ANNUAL REPORT 2015

Do not waste energy

E 3

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A BUSINESS REPORT

01 STATEMENT BY THE DIRECTOR

E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o., managed to consolidate its position in the electricity market in 2015, thus confirming to the stakeholders its commitment to the mission. Slovenia's electricity market itself underwent continuous changes, mainly owing to the consolidation of some existing actors and the entry of new international ones. And although Slovenia's economy grew somewhat in 2015, this did not cause a corresponding increase in electricity consumption. Despite the difficult market conditions, our competent and motivated team managed to increase the number of both household and commercial customers.

We managed to achieve the ambitious objectives set out in the 2015 business plan, continuing the upward trend, all this thanks to the hard work and efforts of all our employees, underpinned by certain minor organisational changes. We carried out certain major changes, however, as regards our way of thinking, and placed in the centre of attention our customers' needs.

As regards large commercial customers, we have a wide range of solutions, as well as a system in place that allows us to promptly provide information to them. Very important is also a modern leaflet showing our customers the various integrated and optimal solutions available to them as regards their energy-related needs.

We are also proud of our newly-implemented solutions for household customers, which reflect the needs of the modern society. When developing said solutions, we built on our rich internal knowledge, underpinned by an excellent external support. We introduced the following packages that are now the basis of our future success: E3 SIMPLE, E3 ADVANCED, E3 COMFORTABLE AND E3 GREEN. All these packages, the same as the entire company, are backed by information technology support that features modern applications allowing for friendlier and faster operations. We also completely revamped the MY E3 on-line portal, where customers can easily view and manage their contractual relationship with us.

We also started using various marketing channels to become more accessible and to provide individualised service in view of customers' needs. There are also ongoing activities related to business rationalisation and integrated risk management. We invested a lot of efforts into accounts receivable management, which we want to be consistent and systematic, as well as into information technology projects, which we launched to improve business processes and results.

The Production and Services Department, responsible for facility management, achieved the 2015 objectives. During the year, they completed the investment in hot water distribution system, which enhanced the economics of the Majske poljane boiler facility. They also focused on providing energy advice to customers, which significantly improved sales to large commercial customers. With its knowledge and successful projects, the Production and Services Department significantly contributed to the reputation of E 3.

The Research and Development Department is tasked with selecting and then working on innovative projects, both local and international. We have a track record of being successful in team work and research, and of investing in development. Currently we have two projects in the pipeline.

E 3 is a socially responsible company, as it also invests in the environment where it operates. We support sports, cultural and other associations, and thus the broader society as such.

Our future objectives are focused on customers and their satisfaction. Motivated, expert and skilled employees are a guarantee that we will be able to face the challenges in the demanding domestic market. The results achieved in 2015 also strengthened our confidence and belief that we are capable of achieving even better results. This said, our main mission remains to satisfy the expectations of all stakeholders, from the owner and customers to the suppliers, employees and local community.

I can say for all employees of E 3 that we believe in our objectives and will therefore channel all our efforts towards achieving them. Our activities speak for themselves – that we are a reliable and strong partner for both the local economy and the local community, and the best choice for 90 000 households.

We believe in a successful future!

DARKO PAHOR
General Manager

02 STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The management approves the financial statements for the year ended 31 December 2015 and the notes thereto, as well as the accounting policies used in the preparation of these consolidated financial statements and notes thereto.

The management is responsible for the preparation of the annual report so that it gives a true and fair view of the company's financial position in and operating results for the financial year.

The management confirms that proper accounting policies were applied consistently, and that reasonable and prudent estimates were made. The management also confirms that the financial statements and the notes thereto were prepared on a going concern basis and in accordance with the applicable legislation and Slovenian Accounting Standards (SAS).

The management is also responsible for keeping proper accounting records, for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and other illegalities.

The company is consistently compliant with all applicable regulations, including tax regulations. The management is not aware of circumstances that might result in significant liabilities in this respect. Within five years after the end of the year in which the tax is to be assessed, however, tax authorities have the right to perform a tax audit, which may consequently lead to additional payments of taxes, late payment interest and fines in relation to the corporate income tax and other taxes and duties. The management is not aware of circumstances that could result in significant liabilities in this respect.

Nova Gorica, 3 June 2016
DARKO PAHOR
General Manager

03 NON-DETRIMENT STATEMENT

The parent company Elektro Primorska did not use its influence to make E 3 as subsidiary conclude legal transactions to its detriment or to take or omit other actions to its detriment.

Considering the circumstances known to it at the time of each and every legal transaction with the parent company, E 3 as subsidiary always received adequate compensation and did not make any legal transactions or take or omit other actions to its detriment.

04 GENERAL DISCLOSURES

04 01 COMPANY PROFILE

E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o., a limited liability company, was established in 2004.

Company name:	E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o.
Company abbreviated name:	**E 3, d.o.o.**
Registered office:	**Erjavčeva ulica 24, SI - 5000 Nova Gorica, Slovenia** telephone: **05 331 33 00** fax: **05 331 33 05**
VAT no.:	**SI17851262**
Company ID no.:	**2010593000**
Bank accounts:	**SI56 0475 0000 1095 763** (Nova KBM d.d.) **SI56 0475 0000 1868 368** (Nova KBM d.d.) **SI56 0294 5025 9665 734** (NLB d.d.)

Registration:	Nova Gorica District Court, entry no. 1/04504/00
Share capital:	**EUR 6,522,016.72**
Owner:	Elektro Primorska, d.d. (100%)
Representative:	Darko Pahor (since 1 April 2013)

Subsidiary:	**JOD d.o.o.**
Owner:	E 3, d.o.o. (100%)

Subsidiary:	**ECO ATMINVEST d.o.o. (until 31 March 2015)**
Owner:	E 3, d.o.o. (100%)

Associate:	**KNEŠCA d.o.o.**
Owner:	JOD d.o.o. (47.27%) ten natural persons (52.73%)

04 02 COMPANY ORGANISATION

In 2004, Elektro Primorska established the subsidiary E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o., in short E 3, d.o.o. The main reason for this was the legal requirement that the public service function of distribution companies be separated from their commercial and production activities. The requirement was expressed in Article 15 of the Electricity Directive 2003/54/EC, and Article 23(b) of the Energy Act.

The memorandum of association of the single-member company was adopted on 23 August 2004. E 3 was entered in the court register on 30 September 2004, and commenced operations on 1 January 2005.

E 3 is 100% owned by Elektro Primorska, which is responsible for the preparation of the consolidated annual report for its group. The 2015 consolidated annual report of the Elektro Primorska Group is an integral part of the 2015 annual report of the parent company, and is available at its headquarters in Nova Gorica, Erjavčeva 22.

At their 16th regular general meeting on 25 August 2011, the shareholders of Elektro Primorska adopted the decision contained in the notice convening the meeting (Official Gazette of the RS, no. 58/2011 of 22 July 2011), thus – based on Articles 623 and 638 of the Companies Act (ZGD-1) – spinning off a part of the company's assets used for the activity of electricity purchase and sale, including the related rights and obligations, and transferring such assets to the transferee company E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o. Said spin-off was carried out to restructure the company in such a way that the regulated activities on the one side (energy infrastructure management) and commercial activities on the other side (electricity purchase and sale) became separated, in accordance with the Directive 2003/54/EC and audit report of the Court of Audit of the Republic of Slovenia no. 1206-5/2008-29 of 24 March 2009. Elektro Primorska decided that E 3 should start with electricity purchase and sale on 1 December 2011. Said spin-off mainly resulted in a part of the assets, including the related rights and obligations, being transferred to E 3 in accordance with the universal succession principle. The only shareholder of E 3 remained Elektro Primorska.

In 2006, E 3 acquired 47.27% of share capital of Knešca d.o.o., a small hydro power plant.

In 2011, to pursue other business opportunities in the area of energy facility development, E 3 invested EUR 7,500 as share capital and established a subsidiary company JOD, družba za inženiring in izgradnjo energetskih objektov, d.o.o. In 2012, E 3 as parent company transferred its share of Knešca to JOD, namely as an in-kind contribution of EUR 1,036,000.00 to share capital of JOD. After recapitalisation, share capital of JOD stood at EUR 1,043,500.00.

In September and December 2013, E 3 bought two business shares representing 100% or EUR 7,500.00 of share capital of ECO ATMINVEST d.o.o., thus becoming its single shareholder. On 31 March 2015, under a relevant contract, ECO ATMINVEST was merged by absorption with E 3, and ceased operations.

In 2015, E 3 underwent internal organisation changes. In accordance with the applicable rules governing internal organisation and job systematisation of 5 May 2014, E 3 started the year with three main organisational units:

- **Department for Energy Purchase and Sale**, comprising also the Customer Relationships Centre,
- **Department for Production and Services**, and
- **Common Activities.**

The company also had a **Research and Development Department.**

Upon completion of internal re-organisation and in accordance with the new rules governing internal organisation and job systematisation of 13 March 2015, the Department for Energy Purchase and Sale was split into two units. The company now has the following core organisational units:

- **Department for Energy Sale to Key Customers and Portfolio Management**, responsible for energy trading and portfolio management;
- **Department for Energy Sale to Household and Small Commercial Customers**, responsible for energy trading;
- **Department for Production and Services**, responsible for electricity production from renewable sources and co-generation, as well as steam and hot water supply, including also the public service of heat supply, and other energy efficiency-related activities;
- **Common Activities**, responsible for the activities common to all departments.

The company also has a **Research and Development Department**.

E 3 obtained the licences for several energy-related activities, i.e. electricity production, heat production and distribution, electricity and gas supply and trading, as well as acting as agent or representative in the electricity and gas markets, which, however, are no longer required under the new Energy Act (Official Gazette of the RS, no. 17/2014, EZ-1).

04 03 COMPANY EMPLOYEES

TABLE 1 *Educational structure*

	Number of employees		Number of employees*	
Level of education pre-Bologna	30/11/2011, before spin-off	01/12/2011, after spin-off	Level of education post-Bologna	31/12/2015
Doctorate	1	1	Doctorate (8/2)	0
Masters	0	0	Masters (8/1)	1
High	2	10	High-education specialisation University programme (7)	6
			High-education specialisation Professional high-education programme (6/2)	11
Higher	1	11	Professional higher-education programme (6/1)	11
Secondary	1	7	Secondary (5)	10
Vocational	2	7	Vocational (4)	4
Unskilled	0	1	Unskilled (1)	1
TOTAL	7	36		44

* **Note:** To ensure comparability and compliance with the applicable regulations, the table takes account of the Bologna education reform.

Before the spin-off, E 3 had seven employees. Upon registration of the above-mentioned spin-off, in accordance with Article 73 of the Employment Relationships Act (ZDR) and the applicable collective and individual employment agreements, it took over from the transferring company Elektro Primorska 29 employees employed in the area of electricity purchase and sale, which increased its number of employees to 36.

As at year-end 2015, E 3 had 44 employees, of these 25 women and 19 men, 38 employed for an indefinite period of time and 6 employed for a definite period of time.

04 04 RISK MANAGEMENT

One of the key tasks of the company's management is to identify, control and manage risks in accordance with the business strategy. The Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act also sets out among key obligations of the management acting in compliance with said Act and with the rules of the corporate finance profession, thereby ensuring that the company remains liquid and solvent. When meeting said obligations, the management shall take into account all the risks to which the company is or could be exposed in its operations, and which include first of all credit, market, operational and liquidity risks.

E 3 manages risks using the comprehensive risk management methodology of the Elektro Primorska Group. In accordance with this methodology, it classifies the identified risks into one of the four groups from the risk register, i.e. business/market risks, operational risks, regulative risks and financial risks.

All risks are then evaluated monthly based on the impact and probability of their realisation, and managed in the following ways: avoid – risky activities are abandoned; control – various measures are taken to reduce the risk; transfer – the risk is shifted to a third party; and accept – the risk is accepted if its consequences can be tolerated. All risks are assigned a holder in the risk register, i.e. a person who is tasked with monthly and quarterly reporting on the risk and taking measures to avoid or mitigate the impact. In the evaluation phase, new potential risks can be identified and measures for their management decided. For the existing risks, the appropriateness of the measures in place is assessed. Any new potential risk then goes through the so-called PDCA process (Plan-Do-Check-Act). Elektro Primorska also has internal audit in place, which is among other things responsible for controlling whether the measures taken are being implemented and whether the reports reflect the actual situation. Risk reporting and control form part of the company's integrated management system.

E 3 faces risks in all areas of its operations, especially in energy production and delivery, electricity purchase and sale, electricity marketing and in this connection also in finance.

MARKET RISKS

Market risks result from the uncertain price movements in the domestic and foreign electricity markets where the company is present, and from the open positions of its trading portfolio. An open position, which exposes the company to market risks, arises when the aggregate quantities of electricity purchased and sold at a fixed price within a given accounting period do not match each other. Market risks are managed by making a counter-sale for any purchase and vice versa. To hedge its open positions, E 3 uses, in addition to contracts with the obligation to deliver at a fixed price, also the so-called „open" contracts that allow it to optimise purchases across several markets, provided the open position does not exceed 5% of electricity quantities sold at a fixed price. Risk assessment: medium.

QUANTITY RISKS

Quantity risks result from the difference between the forecast consumption and the actually supplied quantity of electricity. E 3 is exposed to quantity risks in connection with „open" contracts, i.e. all contracts with end customers and qualified producers. It manages these risks by having an IT support in place for long- and short-term forecasting of electricity consumption and delivery profiles, as well as by active daily monitoring of deviations at all measurement points included in its balancing subgroup. Risk assessment: medium.

FINANCIAL RISKS

Credit risk results from losses due to a customer's late payment of its liability to the company or even default. E 3 mitigates credit risk by carefully checking customers' rating, by continuously monitoring and managing its exposures in view of customers' credit limits, and by monitoring the outstanding receivables. To reduce credit risk, the company would secure all electricity sale transactions using instruments such as bills of exchange and bank guarantees. In addition, for all electricity transactions, it uses sale and purchase contracts which are precisely formulated.

LIQUIDITY RISK arises when an entity is not be able to meet its financial obligations when due. By daily monitoring and planning its liquidity and solvency, i.e. cash flows, the company ensures that liquidity risk remains within tolerance parameters and manageable. In 2015, E 3 had a negative cash flow from operating activities, but nevertheless paid its obligations when due. Consequently, its short-term trade payables at year-end 2015 were below the level from a year ago. Risk assessment: not high.

Interest rate risk is associated with the possibility of an unexpected increase in the costs of financing, i.e. variable interest rates. In view of the company's need for financing, its exposure to this risk is low.

As its electricity trading activities are limited, E 3 is not exposed to currency or inter-regional risks. Risk assessment: medium.

REGULATORY RISKS

Regulatory risks result from the changes in market rules or legislation in domestic or foreign electricity markets, and may affect the results of operation. E 3 actively monitors the developments in the applicable legislation both together with the parent company and independently, depending on its various activities, and is therefore capable of reacting timely by adjusting its trading and production activities. Risk assessment: low.

CONTROL SYSTEM

In addition to the external risks arising from the contracts concluded, E 3 must also manage the internal risks arising from its operations and organisation.

Operational risk is present in all operations carried out by the company. It is defined as the loss that the company would suffer due to inadequate information technology, processes and controls. E 3 limits this risk by having a control system in place. This is based on the four-eye principle, at least as significant operations are concerned, and underpinned by continuous improvements of the information technology support and automation of control of individual phases of processes. It also precisely defines the processes, the roles of individuals, including their powers and responsibilities, and the applicable rules.

This said, the fact is that professional, experienced and motivated employees are the best guarantee for limiting said risk. Employees must continuously upgrade their existing knowledge and acquire new knowledge, as well as be dynamic and multidisciplinary, team workers and show initiative. By providing adequate work conditions and environment, E 3 tries to prevent its key employees from leaving, which is the essence of HR risk management. Risk assessment: medium.

04 05 EVENTS AFTER THE BALANCE SHEET DATE

Following an improvement in sales to household customers, the company had to increase the amount of the bank guarantee submitted to SODO d.o.o.

05 ELECTRICITY MARKETING

05 01 ELECTRICITY PURCHASE

E 3 purchases electricity in the bilateral market and in the daily market from various providers of electricity from the high-voltage network. It also purchases electricity from small producers connected to the medium-voltage network.

The table below shows electricity purchase in the last two years. In 2015, E 3 purchased almost 90% of electricity in the bilateral market, under long-term contracts. In the daily market, it purchased 8% of electricity, and from small producers it purchased the remaining 2%.

E 3 follows two strategies of electricity purchase, given that it has two sales channels. For the portfolio buyers with contracts for an indefinite period of time, it buys electricity at times when market prices are suitable in view of its purchase strategy. For the buyers with contracts for a definite period of time, it buys the majority of electricity at the time when they accept the supply offer.

The first bilateral purchases for 2015 were made from early 2013 to the end of 2015, when they were made in the daily market.

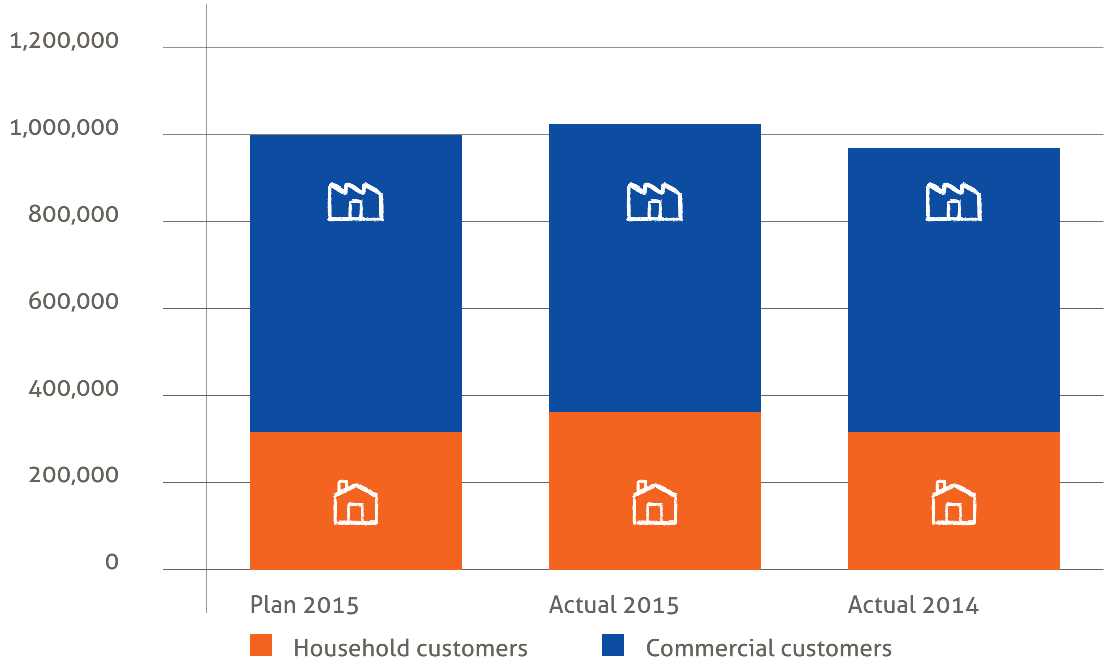
05 02 ELECTRICITY SALE

E 3 sold 1,046,938 MWh of electricity in 2015, 3.7% more than planned and 10.4% more than in 2014.

