

**Ljubljana Stock Exchange**  
**ANNUAL REPORT**  
**2013**



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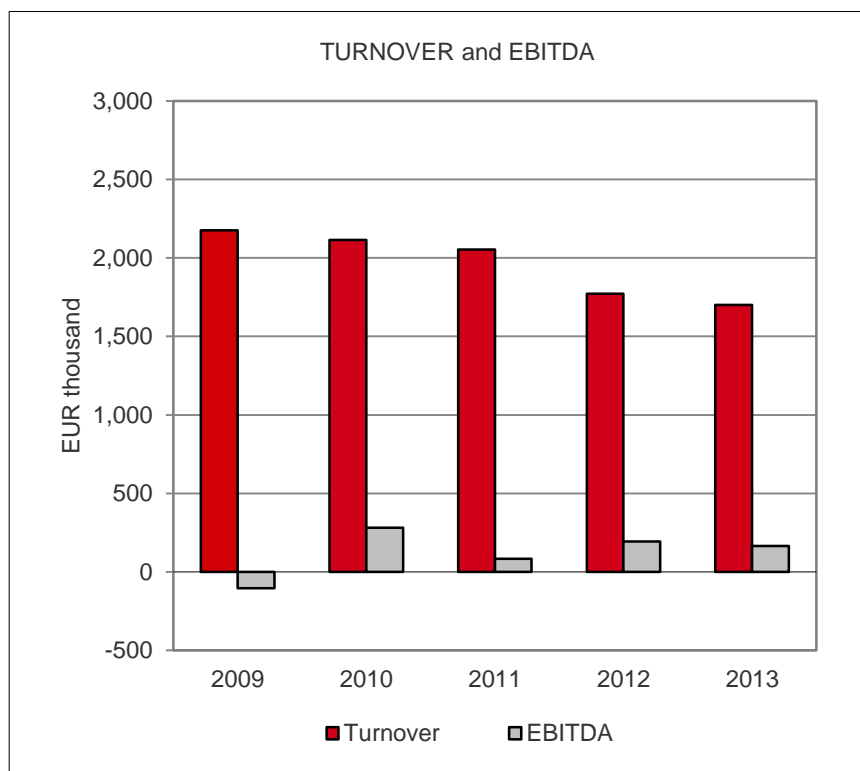
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## INTRODUCTION

### Ljubljana Stock Exchange 2013 highlights

Sales revenue was down 4.1% in 2013.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) were EUR 166,017, down 14.8%.



	2013	2012	2011	2010	in EUR 2009
Called-up capital	1,400,893	1,400,893	1,400,893	1,400,893	1,400,893
Equity	2,382,999	2,598,176	2,738,703	2,919,660	2,799,384
Assets	2,595,175	3,058,854	3,138,049	3,337,526	3,182,051
Revenues (total)	1,716,686	1,788,277	2,075,350	2,151,696	2,203,819
- revenues from trading fees	458,472	450,062	542,728	585,988	768,442
- other revenues	1,258,215	1,338,215	1,532,622	1,565,708	1,435,377
Costs (total)	1,751,676	1,852,297	2,253,577	2,038,214	2,479,947
- labour costs	675,001	717,812	891,097	985,929	1,435,068
- other costs	1,076,675	1,134,485	1,362,480	1,052,285	1,044,878
EBITDA	166,017	194,787	84,004	280,663	-104,726
Operating profit / loss (EBIT)	-48,297	-78,836	-193,960	80,302	-294,268
Profit / loss before tax	-34,990	-64,020	-178,227	113,482	-276,128
Taxes	3,952	-5,556	2,704	-3,706	-6,589
Net profit / loss for the period	-31,037	-69,576	-175,523	117,188	-269,539
Nr. of shares	33,571	33,571	33,571	33,571	33,571
Book value on 31 December (capital / no. of shares)	70.98	77.39	81.58	86.97	83.39
Dividend payment per share in €	-	-	-	-	-
Number of employees by man-hour:	12.27	13	16.11	20.62	25.34
Number of employees on 31 <sup>th</sup> Dec	12	16	17	21	25

## Ljubljana Stock Exchange company profile

### Company ID

Name	Ljubljanska borza, d. d., Ljubljana (English: Ljubljana Stock Exchange Inc., short: LJSE)
Registered office	Slovenska cesta 56, 1000 Ljubljana, Slovenia
Telephone	+386 1 471 02 11
Fax	+386 1 471 02 13
E-mail	info@ljse.si
Website	www.ljse.si
Incorporated on	26 December 1989
Share capital	EUR 1,400,893.01
Shareholders	CEESEG AG – 100% owner
Core business	Regulated securities market operator
Business activity code	67.110
Registration no.	5316081
VAT identification no.	59780061
Size	Small company
Companies register entry	1/04218/00, District Court of Ljubljana

### Business

The Ljubljana Stock Exchange is a joint stock company founded to foster the matching of supply and demand in securities trading and in trading in other financial instruments. It ensures that transactions in securities and other financial instruments are carried out in a regulated, transparent, liquid and efficient manner, in line with the law and other regulations.

The company's objective is to maximise company value for shareholders in the long-term, parallel to ensuring the development, stability and safety of the Slovenian regulated market and complying with the regulations governing the market in financial instruments.

Transactions in securities and other financial instruments are organised pursuant to the law, the LJSE Articles of Association, the LJSE Rules, the LJSE Instructions and other LJSE acts adopted by the LJSE Management Board.

The company's Articles of Association stipulate the following as its business activities:

- Operating the stock exchange market in financial instruments for which it had obtained the Securities Market Agency's authorisation;
- Publishing securities prices;
- Providing information on the supply, demand and market value of securities, and other information on securities;
- Analytic research work in the financial market;
- Providing IT services to support trading;
- Operating the Slovenian multilateral trading facility (MTF);
- Operating the Slovenian officially appointed mechanism (OAM);
- Selling and maintaining the software developed for the purposes of providing its services.

## Report from the Management Board

The Ljubljana Stock Exchange's operations stabilised in 2013. Total revenue amounted to EUR 1,716,686, down 4%, and total expenses were EUR 1,751,676, down 5%. The result for 2013 is therefore negative. However, the reported loss in the amount of EUR 34,990 is lower than anticipated in the business plan. Let us also emphasize that the operating result from current operations is positive, lowered only by extraordinary one-off costs related to the adjustment of a building's carrying value to fair value, and by the costs of our in-house restructuring in the total amount of EUR 147,718.

The 2013 EBITDA cash flow was positive at EUR 166,017. This is a decrease by 15% compared to 2012, attributable mostly due to lower amortisation costs. The company made no major investments in 2013, as they had all been undertaken in previous years. Liquid assets (cash) in the amount of EUR 776,952 and a positive EBITDA have enabled us to run stable day-to-day operations with practically no external indebtedness.

The LJSE's operations are partly financed from trading fees revenue; these amounted to EUR 458,472 in 2013, up 2% from 2012. Listing fees revenue and listing maintenance fees revenue amounted to EUR 366,216, which is on the same level as in 2012. Similarly, data dissemination revenue has also been stable year-over-year, amounting to EUR 229,741 in 2013. Information-communication (ICT) services related to the Xetra® and SEO systems generated EUR 534,906, which is 13% less than in 2012; the decrease is mainly attributable to fewer users among members and issuers. This decreasing trend in the number of users of our electronic services is expected to continue, therefore we have decided to focus on our core functions and services in the future, and to have the IT support and management of our information systems outsourced. In this way the functionalities for the users will remain the same while at the same time allowing for cost reductions.

We undertook aggressive cost cutting throughout 2013, driving down the costs of materials by 5% compared to 2012, the costs of services – mainly Xetra® and organisation of events – by 12%, and the employee benefits cost – despite the additional one-off costs of restructuring – by 9%.

We further optimised the company's internal organisation last year, and decreased the number of employees by four. Taking into account two employees' termination of employment at the end of 2013, we began 2014 with a staff of ten. Due to certain employees' long term absence, last year's activities were in fact performed by 12.3 employees by man-hours, which is effectively 1.2 employees by man-hours less than in 2012. Through active communication we managed to maintain employee motivation at a high level despite difficult conditions.

After Polona Peterle resigned from her post as Member of the Management Board, the Supervisory Board appointed Nina Vičar to this post, and the Board also reappointed Andrej Šketa as President of the Management Board. The new Management Board began their joint three-year term of office on 1 September 2013.

As more and more stock exchange turnover is being generated by international trading members, the LJSE is increasingly becoming an international market. The international trading members' share in the annual equity turnover of our most prominent listed companies has been the highest in the last three years, accounting for almost 50% of total turnover. Generating 63% of buy-side turnover and 33% on the sell-side, international investors represent the most important group of active investors on the Prime Market. The share of Slovenian individual and institutional investors remained largely unchanged in 2013.

The Slovenian benchmark index SBI TOP ended the year – for the second consecutive time – with an increase, its 2013 annual rise being 3.17%. Share market capitalisation was also up, totalling EUR 5,173 million. Despite these positive indicators however, 2013 made the LJSE face the challenges of low liquidity again.

Total stock turnover on the LJSE in 2013 amounted to EUR 392 million, up 8.7% compared to 2012. Without block trades total turnover was EUR 307 million, up 11.9%. The majority of turnover comprised equity deals, which amounted to EUR 299 million, or 76%, of the total turnover. According to turnover structure, bonds follow with a 22% and commercial papers with a 1% share in the total turnover. The most traded share in 2013 was again Krka (KRKG) from the Prime Market, which generated 40% of the total equity turnover.

The LJSE witnessed six new bond listings last year, with the total issue value of EUR 1,091.26 million. In addition, there were five capital increases in the total amount of EUR 86.5 million – including new issues of two Prime Market companies, home appliance maker Gorenje and reinsurer Sava Re –, and six new commercial paper issues in the total amount of EUR 176 million. Due to the situation in the banking sector commercial papers are becoming an increasingly interesting financial instrument.

Promotion activities aimed at increasing the visibility of Prime Market companies continued in 2013. All prominent listed companies participated in LJSE's promotional and investment events, designed as a series of meetings between companies and investors. A total of 145 such company-investor meetings took place during our events in 2013.

2013 was also marked by a further decrease in the number of trading members. After another two leaving, the LJSE had 21 members at the end of last year, four of them remote members. A sizeable portion of the total turnover by international investors is generated via Slovenian brokers, which hold an 85% market share. The share of remote brokers in the total turnover was stable in 2013, remaining at 15%. The leading member in terms of turnover volume is ALTA Invest, which accounted for 24% of the total turnover on the LJSE in 2013.

Due to the situation in the banking sector, the LJSE – in the capacity of the regulated market operator – also imposed a particular extraordinary measure in 2013. In the beginning of December, awaiting the outcomes of the restructuring of the Slovenian banking system, we temporarily halted trading in all bank shares and subordinated bank bonds listed on the regulated market, in order to protect investors' interests. A total of 16 securities were subject to an extraordinary halt, of which 12 were subsequently delisted due to a Bank of Slovenia resolution, and for four bonds trading resumed normally.

We devoted special attention to operations compliance and in-house corporate governance. Several documents were adopted, including the Internal Instructions for Assessment and Monitoring of Risk, Internal Instructions for the Custodianship and Safekeeping of Securities and Securities Trading, new Management Board Rules of Procedure, and new Supervisory Board Rules of Procedure. In relation to operating the market, new Ljubljana Stock Exchange Rules and Instructions were also adopted.

We received one extraordinary measure from the Securities Market Agency in 2013, related to the appointment of a Management Board member, which we complied with in an adequate and timely fashion. Otherwise the LJSE is facing no pending complaints or legal actions filed in 2013 either by regulated market stakeholders or other business partners.

We were actively engaged in cooperation with the other CEESEG stock exchanges. Together we implemented a regular upgrade of the Xetra® trading system, and completed the project of mutual

membership within the CEESEG. The ongoing activities aimed at integrating our services within the CEESEG also continued. As a result, all our trading members are now leasing the electronic services supporting their access to and use of the trading system directly from the Vienna Stock Exchange. Integration activities are set to continue.

The economic situation continues to have a strong impact on trading on the Ljubljana Stock Exchange, which our internally adopted measures cannot offset completely. Negative trends have nevertheless ceased in 2013, and we ended the year in a relatively stable condition. The coming years, however, are likely to impose additional strains on our business, especially due to the numbers of our listed companies and trading members decreasing. Negative expectations could to a certain extent be alleviated by the trading activities related to acquisitions, but the positive effects can only be of a short term nature.

Ljubljana, February 2014

Ljubljana Stock Exchange

Nina Vičar, MSc  
Member of the Management Board

Andrej Šketa,  
President of the Management Board

## Report from the Supervisory Board

Within its powers and competences, the Ljubljana Stock Exchange Supervisory Board monitored in 2013 the work of the Management Board and the company's operations as well as periodically examined the company's results set out in its financial statements.

In accordance with the Ljubljana Stock Exchange, Inc. Articles of Association and the resolution adopted by the General Meeting, the LJSE Supervisory Board has four members.

The current members and their functions are:

- **Petr Koblic**, President,
- **Michael Buhl**, Deputy President,
- **Bernhard Stamm**, MSc, member,
- **Urška Podboršek**, member – employee representative.

In 2013, the Supervisory Board met at four regular and three correspondence meetings. Due to the end of term of two Supervisory Board members, a new member was nominated in the first half of 2013.

### Work of the Supervisory Board in 2013

In line with the set strategy we focused most on strengthening the company's international linking. We closely monitored the corporate governance as well as rationalisation and compliance of company's operations. We supervised changes in the company's organisational setup, human resources and risk management. We also reviewed the business and financial plan for 2014.

The following highlights can be singled out to illustrate the work of the Supervisory Board in 2013:

- Corporate governance:
  - After the mutual agreement on the termination of the Employment Contract of Ms Polona Peterle and her position as a Member of the LJSE Management Board on 31 March 2013, we appointed a new Management Board, consisting of Mr Andrej Šketa and Ms Nina Vičar, for a three-year term of office starting from September 2013;
  - We reviewed and adopted the Ljubljana Stock Exchange 2012 Annual Report as well as materials for the June 2013 General Meeting;
- Monitoring the compliance of company's operations:
  - At each meeting we looked at recent financial reports; compliance reports; Xetra® upgrade reports; LJSE – VSE integration status reports; trading, listing and delisting reports. The Management Board also promptly informed us of its risk management strategy, internal controls and other significant events relevant for the company's operations;
- We discussed the LJSE's position in terms of competition and looked at its efforts towards a further alignment with international markets within the CEESEG Group, aimed at improving market quality and enhancing liquidity;
- We monitored the rationalisation and optimisation of the company's operations due to the decrease in revenue and changes in the external environment.

The financial crisis left a mark on the company's results for 2013: significantly lower trading volumes caused substantially lower trading fees revenue. Despite internal restructuring and restrictive control of other costs, the company ended the year with a loss. Nevertheless, the company's main activities were successfully performed:

- Successful implementation of a major Xetra® upgrade;
- Further linking of the LJSE within the VSE markets is ongoing and an agreement was reached with LJSE trading members that all Xetra® IT services will be performed by the Vienna Stock Exchange as is the case for all exchanges within the CEESEG Group;
- Stable and smooth regular operations of the LJSE;
- Promotion activities which the Exchange performs in order to increase visibility of the Slovenian stock exchange companies.

### **Self-evaluation of the Supervisory Board**

LJSE is part of the CEESEG Group and in 100% ownership of the parent company. Therefore LJSE uses equal or comparable technology and similar approaches to its clients and stakeholders as other members of the CEESEG Group. This is also reflected in the representation in the Supervisory Board, which comprises three representatives of its parent company CEESEG AG of which two are representatives of the Vienna Stock Exchange. All Supervisory Board members have years of experience in the field of stock exchanges and capital markets, have good knowledge of the situation in the Slovene capital market, some members are licenced subjects. One member of the Supervisory Board is also an employee representative. In light of the above, Supervisory Board assesses that the composition of the LJSE Supervisory Board with regards to representativeness, experience and professional competence is adequate.

Members regularly attended the meetings and actively participated in discussions on all items on the agenda. The materials were normally provided a week before the meeting, which gave us sufficient time to carefully study all the documents.

Given the above we consider the work of the Supervisory Board as a whole as well as the work of its individual members to have been successful, professional and efficient. We also consider the cooperation of the Management and Supervisory Boards to have been good. Good cooperation between both bodies is also the result of appropriate planning, which is also reflected in the successful achievement of operational and strategic objectives.

Among members of the LJSE Supervisory Board a potential conflict of interest was recognised in two instances, of which one was related to the business cooperation with the Vienna Stock Exchange and the second to the representation of the employees. With regards to both instances all relevant measures were taken. In cases where business issues related to cooperation within the CEESEG, either with partner or parent companies, resolutions of the Supervisory Board were appropriate and cost-effective and were not adopted to the detriment of the LJSE or Slovenian capital market. The LJSE Supervisory Board did not address issues regarding the regulation of the organized market, which, according to the Markets in Financial Instruments Act, falls under the responsibility of the LJSE Management Board.

### **Annual Report**

The Supervisory Board reviewed the 2013 Ljubljana Stock Exchange Annual Report, together with the Auditor's Report, at its periodic meeting on 8 April 2014.

Pursuant to the resolution adopted at the company's last General Meeting, the financial statements for 2013 have been audited by KPMG Slovenia d. o. o., Ljubljana.

The Annual Report that the Management Board presented to the Supervisory Board for review and approval is well drawn-up and contains all the relevant components, supplements and disclosures stipulated by the Slovenian Companies Act and accounting standards.

The unqualified opinion of auditors KPMG Slovenia, d. o. o., Ljubljana, the fact that the company's operation results and cash flows are compliant with the Slovenian Accounting Standards, along with the statements of the company's management saying that all significant facts related to the operations of the Ljubljana Stock Exchange in 2013 have been disclosed and adequately argued, ensure that the financial statements are in all respects a true and fair reflection of the financial position of the Ljubljana Stock Exchange as at 31 December 2013. The auditor had informed us of the course of the audit and answered our questions prior to our review of the Annual Report at the Supervisory Board meeting. The Supervisory Board had no comments to the Auditor's Report and content of the Annual Report.

We have studied the content of the Annual Report and the Auditor's Report with due diligence and decided at our meeting on 8 April 2014 to formally adopt the 2013 Ljubljana Stock Exchange Annual Report.

### **Settlement of loss for 2013**

The total loss for the 2013 financial year amounts to EUR 31,037. It consists of EUR 34,990 of net loss for the period, EUR 5,058 of recognised deferred tax assets, EUR 2,305 of derecognised deferred tax assets, and EUR 1,200 of derecognised deferred tax liabilities. Total loss is being set off against EUR 5,859 of retained profit from previous years and against EUR 25,178 of legal reserves.

The company did not report any accumulated profit for 2013.

