues from operating receivables	90,314	132,629
TOTAL	131,286	134,297

Labour costs

Table 24: Itemization of labour costs in EUR

	Total 01–06 2019	Total 01–06 2018
Costs of wages and salaries	26,533,123	24,279,106
Costs of pension insurance	2,390,717	2,268,600
Costs of other social security contributions	2,192,333	2,023,531
Other labour costs	3,632,051	3,529,155
TOTAL	34,748,224	32,100,392

3/ Financial revenue and expenses

Table 25: Financial revenue from financial investments in EUR

	Total 01–06 2019	Of which up to		Total 01–06 2018
		Associate companies	Other companies	
Financial revenues from shares – Profit-sharing, dividends	25,031	15,954	9,077	15,407
Financial revenue from loans - interests	4,223	0	4,223	34,037
Financial revenue from operating receivables - interests	9,818	0	9,818	25,652
Financial revenue from operating receivables – foreign exchange differences	1,036,791	0	1,036,791	2,012,038
Financial revenue from forwards	189	0	189	1,390,305
TOTAL	1,076,052	15,954	1,060,098	3,477,439

Table 26: Financial expenses from financial investments in EUR

	Total 01–06 2019	Of which up to		Total 01–06 2018
		Associate companies	Other companies	
Financial expenses from (excluding bank loans) – interests	39,633	2,060	37,573	50,739
Financial expenses from leasing – interests	2,954	0	2,954	7,968
Financial expenses from financial liabilities – interest rate swaps	119,912	0	119,912	140,440
Financial expenses from loans received from banks – interests	1,519,219	0	1,519,219	1,413,191
Financial expenses from loans received from banks – foreign exchange differences	1,349	0	1,349	25,311
Financial expenses from issued bonds – interests	376,877	0	376,877	565,315
Financial liabilities from rights to use*	23,419	0	23,419	0
Financial expenses from operating liabilities – interests	1,786	0	1,786	36,057
Financial expenses from operating liabilities – foreign exchange differences	833,722	0	833,722	742,821
Financial expenses from forwards	1,906	0	1,906	43,848
TOTAL	2,920,778	2,060	2,918,718	3,025,690

* Interests arising from right to use assets are a consequence of the implementation of the IFRS 16 – Loans.

4/ Income tax

Table 27: Income tax in EUR

	01-06/ 2019	01-06/ 2018
Revenues determined in accordance with accounting regulations	637,334,047	605,117,566
Revenue adjustment for tax purposes – decrease	1,020,265	1,294,708
Revenue adjustment for tax purposes – increase	2,443	0
Revenue recognised for tax purposes	636,316,225	603,822,858
Expenses determined under accounting regulations	615,662,048	582,032,912
Expense adjustment for tax purposes – decrease	146,706	324,464
Expense adjustment for tax purposes – increase	1,532	20,598
Expenses recognised for tax purposes	615,516,874	581,729,046
DIFFERENCE BETWEEN DEDUCTIBLE REVENUE AND EXPENSES	20,799,351	22,093,812
Change of the tax base when amending tax base when amending accounting policies, error corrections and revaluations	62,842	0
Increase in tax base for predetermined tax relief	70,717	367,726
TAX BASE/LOSS	20,932,910	22,392,023
Decrease in tax base and tax relief (up to the maximum amount of the tax base)	2,633,780	5,670,477
TAX BASE	18,299,130	16,721,546
TAX	2,413,883	2,202,396

Note: this is the sum of unconsolidated revenue and expenditure items, without deferred taxes, of individual companies of the Impol Group.

Income tax is accounted for pursuant to evaluations and in accordance with laws that apply in individual countries where the Group has its subsidiaries.

Net earnings per share

Basic earnings per share are calculated by dividing net earnings attributable to shareholders by the weighted average of the number of regular shares during the year, excluding the average number of own shares.

Table 28: Basic net earnings per share in EUR

	01-06/ 2019	01-06/ 2018
Profit or loss relating to the owners of the controlling entity	17,180,404	18,381,537
Weighted average of the number of regular shares	984,659	984,659
Basic earnings per share (in EUR)	17.45	18.67

Table 29: Weighted average of the number of regular shares as of 30/ 06/ 2019 in EUR

	30/ 6/ 2019	30/ 6/ 2018
Regular shares as of 1/ 1/	1,066,767	1,066,767
Effect of own shares*	-82,108	-82,108
Weighted average of the number of regular shares as of 31/ 12/	984,659	984,659

*These are shares of the controlling company Impol 2000, d. d., owned by companies in the Group, which are Impol-Mantal, d. o. o. (80,482 shares) and Kadring, d. o. o. (1,626 shares).

Because the Impol Group has no preference shares or bonds that could be converted to shares, the diluted earnings per share is the same as the basic earnings per share.

Changes in other comprehensive income

Changes in the other comprehensive income for the period January-June 2019 refer to the change of fair value of hedges (interest swaps) in the amount of EUR -186,079, while the derivatives were intended for hedging the cash flow from loans received.

Exchange rate differences from converting financial statements of foreign companies included consolidation in the amount of EUR 208,509.

5. Intangible assets and long-term deferred costs and accrued revenue

Table 30: Trend in intangible assets in the first half of 2019 in EUR

	Long-term property rights	Goodwill	Long-term deferred development costs	Long-term deferred development costs acquired	Long-term property rights acquired	TOTAL
Cost as of 31/ 12/ 2018	8,877,307	319,229	0	605,644	400,647	10,202,827
Opening balance adjustments	0	0	0	0	0	0
Cost as of 1/ 1/ 2019	8,877,307	319,229	0	605,644	400,647	10,202,827
Direct increases – acquisitions	0	1,248,759	0	4,480	264,466	1,517,705
Transfer from construction in progress	77,572	0	610,125	-610,125	-77,572	0
Transfer of intangible assets of the companies within the Group at the purchase of controlling share in the company Alcad, d. o. o.	377,399	0	0	0	0	377,399
Exchange rate differences	1,582	0	0	0	265	1,847
Decreases – exclusions, other decreases	89,029	0	0	0	0	89,029
Cost as of 30/ 6/ 2019	9,244,831	1,567,988	610,125	0	587,806	12,010,749
Value adjustment as of 31/ 12/ 2018	7,640,666	0	0	0	0	7,640,666
Opening balance adjustment	0	0	0	0	0	0
Value adjustment as of 1/ 1/ 2019	7,640,666	0	0	0	0	7,640,666
Depreciation during the year	227,678	0	50,695	0	0	278,373
Transfer of intangible assets of the companies within the Group at the purchase of controlling share in the company Alcad, d. o. o.	303,648	0	0	0	0	303,648
Exchange rate differences	1,486	0	0	0	0	1,486
Decreases – exclusions, other decreases (-)	55,697	0	0	0	0	55,697
Value adjustment as of 30/ 6/ 2019	8,117,781	0	50,695	0	0	8,168,476
Carrying amount as of 30/ 6/ 2019	1,127,050	1,567,988	559,430	0	587,806	3,842,273
Carrying amount as of 31/ 12/ 2018	1,236,640	319,229	0	605,644	400,647	2,562,160

Table 31: Trend in intangible assets in the first half of 2018 in EUR

	Long-term property rights	Goodwill	Long-term deferred development costs acquired	Long-term property rights acquired	TOTAL
Cost as of 31/ 12/ 2017	7,934,571	319,229	325,824	915,463	9,495,086
Opening balance adjustments	0	0	0	0	0
Cost as of 1/ 1/ 2018	7,934,571	319,229	325,824	915,463	9,495,086
Direct increases – acquisitions	24,065	0	155,295	244,225	423,584
Transfer from construction in progress	212,135	0	0	-212,135	0
Exchange rate differences	431	0	0	-4	427
Decreases – Exclusions, other decreases (-)	33,748	0	0	0	33,748
Cost as of 30/ 6/ 2018	8,137,454	319,229	481,118	947,549	9,885,350
Value adjustment as of 31/ 12/ 2017	7,296,924	0	0	0	7,296,924
Opening balance adjustment	0	0	0	0	0
Value adjustment as of 1/ 1/ 2018	7,296,924	0	0	0	7,296,924
Depreciation during the year	185,263	0	0	0	185,263
Exchange rate differences	275	0	0	0	275
Value adjustment as of 30/ 6/ 2018	7,482,462	0	0	0	7,482,462
Carrying amount as of 30/ 6/ 2018	654,992	319,229	481,118	947,549	2,402,888
Carrying amount as of 31/ 12/ 2017	637,647	319,229	325,824	915,463	2,198,163

The disclosed intangible assets are owned by the Group and are free of debts. More than half of all intangible assets that were used on 30/ 06/ 2019 were fully depreciated.

Goodwill

Structure of goodwill according to business combinations and purchases of controlled shares that generated it are displayed in the following table:

Table 32: Structure of goodwill in EUR

	30/ 06/ 2019	31/ 12/ 2018
Stampal SB, d. o. o.	319,229	319,229
Alcad, d. o. o.*	1,248,759	0

*The amount of goodwill is calculated on the basis of booked value of the equity of Alcad, d. o. o.



6. Tangible fixed assets

Table 33: Trend in tangible fixed assets in the first half of 2019 in EUR

	Land	Buildings	Property being acquired	Total immovable property	Production machinery and equipment	Financially leased devices and equipment	Other devices and equipment	Total other devices and equipment	Equipment and other tangible fixed assets being acquired	Advances to acquire tangible fixed assets	Total equipment	Total
Cost as of 31/ 12/ 2018	15,151,684	94,873,544	7,979,160	118,004,388	313,912,971	211,489	24,877,496	25,088,985	55,192,302	3,549,009	397,743,267	515,747,655
Opening balance adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Cost as of 1/ 1/ 2019	15,151,684	94,873,545	7,979,160	118,004,389	313,912,971	211,489	24,877,496	25,088,985	55,192,302	3,549,009	397,743,267	515,747,656
Direct increases – acquisitions	0	0	1,875,887	1,875,887	0	0	0	0	6,661,715	2,945,238	9,606,953	11,482,840
Transfer from construction in progress	0	1,939,078	-1,785,288	153,791	23,940,667	0	1,000,427	1,000,427	-25,094,885	0	-153,791	0
Transfer between Group companies – acquisition	0	0	65,746	65,746	0	0	0	0	1,778,258	0	1,778,258	1,844,004
Transfer between Group companies – sales (-)	0	0	0	0	1,322,392	0	0	0	0	0	1,322,392	1,322,392
Transfer of tangible fixed assets of the companies within the Group at the purchase of controlling share in the company Alcad, d. o. o.	17,154	771,842	0	788,996	44,344	0	1,507,931	1,507,931	0	17,752	1,570,027	2,359,023
Exchange rate differences	34,072	97,532	3,935	135,539	338,289	0	22,118	22,118	91,182	11,090	462,680	598,219
Decreases – sales (-)	146	49,224	0	49,370	545,483	0	4,841	4,841	0	0	550,324	599,694
Decreases – exclusions, other decreases (-)	0	48,566	0	48,566	6,362	0	142,211	142,211	0	632,350	780,922	829,488
Cost as of 30/ 6/ 2019	15,202,764	97,584,207	8,139,440	120,926,411	336,362,035	211,489	27,260,920	27,472,410	38,628,572	5,890,740	408,353,757	529,280,168
Value adjustment as of 31/ 12/ 2018	0	51,092,954	0	51,092,954	224,498,922	186,665	18,903,215	19,089,880	0	0	243,588,802	294,681,756
Opening balance adjustment	0	0	0	0	0	0	0	0	0	0	0	0
Value adjustment as of 1/ 1/ 2019	0	51,092,954	0	51,092,954	224,498,922	186,665	18,903,215	19,089,880	0	0	243,588,802	294,681,756
Depreciation during the year	0	1,152,538	0	1,152,538	6,944,663	14,484	943,067	957,552	0	0	7,902,215	9,054,753
Direct increase	0	0	0	0	0	0	14,418	14,418	0	0	14,418	14,418
Transfer between Group companies – sale (-)	0	0	0	0	161,493	0	0	0	0	0	161,493	161,493
Transfer of tangible fixed assets of the companies within the Group at the purchase of controlling share in the company Alcad, d. o. o.	0	417,565	0	417,565	43,663	0	1,093,469	1,093,469	0	0	1,137,132	1,554,697
Exchange rate differences	0	45,468	0	45,468	122,784	0	14,359	14,359	0	0	137,143	182,611
Decreases – sales (-)	0	17,596	0	17,596	545,483	0	4,818	4,818	0	0	550,301	567,897
Decreases – exclusions, other decreases (-)	0	8,498	0	8,498	6,357	0	141,458	141,458	0	0	147,815	156,313
Value adjustment as of 30/ 6/ 2019	0	52,682,431	0	52,682,431	230,896,699	201,149	20,822,253	21,023,402	0	0	251,920,101	304,602,532
Carrying amount as of 30/ 6/ 2019	15,202,764	44,901,775	8,139,440	68,243,979	105,465,336	10,340	6,438,667	6,449,008	38,628,572	5,890,740	156,433,656	224,677,635
Carrying amount as of 31/ 12/ 2018	15,151,684	43,780,589	7,979,160	66,911,433	89,414,049	24,825	5,974,281	5,999,106	55,192,302	3,549,009	154,154,465	221,065,899