TABLE 2: *Electricity sale in MWh*

	Plan 2015	Actual 2015	Actual 2014	Index 2/1	Index 2/3
	1	2	3	4	5
Household customers	325,805	342,654	324,051	105.2	105.7
Commercial customers	684,185	704,284	624,568	102.9	112.8
Total sale	1,009,989	1,046,938	948,619	103.7	110.4

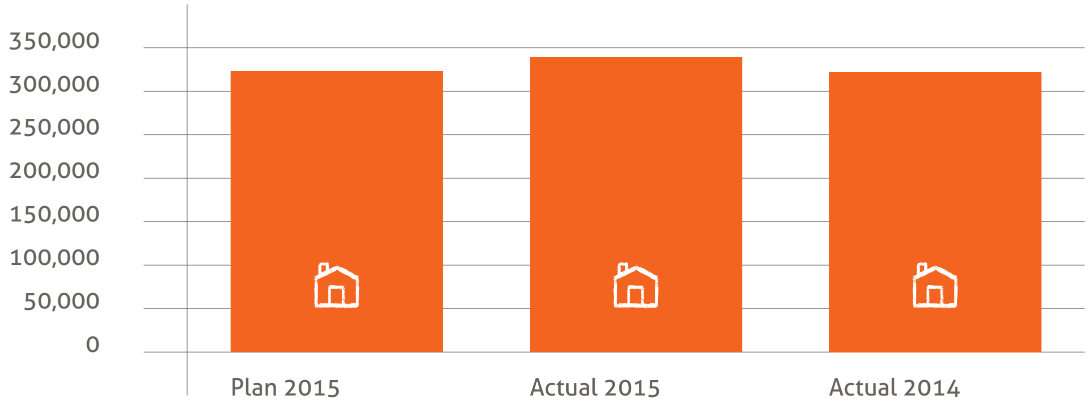
FIGURE 1 *Electricity sale by customer type (MWh)*



05 02 01 Electricity sale to household customers

In 2015, the segment of household customers experienced fierce competition by all actors, and falling electricity prices. E 3 sold 342,654 MWh of electricity to household customers in 2015, 5.2% more than planned and 5.7% more than in 2014.

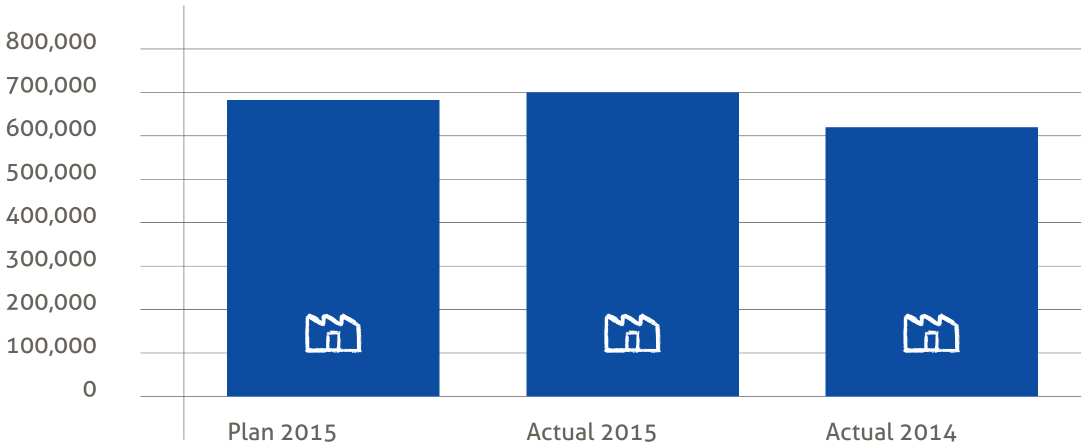
FIGURE 2 *Electricity sale to household customers (MWh)*



05 02 02 Electricity sale to commercial customers

E 3 sold 704,284 MWh of electricity to commercial customers in 2015, 2.9% more than planned and 12.8% more than in 2014. The increase can be explained with the new customers obtained and the fact that sales to Italy again took place from January to December.

FIGURE 3 *Electricity sale to commercial customers (MWh)*



05 03 SUMMARY OF ACTIVITIES CARRIED OUT IN 2015

In 2015, E 3 carried out a number of activities that were aimed at obtaining new customers and increasing the benefits for the existing customers.

- In the segment of large commercial customers, activities were carried out systematically, depending on the customer status (new, lost or existing).
- In the segment of household customers, the offer was completely revamped in the second half of the year. New packages were introduced (E3 SIMPLE, E3 COMFORTABLE, E3 GREEN and E3 ADVANCED) that reflect customers' life style, which is a unique approach for Slovenia's market. By selecting the services available within a package that suit their life style, customers can optimise their electricity bills.
- In December 2015, customers subscribing to SMALL, MEDIUM, LARGE and EXTRA LARGE packages were transferred to the E3 SIMPLE package.
- We also strengthened our teams responsible for sale to both household and commercial customers.
- All customers can access said packages through various sales channels: the company's website by visiting www.e3.si, its contact centre by calling the toll-free number 080 3445, its Facebook website by visiting https://www.facebook.com/e3.energetika, and its points of sale.
- Towards year-end, the company launched various promotions for household customers.
- It also completely revamped the MY E3 on-line portal.

06 DEPARTMENT FOR PRODUCTION AND SERVICES

06 01 SUMMARY OF ACTIVITIES CARRIED OUT 2015

In 2015, the Department for Production and Services (DPS) achieved the objectives set out in the 2015 business plan. It did not achieve the volume figures, but still managed to achieve the business plan.

Regular operation activities were carried out at all facilities under management. Facilities of the ECO ATMINVEST subsidiary which, when merged with E 3, ceased operations, were taken over. Restoration of the Lanthieri heat pump was also completed.

06 02 OPERATION OF PRODUCTION FACILITIES

In 2015, the combined heat and power (CHP) facility Kenog produced 4,342 MWh of electricity and 5,002 MWh of heat. Deviations from the plan can be explained with the adjustments made to the operation of the facility in view of the customer's needs. In the first quarter of 2015, the CHP facility operated below the planned level, as the customer did not meet the contractually agreed consumption, which was then compensated for when the spring season was extended. At year-end, the planned level of 4,000 hours of operation was eventually achieved.

Operation of the Meblo hot water distribution system was successful in 2015, but the planned production and delivery volumes were not achieved, which can be explained with the mild winter mainly in the first quarter of 2015. Distribution system and gas boiler leaks, although repaired, also contributed to the underachievement in terms of volumes and value. In 2015, the boiler facility produced 1,482 MWh of electricity and 1,784 MWh of heat in co-generation, and 1,001 MWh of heat with boiler technology. Altogether, 2,194 MWh of heat was distributed to end customers through the hot water distribution system.

Within the public service of heat supply in the Šempeter-Vrtojba municipality, 507 MWh of heat was produced in 2015. The facility more or less achieved the planned production and delivery volumes.

The CHP facility Perla produced 3,084 MWh of electricity and 3,800 MWh of heat in 2015. Both machines in the facility operated so that the planned volume and value levels were achieved.

The CHP facility Park produced 762 MWh of electricity and 1,127 MWh of heat in 2015. Both machines in the facility operated so that the planned volume and value levels were achieved.

The CHP facility Sabotin produced 161 MWh of electricity and 248 MWh of heat in 2015. The facility operated so that the planned volume and value levels were achieved.

The Department for Production and Services (DPS) also took over for operation the Majske poljane boiler facility. This uses wood biomass that became available following the acquisition of ECO ATMINVEST. A lot of activities were carried out at the facility both in 2014 and 2015 to restore its normal operation condition. At year-end 2015, the facility was fully prepared for the 2015/16 heating season. However, the planned volume and value levels were not achieved in 2015. This can mainly be explained with the plan which was too optimistic, so that the Majske poljane boiler facility recorded the largest negative operational result in 2015 among all facilities operated by DPS.

Heat pumps Cerkno and Lanthieri produced 132.5 MWh of heat in 2015, but both failed to achieve the planned volume and value levels. Cerkno operated smoothly, within the customer's needs, while Lanthieri was stopped in November 2015 to undergo a major maintenance.

Due to indications of impairment that existed already in 2014, E 3 had valuations maid to determine the recoverable amount of long-term assets used by each cash-generating unit as at year-end 2015 and 2014.

As the valuation showed that the carrying amount of said assets exceeded their recoverable amount, E 3 accordingly impaired the assets. The error in the financial statements related to prior periods, and was shown as a retrospective correction of financial statements.

More information about said impairment of assets and its effect on the financial statements is disclosed in chapter 11 01.

06 03 CAPITAL INVESTMENT ACTIVITIES

As regards investments, DPS did not launch any new developments, but rather completed investment maintenance projects at the Majske poljane boiler facility and the Lanthieri heat pump. This makes 2015 the first year ever in which the company did not increase its electricity or heat production capacities. Capital investments in the basic reproduction were less than annual depreciation.

06 04 ASSET MANAGEMENT AIMED AT ENERGY SAVINGS

E 3 is liable to make energy savings with end consumers in an amount corresponding to the annual quantity of heat and electricity sold. Within the company, DPS was tasked with this and carried out various activities to achieve the necessary savings in 2015. Certain projects were also completed that received grants under the large liable parties programme of 2014. A portion of savings was achieved through investment maintenance within DPS and ESCO services, a portion through co-financing of energy savings projects, and a significant portion through own capital investments completed in 2014. The savings so achieved can be distributed over a three-year period.
Energy savings achieved in 2015 were 2,435 MWh, with a life period of plus five years.

06 05 PLAN, DEVELOPMENT AND ENVIRONMENTAL PROTECTION

As regards DPS, the plan of E 3 is to have all its facilities operating successfully and within the same scope as in 2015. Operation of the Majske poljane boiler facility shall improve after the renovation which was completed at year-end 2015. As regards capital investments, the plan of E 3 is to strengthen them, after the standstill experienced in 2015. There are quite some projects in the pipeline that the company will implement and, once completed, include in the portfolio of facilities managed by DPS. However, the precondition for this is an appropriate investment potential.

07 PRODUCTION OF ELECTRICITY FROM RENEWABLE SOURCES

07 01 SUMMARY OF ACTIVITIES CARRIED OUT 2015

DPS took over in 2015 also solar and wind power plants. Solar power plants were thoroughly inspected and maintenance was carried out on them, which contributed to a higher yield. The control system was re-introduced that facilitates facility management and defect identification.

Wind power plants were also inspected. The Bate and Ravbarkomanda wind power plants are currently out of operation and E 3 intends to put them into operation again as soon as possible.

TABLE 3 *Quantities produced (in kWh)*

	kWh produced annually					
A. Solar power plants	2011	2012	2013	2014	2015	INDEX 2015/2014
DEKANI	30,350	28,734	25,896	24,784	27,896	113
GORICA	11,131	11,154	10,038	9,365	10,657	114
IZOLA	3,981	3,705	3,177	3,376	3,895	115
PIVKA	5,524	5,483	5,486	4,179	4,872	117
KOPER	0	0	0	38,522	40,952	106
Total A	**50,986**	**49,076**	**44,597**	**80,226**	**88,272**	**110**
B. Wind power plants						
AJDOVŠČINA	603	797	587	293	223	76
BATE	5,707	0	9	0	0	–
DIVAČA	639	920	558	387	648	167
POSTOJNA	0	117	0	0	0	–
Total B	**6,949**	**1,834**	**1,154**	**680**	**876**	**129**
Total A + B	**57,935**	**50,910**	**45,751**	**80,906**	**89,148**	**110**

Due to indications of impairment that existed already in 2014, E 3 had valuations maid to determine the recoverable amount of long-term assets used by each cash-generating unit as at year-end 2015 and 2014.

As the valuation showed that the carrying amount of said assets exceeded their recoverable amount, E 3 accordingly impaired the assets. The error in the financial statements related to prior periods, and was shown as a retrospective correction of financial statements.

More information about said impairment of assets and its effect on the financial statements is disclosed in chapter 11 01.

07 02 PLAN, DEVELOPMENT AND ENVIRONMENTAL PROTECTION

The area of renewables depends to a large extent on the applicable state policy as regards subsidisation of energy produced from such sources. This explains why E 3 does not intend to make capital investments in this segment in 2016, unless the conditions for obtaining subsidies change in the course of the year. Meanwhile, it is the plan of E 3 to renew the existing facilities, i.e. to upgrade some groups of power plants to increase the yield.

08 ACCOUNTING RATIOS

In accordance with Slovenian Accounting Standards (IAS), accounting ratios are grouped into:

- financing state ratios,
- investment ratios,
- horizontal financial structure ratios,
- efficiency ratios and
- profitability ratios.

BASIC FINANCING STATE RATIOS

They show relationships among liability items and therefore both the structure of an entity's asset financing and the degree of its financial independence.

No.	Description	2015	2014 - corrected	2013	2012	2011	2010	2009
1.	**Equity financing ratio** equity/liabilities	0.440	0.459	0.401	0.295	0.278	0.485	0.578
2.	**Long-term financing ratio** equity and long-term liabilities (including provisions)/liabilities	0.494	0.466	0.416	0.323	0.309	0.640	0.662
3.	**Debt financing ratio** debt/liabilities	0.556	0.531	0.588	0.700	0.719	0.514	0.418

BASIC INVESTMENT RATIOS

They show where an entity invested its assets and the resulting structure of its assets.

No.	Description	2015	2014 - corrected	2013	2012	2011	2010	2009
1.	**Fixed assets investment ratio** fixed assets/assets	0.263	0.232	0.238	0.252	0.202	0.615	0.520
2.	**Investment assets ratio** long-term and short-term investments/assets	0.020	0.026	0.021	0.021	0.096	0.060	0.052
3.	**Long-term investment ratio** fixed assets+long-term investments+long-term operating receivables/assets	0.283	0.256	0.259	0.275	0.223	0.675	0.572

BASIC HORIZONTAL FINANCIAL STRUCTURE RATIOS

They show how individual items of assets are financed, as well as (liquidity ratios) an entity's ability to settle its short-term financial liabilities.

No.	Description	2015	2014 - corrected	2013	2012	2011	2010	2009
1.	**Equity to fixed assets ratio** equity/fixed assets	1.678	1.981	1.685	1.170	1.371	0.793	1.118
2.	**Acid ratio** liquid assets/short-term liabilities	0.025	0.051	0.083	0.023	0.018	0.213	0.567
3.	**Quick ratio** liquid assets and short-term receivables/short-term liabilities	1.209	1.278	1.244	1.025	1.002	0.903	1.266
4.	**Current ratio** short-term assets/short-term liabilities	1.209	1.284	1.244	1.026	1.117	0.903	1.266

BASIC EFFICIENCY RATIOS

They show whether an entity's results of operations are positive.

No.	Description	2015	2014 - corrected	2013	2012	2011	2010	2009
1.	**Operating efficiency ratio** operating revenue/operating expenses	1.019	1.009	1.045	0.980	0.999	0.859	1.097
2.	**Total efficiency ratio** revenue/expenses	1.019	1.012	1.045	0.980	0.998	0.866	1.080

BASIC PROFITABILITY RATIOS

They show how profitable an entity's operations are. ROA shows how profitable an entity is relative to its total assets.

No.	Description	2015	2014 - corrected	2013	2012	2011	2010	2009
1.	**Net profit margin** net profit/revenue	0.017	0.009	0.043	-0.016	-0.002	-0.167	0.055
2.	**Net ROA** net profit/average assets	0.037	0.018	0.105	-0.041	-0.006	-0.166	0.055
3.	**Net ROE** net profit/average equity (excl. net profit for the period)	0.090	0.049	0.322	-0.138	-0.020	-0.309	0.107

08 01 FINANCING STATE RATIOS

They show the share of equity, debt and accruals/deferrals in total sources of finance. They are important for the company when deciding its financing policy (equity structure). A high share of equity in total liabilities and a low short-term financing ratio tell the company's debtors that their money would be safe with the company.

Equity financing ratio shows the share of equity in total liabilities. It was 44% in 2015, 1.9 percentage points down from 2014. In 2015, the company saw an increase in equity due to profit for the period, but also an increase in financial liabilities due to the merger by absorption. The latter was higher than the former in nominal terms.

Debt financing ratio shows the share of debt in total liabilities. It was 49.4% in 2015, 2.8 percentage points up from 2014. This is mainly explained by a decrease in short-term operating liabilities, mainly to suppliers, and at the same time an increase in long-term liabilities and provisions due to said merger by absorption.

Long-term financing ratio was 55.6%, 2.5 percentage points up from 2014. This is mainly explained by the increase in liabilities which was relatively higher than the increase in equity due to profit for the period. The increase in liabilities was due to a short-term overdraft facility obtained in 2015, and said merger by absorption.

08 02 INVESTMENT RATIOS

They are important for the company when deciding its investment projects.

Fixed assets investment ratio shows the share of fixed assets in total assets. Fixed assets represented 26.3% of total assets in 2015, 3.19 percentage points up from 2014. This is explained by the fact that the value of fixed assets increased more than the value of other assets in relative terms. In 2015, E 3 took over a subsidiary, thus obtaining the majority of its fixed and other assets, and at the same time corrected the error in the 2014 financial statements (impairment of assets, which was partly reversed for some of the cash-generating units).

Investment assets ratio shows the share of the company's assets generating financial revenues in total assets. Short-term and long-term investments represented 0.2% of total assets, 0.6 percentage points down from 2014. This is explained by the impairment of the investment in a subsidiary and the increase in total assets.

Long-term investment ratio shows the share of long-term assets in total assets. It was 28.3%, 2.7 percentage points up from 2014. This is explained by the increase in the company's fixed assets (due to said merger by absorption and said valuation of assets).

08 03 HORIZONTAL FINANCIAL STRUCTURE RATIOS

The company calculates horizontal financial structure ratios to monitor its long-term financial stability. The most important of all is quick ratio, which shows how the amount and structure of the company's current assets affect its ability to settle its current liabilities.

Equity to fixed assets ratio shows the ratio of equity to fixed assets. It was 1.68 in 2015, 0.30 percentage points down from 2014. This is mainly explained by the increase in fixed assets which was relatively higher than the increase in equity due to profit for the period.

Acid, quick and current ratios show the company's liquidity:

Acid ratio shows the company's liquid assets relative to its current liabilities. At year-end 2015, the company had liquid assets in an amount allowing it to settle 2.5% of its current liabilities. Compared to 2014, the ratio was 2.6 percentage points lower, which is explained by the decrease in liquid assets which was relatively higher than the decrease in current liabilities.

Quick ratio shows that company's ability to settle its current liabilities with cash items and short-term receivables. At year-end 2015, current ratio was 1.21, 6.9 percentage points down from 2014. This is explained by a decrease in cash items and short-term receivables and an increase in current liabilities.

Current ratio shows the company's ability to settle its current liabilities with its cash items and other short-term assets, also inventories. At year-end it was 1.21, 7.5 percentage points down from 2014. This is explained by a decrease in short-term assets and an increase in short-term liabilities (mainly financial liabilities to banks).