The Supervisory Board unanimously adopted its report for 2013 at its periodic meeting on 8 April 2014.

Petr Koblic  
President of the Ljubljana Stock Exchange Supervisory Board

## **BUSINESS REPORT**

### **Corporate Governance Statement**

The Ljubljana Stock Exchange (LJSE) is a private joint-stock company, which complies with and implements the corporate governance principles arising out of legal norms, the company's internal acts and established best practices. Being one of the authors of the Slovenian Corporate Governance Code, the LJSE has actively striven to implement corporate governance principles into business practice as well as improved and supplemented its own system of governance by applying the relevant principles of best practice.

The company is operated by a two-tier system of governance, where the Management Board runs the business and is monitored by the Supervisory Board.

The LJSE has the following corporate bodies:

- The General Meeting,
- The Management Board, and
- The Supervisory Board.

The company's Articles of Association also provide for two additional bodies, the Board of Members and the Board of Issuers, which have no direct influence on the LJSE governance but make indirect contributions to its reaching its objectives and strategy.

The LJSE is a private joint-stock company whose core business is organising securities trading as stipulated by the Slovenian Markets in Financial Instruments Act. Consequently the LJSE is not bound to include into its business report a corporate governance statement in the scope stipulated by Article 70 (5) of the Slovenian Companies Act.

As at 31 December 2013, the LJSE had one shareholder (100%), namely the holding company CEESEG AG, Wallnerstrasse 8, Vienna, Austria.

### **General Meeting**

The General Meeting is the company's highest body. It is composed of LJSE shareholders, who are individuals and companies. The right to take part and vote at a GM goes to all shareholders that are recorded as holders in the central registry of dematerialized securities (Central Securities Clearing Corporation or "KDD") at the end of the fourth day prior to the General Meeting (record date).

The GM is convened by the LJSE Management Board at least once a year, usually after having drawn up the annual report. The GM constitutes a quorum if at least one half of all shareholders with voting rights are represented at the meeting. Each ordinary no par value share carries one vote. The exercise of voting rights is stipulated in the LJSE Articles of Association and the General Meeting Rules of Procedure.

There was one General Meeting held in 2013.

The 30<sup>th</sup> GM as at 17 June 2013

- Reviewed the Annual Report for 2012 and decided on discharging the Management Board and Supervisory Board from responsibility,

- Decided on Supervisory Board remuneration,
- Acquainted itself with the expiration of the term of office of a member of the Supervisory Board, appointed a new member of the Supervisory Board, and decided on the number of LJSE Supervisory Board members,
- Appointed the auditor for 2013.

## **Supervisory Board**

The Supervisory Board is composed of four to seven members, of which all except one are elected by the GM and one represents LJSE employees. All Supervisory Board members have equal rights and obligations unless otherwise specified by the Articles of Association, and are appointed for a four-year term.

Their course of action is stipulated in the Supervisory Board Rules of Procedure.

The main task of the Supervisory Board is to supervise the company's operations and conduct of business. The Board also appoints the Management Board, the Board of Issuers, the Board of Members and the LJSE Arbitration Tribunal.

Supervisory Board remuneration does not directly depend on the company's performance, and it is disclosed under Supervisory Board Remuneration in 2013, in the Notes to the Financial Statements.

## **Shareholder representatives**

- Petr Koblíček (President), President of the Prague Stock Exchange Management Board and Joint CEO of CEESEG AG;
- Michael Buhl (Deputy President), Joint CEO of Wiener Börse AG and CEESEG;
- Bernhard Stamm (member), Head of Finance, HR & Facility Management at Wiener Börse AG (from 17 June 2013);
- Filip Ogris Martič (member), Corporate Finance and Corporate Governance Consultant for ECOVIS\* CF CONFIDAS d. o. o. (until 6 May 2013);
- Johannes Schönegger (member), Head of International Business Development at Wiener Börse AG (until 16 June 2013).

## **LJSE employees' representative**

- Urška Podboršek (member), Head of Legal Affairs.

The Supervisory Board may establish special Supervisory Board committees, either for the entire term of the Board or to account for difficult issues that call for efficient solutions. The types of such committees, their composition and nomination of committee members are stipulated in the Supervisory Board Rules of Procedure.

## **Management Board**

The LJSE Management Board consists of the President and Member, and is appointed by the Supervisory Board. The Management Board is elected for a five-year renewable term.

The LJSE Management Board has the following main tasks:

- Management and representation of the LJSE,
- Implementation of the company's development and operations strategy,
- Ensuring compliance with the provisions of the Markets in Financial Instruments Act,
- Organising and providing for a smooth workflow at the LJSE, etc.

### **Members of the Management Board**

■ Andrej Šketa, President of the Management Board

Andrej Šketa has been on the Ljubljana Stock Exchange Management Board since 2004, during which time he has gained valuable experience in the operations and development of the LJSE. From 1994, when he joined the company's expanded management, he has worked in practically all LJSE business areas, with special emphasis on day-to-day management and supervision of the regulated market, development of trading infrastructure, managing development projects in Slovenia and regional development projects within South East Europe, as well as managing the company's operations. His current three-year term of office as President of the Management Board began on 1 September 2013.

■ Polona Peterle, MSc, Member of the Management Board

Polona Peterle worked at the Ljubljana Stock Exchange for 14 years. Prior to taking office on the Management Board, she was Director for five years and in charge of the main LJSE areas of business, including trading, listing and monitoring of listed companies, surveillance, analytics, product development and capital market promotion. Her core areas of expertise include trading mechanisms, corporate governance and reporting by listed companies. She took office as Member of the Management Board on 6 June 2009, while her term and employment contract both expired on 31 March 2013.

■ Nina Vičar, MSc, Member of the Management Board

She has been with the Ljubljana Stock Exchange since 2005. After having joined the senior management team in 2008 she has been mainly in charge of trading, market operation, relations with trading members, market surveillance, development of LJSE services and attracting new remote members, as well as running marketing activities, and event management. She worked on several development projects and coordinated the implementation of the then new trading system, Xetra®. She initially took office as Member of the Management Board on 15 May 2013, while her current three-year term started on 1 September 2013.

The payments, reimbursements and other benefits received by the LJSE Management Board are stipulated in their employment contracts as entered into between the Supervisory Board and each Management Board member, and do not directly depend on the company's performance. All payments, reimbursements and other benefits are disclosed in the Notes to the Financial Statements under Management Board Remuneration in 2013.

On the basis of Article 321 of the Slovenian Markets in Financial Instruments Act (ZTFI) and with reference to the *mutatis mutandis* application of the provisions of Articles 73 and 74 of the Slovenian Banking Act (Z-Ban 1), the Supervisory Board adopted in 2011 the General Principles on the LJSE Remuneration Policy, which stipulate the remuneration policy for the Management Board.

## **Board of Members and Board of Issuers**

The Board of Members and Board of Issuers are LJSE counselling bodies composed to discuss significant expert and development matters related to LJSE member firms and listed companies as well as the regulated securities market in Slovenia. They cooperate with the LJSE Supervisory Board and Management Board.

The two Boards are composed of at least five but not more than eight members each and are appointed by the Supervisory Board at the proposal of the Management Board among representatives of the LJSE member firms and listed companies as well as renowned capital market experts.

In 2012 mandate ended for most members of the Boards, therefore, the Supervisory Board appointed new members in December 2012.

### **Composition of the Board of Members**

- France Arhar (President), PhD, Director, The Bank Association of Slovenia,
- Aleš Škerlak (Deputy President), Executive Director, ALTA Skupina, upravljanje družb, d. d.,
- Igor Štemberger, President of the Management Board, Ilirika BPH, d. d.,
- Igor Stebernak, Member of the Management Board, Abanka Vipava, d. d.,
- Polona Čuč, President of the Supervisory Board of the Stock Exchange Members' Association, Factor Banka, d. d.,
- Gregor Bajraktarevič, Director of Investment Banking, NLB, d. d..

### **Composition of the Board of Issuers**

- Benjamin Jošar (President), Member of the Management Board, Zavarovalnica Triglav, d. d.,
- Alenka Vrhovnik Težak (Deputy President), Management Boards Adviser, Petrol d.d.,
- Brane Kastelec, Director of Finance, Krka, d. d.,
- Peter Groznik, PhD, Member of the Management Board, Gorenje, d. d.,
- Zoran Janko, Member of the Management Board, Telekom Slovenije, d. d.,
- Mateja Treven, MSc, Member of the Management Board, Pozavarovalnica Sava, d. d.,
- Dean Čerin, Executive Director of Finance and Risk Management, Mercator, d. d..

## **Corporate governance in the Group**

After the Vienna Stock Exchange acquired the majority stake in the LJSE in 2008, the LJSE became a member of the holding company CEESEG AG, which was incorporated in January 2010. After being issued approval by the Slovenian Securities Market Agency, CEESEG AG published at the end of 2011 a takeover bid to purchase all shares of the Ljubljana Stock Exchange. After the successful completion of the takeover bid in 2011 and the squeeze-out of minority shareholders in 2012, CEESEG AG became a 100% owner of the LJSE. In addition to holding a 100% stake in the LJSE, the holding company CEESEG AG also holds a 100% stake in the Vienna Stock Exchange, a 50.45% stake in the Budapest Stock Exchange and a 92.74% stake in the Prague Stock Exchange.

CEESEG AG remains responsible above all for strategic and financial management within the holding company, as well as for the administration of investments, while business operations are the task of the four subsidiaries.

## **Internal controls and risk management**

### **Internal control system**

Pursuant to the provisions of the Markets in Financial Instruments Act and the Securities Market Agency's Resolution on Detailed Organisational Requirements for Operating a Stock Exchange Market, the LJSE as the Slovenian stock market operator meets all the requirements with respect to the general organisational standards and its governance system.

The LJSE had covered its business areas in its internal acts and processes adopted pursuant to the criteria stipulated in the Agency Resolution on Quality Standards for Operating the Stock Market. In this respect the LJSE has implemented a reliable governance system and pursues, in line with the annual plan, activities to enhance the organisational structure of the company as well as to develop and implement improvements in the area of efficient risk management processes and internal controls.

With respect to process control and internal control the LJSE has documented all its relevant processes, responsibilities and risks. The key processes are clustered into a special Process, Source and Risk Model, which provides an integral insight into LJSE operations according to a selected dimension and a quick understanding of the competences and organisation of the LJSE, as well as offers an insight into its processes for internal and external stakeholders. The model may be upgraded for the purposes of systematic valuations and risk reporting. All this facilitates prompt and more transparent internal auditing.

### **Risk management**

Risk management at the LJSE is related to strategic, financial, operational and IT risks.

The LJSE manages risk at two levels: the Management Board makes general assessments and assumes the main strategic and financial risks as well as operational and IT risks, while the agents of the main LJSE processes make more detailed assessments and further assume the key operational risks.

To this end the Management Board prepared the document LJSE Risk Management in 2012 and 2013, and presented it to the Supervisory Board for review. The document recognizes the following main risks facing the LJSE: legislative changes preventing capital market development; low interest value of key LJSE products for investors; pressure from trading members and listed companies for the LJSE to drop its fees; high initial costs of operating the new trading infrastructure; and employee satisfaction. The main strategic risks in the event of a major decrease in the number of listed companies and members include the long-term risk of the adequacy of the company's existing business model, with respect to which we are drawing up the requisite strategic and operational plans and making sure they are being implemented.

Our management of strategic risks is outlined in the 2014–2017 Business and Financial Operations Plan, which was adopted, and thereafter approved by the Supervisory Board in 2013. Accounting for the LJSE's weaker performance and the optimization of our core business – which includes optimizing our business functions and market operation functions as well as transfer of all IT services –, the Plan anticipates a further rationalization of the company's operations and a continued integration into the CEESEG. The nature and scope of the LJSE's operations are influenced by changing market conditions and the general economic situation in Slovenia, in combination with the use of CEESEG services. In order to buffer the negative impacts, lower expected revenue must necessarily be coupled with a restructuring and optimization of our work processes. The LJSE's revenue depends mainly on external factors, related to the above mentioned risks. However our expenses are – due to restrictive planning, widely applied cost cutting and expected project costs – more or less fixed. The actualization of our financial plan therefore depends mostly on external factors, especially those affecting the volume of stock trading.

The agents of the main LJSE processes make detailed assessments of the main operational risks and react to them by managing 12 important areas, which in turn consist of 10 key processes with which the LJSE functions as the market operator of a regulated, orderly and efficient securities market, and 2 key IT systems. The LJSE also devotes a lot of attention to employee training and awareness-raising, an adequate and efficient organisation of work, division of competences, well-defined and documented decision-making procedures, as well as closely monitors compliance with regulations.

The LJSE draws up our mid-term and annual internal audit plan on the basis of the thus recognised and assessed operational risks. In the past year most attention was devoted to operational risks related to information system management, i.e. outsourcing from the perspective of compliance and good practices, the adequacy and quality of plans to terminate all other Xetra®-related services for trading members and for the transfer of the FIX service, and to the project of Restructuring and Reorganising the Ljubljana Stock Exchange. There were no significant deviations from expectations, and thus no increased operational risk detected.

Activities in 2013 in the field of corporate governance include adoption of the Code of Ethics and Professional standards and new Rules of Procedure of the LJSE Management Board, which regulate in detail the management of potential conflicts of interest and relations with the parent company.

#### **Internal audit**

Pursuant to the provisions of the Charter on Internal Audit Activity, adopted by the Supervisory Board, and the Rulebook on LJSE Internal Audit Activities, adopted by the Management Board, the LJSE organizes its internal audit by contracting two external experts in internal auditing and by engaging the in-house Chief Audit Executive.

Internal audit in 2012 was based on the adopted Internal Audit Midterm and Annual Plan for the period 2012–2014, which is in turn based on the Risk Assessment and the Internal Audit Annual Plan.

Within the framework of internal audit LJSE looks especially at the processes of market operations and trading (focusing on the stock exchange trading system Xetra® software solutions) and at the process of ensuring business continuity. Internal audit also regularly examines whether the recommendations are being implemented, and assesses the Management Board's measures to mend the established deficiencies and improve operations. All these activities are promptly communicated to the Management and Supervisory Boards and aggregately presented in the Chief Audit Executive's Annual Internal Audit Plan Status Report at the end of the year.

#### **External audit**

After changing auditors in 2013, our financial statements are now again being audited by the auditor KPMG Slovenija, d. o. o., Ljubljana. Our company complies with the Corporate Governance Code, and with the Securities Market Agency's recommendations to hire another auditor every five years.

### **Other information (as at 31 December 2013)**

#### **Substantial direct and indirect holding of securities**

Holding company CEESEG AG, Vienna, Austria (CEESEG) holds 100% of all LJSE shares (33,571), which it obtained in the 2008 Wiener Börse bid for the LJSE and in the subsequent 2011 takeover bid and 2012 squeeze-out.

#### **Holders of securities with special control rights**

LJSE shares have no special control rights attached to them.

#### **Limited voting rights**

LJSE shares with ticker symbol LSER have no limitations on voting rights.

#### **Explanation of relations of the LJSE with controlling company CEESEG AG**

In the business year 2013 the LJSE did not enter into any transactions with the controlling company CEESEG AG or any of its associated companies (Vienna Stock Exchange, etc.) nor has it acted or failed to act at the initiative and in the interest of these companies in a way that could cause deprivation to the LJSE.

#### **LJSE rules on amendments of its Articles of Association**

Amendments and supplements of the LJSE Articles of Association are subject to the LJSE General Meeting, pursuant to the law. Articles of Association stipulate that a GM resolution on amendments and supplements can be adopted provided it is supported by a two-thirds majority of the share capital present.

#### **Powers of members of the company management (especially issue or purchase of own shares)**

As stipulated by the LJSE Articles of Association, the Management Board consists of the President and member of the Management Board, who jointly represent the LJSE in legal transactions. Neither of them may be authorised to individually represent the LJSE and the entirety of its business operations and activities. The Management Board adopts resolutions unanimously and is not authorised to acquire or dispose of own shares.

### **Mission, vision and strategic objectives**

#### **Mission**

The mission of the Ljubljana Stock Exchange is to ensure a secure, efficient and successful operation of the regulated segment of the Slovenian capital market.

#### **Vision**

To be a modern and efficient Slovenian regulated market operator, integrated into the regional CEE market.

#### **Strategy and strategic objectives**

When taking office, the Management Board set the following strategic objectives:

- Enhance the liquidity of the domestic market,
- Become internationally comparable and visible,

- Sustain the high level of market quality and regulation,
- Support primary market development,
- Establish a partnership with listed companies and member firms, and
- Increase the company's efficiency and business performance.

## Basic macroeconomic indicators for Slovenia

	2008	2009	2010	2011	2012	Forecast		
						2013	2014	2015
Real GDP growth (%)	3.4	-7.9	1.3	0.7	-2.5	-2.4	-0.8	0.4
GDP per capita (PPS EU27=100) <sup>1</sup>	91	86	83	83	81			
Government debt (% of GDP)	22.0	35.2	38.7	47.1	54.4			
Current deficit (% of GDP)	-1.9	-6.3	-5.9	-6.3	-3.8			
Inflation (year-end) <sup>2</sup>	2.1	1.8	1.9	2.0	2.7	2.3	1.4	1.7
Registered unemployment	6.7	9.1	10.7	11.8	12.0	13.3	13.6	13.5

Notes: <sup>1</sup>Measured in Purchasing Power Standard (PPS) <sup>2</sup>Measure of inflation is consumer price index

Sources: Institute of Macroeconomic Analyses and Development (IMAD), Statistical Office of the Republic of Slovenia (SORS)

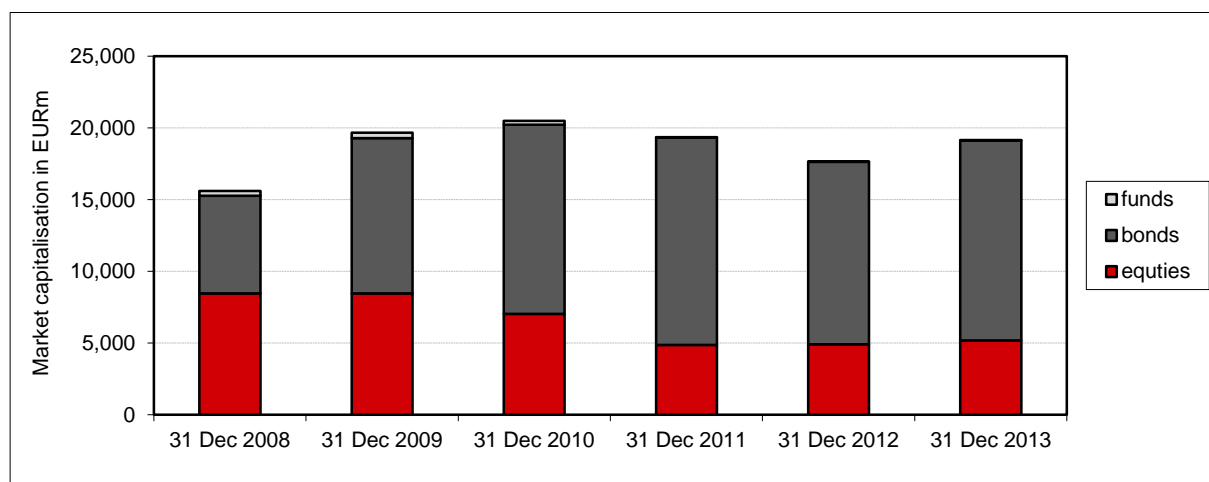
## Ljubljana Stock Exchange operations in 2013

2013 was a year of modest growth. Both the share market capitalization and trading turnover value increased.