Table 34: Trend in tangible fixed assets in the first half of 2018 in EUR

	Land	Buildings	Property being acquired	Total immovable property	Production machinery and equipment	Financially leased devices and equipment	Other devices and equipment	Equipment and other tangible fixed assets being acquired	Advances to acquire tangible fixed assets	Total equipment	Total
Cost as of 31/ 12/ 2017	9,588,983	88,204,322	3,695,206	101,488,510	286,876,087	199,999	24,061,276	31,802,835	11,630,321	354,570,519	456,059,029
Opening balance adjustments	0	0	0	0	0	0	0	0	0	0	0
Cost as of 1/ 1/ 2018	9,588,982	88,204,322	3,695,206	101,488,510	286,876,087	199,999	24,061,276	31,802,835	11,630,321	354,570,519	456,059,028
Direct increases – acquisitions	0	0	8,568,509	8,568,509	0	0	438	26,685,584	8,105,029	34,791,051	43,359,560
Transfer from construction in progress	2,134,920	2,975,927	-5,110,847	0	9,304,025	0	1,070,113	-10,374,137	0	0	0
Transfer between Group companies – acquisition	0	0	0	0	0	0	0	500,014	0	500,014	500,014
Exchange rate differences	29,784	52,564	-1,043	81,304	80,400	0	11,143	39,533	56,936	188,011	269,315
Decreases – sales (-)	0	0	0	0	7,592,570	0	86,295	0	0	7,678,865	7,678,865
Decreases – exclusions, other decreases (-)	0	0	0	0	401	0	37,990	0	3,172,185	3,210,576	3,210,576
Cost as of 30/ 6/ 2018	11,753,686	91,232,812	7,151,825	110,138,323	288,667,541	199,999	25,018,685	48,653,828	16,620,100	379,160,153	489,298,476
Value adjustment as of 31/ 12/ 2017	0	48,826,397	0	48,826,397	220,813,724	146,665	18,390,771	0	0	239,351,160	288,177,557
Opening balance adjustment	0	0	0	0	0	0	0	0	0	0	0
Value adjustment as of 1/ 1/ 2018	0	48,826,397	0	48,826,397	220,813,724	146,665	18,390,771	0	0	239,351,160	288,177,557
Depreciation during the year	0	1,087,141	0	1,087,141	5,763,129	20,000	879,149	0	0	6,662,278	7,749,419
Direct increase	0	0	0	0	0	0	22,857	0	0	22,857	22,857
Exchange rate differences	0	8,388	0	8,388	16,491	0	4,556	0	0	21,047	29,435
Decreases – sales (-)	0	0	0	0	7,199,375	0	89,265	0	0	7,288,640	7,288,640
Decreases – exclusions, other decreases (-)	0	0	0	0	401	0	37,966	0	0	38,367	38,367
Value adjustment as of 30/ 6/ 2018	0	49,921,926	0	49,921,926	219,393,568	166,665	19,170,102	0	0	238,730,335	288,652,261
Carrying amount as of 30/ 6/ 2018	11,753,686	41,310,887	7,151,825	60,216,397	69,273,972	33,334	5,848,583	48,653,828	16,620,100	140,429,818	200,646,215
Carrying amount as of 31/ 12/ 2017	9,588,983	39,377,925	3,695,206	52,662,113	66,062,362	53,334	5,670,505	31,802,835	11,630,321	115,219,358	167,881,472

The accounting value of pledged tangible fixed assets as of 30/ 06/ 2019 amounts to EUR 54,310,078. More than half of all tangible fixed assets that were used on 30/ 06/ 2019 were fully depreciated.

In March 2019, the company Impol 2000, d. d. bought the company Alcad, d. o. o., thus transferring the assets of the acquired company to the Group at the accounting value.

The accounting value of pledged tangible fixed assets as of 30/ 06/ 2018 amounts to EUR 54,002,390.

7. Right to use assets

Table 35: Trend in right to use assets in the first half of 2019 in EUR

Description	Right to use im- movable property – other companies	Total right to use intangible assets	Right to use equipment – other companies	Total right to use equipment	Total right to use
Cost as of 31/ 12/ 2018	0	0	0	0	0
Opening balance adjustments	0	0	0	0	0
Cost as of 1/ 1/ 2019	0	0	0	0	0
Direct increase (+)	27,287	27,287	1,217,218	1,217,218	1,244,506
Exchange rate differences (+/-)	0	0	1,717	1,717	1,717
Cost as of 30/ 6/ 2019	27,287	27,287	1,218,935	1,218,935	1,246,223
Value adjustment as of 31/ 12/ 2018	0	0	0	0	0
Opening balance adjustments	0	0	0	0	0
Value adjustment as of 1/ 1/ 2019	0	0	0	0	0
Depreciation (+)	2,729	2,729	166,728	166,728	169,457
Exchange rate differences (+/-)	0	0	192	192	192
Value adjustment as of 30/ 6/ 2019	2,729	2,729	166,920	166,920	169,649
Carrying amount as of 30/ 6/ 2019	24,559	24,559	1,052,015	1,052,015	1,076,574
Carrying amount as of 31/ 12/ 2018	0	0	0	0	0

Upon transferring to the new IFRS 16 – Lease standard within the Impol Group, we have reached the decision to choose the possibility of using the standard retroactively, with a cumulative effect of the beginning of use of the standard and measurement of assets amounting to calculated lease liabilities.

8. Investment property

In the period under observation the investment property only includes buildings held to earn rentals. The accounting value of pledged investment property as of 30/ 06/ 2019 amounts to EUR 1,858,038.

Table 36: Trend in investment immovable property in the first half of 2019 in EUR

	Buildings	TOTAL
Cost as of 31/ 12/ 2018	5,449,129	5,449,129
Opening balance adjustments	0	0
Cost as of 1/ 1/ 2019	5,449,129	5,449,129
Cost as of 30/ 6/ 2019	5,449,129	5,449,129
Value adjustment as of 31/ 12/ 2018	3,613,832	3,613,832
Opening balance adjustments	0	0
Value adjustment as of 1/ 1/ 2019	3,613,832	3,613,832
Depreciation (+)	60,897	60,897
Value adjustment as of 30/ 6/ 2019	3,674,729	3,674,729
Carrying amount as of 30/ 6/ 2019	1,774,400	1,774,400
Carrying amount as of 31/ 12/ 2018	1,835,297	1,835,298

Table 37: Trend in investment immovable property in the first half of 2018 in EUR

	Buildings	TOTAL
Cost as of 31/ 12/ 2017	5,444,323	5,444,323
Opening balance adjustments	0	0
Cost as of 1/ 1/ 2018	5,444,324	5,444,324
Cost as of 30/ 6/ 2018	5,444,324	5,444,324
Value adjustment as of 31/ 12/ 2017	3,490,844	3,490,844
Opening balance adjustments	0	0
Value adjustment as of 1/ 1/ 2018	3,490,844	3,490,844
Depreciation (+)	61,996	61,996
Value adjustment as of 30/06/2018	3,552,840	3,552,840
Accounting value as of 30/ 06/ 2018	1,891,484	1,891,484
Accounting value as of 31/ 12/ 2017	1,953,479	1,953,479

9. Long-term financial investments

Table 38: Long-term financial investments in EUR

	Purchase value of long- term financial investments as of 30/ 06/ 2019	Of which short-term financial investments in companies:		Total value adjustment (-) as of 30/ 06/ 2019	Value adjustment as of 30/ 6/ 2019		Accounting value as of 30/ 6/ 2019	Accounting value 31/ 12/ 2018
		Associates	Other com- panies		Associates	Other com- panies		
	=	+	+	=	-	-	=	
Long-term financial investments (+)	1,329,367	528,171	801,196	170,355	34,648	135,707	1,159,012	1,471,896
Short-term part of long-term finan- cial investments (-)	2,267	0	2,267	0	0	0	2,267	1,122
TOTAL LONG-TERM FINANCIAL INVESTMENTS	1,327,100	528,171	798,928	170,355	34,648	135,707	1,156,745	1,470,774

	Purchase value of long-term financial investments as of 30/ 06/ 2019	Of which short-term financial investments in companies:		Total value adjustment (-) as of 30/ 06/ 2019	Value adjustment as of 30/ 06/ 2019		Accounting value as of 30/ 6/ 2019	Accounting value 31/ 12/ 2018
	=	Associates	Other companies	=	Associates	Other companies	=	
Investments in shares and participating interest	838,555	528,171	310,384	34,648	34,648	0	803,907	1,123,399
TOTAL long-term financial investments excluding loans	838,555	528,171	310,384	34,648	34,648	0	803,907	1,123,399
Long-term loans granted	284,743	0	284,743	135,707	0	135,707	149,036	152,383
Other long-term funds invested	181,291	0	181,291	0	0	0	181,291	172,482
Long-term deposits	22,511	0	22,511	0	0	0	22,511	22,511
TOTAL long-term loans	488,545	0	488,545	135,707	0	135,707	352,838	347,376
TOTAL LONG-TERM FINANCIAL INVESTMENTS	1,327,100	528,171	798,928	170,355	34,648	135,707	1,156,745	1,470,774

Investments in subsidiaries are excluded from the statements of the Impol Group. In March 2019, the Group purchased a controlling share of Alcad, d. o. o. which acted as an associate before the purchase.

Long-term loans generally refer to long-term bank deposits and loans granted to other companies.

10. Inventories

Table 39: Inventories in EUR

	Accounting value 30/ 06/ 2019	Purchase value 30/ 06/ 2019	Accounting value 31/ 12/ 2018
Raw material and material	123,661,586	123,661,586	133,184,490
Work in progress and services	20,503,846	20,503,846	20,958,730
Products	12,509,774	12,509,774	15,737,310
Merchandise	3,431,668	3,431,668	4,090,078
Advances for inventories to others	296,378	296,378	136,773
TOTAL	160,403,252	160,403,252	174,107,380

11/ Short-term financial investments

Table 40: Short-term financial investments in EUR

	Purchase value of short-term financial investments as of 30/ 06/ 2019	Of which short-term financial investments in companies: others	Value adjustment due to impairment	Accounting value 30/ 06/ 2019	Accounting value 31/ 12/ 2018
	=	+	-	=	
Short-term financial investments (+)	7,296,207	7,296,207	267,522	7,028,685	2,099,721
Short-term part of long-term financial investments (+)	557	557	0	557	1,122
TOTAL	7,296,764	7,296,764	267,522	7,029,242	2,100,843
	Cost as of 30/ 06/ 2019	Of which short-term financial investments in companies: others	Value adjustment due to impairment	Carrying amount as of 30/ 06/ 2019	Carrying amount as of 31/ 12/ 2018
	=	+	-	=	
Receivables acquired for sale	2,027,767	2,027,767	0	2,027,767	2,023,609
TOTAL short-term financial investments excluding loans:	2,027,767	2,027,767	0	2,027,767	2,023,609
Short-term portion of long-term loans granted (including bonds)	557	557	0	557	1,122
Short-term loans granted (including bonds)	267,522	267,522	267,522	0	75,200
Short-term deposits	5,000,918	5,000,918	0	5,000,918	913
TOTAL short-term loans granted:	5,268,997	5,268,997	267,522	5,001,475	77,234
TOTAL	7,296,764	7,296,764	267,522	7,029,242	2,100,843

Short-term financial investments were not pledged as security for liabilities.

12. Short-term operating receivables

Carrying amounts of all trade receivables and other receivables in significant amounts correspond to their fair value.

Table 41: Short-term operating receivables in EUR

	Short-term operating receivables	Short-term operating receivables from companies:		Value adjustment due to impairment to other companies	30/ 6/ 2019	31/ 12/ 2018
	=	Associate companies	Other companies	-	=	
Short-term operating receivables from customers	104,833,785	7,237	104,826,547	8,181,024	96,652,760	66,476,802
• of which already matured on 30/ 06/ 2019	22,826,263	496	22,825,767	0	22,826,263	22,930,765
Short-term advances and securities granted	590,335	0	590,335	0	590,335	570,063
Short-term receivables associated with financial revenues	138,450	0	138,450	77,190	61,260	51,052
Short-term receivables from state institutions	11,273,422	0	11,273,422	0	11,273,422	12,607,670
Other short-term operating receivables	205,516	12	205,504	0	205,516	326,015
TOTAL	117,041,508	7,250	117,034,259	8,258,214	108,783,294	80,031,602

	1 - 6/ 2019	Of which value adjustment for short-term receivables from other companies	2018
Balance as of 01/ 01/ 2019	8,243,171	8,243,171	9,147,498
Exchange rate differences (+/-)	-18,401	-18,401	-89,052
Decrease in value due to settlement of receivables (-)	93,976	93,976	324,116
Decrease in value due to write-offs of receivables (-)	0	0	-1,023,404
Created value adjustments for the period due to the impairment (+)	107,235	107,235	532,248
Transfer of created adjustments for companies within the Group at the purchase of Alcad, d. o. o. (+)	20,186	20,186	0
Balance as of 30/ 6/ 2019	8,258,214	8,258,214	8,243,171

	30/ 6/ 2019	30/ 6/ 2018
Short-term operating receivables from customers	96,652,760	98,828,486
- of which in the domestic market	6,142,288	6,762,338
- of which in the foreign market	90,510,472	92,066,149

The Group secured most receivables against commercial risks. Receivables from customers are not pledged as given guarantees for the financial liabilities of the Group.