08 04 EFFICIENCY RATIOS

Operating efficiency ratio is the ratio of operating revenues to operating expenses, and shows how efficient the company was in its operations, as financial revenues and expenses and other revenues and expenses are not counted. The ratio was 101.9% in 2015, which means that operating revenues exceeded operating expenses by 1.9%, 1 percentage point up from 2014.

Total efficiency ratio is the ratio of total revenues to total expenses. The ratio was 101.9% in 2015, 0.7 percentage points up from 2014. The company was more efficient in 2015, and earned more profit for the owners.

08 05 PROFITABILITY RATIOS

Net profit margin shows that the company made a profit of EUR 1.79 per each EUR 100 of revenue, EUR 0.8 up from 2014.

Net return on assets (ROA) shows the share of net profit generated by the company using its own assets, and thus how successful the management was in managing those assets. ROA was 3.7% in 2015, i.e. similar to the one achieved in 2014.

Net return on equity (ROE) shows the share of net profit generated by the company using the equity that the owners invested in it. For a company's owners, ROE is one of the most important indicators, as it shows how efficient the company was in managing their assets. ROE was 8.7% in 2015, 3.8 percentage points up from 2014. This is explained by the higher 2015 profit.

B FINANCIAL REPORT

09 INDEPENDENT AUDITOR'S REPORT

Building a better
working world

This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the shareholders of E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o.

Report on the Financial Statements

We have audited the accompanying financial statements of E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o., which comprise the statement of financial position as at December 31, 2015, and the income statement, the statement of other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Slovenian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o., as of December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with Slovenian Accounting Standards.

Other Matter

The financial statements of the E 3, ENERGETIKA, EKOLOGIJA, EKONOMIJA, d.o.o. as at and for the year ended December 31, 2014 were audited by another auditor who's report dated April 30, 2015 expressed an unmodified opinion on those statements.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the business report in accordance with the Slovenian Companies Act. Our responsibility is to assess whether the business report is consistent with the audited financial statements. Our work regarding the business report is performed in accordance with ISA 720, and restricted to assessing whether the business report is consistent with the financial statements and does not include reviewing other information originated from non-audited financial records.

The business report is consistent with the audited financial statements.

Ljubljana, June 3, 2016

Sanja Košir Nikašinović
Director
Ernst & Young d.o.o.
Dunajska 111, Ljubljana

ERNST & YOUNG
Revizija, poslovno
svetovanje d.o.o., Ljubljana 1

Lidija Šinkovec
Certified auditor

10 FINANCIAL STATEMENTS

10 01 BALANCE SHEET AS AT 31 DECEMBER 2015

ASSETS	Note	31 December 2015	EUR 31 December 2014 restated
A. Long-term assets:			
I. Intangible assets	10.2.1	401,221	390,113
1. Long-term rights		316,905	380,833
3. Intangible assets being acquired		84,317	9,280
II. Property, plant and equipment	10.2.2	7,749,367	6,382,262
1. Land		92,803	94,965
2. Buildings		4,101,556	3,287,299
3. Equipment		3,390,920	2,300,261
4. Property, plant and equipment being acquired		164,088	699,737
III. Long-term investments	10.2.3	582,772	635,569
1. Shares and interests in Group companies		483,993	615,569
2. Other shares and interests		20,000	20,000
3. Long-term loans to others		78,779	0
IV. Long-term operating receivables	10.2.4	14,718	49,320
2. Long-term operating receivables due from others		14,718	49,320
V. Deferred tax assets	10.2.5	579,249	655,399
TOTAL LONG-TERM ASSETS		**9,327,328**	**8,112,663**
B. Current assets:			
II. Short-term investments	10.2.6	0	86,435
1. Short-term loans to Group companies		0	86,435
III. Short-term operating receivables	10.2.7	17,560,674	17,713,495
1. Short-term operating receivables due from Group companies		65,025	380,386
2. Short-term trade receivables		16,330,470	15,856,415
3. Short-term operating receivables due from others		1,165,179	1,476,694
IV. Cash	10.2.8	374,644	734,864
TOTAL CURRENT ASSETS		**17,935,319**	**18,534,795**
C. Short-term deferred costs and accrued revenue	10.2.9	2,251,020	917,014
TOTAL ASSETS		29,513,666	27,564,472

The accompanying analysis and notes form an integral part of and shall be read in conjunction with this financial statement.

EQUITY AND LIABILITIES			EUR
		31 December 2015	31 December 2014 restated
A. Equity:			
I. Called-up capital		6,522,017	6.522.017
1. Share capital		6,522,017	6,522,017
III. Revenue reserves		5,855,308	5.855.308
1. Legal reserves		117,173	117,173
2. Other revenue reserves		5,839,399	5,738,136
IV. Revaluation surplus		5,302	5.302
VI. Net profit for the period		258,714	258.714
TOTAL EQUITY	**10.2.10**	**12,999,732**	**12,641,342**
B. Provisions and long-term accrued costs and deferred revenues	10.2.11	1,074,368	201,291
1. Provisions		200,110	200.110
2. Long-term accrued costs and deferred revenues		1,181	1.181
C. Long-term liabilities	10.2.12	491,667	0
I. Long-term financial liabilities		0	0
1. Long-term financial liabilities to banks		491,667	0
D. Short-term liabilities	10.2.13	14,836,098	14,429,903
I. Short-term financial liabilities		350,526	350.526
1. Short-term financial liabilities to Group companies		4,820	77,799
2. Short-term financial liabilities to banks		1,666,667	272,727
3. Other short-term financial liabilities		16,500	0
II. Short-term operating liabilities		14,079,377	14.079.377
1. Short-term operating liabilities to Group companies		53,230	69,929
2. Short-term trade payables		12,696,541	13,464,394
3. Other short-term operating liabilities		398,340	545,054
TOTAL LIABILITIES		16,402,132	14,631,194
E. Short-term accrued costs and deferred revenues	10.2.14	111,803	291,937
TOTAL EQUITY AND LIABILITIES		**29,513,667**	**27,564,472**

The accompanying analysis and notes form an integral part of and shall be read in conjunction with the financial statements. In 2015, E 3 corrected certain prior period errors. They are disclosed in section 11 01 *Correction of prior period errors.*

10 02 INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMEBER 2015

	Note	2015	EUR 2014 restated
1. Net sales revenue	10.3.1	60,041,785	54,719,711
a) in domestic market		53,976,248	51,720,435
b) in foreign market		6,065,537	2,999,276
2. Capitalised own products and own services	10.3.1	19,290	29,248
3. Other operating revenue	10.3.1.	859,898	764,001
4. Costs of goods, materials and services	10.3.2.1	-56,975,344	-50,794,428
a) costs of goods and materials sold, and costs of materials used		-53,634,387	-48,226,422
b) costs of services		-3,340,957	-2,568,006
5. Labour costs	10.3.2.2	-1,611,689	-1,361,270
a) wages and salaries		-1,200,430	-1,014,221
b) supplementary pension insurance		-52,841	-45,542
c) social security contributions		-194,093	-164,196
d) other labour costs		-164,324	-137,312
6. Write-downs in value	10.3.2.3	-996,269	-2,297,152
a) amortisation/depreciation		-737,005	-599,277
b) revaluation operating expenses associated with intangible assets and property, plant and equipment		-65,121	-816,936
c) revaluation operating expenses associated with current operating assets		-194,143	-880,940
7. Other operating expenses	10.3.2.4	-224,150	-570,730
8. Financial revenues from shares and interests	10.3.3	72,246	47,201
a) in Group companies		72,246	47,201
b) from other investments		0	0
9. Financial revenues from loans	10.3.3	5,986	1,869
a) to Group companies		0	1,564
b) to associated companies		0	0
b) to others		5,986	305
10. Financial revenues from operating receivables	10.3.3	121,309	181,494
a) due from Group companies		0	0
b) due from others		121,309	181,494
11. Financial expenses due to impairment and write-offs of investments	10.3.4	-146,992	0
12. Financial expenses for financial liabilities	10.3.4	-26,482	-13,500
a) for loans received from Group companies		-1,933	-377
b) for loans received from banks		-23,188	-9,479
c) for other financial liabilities		-1,361	-3,644
13. Financial expenses for operating liabilities	10.3.4	-56,838	-31,742
a) to Group companies		0	0
b) for trade payables and bills payable		-51,143	-31,735
c) for other operating liabilities		-5,696	-7
14. Other revenue	10.3.5	54,911	111
15. Other expenses	10.3.6	-11,093	-5,989
PRE-TAX PROFIT FOR THE PERIOD		**1,126,569**	**668,824**
16. Income tax	10.3.7	0	136,441
17. Deferred taxes	10.2.5	76,511	14,955
18. NET PROFIT FOR THE PERIOD	**10.3.8**	**1,050,058**	**517,427**

The accompanying analysis and notes form an integral part of and shall be read in conjunction with this financial statement. In 2015, E 3 corrected certain prior period errors. They are disclosed in section 11 01 *Correction of prior period errors.*

10 03 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

				EUR
		Note	2015	2014 restated
18.	**NET PROFIT FOR THE PERIOD**	**10.3.8**	**1,050,058**	**517,427**
19.	Correction of revaluation surplus associated with deferred taxes		361	
20.	Other comprehensive income		-9,550	5,302
21.	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**	**10.3.9**	**1,040,869**	**522,730**

The accompanying analysis and notes form an integral part of and shall be read in conjunction with this financial statement. In 2015, E 3 corrected certain prior period errors. They are disclosed in section 11 01 *Correction of prior period errors.*

10 04 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
			EUR
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Cash receipts from operating activities	**10.4.1**	**117,551,560**	**111,704,167**
a) Cash receipts from the sale of products and services		115,813,778	110,839,776
b) Other cash receipts from operating activities		1,737,782	864,391
2. Cash payments from operating activities	**10.4.2**	**-118,516,780**	**-111,453,865**
a) Cash payments to suppliers for material and services		-70,932,898	-64,959,031
b) Cash payments to employees (wages and salaries, and profit shares)		-1,560,449	-1,398,702
c) Cash payments of taxes and contributions		-3,656,382	-5,973,200
d) Other cash payments from operating activities		-42,367,052	-39,122,933
3a. Net cash inflow from operating activities		**0**	**250,302**
3b. Net cash outflow from operating activities		**-965,220**	**0**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
4. Cash receipts from investing activities	**10.4.3**	**248,419**	**178,895**
a) Interest and dividends received		110,236	178,895
b) Cash receipts from disposal of property, plant and equipment		54	0
c) Cash receipts from disposal of short-term of investments		100,000	0
d) Cash receipts from the merger by absorption of a subsidiary		38,129	0
5. Izdatki pri naložbenju	**10.4.4**	**-604,592**	**-837,870**
a) Cash payments to acquire intangible assets		0	-72,249
b) Cash payment to acquire property, plant and equipment		-425,812	-679,187
c) Cash payments to acquire short-term investments		-100,000	-86,435
d) Cash payments to acquire long-term investments		-78,779	0
6a. Net cash inflow from investing activities		**0**	**0**
6b. Net cash outflow from investing activities		**-356,172**	**-658,975**
7a. Net cash inflow from operating and investing activities		**0**	**0**
7b. Net cash outflow from operating and investing activities		**-1,321,392**	**-408,674**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
8. Cash receipts from financing activities	**10.4.5**	**2,000,000**	**77,799**
b) Cash proceeds from increase in short-term loans		2,000,000	77,799
9. Cash payments from financing activities	**10.4.6**	**-1,038,827**	**-369,511**
a) Interest paid		-106,959	-42,239
b) Cash repayments of long-term loans		-531,136	-327,273
c) Cash repayments of short-term loans		-400,732	0
10. Net cash inflow from financing activities		**961,173**	**0**
11. Net cash outflow from financing activities		**0**	**-291,712**
12. Net cash inflow or outflow for the period		**-360,220**	**-700,386**
D. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		**374,644**	**734,864**
X. Opening balance of cash and cash equivalents		734,864	1,435,250
Y. NET CASH INFLOW OR OUTFLOW FOR THE PERIOD	10.4.7	-360,220	-700,386
CLOSING BALANCE OF CASH AS AT 31 DECEMBER 2015/2014		**374,644**	**734,864**

The accompanying analysis and notes form an integral part of and shall be read in conjunction with this financial statement.

10 05 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

							EUR
		Called-up capital	Revenue reserves			Net profit or loss for the period	
		Share capital	Legal reserves	Other revenue reserves	Revaluation surplus	Net profit for the year	**Total capital**
		I/1	III/1	III/2	IV	VI/1	**VII**
A.1	**31 December 2014 – as initially reported**	**6,522,017**	**117,173**	**6,139,404**	**5,302**	**659,982**	**13,443,878**
	Error correction (Note 11 01)			-401,268		-401,268	**-802,536**
A.2	**31 December 2014 – corrected**	**6,522,017**	**117,173**	**5,738,136**	**5,302**	**258,714**	**12,641,342**
A.2	**1 January 2015**	**6,522,017**	**117,173**	**5,738,136**	**5,302**	**258,714**	**12,641,342**
B.1	**Changes in equity – transactions with owners**			**-682,479**		**0**	**-682,479**
	a) Merger by absorption of a subsidiary (Note 11 01)			-682,479		0	**-682,479**
B.2	**Total comprehensive income for the period**				**-9,189**	**1,050,058**	**1,040,869**
	a) Net profit for the period					1,050,058	**1,050,058**
	b) Revaluation adjustment				-9,189		**-9,189**
B.3	**Movements within equity**			**783,743**	**0**	**-783,743**	**0**
	a) Allocation of remaining net profit of a comparative period to other equity components			783,743		-783,743	**0**
	b) Settlement of loss as a deduction component of equity					0	**0**
C	**31 December 2015**	**6,522,017**	**117,173**	**5,839,400**	**-3,886**	**525,029**	**12,999,731**
	DISTRIBUTABLE PROFIT 2015					**525,029**	**525,029**

The accompanying analysis and notes form an integral part of and shall be read in conjunction with this financial statement. In 2015, E 3 corrected certain prior period errors. They are disclosed in section 11 01 *Correction of prior period errors.*

10 06 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

EUR

		Called-up capital	Revenue reserves			Retained net profit or loss	Net profit or loss for the period	
		Share capital	Legal reserves	Other revenue reserves	Revaluation surplus	Retained net profit	Net profit for the year	**Total capital**
		I/1	III/1	III/2	IV	V/1	VI/1	**VII**
A.1	**31 December 2013**	**6,522,017**	**117,173**	**4,158,804**	**0**	**0**	**1,320,618**	**12,118,612**
A.2	**1 January 2014**	**6,522,017**	**117,173**	**4,158,804**	**0**	**0**	**1,320,618**	**12,118,612**
B.2	**Total comprehensive income for the period - as initially reported**			**0**	**5,302**		**1,319,963**	**1,325,265**
	a. Net profit for the period						1,319,963	**1,319,963**
	Entry of net profit for the period – corrected						-802,536	**-802,536**
	b. Revaluation adjustment				5,302			**5,302**
B.2	**Total comprehensive income for the period - corrected**			**0**	**5,302**		**517,427**	**522,729**
B.3	**Changes in equity - as initially reported**			**1,980,600**			**-1,980,600**	**0**
	a) Allocation of remaining net profit of a comparative period to other equity component			1,980,600			-1,980,600	0
	Error correction			-401,268			-401,268	-802,535
B.3	**Changes within equity - corrected**			**1,579,332**			**-2,381,867**	**-802,535**
C	**31 December 2014 - as initially reported**	**6,522,017**	**117,173**	**6,139,404**	**5,302**	**0**	**659,981**	**13,443,877**
	Error correction			-401,268			-401,268	-802,536
C	**31 December 2014 - corrected**	**6.522.017**	**117.173**	**5.738.136**	**5.302**	**0**	**258.713**	**12.641.341**
	DISTRIBUTABLE PROFIT 2014						**258.713**	**258.713**

The accompanying analysis and notes form an integral part of and shall be read in conjunction with this financial statement. In 2015, E 3 corrected certain prior period errors. They are disclosed in section 11 01 *Correction of prior period errors.*

11 NOTES TO THE FINANCIAL STATEMENTS UNDER THE COMPANIES ACT AND SLOVENIAN ACCOUNTING STANDARDS

These are non-consolidated financial accounts of the company E 3, d.o.o. As its owner, Elektro Primorska d.d., Erjavčeva 22, 5000 Nova Gorica, Slovenia, prepares consolidated financial statements for the Elektro Primorska Group, E 3, in accordance with point 10 of IAS 27, does not prepare consolidated financial statements.

The E 3 Group comprises the parent E 3, d.o.o., the subsidiary JOD d.o.o. and the associate Knešca d.o.o. In its non-consolidated financial statements, E 3 accounts for investments in Group companies at cost less impairment.

11 01 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

Slovenian Accounting Standards represent the rules of the profession in terms of analysing and explaining the fundamental accounting rules and requirements stipulated by law. The financial statements of E 3 were prepared in accordance with Slovenian Accounting Standards 2006 (SAS) and the Companies Act.

SAS lay down the allowed accounting policies, in certain cases several, so that an entity may select among them. E 3 has its own accounting rules that lay down in detail the accounting treatment of financial statement items, as well as the applicable accounting policies.

In the preparation of its financial statements, E 3 observed the underlying assumptions of accrual basis and going concern. Its accounting policies are based on the basic accounting principles of prudence, substance over form, and materiality.

E 3 declares that the same accounting policies and methods were used in the preparation of the current financial statements as in the prior year.

BASIS FOR MEASUREMENT

The financial statements were prepared on the historical cost basis, with the exception of financial assets available for sale, which are measured at fair value.

EXCHANGE RATE AND TRANSLATION INTO LOCAL CURRENCY

All items of assets and liabilities denominated in foreign currencies were translated to euro at the reference exchange rate of the European Central Bank (ECB) published by the Bank of Slovenia on the balance sheet date. All transactions denominated in foreign currencies were translated to euro at the reference exchange rate of the ECB on the transaction date. Any foreign currency differences arising were recognised in the income statement under financial revenues or expenses.

The amounts in the annual report are shown in euro without cents.

Pursuant to its accounting rules, the company must explain the following accounting policies:

- measurement of balance sheet items;
- specific accounting policies necessary for the proper understanding of balance sheet items that exceed 2% of the balance sheet total on the balance sheet date;
- disclosure of changes in the accounting policies or estimates if they exceed 2% of the balance sheet total on the balance sheet date;
- measurement of income statement items, and specific accounting policies necessary for the proper understanding of transactions that exceed 10% of revenues or expenses for the period;
- additional information not included in the prescribed income statement format but necessary for its fair presentation and related to transactions that exceed 10% of revenues or expenses for the period.

On 1 July 2007, the electricity market was completely liberalised. All electricity consumers, including households, obtained the status of eligible customers able to choose the electricity supplier, also from across state borders. Electricity sale to household customers became a commercial activity, the prices no longer fixed by the government.

In 2015, the company was selling electricity in Slovenia's and European Union's markets, also to its own consumer points. As regards electricity sale to commercial customers, the prices are agreed in the contracts concluded with each customer separately.

In 2015, electricity was purchased based on contracts concluded with domestic and foreign suppliers. Smaller quantities intended for resale were self-produced by E 3 as qualified producer.