Share market capitalisation was up 5.3% from 2012 and amounted to EUR 5,173.1 million at the end of December, representing 14.8% of Slovenia's 2012 GDP (Q4 2012–Q3 2013: EUR 35,005.0 million, according to SORS).

There were EUR 86.5 million worth of capital increases on the LJSE equity market. As the Bank of Slovenia had adopted the extraordinary measure of having certain issuers suspend all their qualified liabilities, three companies were delisted from the equity market (one Prime Market, one Standard Market and one Entry Market company) and EUR 160.6 million worth of bonds were delisted from the bond market. The situation was most dynamic on the debt securities market, which – in addition to bond delistings due to the suspension of their issuers' qualified liabilities – witnessed a total of EUR 1,091.3 million of new bond listings and a total of EUR 176 million of new commercial paper listings. The largest offerings included the bond issues of the Bank Asset Management Company (Družba za upravljanje terjatev bank d. d.), in the total issue value of EUR 1,011.6 million. Changes in this market segment also included a total of EUR 804.2 million worth of additional bond listings, and EUR 239.3 million worth of bonds being delisted due to maturity.

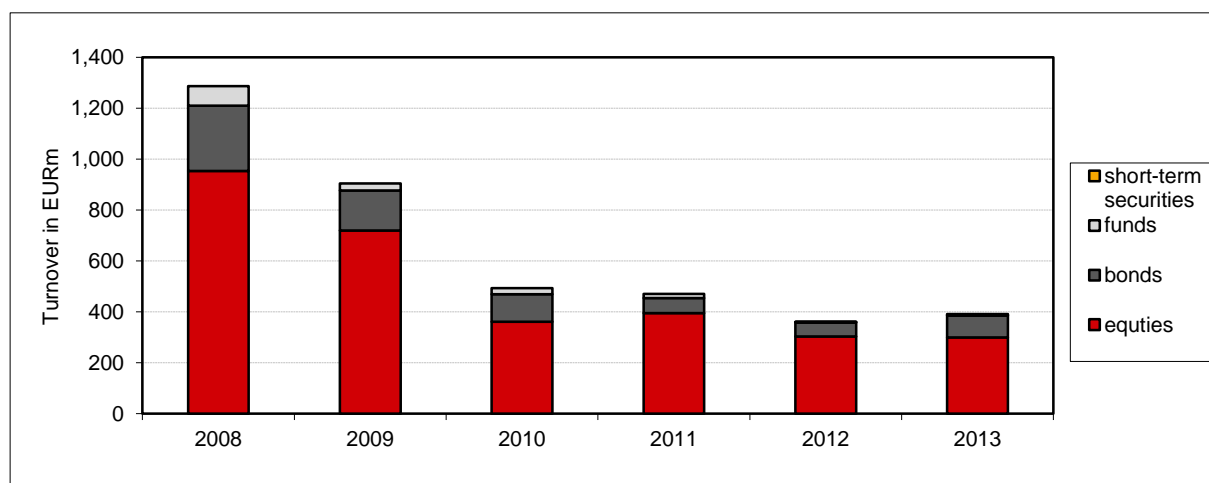
### LJSE market capitalisation 2008–2013



Source: Ljubljana Stock Exchange

In 2013 the total trading turnover on the LJSE amounted to EUR 391.8 million, and turnover without blocks to EUR 306.9 million, which is up 11.9% compared to 2012. The majority of turnover comprised equity deals, EUR 299.4 million (76.4% of the total turnover), followed by bonds with 22.0% share, commercial papers with 1.2% share, investment funds with 0.5% share and treasury bills with 0.001% share in the total turnover.

### LJSE turnover 2008–2013



Source: Ljubljana Stock Exchange

In 2013 the share of trades in equities experienced the most substantial change in the total turnover structure and was down by 7.6 percentage points. In 2013 ordinary trades represented 78.3% of all on-exchange deals (76.1% in 2012). Average daily turnover totalled EUR 1.6 million (EUR 1.5 million in 2012), with 213 recorded trades per day on average (230 in 2012).

The trading member with the highest turnover in 2013 is Alta Invest, which contributed 24.4% of the total turnover, followed by Perspektiva, d. d. on 14.7% and Ilirika, d. d. on 10.4%. The turnover structure by member firms is not particularly fragmented, as the top 10 members generated 84.7% of the total turnover. At the end of 2013 the LJSE had 21 member firms, which included 4 remote members, which generated 15.0% of the entire stock exchange turnover in 2013.

**LJSE turnover structure in 2013 according to member firms**

<b>Member</b>	<b>Turnover in EUR thousand</b>	<b>Share</b>
ALTA INVEST	191,285	24.4%
PERSPEKTIVA BPD	115,490	14.7%
ILIRIKA	81,816	10.4%
WOOD & COMPANY FINANCIAL SERVICES	54,428	6.9%
NOVA LJUBLJANSKA BANKA	51,152	6.5%
OTHERS	289,347	36.9%
<b>Total (21)</b>	<b>783,519</b>	<b>100.0%</b>

Source: Ljubljana Stock Exchange

The most traded stock in 2013 was again pharmacist Krka (KRKG) from the Prime Market, which generated 40.5% of the total equity turnover. The runner-up in terms of turnover was the insurance company Zavarovalnica Triglav (ZVTG), which generated 15.9% of total equity turnover, while telecommunication company Telekom (TLSG) came third on 11.2%. On the bond market it was Slovenska odškodninska družba 2<sup>nd</sup> issue that had the highest turnover.

**Most traded equities on the LJSE in 2013**

<b>Most traded equities</b>	<b>Turnover in EUR thousand</b>	<b>Number of transactions</b>	<b>Market capitalisation in EUR m as of 31 Dec 2013</b>
KRKA	121,106	15,254	2,126
ZAVAROVALNICA TRIGLAV	47,565	3,662	432
TELEKOM SLOVENIJE	33,633	4,740	794
PETROL	24,093	3,560	455
MERCATOR	19,962	3,734	309
OTHERS	53,030	18,733	1,058
<b>Total</b>	<b>299,389</b>	<b>49,683</b>	<b>5,173</b>

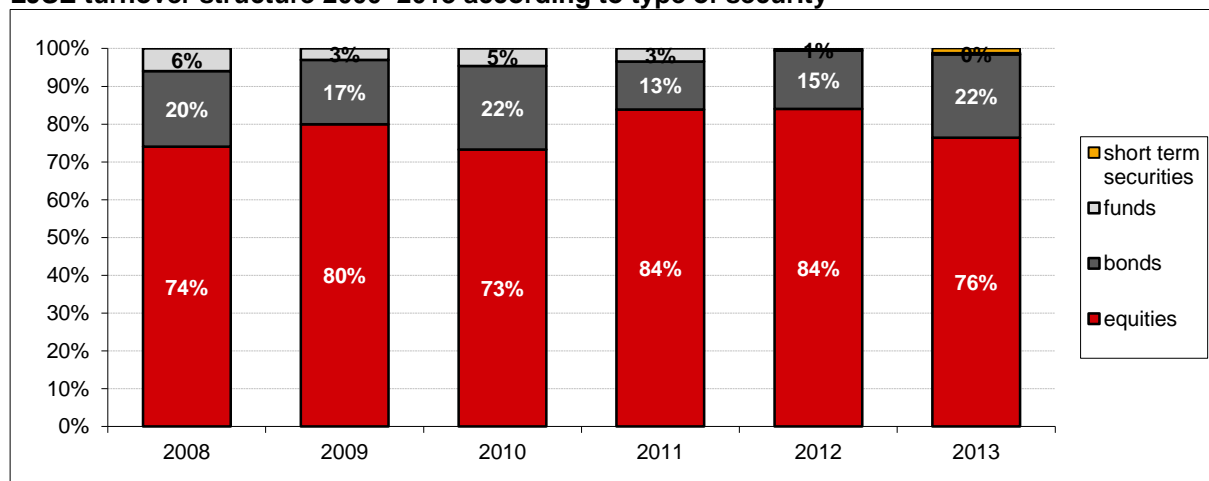
Source: Ljubljana Stock Exchange

**LJSE turnover structure according to markets in 2013**

<b>Market segment</b>	<b>Turnover</b>	<b>Share</b>
EQUITIES - PRIME MARKET	274,969,308	70.2%
EQUITIES - STANDARD MARKET	14,128,408	3.6%
EQUITIES - ENTRY MARKET	10,290,980	2.6%
BONDS	86,078,935	22.0%
FUNDS	1,770,504	0.5%
TREASURY BILLS	3,960	0.001%
COMMERCIAL PAPERS	4,517,325	1.2%
<b>Total</b>	<b>391,759,420</b>	<b>100.00%</b>

Source: Ljubljana Stock Exchange

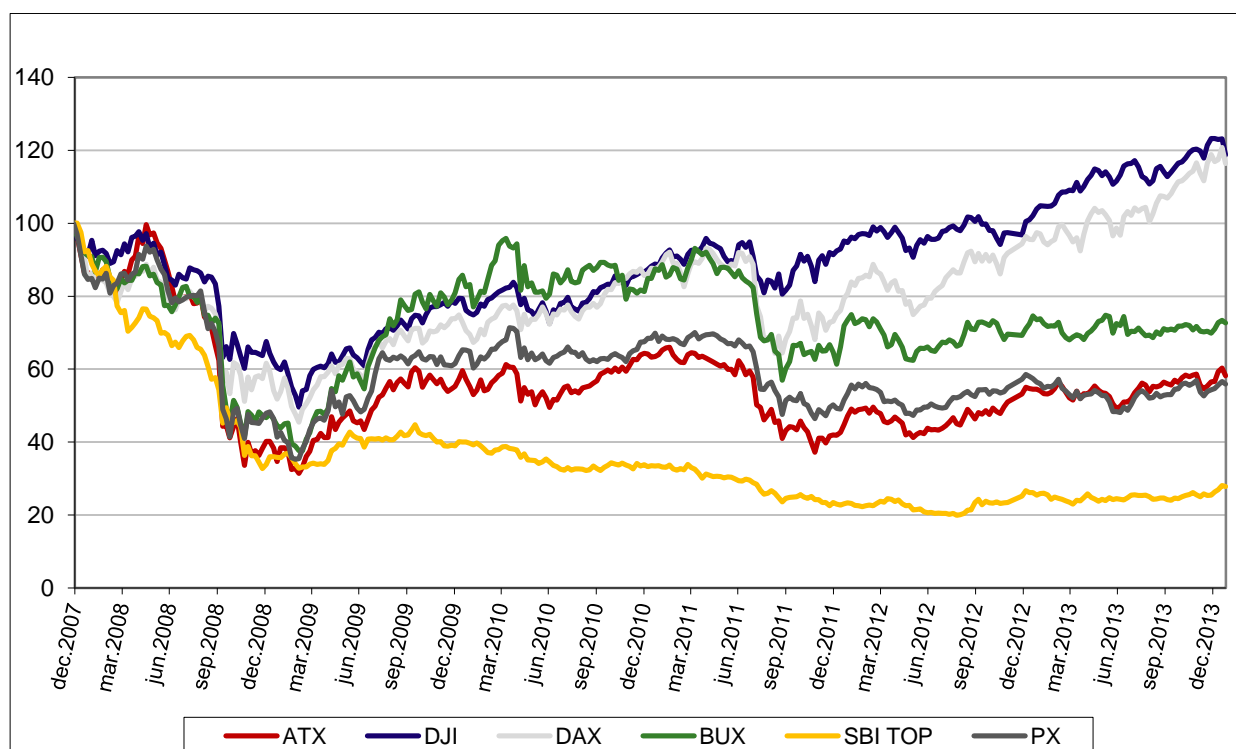
### LJSE turnover structure 2000–2013 according to type of security



Source: Ljubljana Stock Exchange

The LJSE blue chip index SBI TOP was up 3.2% in 2013, standing at 655.66 points on the last trading day. The graph below gives the performance of SBI TOP against selected world indices in EUR (31 Dec 2007 = 100).

### Comparison of selected world index performance (31 Dec 2007–31 Dec 2013)



Source: Ljubljana Stock Exchange

### LJSE activities in 2013

In 2013 the Ljubljana Stock Exchange was active in the following areas:

- Day-to-day operation of the market and infrastructure;

- Market promotion (domestic roadshows, the LJSE conference, redefining and upgrading the LJSE Portal prize for listed companies);
- Internal optimisation of operations;
- Market development (mutual membership arrangements within the CEESEG; Xetra® trading system upgrade, transfer of Xetra® IT services to the Vienna Stock Exchange and switch of the LJSE members to the IT services of the Vienna Stock Exchange, impact analysis of dual listing and of the transfer of trading to the Vienna Stock Exchange);
- Compliance activities:
  - New LJSE Rules;
  - New Trading Instructions, Instructions for the Index, Liquidity Criteria, Price List and other Statistical Data, Instructions for Admission and Monitoring of Member Firms and Traders;
  - New Guidelines on Disclosure for Listed Companies;
  - Creating contractual relationships between issuers/trading members and the LJSE;
  - Appointment of the Management Board for a new term of office;
  - Corporate governance (appointment of new members into the Supervisory Board, the Board of Issuers and the Board of Members);
  - New Supervisory Board Rules of Procedure;
  - New segmentation of securities into continuous or auction trading methods according to liquidity.

### LJSE promotion and development activities in 2013

Quarter:	Activity
<b>Q1 2013</b>	Appointment of new members into the Board of Issuers and the Board of Members
	Impact analysis of dual listing and of the transfer of trading to the Vienna Stock Exchange
	New Rules of Procedure of the LJSE Supervisory Board
	New LJSE Rules
	New Guidelines on Disclosure for Listed Companies
<b>Q2 2013</b>	New Trading Instructions, Instructions for the Index, Liquidity Criteria, Price List and other Statistical Data, Instructions for Admission and Monitoring of Member Firms and Traders
	Presentation of the LJSE and Prime Market companies at the financial event <i>Kapital</i>
	Investment conference in Ljubljana
	30 <sup>th</sup> Financial Conference in Portorož
	Appointment of the Management Board
	Appointment of new members of the Supervisory Board
<b>Q3 2013</b>	Creating contractual relationships between issuers/trading members and the LJSE
	Entering into membership agreements within the CEESEG
	New segmentation of securities into continuous or auction trading methods according to liquidity

Quarter	Activity
Q4 2013	New LJSE Rules
	Upgrade of the Xetra® trading system (14.0.)
	Presentation of the LJSE and our listed companies at the press conference accompanying the release of Dr Franjo Štiblar's book <i>Stebri finančnega sistema samostojne Slovenije</i> (transl.: Pillars of Independent Slovenia's Financial System )
	Transfer of Xetra® IT services to the Vienna Stock Exchange
	New York roadshow (in partnership with the Vienna Stock Exchange and Auerbach Grayson)
	Informal New Year's get-together with trading members and listed companies (bowling)
	Investor's Day in Ljubljana
	Evening reception following Investor's Day, as organised by the LJSE, and the investment conference organised by the ALTA Group and Slovenian restitution fund
	Redefining and upgrading the Portal prize for listed companies

## Domestic and international market promotion, and international cooperation

In 2013 the LJSE successfully carried out a series of promotion activities.

The basic programme included the following:

- Two investment conferences in Slovenia,
- One roadshow abroad (New York),
- General promotions of the Slovenian capital market and our blue chips, in local as well as international media,
- Issuing capital market promotion publications,
- Supporting international analyses by providing market trading data.

### Investment conferences in 2013

Event	Venue and date	Organised by
Slovene Capital Markets Day	Ljubljana, 18 April 2013	LJSE
New York roadshow with the Vienna Stock Exchange (for invited companies)	New York, 2 December 2013	Vienna Stock Exchange, Auerbach Grayson
Investment conference	Ljubljana, 5 December 2013	LJSE
Financial conference <i>Kapital</i> 2013 (showcasing the LJSE and our Prime Market companies)	Ljubljana, 24 and 25 April 2013	<i>Kapital</i> magazine

### Other LJSE events in 2013

Event	Venue and date
Financial Conference	Portorož, 14–15 May 2013

## Other activities, media promotion and publications

- The following publications were updated or issued anew with a view to promoting the capital market and our listed companies:
  - Guide for Investors 2013 (publication in Slovene),
  - The CEE Stock Exchange Group and its Capital Markets,
  - IPREO,
  - Monthly, half-year and annual statistical reports.
- In *Business and Investment Slovenia*, an annual publication of the Slovenia Times, and in the Slovenian *Kapital* magazine, we published two articles on the capital market and Slovenian listed companies.
- We stepped up the project of **redefining the renown LJSE Portal prize** for exemplary CG and IR practices, which has had a year-long tradition, in order to strengthen its promotion potential with respect to the Prime Market and the Slovenian capital market in general. The revamp will be complete in 2014.
- We have been sending out quarterly market reports (Market Quarterly) to all international investors in the CEESEG and to all international media (PR Newsflash).
- We also strive to continuously educate the youth about the Slovenian capital market. If we are approached by educational establishments, we give students free educational seminars about the LJSE at our premises.

## Market surveillance and best market practices

### Monitoring member firms and trades

Pursuant to the Slovenian Markets in Financial Instruments Act, the LJSE monitors member firms and trades with the intention of detecting breaches of the LJSE Rules (disorderly market conditions, market abuses). In 2013 the LJSE reviewed 22 trading supervision examination reports and, based on these examinations, it issued 9 reports on completed examinations or notices on suspicious trades, and forwarded them to the Securities Market Agency.

### Support to trading members

The LJSE cooperates closely with its trading members, both during regular daily market operations as well as in implementing changes and novelties to securities trading. We offered additional support to our trading members in 2013 during the upgrade of Xetra® and with respect to the optimization of electronic services and infrastructure. The latter should be completed at the CEESEG level in the first quarter of 2014. The optimization will result in our trading members connecting to the electronic services directly via the Vienna Stock Exchange, bringing savings and keeping the members' current level of electronic services practically intact.

### Counselling and support to listed companies

The LJSE cooperated with issuers regarding the execution of the LJSE decision procedures in respect of their securities, listed to the exchange market. Besides that LJSE also counsels Prime and Standard Market companies with respect to disclosure and corporate governance. At the special request of several issuers the LJSE organized individual one-on-one sessions with them.