13. Monetary assets

Table 42: Monetary assets in EUR

	30/ 06/ 2019	31/ 12/ 2018
Cash in hand and immediately cashable securities	442,313	491,877
Cash in banks and other financial institutions	29,576,059	44,168,672
Monetary assets	30,018,373	44,660,549

The Group has no cash deposits of under three months. Daily deposits are included under Cash in banks.

Short-term accrued costs and deferred revenue

Table 43: Short-term deferred costs and accrued revenues in EUR

	30/ 06/ 2019	31/ 12/ 2018
Short-term deferred costs or expenses	1,878,554	403,670
Short-term deferred income	0	15,991
VAT from advances received	52,901	27,021
SHORT-TERM ACCRUED COST AND DEFERRED REVENUE	1,931,455	446,682

14. Equity

Table 44: Equity in EUR

	30/ 06/ 2019	31/ 12/ 2018
Equity	240,237,022	221,821,679
Equity of non-controlling share	21,651,619	20,354,714
Called-up equity	4,451,540	4,451,540
Share capital	4,451,540	4,451,540
Capital reserves	10,751,254	10,751,254
Revenue reserves	7,958,351	7,958,351
Reserves for own shares and own business shares	506,406	506,406
Own shares and own business shares (as a deductible item)	-506,406	-506,406
Statutory reserves	2,225,770	2,225,770
Other revenue reserves	5,732,581	5,732,581
Reserves resulting from valuation at fair value	-979,349	-797,851
Capital revaluation adjustment	118,079	-1,453
Retained net profit or loss	179,105,124	145,466,231
Net profit or loss for the financial year	17,180,404	33,638,893

Capital revaluation adjustment

The capital revaluation adjustment as of 30/ 06/ 2019 amounts to EUR 118,079 and increased in the first half of 2019 by EUR 119,532 in comparison to 2018.

Reserves resulting from valuation at fair value

Table 45: Reserves from fair value measurement in EUR

	Balance as of 01/ 01/ 2019	Allocation (+/-)	Balance as of 30/ 06/ 2019
Reserves resulting from valuation of long-term financial investments at fair value	-283,544	-186,079	-469,623
Actuarial gains/losses, recognised under reservations for retirement benefits	-577,673	0	-577,673
Adjustment of reserves resulting from valuation of financial investments at fair value for deferred tax liabilities	53,874	0	53,874
TOTAL	-807,344	-186,079	-993,423
Of which reserves resulting from valuation at fair value belonging to non-controlling share	-9,493	-4,581	-14,074
Reserves resulting from valuation at fair value belonging to owners of the controlling company	-797,851	-181,498	-979,349

Reserves from fair value measurement include changes of value of effective hedges of cash flow (interest rate swaps) in the amount of EUR -186,079.

15. Provisions and long-term accrued expenses and deferred revenue

Table 46: Provisions and long-term accrued expenses and deferred revenue in EUR

	Provisions			Long-term accrued costs and deferred revenues		Total	
	Provisions for long-service bonuses	Provisions for severance pays upon retirement	Provisions for retirement, long-service bonuses and severance pays upon retirement	Other provisions due to long-term accrued costs	Received government grants		Other long-term deferred costs and accrued revenue
Balance as of 31/ 12/ 2018	1,174,122	2,258,494	3,432,616	2,088	471,142	106,356	4,012,202
Opening balance adjustments	0	0	0	0	0	0	0
Balance as of 01/ 01/ 2019	1,174,122	2,258,494	3,432,616	2,088	471,142	106,356	4,012,202
Formation (+)	0	0	0	0	142,308	0	142,308
Enter of provisions into the Group at the acquisition of Alcad, d. o. o. (+)	17,089	37,906	54,995	0	0	0	54,995
Utilisation (-)	0	14,212	14,212	0	145,903	0	160,115
Reversal (-)	5,313	2,940	8,254	0	0	40,846	49,100
Exchange rate differences	1,053	1,476	2,529	0	0	0	2,529
Balance as of 30/ 6/ 2019	1,186,951	2,280,724	3,467,675	2,088	467,546	65,510	4,002,819

Received government grants include assets from disposed of contributions of disabled persons and subsidies for improving the working conditions for disabled persons.

16. Long-term financial and operating liabilities

Table 47: Short-term financial and operating liabilities in EUR

	Total debt as of 30/ 06/ 2019	The part falling due in 2019	30/ 06/ 2019	31/ 12/ 2018
	+	-	=	
Long-term financial liabilities regarding bonds	20,000,000	10,000,000	10,000,000	10,000,000
Long-term financial liabilities to banks	143,867,830	3,392,855	140,474,975	109,346,146
Long-term financial liabilities (excluding liabilities from financial lease) to other companies	98,391	0	98,391	98,391
Long-term financial lease liabilities to other companies	188,909	47,864	141,045	141,045
Long-term liabilities related to right to use – other companies	1,246,223	352,689	893,534	0
Other long-term operating liabilities	193,005	0	193,005	232,805
TOTAL long-term financial and operating liabilities	165,594,358	13,793,408	151,800,950	119,818,387

In 2015, the Impol Group issued 5-year bonds in the amount of EUR 50,000,000 with the intention to finance the investment cycle for additional long-term growth and development. Bonds are traded at the Ljubljana Stock Exchange since 26 December 2015. The annual interest rate is 3.8 percent. Coupons are paid on an annual basis. The final maturity date is 19/ 10/ 2020/ The principal with interests falls due on 19/ 10/ 2019 and 19/ 10/ 2020, each time in the principal amount of EUR 10,000,000 plus interest. The short-term part of the liabilities based on bonds, which falls due on 19/ 10/ 2019, is stated under short-term financial liabilities.

For liabilities related to right to use, the Impol Group used a single discount rate amounting to 3 % for the entire lease portfolio.

17. Short-term operating and financial liabilities

Table 48: Short-term financial and operating liabilities in EUR

A. Short-term financial and operating liabilities	30/ 6/ 2019	31/ 12/ 2018
Short-term operating liabilities to suppliers on the domestic market – associate companies	175,275	875,558
Short-term operating liabilities to suppliers on the domestic market – other companies	18,324,199	21,281,542
Short-term operating liabilities to suppliers on the foreign market – others	42,822,580	54,082,000
Short-term operating liabilities based on advances – other companies	769,274	1,328,054
Other short-term operating liabilities – associate companies	694	694
Other short-term operating liabilities – others	12,120,930	12,229,876
TOTAL short-term operating liabilities	74,212,953	89,797,723
Short-term portion of long-term financial liabilities – banks	25,197,959	43,149,684
Short-term part of long-term financial liabilities, excluding liabilities from finance lease – other companies	24,899	53,422
Short-term part of long-term financial liabilities – bonds	10,000,000	10,000,000
Short-term portion of long-term financial liabilities – other companies	47,864	117,108
Short-term financial liabilities (excluding liabilities from financial lease) – associated companies	500,000	500,000
Short-term financial liabilities to banks	23,800,000	29,740,534
Short-term financial liabilities (excluding liabilities from financial lease) – other companies	7,649,624	7,463,545
Short-term financial liabilities from the distribution of profit	113,434	9,784
Short-term financial liabilities from financial lease – other companies	0	594
Short-term part of long-term financial liabilities from right to use – other companies	196,529	0
TOTAL short-term financial liabilities	67,530,309	91,034,670
TOTAL short-term financial and operating liabilities	141,743,262	180,832,394
B. Short-term financial and operating liabilities	30/ 06/ 2019	31/ 12/ 2018
Short-term financial liabilities	32,063,058	37,714,457
Short-term part of long-term financial liabilities	35,467,252	53,320,213
Total short-term financial liabilities	67,530,309	91,034,670
Short-term operating liabilities	74,212,953	89,797,723
Total short-term operating liabilities	74,212,953	89,797,723
TOTAL SHORT-TERM FINANCIAL AND OPERATING LIABILITIES	141,743,262	180,832,394
C. Operating liabilities	30/ 06/ 2019	31/ 12/ 2018
Short-term operating liabilities to suppliers – associate companies	175,275	875,558
Short-term operating liabilities to suppliers – others	61,146,779	75,363,542
TOTAL short-term liabilities to suppliers	61,322,054	76,239,100
- of which already matured on the day of balance	13,120,270	23,603,394
Short-term operating liabilities for advances	769,274	1,328,054
TOTAL short-term liabilities for advances	769,274	1,328,054
Short-term liabilities to employees	7,632,036	8,241,953
Short-term liabilities to government	3,476,188	1,670,480
Short-term liabilities from interest – associated companies	694	694

Short-term liabilities from interest – other companies	220,285	203,978
Other short-term operating liabilities – other companies	792,421	2,113,465
TOTAL other short-term operating liabilities	12,121,624	12,230,570
TOTAL SHORT-TERM OPERATING LIABILITIES	74,212,953	89,797,723

Table 49: Short-term accrued costs and deferred revenues

	30/ 06/ 2019	31/ 12/ 2018
Accrued deferred costs or expenses	2,727,431	1,693,456
Short-term deferred income	51,787	50,815
VAT from advances granted	139,268	37,625
TOTAL SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	2,918,485	1,781,896

Short-term deferred costs or expenses include interest costs of issued bonds and deferred income based on accruals and VAT from given advances.

18. Contingent liabilities

The Impol Group has issued guarantees in the amount EUR 3,362,111, mostly in connection with custom duties upon importation of goods and materials, and liabilities in the amount of EUR 42,364 in connection with recalculated VAT at bankruptcy.

There are currently lawsuits against the Impol Group in the total amount of EUR 152,538 in connection with employment litigations by the employees of the Group for compensation for damages sustained in work injuries and other economic actions in the amount of EUR 100,000. The Group estimates that these claims are unjustified, which is why it did not form provisions for these purposes. For employment litigations the Group had eventual obligations secured by an insurance company.

19. Financial instruments and financial risks

Financial risks of the Impol Group are assessed as high considering their probability and importance, which is why special attention is put to these risks. The activities are monitored and managed by the Finance and Business Administration Department, the Risk Management (RM) Department and all other relevant departments in Impol Group companies operating outside Slovenia.

Liquidity risks

When it comes to liquidity risk management, the Impol Group examines whether it is able to settle all current operating liabilities and whether it is generating a sufficiently large cash flow to settle financing liabilities.

Floating weekly and monthly planning of cash flows allows us to establish the liquid asset requirements. Potential shortages of cash are covered by bank credit lines, whereas any short-term surpluses are invested in liquid current financial assets.

Successful business performance facilitates sustainable solvency and capital increase.

Long-term financial liabilities

Table 50: Long-term financial liabilities in EUR

	30/ 06/ 2019	31/ 12/ 2018
Long-term financial liabilities regarding bonds	10,000,000	10,000,000
Long-term financial liabilities to banks	140,474,975	109,346,146
Long-term financial liabilities (excluding liabilities from financial lease) to other companies	98,391	98,391
Long-term financial lease liabilities to other companies	141,045	141,045
Long-term liabilities related to right to use – other companies	893,534	0
TOTAL long-term financial and operating liabilities	151,607,945	119,818,387

Maturity of long-term financial liabilities by years

Table 51: Maturity of long-term financial liabilities by years in EUR

	30/ 6/ 2019	Long-term financial liabilities, excluding liabilities from right to use	Long-term financial liabilities related to right to use
Maturing in 2019	X	X	X
Maturing in 2020	59,632,194	59,283,228	348,966
Maturing in 2021	34,185,731	34,088,406	97,325
Maturing in 2022	26,329,377	26,273,476	55,901
Maturing in 2023	21,355,908	21,342,678	13,231
Due in 2024 or later	10,104,735	10,103,640	1,095
Total long-term financial and operating liabilities	151,607,945	151,091,427	516,518

Risk of changes in aluminium prices

The risk of changes in aluminium prices constitutes the greatest risk for the the Impol Group operations alongside the sales market risk. The Impol Group operates in line with the following principle. As soon as a sales agreement is concluded or a sales order is received that is concluded with reference to a specific aluminium raw material price on the LME, aluminium raw materials are secured either physically or by means of forward contracts at the same price as the one mentioned in the sales agreement or order.

The methods for the inclusion of costs and inventory management are established accordingly.

Usual collateral is provided primarily by guaranteeing adequate actual raw material sources; only the missing or excess amount is subject to forward purchases or sales on forward markets.

It is important to mention that the management of the price risk arising from changes in quoted aluminium prices is affected by completely random changes in aluminium prices on the stock exchange. Those prices nevertheless form the basis for establishing daily purchase and sales prices of aluminium and of Impol's aluminium products.

Table 52: Forward purchases/sales in the first half of 2019

	Quantity in tons (t)	Average price in in EUR/t
Forward purchases	2,250	1,593.35
Forward sales	-4,000	1,673.99

With the activity of forward operations, we have created a forward result of EUR 0.00 (there were no positions due in the first half of 2019).