CORRECTION OF PRIOR PERIOD ERRORS

An entity must correct any material prior period error retrospectively, i.e. in the first set of financial statements authorised for issue after its discovery. The entity shall restate the comparative amounts for the prior period presented in which the error occurred. The correction of a prior period error is excluded from profit or loss for the period in which the error is discovered. Retrospective restatement is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred. In 2015, E 3 corrected a prior period error associated with impairment of property, plant and equipment assets, segment Department for Production and Services (DPS).

CORRECTION OF ERROR DUE TO FAILURE TO IDENTIFY INDICATIONS OF IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT ASSETS

In 2015, E 3's management discovered a material prior period error. This was associated with indications of impairment of property, plant and equipment assets of the Department for Production and Services (DPS). For the financial reporting purposes, a valuation was made of said assets in 2015, in accordance with IAS 36. The valuation was carried out as at 1 January 2015 and 31 December 2015 for property, plant and equipment assets of each cash-generating unit.

The recoverable amount of each asset was assessed, in accordance with IAS and using the net present value of estimated future cash flows method.

The valuation revealed that the carrying amount of said assets exceeded their recoverable amount, as follows for each cash-generating unit:

Name of the cash-generating unit	Impairment amount as at year-end 2015	EUR Impairment amount as at year-end 2014
CHP Park	-6,786	0
CHP Meblo	-204,913	-148,420
Heat pump Cerkno	-92,302	-99,720
Boiler facility Majske poljane	-135,304	-437,888
Heat pump Lanthieri	-138,450	-185,872
Solar power plants	-121,873	-140,733
Wind power plants	-224,968	-227,791
TOTAL	**-924,597**	**-1,240,424**

For the assumptions used in the valuation, see 11 02 02 Property, plant and equipment.

The error was made in a comparative period, for which reason E 3 corrected the error by restating prior period comparative amounts. The basis for such restatement was said valuation.

Please see the tables below for the effect of error correction:

Effect of error correction on the balance sheet	31/12/2014 as initially reported	Correction	EUR 31/12/2014 corrected
Carrying amount of property, plant and equipment	7,184,798	-802,536	6,382,262
Net profit for the period	1,319,963	-802,536	517,427
Other revenue reserves	6,139,404	-401,268	5,738,136
Retained net profit for the period	659,982	-401,268	258,714

Effect of error correction on the income statement	2014 as initially reported	Correction	EUR 2014 corrected
Revaluation operating expenses associated with property, plant and equipment	14,400	802,536	816,936
Net profit for the period	1,319,963	-802,536	517,427

Error correction did not affect the cash flow statement.

MERGER BY ABSORPTION OF THE SUBSIDIARY ECO ATMINVEST AS OF 1 JANUARY 2015

In 2014 (the acquisition date of the merger by absorption is 31 December 2014), E 3 as parent took over its subsidiary ECO ATMINVEST. As the subsidiary was 100% owned by the parent, the merger by absorption was carried out following the so-called simplified procedure. The relevant contract was signed on 19 March 2015, and the subsidiary was struck off the court register on 31 March 2015. With the merger by absorption, the investment in said subsidiary, otherwise fully impaired already in 2013, was de-recognised as of 1 January 2015.

Also in the balance sheet of E 3, additional assets and liabilities were recognised (as shown in the table below). ECO ATMINVEST had a loss of EUR 154,684 in 2014, which was subsequently increased by EUR 437,888 (correction of a prior period error associated with impairment of property, plant and equipment assets) to EUR 592,572, and recognised against equity of E 3 (other revenue reserves). Operating revenues of ECO ATMINVEST were EUR 208,437 in 2014, and its financial revenues were EUR 13. The effect on net assets was minus EUR 682,479, and was recognised in other revenue reserves of E 3 in 2015.

The table below shows the effect of said merger by absorption on the E 3's balance sheet:

Assets and liabilities of the subsidiary taken over as on 1 January 2015	EUR Carrying amount
Property, plant and equipment	1,412,000
Inventories	1,391
Short-term investments	15,416
Operating receivables	60,961
Cash and cash equivalents	38,129
ASSETS	1,527,897
Long-term provisions	845,416
Financial liabilities	952,947
Operating liabilities	409,073
Short-term accrued costs and deferred revenues	2,940
Net assets	-682,479

The subsidiary's short-term financial liabilities of EUR 86,435 and short-term liabilities of EUR 341,998 to the parent E 3 were offset against receivables of E 3 from the subsidiary as at 1 January 2015. The subsidiary's cash was fully recognised the parent's cash flow statement as an inflow from investing activities, without affecting the parent's inflow or outflow from operating and financing activities.

11 02 NOTES TO THE BALANCE SHEET

11 02 01 INTANGIBLE ASSETS

Intangible assets are recognised in the accounting records and in the balance sheet when it is probable that future economic benefits will flow to the entity, and when their cost can be measured reliably. After recognition, the cost model is applied.

Amortisation of individual items of intangible assets is carried out on a straight-line basis, with amortisation rates ranging from 2% to 33%. Amortisation of an intangible asset with a finite useful life begins when it becomes available for use. E 3 would assess the useful life of each major item of intangible assets and long-term deferred costs and accrued revenues before the end of each financial year.

Subsequent expenditure on an item of intangible assets increases its cost when it increases its future economic benefits in excess of the originally assessed.

Recognition of an intangible asset is reversed upon disposal or when no future economic benefits are expected from its further use and subsequent disposal.

Intangible assets of E 3 comprise computer software. The cost of an intangible asset comprises its purchase price or production cost. After recognition, the cost model is applied.

In 2015, intangible assets increased due to new software purchased (EUR 144,494) and decreased due to amortisation (EUR 133,386).

E 3 does not have intangible assets whose title would be restricted.

The table below shows changes in intangible assets in 2015.

	Long-term rights	Intangible assets being acquired	EUR Total
Cost			
1 January 2015	933,754	9,280	943,034
Additions	0	144,494	144,494
Transfer from assets being acquired	69,457	-69,457	0
Disposals	-45,595	0	-45,595
31 December 2015	957,617	84,317	1,041,933
Accumulated amortisation			
1 January 2015	552,921	0	552,921
Amortisation	133,386	0	133,386
Disposals	-45,595	0	-45,595
31 December 2015	640,712	0	640,712
Carrying amount			
1 January 2015	380,833	9,280	390,113
31 December 2015	**316,905**	**84,317**	**401,221**

The table below shows changes in intangible assets in 2014.

	Long-term rights	Intangible assets being acquired	EUR Total
Cost			
1 January 2014	555,845	9,280	565,125
Additions		377,909	377,909
Transfer from assets being acquired	377,909	-377,909	0
31 December 2014	933,754	9,280	943,034
Accumulated amortisation			**0**
1 January 2014	517,838		517,838
Amortisation	35,083		35,083
31 December 2014	552,921		552,921
Carrying amount			**0**
1 January 2014	38,007	9,280	47,287
31 December 2014	**380,833**	**9,280**	**390,113**

11 02 02 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment assets of E 3 comprise land, buildings and equipment, and the same assets being acquired. Their carrying amount represents the difference between their purchase price and accumulated depreciation. E 3 does not have investment property. After recognition, the cost model is applied.

The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the condition necessary for the intended use.

Subsequent expenditure on an item of property, plant and equipment increases its cost if it increases its future economic benefits in excess of the originally assessed. Subsequent expenditure enabling the extension of useful life of the asset increases its carrying amount.

Expenditure on repairs or maintenance of property, plant and equipment is made to restore or maintain the future economic benefits expected on the basis of the originally assessed standard of performance of the assets. As such, it is usually recognised as cost or operating expenses.

Depreciation of an item of property, plant and equipment begins on the first day of the following month after it has been available for use. Depreciation of individual items of property, plant and equipment assets is carried out on a straight-line basis, taking account of their useful lives. For depreciation rates, see section 11 03 02 *Write-downs in value.*

The cost of facilities built by E 3 alone is the production cost which shall not exceed the market price of the same kind of goods. Production cost comprises direct costs of material, services and labour, and general production costs.

In accordance with SAS 1.11, if the cost of an item of property, plant and equipment assets is significant, it is allocated to its individual parts. If such parts have different useful lives, significant in relation to the total cost of the item, each part is to be treated separately.

Accumulated depreciation increases for the depreciation charged in the period. Depreciation of an item of property, plant and equipment begins on the first day of the following month after it has been available for use. Depreciation of individual items of property, plant and equipment assets is carried out on a straight-line basis, taking account of their useful lives.

Property, plant and equipment assets are impaired if their carrying amount exceeds their recoverable amount, i.e. the higher of its fair value less costs to sell and value in use. Estimating the value in use of an asset involves the following steps: estimating the future cash receipts and disbursements to be derived from the continuing use of the asset and from its ultimate disposal; and applying the appropriate pre-tax discount rate to those future cash flows that reflects the time value of money and the risk specific to the asset. The value in use of an asset whose future cash flows are dependent on cash flows from other assets in a cash-generating unit is calculated based on the future cash flows of that cash-generating unit. Any impairment losses are recognised as operating expenses.

E 3 would check on each reporting date whether any indication of impairment of property, plant and equipment assets exists. If it does, it would then asses the asset's recoverable amount.

In 2015, E 3 tested for impairment its long-term assets. A valuation report was prepared for financial reporting purposes (impairment testing in accordance with IAS 36). The valuation was carried out as at 1 January 2015 and 31 December 2015. What was assessed was the recoverable amount of long-term assets, i.e. their value in use within a cash-generating unit.

The valuation was carried out in accordance with the "Hierarchy of valuation standards" (Official Gazette of the RS, no. 106/2010). It was based on revenue, and used performance projections for each cash-generating unit prepared based on past performance (2013-2014) and future plans (2016-2017). The valuation was prepared observing the assumption that the cash-generating unit was a going concern using the assets in its regular operations.

For co-generation facilities, projections were prepared for different but always finite periods of time. The projection period was the same as the term of the relevant support contracts concluded with Borzen.

Estimated future cash flows were discounted using the weighted average cost of capital (WACC), i.e. 9.06% on 1 January 2015 and 8.88% on 31 December 2015.

The table below shows changes in property, plant and equipment assets in 2015.

EUR

	Land	Buildings	Equipment	PPE being acquired Advances	Total
Cost					
1 January 2015 – restated	94,964	4,255,812	4,553,943	699,737	9,604,457
Additions due to the merger by absorption		879,280	717,055	0	1,596,335
Additions				244,739	244,739
Transfer from assets being acquired		27,500	752,888	-780,388	0
Disposals		0	-26,254		-26,254
Impairment	-2,161	-57,183	-41,351		-100,695
Reversal of impairment		207,372	260,133		467,505
31 December 2015	92,803	5,312,781	6,216,414	164,088	11,786,086
Accumulated depreciation					
1 January 2015 – restated		968,513	2,253,683	0	3,222,196
Additions due to the merger by absorption		62,384	121,951		184,335
Depreciation		178,162	425,457		603,619
Disposals		0	-24,412		-24,412
Impairment		-19,210	-18,205		-37,416
Reversal of impairment		21,377	67,020		88,398
31 December 2015		1,211,225	2,825,494	0	4,036,719
Carrying amount					
1 January 2015 – restated	94,964	3,287,299	2,300,260	699,737	6,382,261
31 DECEMBER 2015	**92,803**	**4,101,556**	**3,390,920**	**164,088**	**7,749,367**

Property, plant and equipment assets increased by EUR 1,367,106 (2014: decreased by EUR 808,510 EUR – restated). The changes are explained by new assets acquired in the amount of EUR 244,739 (2014: EUR 558,220), the effect of said merger by absorption of EUR 1,412,000, impairment of assets of certain facilities (CHP Park and Meblo) and reversal of impairment of assets of certain other facilities (heat pumps Cerkno and Lanthieri, boiler facility Majske poljane, small solar/wind power plants) of EUR 315,828, depreciation of EUR 603,619 (2014: EUR 564,194) and elimination of equipment of EUR 1,842 (2014: EUR 5,060).

E 3 does not have any property obtained under finance lease contracts.

It pledged some of its property in 2013 to obtain a payment guarantee valid until February 2016 in favour of Nova KBM d.d. This liability is shown among off-balance sheet items. The estimated market price of said property is EUR 2,660,418.

The table below shows changes in property, plant and equipment assets in 2014, together with the effect of error correction (associated with impairment).

					EUR
	Land	Buildings	Equipment	PPE being acquired Advances	Total
Cost					
1 January 2014	100,198	4,328,989	5,175,694	556,723	10,161,604
Additions	0	0	0	558,220	558,220
Transfer from assets being acquired	0	145,679	269,526	-415,206	0
Disposals	0	0	-5,060	0	-5,060
Error correction – impairment	-5,234	-218,856	-886,216	0	-1,110,306
31 December 2014 – restated	94,964	4,255,812	4,553,943	699,737	9,604,457
Accumulated depreciation					0
1 January 2014	0	859,496	2,111,337	0	2,970,833
Depreciation	0	149,484	414,709	0	564,194
Disposals	0	0	-5,060	0	-5,060
Error correction – impairment	0	-40,467	-267,303	0	-307,770
31 December 2014 – restated	0	968,513	2,253,683	0	3,222,196
Carrying amount					
1 January 2014	100,198	3,469,493	3,064,357	556,723	7,190,771
31 December 2014 – Error correction – impairment	-5,234	-178,389	-618,913		-802,536
31 DECEMBER 2014 – CORRECTED	**94,964**	**3,287,299**	**2,300,260**	**699,737**	**6,382,261**

In 2015, E 3 corrected certain prior period errors. They are disclosed in section 11 01 *Correction of prior period errors.*

11 02 03 LONG-TERM INVESTMENTS

Investments of all types are initially recognised at fair value. Long-term and short-term investments are shown separately.

Long-term investments are investments that an investor entity intends to hold for a period longer than one year. They comprise investments in equity of subsidiaries, in shares and interest of other companies and other investments, as well as long-term loans. They are classified as assets available for sale measured at cost.

Short-term investments are held for a period of up to one year, and comprise investments in shares and interests of other companies and other financial investments, as well as short-term loans.

Acquisition and normal disposal of financial investments is recognised on the trading date.

Long-term investments in equity of subsidiaries (representing 50% or more of share capital), which are also included in the Group consolidated statements, and in equity of associates (representing 20% to 49.9% of share capital) are measured at cost. Participation in profit of a subsidiary is recognised in the parent's profit when a resolution on profit allocation is adopted. If an investment in equity of a loss-making subsidiary must be impaired, the impairment loss is calculated as the difference between the investment's carrying amount and the net present value of estimated future cash flows.

Long-term investments in equity of other companies that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Investments in other shares and interests of other companies are initially classified as available for sale and are measured at fair value through profit and loss.

Investments in loans and deposits are measured at amortised cost, and are recognised on the investment date at the amount of cash or other assets invested.

Subsequently, they are measured at amortised cost using the effective interest method, less any impairment losses.

Investments are revalued due to impairment as soon as pertinent reasons arise, but at the latest at the end of the accounting period. Objective evidence must also exist of impairment resulting from events that occurred after the initial recognition of investments, such as performance data or audited book value. Objective evidence is deemed to exist when an investment's fair value on the balance sheet date is 20% less than its cost. Impairment testing is carried out separately for each investment or group of investments.

The loss resulting from an investment's permanent impairment, not a temporary decrease in its fair value, is recognised as financial expenses. It is calculated as the difference between the investment's book value and the net present value of estimated future cash flows.

Changes in the fair value of financial assets available for sale are recognised directly in equity as revaluation surplus.

In accordance with SAS 3, which deals with investments, E 3 designated its investments as available for sale.

In 2006, E 3 acquired a 47.27% share in Knešca d.o.o., a small hydro power plant located in Most na Soči. Compared to the holdings of the other ten owners, 47.27% represents a significant share, but E 3 nevertheless does not yet have a representative on its supervisory board. In 2013, E 3 transferred its share in Knešca to JOD, thus recapitalising this subsidiary. The value of the share was determined based on a valuation. In 2015, E 3 carried out another valuation, this time to determine the value of its 100% share in JOD for the purpose of financial reporting and impairment testing. In view of the valuation purpose, the investment's fair value was selected as the valuation technique. Under International Valuation Standards (2013), fair value is defined as the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interest of those parties.

The hierarchy of valuation rules was the following:

- International Valuation Standards (IVS 1);
- Slovenian Financial Standard 1: Business Valuation
  (Official Gazette of the RS, no. 106/13 of 18 December 2013);
- American Society of Appraisers' Business Valuation Standards;
- other business valuation standards.

Further, the asset-based approach was used, as JOD does not generate any cash flows from operations and only has one investment. The investment's fair value arrived at in the valuation was EUR 131,576 below the book value, which prompted impairment.

At the end of 2013, E 3 acquired a 100% share in ECO ATMINVEST d.o.o., and immediately impaired the investment fully due to the target's poor performance and negative equity. In 2014 (the acquisition date of the merger by absorption is 31 December 2014), E 3 as parent took over its subsidiary ECO ATMINVEST. As the subsidiary was 100% owned by the parent, the merger by absorption was carried out following the so-called simplified procedure. The relevant contract was signed on 19 March 2015, and the subsidiary was struck off the court register on 31 March 2015. With the merger by absorption, the investment in said subsidiary, otherwise fully impaired already in 2013, was de-recognised as of 1 January 2015.

E 3 is also among the founders of the Aeronautical Museum of Nova Gorica. Its share of capital amounts to 5.26%.

As at year-end 2015, E 3 had among its investments also a long-term loan granted to Gostol-Gopan d.o.o. within the hot-water connection and heating plant development project, which was co-financed by E 3. The loan was granted for a period of 5 years and the debtor is invoiced the contractually agreed interest monthly, together with heat supplied. Upon maturity, E 3 will convert the outstanding debt into ownership of the hot-water connection and heating plant.

LONG-TERM INVESTMENTS

Shares and interests in Group companies		EUR
	31 December 2015	31 December 2014
ECO ATMINVEST	0	108,000
Impairment of ECO ATMINVEST	0	-108,000
Carrying amount of ECO ATMINVEST	0	0
JOD	615,569	615,569
Impairment of JOD	-131,576	
Carrying amount of JOD	483,993	615,569
Other shares and interests:		
Aeronautical Museum of Nova Gorica	20,000	20,000
Total	20,000	20,000
Long-term loans to others:		
Long-term loan to Gostol-Gopan	78,779	0
Total	78,779	0
TOTAL LONG-TERM INVESTMENTS	**582,772**	**635,569**

Movements in investments				EUR
	Shares and interests in Group companies	Other shares and interests	Long term loans to others	Total
1 January 2015	615,569	20,000	0	635,569
Increase	0	0	78,779	78,779
Decrease due to impairment	-131,576	0	0	-131,576
31 DECEMBER 2015	**483,993**	**20,000**	**78,779**	**582,772**

PROFILE OF THE JOD SUBSIDIARY

E 3 established the JOD subsidiary on 4 August 2012, after paying-in its share capital on 15 July 2012. In 2013, it recapitalised the subsidiary by transferring to it its share in the Knešca associate of EUR 1,036,000.

Company name:	JOD, družba za inženiring in izgradnjo energetskih objektov d.o.o.
Company abbreviated name:	JOD d.o.o.
Registered office:	Ulica 15. maja 15, 6000 Koper
VAT no.:	13492233
Company ID no.	6009441
Bank account:	SI56 0475 0000 1863 518

The company was registered with the Koper District Court, entry no. Srg 2012/29737.