The LJSE supported listed companies by promptly providing all the requisite information regarding listing of their securities on the exchange market. In February 2013 LJSE adopted renewed Guidelines on Disclosure for Listed Companies, which represents an example for good corporate communication.

## **Human resource management**

In 2013 the LJSE covered all its HR needs within the company, and invested into quality and efficient staff development. We made sure our employees' work environment was healthy and safe, and encouraged them to undergo additional training, seeing that in these difficult and rapidly changing times it is only well qualified, creative and loyal staff that can guarantee the company's long-term stability.

### **Employees**

We responded to the difficult economic situation by adjusting our HR policy. The reduced scope of operations resulted in a further decrease in the number of employees, with four employment relationships terminating in 2013.

On account of cost rationalisation the recruiting of new staff from the external market was limited. Short term recruiting was approved exceptionally in the area where we had no adequate in-house staff that could be delegated to the new post. We ended the year with the planned number of staff, 12, which is four less than a year ago. On 31 December 2013 two employees were laid off for business reasons, and we therefore entered 2014 with a staff of ten employees.

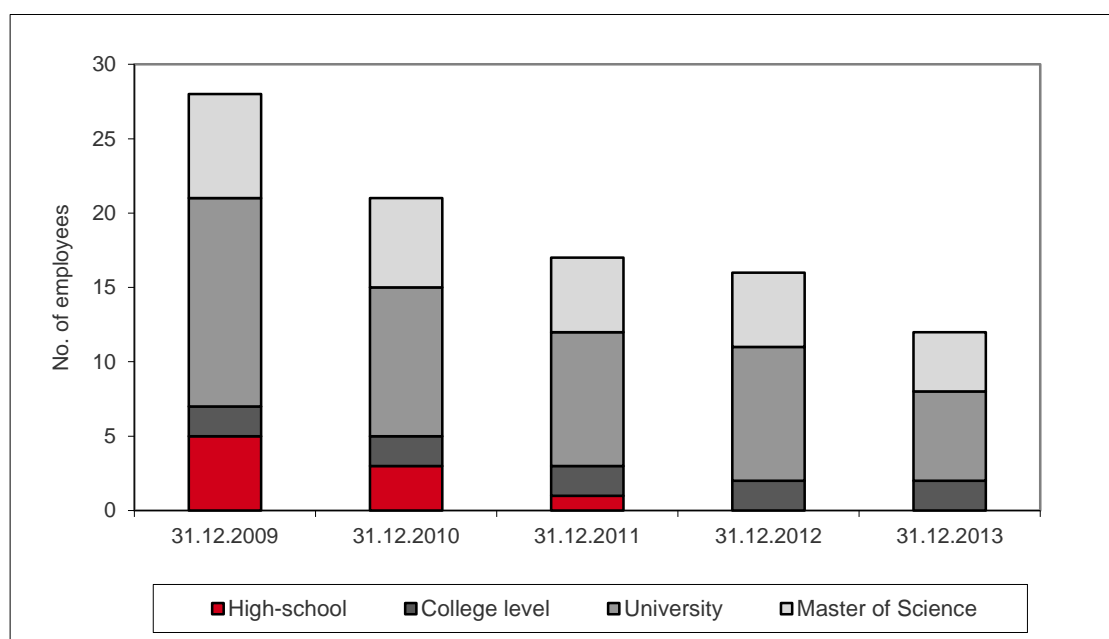
Two employment relationships (the one with the Member of the Management Board and the one with the Deputy Director of Market Operations) terminated due to resignations, while two other contracts were temporary and expired in 2013. In the course of internal restructuring certain members of staff with the requisite skills and motivation took the opportunity to grow personally and professionally by taking on new assignments, which is why we did not hire any new employees to replace the ones that had left.

### **Demographics, and employees' academic profiles**

The average age of the company's staff is 40.2 years, whereby 66.7% are women and 33.3% men.

At the end of 2013, the employees' educational profiles were as follows: 2 employees (17%) had a college-equivalent degree, 5 employees (56%) had a bachelor's degree, and 4 employees (33%) had a master's degree.

## Employees' academic profiles on 31 December 2013



## Staff training and development

Fast development in all areas requires employees to constantly upgrade their expertise. Since there is no development without knowledge we try to offer our staff expert training and education and therefore give them the opportunity to grow and advance both personally and professionally. They show that they value knowledge highly by enrolling into study programmes to obtain higher academic degrees, whereby the LJSE supports them by funding their tuition fees. The LJSE has spent 0.3% of operating revenue on staff training.

An important tool that enables efficient leadership and personal development of our employees is the semi-annual and annual interview, at which each employee and their superior define the objectives for the following year, set the priorities and discuss mutual expectations both with respect to the employee's work and personal development. On the basis of these discussions they plan future trainings and upgrades of expertise and skills. All LJSE employees conduct annual interviews with their superiors.

## Staff motivation

The LJSE has been providing for the quality of life of all of its employees for several years. We have been promoting a healthy lifestyle and bonding at sports and social events.

Since 2001 the LJSE has been investing additional optional pension insurance premiums on behalf of its employees with the Skupna pokojninska družba d. d. pension fund, thereby increasing the long-term social security of its employees.

## A safe and healthy environment

The LJSE considers a safe and healthy working environment for its employees to be of great importance. We realise that such an environment is a prerequisite for efficient and quality work, and we have therefore worked toward further reducing all risks resulting from work processes that our staff are faced with.

Consistent with our Health and Safety Statement and Risk Assessment, the LJSE regularly sends its employees to health inspections, while it also provides them with good working conditions and periodically

(once a year) carries out lighting and microclimate readings along with potential dangerous airborne substance measurements.

### **Communicating with employees**

The LJSE invests special efforts into communicating with employees. We regularly inform them of the company's strategy and development activities both inside the company and in the capital markets. Since we are a small team, communication is personal and efficient. We hold assemblies with employees several times a year and discuss daily matters by e-mail. At the CEESEG level we also started an internal bulletin in 2010, which comes out in four editions a year. It presents all four member stock exchanges and their employees in the various departments, therefore bringing information about the other members of the Group to all of us. Employees at the LJSE also confide in the employees' representative, who is a member of the LJSE Supervisory Board.

### **Social corporate responsibility**

The LJSE acknowledges its responsibility toward the environment in which it operates. Each year we receive numerous requests to sponsor sports, humanitarian and education programmes, and we always support some of them. At the end of the year we provide donations mainly to societies cooperating with institutions in an effort to help children with special needs and the underprivileged. We also fund projects that raise awareness about the capital markets in Slovenia.

In addition, the LJSE has been a year-long active supporter of projects and activities aimed at improving corporate governance in Slovenia, as this promotes one of the key strategic objectives of the company and the entire capital market, i.e. working towards a high quality regulated market.

## Business operations analysis

### Ljubljana Stock Exchange operations in 2013

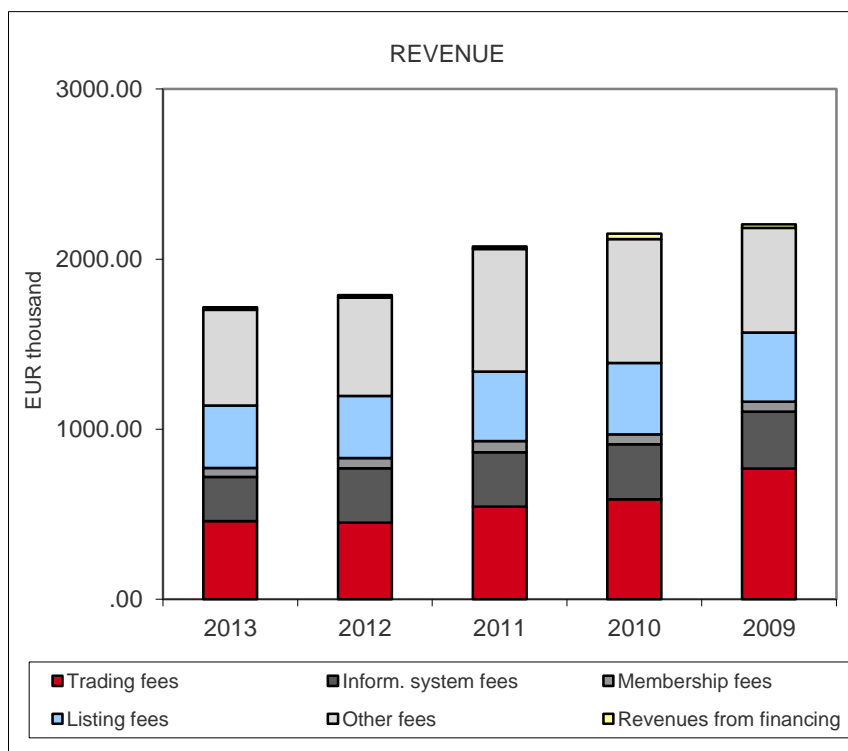
Uncertain global economic conditions and the difficult situation persisting in capital markets have had a large impact on the operations of the Ljubljana Stock Exchange. Nevertheless, the first time in five years LJSE had an increase in turnover on the stock market. In the period from January to December 2013 the LJSE generated a loss of EUR 31,037.

#### Revenue

Compared to the same period in 2013, total revenue was down 4.0% and amounted to EUR 1,716,686.

As much as EUR 1,138,084 of total revenue comes from the company's core business, i.e. trading fees, the use of the information system, membership fees and listing fees.

Over the past five years the share of revenue from our core business has ranged from 64.5% in 2011 to 82.2% in 2007, when it reflected the high income from trading fees. In 2013 revenue from our core business represents 66.3% of operating revenue.



#### ■ Revenue from trading fees

Compared to previous years, stock turnover in 2013 was higher in relative terms. Revenue from trading fees amounted to EUR 458,472, which is 26.7% of total revenue and represents an increase by EUR 8,409, or 1.9%, from 2012.

#### ■ Revenue from the use of the information system

They represent 15.2% of total revenue, which is EUR 260,480. On 31 December 2013, trading members had 17 agreements entered into with the LJSE on the use of Integral Access, which provides 4 J-Trader workstations.

#### ■ Membership fees

They amounted to EUR 52,917 and represent 3.1% of total revenue. In 2013 two members terminated their membership of the LJSE. On 31 December 2013 the LJSE thus had 21 members.

#### ■ *Revenue from listing fees*

Listing fees generated EUR 366,216 of revenue. In addition to new listings, which generated EUR 39,632, this also includes annual maintenance fees for listed securities (Prime Market, Standard Market and Entry Market shares, open-end funds, bonds and structured products) in the amount of EUR 293,585; revenue from fees for adopting decisions on listing expansions, on delistings and on suspensions of trading, which contributed EUR 31,400; and revenue in the amount of EUR 1,600 generated by the daily publication of open-end fund NAV.

#### ■ *Revenue from SEOnet and INFO STORAGE services*

SEOnet contributed EUR 217,985, representing 12.7% of total revenue, which is a decrease of 1.7 percentage point compared to 2012.

On 1 April 2010 the Ljubljana Stock Exchange became the operator of the officially appointed mechanism for the central storage of regulated information called INFO STORAGE. Using the criteria of cost accounting, which serve to allocate revenue, expenses, assets and liabilities, INFO STORAGE recorded a loss of EUR 19,711 in 2013.

On 31 December 2013, the LJSE had service management agreements concluded with 72 clients, whereby 69 were for SEO and INFO STORAGE services and 3 were for SEO services alone. At year-end 2012 we had 75 effective service management agreements concluded with clients.

#### ■ *Revenue from trade publication*

Revenue from the publication of trades in listed shares executed off-exchange amounted to EUR 14,610 in 2013.

#### ■ *Revenue from the co-organisation of the LJSE Conference*

The co-organization of the Financial Conference, the organisation of which was taken over by the Business Daily Finance, generated EUR 6,314 of revenue, which in the total revenue structure represents a 0.4% share.

#### ■ *Revenue from data dissemination*

Data dissemination generated 3.3% of total revenue, totalling EUR 56,200.

#### ■ *Revenue sharing with the Vienna Stock Exchange*

Under the agreement on sharing revenue, the LJSE transferred data dissemination and index licensing to the Vienna Stock Exchange on 1 April 2010. Its share of data dissemination revenue in 2013 amounted to EUR 173,541 and index licence fees to EUR 750.

#### ■ *Revenue from IT services*

The LJSE generated EUR 41,831 from its IT services, down 20.7% compared to 2012.

#### ■ *Revenue from roadshows*

It refers to the co-financing of two investment conferences in Slovenia, a Vienna Stock Exchange roadshow, the promotion of Prime Market companies at the financial conference *Kapital* 2013, and other general promotions. The total amount is EUR 41,900.

### ■ Other operating revenue

The LJSE generated EUR 10,160 of other revenue in 2013.

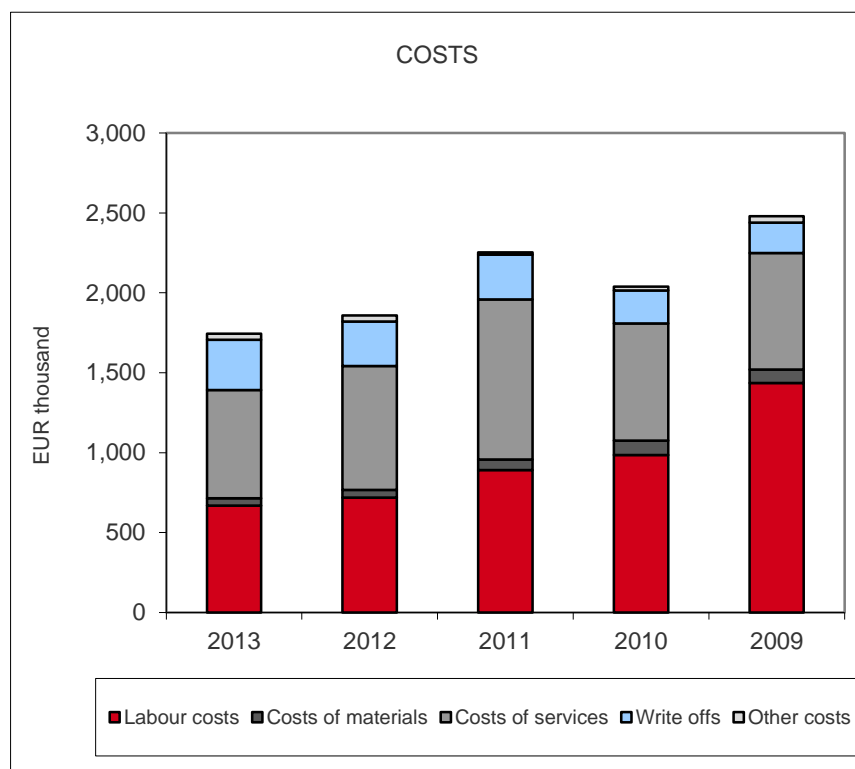
## Expenses

Total expenses amounted to EUR 1,751,676, down 5.4% compared to 2012.

Most of the expenses are operating expenses, while financing expenses and extraordinary expenses represent only a small segment.

In recent years the employee benefits cost ranged from representing 38.5% of total expenses in 2013, when it reflected further layoffs and wage decreases, to representing 59.1% of total expenses back in 2007.

Costs of materials and services represent 41.3%, and write-offs 18.0%. The share of the latter increased in 2013 compared to the year before mainly because of the adjustment of a building's carrying value to fair value.



### ■ Employee benefits cost

On 31 December 2013, the Ljubljana Stock Exchange had 12 employees (the employment relationships of two terminated on that very day) or 12.27 employees considering the hours worked. The company's costs of salaries for 2013 amount to EUR 675,001, which is 38.5% of total expenses.

Salaries include bonus payments. Variable remuneration paid in 2013 amounted to EUR 55,543. In addition, the employee benefits cost also includes: EUR 10,878 of severance pays to two employees whose employment relationships terminated for business reasons on 31 December 2013, EUR 29,400 (plus contributions) of severance pay to the former Member of the Management Board, EUR 12,521 of the costs of restructuring in 2013, and EUR 6,762 of unspent 2013 annual leave costs.

### ■ *Costs of materials*

Costs of materials amount to EUR 45,443 and include EUR 33,668 of energy costs, EUR 5,304 of expert literature and subscription costs, EUR 5,066 of stationery costs and EUR 1,405 of other costs of materials.

### ■ *Costs of services*

Costs of services amount to EUR 678,495. The largest items are the costs of fixed asset maintenance (EUR 92,485), the costs of business premises maintenance (EUR 36,830), leases and rents (EUR 59,515), the costs of business trips (EUR 14,563), advertising and entertainment costs (EUR 27,833), the costs of services by natural persons (EUR 17,275), counselling services (EUR 98,622), the costs of using Xetra® and FIX (EUR 188,365), postal and telephone costs (EUR 44,524), and the costs of surveillance over stock exchange operations (EUR 72,000).

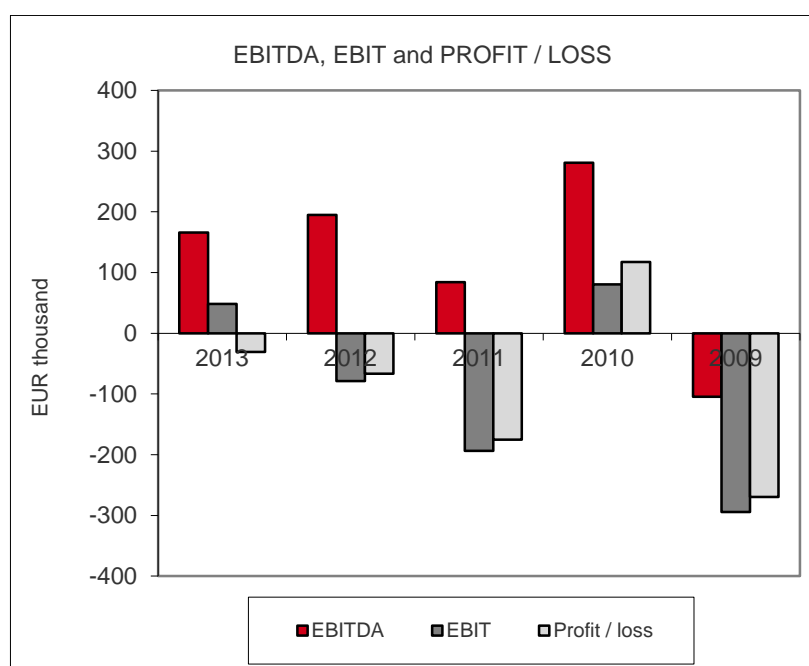
### ■ *Other operating costs*

Other operating costs amount to EUR 35,603 and include provision for costs of HR restructuring in the amount of EUR 22,500 and other operating costs in the amount EUR 13,103.

## Profit or loss for the period

EBITDA was substantially down compared to 2012, amounting to EUR 166,017.