Table 53: Financial revenue/expenses from forwards – purchase/sale of aluminium in the first half of 2019 in EUR

	30/ 06/ 2019	30/ 06/ 2018
Financial revenue from forwards – forward purchases/sales of aluminium	189	1,042,301
Financial expenditure from forwards – forward purchases/sales of aluminium	1,906	2,817

In the first half of 2019, financial revenue and expenditure from such operations have only resulted from interests.

Table 54: Balance of open forward position as of 30/ 06/ 2019

	Quantity in tons (t)	Average price in in EUR/t
Forward purchases	2,250	1,593.35
Forward sales	-4,000	1,673.99
Open forward positions	-1,750	

Fair value of these financial instruments as of 30/ 06/ 2019 amounts to EUR 346,315.

Foreign Exchange Risk

The majority of sales and purchasing are performed in the same currency, therefore changes in foreign exchange rates do not cause any problems.

However, the Impol Group is exposed to such changes during two major activities, i.e. when it purchases the aluminium raw materials and when it takes out loans denominated in a currency that is different from the currency of the company's accounts.

A major part of raw materials imported by the Impol Group from outside the European Union is purchased in USD, which represents an open FX position of Impol, d. o. o.

In 2019, a certain portion of open USD positions was hedged by Impol, d. o. o. in compliance with the foreign exchange risk management policy by using derivative financial instruments, while the remaining part was left unhedged. For hedging, we used simple derivatives like forwards.

As of 30/ 06/ 2019, we do not have a balance arising from these instruments.

Table 55: Overview of USD inflows, outflows and open positions at Impol d. o. o. in millions of USD

	30/ 06/ 2019	30/ 06/ 2018
Financial revenue from forwards – foreign exchange swaps	0	348,004
Financial expenses from forwards – foreign exchange swaps	0	41,031

Table 56: Overview of USD inflows, outflows and open positions at Impol d. o. o. in millions of USD

	2015	2016	2017	2018	30/06/2019
Inflows	18.5	44.0	18.2	55.9	51.2
Outflows	41.5	52.0	66.5	21.9	26.9

There are also foreign exchange risks in Serbia related to the EUR/RSD exchange rate and in Croatia related to the EUR/HRK exchange rate.

The Impol Group adopted a measure to reduce the impact of exchange differences on the operating profit in the Serbian and Croatian part of the Group and to minimise the need for financing a substantial share of raw materials. A large part of the sales in the European Union is thus organised through Impol, d. o. o. The latter provides aluminium to be processed and in this way eliminates the risk of foreign exchange differences.

In the first half of 2019, we have generated a positive financial result from foreign exchange differences in the amount of EUR 203,069.

Table 57: Revenue and expenses from foreign exchange differences in EUR

	30/ 06/ 2019	30/ 06/ 2018
Financial revenue from operating receivables – foreign exchange differences	1,036,791	2,012,038
TOTAL revenue from foreign exchange differences	1,036,791	2,012,038
Financial expenses from other financial liabilities – foreign exchange differences	0	0
Financial expenses from operating liabilities – foreign exchange differences	833,722	742,821
TOTAL expenses from foreign exchange differences	833,722	742,821

As of 30/ 06/ 2019, companies in Slovenia have open receivables to buyers in the following currencies:

USD	13,969,347
AUD	93,850
GBP	20,437

As of 30/ 6/ 2019, companies in Slovenia have open liabilities to suppliers in the following currencies:

USD	6,346,168
HRK	9,000
GBP	13,785

As of 30/ 06/ 2019, companies in Croatia have open receivables to buyers in the following currencies:

EUR	4,071,882
-----	-----------

As of 30/ 06/ 2019, companies in Croatia have open liabilities to suppliers in the following currencies:

EUR	6,024,952
-----	-----------

As of 30/ 06/ 2019, companies in Serbia have open receivables to buyers in the following currencies:

EUR	2,634,358
-----	-----------

As of 30/ 06/ 2019, companies in Serbia have open liabilities to suppliers in the following currencies:

EUR	15,497,938
USD	6,550

Interest rate risk

The Impol Group has long-term loans tied to EURIBOR reference interest rate. The Impol Group has approximately 16.12 % of long-term financial liabilities with a fixed interest rate.

If the Interbank Offered Rate (EURIBOR) is negative (less than 0%), banks charge contractual interest based on the EURIBOR reference interest rate of 0% plus a surcharge.

As of 30/ 06/ 2019, the interbank reference interest rate EURIBOR was negative, for this reason its increase by 1 or 0.5 percentage point does not affect profit or loss.

The value of financial liabilities secured with interest rate swaps amount to EUR 56,093,750. In this regard we recognised the changes at fair value of the derivatives under the reserves resulting from valuation at fair value, in the amount of EUR -186,079, whereas the total value of interest swaps as of 30/ 06/ 2019, in the amount of EUR -469,624, is recognised as a liability within the framework of short-term financial liabilities.

Credit Risk

The credit control process encompasses customer credit rating which is carried out regularly by a chosen credit insurance and foreign insurance firms as well as our customer solvency monitoring system. The majority of the Group customers are insured, in particular the large ones. The Group policy is that an individual customer should not exceed 7 % of total sales.

By regularly monitoring open and past due trade receivables, the ageing structure of receivables and average payment deadlines, the Impol Group maintains its credit exposure within acceptable limits given the strained conditions on the market.

Carrying and fair values of financial instruments

Classification of financial instruments according to their fair value as of 30/ 06/ 2019

Table 58: Accounting and fair values of financial instruments in EUR

	Accounting value	Fair value	Fair value level
Investments in associate companies	493,523	493,523	3
Other shares and participating interests	310,384	310,384	3
Long-term loans granted	352,838	352,838	3
Long-term operating receivables	0	0	3
Short-term financial investments, excluding loans	2,027,767	2,027,767	3
Short-term loans granted	5,001,475	5,001,475	3
Short-term operating receivables	108,783,294	108,783,294	3
Cash and cash equivalents	30,018,373	30,018,373	3
Long-term financial liabilities	141,607,945	141,607,945	3
Long-term financial liabilities from (listed) bonds	10,000,000	10,310,000	1
Long-term operating liabilities	193,005	193,005	3
Short-term financial liabilities (excluding bonds and financial derivatives)	57,530,309	57,530,309	3
Short-term financial liabilities from (listed) bonds	10,000,000	10,310,000	1
Currency forwards	0	0	2
Short-term financial liabilities – fair value of financial derivatives	469,624	469,624	2
Short-term operating liabilities	74,212,953	74,212,953	3

**FINANCIAL
REPORT ON
THE OPERATIONS OF
IMPOL 2000, D. D.
FOR THE FIRST HALF
OF 2019**



Financial statements of Impol 2000 d. d.

Accounting policies and notes form an integral part of the financial statements presented below and should be read in conjunction with them.

Profit and loss statement

Table 59: Profit and loss statement in EUR

Item	Note	01-06/ 2019	01-06/ 2018
1. NET SALES REVENUES	1	13,654,946	12,816,924
a) Net sales revenues in the domestic market		12,925,723	11,487,658
b) Net sales revenues in the foreign market		729,223	1,329,266
2. OTHER OPERATING REVENUES (including revaluation operating revenues)	1	3,681	4,403
3. COSTS OF GOODS, MATERIALS AND SERVICES	2	8,388,482	8,056,618
a) Costs of goods and materials sold, and costs of the materials used		7,573,624	7,260,826
b) Costs of services		814,858	795,792
4. LABOUR COSTS	2	4,113,014	3,034,756
a) Costs of wages and salaries		2,993,014	2,191,817
b) Social security costs (pension insurance costs are shown separately)		491,742	362,147
c) Other labour costs		628,258	480,792
5. WRITE-OFFS	2	152,551	69,892
a) Depreciation		152,551	69,892
6. OTHER OPERATING EXPENSES	2	153,061	95,674
7. FINANCIAL REVENUES FROM SHARES	3	0	975,400
a) Financial revenues from shares in companies in the group		0	975,400
8. FINANCIAL REVENUES FROM LOANS GRANTED	3	278,179	254,438
a) Financial revenues from loans granted to companies in the group		278,155	254,360
b) Financial revenues from loans granted to others		24	78
9. FINANCIAL REVENUES FROM OPERATING RECEIVABLES	3	8,492	15,664
a) Financial revenues from operating receivables due from others		8,492	15,664
10/ FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	3	570,854	707,009
a) Financial expenses from loans received by companies in the group		187,198	139,661
b) Financial expenses from loans received from banks		0	5
c) Financial expenses from issued bonds		376,876	565,315
d) Financial expenses from other financial liabilities		0	2,028
e) Financial expenses from loans received by companies in the group		3,813	0
f) Financial expenses due to rights to use towards others		2,967	0
11. FINANCIAL EXPENSES DUE TO OPERATING LIABILITIES	3	109	115
a) Financial expenses from trade creditors and bills of exchange		0	17
b) Financial expenses from other operating liabilities		109	98
12/ INCOME TAX	4	107,773	0
13. NET PROFIT OR LOSS FOR THE ACCOUNTING PERIOD		459,454	2,102,766

Other comprehensive income statement

Table 60: Statement of other comprehensive income in EUR

	01-06/ 2019	01-06/ 2018
Net profit or loss for the accounting period	459,453.93	2,102,766.08
Total comprehensive income for the accounting period	459,453.93	2,102,766.08

Balance Sheet

Table 61: Balance sheet in EUR

	Note	30/ 06/ 2019	31/ 12/ 2018
A. Non-current assets		123,092,887	120,038,685
I. Intangible assets and long-term deferred costs and accrued revenue	6	508,242	501,997
1. Long-term property rights		508,242	501,997
II. Tangible fixed assets	7	312,265	266,765
1. Production equipment and machinery		78,178	69,304
2. Other machinery and equipment		230,331	197,461
3. Tangible fixed assets being acquired		3,756	0
III. Right to use assets	8	333,886	0
1/ Right to use immovable property		238,014	0
a) Right to use immovable property from associated companies		238,014	0
2. Right to use equipment		95,872	0
a) Right to use equipment from other companies		95,872	0
IV. Investment property		0	0
V. Long-term financial investments:	9	121,915,892	119,247,320
1. Long-term financial investments, excluding loans		73,394,887	70,806,315
a) Shares and stocks in companies in the group		73,394,887	70,806,315
2. Long-term loans		48,521,005	48,441,005
a) Long-term loans to companies in the group		48,521,005	48,441,005
VI. Long-term operating receivables		0	0
VII. Deferred tax assets		22,602	22,602
B. Short-term assets		15,282,439	10,238,531
I. Assets (disposal groups) available for sale		0	0
II. Inventories	10	7,485	11,557
1. Products and merchandise		7,485	11,557
III. Short-term financial investments	11	4,800,000	5,100,000
1. Short-term loans		4,800,000	5,100,000
a) Short-term loans to companies in the group		4,800,000	5,100,000

	Note	30/ 6/ 2019	31/ 12/ 2018	
IV.	Short-term operating receivables	12	4,657,850	4,802,573
1.	Short-term operating receivables from companies in the group		1,926,892	2,296,422
2.	Short-term operating receivables from customers		2,347,377	2,330,547
3.	Short-term operating receivables from others		383,581	175,604
V.	Monetary assets	13	5,817,105	324,401
C	SHORT-TERM ACCRUED COST AND DEFERRED REVENUE	13	91,378	4,868
	TOTAL ASSETS		138,466,705	130,282,084
A.	CAPITAL		61,684,853	61,225,400
I.	Called-up capital		4,451,540	4,451,540
1.	Share capital		4,451,540	4,451,540
II.	Capital reserves		10,751,254	10,751,254
III.	Revenue reserves		7,958,351	7,958,351
1.	Statutory reserves		2,225,770	2,225,770
2.	Other revenue reserves		5,732,581	5,732,581
IV.	Revaluation reserves		0	0
V.	Reserves resulting from valuation at fair value		-20,573	-20,573
VI.	Capital revaluation adjustment		0	0
VII.	Retained net profit or loss		38,084,827	32,601,891
VIII	Net profit or loss for the financial year		459,454	5,482,937
B.	PROVISIONS AND LONG-TERM ACCRUED EXPENSES AND DEFERRED REVENUE		258,488	258,488
1.	Provisions for pensions and similar obligations		258,488	258,488
C.	LONG-TERM LIABILITIES	14	10,313,252	10,030,828
I.	Long-term financial liabilities		10,313,252	10,030,828
1.	Long-term financial liabilities from bonds payable		10,000,000	10,000,000
2.	Other long-term financial liabilities		30,828	30,828
3.	Long-term financial liabilities related to right to use		282,424	0
a)	Long-term financial liabilities related to right to use to companies in the group		214,689	0
b)	Long-term financial liabilities related to right to use to other companies		67,735	0
II.	Long-term operating liabilities		0	0
III.	Deferred tax liabilities		0	0
D.	SHORT-TERM LIABILITIES	15	65,361,079	58,332,080
I.	Liabilities included in groups for disposal		0	0
II.	Short-term financial liabilities		61,564,854	55,524,592
1.	Short-term financial liabilities to companies in the group		51,499,600	45,499,600
2.	Short-term financial liabilities based on bonds		10,000,000	10,000,000
3.	Other short-term financial liabilities		9,745	24,992
4/	Short-term financial liabilities related to right to use		55,509	0
a)	Short-term financial liabilities related to right to use to companies in the group		25,390	0

	b)	Short-term financial liabilities related to right to use to other companies	30,119	0
III.		Short-term operating liabilities	3,796,225	2,807,489
1.		Short-term operating liabilities to companies in the group	2,273,297	203,176
2.		Short-term business liabilities to suppliers	206,575	395,002
3.		Short-term operating liabilities from advance payments	65,269	173,456
4.		Other short-term operating liabilities	1,251,084	2,035,855
E.		SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	15	849,033
		TOTAL LIABILITIES TO SOURCES OF ASSETS	138,466,705	130,282,084