Share capital:	EUR 1,043,500
Total equity:	EUR 1,120,107
Owner:	E 3, d.o.o. (100%)
General Manager:	Darko Pahor

In 2015, JOD earned a net profit of EUR 76,607.

11 02 04 LONG-TERM OPERATING RECEIVABLES

After initial recognition, long-term operating receivables are measured at amortised cost, which is their amount at initial recognition less repayments and impairments due to uncollectability. Operating receivables falling due in the next 12 months are included among short-term operating receivables, while those falling due after the next 12 months are included among long-term operating receivables.

		EUR
	31 December 2015	31 December 2014
Receivables from the E 3 eco package	14,718	49,320
TOTAL	**14,718**	**49,320**

Long-term operating receivables comprise those from the Eco Gorenje package, where monthly electricity bills would also comprise monthly instalments for the Eco Gorenje household appliances. The customers will repay their debt in 36 monthly instalments, of which only those falling due after the next 12 months are included here.

11 02 05 DEFERRED TAX ASSETS

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, carryforwards of unused tax losses to future periods and carryforwards of unused tax credits to future periods.

Deferred tax assets for deductible temporary differences are recognised when it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets for all deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, may only be recognised to the extent that it is probable that the temporary differences will be reversed in foreseeable future and future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets for unused tax losses and tax credits shall be recognised if it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

On each balance sheet date, the company reassesses unrecognised deferred tax assets and recognises an unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The company reduces the carrying amount of a deferred tax asset if it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

The company would offset deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to offset a current tax asset against a current tax liability, and if these relate to income taxes levied by the same taxation authority.

At year-end 2015, E 3 had deferred tax assets of EUR 579,249. The applicable tax rate was the same as in 2014, i.e. 17%.

The effects of differences between the accounting and tax values of all temporary differences are calculated in accordance with the balance sheet method. Deferred tax assets relate to accrued long-term provisions and allowances for receivables, and will become recoverable in future periods in respect of deductible temporary differences and unused tax losses due to the amendments to the Corporate Income Tax Act.

Deferred tax assets				v EUR
	Deductible temporary differences	Unused tax losses	Unused tax reliefs	Total
1 January 2015	592,063	63,336	0	655,399
Increases	361	61,726	26,954	89,041
Decreases	-165,192	0	0	-165,192
31 DECEMBER 2015	**427,232**	**125,063**	**26,954**	**579,249**

11 02 06 SHORT-TERM INVESTMENTS

Financial investments are financial assets held by the company for the purpose of increasing its financial revenues through returns from investments. They comprise investments in financial liabilities of Group companies. Investments in loans and deposits are measured at amortised cost, and are recognised on the investment date at the amount of cash or other assets invested.

Subsequently, they are measured at amortised cost using the effective interest method, less any impairment losses.

Investments are revalued due to impairment as soon as pertinent reasons arise, but at the latest at the end of the accounting period.

A short-term investment in financial liabilities of Group companies in the initial amount of EUR 15,416 relates to loans extended to the buyers of merchandise of the ECO ATMINVEST, which was merged by absorption. Said loans are measured at amortised cost, less any impairment losses. As all loans were past due, E 3 impaired them fully.

With the merger by absorption, E 3 de-recognised its investment in financial liabilities of Group companies in the total amount of EUR 86,435.

Short-term loans to Group companies		v EUR
	31 December 2015	31 December 2014
1 January 2015	86,435	0
Effect of merger by absorption	-86,435	0
1 January 2015	0	0
Increase	0	86,435
Decrease	0	0
31 December 2015	0	86,435
Short-term loans to others		v EUR
	31 December 2015	31 December 2014
1 January 2015	0	0
Effect of merger by absorption	15,416	0
1 January 2015	15,416	0
Increase		0
Decrease	-15,416	0
31 DECEMBER 2015	**0**	**0**

11 02 07 SHORT-TERM OPERATING RECEIVABLES

An item of receivables is recognised as an asset in the books of account and in the balance sheet if it is probable that future economic benefits associated with it will flow to the company and if its original amount can be measured reliably. Receivables of all categories are initially recognised at amounts recorded in the relevant documents under the assumption that they will be recovered. Subsequent increases and decreases in receivables result in an increase or decrease in operating or financial revenues or expenses. Subsequent increases and decreases are predominantly changes in the amount of receivables due to subsequent discounts, return of goods sold, acknowledged complaints and subsequently discovered defects.

After initial recognition, short-term operating receivables are measured at amortised cost, which is their amount at initial recognition less repayments and impairments due to uncollectability. Operating receivables falling due in the next 12 months are included among short-term operating receivables, while those falling due after the next 12 months are included among long-term operating receivables.

Receivables denominated in foreign currencies were translated to euro at the reference exchange rate of the ECB on the balance sheet date. Any increase in receivables results in an increase in financial revenues, while any decrease in receivables results in an increase in financial expenses.

Operating receivables are revalued due to impairment as soon as pertinent reasons arise, but at the latest at the end of the accounting period. Objective evidence must also exist of impairment resulting from events that occurred after the initial recognition of operating receivables, such as performance data or similar.

Receivables not believed to be paid or not paid in time are shown as doubtful or disputable, and allowances are formed accordingly.

Doubtful and disputed receivables include:

- unpaid receivables which arose before 2015,
- disputed receivables,
- receivables due from entities undergoing bankruptcy or compulsory settlement proceedings.

Doubtful and disputed receivables were impaired in 2014 and 2015 by receivable and by debtor. In 2015, E 3 accordingly formed allowances representing 1.02% of the outstanding receivables. Of those receivables for which allowances were formed, 4.54% were collected and 6.43% written off in 2015.

Receivable are not insured, but E 3 can, after several reminders, always terminate electricity supply contracts.

Short-term operating receivables from sales		v EUR
	31 December 2015	31 December 2014
– to Group companies	24,915	353,676
– in domestic market	17,669,992	17,127,245
– in foreign market	572,378	664,584
Allowances	-2,026,452	-2,065,295
TOTAL	16,240,833	16,080,210
Receivables for interest due from:		
– Group companies	0	11,658
– others	308,216	357,254
Allowances	-204,684	-233,272
TOTAL	103,532	135,640
Advances		
Advances given	27,728	26,284
Allowances	-17,663	-14,400
TOTAL	10,065	11,884
Other operating receivables		
– from Group companies	41,065	15,051
– from the state and other institutions	1,149,137	1,452,762
– from the employees	0	0
– from others	31,182	33,088
Allowances	-15,140	-15,140
TOTAL	1,206,245	1,485,761
TOTAL SHORT-TERM OPERATING RECEIVABLES	**17,560,674**	**17,713,495**

Short-term operating receivables from sales and for interest increased by EUR 128,515, while other short-term operating receivables increased by EUR 281,335 compared to 2014.

Allowances for short-term operating receivables		EUR
	31 December 2015	31 December 2014
1 January 2015	2,328,107	1,991,297
Collected (previously written off)	-105,773	-33,832
Finally written off	-152,797	-547,595
Allowances in the period	194,402	918,238
31 DECEMBER 2015	**2,263,939**	**2,328,107**

Ageing structure of short-term operating receivables from sales and for interest:

		EUR
	31 December 2015	31 December 2014
Current	13,615,830	12,808,426
Overdue up to 30 days	1,321,118	1,652,620
Overdue from 31 to 60 days	394,504	615,486
Overdue from 61 to 90 days	276,365	238,952
Overdue from 91 to 365 days	437,996	652,356
Overdue more than 365 days	298,552	248,012
TOTAL CURRENT AND OVERDUE RECEIVABLES	**16,344,365**	**16,215,851**

At year-end 2015, of the total amount of said receivables:

- 83.31% were current (2014: 78.99);
- 8.08% were overdue up to 30 days (2014: 10.19%);
- 2.41% were overdue up from 31 to 60 days (2014: 3.80%);
- 6.20% in the amount of EUR 1,012,913 were overdue over 60 days.
  In 2014, those overdue more than 60 days were 7.03% (EUR 1,139,320).

Short-term operating receivables from others are receivables from the state for the VAT charged but not yet recognised of EUR 1,020,187 (2014: EUR 1,309,584) and for the excess income tax paid in advance of EUR 125,071 (2014: EUR 142,701), further receivables from SODO for the excess network-usage and other charges paid in advance of EUR 15,557 (2014: EUR 16,866), while the remaining receivables are from the post and bank for electricity bills paid there and other receivables. They also comprise receivables from the former owners of Knešca (EUR 8,585), for whom E 3 paid the unpaid capital upon entry in Knešca. Allowances were formed for these receivables as lawyers were engaged for collection.

11 02 08 CASH

		EUR
	31 December 2015	31 December 2014
Bank balances	374,644	734,864
TOTAL	**374,644**	**734,864**

Cash comprises:

- cash on hand;
- deposit money in bank accounts;
- cash in transit;
- cash equivalents representing highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (e.g. 3-moth bank deposits).

Cash on hand comprises banknotes, coins and cheques received.

Deposits comprise deposits with banks or other financial institutions that can be used for payment purposes.

Cash in transit is cash being transferred from a cash register to a relevant account with a bank or another financial institution that will not be credited to that account on the same day.

Cash items are initially recognised in amounts shown in relevant documents.

Cash items denominated in foreign currency were translated to euro at the reference exchange rate of the ECB on the balance sheet date. Any foreign currency differences arising are recognised in the income statement under financial revenues or expenses.

Cash items comprise bank balances.

11 02 09 SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUE

Short-term accruals and deferrals comprise deferred costs and accrued revenues expected to arise within one year; their incurrence is probable, whereas their amount is reliably estimated. Deferred costs do not yet affect profit or loss, while accrued revenues do affect profit or loss, although not yet incurred. E 3 used the same treatment also in 2014.

Short-term accruals and deferrals comprise:

- VAT on advances and overpayments received.
- Short-term deferred costs associated with sponsorships of EUR 4,900 and agents' commissions for the electricity contracts concluded of EUR 716,952 (2014: EUR 717,387). Said commissions are recognised proportionally throughout the term of the relevant contract.
- Short-term accrued revenues associated with provisions for electricity supply contracts of EUR 1,328,135, excise duties of EUR 51,309 (2014: EUR 42,228) and intra-Group services of EUR 3,000 (2014: EUR 10,540).

		EUR
	31 December 2015	31 December 2014
VAT on advances received	146,725	133,326
Short-term deferred costs	721,852	719,516
Short-term accrued revenue	1,382,443	64,172
TOTAL	**2,251,020**	**917,014**

11 02 10 EQUITY

Total equity is determined by both the amounts invested by owners and the amounts earned in the course of operations that belong to the owners. Total equity belongs to the parent Elektro Primorska, which holds 100% of E 3's share capital.

Total equity comprises share capital, legal reserves, other revenue reserves and net profit for the period.

On 31 March 2015, ECO ATMINVEST was merged by absorption with E 3, with the acquisition date being 31 December 2014. The transaction was shown in the financial statements as at 1 January 2015, when net assets of the subsidiary were transferred to E 3 as its universal successor at book value (and shown under other revenue reserves).

		EUR
	31 December 2015	31 December 2014 restated
Share capital	6,522,017	6,522,017
Legal reserves	117,173	117,173
Other revenue reserves	5,839,399	5,738,136
Revaluation surplus	-3,886	5,302
Net profit for the period	525,029	258,714
TOTAL	**12,999,732**	**12,641,342**

In 2015, E 3 corrected certain prior period errors, as disclosed in section 11 01 *Correction of prior period errors*. In 2015, E 3 earned a net profit of EUR 1,050,058. At the proposal of the General Manager, E 3 allocated half of net profit (EUR 525,029) to other revenue reserves, while half represented distributable profit.

Had the company restated its equity to account for growth in the consumer price index, which was -0.5% in 2015, it would have made a net profit of EUR 1,109,806.

In 2015, E 3 corrected a prior period error associated with impairment of property, plant and equipment assets of the Department for Production and Services, which resulted in a drop of other revenue reserves and net profit for the period of EUR 802,536.

This is shown in the 2015 and 2014 statement of changes in equity.

11 02 11 PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES

Under SAS 10, provisions are made by a company for its present obligations that arise from obligating past events and are expected to be settled in the period that cannot be defined with certainty, but a reliable estimate can be made of the amount of the obligations.

Provisions for jubilee and termination benefits represent accrued costs. They are intended for the future settlement of present obligations that arise from obligating past events. They are decreased directly by the amounts of costs for which they were made.

In accordance with Slovenia's laws, provisions for jubilee and termination benefits are made based on estimated future payments, discounted to the balance sheet date. Upon retirement, each employee is entitled to a one-off payment of the termination benefit. Each employee is also entitled to a jubilee benefit for each full 10 years of employment with the company. Provisions for jubilee and termination benefits are made based on actuarial calculations, i.e. using the projected unit credit method or the accrued benefit method pro-rated on years of service. The assumptions used are the following: the number of employees on the balance sheet date, total years of service and years of service with the company of each employee on the balance sheet date, the amount of jubilee and termination benefits as set out in the collective employment agreement, employee turnover and mortality, and growth in Slovenia's average wage.

Any actuarial gains/losses associated with termination benefits are recognised directly in equity, while those associated with jubilee benefits, service cost and interest are recognised in profit or loss.

The single discount rate used in actuarial calculations was determined in view of market interest rates on high-yield corporate bonds. The euro area yield curve was used (from 0.0% to 2.4%). Sensitivity analysis of the actuarial calculations showed that should the discount rate change by 10%, the provisions would be down by EUR 1,627 or up by EUR 1,651.

Long-term provisions are decreased directly by the amounts of costs for which they were made, and are formed to account for any differences between book values and values from the actuarial report.

Long-term provisions comprise also accrued revenues that will cover the costs for which they were made in a period longer than one year. Such accrued revenues are the co-financing received by E 3 from the Ministry of Economic Affairs for the Majske poljane facility (distance heating with biomass). Said co-financing will be recognised as revenues in the year when the project-related costs are incurred (corresponding to the depreciation of co-financed assets).

PROVISIONS

	Provisions for termination benefits	Provisions for jubilee benefits	Provisions for overcharged electricity	Provisions for subsidies for Majske poljane	Total
					EUR
1 January 2015	106,549	73,284	20,277		200,110
Effect of merger by absorption				845,417	845,417
Formation	15,917	22,466			38,383
Utilisation		-13,815		-36,768	-50,583
31 DECEMBER 2015	**122,466**	**81,936**	**20,277**	**808,649**	**1,033,327**

	Provisions for termination benefits	Provisions for jubilee benefits	Provisions for overcharged electricity	Provisions for subsidies for Majske poljane	Total
					EUR
1 January 2014	103,645	71,197	20,301		195,143
Formation	2,904	9,208			12,112
Utilisation		-7,121	-24		-7,145
31 DECEMBER 2014	**106,549**	**73,284**	**20,277**		**200,110**

LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE

	EUR Requests for damages
1 January 2014	1,181
31 DECEMBER 2014	**1,181**

	EUR Requests for damages
1 January 2015	1,181
Formation	39,860
Utilisation	
31 DECEMBER 2015	**41,041**

The item requests for damages increased in 2015 due to a lawsuit in the value of EUR 39,860 which will probably have a negative outcome for E 3.

11 02 12 LONG-TERM LIABILITIES

Liabilities may be financial or operating. As regards their maturity, they may be short-term or long-term. Long-term financial liabilities relate to long-term loans raised to finance capital investments.

Liabilities are initially recognised at the amount arising from the relevant document, assuming that creditors will require their settlement. Long-term liabilities are subsequently increased by accrued interest or reduced by the amounts paid and by possible other ways of settlement if so agreed with creditors. They are also reduced by the amounts falling due within the next 12 months, which are transferred to short-term liabilities. Interest accrued on long-term liabilities represents financial expenses.

Long- and short-term liabilities denominated in foreign currencies are translated to euro at the reference exchange rate of the European Central Bank on the transaction date. Any foreign currency differences arising by the settlement/balance sheet date are recognised in the income statement under financial revenues or expenses.

Short-term liabilities may subsequently be directly increased or, irrespective of a payment or some other settlement made, also reduced by the amount agreed with creditors. Subsequent increases in short-term liabilities are charged against operating or financial expenses.

Liabilities are normally measured at amortised cost using the effective interest method. Liabilities whose actual or agreed interest rate does not significantly differ from the effective interest rate are recognised in the balance sheet at their initial amounts less repayments.

Liabilities are written off after a certain limitation period, but also earlier based on a creditor's written consent. Their book value is equal to their original amount less transfers to short-term liabilities. Interest on long-term liabilities is recognised as financial expenses and increases the cost of an item of property, plant and equipment until it becomes available for use.

		EUR
	31 December 2015	31 December 2014
Long-term financial liabilities		
Deželna banka Slovenije d.d.	0	272,727
Eko sklad	558,333	0
Total	558,333	272,727
Of this short-term portion	-66,667	-272,727
Total	491,667	0
TOTAL LONG-TERM FINANCIAL LIABILITIES	**491,667**	**0**

Their book value is equal to their original amount less transfers to short-term liabilities. Short-term portion of long-term liabilities was EUR 66,667 (2014: EUR 272,727).

Long-term liabilities comprise loans of the ECO ATMINVEST subsidiary, which was merged by absorption. The loans were obtained in 2010 from the Eko sklad for the environmental capital investment in the Majske poljane energy facility and a hot water distribution system. The loans were two, each in the amount of EUR 400,000, and were insured by means of four signed bianco bills of exchange with an irrevocable authorisation to complete them, as well as with property, plant and equipment. Interest on loans, at the rate of 3-month Euribor + 1.5%, is recognised as financial expenses. The last instalments fall due on 31 October 2023 and 31 July 2024.

In 2015 and 2014, E 3 did not raise any long-term loans.

11 02 13 SHORT-TERM LIABILITIES

Short-term liabilities fall due in a period shorter than 12 months.

		EUR
	31 December 2015	31 December 2014
SHORT-TERM FINANCIAL LIABILITIES		
Short-term portion of long-term bank loans	66,667	272,727
Short-term bank loan	1,600,000	0
Total short-term financial liabilities to banks	1,666,667	272,727
Short-term financial liabilities to Group companies	4,820	77,799
Short-term financial liabilities to others	16,500	0
Total short-term financial liabilities	1,687,987	350,526
SHORT-TERM OPERATING LIABILITIES		
Short-term operating liabilities to Group companies	53,186	69,129
Short-term trade payables	11,985,563	12,703,891
Short-term operating liabilities from advances	710,978	760,503
Total short-term trade payables	12,749,726	13,533,523
Short-term operating liabilities to Group companies	44	800
Liabilities to employees	110,064	94,275
Liabilities to the state and other institutions	274,085	423,053
Other short-term operating liabilities	14,191	27,725
Total other short-term operating liabilities	398,384	545,854
Total short-term operating liabilities	13,148,110	14,079,377
TOTAL SHORT-TERM LIABILITIES	**14,836,097**	**14,429,903**

Short-term liabilities may be either financial or operating.