EBIT was EUR 48,297, and total loss amounts to EUR 31,037.



## Assets

On 31 December 2013 total assets amounted to EUR 2,595,175, down 16% compared to the year-end of 2012.

EUR thousand

	31 Dec 2013	31 Dec 2012
Non-current assets	1,621.80	2,162.43
Current assets	915.60	860.63
Deferrede costs and accrued revenue	57.80	52.84
<b>Total assets</b>	<b>2,595.20</b>	<b>3,075.90</b>
Equity	2,382.00	2,615.22
Provisions, and long-term accrued costs and deferred revenue	26.80	92.62
Non-current liabilities	0.00	45.45
Current liabilities	170.70	286.8
Short term accrued costs and deferred revenue	14.70	35.81
<b>Total equity and liabilities</b>	<b>2,594.20</b>	<b>3,075.90</b>

## Performance indicators

Ratio	2013	2012	2011	2010	2009
<b>Financing state ratios</b>					
Equity financing rate	91.82	85.02	87.27	87.48	87.97
Long-term liabilities rate	6.58	10.80	12.30	12.15	10.85
Long-term financing rate	92.86	89.51	89.06	89.25	89.86
Equity rate	58.79	53.57	51.15	47.98	50.04
<b>Investments ratios</b>					
Operating fixed assets rate	61.42	69.48	76.29	77.39	69.43
Long-term assets rate	62.49	70.30	76.77	77.82	69.81
Short-term assets rate	35.28	29.70	23.23	22.18	30.19
<b>Horizontal financial structure ratios</b>					
Equity to operating fixed assets	1.50	1.22	1.14	1.13	1.27
Immediate solvency ratio	4.58	2.37	1.59	1.24	2.15
Quick ratio	5.36	3.00	2.03	1.94	3.12
Current ratio	5.36	3.00	2.03	1.94	3.12
<b>Operating efficiency ratios</b>					
Operating efficiency ratio	0.97	0.96	0.91	1.04	0.88
Total efficiency ratio	0.98	0.97	0.92	1.05	0.89
<b>Profitability ratios</b>					
Return on equity	-1.01	-2.42	-6.30	3.97	-9.40
Net return on equity – ROE	0.00	0.00	0.00	2.28	0.00

## Objectives and plans for 2014

We expect 2014 to be a stable year, with operating conditions nevertheless deteriorating further. The Slovenian economy continues to witness macroeconomic, political and market imbalances, while consolidation in the financial industry at the domestic as well as international level is also ongoing. This will all additionally step up the decrease in the number of listed companies and trading members in Slovenia. A similar trend is expected to continue into 2015.

The announced privatization of certain large state-owned companies will probably increase market activity and enhance liquidity in the short term. However, in the long term negative impacts will prevail. The Prime Market is no exception: we can expect acquisitions of 100% stakes in some of our blue chips, followed by their subsequent delistings.

The Ljubljana Stock Exchange sees the main opportunity for further capital market growth and development in international investors if their role increases, and in the enhanced liquidity of existing products. The future impact of new privatization shares, on the other hand, is estimated to be limited. The investment capacity of the domestic investment pool will also be limited in the coming years, making international investors the more important. The easiest way to bring international investors to Slovenia is by linking the CEESEG markets even closer together, and by using an efficient common Vienna SE-operated trading, clearing and settlement, and promotional infrastructure.

Our main activities planned for 2014 are:

- Stable and efficient day-to-day operation of the market,
- Completion of our internal restructuring and work process optimization,
- Local and international market promotion (roadshows),
- Reaching an agreement with the most important stakeholders about the future development and functioning of the market.

The current situation in the Slovene capital market – and especially the negative expectations about trends in the coming years – demand we constantly adjust the LJSE's operations. The decreasing numbers of local trading members and listed companies will have a negative impact on our fixed revenue from listing fees, membership fees and IT fees. It is therefore of paramount importance that market liquidity improves, so that our revenue from trading fees and market data vending increases.

## FINANCIAL STATEMENTS AND DISCLOSURES

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## **Management responsibility for the financial statements**

The Management Board hereby endorses the financial statements of the Ljubljana Stock Exchange for the financial year ended 31 December 2013, with notes thereto, along with the accounting guidelines of the annual report.

We hereby reaffirm our responsibility for a fair presentation of the financial statements in accordance with the Slovenian Accounting Standards. The Management Board confirms that suitable accounting policies were adhered to and that accounting valuations were conducted sensibly and according to the precautionary principle. The financial statements have been produced on the basis of going concern.

The Management Board is responsible for the appropriate management of accounts, for the adoption of the measures required to safeguard company assets, and for the prevention of exposure to fraud and other irregularities.

Ljubljana Stock Exchange

Nina Vičar, MSc  
Member of the Management Board

Andrej Šketa,  
President of the Management Board

## Financial statements

### Balance sheet as at 31 Dec 2013

in EUR

	Notes	31 Dec 2013	31 Dec 2012
<b>ASSETS</b>		<b>2,595,175</b>	<b>2,875,897</b>
<b>Non-current assets</b>		<b>1,621,835</b>	<b>2,162,431</b>
Intangible assets and long-term deferred and accrued items	1.1	251,294	393,525
Property, plant and equipment	1.2	1,342,534	1,743,651
Deferred tax assets	1.3	28,007	25,254
<b>Current assets</b>		<b>915,580</b>	<b>660,631</b>
Current investments	1.4	383	207,978
Current operating receivables	1.5	134,519	182,242
Cash and cash equivalents	1.6	780,678	270,410
<b>Short-term deferred costs and accrued revenues</b>	1.7	<b>57,759</b>	<b>52,835</b>
<b>EQUITY AND LIABILITIES</b>		<b>2,595,174</b>	<b>3,075,897</b>
<b>Equity</b>	1.8	<b>2,382,999</b>	<b>2,615,218</b>
Called-up capital		1,400,893	1,400,893
Capital surplus		462,775	462,775
Revenue reserves		519,331	544,509
Revaluation surplus		0	207,041
Retained earnings		0	0
Net profit or loss for the period		0	0
Retained revaluation surplus		0	0
<b>Provisions and long-term accrued costs and deferred revenues</b>	1.9	<b>26,759</b>	<b>92,620</b>
<b>Non-current liabilities</b>		<b>0</b>	<b>45,448</b>
Deferred tax liabilities	1.10	0	45,448
<b>Current liabilities</b>		<b>170,717</b>	<b>286,800</b>
Current financial liabilities		0	0
Short-term trade payables	1.11	170,717	286,800
<b>Short-term accrued costs and deferred revenues</b>	1.12	<b>14,699</b>	<b>35,811</b>

Notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

## Income statement for the year ended 31 Dec 2013

in EUR

		2013	2012
<b>Sales revenues</b>	2.1	<b>1,701,374</b>	<b>1,772,739</b>
Sales revenues from domestic market		1,419,840	1,468,792
Sales revenues from abroad		281,535	303,946
<b>Other operating revenue</b>		<b>0</b>	<b>667</b>
<b>OPERATING EXPENSES</b>	2.2		
<b>Costs of goods, material and services</b>	2.2.1	<b>723,938</b>	<b>817,315</b>
Costs of materials used		45,443	47,952
Costs of services		678,495	769,362
<b>Employee benefits cost</b>	2.2.2	<b>675,001</b>	<b>740,967</b>
Costs of wages and salaries		491,753	528,976
Pension insurance costs		11,512	12,942
Other social insurance costs		85,954	89,505
Other employee benefits cost		81,524	86,389
Provisions		4,259	23,155
<b>Write-downs</b>	2.2.3	<b>315,129</b>	<b>279,605</b>
Depreciation and amortisation		214,313	273,622
Revaluatory operating expenses associated with intangible assets and property, plant and equipment		80,207	442
Revaluatory operating expenses associated with operating current assets		20,609	5,541
<b>Other operating expenses</b>	2.2.4	<b>35,603</b>	<b>14,355</b>
<b>OPERATING LOSS</b>		<b>-48,297</b>	<b>-78,836</b>
Financial revenue from investments	2.3	12,423	13,253
Financial revenue from trade receivables	2.4	2,098	1,577
Financial expenses for financial liabilities	2.5	2,000	0
Financial expenses for trade payables	2.6	1	4
<b>LOSS FROM ORDINARY ACTIVITIES</b>		<b>-35,776</b>	<b>-64,009</b>
Other revenue	2.7	791	41
Other expenses	2.8	5	52
<b>LOSS BEFORE TAX</b>		<b>-34,990</b>	<b>-64,020</b>
Income tax expense	2.9	0	0
Deferred taxes		3,952	-2,407
<b>LOSS FOR THE PERIOD</b>	2.10	<b>-31,037</b>	<b>-66,427</b>

Notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

## Statement of comprehensive income for the year ended 31 Dec 2013

in EUR

	2013	2012
Loss for the period	-31,037	-66,427
Changes of intangible assets and property, plant and equipment revaluation surplus	-206,901	0
Changes of short-term investment revaluation surplus	-139	-5,433
Profit or loss of result from translation of financial statement in foreign currencies	0	0
Other components of comprehensive income	0	0
<b>Total comprehensive loss for the period</b>	<b>2.11 -238,078</b>	<b>-71,860</b>

Notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

## Cash flow statement for the year ended 31 Dec 2013

in EUR

	2013	2012
<b>A. Cash flows from operating activities</b>		
<b>a) Income Statement items</b>	<b>317,213</b>	<b>231,642</b>
Operating revenue	1,702,165	1,772,905
Financial revenue from trade payables	1,262	1,577
Operating expenses excluding depreciation and amortisation	-1,386,214	-1,545,990
Income taxes and other taxes not included in operating expenses	0	3,149
<b>b) Changes of net operating assets in Balance Sheet items</b>	<b>-229,892</b>	<b>-63,375</b>
Change in trade receivables	26,840	-43,756
Change in deferred costs and accrued revenue	-5,477	-536
Change in deferred tax assets	-2,752	3,823
Change in operating debts	-116,083	-34,859
Change in accrued items and provisions	-86,972	22,432
Change in deferred tax liabilities	-45,448	-10,479
<b>c) Net cash from operating activities (a + b)</b>	<b>87,320</b>	<b>168,267</b>
<b>B. Cash flows from investing activities</b>		
<b>a) Cash receipts from investing activities</b>	<b>433,676</b>	<b>14,105</b>
Interest received	14,155	13,563
Proceeds from disposal of intangible assets	0	0
Proceeds from sale of property, plant and equipment	14,850	542
Proceeds from disposal of non-current assets	0	0
Proceeds from disposal of current assets	404,671	0
<b>b) Cash disbursements from investing activities</b>	<b>-10,729</b>	<b>-230,147</b>
Purchase to acquire intangible assets	-9,946	-13,475
Purchase of property, plant and equipment	-783	-16,673
Payments in connection with non-current investments	0	0
Payments in connection with current investments	0	-200,000
<b>c) Net cash from investing activities (a + b)</b>	<b>422,948</b>	<b>-216,042</b>
<b>C. Cash flows from financing activities</b>		
<b>a) Cash receipts from financing activities</b>	<b>0</b>	<b>0</b>
Capital increase	0	0
Tax prepayment	0	0
Proceeds from increase in long-term financial liabilities	0	0
Proceeds from increase in short-term financial liabilities	0	0
<b>b) Cash disbursements from financing activities</b>	<b>0</b>	<b>0</b>
Interest paid	0	0
Repayment of equity	0	0
Repayment of long-term financial liabilities	0	0
Repayment of short-term financial liabilities	0	0
Dividends paid	0	0
<b>c) Net cash from financing activities (a + b)</b>	<b>0</b>	<b>0</b>
<b>D. Net cash and cash equivalents as at end of period</b>	<b>780,678</b>	<b>270,410</b>
Net increase in cash and cash equivalents (Ac+Bc+Cc)	510,268	-47,775
Cash and cash equivalents as at beginning of period	270,410	318,186

Notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

## Statement of changes in equity

### Statement of changes in equity for 2013

											in EUR
		Called-up capital	Capital surplus			Revenue reserves		Revaluation surplus	Retained earnings		Total equity
			Payments over carrying amount in redemption of shares	Amounts from simplified capital decrease	General equity revaluation adjustment	Legal reserves	Other reserves		Retained net profit / loss	Net profit / loss for the period	
<b>A.1.</b>	<b>Balance at 31 Dec. 2012</b>	1,400,893	143	364,570	98,063	544,509	0	207,041	0	0	2,615,218
<b>A.2.</b>	<b>Balance at 1 Jan. 2013</b>	1,400,893	143	364,570	98,063	544,509	0	207,041	0	0	2,615,218
<b>B.2.</b>	<b>Total comprehensive income for 2013</b>										
	Profit / loss for the period	0	0	0	0	0	0	0	0	-31,037	-31,037
	Changes in revaluation surplus related to intangible assets	0	0	0	0	0	0	-206,901	0	0	-206,901
	Changes in revaluation surplus related to investments	0	0	0	0	0	0	-139	0	0	-139
	Other components of comprehensive income	0	0	0	0	0	0	0	0	0	0
<b>B.3.</b>	<b>Changes in equity</b>										
	Capital decrease (settlement of loss for 2013 from other components of equity)	0	0	0	0	-25,178	0	0	-5,859	31,037	0
	Other changes in equity	0	0	0	0				5,859		5,859
<b>C.</b>	<b>Balance at 31 Dec. 2013</b>	1,400,893	143	364,570	98,063	519,331	0	0	0	0	2,382,999
	<b>ACCUMULATED PROFIT FOR 2013</b>	-	-	-	-	-	-	-	0	0	0

Notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

The company had recorded no accumulated profit in 2012 and therefore at the GM on 17 June 2013 shareholders only reviewed the results.

As stipulated in a Management Board resolution, loss for the financial year 2013 – which amounts to a total of EUR 31,037 and consists of loss for the year in the amount of EUR 34,990 and deferred tax assets in the amount of EUR 3,953 – will be fully offset against EUR 5,859 of retained earnings from previous years and against EUR 25,178 of legal reserves.

The company did not report any accumulated profit for 2013.

Share book value as at 31 December 2013 was EUR 70.98.

## Statement of changes in equity for 2012

											in EUR
		Called-up capital	Capital surplus			Revenue reserves		Revaluation surplus	Retained earnings		Total equity
			Payments over carrying amount in redemption of shares	Amounts from simplified capital decrease	General equity revaluation adjustment	Legal reserves	Other reserves		Retained net profit / loss	Net profit / loss for the period	
<b>A.1.</b>	<b>Balance at 31 Dec. 2011</b>	1,400,893	143	364,570	98,063	609,397	41,932	223,706	-37,048	-18,524	<b>2,683,131</b>
<b>A.2.</b>	<b>Balance at 1 Jan. 2012</b>	1,400,893	143	364,570	98,063	609,397	41,932	223,706	-55,572	0	<b>2,683,131</b>
<b>B.2.</b>	<b>Total comprehensive income for 2012</b>										
	Profit / loss for the period	0	0	0	0	0	0	0	8,382	-66,427	<b>-58,045</b>
	Changes in revaluation surplus related to intangible assets	0	0	0	0	0	0	-11,001	0	0	<b>-11,001</b>
	Changes in revaluation surplus related to investments	0	0	0	0	0	0	1,133	0	0	<b>1,133</b>
	Other components of comprehensive income	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>B.3.</b>	<b>Changes in equity</b>										
	Capital decrease (settlement of loss for 2012 from other components of equity)	0	0	0	0	-64,888	-41,932	0	40,393	66,427	<b>0</b>
	Other changes in equity	0	0	0	0	0	0	-6,797	6,797	0	<b>0</b>
<b>C.</b>	<b>Balance at 31 Dec. 2012</b>	<b>1,400,893</b>	<b>143</b>	<b>364,570</b>	<b>98,063</b>	<b>544,509</b>	<b>0</b>	<b>207,041</b>	<b>0</b>	<b>0</b>	<b>2,615,218</b>
	<b>ACCUMULATED PROFIT 2012</b>	-	-	-	-	-	-	-	<b>0</b>	<b>0</b>	<b>0</b>

Notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

## Notes to financial statements

### Taxation

The company is a taxable person:

- Under the Corporate Income Tax Act (Official Gazette RS No 40/04, 139/04, 17/05, 108/05, 117/06, 90/07, 56/08, 76/08, 92/08, 5/09, 96/09, 110/09, 43/10, 59/2011, 30/2012, 24/2012, 94/2012 and 81/2013),
- Under the Value Added Tax Act (Official Gazette RS No 89/98, 17/00, 30/01, 103/01, 67/02, 114/04, 108/05, 21/06, 117/06, 52/07, 33/09, 85/09, 85/2010, 18/2011, 78/2011, 38/2012, 40/2012, 83/2012 and 14/2013-ZIPRS1314-A),
- Under the Rules on the Implementation of the Value Added Tax Act (Official Gazette RS No 4/99, 45/99, 59/99, 110/99, 17/00, 19/00, 27/00, 22/01, 28/01, 54/01, 106/01, 79/02, 54/04, 122/04, 60/05, 117/05, 1/06, 10/06, 141/06, 120/07, 21/08, 123/08, 105/09, 27/10, 104/2010, 110/2010, 82/2011, 108/2011, 106/2011, 102/2012 and 54/2013),
- Under the Tax Administration Act (Official Gazette RS No 57/04, 139/04, 114/06, 40/09 and 33/2011) and
- Under the Tax Procedure Act (Official Gazette RS No 54/04, 139/04, 56/05, 96/05, 100/05, 21/06, 117/06, 24/08, 125/08, 85/09, 110/09, 1/10, 43/10, 97/2010, 32/2012 and 94/2012).

### Basis of presentation

In compiling the Balance Sheet as at 31/12/2013, the Income Statement and the Cash Flow Statement for 2013, Slovenian Accounting Standards (SAS) and the following basic accounting principles were considered:

- Going concern,
- True and fair presentation, in the conditions of changing euro values and prices,
- Consistency and constancy of valuations,
- Strict adherence to the principle of accounting on an accrual basis,
- Revenue and expenditure were recognized in the financial statements for the respective year ended,
- Individual items of assets and liabilities are valued independently.

### Relations with other companies

The company has no participating interests in other companies, neither directly not through other entities acting on behalf of the company.

### Recording items

In preparing the enclosed financial statements and notes to financial statements, the historical cost convention was adhered to, except for the building with associated land, which was valued according to the principle of fair value.

### Accounting principles

In recognizing and valuating items, the provisions of the SAS were adhered to as a rule, except in valuating items for which the SAS allow for different valuation methods, where the company used the principles described below.

## Intangible assets and long-term deferred costs and accrued revenues

The company's intangible assets include long-term property rights and long-term deferred costs and accrued revenue.

After initial recognition intangible assets are recognised at cost value. These assets are measured at cost less accumulated amortization.

Amortization of intangible assets is provided on a straight-line basis.