Statement of changes in equity in the first half of 2019

Table 62: Statement of changes in equity in the first half of 2019 in EUR

	Called-up equity	Capital reserves	Reserves from profit		Reserves resulting from valuation at fair value	Retained net profit or loss	Net profit or loss for the financial year	Total capital
	I	II	III		IV	V	VI	VII
	Share capital		Statutory reserves	Other revenue reserves		Retained net profit	Net profit for the current year	Total capital
	I	II	III/1	III/2	IV	V	VI	VII
A.1. Balance at the end of the previous financial year (31/ 12/ 2018)	4,451,540	10,751,254	2,225,770	5,732,581	-20,573	32,601,891	5,482,937	61,225,400
a) Retroactive conversions								0
b) Retroactive adjustments								0
A.2. Initial balance of the reporting period (01/ 01/ 2019)	4,451,540	10,751,254	2,225,770	5,732,581	-20,573	32,601,891	5,482,937	61,225,400
B.1. Changes in equity – transactions with owners								0
B.2. Total comprehensive income for the accounting period							459,454	459,454
Entry of net profit or loss for the reporting period							459,454	459,454
B.3. Changes in equity						5,482,937	-5,482,937	0
Allocation of the remaining portion of the net profit for the comparable reporting period to other equity components						5,482,937	-5,482,937	0
C. Closing balance of the financial year (30/ 06/ 2019)	4,451,540	10,751,254	2,225,770	5,732,581	-20,573	38,084,827	459,454	61,684,853

Statement of changes in equity in the first half of 2018

Table 63: Statement of changes in equity in the first half of 2018 in EUR

	Called-up equity	Capital reserves	Reserves from profit		Reserves resulting from valuation at fair value	Retained net profit or loss	Net profit or loss for the financial year	Total capital
	I	II	III		IV	V	VI	VII
	Share capital		Statutory reserves	Other revenue reserves		Retained net profit	Net profit for the current year	Total capital
	I	II	III/1	III/2	IV	V	VI	VII
A.1. Balance at the end of the previous financial year (31/ 12/ 2017)	4,451,540	10,751,254	2,225,770	5,732,581	-17,838	32,481,493	3,118,354	58,743,153
a) Retroactive conversions								0
b) Retroactive adjustments								0
A.2. Initial balance of the reporting period (01/ 01/ 2018)	4,451,540	10,751,254	2,225,770	5,732,581	-17,838	32,481,493	3,118,354	58,743,153
B.1. Changes in equity – transactions with owners								0
B.2. Total comprehensive income for the accounting period							2,102,766	2,102,766
Entry of net profit or loss for the reporting period							2,102,766	2,102,766
B.3. Changes in equity						3,118,354	-3,118,354	0
Allocation of the remaining portion of the net profit for the comparable reporting period to other equity components						3,118,354	-3,118,354	0
C. Closing balance of the financial year (30/ 06/ 2018)	4,451,540	10,751,254	2,225,770	5,732,581	-17,838	35,599,847	2,102,766	60,845,919

Cash flow statement

Table 64: Cash flow statement in EUR

	Note	01-06/ 2019	01-06/ 2018
A.	Cash flows from operating activities		
a)	Profit & Loss Statement items	902,108	1,649,828
	Operating revenue (except from revaluation) and financial revenue from operating receivables	13,664,546	12,836,991
	Operating revenue excluding depreciation (except from revaluation) and financial expenses from operating liabilities	-12,654,665	-11,187,163
	Income tax and other taxes not included in operating expenses	-107,773	0
b)	Changes of net working assets (and accrued costs and deferred revenues, provisions and deferred tax receivables and liabilities) of the balance sheet operating items	1,333,609	-1,923,460
	Opening minus closing operating receivables	422,877	-863,451
	Opening minus closing deferred costs and accrued revenue	-86,510	-33,768
	Opening minus closing inventory	4,072	-25,407
	Closing minus opening operating debts	953,730	-1,603,653
	Closing minus opening accrued costs and deferred revenues and provisions	39,440	602,819
c)	Positive or negative cash flow from operating activities (a + b)	2,235,717	-273,632
B.	Cash flows from investing activities		
a)	Cash receipts from investing activities	300,024	8,495,478
	Cash receipts from interest and participation in profit of others relating to investing activities	24	975,478
	Cash receipts from the disposal of long-term financial investments	0	7,200,000
	Cash receipts from the disposal of short-term financial investments	300,000	320,000
b)	Cash disbursements from investing activities	-2,817,287	-6,207,584
	Cash disbursements for the acquisition of intangible assets	-48,880	-72,539
	Cash disbursements for the acquisition of tangible fixed assets	-99,836	-57,599
	Cash disbursements for the acquisition of long-term financial investments	-2,668,571	-5,147,446
	Cash disbursements for the acquisition of short-term financial investments	0	-930,000
c)	Positive or negative cash flow from investing activities (a + b)	-2,517,263	2,287,894
C.	Cash flows from financing activities		
a)	Cash receipts from financing activities	51,501,957	40,039,332
	Cash receipts from the increase of short-term financial liabilities	51,501,957	40,039,332
b)	Cash disbursements from financing activities	-45,727,708	-41,092,337
	Cash disbursements for given interests from financing activities	-158,972	-730,675
	Cash repayments of short-term financial liabilities	-45,566,779	-40,361,662
	Cash repayments of dividends and other profit shares paid	-1,957	0
c)	Positive or negative cash flow from financing activities (a + b)	5,774,249	-1,053,005
D.	Monetary assets at the end of the period	5,817,104	1,526,690
a)	Net cash flow in the period	5,492,703	961,257
b)	Monetary assets at the beginning of the period	324,401	565,433

Notes to the financial statements

Reporting entity

In accordance with the Companies Act, Impol 2000, d. d. (hereinafter referred to as: Company), with head office in Slovenska Bistrica, Partizanska ulica 38, is classified as a large public limited company, and as such, subject to regular annual audit. The Company is classified under the activity code 70.100 – management of companies. The company's share capital in the amount of EUR 4,451,540 EUR is divided into 1,066,767 registered pro rata shares that are not traded in the organized security market. The shares are owned by 831 shareholders.

The financial statements of Impol 2000, d. d. for the first half of 2019 are presented below.

Statement of compliance with IFRS

The Management Board confirmed the financial statements on 25/ 09/ 2019/

Financial statements of Impol 2000, d. d. were composed in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the notes adopted by the IFRS Interpretations Committee (IFRIC) and by the European Union, and in accordance with the provisions of the Companies Act (ZGD). The interim report is drawn up in accordance with requirements of MRS 34 – Interim financial reporting. In drawing up the financial statements for the period between January and June 2019, the same accounting policies were taken into account as in drawing up the financial statements for 2018, pursuant to the new standard IFRS 16 – Loans.

On the balance sheet date, there were no differences between the applied IFRS and the IFRS adopted by the European Union in accounting guidelines of Impol 2000, d. d. as regards the process of confirming standards in the European Union. Interim financial statements of Impol 2000, d. d. are not revised.

The basis for drawing up financial statements

Financial statements of Impol 2000, d. d. were drawn up on historical cost basis.

Functional and reporting currency

The financial statements in this report are in EUR (without cents), and EUR is also the functional currency of the company. Due to the rounding off of value data, there may be insignificant deviations from the sums given in the tables.

Notes to individual items of financial statements

1. Operating revenues

Operating revenues

Table 65: Operating revenue in EUR

	Operating revenue generated with companies			01-06/ 2019	01-06/ 2018
	within the group	associate companies	other companies		
Net sales revenues	5,735,813	425	7,918,709	13,654,946	12,816,924
Other operating revenues	0	0	3,681	3,681	4,403
TOTAL	5,735,813	425	7,922,390	13,658,628	12,821,328

Other operating revenues

Table 66: Other operating revenues in EUR

	01-06/ 2019	01-06/ 2018
Revenues from the reversal of provisions	2,572	0
Other revenues associated with business effects (subsidiaries, grants, compensations, premiums, etc.)	49	1
Revaluation operating revenue	1,060	4,402
TOTAL	3,681	4,403

Net sales revenues by the type of merchandise or service

Table 67: Net sales revenues by the type of merchandise or service in EUR

	Created with companies			01-06/ 2019	01-06/ 2018
	within the group	associate companies	Other companies		
Net revenues from the sale of services	5,735,813	425	18,860	5,755,098	5,204,672
Net sales revenues from sales of goods and materials	0	0	7,899,848	7,899,848	7,612,252
TOTAL	5,735,813	425	7,918,709	13,654,946	12,816,924

Net sales revenue by local segment

Table 68: Net sales revenues by operating segments in EUR

	01-06/ 2019	01-06/ 2018
Revenue from sales in Slovenia	12,925,723	11,487,658
• Group companies	5,735,813	5,180,958
• Other companies	7,189,910	6,306,700
Revenues from sales in EU	122,899	212,722
• Other companies	122,899	212,722
Revenue from sales in other European countries	606,324	1,116,545
• Other companies	606,324	1,116,545
TOTAL	13,654,946	12,816,924

2. Operating expenses

Analysis of costs and expenses

Table 69: Analysis of costs and expenses in EUR

	Costs of sale	Costs of general activities	Total 01-06/ 2019	Created with companies			01-06/ 2018
				Group companies	Associate companies	Other companies	
Costs of merchandise and materials sold	7,518,676	0	7,518,676	7,514,604	0	4,072	7,195,974
Costs of material	0	54,948	54,948	19,580	0	35,368	64,852
Costs of services	304,802	510,056	814,858	118,934	141,164	554,761	795,792
Labour costs	3,340,190	772,823	4,113,014	0	0	4,113,014	3,034,756
Depreciation	0	152,551	152,551	26,446	0	126,105	69,892
Other operating expenses	0	153,061	153,061	3,444	0	149,617	95,674
TOTAL	11,163,668	1,643,440	12,807,107	7,683,008	141,164	4,982,936	11,256,940

Labour costs

Table 70: Itemization of labour costs in EUR

	01-06/ 2019	01-06/ 2018
Costs of wages and salaries	2,993,014	2,191,817
Costs of pension insurance	257,025	186,664
Costs of other insurance	234,717	175,483
Other labour costs	628,258	480,792
TOTAL	4,113,014	3,034,756

3. Financial revenue and expenses

Financial revenues from financial investments

Table 71: Financial revenue from financial investments in EUR

	Total 01-06/ 2019	Of which from companies		Total 01-06/ 2018
		Group companies	Other companies	
Financial revenue from participating interests – in profits, dividends	0	0	0	975,400
Financial revenue from loans - interests	278,179	278,154	24	254,438
Financial revenue from operating receivables - interests	8,492	0	8,492	15,659
Financial revenue from operating receivables – foreign exchange differences	0	0	0	5
TOTAL	286,670	278,154	8,516	1,245,502

Financial expenses from financial investments

Table 72: Financial expenses from financial investments in EUR

	Total 01-06/ 2019	Of which from companies		Total 01-06/ 2018
		Group companies	Other companies	
Financial expenses from (excluding bank loans) – interests	187,198	187,198	0	139,661
Financial expenses from leasing – Interests	0	0	0	2,028
Financial expenses from loans received from banks – interests	0	0	0	5
Financial expenses from issued bonds – interests	376,877	0	376,877	565,315
Financial liabilities from rights to use	6,780	3,813	2,967	0
Financial expenses from operating liabilities – interests	85	0	85	42
Financial expenses from operating liabilities – foreign exchange differences	24	0	24	73
TOTAL	570,963	191,011	379,953	707,124

Financial expenses due to operating liabilities

Table 73: Financial expenses from operating liabilities in EUR

	Total 01-06/ 2019	Of which from companies		Total 01-06/ 2018
		Other companies		
Finance expenses from trade creditors – interests	0	0		17
Finance expenses from other operating liabilities – interests	85	85		25
Finance expenses from other operating liabilities – foreign exchange differences	24	24		73
TOTAL	109	109		115

4. Income tax

Table 74: Income tax in EUR

	01-06/ 2019	01-06/ 2018
Revenues determined in accordance with accounting regulations	13,945,298	14,066,830
Revenue adjustment for tax purposes – decrease	0	926,630
Revenue recognised for tax purposes	13,945,298	13,140,200
Expenses determined under accounting regulations	13,378,071	11,964,064
Expense adjustment for tax purposes – decrease	0	19,503
Expenses recognised for tax purposes	13,378,071	11,944,561
DIFFERENCE BETWEEN DEDUCTIBLE REVENUE AND EXPENSES	567,227	1,195,639
TAX BASE	567,227	1,195,639
TAX BASE	567,227	1,195,639
TAX in %	19	0
TAX	107,773	0

5. Net earnings per share

Basic earnings per share are calculated by dividing net earnings attributable to shareholders by the weighted average of the number of regular shares during the year, excluding the average number of own shares.