Short-term financial liabilities include the short-term portion of long-term loans falling due for repayment in 2015, and an overdraft facility. The applicable interest rate on the overdraft facility is 3-month Euribor + 1.3%. It was insured by means of eight signed bianco bills of exchange with an irrevocable authorisation to complete them, as well as with property, plant and equipment. There is also the outstanding amount of EUR 4,820 of the short-term loan obtained from the JOD subsidiary. The applicable interest rate is 1-month Euribor + 2.5%. In 2014, the outstanding amount was EUR 77,799, and the applicable interest rate was the same.

Short-term trade payables decreased by EUR 847,183 or 6.23% compared to 2014. With the merger by absorption of ECO ATMINVEST, E 3 obtained an additional EUR 63,386 of short-term trade payables. The majority of short-term trade payables relate to the electricity purchased from the Slovenian Power Plants Holding, Petrol and other electricity producers. The amount of these payables was EUR 6,725,512 (2014: EUR 8,233,470). A further EUR 4,156,236 (2014: EUR 3,432,461) were trade payables to SODO and ELES for network-usage, and to Borzen and Eko Sklad for other charges.

Short-term operating liabilities from advances in the amount of EUR 665,896 (2014: EUR 709,271) relate to electricity bills mainly paid by household customers.

Short-term operating liabilities to employees relate to the December 2015 wages and salaries, as well as to the 2015 performance bonus.

Liabilities to the state and other institutions relate to the contributions for the December 2015 wages, excise duties on the sale of electricity and gas, and VAT.

11 02 14 SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES

Short-term accruals and deferrals comprise accrued costs and deferred revenues expected to arise within one year. Short-term accruals and deferrals may only be used for the items for which they were originally recognised.

		EUR
	31 December 2015	31 December 2014
VAT on advances given	28	28
Deferred revenues	111,775	291,908
TOTAL	**111,803**	**291,937**

SHORT-TERM ACCRUALS AND DEFERRALS COMPRISE:

- Accrued costs for the concession duty payable to the Šempeter-Vrtojba municipality under the concession contract for the provision of distance heating to the residential complex Podmark (EUR 16,000). The municipality has not yet issued an invoice for the concession duty for 2014 and 2015. The concession duty is EUR 8,000 per year.
- Accrued costs for the performance bonus under the collective employment agreement of EUR 20,679 (2014: EUR 22,366). The 2015 profit of the parent Elektro Primorska was determined only in mid-March 2016, when SODO sent a preliminary reconciliation bill for 2015. E 3 accordingly accrued the performance bonus that it must pay under an agreement between the parent's management and trade union.
- Accrued costs for grants of EUR 11,830 (2014: EUR 181,262), for which in 2015 the conditions were met and contracts concluded, but payments have not yet been made. The grants relate to

the 2015 energy efficiency programme, under which E 3 gives grants for projects promoting energy savings with end consumers.

- Accrued costs related to the unused annual leave of EUR 59,579.
- Accrued interest on the loan received from JOD (EUR 2,311).
- E 3 de-recognised liabilities relating to requests for damages (EUR 54,800). The amount relates to a contract securing E 3 an easement in connection with a solar power plant development project. The contract was terminated by E 3 and the request for damages expired in January 2015.

11 03 NOTES TO THE INCOME STATEMENT

E 3 prepares the income statement in accordance with SAS 25, version I.

Revenues are recognised if increases in economic benefits during the accounting period are associated with increases in assets or decreases in liabilities, and those increases can be measured reliably. Revenues and increases in assets or decreases in liabilities are thus recognised simultaneously.

The company's operating revenues comprise revenues from sales transactions invoiced at prices recognised or agreed for:

- electricity purchased for resale,
- electricity and heat co-generated, and
- electricity generated in solar and small wind power plants.

Operating revenues also comprise revenues from services sold and revaluation revenues arising upon disposal of property, plant and equipment assets.

In 2015, the same as in 2014, E 3 was charging its customers for the electricity supplied on a monthly basis, depending on the actual consumption, and in accordance with the contracts concluded with customers and traders laying down the applicable price.

Invoicing is done in three ways:

- large commercial customers are invoiced monthly, based on their actual consumption;
- small commercial customers are invoiced based on monthly meter readings;
- household customers: depending on the meter mounted at their home, they are either invoiced in advance, twelve times per year, with an annual reconciliation bill, or monthly based on their actual consumption.

In 2015, any electricity produced was either sold to Borzen as the operator of the power market, or to E 3 itself to be resold in the market. In this case, premiums or subsidies, which represent the difference between the market price achieved and the regulated price, are invoiced to Borzen, a support centre under a resolution adopted by the government on 1 January 2009.

In 2015, the same as in 2014, E 3 was purchasing electricity from the Slovenian Power Plants Holding, Petrol and other electricity sellers from Slovenia and the European Union. Some electricity was produced by E 3 as qualified producer or purchased from other qualified producers.

11 03 01 OPERATING REVENUES

Operating revenues are measured at selling prices stated in invoices or other documents, less discounts approved.

		EUR
	2015	2014
Net sales revenues from		
– electricity resold	56,937,762	51,912,128
– electricity produced	2,029,620	1,963,010
– heat produced	734,316	272,779
– merchandise sold	20,023	227,861
– services provided	312,580	336,328
– rents	7,485	7,605
Total	60,041,785	54,719,711
Capitalised own products and own services	19,290	29,248
Other operating revenues from		
– provisions released	36,768	0
– disposal/reversal of impairment of property, plant and equipment	379,151	0
– contractual penalties	365	100,073
– receivables collected (previously written off)	191,207	34,380
– damages received	0	448
– subsidies received	137,772	535,174
– excise duties reimbursed	52,910	42,229
– costs of reminders reimbursed	43,121	31,930
– costs of collection reimbursed	18,604	19,767
Total	859,898	764,001
TOTAL OPERATING REVENUES	**60,920,973**	**55,512,959**

Net sales revenues increased by EUR 5,374,979 or 9.83% compared to 2014.

Net sales revenues from electricity resold increased by 9.69%, which is explained by an increase in the number of customers, an increase in consumption by household customers, as well as an increase in sales to Italy.

Net sales revenues from electricity and heat produced in the Meblo, Kenog, Martex, Park, Perla, Sabotin, Majske poljane and Podmark facilities were EUR 2,739,599, up 14.46% from 2014.

Sales revenues from electricity produced in solar and wind power plants were EUR 24,337, up 8.11% from 2014.

Other operating revenues comprise:

- provisions released to account for the accumulated depreciation of the co-financed assets of the Majske poljane facility (distance heating with biomass);
- revaluation associated with i) VAT deduction in connection with (mainly electricity) receivables written off in accordance with the law or already written off but then collected (together with late payment interest) of EUR 191,207 (2014: EUR 34,380), as well as with ii) reversal of impairment losses recognised in 2014 (EUR 379,107);
- contractual penalties under electricity supply contracts;
- subsidies for grants received under the energy efficiency programme, damages received, as well as costs of reminders and collection reimbursed.

VAT, excise duties, network-usage and other charges invoiced together with the cost of electricity consumed in one electricity bill are not recognised as sales revenues but as withheld liabilities.

Net sales revenues by market		EUR
	2015	2014
– Slovenia	53,976,248	51,720,435
– Italy	6,063,992	2,997,052
– Croatia	1,017	2,224
– Montenegro	527	0
TOTAL	**60,041,785**	**54,719,711**

11 03 02 OPERATING EXPENSES

Expenses are recognised if decreases in economic benefits during the accounting period are associated with decreases in assets or increases in liabilities and such decreases can be measured reliably. Expenses are then recognised simultaneously with the recognition of depletions of assets or incurrence of liabilities.

Operating expenses include all costs incurred in the financial year, recorded by their nature, such as costs of goods, materials and services, labour costs, write-downs in value and other operating expenses, on the basis of documents evidencing their association with the economic benefits flowing from them.

A COSTS BY FUNCTIONAL GROUP

Costs by functional group do not comprise revaluation operating expenses of EUR 259,264. These were included under write-downs in value.

	2015	EUR 2014
Production costs	54,590,871	48,868,195
Selling costs	2,524,438	1,695,565
Common Activities costs	2,271,606	1,991,633
TOTAL	**59,386,914**	**52,555,392**

B COSTS BY NATURE

COSTS OF GOODS, MATERIALS AND SERVICES

	2015	EUR 2014
Costs of electricity sold	51,663,585	46,553,980
Costs of merchandise sold	16,445	243,863
Costs of materials	1,954,358	1,428,579
Costs of services	3,340,957	2,568,006
TOTAL	**56,975,344**	**50,794,428**

Costs of electricity sold represent, the same as in 2014, the costs of electricity purchased for resale under contracts with suppliers established in Slovenia and elsewhere in the European Union, as well as the costs of self-produced electricity purchased:

- under contracts with suppliers established in Slovenia in the amount of EUR 50,611,131 (2014: EUR 39,211,973);
- from small hydro power plants in the amount of EUR 1,038,999 (2014: EUR 774,287);
- under contract with suppliers established elsewhere in the European Union in the amount of EUR 13,455 (2014: EUR 6,567,720).

Costs of merchandise sold relate to pellets purchased for resale to end customers.

Costs of materials comprise the costs of electricity and gas used in co-generation and of pellets in the amount of EUR 1,801,639 (2014: EUR 1,283,470), petrol and other energy products in the amount of EUR 19,806 (2014: EUR 33,895), maintenance material in the amount of EUR 42,758 (2014: EUR 15,815), stationery in the amount of EUR 62,084 (2014: EUR 57,365), specialised literature in the amount of EUR 14,308 (2014: EUR 11,462), small tools in the amount of EUR 6,901 (2014: EUR 3,814), and other materials in the amount of EUR 6,862 (2014: EUR 22,758).

Costs of services comprise network costs incurred when selling electricity to Italy in the amount of EUR 457,631 (2014: EUR 200,218), rents paid for property, plant and equipment assets in the amount of EUR 101,406 (2014: the same amount), facility maintenance costs in the amount of EUR 158,641 (2014: the same amount), labour-related reimbursements in the amount of EUR 2,595 (2014: EUR 1,134), various bank charges in the amount of EUR 178,365 (2014: EUR 285,568), commissions paid for agency, procurement and collection services in the amount of EUR 603,787 (2014: EUR 131,876), insurance premiums in the amount of EUR 23,218 (2014: EUR 20,360), the costs of data processing services in the amount of EUR 378,515 (2014: EUR 346,666), the costs of postal services in the amount of EUR 493,859 (2014: EUR 441,144), the costs of advertising, sponsorship and marketing services in the amount of EUR 188,918 (2014: EUR 93,192), and the costs other services, including those provided by the parent, in the amount of EUR 754,021 (2014: EUR 787,289).

Compared to 2014, costs of services increased by 30.10%, mainly on the account of agents' commissions (for new customers obtained).

They also comprise EUR 2,450 of costs related to the auditing of the 2014 annual report.

LABOUR COSTS

		EUR
	2015	2014
Wages and salaries	1,200,430	1,014,221
Supplementary pension insurance	52,841	45,542
Costs of contributions and other payroll duties	194,093	164,196
Other labour costs	164,324	137,312
TOTAL	**1,611,689**	**1,361,270**

Other labour costs comprise also vacation bonuses in the total amount of EUR 33,013.

At year-end 2015, E 3 had 44 employees, 43 of them with collective employment agreements. The General Manager Darko Pahor has an individual employment agreement, under which he was paid the following remuneration in 2015:

					EUR
	Salary, fixed portion	Reimbursement of expenses	Bonus - insurance premiums	Other remuneration and bonuses	Total
Darko Pahor	69,281	1,469	0	2,163	72,914

The General Manager was not granted any loans or guarantees in 2015.

WRITE-DOWNS IN VALUE

	2015	EUR 2014 restated
Write-downs in value		
Amortisation of intangible assets	133,386	35,083
Depreciation of property and plants	178,162	149,484
Depreciation of equipment	425,457	414,709
Total amortisation and depreciation	737,005	599,277
Revaluation operating expenses associated with:		
– property, plant and equipment	65,121	816,936
– current operating assets	194,143	880,940
Total revaluation operating expenses	259,264	1,697,876
TOTAL WRITE-DOWNS IN VALUE	**996,269**	**2,297,152**

In 2015, E 3 corrected certain prior period errors. They are disclosed in section *11 01 Correction of prior period errors.*

Write-downs in value were 57% below the 2014 level, which is explained by lower revaluation operating expenses associated with property, plant and equipment (impairment) and current operating assets (operating receivables).

Long-term assets are classified into amortisation/depreciation groups based on technically-defined life periods, which are used for the calculation of amortisation/depreciation rates. Long-term assets (their cost) are amortised/depreciated individually, using the straight-line method. Amortisation/depreciation rates remained the same as in 2014. The 2015 amortisation/depreciation charge represented 1.23% of E 3's total expenses, up 0.13 percentage points from 2014, which is mainly explained by the assets obtained through the merger with absorption of ECO ATMINVEST.

Long-term assets being acquired, land and works of art are not amortised/depreciated.

Amortisation/depreciation rates	2015	% 2014
Property, plant	2.00-5.00	2.00-5.00
Computer equipment and software	8.33 -33.3	8.33 -33.3
Commercial vehicles	12.5	12.5
Passenger vehicles	12.5	12.5
Other property, plant and equipment	5.00-20.00	5.00-20.00

Revaluation operating expenses arise upon impairment or disposal of property, plant and equipment assets and of intangible assets, and upon impairment of current operating assets. In 2015, E 3 tested for impairment its long-term assets managed by the Department for Production and Services. The valuation showed that the carrying amount of assets of certain cash-generating units exceeded their recoverable amount. As this was the case already as regards the opening balance, E 3, to correct a prior period error, restated the 2014 financial statements, with the difference being EUR 802,536. In 2015. Impairment losses on property, plant and equipment were recognised also in 2015, in the amount of EUR 63,279.

Revaluation operating expenses associated with current operating assets comprise impairment losses on operating receivables, in 2015 mainly related to electricity bills and late payment interest (EUR 136,502).

OTHER OPERATING EXPENSES

		EUR
	2015	2014
Total provisions	39,860	
Grants	144,829	526,450
– Other taxes and levies	32,479	37,900
– Environmental protection expenses	6,375	3,348
– Payments to students on practice	607	3,032
– TOTAL OTHER EXPENSES	39,461	44,280
TOTAL OTHER OPERATING EXPENSES	**224,150**	**570,730**

Other operating expenses comprise:

- provisions made in 2015 for a request for damages (the lawsuit is still pending);
- grants to end customers under the 2015 energy efficiency programme;
- other taxes and levies not related to profit or loss, which comprise road tolls, court fees, compensations for the use of urban sites, payments to students on practice, and levies due to failure to achieve the employment of disabled persons quota.

11 03 03 FINANCIAL REVENUES

Financial revenues arise in relation to investments, as well as in relation to receivables, in the form of interest. They are recognised unless there exists a significant uncertainty as to their amount and collectability.

		EUR
	2015	2014
Financial revenues from shares and interests	72,246	47,201
Financial revenues from loans	5,986	1,869
Financial revenues from operating receivables	121,309	181,494
TOTAL	**199,541**	**230,564**

Financial revenues comprise E 3's share of net profit of Knešca, which was paid through JOD, as well as interest under loan contracts, late payment interest on operating receivables (mainly electricity bills), and interest on sight deposits.

Financial revenues decreased by 8.20% compared to 2014, mainly due to lower financial revenues from shares and interests.

11 03 04 FINANCIAL EXPENSES

Financial expenses include expenses for financial liabilities (interest on loans) and for operating liabilities (late payment interest on trade payables).

		EUR
	2015	2014
Expenses for impairment and write-offs of investments	146,992	
Expenses for financial liabilities to banks	28,841	9,479
Expenses for financial liabilities to Group companies	1,933	377
Expenses for financial liabilities to employees		
Expenses for financial liabilities under actuarial calculations	1,361	3,644
Expenses for financial liabilities to others	51,185	31,742
TOTAL	**230,312**	**45,242**

In 2015, based on a valuation carried out by external experts, E 3 impaired its investment in JOD by EUR 131,576, and fully impaired loans (arising from credit sales of goods) to individuals overdue since 2010.

Financial expenses increased by 194% due to impairment of investments.

11 03 05 OTHER REVENUES

Other revenues comprise unplanned revenues that do not occur regularly.

		EUR
	2015	2014
Other revenues	54,911	111
TOTAL	**54,911**	**111**

In 2015, E 3 de-recognised liabilities related to a request for damages in the amount of EUR 54,800, which was recognised in other expenses.

11 03 06 OTHER EXPENSES

Other expenses comprise unplanned and unforeseen expenses. They mainly include donations and financial aid.

		EUR
	2015	2014
Donations and financial aid	3,420	2,800
Other expenses	7,673	3,189
TOTAL	**11,093**	**5,989**

11 03 07 CURRENT TAX AND DEFERRED TAXES

E 3 recognised deferred tax assets which arose due to temporary differences related to long-term provisions, to allowances for receivables and to carry forwards of unused tax losses.

Income tax expense comprises both current tax for the period, as well as deferred taxes. Income tax is recognised in profit or loss, unless related to items recognised in other comprehensive income or directly in equity. In this case, also income tax is recognised in other comprehensive income or directly in equity.

Current tax for the period is calculated based on the applicable act governing income tax on the balance sheet date. From time to time, the management would re-assess its positions as regards regulatory provisions subject to interpretation. If appropriate, it would also make provisions for the amounts expected to be paid to the tax authority.

Deferred tax assets and deferred tax liabilities are accounted for using the balance sheet method. Only those deferred tax assets and liabilities are recognised which arise from temporary differences. A deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Income tax is calculated based on income tax rates (and regulations) applicable on the balance sheet date and expected to apply when the deferred tax asset is realised or the deferred tax liability is settled and when taxable profit is available against which temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed on the balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred taxes are credited or charged directly to equity if they relate to items that are recognised directly in equity.