Amortization rates:

Amortization rate	Rate in % for start of amortization before 1 Jan. 2003	Rate in % for start of amortization after 1 Jan. 2003	Rate in % for start of amortization after 1 Jan. 2007
Intangible assets	33.3	20.0	
Software			20.0
Licences			20.0

The amortization period and amortization method for an intangible asset with finite useful life is reviewed at least at each financial year-end. If the asset's expected useful life differs significantly from previous estimates, the amortisation period changes accordingly.

The value of an intangible asset is also estimated on the reporting date to assess whether there are objective indications of impairment. For an intangible asset with indefinite useful life and/or for an intangible asset not yet in use, its recoverable amount is calculated once a year irrespective of whether indications of impairment exist or not.

Impairment losses are recognised in the Income Statement as revaluation operating expenses associated with intangible assets.

Reversed impairment losses for intangible assets are only recognised if their recoverable amount increases and this increase can be objectively related to an event after the recognition of loss. Impairment losses are reversed only up to the carrying amount that would be recognised after deducting accumulated depreciation if no impairment losses had been recognised in previous periods.

Long term deferred costs and accrued revenues refer to long-term deferred costs.

## Property, plant and equipment

The company's property, plant and equipment item includes: building and associated land, equipment and small tools with useful lives of over a year and cost values of up to EUR 500 each.

Property, plant and equipment that meet the criteria for recognition are initially recognised at cost value, composed of the purchase price and all costs of preparing the asset for its intended use.

After initial recognition, items of property, plant and equipment are measured at cost, apart from the building and associated land, which are measured at fair value. If subsequently incurred costs related to property, plant or equipment increase the asset's future benefits as compared to previous evaluations, they increase its cost value.

Each item of property, plant and equipment is depreciated separately, using the straight-line depreciation method.

Land is not depreciated.

## Depreciation rates:

Depreciation rate	Rate in % for start of deprec. before 1 Jan. 2003	Rate in % for start of deprec. after 1 Jan. 2003	Rate in % for start of deprec. after 1 Jan. 2007	Changed rate (%) due to new valuation method from 1 Jul. 2007	Changed rate (%) due to revaluation of buildings from 1 Oct. 2012	Changed rate (%) due to revaluation of buildings from 1 Dec. 2013
Buildings	2.0	2.0	2.0	2.685	3.038	3.150
Computers	20.0 - 40.0	40.0	40.0			
Furniture and other equipment	30.0 - 40.0	25.0	25.0			

Depreciation of an item of property, plant and equipment obtained in the current year begins on the first day of the following month after it has become available for use. Assets in the course of construction or manufacturing are not depreciated until they are available for use.

An asset's residual value and remaining useful life are examined on the reporting date, and adjusted accordingly if expectations differ from previous estimates.

Property, plant and equipment are examined every year for indications of impairment. If any such indications exist, an estimate of the recoverable amount is made, which is the higher of its net selling price less the cost of selling, and value in use. If an asset's recoverable amount exceeds its carrying amount, the asset is not impaired.

If the carrying amount of an asset or a group of assets exceeds their carrying amount, the company reduces the recognised cost values of its property, plant and equipment as well as proportionately reduces the relevant impairment loss.

Reversed impairment losses for property, plant and equipment are only recognised if their recoverable amount increases and this increase can be objectively related to an event after the recognition of loss. Impairment losses are reversed only up to the carrying amount that would be recognised after deducting accumulated depreciation if no impairment losses had been recognised in previous periods.

Property, plant and equipment disposed of or destroyed are no longer recorded on books of account, since no benefits can be expected of them. Any incurred profits increase operating revenues and any incurred losses increase operating expenses.

### Revaluation of the building with associated land

More important assets are assessed for impairments separately. At least every five years or, in case of external indications of impairment, even more often, the company commissions a certified appraiser to appraise its property.

If the revaluation increases the building's carrying amount, the increase is credited directly to Equity, under the item revaluation surplus. It is transferred to the Income Statement gradually or when the asset is derecognised. The decrease of carrying amount to fair value is recognised in the Income Statement. The decrease of carrying amount due to revaluation is debited directly to Equity, under the item revaluation surplus, to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

In 2013 the company did not examine the fair value of its building and associated land.

On the basis of the appraisal prepared by a certified appraiser, the company adjusted as at 30 November 2013 the carrying amount of its building to fair value, by eliminating accumulated depreciation and reducing revaluation surplus; the difference between the formed revaluation surplus and fair value is recognised in the Income Statement.

## **Investments**

Non-current and current investments are given separately, and are upon initial recognition grouped into:

- Investments in loans;
- Investments available for sale.

As a rule, the company allocates investments into available-for-sale investments and recognises them directly in Equity. Revenue due to change in fair value is recognised as the revaluation surplus, which can be negative.

Interest accrued under the effective interest rate is recognised in the Income Statement. Upon initial recognition investments are measured at fair value, without eliminating transaction costs that might arise upon sale or other disposal. The initially recognised value is increased by transaction costs directly related to the acquisition of the investment.

Available-for-sale investments are examined for indications of impairment each quarter, with impairment losses calculated using the assets' current fair value. Changes of fair value are recognised directly in the Statement of Other Comprehensive Income as an increase (gain) or decrease (loss) of revaluation surplus. In derecognising available-for-sale assets, the accumulated loss or gain is transferred from the Statement of Other Comprehensive Income into the Income Statement.

Upon initial recognition, investments in loans are measured at historical cost, and later at amortised cost using the effective rate method. Investments are impaired if there is objective evidence that the company will not collect its receivables under contractual terms.

The effect of recognising interest under the effective interest rate was estimated as insignificant.

## **Receivables**

Receivables of all types are initially recognised at amounts stipulated in the relevant documents, under the assumption they will be collected. Receivables denominated in foreign currency are converted at the Bank of Slovenia middle exchange rate at the end of the period, and any translation difference is recognised as financial revenue or expenditure.

Subsequent increases or decreases of receivables increase the relevant operating (or financial) revenue or expenses.

Allowances for bad receivables are formed when their collection is doubtful, if we have information of the poor financial condition of the buyer or of the compulsory settlement or liquidation of the buyer. As dictated by experience from previous accounting periods and considering expectations, allowances for bad receivables are mandatorily formed at the end of each financial year. Allowances for bad receivables are formed for the entire amount of outstanding receivables, for all receivables not settled within 90 days after they were due.

## **Cash and cash equivalents**

Cash and cash equivalents include cash on bank accounts and cash in hand.

Cash and cash equivalents denominated in the national currency are recognised at nominal value. Foreign currency and foreign exchange is converted into the national currency as at the day received, applying the exchange rate as of that day. The foreign currency account balance is converted at the middle exchange rate as at the day of the Balance Sheet. The exchange rate difference is recorded under financial revenue or expenses.

## **Equity**

Total equity is distributed into share capital, share premium amount, amounts from the simplified decrease of share capital, general equity revaluation adjustment, reserves, retained net profit from previous periods, undistributed profit for the financial year, revaluation surplus and revaluation surplus adjustment, and retained revaluation surplus. Share capital is recognised in the national currency.

## **Provisions and long-term accrued costs and deferred revenues**

Provisions and long-term provisions include long-term deferred revenue that will cover the anticipated expenses within a period longer than one year. When services are charged, therefore, they are not included into the Income Statement, since at the time there is no need to settle those expenses.

Provisions are defined for present liabilities which stem from obligating past events and are expected to be settled at a time period which is not certain and in the amount which can be reliably estimated. The purpose of provisions is to collect amounts in the form of accrued costs or expenses, which will in the future enable the company to cover the then incurred costs or expenses.

## **Liabilities**

Current and non-current liabilities of all types are initially recognised in the amounts stipulated by the relevant documents, assuming that creditors will demand their execution.

Current liabilities may subsequently increase or decrease, directly or independently of executed payment, by an amount agreed with the creditor. Subsequent increases of current liabilities increase the relevant operating (or financing) expenses (costs).

## **Short-term accrued and deferred items**

Deferred costs and accrued revenue include deferred costs (expenses) and temporarily accrued revenue. Short-term deferred costs include amounts that do not upon incurrence burden the company's activity. Temporarily accrued revenue is incurred when the Income Statement recognises revenue that has not yet been received or charged for. The recognition of short-term accrued revenue and deferred costs in the books of account and the Balance Sheet is reversed when their possible incurrence no longer exists or when short-term accruals and deferrals are no longer needed. Short-term deferred costs (expenses) are converted into accrued costs (expenses) when they are recognised in the Income Statement. Accrued expenses extinguish when the relevant liability is recognised or payment is made. Short-term accrued revenue extinguishes when the relevant receivable is recognised or payment is received.

Accrued costs and deferred revenue include accrued costs (expenses) and short-term deferred revenue. Accrued costs include costs expected but not yet incurred and refer to the period of the Income Statement. Short-term deferred revenue is incurred when the company's services had been charged for but not yet rendered. Revenue can also be deferred for a short term when at the time of sale it is still doubtful whether it will be received. The recognition of short-term accrued costs and deferred revenue in the books of account and the Balance Sheet is reversed when their possible incurrence no longer exists or when short-term deferrals and accruals are no longer needed. Short-term accrued costs (expenses) subsequently take the place of the actual incurred costs (expenses) of the same type, and are thus no longer included in the Income Statement for the relevant financial year. Short-term deferred revenue is transformed into accrued revenue when the relevant services have been rendered, or when they become eligible for inclusion into the Income Statement and the relevant costs have to be covered.

During the year and upon drawing up the financial statements, the company verifies whether it is justified and necessary to recognise short-term accruals and deferrals. In estimating the accuracy of their value, we take into account the potential changes caused by events after their recognition.

### **Recognition of revenue**

Operating revenue is sales revenue and other operating revenue related to products and services. Operating revenue is composed of the disposable value of rendered services in the accounting period. Revenue is recognised once the services are rendered.

Financial revenue is revenue from investments. It is incurred from non-current and current investments as well as from receivables. It consists of accrued interest, exchange differences related to investments, surplus of disposal price over their carrying amount in disposals of non-current and current investments, as well as revaluatory financial revenue. They are only recognised when there is no doubt about their amount or recoverability.

Other revenue consists of exceptional items that increase the company's revenue for the period.

### **Recognition of expenses**

Expenses include costs and expenses of commercial, administrative and other tasks, along with costs related to the sale of products and services, as well as operating expenses from revaluation of fixed and current assets. Expenses are fully recognised as operating expenses in the period in which they are incurred. Upon initial recognition, expenses are categorised according to type, as costs of materials, costs of services, depreciation costs, employee benefits cost and costs of amounts due, irrespective of income.

Financial expenses include expenses for financial activities and expenses for investment. They consist of exchange differences, shortage of disposal price compared to their carrying amounts in disposals of non-current investments, as well as financial expenses from revaluation.

Other expenses consist of exceptional items that decrease the company's revenue for the period.

### **Taxes**

Tax expense includes accrued income tax in deferred tax.

Income tax is charged on the basis of revenues and expenses given in the Income Statement pursuant to the temporary tax legislation.

Deferred tax is provided on all temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts. Deferred tax assets or liabilities are recognised as revenues or expenses in the Income Statement.

The company forms deferred tax assets for all deductible temporary differences – arising from asset impairment, previously non-tax-deductible amortisation, provisions for reorganisation costs, and unused tax loss – to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

## 1. Balance sheet

### 1.1. Intangible assets

EUR 251,294

in EUR

	31 Dec 2013	31 Dec 2012
Long-term property rights	1,149,520	1,139,574
Intangible assets under construction	0	0
Long-term deferred costs	18,975	18,422
Accumulated depreciation of intangible assets	-917,201	-764,471
<b>Carrying amount</b>	<b>251,294</b>	<b>393,525</b>

Intangible assets as at 31 December 2013 include software licences for data processing with carrying amount of EUR 232,319, and long-term deferred costs in the amount of EUR 18,975.

All intangible assets have finite useful lives.

Movements of intangible assets in 2013:

in EUR

	Long-term property rights	Long-term deferred costs	Intangible assets under construction	Total
<b>Cost of purchase</b>				
Balance as at 31 Dec 2012	1,139,574	18,422	0	1,157,996
Additions	9,946	2,452	0	12,398
Disposals	0	1,899	0	1,899
Balance as at 31 Dec 2013	1,149,520	18,975	0	1,168,495
<b>Accumulated depreciation</b>				0
Balance as at 31 Dec 2012	764,471	0	0	591,824
Annual depreciation	152,730	0	0	172,647
Balance as at 31 Dec 2013	917,201	0	0	764,471
<b>Carrying amount</b>				0
Balance as at 31 Dec 2012	375,104	18,422	0	393,525
Balance as at 31 Dec 2013	232,319	18,975	0	251,294

Additions in long-term property rights in 2013 refer to the upgrade of PSI software, which cost EUR 9,946.

As at the Balance Sheet date all the company's liabilities from purchases to acquire intangible assets are settled.

Long term deferred costs include costs of operating lease of company car, in the amount of EUR 3,183, deferred costs of rent of digital certificates in the total amount of EUR 296, and payments to reserve fund in the amount of EUR 15,496.

## 1.2 Property, plant and equipment

EUR 1,342,534

in EUR

	31 Dec 2013	31 Dec 2012
Building	1,261,780	1,637,070
Accumulated depreciation of building	-2,849	-10,866
Other property, plant and equipment	940,671	1,013,229
Property, plant and equipment under construction	0	0
Accumulated depreciation of property, plant and equipment	-857,068	-895,782
<b>Carrying amount</b>	<b>1,342,534</b>	<b>1,743,651</b>

As at 31 December 2013, the item property, plant and equipment (PPE) included the current value of the building (EUR 1,258,931) and the current value of other PPE (EUR 83,603).

Due to the need for a real presentation of assets, the company has, after initial recognition, revalued the building and associated land from 1 July 2007 under the SAS 1.28.b revaluation method of carrying amount.

In line with the appraisal acquired in 2103, the company reduced as at 30 November 2013 its building's cost value to the fair value of EUR 375,290, by eliminating the depreciation allowance in the amount of EUR 50,707, by decreasing the revaluation surplus in the amount of EUR 245,260, and by debiting the Income Statement in the amount of EUR 79,324. With useful life remaining unchanged and applying the straight-line depreciation method, the depreciation rate increased from 3.038% to 3.150%. The building's fair value estimate was drawn up for the purposes of financial reporting under the Slovenian Accounting Standards (SAS) and the International Valuation Standards (IVS 2011). The valuation and fair value estimate of the building were based on the market approach, i.e. using the sales comparison approach. The building's fair value was determined on the basis of its market value.

If the building and associated land were recognised at the cost model, the carrying amount of the building and associated land as at 31 December 2013 would have totalled EUR 1,336,547.

Movements of property, plant and equipment (PPE) in 2013:

in EUR

	Buildings	Equipment	Small tools	PPE assets under construction	Total PPE
<b>Cost of purchase</b>					
Balance as at 31 Dec 2012	1,637,070	1,013,229	0	0	2,650,299
Additions	0	783	0	0	783
Disposals	0	73,340	0	0	73,340
Enhancement	0	0	0	0	0
Impairment	-375,290		0	0	-375,290
Balance as at 31 Dec 2013	1,261,780	940,671	0	0	2,202,451
<b>Accumulated depreciation</b>					
Balance as at 31 Dec 2012	10,866	895,782	0	0	906,648
Annual depreciation	42,690	18,893	0	0	61,583
Disposals	0	57,607	0	0	57,607
Enhancement	0	0	0	0	0
Impairment	50,707	0	0	0	50,707
Balance as at 31 Dec 2013	2,849	857,068	0	0	859,917
<b>Carrying amount</b>					
Balance as at 31 Dec 2012	1,626,204	117,447	0	0	1,743,651
Balance as at 31 Dec 2013	1,258,931	83,603	0	0	1,342,534

New purchases of PPE include purchase of equipment in the amount of EUR 783.

Eliminations refer to the elimination of PPE from books of account under the resolution of the Inventory Commission.

The value of appertaining land has been recognised under SAS 1.52., increasing the value of the building.

None of the assets from this group have legal restrictions imposed or are pledged as a guarantee.

As at the Balance Sheet date all the company's liabilities from purchases to acquire property, plant and equipment are settled.

### 1.3 Deferred tax assets

**EUR 28,007**

Deferred tax assets in the amount of EUR 28,007 are recognised on all deductible temporary differences arising from the difference between the depreciation charge for property rights, in the amount of 20%, and tax-deductible depreciation, in the amount of 10%, and from the difference between the depreciation charge for the building, in the amount of 3.15, and tax-deductible amortisation, in the amount of 3.00%, as well as for impairments of trade receivables, provisions for restructuring costs, and unused tax loss.

Movement of long term deferred tax assets in 2013

in EUR

	Difference between depreciation charged (20%) tax-deductible depreciation (10%)	Impairment of trade receivables	Provisions	Unused tax loss	Total
<b>Deferred receivables</b>					
As at 31 December 2012	5,896	2,317	0	17,042	25,254
Newly formed in 2013	131	3,145	1,913		5,188
Used in 2013	-2,436				-2,436
<b>As at 31 December 2013</b>	<b>3,591</b>	<b>5,461</b>	<b>1,913</b>	<b>17,042</b>	<b>28,007</b>

## 1.4 Current investments

EUR 383

in EUR

	31 Dec 2013	31 Dec 2012
<b>Bonds</b>	<b>0</b>	<b>207,595</b>
- ZT01	0	103,028
- RS57	0	104,567
- RS26	0	0
<b>Current loans to others</b>	<b>0</b>	<b>200,000</b>
<b>Investments into precious metals</b>	<b>383</b>	<b>383</b>
<b>Total</b>	<b>383</b>	<b>407,978</b>

The decrease in current investments in 2013 is attributable to bonds reaching maturity in line with their amortization schedules, and to the maturity of term deposits placed with a commercial bank.

Investments into precious metals refer to two gold bars the Exchange received as a gift.