Table 75: Basic net earnings per share in EUR

	01-06/ 2019	01-06/ 2018
Profit or loss relating to the owners of the controlling entity	459,454	2,102,766
Weighted average of the number of regular shares	1,066,767	1,066,767
Basic earnings per share (in EUR)	0.43	1.97

	2019	2018
Regular shares as of 01/ 01/	1,066,767	1,066,767
Effect of own shares	0	0
Weighted average of the number of regular shares as of 30/ 06/	1,066,767	1,066,767

Because the company does not have any preference shares, nor bonds which could be converted into shares, the adjusted earnings per share equals the basic earnings per share.

06. Intangible assets and long-term deferred costs and accrued revenue

Table 76: Trend in intangible assets in the first half of 2019 in EUR

	Long-term property rights	Long-term property rights acquired	TOTAL
Cost as of 31/ 12/ 2018	445,338	137,871	583,209
Opening balance adjustments	0	0	0
Cost as of 01/ 01/ 2019	445,338	137,871	583,209
Direct increases – acquisitions	0	48,880	48,880
Cost as of 30/ 06/ 2019	445,338	186,750	632,088
Value adjustment as of 31/ 12/ 2018	81,211	0	81,211
Opening balance adjustment	0	0	0
Value adjustment as of 01/ 01/ 2019	81,211	0	81,211
Depreciation during the year	42,635	0	42,635
Value adjustment as of 30/ 06/ 2019	123,846	0	123,846
Carrying amount as of 30/ 06/ 2019	321,492	186,750	508,242
Carrying amount as of 31/ 12/ 2018	364,127	137,871	501,997

Table 77: Trend in intangible assets in the first half of 2018 in EUR

	Long-term property rights	Long-term property rights acquired	TOTAL
Cost as of 31/ 12/ 2017	23,793	431,151	454,944
Opening balance adjustments	0	0	0
Cost as of 01/ 01/ 2018	23,793	431,151	454,944
Direct increases – acquisitions	0	72,539	72,539
Transfer from construction in progress	176,200	-176,200	0
Cost as of 30/ 06/ 2018	199,993	327,490	527,483
Value adjustment as of 31/ 12/ 2017	22,325	0	22,325
Opening balance adjustment	0	0	0
Value adjustment as of 01/ 01/ 2018	22,325	0	22,325
Depreciation during the year	24,753	0	24,753
Value adjustment as of 30/ 06/ 2018	47,078	0	47,078
Carrying amount as of 30/ 06/ 2018	152,915	327,490	480,405
Carrying amount as of 31/ 12/ 2017	1,469	431,151	432,619

Disclosed intangible assets are the property of Impol 2000, d. d. and encumbrance free.

7. Tangible fixed assets

Table 78: Trend in tangible fixed assets in the first half of 2019 in EUR

Description	Production machinery and equipment	Other devices and equipment	Equipment and other tangible fixed assets being acquired	Total equipment	TOTAL
Cost as of 31/ 12/ 2018	726,514	504,934	504,934	0	1,231,448
Opening balance adjustments	0	0	0	0	0
Cost as of 01/ 01/ 2019	726,514	504,934	504,934	0	1,231,448
Direct increases – acquisitions	0	0	0	56,533	56,533
Transfer from construction in progress	18,491	77,592	77,592	-96,082	0
Transfer between Group companies – acquisition	0	0	0	43,306	43,306
Decreases – exclusions, other decreases (-)	0	2,901	2,901	0	2,901
Cost as of 30/ 06/ 2019	745,005	579,625	579,625	3,756	1,328,386
Value adjustment as of 31/ 12/ 2018	657,210	307,473	307,473	0	964,683
Opening balance adjustment	0	0	0	0	0
Value adjustment as of 01/ 01/ 2019	657,210	307,473	307,473	0	964,683
Depreciation during the year	9,617	44,718	44,718	0	54,336
Direct increase	0	3	3	0	3
Decreases – exclusions, other decreases (-)	0	2,901	2,901	0	2,901
Value adjustment as of 30/ 06/ 2019	666,827	349,294	349,294	0	1,016,121
Carrying amount as of 30/ 06/ 2019	78,178	230,331	230,331	3,756	312,265
Carrying amount as of 31/ 12/ 2018	69,304	197,461	197,461	0	266,765

Table 79: Trend in tangible fixed assets in the first half of 2018 in EUR

	Production machinery and equipment	Other devices and equipment	Total other devices and equipment	Equipment and other tangible fixed assets being acquired	Total equipment	Total
Cost as of 31/ 12/ 2017	1,105,606	344,353	344,353	0	1,449,958	1,449,958
Opening balance adjustments	0	0	0	0	0	0
Cost as of 01/ 01/ 2018	1,105,606	344,353	344,353	0	1,449,958	1,449,958
Direct increases – acquisitions	0	0	0	54,824	54,824	54,824
Transfer from construction in progress	0	57,599	57,599	-57,599	0	0
Transfer between Group companies – acquisition	0	0	0	2,775	2,775	2,775
Decreases – exclusions, other decreases (-)	0	2,229	2,229	0	2,229	2,229
Cost as of 30/ 06/ 2018	1,105,606	399,723	399,723	0	1,505,328	1,505,328
Value adjustment as of 31/ 12/ 2017	1,002,908	198,308	198,308	0	1,201,215	1,201,215
Opening balance adjustment	0	0	0	0	0	0
Value adjustment as of 01/ 01/ 2018	1,002,908	198,308	198,308	0	1,201,215	1,201,215
Depreciation during the year	1,058	44,081	44,081	0	45,138	45,138
Direct increase	0	1	1	0	1	1
Decreases – exclusions, other decreases (-)	0	2,229	2,229	0	2,229	2,229
Value adjustment as of 30/ 06/ 2018	1,003,965	240,160	240,160	0	1,244,125	1,244,125
Carrying amount as of 30/ 06/ 2018	101,640	159,563	159,563	0	261,203	261,203
Carrying amount as of 31/ 12/ 2017	102,698	146,045	146,045	0	248,743	248,743

All disclosed tangible assets, except assets under financial lease, are the property of Impol 2000, d. d. and encumbrance free.

8. Right to use assets

Table 80: Trend in right to use assets in the first half of 2019 in EUR

	Right to use immovable property – companies within the Group	Total right to use intangible assets	Right to use equipment – other companies	Total right to use equipment	Total right to use
Cost as of 31/ 12/ 2018	0	0	0	0	0
Opening balance adjustments	0	0	0	0	0
Cost as of 01/ 01/ 2019	0	0	0	0	0
Direct increase (+)	264,460	264,460	125,006	125,006	389,466
Cost as of 30/ 06/ 2019	264,460	264,460	125,006	125,006	389,466
Value adjustment as of 31/ 12/ 2018	0	0	0	0	0
Opening balance adjustments	0	0	0	0	0
Value adjustment as of 01/ 01/ 2019	0	0	0	0	0
Depreciation (+)	26,446	26,446	29,134	29,134	55,580
Value adjustment as of 30/ 06/ 2019	26,446	26,446	29,134	29,134	55,580
Carrying amount as of 30/ 06/ 2019	238,014	238,014	95,872	95,872	333,886
Carrying amount as of 31/ 12/ 2018	0	0	0	0	0

Upon transferring to the new IFRS 16 – Lease standard within the Impol 2000, d. d., we have reached the decision to choose the possibility of using the standard retroactively, with a cumulative effect of the beginning of use of the standard and measurement of assets amounting to calculated lease liabilities. Impol 2000, d. d., is leasing business premises and certain personal vehicles.

9. Long-term financial investments

Table 81: Long-term financial investments in EUR

	Cost as of 30/ 06/ 2019			Value adjustment as of 30/ 06/ 2019	Accounting value	
	Group companies	Associate companies	Total value adjustment as of 30/ 06/ 2019	30/ 06/ 2019	31/ 12/ 2018	
	=	+	+	-	=	
Investments in shares and participating interest	73,429,535	73,394,887	34,648	34,648	73,394,887	70,806,315
Long-term loans granted	48,521,005	48,521,005	0	0	48,521,005	48,441,005
TOTAL LONG-TERM FINANCIAL INVESTMENTS	121,950,540	121,915,892	34,648	34,648	121,915,892	119,247,320

The financial investment in the equity of Impol, d. o. o. (97,5387% ownership share) in the amount of EUR 37,750,000 was pledged in the form of a given guarantee, reserved for liabilities of Impol, d. o. o. to banks.

Table 82: Trend in investments in subsidiaries and associates

Description of the long-term financial investment	Shareholding (%)	Purchase value		Cost adjustment due to the impairment		Accounting value	
		Cost as of 01/ 01/ 2019	Cost as of 30/ 06/ 2019	Value adjustment as of 01/ 01/ 2019	Value adjustment as of 30/ 06/ 2019	30/ 06/ 2019	01/ 01/ 2019
		+	=	-	=	=	=
Impol, d. o. o.	Subsidiary (97.54 %)	67,588,863	67,588,863	0	0	67,588,863	67,588,863
Impol Servis, d. o. o.	Subsidiary (100 %)	245,037	245,037	0	0	245,037	245,037
Rondal, d. o. o.	Subsidiary (100 %)	100,000	100,000	0	0	100,000	100,000
Impol-FinAl, d. o. o.	Subsidiary (100 %)	1,000,000	1,000,000	0	0	1,000,000	1,000,000
Impol-TLM, d. o. o.	Subsidiary (100 %)	1,872,415	1,872,415	0	0	1,872,415	1,872,415
Alcad, d. o. o.*	Subsidiary (100 %)	0	2,588,572	0	0	2,588,572	0
Impol Brazil Aluminium	Associated company (50 %)	34,647	34,647	34,648	34,648	0	0
TOTAL		70,840,963	73,429,534	34,648	34,648	73,394,887	70,806,315

*We have acquired the 100 % share in the company Alcad, d. o. o. with the purpose of guaranteeing a fast development of digitalisation in order to follow the trends of the Industry 4.0 revolution. Before that, Impol, d. o. o. had a 32,07 % share in the company Alcad, d. o. o., while the remaining share was owned by a natural person.

All long-term financial investments, except loans, are distributed to the group "Financial assets available for sale" and are measured at cost.

As the controlling company, Impol 2000, d. d. is responsible for preparation of consolidated financial statements for the companies presented above.

Trend in long-term loans granted

Table 83: Trend in long-term loans granted in EUR

Balance of debts as of 01/ 01/ 2019	48,441,005
New loans (+)	80,000
Refunds (-)	0
Balance of loans granted as of 30/ 06/ 2019	48,521,005

The loans are calculated at the established interest rate, increased by one percentage point due to maturity. All loans are secured with bills of exchange.

10. Merchandise inventories

Table 84: Merchandise inventories in EUR

	30/ 06/ 2019			31/ 12/ 2018
	Cost (+)	Value adjustment due to the impairment of inventories (-)	Accounting value	
Merchandise	7,485	0	7,485	37,817
TOTAL	7,485	0	7,485	37,817

11/ Short-term financial investments

Table 85: Short-term financial investments in EUR

	Purchase value of short-term financial investments as of 30/ 06/ 2019	Of which short-term financial investments in companies:		Carrying amount as of 30/ 06/ 2019	Carrying amount as of 31/ 12/ 2018
		Group companies			
	=	+	=		
Short-term portion of long-term loans granted	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Short-term loans granted	00	0	0	0	300,000
TOTAL SHORT-TERM FINANCIAL INVESTMENTS	4,800,000	4,800,000	4,800,000	4,800,000	5,100,000

Trend in short-term loans granted

Table 86: Trend in short-term loans granted in EUR

Loans granted to Group companies	
Balance of debts as of 01/ 01/ 2019	5,100,000
New loans (+)	0
Refunds (-)	300,000
Balance of loans granted as of 30/ 6/ 2019	4,800,000

All loans granted to associated companies are calculated at the established interest rate, increased by 1 percentage point due to maturity. Among its short-term loans, Impol 2000, d. d. also recognises long-term loans granted, a part of which falls due in 2019. All loans are secured with bills of exchange.

Trend in short-term loans according to borrowers granted in EUR:

Table 87: Trend in short-term loans granted in EUR

Group companies	30/ 06/ 2019	31/ 12/ 2018
Impol-TLM, d. o. o.,	4,800,000	5,100,000
TOTAL SHORT-TERM LOANS IN EUR	4,800,000	5,100,000

12. Short-term operating receivables

In Slovenia, company's receivables are secured through Coface PKZ zavarovalnica, d. d. Ljubljana in the amount of EUR 1,895,445 in accordance with the balance as of 30/ 06/ 2019.