Taxes recognised in the income statement		EUR
	2015	2014
Current tax	0	-136,441
Deferred tax assets and liabilities	-76,511	-14,955
Other taxes not shown under other items		
Tax expense charged against profit or loss	-76,511	-151,396

Changes in deferred taxes recognised in the income statement		EUR
	2015	2014
Provisions	-123	270
Tax assets	-165,069	143,915
Tax losses	61,726	-159,140
Unused tax reliefs for capital investments and donations	26,954	0
Changes in deferred taxes	-76,511	-14,955

Changes in deferred taxes recognised in equity		v EUR
	2015	2014
Changes in revaluation of deferred taxes associated with provisions	361	0
Tax assets	0	0
Tax losses	0	0
Changes in deferred taxes	361	0

In 2015, E 3 recognised a tax loss due to correction of a prior period error associated with impairment of its property, plant and equipment assets, which were tax deductible, in the amount of EUR 1,240,424. The effective tax rate in 2015 was accordingly lower as in 2014, at 6.79% (2014: 22.64%)

Calculation of income tax for 2015		EUR
	2015	2014 - restated
Profit before tax	1,126,569	668,824
Revenue decreasing the tax base	-207,489	-81,582
Expenses increasing the tax base	429,534	945,546
Expenses decreasing the tax base	-179,425	-465,447
Expenses decreasing the tax base - error correction	-1,240,424	802,536
Decrease in the tax base due to tax reliefs	0	-1,069,644
Other	-1,163	2,360
Tax base	-72,397	802,594
Tax rate	17-%	17-%
Income tax	0	136,441
Effective tax rate for the current tax	0.00-%	20.40-%
Increase/decrease in deferred taxes	76,511	14,955
Effective tax rate	6.79-%	22.64-%

Reconciliation between actual and calculated tax expense using the effective tax rate				
	2015		2014 - restated	
	rate	amount	rate	amount
Profit before tax		1,126,569		668,824
Income tax at official rate	17.00-%	191,517	17.00-%	113,700
Amounts decreasing the tax base		73,635		161,144
– amount of expenses reduced to tax deductible expenses		73,021		160,743
– amount of revenues increased to taxable revenues		0		0
– elimination of dividends		614		401
Amounts increasing the tax base		277,459		-43,436
– amount of expenses increased to tax deductible expenses		30,502		79,126
– amount of revenues decreased to taxable revenues		35,273		13,869
– accounting changes		812		0
– prior period error correction		210,872		-136,431
Tax reliefs		0		181,840
– used and reducing tax liability		0		181,840
Current tax	0.00-%	0	20.40-%	136,441
Increase/decrease in deferred taxes		76,511		14,955
Tax recognised in the income statement	6.79-%	76,511	22.64-%	151,396

In 2015, E 3 corrected certain prior period errors. They are disclosed in section 11 01 *Correction of prior period errors.*

11 03 08 NET PROFIT OR LOSS

		EUR
	2015	2014 - restated
Profit or loss from regular activities	1,113,522	489,379
Profit or loss from financing activities	-30,771	185,323
Profit or loss from extraordinary activities	43,818	-5,878
Profit before tax	1,126,569	668,824
Income tax	0	-136,441
Deferred taxes	76,511	14,955
NET PROFIT OR LOSS	**1,050,058**	**517,427**

In 2015, E 3 corrected certain prior period errors. They are disclosed in section 11 01 *Correction of prior period errors.*

In 2015, E 3 had a profit of EUR 1,126,569 (2014: EUR 668,824). At the proposal of the General Manager, E 3 allocated half of net profit (EUR 525,029) to other revenue reserves, while half remained unallocated.

11 03 09 TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

The statement of comprehensive income shows changes in equity during the period, excluding owner changes in equity. It is a financial statement which gives a true and fair view of all components of the income statement, and comprises those items of revenues and expenses that are not recognised in profit or loss but do affect equity.

The company had a revaluation deficit of EUR 3,339 due to actuarial gains (actuarial gains made in 2015 were EUR 9,550, while value adjustments to revaluation surplus associated with deferred taxes was EUR 361). In 2014, the company made actuarial gains of EUR 5,302. In 2015, the same as in 2014, the company did not have revaluation surplus associated with intangible assets and property, plant and equipment assets, with financial assets available for sale, with foreign subsidiaries or with other components of comprehensive income.

Total comprehensive income for the period was EUR 1,040,869 (2014: EUR 522,730 EUR - restated).

11 04 NOTES TO THE CASH FLOW STATEMENT

The cash flow statement was prepared using the direct format as set out in SAS, and cash flows as shown in the company's books of account dedicated to cash items.

CASH RECEIPTS FROM OPERATING ACTIVITIES

Cash receipts from operating activities consist of inflows into the company's bank accounts. They relate to receipts from sales and other receipts from operating activities, such as damages and reimbursements of wage compensations.

CASH PAYMENTS FROM OPERATING ACTIVITIES

Cash payments from operating activities consist of outflows from the company's bank accounts. They relate to payments of materials, services, wages and salaries, contributions and other payments, mainly to SODO.

CASH RECEIPTS FROM INVESTING ACTIVITIES

Cash receipts from investing activities relate to interest and shares of profits received, as well as cash receipts upon disposals of property, plant and equipment assets.

CASH PAYMENTS FROM INVESTING ACTIVITIES

Expenses in investing activities are measured based on invoices paid for the acquisition of intangible assets and property, plant and equipment assets, as well as financial assets.

CASH RECEIPTS FROM FINANCING ACTIVITIES

Cash receipts from financing activities relate to a short-term overdraft facility.

CASH PAYMENTS FROM FINANCING ACTIVITIES

Cash payments from financing activities relate to interest paid and loans repaid.

NET CASH INFLOW OR OUTFLOW FOR THE PERIOD

The difference between the opening and closing balance of cash was negative at EUR 398,349. The company had a net cash outflow from operating and investing activities and a net cash inflow from financing activities.

Net cash inflow or outflow		EUR
	2015	2014
Opening balance of cash	772,994	1,435,250
Net cash inflow or outflow for the period	-398,347	-700,386
Closing balance of cash	374,646	734,864

The opening balance of cash was higher by EUR 38,129 due to the merger by absorption of a subsidiary. The closing balance of cash in the amount of EUR 374,646 corresponds to bank balances.

11 05 TRANSACTIONS WITH RELATED PARTIES

Business relationships between the parent company and its subsidiaries mainly involve the purchase and sale of merchandise, services and property. In such transactions, market prices are used consistently. A loan to a Group company was granted under the same conditions as would have applied to other companies with the same rating.

The 2015 balance sheet of E 3 comprises receivables from and liabilities to the parent Elektro Primorska and the subsidiaries.

Receivables		EUR
	2015	2014
Receivables from Elektro Primorska	65,025	38,388
Receivables from ECO ATMINVEST	0	341,998
Receivables from ECO ATMINVEST, for a short-term loan	0	86,435
TOTAL	**65,025**	**466,821**

Liabilities		EUR
	2015	2014
Liabilities to Knešca		
Liabilities to JOD, for a short-term loan and interest	4,820	78,176
Liabilities to Elektro Primorska	53,186	69,929
TOTAL	**58,006**	**148,105**

The 2015 income statement of E 3 comprises the following revenues and expenses related to the parent Elektro Primorska and the subsidiaries:

Revenues		EUR
	2015	2014
Net sales revenues from Elektro Primorska	84,456	79,521
Net sales revenues from ECO ATMINVEST	0	233,143
Financial revenues from ECO ATMINVEST	0	13,223
Financial revenues from JOD	72,246	47,201
TOTAL	**156,703**	**373,088**

Expenses		EUR
	2015	2014
Other expenses related to Knešca	0	0
Financial expenses related to JOD	1,933	377
Other expenses related to Elektro Primorska	412,882	480,177
TOTAL	**414,816**	**480,554**

11 06 CONTINGENT LIABILITIES

According to legal experts, the pending lawsuits should not have a significant impact on profit or loss. The existing provisions for these purposes are deemed sufficient to cover such liabilities if they arise.

Off-balance sheet items comprise contingent liabilities that could arise from tender and performance guarantees provided by E 3 (electricity supply), from property provided as insurance for a bank guarantee (to Nova KBM), and small tools in use. After the merger by absorption of ECO ATMINVEST, there are also liabilities that could arise from property provided by the subsidiary as insurance for loans.

		EUR
	31 December 2015	31 December 2014
Small tools and protective equipment in use	7,598	8,688
Property provided as insurance for a bank guarantee	3,654,772	3,654,772
Tender and performance guarantees provided	8,122,179	8,368,373
Property provided as insurance for loans by ECO ATMINVEST	1,750,616	0
TOTAL	**13,535,166**	**12,031,833**

11 07 EVENTS AFTER THE BALANCE SHEET DATE

No events that could have a significant effect on the 2015 financial statements or would require additional disclosures occurred after the balance sheet date.

12 NOTES TO THE FINANCIAL STATEMENTS UNDER THE ENERGY ACT

In accordance with Article 38 of the Energy Act, E 3 must prepare separate financial statements for each energy activity. The activities pursued by the company, which include electricity trading, co-generation of electricity and heat and electricity production from renewable sources, are carried out in sectors, i.e. business segments that the company must report separately in accordance with the Companies Act. The co-generation sector carries out also the public service of heat distribution, acting as operator of the Podmark heat distribution system under a concession contract awarded to it by the Šempeter-Vrtojba municipality. This public service must be disclosed separately.

At year-end, E 3 would prepare the financial statements for the company as a whole. As an annex to the notes to such financial statements it would show also the financial statements under Article 38 of the Energy Act and under said concession contract as follows:

- energy activity of electricity trading;
- energy activity of heat production, with public service of heat distribution shown separately;
- energy activity of electricity production.

The text below explains the criteria:

- for allocating the indirect costs of Common Activities to individual activities;
- for allocating assets, liabilities, revenues and expenses of Common Activities to individual activities.

12 01 NOTES TO THE BALANCE SHEETS

The balance sheets show assets and liabilities for each activity. These include assets and liabilities of each activity, as well as those of the Common Activities, allocated to each activity based on the criteria explained below (see next section for the allocation criteria).

Share capital was allocated to individual activities in view of the in-kind contribution in each activity, while the difference was allocated equally to the basic activities of electricity trading, heat production and electricity production.

The balance sheets show also intra-activity receivables and liabilities, which are "consolidated" in the E 3 balance sheet.

The merger by absorption of a subsidiary which took place in 2015 was deemed as business combination under the same management. Upon merger, the carrying amounts of the company being acquired and of the acquiring company were combined. The entire operations of the company being acquired were included in the financial statements of the acquiring company on the acquisition date.

12 02 NOTES TO THE INCOME STATEMENTS

The income statements show revenues and expenses for each activity. These include both the direct revenues and expenses of each activity, as well as those of the Common Activities, allocated to each activity based on the criteria explained below.

Criteria for allocating revenues and expenses and assets and liabilities of Common Activities to each activity:

Key 1	share of labour costs	$\frac{\text{labour costs of activity} \times 100}{\text{labour costs of all activities}}$
Key 1-a	share of heat from co-generation	$\frac{\text{revenues from sales of heat} \times 100}{\text{revenues from sales of heat and electricity}}$
Key 2	share of present value of intangible assets and property, plant and equipment assets	$\frac{\text{present value of assets of activity} \times 100}{\text{present value of assets of all activities}}$
Key 3	share of revenues	$\frac{\text{revenue of activity} \times 100}{\text{revenues of all activities}}$
Key 6	share of costs of materials and services	$\frac{\text{costs of materials and services of activity} \times 100}{\text{costs of materials and services of all activities}}$

Key 1-a is used to separate the income statement and balance sheet of the co-generation activity into production of electricity and production of heat. This approach was used also in 2014, with certain adjustments explained below.

KEY ADJUSTMENTS

In 2015, E 3 for the first time made certain adjustments to the keys to ensure correct allocation of certain costs of Common Activities.

- To allocate labour costs of Common Activities to the activities of electricity trading, heat production and electricity production, E 3 took account of the actual hours worked in the Common Activities.
- To allocate agents' and other commissions, the actual costs were used as incurred by various activities, although they were booked under Common Activities.
- To allocate data processing costs of Informatika and the costs of services of the parent Elektro Primorska, the number of invoices issued in relation to each activity was used.

12 02 01 SUB-BALANCE SHEET FOR PUBLIC UTILITY SERVICE AS AT 31 DECEMBER 2015

EUR

	Public utility service	Other services	Total
Assets			
A. Long-term assets:			
I. Intangible assets	516	400,705	401,221
1. Long-term rights	450	316,455	316,905
3. Intangible assets being acquired	66	84,250	84,317
II. Property, plant and equipment	12,997	7,736,371	7,749,367
1. Land	0	92,803	92,803
2. Buildings	0	4,101,556	4,101,556
3. Equipment	12,997	3,377,924	3,390,920
4. Property, plant and equipment being acquired	0	164,088	164,088
III. Long-term investments	0	582,772	582,772
1. Shares and interests in Group companies	0	483,993	483,993
2. Other shares and interests	0	20,000	20,000
3. Long-term loans to others	0	78,779	78,779
IV. Long-term operating receivables	0	14,718	14,718
2. Long-term operating receivables due from others	0	14,718	14,718
V. Deferred tax assets	0	579,249	579,249
Total long-term assets	13,513	9,313,815	9,327,328
B. Current assets:			
III. Short-term operating receivables	28,477	17,532,197	17,560,674
1. Short-term operating receivables due from Group companies	0	65,025	65,025
2. Short-term trade receivables	26,800	16,303,671	16,330,470
3. Short-term operating receivables due from others	1,678	1,163,502	1,165,179
IV. Cash	409	374,235	374,644
Total current assets	28,887	17,906,432	17,935,319
C. Short-term deferred costs and accrued revenues	0	2,251,020	2,251,020
TOTAL ASSETS	**42,399**	**29,471,267**	**29,513,666**
Equity and liabilities			
A Equity:			
I. Called-up capital	0	6,522,017	6,522,017
1. Share capital	0	6,522,017	6,522,017
III. Revenue reserves	0	5,956,572	5,956,572
1. Legal reserves	0	117,173	117,173
2. Other revenue reserves	0	5,839,399	5,839,399
IV. Revaluation surplus	0	-3,886	-3,886
VI. Net profit for the period	-2,938	527,967	525,029
Total equity	-2,938	13,002,670	12,999,732
B Provisions and long-term accrued costs and deferred revenues	0	1,074,368	1,074,368
1. Provisions	0	1,033,327	1,033,327
2. Long-term accrued costs and deferred revenues	0	41,041	41,041
C Long-term liabilities	0	491,667	491,667
I. Long-term financial liabilities	0	491,667	491,667
1. Long-term financial liabilities to banks	0	491,667	491,667
D Short-term liabilities	28,884	14,807,214	14,836,098
I. Short-term financial liabilities	0	1,687,987	1,687,987
1. Short-term financial liabilities to Group companies	0	4,820	4,820
2. Short-term financial liabilities to banks	0	1,666,667	1,666,667
2. Other short-term financial liabilities	0	16,500	16,500
II. Short-term operating liabilities	28,884	13,119,227	13,148,110
1. Short-term operating liabilities to Group companies	0	53,230	53,230
2. Short-term trade payables	14,975	12,681,566	12,696,541
3. Other short-term operating liabilities	13,909	384,431	398,340
Total liabilities	28,884	16,373,248	16,402,132
D Short-term accrued costs and deferred revenues	16,453	95,349	111,803
TOTAL EQUITY AND LIABILITIES	**42,400**	**29,471,267**	**29,513,667**

12 02 02 SUB-BALANCE SHEET FOR PUBLIC UTILITY SERVICE AS AT 31 DECEMBER 2014 – RESTATED

EUR

	Public utility service	Other services	Total
Assets			
A. Long-term assets:			
I. Intangible assets	151	389,963	390,113
1. Long-term rights	151	380,683	380,833
3. Intangible assets being acquired	0	9,280	9,280
II. Property, plant and equipment	16,174	6,366,088	6,382,262
1. Land	0	94,965	94,965
2. Buildings	0	3,287,299	3,287,299
3. Equipment	4,864	2,295,397	2,300,261
4. Property, plant and equipment being acquired	11,311	688,427	699,737
III. Long-term investments	0	635,569	635,569
1. Shares and interests in Group companies	0	615,569	615,569
2. Other shares and interests	0	20,000	20,000
IV. Long-term operating receivables	0	49,320	49,320
2. Long-term operating receivables due from others	0	49,320	49,320
V. Deferred tax assets	0	655,399	655,399
Total long-term assets	16,325	8,096,338	8,112,663
B. Current assets:			
I. Inventories	0	0	0
II. Short-term investments	0	86,435	86,435
1. Short-term loans to Group companies	0	86,435	86,435
III. Short-term operating receivables	7,962	17,705,533	17,713,495
1. Short-term operating receivables due from Group companies	0	380,386	380,386
2. Short-term trade receivables	6,288	15,850,127	15,856,415
3. Short-term operating receivables due from others	1,674	1,475,020	1,476,694
IV. Cash	696	734,168	734,864
Total current assets	8,659	18,526,136	18,534,794
C. Short-term deferred costs and accrued revenues	0	917,014	917,014
TOTAL ASSETS	**24,983**	**27,539,488**	**27,564,472**
Equity and liabilities			
Equity:			
I. Called-up capital	0	6,522,017	6,522,017
1. Share capital	0	6,522,017	6,522,017
III. Revenue reserves	0	5,855,309	5,855,309
1. Legal reserves	0	117,173	117,173
2. Other revenue reserves	0	5,738,136	5,738,136
IV. Revaluation surplus	0	5,302	5,302
VI. Net profit for the period	1,625	257,089	258,714
Total equity	1,625	12,639,717	12,641,342
B. Provisions and long-term accrued costs and deferred revenues	0	201,291	201,291
1. Provisions	0	200,110	200,110
D. Short-term liabilities	15,358	14,414,545	14,429,903
I. Short-term financial liabilities	0	350,526	350,526
1. Short-term financial liabilities to Group companies	0	77,799	77,799
2. Short-term financial liabilities to banks	0	272,727	272,727
II. Short-term operating liabilities	15,358	14,064,019	14,079,377
1. Short-term operating liabilities to Group companies	0	69,929	69,929
2. Short-term trade payables	12,619	13,451,775	13,464,394
3. Other short-term operating liabilities	2,739	542,315	545,054
Total liabilities	15,358	14,615,836	14,631,194
D. Short-term accrued costs and deferred revenues	8,000	283,937	291,937
TOTAL EQUITY AND LIABILITIES	**24,983**	**27,539,489**	**27,564,473**

12 02 03 INCOME STATEMENT FOR PUBLIC UTILITY SERVICE FOR THE YEAR ENDED 31 DECEMBER 2015

EUR

	Public utility service	Other services	Total
1. Net sales revenues	67,900	59,973,885	60,041,785
a) in domestic market	67,900	53,908,348	53,976,248
b) in foreign market	0	6,065,537	6,065,537
2. Capitalised own products and own services	0	19,290	19,290
3. Other operating revenues	0	859,898	859,898
4. Costs of goods, materials and services	-50,791	-56,924,553	-56,975,344
a) costs of goods and materials sold, and costs of materials used	-40,121	-53,594,267	-53,634,387
b) costs of services	-10,670	-3,330,286	-3,340,957
5. Labour costs	-15,648	-1,596,041	-1,611,689
a) wages and salaries	-13,327	-1,187,103	-1,200,430
b) supplementary pension insurance	-193	-52,649	-52,841
c) social security contributions	-738	-193,355	-194,093
d) other labour costs	-1,389	-162,935	-164,324
6. Write-downs in value	-3,639	-992,630	-996,269
a) amortisation/depreciation	-932	-736,072	-737,005
b) revaluation operating expenses associated with intangible assets and property, plant and equipment		-65,121	-65,121
c) revaluation operating expenses associated with current operating assets	-2,706	-191,437	-194,143
7. Other operating expenses	-758	-223,392	-224,150
8. Financial revenues from shares and interests	0	72,246	72,246
a) in Group companies	0	72,246	72,246
9. Financial revenues from loans	0	5,986	5,986
a) to Group companies		0	0
b) to others		5,986	5,986
10. Financial revenues from operating receivables	0	121,309	121,309
b) due from others		121,309	121,309
11. Financial expenses due to impairment and write-offs of investments	0	-146,992	-146,992
11. Financial expenses for financial liabilities	-2	-26,480	-26,482
a) for loans received from Group companies	0	-1,933	-1,933
b) for loans received from banks		-23,188	-23,188
c) for other financial liabilities	-2	-1,358	-1,361
12. Financial expenses for operating liabilities	0	-56,838	-56,838
b) for trade payables and bills payable		-51,143	-51,143
c) for other operating liabilities	0	-5,696	-5,696
13. Other revenues		54,911	54,911
14. Other expenses		-11,093	-11,093
PRE-TAX PROFIT FOR THE PERIOD	**-2,938**	**1,129,507**	**1,126,569**
15. Income tax	0	-	-
16. Deferred taxes		76,511	76,511
17. NET PROFIT FOR THE PERIOD	**-2,938**	**1,052,996**	**1,050,058**