Movement of current investments in 2013:

in EUR

2013	Investments into precious metals	Bonds	Loans	Total
<b>Cost of purchase</b>				
Balance as at 31 Dec 2012	383	207,595	200,000	407,978
Annual decrease	0	204,671	200,000	404,671
Revaluation owing sale	0	-2,000	0	-2,000
Annual increase (time deposit)	0	0	0	0
Annual increase (accrued interest)	0	8,012	0	8,012
Annual decrease (interest)	0	10,153	0	10,153
Enhancement (revaluation surplus)	0	3,123	0	3,123
Derecognition of revaluation surplus	0	1,907	0	1,907
Derecognition of revaluation surplus owing sale	0	0	0	0
Balance as at 31 Dec 2013	383	0	0	383
<b>Revaluation surplus</b>				
Balance as at 31 Dec 2012	0	170	0	170
Revaluation surplus	0	1,871	0	1,871
Derecognition of revaluation surplus	0	2,041	0	2,041
Revaluation surplus - negative	0	0	0	0
Balance as at 31 Dec 2013	0	0	0	0
<b>Fair value</b>				
Balance as at 31 Dec 2012	383	207,765	200,000	408,148
Balance as at 31 Dec 2013	383	0	0	383

Movement of current investments in 2012:

in EUR				
2012	Investments into precious metals	Bonds	Loans	Total
<b>Cost of purchase</b>				
Balance as at 31 Dec 2011	383	207,479	0	207,862
Annual decrease	0	0	0	0
Revaluation owing sale	0	0	0	0
Annual increase (time deposit)	0	0	200,000	200,000
Annual increase (accrued interest)	0	9,686	0	9,686
Annual decrease (interest)	0	9,739	0	9,739
Enhancement (revaluation surplus)	0	0	0	0
Derecognition of revaluation surplus	0	0	0	0
Derecognition of revaluation surplus owing sale	0	0	0	0
Balance as at 31 Dec 2012	383	207,425	200,000	407,808
<b>Revaluation surplus</b>				
Balance as at 31 Dec 2011	0	-1,242	0	-1,242
Revaluation surplus	0	1,412	0	1,412
Derecognition of revaluation surplus	0	0	0	0
Revaluation surplus - negative	0	0	0	0
Balance as at 31 Dec 2012	0	170	0	170
<b>Fair value</b>				
Balance as at 31 Dec 2011	383	206,236	0	206,619
Balance as at 31 Dec 2012	383	207,595	200,000	407,978

**1.5 Short-term trade receivables**

**EUR 134,519**

in EUR		
	31 Dec 2013	31 Dec 2012
Trade receivables	125,850	161,603
Receivables due from other entities	8,669	20,640
<b>Total</b>	<b>134,519</b>	<b>182,242</b>

Current trade receivables include EUR 125,850 of trade receivables and EUR 8,669 of receivables due from other entities, which refer to VAT advances given and to other receivables.

■ **Trade receivables**

**EUR 125,850**

in EUR		
	31 Dec 2013	31 Dec 2012
Trade receivables due from residents	116,402	101,072
Doubtful and disputable trade receivables from residents	30,987	11,265
Trade receivables due from non-residents	9,448	60,531
Doubtful and disputable trade receivables from non-residents	0	0
Allowance for bad receivables	-30,987	-11,265
<b>Total</b>	<b>125,850</b>	<b>161,603</b>

Trade receivables due from residents refer to EUR 40,860 of receivables from trading fees and to EUR 75,542 of receivables due from other services.

Doubtful and disputable receivables, in the amount of EUR 30,987, represent receivables overdue by min. three months, which had not been settled by the end of January 2014 and which are subject to recovery either through debit notes or litigation.

■ **Receivables due from other entities**

**EUR 8,669**

in EUR

	31 Dec 2013	31 Dec 2012
Short-term advanced paid	103	0
Interest receivables	3,077	2,125
Default interest receivable	-1,139	-1,432
Receivables due from other entities	6,629	19,947
<b>Total</b>	<b>8,669</b>	<b>20,640</b>

Interest receivable refer to the interest from deposits placed with SKB bank and BKS bank for December 2013 in the amount of EUR 531, which were fully paid in January 2014 pursuant to the deposit agreement, and to the interest receivable for late payment of invoices, in the amount of EUR 2,546.

The allowance for interest receivable in 2013 refers to late interest receivables in the amount of EUR 1,139.

Other receivables refer to input VAT in the amount of EUR 4,983 namely to VAT receivables from invoices for December 2013, and to other receivables, in the amount of EUR 1,646.

The company has no claims with its Management Board members, employees with special powers or Supervisory Board members.

■ **Short-term receivables by maturity**

in EUR

	Non past due	Past due 30 days	Past due 60 days	Past due 90 days	Past due 120 days	More than 120 days	Total
Trade receivables due from residents – trading fees	40,860						40,860
Trade receivables due from residents – other	70,818	3,156	1,122	445			75,541
Trade receivables due from residents – doubtful		549	1,098	824	824	27,693	30,987
Trade receivables due from non-residents	9,448						9,448
Other short-term advances and overpayments				103			103
Interest receivable	531						531
Default interest receivable	1,407						1,407
Default interest receivable – doubtful						1,139	1,139
<b>Total</b>	<b>123,064</b>	<b>3,705</b>	<b>2,220</b>	<b>1,371</b>	<b>824</b>	<b>28,832</b>	<b>160,017</b>

The majority of receivables, both trade receivables and interest receivable, are non past due receivables, which represent 76.9% of all receivables. For claims overdue by over 90 days, and those in cases of compulsory settlement or bankruptcy, we formed allowances. In forming allowances, we considered all claims not settled within 90 days and all payments received by the end of January 2014.

In the field of credit risk, the company follows the established procedure of collecting trade receivables, which ensures that the majority of our outstanding receivables are settled.

The company does not hedge its receivables.

## 1.6 Cash and cash equivalents

**EUR 780,678**

in EUR

	31 Dec 2013	31 Dec 2012
Cash in hand	226	154
Bank balance:	780,452	270,256
Current account	3,500	11,004
Sight EUR deposit	776,952	259,252
<b>Total</b>	<b>780,678</b>	<b>270,410</b>

We have sight deposits placed at two commercial banks, BKS Bank and the SKB bank, in the amounts of EUR 720,000 and EUR 56,952, respectively, accruing nominal interest rates of 1.00% and 0.20%, respectively.

## 1.7 Short-term deferred costs and accrued revenue

**EUR 57,759**

in EUR

	31 Dec 2013	31 Dec 2012
Short-term deferred costs	41,900	35,845
Short-term accrued revenues	15,859	16,990
- listing maintenance fees for bonds	15,859	16,990
<b>Total</b>	<b>57,759</b>	<b>52,835</b>

Deferred costs refer to the lease of the Microsoft Office software in the amount of EUR 15,332, costs of surveillance over Exchange operations in the amount of EUR 6,000, cost of migration services to VSE in the amount of EUR 5,934, costs of voluntary health insurance for employees in the amount of EUR 3,181, company car insurance in the amount of EUR 2,957, operating lease of two company cars, in the amount of EUR 1,981, paid subscription fee for expert literature and newspapers, in the amount of EUR 1,200, costs of the rental KIWI and Sophos licenses in the amount of EUR 1,553, the annual costs of digital certificates and domains in the amount of EUR 345 and other short-term deferred costs in the amount of EUR 3,416. These costs relate to financial year 2014.

Accrued revenue refers to listing maintenance fees for government bonds (issuer Republika Slovenija) for 2013, in the amount of EUR 15,589. The listing maintenance fees will be charged in 2014 after one year of listing. Other issuers are charged with listing maintenance fees (for shares and bonds) for the term of each calendar year.

## 1.8 Equity

**EUR 2,382,999**

in EUR

	31 Dec 2013	31 Dec 2012
Called-up capital	1,400,893	1,400,893
Capital surplus	462,775	462,775
- payments over carrying amount in disposal of own shares	143	143
- amounts from simplified decrease of share capital	364,570	364,570
- general equity revaluation adjustment	98,063	98,063
Revenue reserves	519,331	544,509
- legal reserves	519,331	544,509
- other reserves	0	0
Revaluation surplus	0	207,041
- buildings revaluation surplus	0	252,319
- short-term investment revaluation surplus	0	170
- allowance for revaluation surplus assoc. with deferred tax assets	0	-45,448
Retained earnings	0	0
Net profit or loss for the period	0	0
Retained revaluation surplus	0	0
<b>Total</b>	<b>2,382,999</b>	<b>2,615,218</b>

### ■ Share capital

**EUR 1,400,893**

Share capital consists of 33,571 regular no par value shares.

### ■ Capital surplus

**EUR 462,775**

in EUR

	31 Dec 2013	31 Dec 2012
Capital surplus:		
- payments over carrying amount in disposal of own shares	143	143
- amount from simplified decrease of share capital	364,570	364,570
- general equity revaluation adjustment	98,063	98,063
<b>Total</b>	<b>462,775</b>	<b>462,775</b>

The general equity revaluation adjustment refers to the revaluation of share capital back to 2001.

If we revaluated the income amount in 2013 in order to maintain the purchasing power of capital due to advances in consumer prices, the equity revaluation adjustment would amount to EUR 118,045 and the loss for the period to EUR 51,020.

### ■ Revenue reserves

**EUR 519,331**

in EUR

	31 Dec 2013	31 Dec 2012
Legal reserves	519,331	544,509
Other revenue reserves	0	0
<b>Total</b>	<b>519,331</b>	<b>544,509</b>

Following the resolution adopted by the Management Board and with the consent of the Supervisory Board, the loss recorded in 2013 was set off against EUR 25,178 of legal reserves.

## ■ **Revaluation surplus**

**EUR 0**

in EUR

	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
Building revaluation surplus	0	252,319
Short-term investment revaluation surplus	0	170
Allowance for revaluation surplus relating to deferred tax assets	0	-45,448
<b>Total</b>	<b>0</b>	<b>207,041</b>

As at 1 July 2007, the company recognised the building and associated land under the revaluation model and converted it to fair value. To effect the conversion to higher fair value, a building revaluation surplus was formed in the amount of EUR 318,414 and allowance for revaluation surplus relating to deferred tax assets in the amount of EUR 64,058.

On the basis of the acquired appraisal in 2012, on 1 October 2012 the company adjusted the carrying amount of the building to fair value by eliminating accumulated depreciation in the amount of EUR 238,097 and reducing revaluation surplus of the building in the amount of EUR 20,343.

On the basis of the appraisal acquired in 2013, the company adjusted on 30 November 2013 the carrying amount of its building to fair value by eliminating EUR 50,707 of accumulated depreciation, by reducing the related revaluation surplus in the amount of EUR 245,260, and by debiting the Income Statement in the amount of EUR 79,324.

As at 31 December 2013, the revaluation surplus in the amount of the revaluation depreciation, which is EUR 5,859, was transferred into the income amount, and the deferred tax liabilities were decreased by EUR 1,200.

With the bonds reaching maturity and being repaid, the related revaluation surplus was eliminated.

## **1.9 Provisions, and long-term accrued costs and deferred revenue**

**EUR 26,759**

in EUR

	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
Provisions for costs of restructuring	22,500	0
Other provisions for long-term accrued expenses	4,259	92,620
<b>Total</b>	<b>26,759</b>	<b>92,620</b>

Provisions for costs of restructuring refer to potential liabilities from restructuring in the amount of EUR 22,500 and other provisions for long-term accrued expenses refer to potential liabilities from bonuses laid down in Management Board Employment Contracts for financial years 2013 in the amount of EUR 4,259.

The company formed no provisions for terminal leave pay or long-service benefits, because it estimated their amount to be insignificant. Payable discount values of terminal leave pays and long-service benefits namely amount to less than 5 per cent of company capital.

**1.10 Deferred tax liabilities****EUR 0**

in EUR

	31 Dec 2013	31 Dec 2012
Deferred tax liabilities	0	45,448
<b>Total</b>	<b>0</b>	<b>45,448</b>

As at 31 December 2013 the company had no deferred tax liabilities.

**1.11 Trade payables****EUR 170,717**

in EUR

	31 Dec 2013	31 Dec 2012
Payables to suppliers	71,999	195,345
Payables from advances	225	0
Other trade payables	98,493	91,455
<b>Total</b>	<b>170,717</b>	<b>286,800</b>

Payables to suppliers in the amount of EUR 71,999 refer to EUR 36,218 of payables to residents, to EUR 23,462 of payables to non-residents, and to EUR 12,319 of payables for services received.

Other trade payables, in the amount of EUR 98,493, refer to EUR 84,019 of payables to employees, EUR 14,006 of payables to the government and other institutions, and EUR 468 of other trade payables.

■ ***Payables to employees include:*****EUR 84,019**

in EUR

	31 Dec 2013	31 Dec 2012
Payables from net wages and wage compensations	32,260	33,181
Payables from contributions for gross wages and wage compensations	14,458	13,209
Payables from taxes for gross wages and wage compensations	16,530	11,928
Payables from other earnings from employment	8,155	1,616
Payables for contributions on other earnings	1,205	0
Payables from payer's contributions	11,411	9,623
<b>Total</b>	<b>84,019</b>	<b>69,557</b>

The balance of payables to employees as at 31 December 2013 includes wages and salaries payable for December 2013, and severance pays payable to the two employees whose employment relationships had expired on 31 December 2013 due to business reasons.

Payables from payer's contributions, which amount to EUR 11,411, refer to the wages payable for December 2013 and to severance pays.

■ **Payables to the government and other institutions include:**

**EUR 14,006**

in EUR

	31 Dec 2013	31 Dec 2012
Payables from VAT	13,084	19,419
Payables from income tax	0	0
Other payables to the government and other institutions	922	1,090
<b>Total</b>	<b>14,006</b>	<b>20,509</b>

Payables from VAT refer to the difference between output and input VAT for December 2013, and to the difference between the temporary and final deductible proportion of VAT, which amounts to EUR 3,775.

We have no liabilities with respect to income tax.

Other payables to the government and other institutions refer to the liabilities for additional pension insurance, in the amount of EUR 922.

■ **Other payables**

**EUR 468**

in EUR

	31 Dec 2013	31 Dec 2012
Payables from payroll tax	90	477
Other payables	378	912
<b>Total</b>	<b>468</b>	<b>1,389</b>

**1.12 Short-term accrued costs and deferred revenue**

**EUR 14,699**

in EUR

	31 Dec 2013	31 Dec 2012
Accrued costs	14,699	16,411
Short-term deferred revenues	0	19,400
<b>Total</b>	<b>14,699</b>	<b>35,811</b>

Accrued costs refer to the costs of the financial statements audit for 2013, which amount to EUR 3,734, to the costs of a risk management audit and audit of compliance with the Code of Conduct, in the amount of EUR 4,204, and to the costs of annual leave for 2013, in the amount of EUR 6,762.

**1.13 Off-balance-sheet liabilities and receivables**

As at 31 December 2013 the company recognised no off-balance-sheet liabilities or receivables.

## 2. Income statement

### 2.1 Revenue

EUR 1,716,686

	2013		2012	
	in EUR	(%)	in EUR	(%)
<b>I. Operating revenue</b>	<b>1,701,374</b>	<b>99.1</b>	<b>1,773,406</b>	<b>99.2</b>
a. Revenue from core business	1,138,084	66.3	1,195,005	66.8
- Trading fees	458,472	26.7	450,062	25.2
- Revenues from information system	260,480	15.2	318,810	17.8
- Membership fees	52,917	3.1	60,861	3.4
- Listing fees	366,216	21.3	365,272	20.4
b. Other revenue	563,290	32.8	578,401	32.3
- SEOnet and INFO STORAGE services	217,985	12.7	221,847	12.4
- Trade publication	14,610	0.9	17,756	1.0
- Seminars	6,314	0.4	6,607	0.4
- Data dissemination	56,200	3.3	54,407	3.0
- Revenues sharing with WBAG	174,291	10.2	172,232	9.6
- IT services	41,831	2.4	52,767	3.0
- Licence fees	0	0.0	156	0.0
- Other LJSE services	41,900	2.4	35,600	2.0
- Other	10,160	0.6	17,029	1.0
<b>II. Financial revenue</b>	<b>14,521</b>	<b>0.8</b>	<b>14,830</b>	<b>0.8</b>
<b>III. Extraordinary revenue</b>	<b>791</b>	<b>0.0</b>	<b>41</b>	<b>0.0</b>
<b>Total</b>	<b>1,716,686</b>	<b>100.0</b>	<b>1,788,277</b>	<b>100.0</b>

Total revenue amounts to EUR 1,716,686. Sales revenue amounts to EUR 1,701,374, which is 99.1% of total revenue, higher than planned revenues by 4.1%. Revenue from the company's core business represents 66.3% of total sales revenue, which is EUR 1,138,084, while other operating revenue represents 32.8%, which is EUR 563,290. Financial revenue amounts to EUR 14,521, representing 0.8% of total revenue.

### 2.2 Expenses

EUR 1,751,676

	2013		2012	
	in EUR	(%)	in EUR	(%)
<b>I. Operating expenses</b>	<b>1,749,671</b>	<b>99.9</b>	<b>1,852,241</b>	<b>100.0</b>
- Costs of material	45,443	2.6	47,952	2.6
- Costs of services	678,495	38.7	769,362	41.5
- Employee benefits cost	675,001	38.5	740,967	40.0
- Write-offs	315,129	18.0	279,605	15.1
- Other operating expenses	35,603	2.0	14,355	0.8
<b>II. Financial expenses</b>	<b>2,001</b>	<b>0.1</b>	<b>4</b>	<b>0.0</b>
<b>III. Extraordinary expenses</b>	<b>5</b>	<b>0.0</b>	<b>52</b>	<b>0.0</b>
<b>Total</b>	<b>1,751,676</b>	<b>100.0</b>	<b>1,852,297</b>	<b>100.0</b>

All expenses for financial year 2013 refer to operating expenses.

## 2.2.1 Costs of material and services

EUR 723,938

in EUR

	31 Dec 2013	31 Dec 2012
<b>Costs of material</b>	<b>45,443</b>	<b>47,952</b>
Power supply	33,668	34,229
Office supplies, expert literature and publications	10,370	11,429
Other costs of materials	1,405	2,294
<b>Costs of services</b>	<b>678,495</b>	<b>769,362</b>
Transportation	5,355	13,656
Maintenance costs	129,316	125,060
Leases and rents	247,880	259,709
Reimbursements of labour-related costs	9,209	6,763
Payment transactions and insurance premiums	7,368	8,798
Intellectual and personal services	103,309	126,401
Advertising and entertainment	27,833	41,255
Services by individuals without a registered business	17,275	33,698
Costs of other services	130,951	154,022
<b>Total</b>	<b>723,938</b>	<b>817,315</b>

The majority of the costs of material refer to energy and fuel costs (EUR 33,668), write-offs of small tools (EUR 533), costs of stationery (EUR 5,066), costs of expert literature (EUR 566), costs of subscription fees (EUR 4,738) and other costs of material (EUR 872).

Costs of transportation refer to airline tickets (EUR 4,378) and other transportation costs (EUR 977).

Maintenance costs refer to the costs of services related to the maintenance of property, plant and equipment (EUR 92,485) and to the costs of services for building maintenance (EUR 36,831).

Leases and rents include EUR 3,543 of parking space leases, EUR 20,808 of licence lease, EUR 35,164 of other leases (lease of a safe, lease of a line), and EUR 188,365 of costs for leasing the FIX and Xetra systems.

Reimbursements of labour-related costs include costs of daily allowance and overnight stays, in the amount of EUR 7,253, and costs of fuel, mileage expenses and parking fees, in the amount of EUR 1,956.

Payment transactions and bank services and insurance premiums include costs of bank services, in the amount of EUR 1,560, and insurance premiums, in the amount of EUR 5,808.