Table 88: Short-term operating receivables in EUR

	Short-term operating receivables	Short-term operating receivables from companies:		Value adjustment due to impairment	30/ 06/ 2019	31/ 12/ 2018
		Group companies	Other companies			
	=	+	+	-	=	
Short-term operating receivables from customers	3,500,329	1,122,061	2,378,267	30,891	3,469,438	4,100,292
• of which already matured on 30/ 06/ 2019	351,667	155	351,512	0	351,667	395,231
Short-term advances and securities granted	201	0	201	0	201	2,199
Short-term receivables associated with financial revenues	841,672	804,831	36,841	0	841,672	564,035
Short-term receivables from state institutions	331,316	0	331,316	0	331,316	114,444
Other short-term operating receivables	15,224	0	15,224	0	15,224	21,603
TOTAL	4,688,741	1,926,892	2,761,849	30,891	4,657,850	4,802,573

Analysis of outstanding trade receivables in EUR

Table 89: Analysis of outstanding trade receivables in EUR

	30/ 06/ 2019	Group companies	Other companies	31/ 12/ 2018
Maturing in 2018	351,402	155	351,247	0
Maturing in 2017	265	0	265	374,582
Matured in 2016	0	0	0	0
Maturing in 2015	0	0	0	11,729
Matured in 2014 or before	0	0	0	42,866
TOTAL receivables from customers already due	351,667	155	351,512	429,177

Value adjustment of current operating receivables due to impairment

Table 90: Trend in value adjustment of short-term operating receivables due to the impairment in EUR

	01–06/ 2019	Of which average value of short-term receivables from companies: other	2018
Balance as of 01/ 01/ 2019	31,951	31,951	52,476
Decrease in value due to settlement of receivables (-)	31,908	31,908	32,353
Decrease in value due to write-offs of receivables (-)	0	0	3,839
Created value adjustments for the period due to the impairment (+)	30,848	30,848	15,667
Balance as of 30/ 06/ 2019	30,891	30,891	31,951

On 30/ 06/ 2019, the Company had no disclosed receivables from the members of the Management board, Executive Directors or internal owners.

13. Monetary assets

Table 91: Monetary assets in EUR

	30/ 06/ 2019	31/ 12/ 2018
Cash in hand and immediately cashable securities	218	471
Cash in banks and other financial institutions	5,816,886	323,930
TOTAL MONETARY ASSETS	5,817,105	324,401

The company has no short-term deposits of under three months.

Short-term accrued costs and deferred revenue

Table 92: Short-term deferred costs and accrued revenues in EUR

	30/ 06/ 2019	31/ 12/ 2018
Short-term deferred costs or expenses	79,020	1,546
VAT from advances received	12,358	3,322
SHORT-TERM ACCRUED COST AND DEFERRED REVENUE	91,378	4,868

Short-term deferred costs or expenses mainly refer to the deferred costs of holiday allowance for 2019.

14. Long-term financial and operating liabilities

Table 93: Short-term financial and operating liabilities in EUR

	Total debt as of 30/ 06/ 2019	The part falling due in 2019	30/ 06/ 2019	31/ 12/ 2018
	+	-	=	
Long-term financial liabilities regarding bonds	20,000,000	10,000,000	10,000,000	10,000,000
Long-term financial lease liabilities to other companies	37,752	6,924	30,828	30,828
Long-term financial liabilities related to right to use – Group companies	264,460	49,771	214,689	0
Long-term liabilities related to right to use – other companies	125,006	57,271	67,735	0
TOTAL long-term financial and operating liabilities	20,427,218	10,113,966	10,313,252	10,030,828

Table 94: Maturity of long-term financial and operating liabilities

MATURITY OF LONG-TERM FINANCIAL AND OPERATING LIABILITIES	30/ 06/ 2019	31/ 12/ 2018
Maturing in 2019	X	10,021,486
Maturing in 2020	10,180,948	9,343
Maturing in 2021	76,196	0
Maturing in 2022	56,108	0
TOTAL long-term financial and operating liabilities	10,313,252	10,030,828

Issued bonds

In 2015, Impol 2000, d. d. for the first time issued five-year bonds in the amount of EUR 50 million in order to finance the cycle of investments for the subsequent long-term growth and development. The annual interest rate is 3.8%. Coupons are paid on an annual basis. The final maturity date is 19/ 10/ 2020.

Liabilities for issued bonds relate to the bonds listed as IM01. The controlling company issued the bonds in the total nominal value of EUR 50,000,000. The total issue of bonds comprises 50,000 denominations of EUR 1,000.

Table 95: Depreciation schedule for the issued bonds in EUR

No.	Date of maturity of liability	Payment of coupon in EUR (interest)	Payment of principal value in EUR	Total payment in EUR
1	19/ 10/ 2016*	1,900,000	10,000,000	11,900,000
2	19/ 10/ 2017*	1,520,000	10,000,000	11,520,000
3	19/ 10/ 2018*	1,140,000	10,000,000	11,140,000
4	19/ 10/ 2019	760,000	10,000,000	10,760,000
5	19/ 10/ 2020	380,000	10,000,000	10,380,000
TOTAL		5,700,000	50,000,000	55,700,000

*Paid upon maturity

The interest rate for the issued bonds is stable and amounts to 3.80% annually. Bonds have been traded on the Ljubljana Stock Exchange.

15. Short-term liabilities

Table 96: Short-term financial liabilities in EUR

Lender	Type of loan (according to lender)	Interest rate in %	Maturity date	Total debt as of 01/ 01/ 2019	New loans in current year	Reimbursements in the current year	Total debt as of 30/ 06/ 2019	Loan security
				+	+	-	=	
Impol, d. o. o.	Group companies in Slovenia	POM + 1 %	24/ 09/ 2019, 07/ 03/ 2020	44,999,600	51,000,000	45,000,000	50,999,600	Bills of exchange
LIABILITIES	Other companies in Slovenia	3.8	19/ 10/ 2019	10,000,000	0	0	10,000,000	Unsecured
Rondal, d. o. o.,	Group companies in Slovenia	POM + 1 %	16/ 2/ 2020	500,000	500,000	500,000	500,000	Bills of exchange
				55,499,600	51,500,000	45,500,000	61,499,600	

Liabilities from bonds are not secured.

Table 97: Short-term financial and operating liabilities in EUR

	30/ 06/ 2019	31/ 12/ 2018
Short-term operating liabilities to suppliers on the domestic market to Group companies	2,178,085	142,971
Short-term operating liabilities to suppliers on the domestic market to associate companies	28,323	118,811
Short-term operating liabilities to suppliers on the domestic market to other companies	161,236	268,356
Short-term operating liabilities on foreign markets to suppliers to others	17,017	7,835
Short-term operating liabilities based on advances to other companies	65,269	173,456
Other short-term operating liabilities to Group companies	95,211	60,205
Other short-term operating liabilities to others	1,251,084	2,035,855
TOTAL short-term operating liabilities:	3,796,225	2,807,489
Short-term part of long-term financial liabilities – bonds	10,000,000	10,000,000
Short-term portion of long-term financial liabilities – other companies	6,924	20,209
Short-term financial liabilities (other than financial lease liabilities) – Group companies	51,499,600	45,499,600
Short-term financial liabilities from the distribution of profit	2,821	4,778
Short-term part of long-term financial liabilities related to right to use – Group companies	25,390	0
Short-term part of long-term financial liabilities from right to use – other companies	30,119	0
TOTAL short-term financial liabilities:	61,564,854	55,524,592
TOTAL short-term financial and operating liabilities:	65,361,079	58,332,080

Short-term financial liabilities comprise liabilities from the received loans with the maturity of less than one year. They include liabilities in the amount of EUR 10,000,000 from bonds, which represents the short-term part of the liabilities, falling due in 2019.

Interest for loans between Group companies are calculated at the established interest rate, which applies to loans between associated entities, increased by 1 percentage point.

All short-term financial liabilities, other than the short-term portion of bonds, are secured.

Table 98: Short-term operating liabilities in EUR

	30/ 06/ 2019	31/ 12/ 2018
Short-term operating liabilities to suppliers – Group companies	2,178,085	142,971
Short-term operating liabilities to suppliers – associate companies	28,323	118,811
Short-term operating liabilities to suppliers – others	178,252	276,191
TOTAL short-term liabilities to suppliers	2,384,660	537,973
- of which already matured on the day of balance	2,146,436	180,681
Short-term operating liabilities for advances	65,269	173,456
TOTAL short-term liabilities for advances	65,269	173,456
Short-term liabilities to employees	887,787	1,199,571
Short-term liabilities to government	310,388	795,696
Short-term liabilities from interest – Group companies	95,211	60,205
Short-term liabilities from interest – other companies	0	10
Other short-term operating liabilities – other companies	52,910	40,579
TOTAL other short-term operating liabilities	1,346,296	2,096,060
Total short-term operating liabilities	3,796,225	2,807,489

Table 99: Analysis of outstanding liabilities to suppliers in EUR

	30/ 06/ 2019	31/ 12/ 2018
Maturing in 2019	2,146,436	0
Maturing in 2018	0	180,681
TOTAL liabilities to suppliers already due	2,146,436	180,681

Table 100: Short-term accrued expenses and deferred revenue in EUR

	30/06/2019	31/12/2018
Accrued deferred costs or expenses	802,062	397,912
Short-term deferred income	36,841	37,358
VAT from advances granted	10,130	18
TOTAL SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	849,033	435,288

Accrued deferred costs or expenses refer to calculated interest from issued bonds, resulting from the day of the last payment of the coupon and principal (i.e. from 19/ 10/ 2018) up to including 30/ 06/ 2019.

16. Financial instruments and financial risks

Impol 2000, d. d. faces the following risks in its business process, in particular:

Table 101: Risks

Risk area	Risk description	Risk management method	Exposure
Liquidity risk	Lack of liquid assets for the settlement of operating or financing liabilities.	Pre-agreed credit lines and preparation of inflow and outflow schedules.	Moderate
Risk related to change in interest rate	Risk related to the change of financing and loan-raising conditions.	Monitoring of the ECB's and FED's policies, security with appropriate financial instruments – interest rate swaps, transition from the fixed to a floating interest rate.	Low
Credit Risk	Risk of customer failure to settle their liabilities.	Securing trade receivables -primarily receivables from foreign debtors - through Prva kreditna zavarovalnica and foreign insurance firms, monitoring of customer credit ratings, limiting maximum exposure to individual customers. Transactions with customers located in high-risk markets are only performed on the basis of advance payments or prime bank guarantees.	Moderate to high

Liquidity risk

When it comes to liquidity risk management, we examine whether the company is able to settle its running operating liabilities and whether it is generating a sufficiently large cash flow to settle its financing liabilities.

Floating weekly and monthly scheduling of cash flows allow the company to determine liquid asset requirements. Potential cash shortages are covered by bank credit lines and other forms of financing, whereas the potential short-term surpluses are invested in liquid short-term financial investments.

Interest rate risk

Since Impol 2000, d. d. currently has no loans related to a changing interest rate, it is not exposed to direct risks related to change in interest rate. Due to the realisation that the offers for swapping the interest rates are cost ineffective and due to the projections that the interest rate will not increase, new insurances of interest rates would probably not be concluded in case of such exposure.

If the interbank reference interest rate EURIBOR is negative (less than 0%), banks charge contractual interests at the EURIBOR reference interest rate of 0%, increased by the spread.

As of 30/ 06/ 2019, the interbank reference interest rate EURIBOR was negative, for this reason its increase by 1 or 0.5 percentage point does not affect profit or loss.

Credit Risk

Credit control process encompasses customer credit rating which is carried out regularly by Prva kreditna zavarovalnica and foreign insurance companies as well as our customer solvency monitoring system. By regularly monitoring of open and matured trade debtors, the age structure of receivables and average payment deadlines, we maintain our credit exposure within acceptable limits given the strained conditions on the market. In 2019, our receivables from buyers are slightly lower than in the same period of last year (30/ 06/ 2018), while the share of receivables due from customers has also decreased.

Carrying and fair values of financial instruments

Classification of financial instruments according to their fair value as of 30/ 06/ 2019:

Table 102: Accounting and fair values of financial instruments in EUR

	Accounting value	Fair value	Fair value level
Long-term investments in subsidiaries	73,394,887	73,394,887	3
Long-term loans granted to Group companies	48,521,005	48,521,005	3
Short-term loans granted to Group companies	4,800,000	4,800,000	3
Short-term operating receivables	4,657,850	4,657,850	3
Cash and cash equivalents	5,817,105	5,817,105	3
Long-term financial liabilities (excluding liabilities from bonds)	313,252	313,252	3
Long-term financial liabilities from listed bonds	10,000,000	10,310,000	1
Short-term financial liabilities (excluding liabilities from bonds)	51,564,854	51,564,854	3
Short-term financial liabilities from listed bonds	10,000,000	10,310,000	1
Short-term operating liabilities	3,796,225	3,796,225	3

17. Contingent liabilities

As of 30/ 06/ 2019, Impol 2000, d. d. had EUR 53,402,542 of guarantees granted to the subsidiary Impol, d. o. o. from the received long-term loans at banks. The given guarantee in the amount of EUR 44,250,000 is secured by the pledge of a 97.5% ownership share in Impol, d. o. o.