12 02 04 INCOME STATEMENT FOR PUBLIC UTILITY SERVICE FOR THE YEAR ENDED 31 DECEMBER 2014 – RESTATED

EUR

	Public utility service	Other services	Total
1. Net sales revenues	62,058	54,657,653	54,719,711
a) in domestic market	62,058	51,658,377	51,720,435
b) in foreign market	0	2,999,276	2,999,276
2. Capitalised own products and own services	0	29,248	29,248
3. Other operating revenues	0	764,001	764,001
4. Costs of goods, materials and services	-44,848	-50,749,580	-50,794,428
a) costs of goods and materials sold, and costs of materials used	-31,862	-48,194,560	-48,226,422
b) costs of services	-12,986	-2,555,020	-2,568,006
5. Labour costs	-12,514	-1,348,756	-1,361,270
a) wages and salaries	-9,350	-1,004,871	-1,014,221
b) supplementary pension insurance	-429	-45,113	-45,542
c) social security contributions	-1,214	-162,982	-164,196
d) other labour costs	-1,521	-135,791	-137,312
6. Write-downs in value	-1,566	-2,295,586	-2,297,152
a) amortisation/depreciation	-777	-598,499	-599,277
b) revaluation operating expenses associated with intangible assets and property, plant and equipment	0	-816,936	-816,936
c) revaluation operating expenses associated with current operating assets	-788	-880,151	-880,940
7. Other operating expenses	-1,348	-569,382	-570,730
8. Financial revenues from shares and interests	0	47,201	47,201
a) in Group companies	0	47,201	47,201
9. Financial revenues from loans	0	1,869	1,869
b) to others	0	1,869	1,869
10. Financial revenues from operating receivables	0	181,494	181,494
b) due from others	0	181,494	181,494
11. Financial expenses due to impairment and write-offs of investments	0	0	0
11. Financial expenses for financial liabilities	0	-13,500	-13,500
a) for loans received from Group companies	0	-377	-377
b) for loans received from banks	0	-9,479	-9,479
c) for other financial liabilities	0	-3,644	-3,644
12. Financial expenses for operating liabilities	0	-31,742	-31,742
b) for trade payables and bills payable	0	-31,735	-31,735
c) for other operating liabilities	0	-7	-7
13. Other revenues	0	111	111
14. Other expenses	0	-5,989	-5,989
PRE-TAX PROFIT FOR THE PERIOD	**1,783**	**667,041**	**668,824**
15. Income tax	-157	-136,284	-136,441
16. Deferred taxes	0	14,955	14,955
17. NET PROFIT FOR THE PERIOD	**1,625**	**515,801**	**517,427**

12 02 05 SUB-BALANCE SHEET BY ACTIVITY AS AT 31 DECEMBER 2015

EUR

Item	Trading in electricity	Production and distribution of heat	Production of electricity	Total	Key
1	2	3	4	5	
Assets					
A. Long-term assets:					
I. Intangible assets	370,982	8,034	22,205	401,221	
1. Long-term rights	298,597	4,864	13,443	316,905	K-1a, K-2
3. Intangible assets being acquired	72,385	3,170	8,762	84,317	K-1a, K-2
II. Property, plant and equipment	840,792	1,835,453	5,073,122	7,749,367	
1. Land	0	24,656	68,148	92,803	K-1a
2. Buildings	724,752	897,141	2,479,663	4,101,556	K-1a, K-2
3. Equipment	75,749	880,767	2,434,405	3,390,920	K-1a, K-2
4. Property, plant and equipment being acquired	40,291	32,890	90,907	164,088	K-1a, K-2
III. Long-term investments	387,561	109,713	85,498	582,772	
1. Shares and interests in Group companies	372,182	29,706	82,105	483,993	K-1
2. Other shares and interests	15,380	1,228	3,393	20,000	K-1
3. Long-term loans to others	0	78,779	0	78,779	
IV. Long-term operating receivables	14,718	0	0	14,718	
1. Long-term operating receivables due from others	14,718	0	0	14,718	
V. Deferred tax assets	445,432	35,552	98,265	579,249	K-1
Total long-term assets	2,059,486	1,988,752	5,279,090	9,327,328	
B. Current assets:					
III. Short-term operating receivables	16,734,929	115,035	710,710	17,560,674	
1. Short-term operating receivables due from Group companies	60,036	3,620	1,370	65,025	
2. Short-term trade receivables	15,591,293	88,510	650,668	16,330,470	K-1a, K-3
3. Short-term operating receivables due from others	1,083,601	22,905	58,673	1,165,179	K-1, K-1a, K-3
IV. Cash	357,224	4,628	12,792	374,644	K-3
Total current assets	17,092,154	119,663	723,502	17,935,319	
C. Short-term deferred costs and accrued revenues	2,196,484	14,489	40,047	2,251,020	K-3
D. Receivables from other activities	4,533,279		0	4,533,279	
TOTAL ASSETS	**25,881,402**	**2,122,904**	**6,042,639**	**34,046,946**	

Item	Trading in electricity	Production and distribution of heat	Production of electricity	Total	Key
1	2	3	4	5	
Equity:					
I. Called-up capital	5,525,141	194,623	802,253	6,522,017	
1. Share capital	5,525,141	194,623	802,253	6,522,017	
III. Revenue reserves	5,824,583	42,762	89,227	5,956,572	
1. Legal reserves	111,314	1,886	3,972	117,173	
2. Other revenue reserves	5,713,268	40,876	85,255	5,839,399	
IV. Revaluation surplus	-2,989	-239	-659	-3,886	K-1
VI. Net profit for the period	434,175	-50,786	141,641	525,029	
Total equity	11,780,909	186,360	1,032,462	12,999,732	
B. Provisions and long-term accrued costs and deferred revenues	178,638	861,054	34,675	1,074,368	
1. Provisions	177,458	821,194	34,675	1,033,327	K-1a, K-1
2. Long-term accrued costs and deferred revenues	1,181	39,860	0	41,041	
C. Long-term liabilities	0	491,667	0	491,667	
I. Long-term financial liabilities	0	491,667	0	491,667	
1. Long-term financial liabilities to banks	0	491,667	0	491,667	
D. Short-term liabilities	13,859,222	332,177	644,700	14,836,098	
I. Short-term financial liabilities	1,234,078	181,665	272,245	1,687,987	
1. Short-term financial liabilities to Group companies	3,707	296	818	4,820	K-1
2. Short-term financial liabilities to banks	1,230,371	164,869	271,427	1,666,667	K-1
2. Other short-term financial liabilities	0	16,500	0	16,500	
II. Short-term operating liabilities	12,625,144	150,512	372,455	13,148,110	
1. Short-term operating liabilities to Group companies	51,215	535	1,479	53,230	K-1a, K-2, K-6
2. Short-term trade payables	12,206,418	140,250	349,872	12,696,541	K-1a, K-2, K-6
3. Other short-term operating liabilities	367,510	9,727	21,103	398,340	K-1a, K-1
Total liabilities	14,037,860	1,684,898	679,375	16,402,132	
D. Short-term accrued costs and deferred revenues	62,632	25,823	23,347	111,803	K-1a, K-3
E. Liabilities to other activities		225,824	4,307,456	4,533,279	
TOTAL EQUITY AND LIABILITIES	**25,881,402**	**2,122,904**	**6,042,639**	**34,046,946**	

12 02 06 SUB-BALANCE SHEET BY ACTIVITY AS AT 31 DECEMBER 2014 – RESTATED

EUR

Item	Trading in electricity	Production and distribution of heat	Production of electricity	Total	Key
1	2	3	4	5	
Assets					
A. Long-term assets:					
I. Intangible assets	375,404	1,795	12,915	390,113	
1. Long-term rights	375,404	662	4,767	380,833	K-1a, K-2
3. Intangible assets being acquired		1,132	8,148	9,280	K-1a, K-2
II. Property, plant and equipment	872,988	796,066	4,713,208	6,382,262	
1. Land	0	11,585	83,380	94,965	K-1a
2. Buildings	756,213	313,608	2,217,478	3,287,299	K-1a, K-2
3. Equipment	89,018	388,887	1,822,355	2,300,261	K-1a, K-2
4. Property, plant and equipment being acquired	27,757	81,985	589,995	699,737	K-1a, K-2
III. Long-term investments	482,687	18,652	134,230	635,569	
1. Shares and interests in Group companies	467,498	18,066	130,006	615,569	K-1a, K-1
2. Other shares and interests	15,189	587	4,224	20,000	K-1a, K-1
IV. Long-term operating receivables	49,320	0	0	49,320	
1. Long-term operating receivables due from others	49,320			49,320	
V. Deferred tax assets	497,747	19,234	138,418	655,399	
Total long-term assets	2,278,146	835,748	4,998,770	8,112,663	
B. Current assets:					
II. Short-term investments	82,866	435	3,134	86,435	
1. Short-term loans to Group companies	82,866	435	3,134	86,435	K-3
III. Short-term operating receivables	16,445,118	59,862	1,208,515	17,713,495	
1. Short-term operating receivables due from Group companies	42,877	41,178	296,331	380,386	
2. Short-term trade receivables	15,009,373	6,987	840,055	15,856,415	
3. Short-term operating receivables due from others	1,392,869	11,697	72,128	1,476,694	
IV. Cash	704,521	3,702	26,641	734,864	K-1a, K-3
Total current assets	17,232,505	64,000	1,238,289	18,534,794	
C. Short-term deferred costs and accrued revenues	864,093	1,305	51,616	917,014	
D. Receivables from other activities	5,369,330			5,369,330	
TOTAL ASSETS	**25,744,074**	**901,052**	**6,288,675**	**32,933,801**	

Item	Trading in electricity	Production and distribution of heat	Production of electricity	Total	Key
1	2	3	4	5	
Equity and liabilities					
Equity:					
I. Called-up capital	5,525,141	194,623	802,253	6,522,017	
1. Share capital	5,525,141	194,623	802,253	6,522,017	
III. Revenue reserves	5,725,506	42,053	87,749	5,855,309	
1. Legal reserves	111,314	1,886	3,972	117,173	
2. Other revenue reserves	5,614,192	40,167	83,777	5,738,136	
IV. Revaluation surplus	4,027	156	1,120	5,302	
VI. Net profit for the period	286,485	-10,134	-17,638	258,714	
Total equity	11,541,160	226,698	873,484	12,641,342	
B. Provisions and long-term accrued costs and deferred revenues	158,033	5,278	37,980	201,291	
1. Provisions	156,852	5,278	37,980	200,110	K-1a, K-1
2. Long-term accrued costs and deferred revenues	1,181	0	0	1,181	
D. Short-term liabilities	13,949,856	69,439	410,608	14,429,903	
I. Short-term financial liabilities	331,812	2,283	16,431	350,526	
1. Short-term financial liabilities to Group companies	59,085	2,283	16,431	77,799	
2. Short-term financial liabilities to banks	272,727	0	0	272,727	
II. Short-term operating liabilities	13,618,044	67,156	394,177	14,079,377	
1. Short-term operating liabilities to Group companies	67,704	271	1,953	69,929	K-1a, K-2, K-6
2. Short-term trade payables	13,048,038	61,877	354,479	13,464,394	K-1a, K-2, K-6
3. Other short-term operating liabilities	502,302	5,007	37,745	545,054	K-1a, K-1
Total liabilities	14,107,889	74,717	448,588	14,631,193	
D. Short-term accrued costs and deferred revenues	95,025	31,048	165,863	291,937	K-1a, K-3
E. Liabilities to other activities		568,589	4,800,740	5,369,329	
TOTAL EQUITY AND LIABILITIES	**25,744,074**	**901,052**	**6,288,675**	**32,933,801**	

12 02 07 INCOME STATEMENT BY ACTIVITY FOR THE PERIOD ENDED 31 DECEMBER 2015

EUR

Item	Trading in electricity	Production and distribution of heat	Production of electricity	Total	Key
1	2	3	4	5	
1. Net sales revenues	57,114,839	777,481	2,149,465	60,041,785	
a) in domestic market	51,049,302	777,481	2,149,465	53,976,248	K-1a, K-3
b) in foreign market	6,065,537	0	0	6,065,537	K-1a, K-3
2. Capitalised own products and own services	0	5,108	14,182	19,290	K-1a
3. Other operating revenues	218,537	197,244	444,118	859,898	K-1a, K-3
4. Costs of goods, materials and services	-54,806,143	-765,473	-1,403,728	-56,975,344	
a) costs of goods and materials sold, and costs of materials used	-51,761,193	-680,435	-1,192,760	-53,634,387	K-1a, K-6
b) costs of services	-3,044,950	-85,038	-210,968	-3,340,957	K-1a, K-6, K-2
5. Labour costs	-1,345,734	-77,436	-188,519	-1,611,689	
a) wages and salaries	-999,581	-59,834	-141,015	-1,200,430	K-1a, K-1
b) supplementary pension insurance	-43,728	-2,287	-6,826	-52,841	K-1a, K-1
c) social security contributions	-161,517	-8,431	-24,145	-194,093	K-1a, K-1
d) other labour costs	-140,908	-6,884	-16,533	-164,324	K-1a, K-1
6. Write-downs in value	-300,681	-184,802	-510,786	-996,269	
a) amortisation/depreciation	-165,569	-151,818	-419,618	-737,005	K-1a, K-2
b) revaluation operating expenses associated with intangible assets and property, plant and equipment	-46	-17,289	-47,786	-65,121	K-1a
c. revaluation operating expenses associated with current operating assets	-135,066	-15,695	-43,382	-194,143	K-1a
7. Other operating expenses	-32,320	-56,983	-134,847	-224,150	K-1a, K-1
8. Financial revenues from shares and interests	68,887	892	2,467	72,246	
a) in Group companies	68,887	892	2,467	72,246	K-1a
9. Financial revenues from loans	276	4,164	1,546	5,986	
b) to others	276	4,164	1,546	5,986	K-3
10. Financial revenues from operating receivables	116,204	1,352	3,753	121,309	
b) due from others	116,204	1,352	3,753	121,309	K-1a
11. Financial expenses due to impairment and write-offs of investments	-101,398	-12,113	-33,481	-146,992	
11. Financial expenses for financial liabilities	-5,504	-5,555	-15,423	-26,482	
a) for loans received from Group companies	-1,933	0	0	-1,933	
b) for loans received from banks	-2,523	-5,472	-15,193	-23,188	K-1a, K-6
c) for other financial liabilities	-1,048	-83	-230	-1,361	K-1a, K-6
12. Financial expenses for operating liabilities	-49,419	-1,966	-5,453	-56,838	
b) for trade payables and bills payable	-49,375	-470	-1,298	-51,143	K-1a, K-6
c) for other operating liabilities	-44	-1,497	-4,155	-5,696	K-1a, K-6
13. Other revenues	52,372	672	1,867	54,911	K-1a, K-3
14. Other expenses	-9,004	-553	-1,535	-11,093	K-1a, K-1
PRE-TAX PROFIT FOR THE PERIOD	920,912	-117,968	323,625	1,126,569	
15. Income tax	0	0	0	0	
16. Deferred taxes	52,563	-16,396	40,344	76,511	K-1
17. NET PROFIT FOR THE PERIOD	**868,349**	**-101,572**	**283,282**	**1,050,058**	

12 02 08 INCOME STATEMENT BY ACTIVITY FOR THE PERIOD ENDED 31 DECEMBER 2014 – RESTATED

EUR

Item	Trading in electricity	Production and distribution of heat	Production of electricity	Total	Key
1	2	3	4	5	
1. Net sales revenues	52,177,282	282,390	2,260,039	54,719,711	
a) in domestic market	49,178,005	282,390	2,260,039	51,720,435	K-1a, K-3
b) in foreign market	2,999,276	0	0	2,999,276	K-1a, K-3
2. Capitalised own products and own services	0	3,568	25,679	29,248	K-1a
3. Other operating revenues	184,693	70,679	508,629	764,001	K-1a, K-3
4. Costs of goods, materials and services	-48,888,031	-239,368	-1,667,029	-50,794,428	
a) costs of goods and materials sold, and costs of materials used	-46,647,268	-190,887	-1,388,267	-48,226,422	K-1a, K-6
b) costs of services	-2,240,763	-48,480	-278,762	-2,568,006	K-1a, K-6,K-2
5. Labour costs	-1,031,948	-42,350	-286,973	-1,361,270	
a) wages and salaries	-765,525	-32,301	-216,395	-1,014,221	K-1a, K-1
b) supplementary pension insurance	-35,210	-1,261	-9,072	-45,542	K-1a, K-1
c) social security contributions	-125,378	-4,736	-34,082	-164,196	K-1a, K-1
d) other labour costs	-105,834	-4,053	-27,424	-137,312	K-1a, K-1
6. Write-downs in value	-936,860	-165,958	-1,194,334	-2,297,152	
a) amortisation/depreciation	-75,323	-63,925	-460,028	-599,277	K-1a, K-2
b) revaluation operating expenses associated with intangible assets and property, plant and equipment	-10,936	-98,332	-707,668	-816,936	K-2
c) revaluation operating expenses associated with current operating assets	-850,600	-3,702	-26,638	-880,940	K-1a
7. Other operating expenses	-35,412	-66,495	-468,822	-570,730	K-1a, K-1
8. Financial revenues from shares and interests	45,252	238	1,711	47,201	
a) in Group companies	45,252	238	1,711	47,201	K-1a
9. Financial revenues from loans	1,792	9	68	1,869	
a) to Group companies	1,500	8	57	1,564	K-3
b) to others	292	2	11	305	K-3
10. Financial revenues from operating receivables	158,682	2,783	20,029	181,494	
b) due from others	158,682	2,783	20,029	181,494	K-1a
11. Financial expenses for financial liabilities	-12,608	-109	-783	-13,500	
a) for loans received from Group companies	-362	-2	-14	-377	
b) for loans received from banks	-9,479	0	0	-9,479	K-1a, K-6
c) for other financial liabilities	-2,768	-107	-770	-3,644	K-1a, K-6
12. Financial expenses for operating liabilities	-30,862	-107	-772	-31,742	
b) for trade payables and bills payable	-30,855	-107	-772	-31,735	K-1a, K-6
c) for other operating liabilities	-7	0	0	-7	
13. Other revenues	111	0	0	111	K-1a, K-3
14. Other expenses	-4,559	-174	-1,256	-5,989	K-1a, K-1
PRE-TAX PROFIT FOR THE PERIOD	1,627,532	-154,895	-803,814	668,824	
15. Income tax	-150,923	5,284	9,198	-136,441	
16. Deferred taxes	14,955			14,955	
17. NET PROFIT FOR THE PERIOD	**1,461,654**	**-149,611**	**-794,616**	**517,427**	

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