18. Transactions with associates

Table 103: Receivables of Impol 2000, d. d. from Group companies as of 30/ 06/ 2019 in EUR

	Right to use im- movable property	Long-term financial investments	Long-term loans granted	Short-term loans granted	Short-term operating receiv- ables	Total
Impol, d. o. o.	238,014	67,588,863	0	0	1,070,895	68,897,772
Impol FT, d. o. o.,	0	0	0	0	4,864	4,864
Impol PCP, d. o. o.,	0	0	0	0	8,725	8,725
Impol R in R, d. o. o.,	0	0	0	0	1,908	1,908
Impol Infrastruktura, d. o. o.	0	0	0	0	2,191	2,191
Impol LLT, d. o. o.,	0	0	0	0	1,460	1,460
Impol-TLM, d. o. o.,	0	1,872,415	48,470,005	4,800,000	803,596	55,946,017
Impol-FinAl, d. o. o.	0	1,000,000	0	0	5,379	1,005,379
Stampal SB, d. o. o.,	0	0	0	0	19,070	19,070
Alcad, d. o. o.	0	2,588,572	0	0	1,108	2,589,680
Kadring, d. o. o.	0	0	0	0	651	651
Rondal, d. o. o.,	0	100,000	0	0	5,055	105,055
Impol Servis, d. o. o.	0	245,037	0	0	252	245,289
Štatenberg, d. o. o.	0	0	51,000	0	1,235	52,235
Impol Stanovanja, d. o. o.	0	0	0	0	252	252
Unidel, d. o. o.,	0	0	0	0	252	252
TOTAL	238,014	73,394,887	48,521,005	4,800,000	1,926,892	128,880,798

Table 104: Liabilities of Impol 2000, d. d. to Group companies as of 30/ 06/ 2019 in EUR

	Long-term financial liabilities	Short-term financial liabilities	Short-term operating liabil- ities	Total
Impol, d. o. o.	214,689	51,024,990	2,247,364	53,487,043
Impol FT, d. o. o.,	0	0	875	875
Impol PCP, d. o. o.,	0	0	2,971	2,971
Impol R in R, d. o. o.,	0	0	42	42
Impol Infrastruktura, d. o. o.	0	0	2,832	2,832
Alcad, d. o. o.	0	0	1,075	1,075
Kadring, d. o. o.	0	0	12,794	12,794
Rondal, d. o. o.,	0	500,000	744	500,744
Impol Servis, d. o. o.	0	0	1,861	1,861
Unidel, d. o. o.,	0	0	2,738	2,738
TOTAL	214,689	51,524,990	2,273,296	54,012,975

Table 105: Liabilities of Impol 2000, d. d. to associated companies as of 30/ 06/ 2019 in EUR

	Simfin, d. o. o.	Total
Short-term operating liabilities	28,323	28,323
TOTAL	28,323	28,323

Table 106: Revenue of Impol 2000, d. d. with Group companies as of 01/ 01-30/ 06/ 2019 in EUR

	Net revenues from the sale of services	TOTAL OPERATING REVE- NUES	Financial revenues from loans granted	TOTAL FINANCIAL REVENUES FROM INVESTMENTS
Impol, d. o. o.	5,578,088	5,578,088	0	0
Impol FT, d. o. o.,	7,638	7,638	0	0
Impol PCP, d. o. o.,	11,321	11,321	0	0
Impol R in R, d. o. o.,	2,704	2,704	0	0
Impol Infrastruktura, d. o. o.	1,907	1,907	0	0
Impol LLT, d. o. o.,	3,156	3,156	0	0
Impol-TLM, d. o. o.,	0	0	277,915	277,915
Impol-FinAl, d. o. o.	22,492	22,492	0	0
Stampal SB, d. o. o.,	84,354	84,354	0	0
Alcad, d. o. o.	1,217	1,217	0	0
Kadring, d. o. o.	853	853	0	0
Rondal, d. o. o.,	21,396	21,396	0	0
Impol Servis, d. o. o.	228	228	0	0
Štatenberg, d. o. o.	0	0	239	239
Impol Stanovanja, d. o. o.	228	228	0	0
Unidel, d. o. o.	228	228	0	0
TOTAL	5,735,813	5,735,813	278,154	278,154

Table 107: Revenue of Impol 2000, d. d. with associated companies as of 01/ 01-30/ 06/ 2019 in EUR

	Simfin, d. o. o.	Total
Net revenues from the sale of services	425	425
TOTAL OPERATING REVENUES	425	425

Table 108: Expenditures of Impol 2000, d. d. with Group companies as of 01/ 01-30/ 6/2019 in EUR

	Costs of merchandise and materials sold	Costs of services	Cost of material	Other operating expenses	Depreciation – right to use	Total operating expenses	Financial expenses from interests	Financial expenses from rights to	TOTAL FINANCIAL EXPENSES FROM INVESTMENTS
Impol, d. o. o.	7,514,604	48,017	10,063	3,444	26,446	7,602,573	185,041	3,813	188,854
Impol FT, d. o. o.,	0	0	799	0	0	799	0	0	0
Impol PCP, d. o. o.,	0	2,683	0	0	0	2,683	0	0	0
Impol R in R, d. o. o.	0	0	34	0	0	34	0	0	0
Impol Infrastruktura, d. o. o.	0	14,109	0	0	0	14,109	0	0	0
Alcad, d. o. o.	0	9,743	0	0	0	9,743	0	0	0
Kadring, d. o. o.	0	36,936	4,924	0	0	41,859	0	0	0
Rondal, d. o. o.	0	0	0	0	0	0	2,157	0	2,157
Impol Servis, d. o. o.	0	2,778	214	0	0	2,992	0	0	0
Unidel, d. o. o.	0	4,669	3,547	0	0	8,216	0	0	0
TOTAL	7,514,604	118,934	19,580	3,444	26,446	7,683,008	187,198	3,813	191,011

Table 109: Expenditures of Impol 2000, d. d. with associated companies as of 01/ 01-30/ 06/ 2019 in EUR

	Alcad, d. o. o.	Simfin, d. o. o.	Total
Costs of services	6,580	134,583	141,164
TOTAL OPERATING EXPENSES	6,580	134,583	141,164

Index of tables

Table 1: Key indicators	10	
Table 2: Book value of a share of Impol 2000, d. d. (the holding company of the Impol Group) in EUR	11	
Table 3: Largest shareholders of Impol 2000, d. d.		12
Table 4: Key data from Impol Group operations	15	
Table 5: Sales in tons by semesters	19	
Table 6: 15 largest markets of the Impol Group	20	
Table 7: Types of risks and their management through the application of special measures (business risks)	23	
Table 8: Types of risks and their management through the application of special measures (financial risks)	24	
Table 9: Types of risks and their management through the application of special measures (operational risks)	25	
Table 10: Profit and loss statement in EUR	30	
Table 11: Group statement of other comprehensive income in EUR	31	
Table 12: Consolidated balance sheet in EUR	32	
Table 13: Consolidated statement of changes in equity for the first half of 2019 in EUR	34	
Table 14: Consolidated statement of changes in equity for the first half of 2018 in EUR	36	
Table 15: Group cash flow statement in EUR	38	
Table 16: Applied exchange rates for converting balance sheet items	39	
Table 17: Exchange rates for converting profit or loss	40	
Table 18: Operating revenue in EUR	41	
Table 19: Other operating revenues in EUR	41	
Table 20: Revaluated operating revenues in EUR	41	
Table 21: Net sales revenue by business segment in EUR	42	
Table 22: Analysis of costs and expenses in EUR	42	
Table 23: Revaluated operating expenses in EUR	42	
Table 24: Itemization of labour costs in EUR	43	
Table 25: Financial revenue from financial investments in EUR	43	
Table 26: Financial expenses from financial investments in EUR	43	
Table 27: Income tax in EUR	44	
Table 28: Basic net earnings per share in EUR	44	
Table 29: Weighted average of the number of regular shares as of 30/ 06/ 2019 in EUR	44	
Table 30: Trend in intangible assets in the first half of 2019 in EUR	45	
Table 31: Trend in intangible assets in the first half of 2018 in EUR	46	
Table 32: Structure of goodwill in EUR	46	
Table 33: Trend in tangible fixed assets in the first half of 2019 in EUR	48	
Table 34: Trend in tangible fixed assets in the first half of 2018 in EUR	50	
Table 35: Trend in right to use assets in the first half of 2019 in EUR	52	
Table 36: Trend in investment immovable property in the first half of 2019 in EUR	52	
Table 37: Trend in investment immovable property in the first half of 2018 in EUR	53	
Table 38: Long-term financial investments in EUR	53	
Table 39: Inventories in EUR	54	
Table 40: Short-term financial investments in EUR	55	
Table 41: Short-term operating receivables in EUR	55	
Table 42: Monetary assets in EUR	56	
Table 43: Short-term deferred costs and accrued revenues in EUR	56	
Table 44: Equity in EUR	57	
Table 45: Reserves from fair value measurement in EUR	57	
Table 46: Provisions and long-term accrued expenses and deferred revenue in EUR	58	
Table 47: Long-term financial and operating liabilities in EUR	58	
Table 48: Short-term financial and operating liabilities in EUR	59	
Table 49: Short-term accrued costs and deferred revenues	60	
Table 50: Long-term financial liabilities in EUR	61	
Table 51: Maturity of long-term financial liabilities by years in EUR	61	
Table 52: Forward purchases/sales in the first half of 2019	62	
Table 53: Financial revenue/expenses from forwards – purchase/sale of aluminium in the first half of 2019 in EUR	62	
Table 54: Balance of open forward position as of 30/ 06/ 2019	62	
Table 55: Overview of USD inflows, outflows and open positions at Impol d. o. o. in millions of USD	62	
Table 56: Overview of USD inflows, outflows and open positions at Impol d. o. o. in millions of USD	63	
Table 57: Revenue and expenses from foreign exchange differences in EUR	63	
Table 58: Carrying and fair values of financial instruments in EUR	65	
Table 59: Profit and loss statement in EUR	68	
Table 60: Statement of other comprehensive income in EUR	69	
Table 61: Balance sheet in EUR	69	
Table 62: Statement of changes in equity for the first half of 2019 in EUR	72	
Table 63: Statement of changes in equity for the first half of 2018 in EUR	74	
Table 64: Cash flow statement in EUR	76	
Table 65: Operating revenue in EUR	77	
Table 66: Other operating revenues in EUR	78	
Table 67: Net sales revenues by the type of merchandise or service in EUR	78	
Table 68: Net sales revenues by operating segments in EUR	78	
Table 69: Analysis of costs and expenses in EUR	79	
Table 70: Itemization of labour costs in EUR	79	
Table 71: Financial revenue from financial investments in EUR	80	
Table 72: Financial expenses from financial investments in EUR	80	
Table 73: Financial expenses from operating liabilities in EUR	80	
Table 74: Income tax in EUR	81	
Table 75: Basic net earnings per share in EUR	81	
Table 76: Trend in intangible assets in the first half of 2019 in EUR	82	
Table 77: Trend in intangible assets in the first half of 2018 in EUR	82	
Table 78: Trend in tangible fixed assets in the first half of 2019 in EUR	83	
Table 79: Trend in tangible fixed assets in the first half of 2018 in EUR	84	
Table 80: Trend in intangible assets in the first half of 2019 in EUR	84	
Table 81: Long-term financial investments in EUR	85	
Table 82: Trend in investments in subsidiaries and associates	85	
Table 83: Trend in long-term loans granted in EUR	86	
Table 84: Merchandise inventories in EUR	86	
Table 85: Short-term financial investments in EUR	86	
Table 86: Trend in loans granted in EUR	87	
Table 87: Trend in loans granted in EUR	87	
Table 88: Short-term operating receivables in EUR	87	
Table 89: Analysis of outstanding trade receivables in EUR	88	
Table 90: Trend in value adjustment of short-term operating receivables due to the impairment in EUR	88	
Table 91: Monetary assets in EUR	88	
Table 92: Short-term deferred costs and accrued revenues in EUR	89	
Table 93: Long-term financial and operating liabilities in EUR	89	
Table 94: Maturity of long-term financial and operating liabilities	89	
Table 95: Depreciation schedule for the issued bonds in EUR	90	
Table 96: Short-term financial liabilities in EUR	90	
Table 97: Short-term financial and operating liabilities in EUR	91	
Table 98: Short-term operating receivables in EUR	91	
Table 99: Analysis of outstanding liabilities to suppliers in EUR	92	
Table 100: Short-term accrued expenses and deferred revenue in EUR	92	
Table 101: Risks	92	
Table 102: Carrying and fair values of financial instruments in EUR	93	
Table 103: Receivables of Impol 2000, d. d. from Group companies as of 30/ 06/ 2019 in EUR	94	
Table 104: Liabilities of Impol 2000, d. d. to Group companies as of 30/ 06/ 2019 in EUR	94	
Table 105: Liabilities of Impol 2000, d. d. to associated companies as of 30/ 06/ 2019 in EUR	95	
Table 106: Revenue of Impol 2000, d. d. with Group companies as of 01/ 01-30/ 06/ 2019 in EUR	95	
Table 107: Revenue of Impol 2000, d. d. with associated companies as of 01/ 01-30/ 06/ 2019 in EUR	95	
Table 108: Expenditures of Impol 2000, d. d. with Group companies as of 01/ 01-30/ 6/2019 in EUR	96	
Table 109: Expenditures of Impol 2000, d. d. with associated companies as of 01/ 01-30/ 06/ 2019 in EUR	96	

Annual report of the Impol Group and of Impol 2000, d. d. for the first half of 2019

Editing, design and production: Kadring, d. o. o.

Photos: Impol

Slovenska Bistrica, September 2019





impol
Aluminium Industry