Costs of intellectual and personal services refer to EUR 78,304 paid to auditors and outsourced accountants, EUR 1,784 paid for health services, EUR 871 paid to attorneys and public notaries, EUR 4,687 paid for education and training, EUR 1,519 paid for translation services, EUR 1,513 paid for safety-at-work services, EUR 11,404 paid for other intellectual services, and EUR 3,227 paid to graphic designers.

Advertising and entertainment costs include EUR 15,269 of entertainment costs, EUR 4,968 of advertising costs and EUR 7,596 of sponsorship costs.

Costs of services by individuals refer to EUR 13,959 paid for student help, EUR 2,812 of meeting attendance fees to members of the Supervisory Board and EUR 504 of other costs. The meeting attendance fees refers to EUR 600 of meeting attendance fees paid to members of the Supervisory Board, to EUR 2,000 of fees paid to them for holding office on the Board and to EUR 212 of duty from

attendance fees paid. The attendance fees to six Supervisory Board members were payable for five Supervisory Board meetings held in 2013.

Costs of other services refer to EUR 72,000 paid for surveillance over LJSE operations, EUR 3,200 paid to the Securities Market Agency, EUR 1,677 of costs incurred at Slovenian Capital Markets Day investor conferences, EUR 1,380 of monthly reporting costs, EUR 44,524 of postal and telephone costs, EUR 1,287 of subscription fees to Internet pages and other data access fees, and EUR 6,883 of other costs.

## 2.2.2 Employee benefits cost

EUR 675,001

in EUR

	31 Dec 2013	31 Dec 2012
<b>Wages and salaries</b>	<b>491,753</b>	<b>528,976</b>
<b>Pension insurance</b>	<b>62,444</b>	<b>59,757</b>
- Pension and disability insurance contributions	50,932	46,814
- Additional pension insurance	11,512	12,942
<b>Social security</b>	<b>40,019</b>	<b>47,276</b>
- Health insurance, employment and parental protection contributions	35,022	42,690
- Voluntary health insurance	4,997	4,585
<b>Other employee benefits cost</b>	<b>76,526</b>	<b>81,804</b>
- Commuting, meals allowance, holiday allowance, benefits	36,360	40,513
- Other employer's taxes on wages and salaries	0	0
- Other individual earnings	766	21,080
- Severance pay	39,400	20,210
<b>Provisions</b>	<b>4,259</b>	<b>23,155</b>
<b>Total</b>	<b>675,001</b>	<b>740,967</b>

The company employed a total of 12 people in 2013 (the employment relationships of two employees terminated for business reasons on 31 December 2013). This equals 12.27 people considering hours worked. The total costs of wages and salaries (gross wages and wage contributions) amount to EUR 675,001.

## 2.2.3 Write-offs

EUR 315,129

Write-offs refer to EUR 214,313 of the amortization of intangible assets and the depreciation of property, plant and equipment, to EUR 80,207 of revaluation operating expenses associated with intangible assets, and property, plant and equipment and to EUR 20,609 of revaluation operating expenses associated with current assets.

### ■ Depreciation and amortization

EUR 214,313

Depreciation costs include the amortization of intangible assets (EUR 152,730), building depreciation (EUR 42,690) and the depreciation of equipment and other property, plant and equipment (EUR 18,893).

### ■ Revaluation operating expenses associated with intangible assets and PPE

EUR 80,207

Revaluation operating expenses associated with intangible assets and property, plant and equipment refer to the allowance formed for the adjustment of the building's carrying value to fair value, in the amount of EUR 79,324, the allowance formed for a sold item of property, plant and equipment, in the

amount of EUR 859, and to the allowance formed for a written-off item of property, plant and equipment, in the amount of EUR 24.

■ *Revaluation operating expenses associated with current assets* **EUR 20,609**

Revaluation operating expenses associated with current assets refer to allowances for bad receivables which are formed for receivables overdue by 90 days and for doubtful receivables, both in the total amount of EUR 19,919. This item also includes an allowance formed for the final proportion of deductible VAT, totalling EUR 690.

*2.2.4 Other operating expenses* **EUR 35,603**

in EUR

	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>Provisions for the costs of restructuring</b>	22,500	0
<b>Other operating costs</b>	<b>11,316</b>	<b>10,828</b>
- Membership fees	1,216	1,424
- Tax paid for using building land	7,778	7,567
- Cost of court and administrative fees	323	150
- Humanitarian contributions	2,000	1,686
- Other costs	1,787	3,527
<b>Total</b>	<b>35,603</b>	<b>14,355</b>

Provisions for restructuring costs, totalling EUR 22,500, refer to potential liabilities arising in connection with the company's restructuring. Other costs amount to EUR 11,316.

*2.2.5 Expenses by function*

All expenses refer to the expenses incurred in the course of general activities.

**2.3 Financial income from investments** **EUR 12,423**

in EUR

	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
Interest income	10,913	13,253
Revaluation surplus	0	0
Proceeds from disposal of investments	1,510	0
<b>Total</b>	<b>12,423</b>	<b>13,253</b>

Interest income includes EUR 2,915 of interest from the redeemable bank deposit and interest from time deposit, EUR 7,998 of interest from bonds and EUR 1,510 of proceeds from disposal of investments.

**2.4 Financial income from trade receivables** **EUR 2,098**

Financial income from trade receivables refers to late interest payable on overdue liabilities for LJSE services.

**2.5 Financial expenses from financial liabilities****EUR 2,000**

in EUR

	31 Dec 2013	31 Dec 2012
Revaluation expenses	0	0
Expenses from disposal of investments	2,000	0
<b>Total</b>	<b>2,000</b>	<b>0</b>

Financial expenses from financial liabilities refer to EUR 2,000 of expenses incurred upon the disposal of investments.

**2.6 Financial expenses from trade payables****EUR 1**

in EUR

	31 Dec 2013	31 Dec 2012
Interest expense	0	4
Exchange differences	1	0
<b>Total</b>	<b>1</b>	<b>4</b>

Exchange differences refer to the restatements of trade payables denominated in foreign currencies.

**2.7 Other revenue****EUR 791**

Other revenue refers to EUR 461 worth of recovered written-off receivables, and to EUR 326 of reimbursed costs from recovered and written-off receivables.

**2.8 Other expenses****EUR 5**

Other expenses refer to EUR 5 of euro cent balance.

**2.9 Income tax****EUR 0**

Income tax is levied on the basis of revenue and expenses in the Income Statement, which are pursuant to the Slovenian regulations reduced by deduction items and increased by addition items.

For 2013 the company has no income tax liability. In establishing loss for the year, EUR 5,057 worth of deferred tax assets were recognised in the books of account, along with EUR 2,305 of deferred tax assets for temporary differences, while EUR 1,200 of deferred tax liabilities were derecognised, all of which decreased total loss for the year.

Deferred taxes:

		in EUR	
		Deferred tax	Tax rate
Revenue	1,716,686		
Expenses	1,751,676		
Difference	-34,990		
Exclusion of revenues	0		
Non-tax-deductible expenses	-55,761		
Amendment of expenses to the level of tax-deductible expenses	-11,632		
Tax base	9,139		
Tax relief	-9,139		
Base for tax	0		
Accrued non-taxable expenses			
- Provisions for expenses	22,500	1,913	17%

As at 31 December 2013 the company had no deferred tax liabilities.

## 2.9 Loss for the year

**EUR 31,037**

The total loss for financial year 2013 amounts to EUR 31,037. It consists of EUR 34,990 of net loss for the period, EUR 5,058 of recognised deferred tax assets, EUR 2,305 of derecognised deferred tax assets and EUR 1,200 of derecognised deferred tax liabilities. Pursuant to the Management Board resolution, adopted with the consent of the Supervisory Board, the loss for 2013 is being set off against EUR 5,859 of retained earnings and against EUR 25,178 of legal reserves.

The company has not recorded any **accumulated profit** for 2013:

			in EUR
	2013	2012	
A. Loss for the year	-31,037	-59,629	
1. Loss for the year	-31,037	-66,427	
2. Revaluation surplus	0	6,797	
B. Profit / loss carried forwards	5,859	-47,190	
C. Release of retained earnings	25,178	106,820	
1. Legal reserves	25,178	64,888	
2. Other revenue reserves	0	41,932	
<b>E. Accumulated profit</b>	<b>0</b>	<b>0</b>	

## 2.10 Total comprehensive income for the period

**EUR -238,078**

Total comprehensive income for financial year 2013 amounts to EUR -238.078. It consists of EUR 31,037 of net loss for the period, increased by EUR 206,901 of the effect of property, plant and equipment revaluation and decreased by EUR 139 of the effect of investment revaluation.

### 3. Income statement for INFO STORAGE

On 1 April 2010 the Ljubljana Stock Exchange became the operator of the officially appointed mechanism for the central storage of regulated information called INFO STORAGE. Using the criteria of cost accounting, which serve to allocate revenue, expenses, assets and liabilities, INFO STORAGE recorded a loss of EUR 19,711 in 2013.

in EUR

REVENUE / EXPENSES	2012	2011
<b>REVENUE</b>	<b>91,626</b>	<b>91,854</b>
INFO STORAGE services	91,626	91,854
<b>EXPENSES</b>	<b>111,337</b>	<b>122,052</b>
Employee benefits cost	45,050	45,204
Costs of material	2,728	2,876
Costs of services	44,109	49,831
Depreciation and amortization	19,288	23,279
Other operating expenses	162	862
<b>OPERATING PROFIT / LOSS</b>	<b>-19,711</b>	<b>-30,197</b>

50% of the amortization and depreciation of intangible assets and property, plant and equipment, which are used for both INFO STORAGE and SEOnet, is charged to the INFO STORAGE cost sheet.

With respect to function, all INFO STORAGE expenses refer to expenses incurred in the course of general activities.

### 4. Management Board remuneration in 2013

In 2013 the Management Board received remuneration in the following amounts:

in EUR

Remuneration	Andrej Šketa, President		Polona Peterle, Member from 1 Jan to 31 March 2013		Nina Vičar, Member from 15 May 2013 onwards	
	gross	net	gross	net	gross	net
Fixed pay	78,000	37,663	16,200	7,828	36,844	19,784
Variable pay	59,472	27,002	30,600	14,719	0	0
Fringe benefits	8,381	0	1,556	0	759	0
Severance pay	0	0	29,400	11,596	0	0
Other earnings and reimbursements	2,230	1,829	564	466	1,988	1,648
Additional pension insurance	2,819	0	705	0	1,772	0
<b>Total</b>	<b>150,902</b>	<b>66,495</b>	<b>79,024</b>	<b>34,609</b>	<b>41,363</b>	<b>21,432</b>

## 5. Supervisory Board remuneration in 2013

In 2013 the Supervisory Board received remuneration in the following amounts:

in EUR

Members of the Supervisory Board	Meeting attendance fee		Fee for holding office		Total	
	gross	net	gross	net	gross	net
- Petr Koblic, President	0	0	0	0	0	0
- Michael Buhl, Deputy President	0	0	0	0	0	0
<u>Other members:</u>						
dr. Filip Ogris Martič (to 6 May 2013)	200	155	0	0	200	155
Bernhard Stamm (from 17 June 2013)	0	0	0	0	0	0
Urška Podboršek	400	310	2,000	1,550	2,400	1,860
<b>Total</b>	<b>600</b>	<b>465</b>	<b>2,000</b>	<b>1,550</b>	<b>2,600</b>	<b>2,015</b>

## 6. Audit costs

The financial statements audit for financial year 2013 amounted to EUR 7,308 – inclusive of VAT, while the audit of the company's risk management and compliance with the Code of Conduct totalled EUR 4,204. In 2013 we also had our 2011 and 2012 financial statements audited with a view to a first-time adoption of International Financial Reporting Standards, the costs of which were EUR 5,380. Internal audit costs for financial year 2013 amounted to EUR 23,175, while the company did not record any tax counselling costs.

## 7. Cash flow statement

Based on Balance Sheet data as at 31 December 2012 and as at 31 December 2013, and based on the Income Statement for 2013 as well as considering other relevant data from internal sources, relating to revenue and expenses, the Cash Flow Statement was drawn up under version II of SAS 2006.

## 8. Events after the reporting period

There were no events after the reporting period that would require a revision of the financial statements or special disclosures.



## Independent Auditor's Report

To the Shareholders of Ljubljanska borza, d.d.

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the company Ljubljanska borza, d.d., which comprise the balance sheet as at 31 December 2013, the statement of total comprehensive income, the statement of changes in equity, the statement of cash flows 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 Slovene Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 about 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 of Ljubljanska borza, d.d. as at 31 December 2013, its financial performance and its cash flows for the year then ended in accordance with Slovene Accounting Standards.

### *Report on Other Legal and Regulatory Requirements*

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.

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

Damjan Ahčin, ACCA  
*Certified Auditor*

Katarina Sitar Šuštar  
*Partner*

Ljubljana, 14 March 2014

KPMG Slovenija, d.o.o.  
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The Independent Auditor's Report hereof is a translation of the original Independent Auditor's Report in Slovene, issued on the financial statements and the notes thereto in Slovene and is not to be signed. This translation is provided for reference purposes only.

## FURTHER INFORMATION

### Ljubljana Stock Exchange trading members

<b>Abanka Vipa, d. d.</b> Slovenska cesta 58 1517 Ljubljana 01 471 81 83 <a href="http://www.abanka.si">http://www.abanka.si</a> <a href="mailto:sib.brokerage@abanka.si">sib.brokerage@abanka.si</a>	<b>ALTA Invest, d. d.</b> Železna cesta 18 1000 Ljubljana 01 320 03 90 <a href="http://www.alta.si">http://www.alta.si</a> <a href="mailto:info@alta.si">info@alta.si</a>
<b>BKS Bank AG, Bančna podružnica</b> Dunajska cesta 161 1102 Ljubljana 01 589 09 26 <a href="http://www.bksbank.si">http://www.bksbank.si</a> <a href="mailto:info@bksbank.si">info@bksbank.si</a>	<b>Deželna banka Slovenije, d. d.</b> Kolodvorska 9 1000 Ljubljana 01 472 72 67 <a href="http://www.dbs.si">http://www.dbs.si</a> <a href="mailto:borza@dbs.si">borza@dbs.si</a>
<b>Erste Group Bank AG</b> Graben 21 A-1010 Vienna 0043 5 0100 19603 <a href="http://www.erstegroup.com">http://www.erstegroup.com</a> <a href="mailto:press@erstegroup.com">press@erstegroup.com</a>	<b>Factor banka, d. d.</b> Tivolska cesta 48 1000 Ljubljana 01 230 66 12 <a href="http://www.factorb.si">http://www.factorb.si</a> <a href="mailto:borza@factorb.si">borza@factorb.si</a>
<b>GBD BPD, d. d.</b> Koroška cesta 5 4000 Kranj 04 280 10 00 <a href="http://www.gbd.si">http://www.gbd.si</a> <a href="mailto:info@gbd.si">info@gbd.si</a>	<b>Gorenjska banka, d. d.</b> Bleiweisova 1 4000 Kranj 04 208 43 28 <a href="http://www.gbkr.si">http://www.gbkr.si</a> <a href="mailto:info@gbkr.si">info@gbkr.si</a>
<b>Hypo Alpe-Adria-Bank, d. d.</b> Dunajska cesta 117 1000 Ljubljana 01 580 42 72 <a href="http://www.hypo-alpe-adria.si">http://www.hypo-alpe-adria.si</a> <a href="mailto:investment.banking@hypo.si">investment.banking@hypo.si</a>	<b>Ilirika borzno posredniška hiša, d. d.</b> Slovenska cesta 54 a 1000 Ljubljana 01 300 22 60 <a href="http://www.ilirika.si">http://www.ilirika.si</a> <a href="mailto:splosni.predal@ilirika.si">splosni.predal@ilirika.si</a>
<b>KBC Securities NV</b> Havenlaan 12 B-1080 Brussels 0032 2 429 13 04 <a href="http://www.kbcsecurities.be">http://www.kbcsecurities.be</a>	<b>Moja delnica BPH, d. d.</b> Dunajska 20, p. p. 3535 1001 Ljubljana 01 433 11 55 <a href="http://www.moja-delnica.si">http://www.moja-delnica.si</a> <a href="mailto:stranke@moja-delnica.si">stranke@moja-delnica.si</a>
<b>Nova Kreditna banka Maribor, d. d.</b> Ulica Vita Kraigherja 4 2505 Maribor 02 229 20 81 <a href="http://www.nkbm.si">http://www.nkbm.si</a> <a href="mailto:sib@nkbm.si">sib@nkbm.si</a>	<b>Nova Ljubljanska banka, d. d.</b> Trg republike 2 1000 Ljubljana 01 476 51 99 <a href="http://www.nlb.si">http://www.nlb.si</a> <a href="mailto:borza@nlb.si">borza@nlb.si</a>

<b>Perspektiva, d. d.</b> Dunajska 156 1000 Ljubljana 01 568 82 25 <a href="http://www.perspektiva.si">http://www.perspektiva.si</a> <a href="mailto:info@perspektiva.si">info@perspektiva.si</a>	<b>Probanka, d. d.</b> Trg Leona Štuklja 12 2000 Maribor 02 252 05 57 <a href="http://www.probanka.si">http://www.probanka.si</a> <a href="mailto:borza@probanka.si">borza@probanka.si</a>
<b>Raiffeisen Banka, d. d.</b> Zagrebška cesta 76 2000 Maribor 02 229 32 96 <a href="http://www.raiffeisen.si">http://www.raiffeisen.si</a> <a href="mailto:ib@raiffeisen.si">ib@raiffeisen.si</a>	<b>Raiffeisen Centrobank AG</b> Tegetthoffstrasse 1 A-1015 Vienna 00431 515 20 ext. 607 <a href="http://www.rcb.at">http://www.rcb.at</a> <a href="mailto:office@rcb.at">office@rcb.at</a>
<b>SKB banka, d. d.</b> Ajdovščina 4 1513 Ljubljana 01 471 50 71 <a href="http://www.skb.si">http://www.skb.si</a> <a href="mailto:borut.medvesek@skb.si">borut.medvesek@skb.si</a>	<b>UniCredit Banka Slovenija, d. d.</b> Šmartinska cesta 140 1000 Ljubljana 01 587 64 30 <a href="http://www.unicreditbank.si">http://www.unicreditbank.si</a> <a href="mailto:ib@unicreditgroup.si">ib@unicreditgroup.si</a>
<b>WOOD &amp; Company Financial Services, a.s.</b> Náměstí Republiky 1079/1a 110 00 Prague 00420 222 096 287 <a href="http://www.wood.com">http://www.wood.com</a> <a href="mailto:wood@wood.com">wood@wood.com</a>	

## Ljubljana Stock Exchange Prime Market and Standard Market companies

### PRIME MARKET

	Company	Trading code	Type of share	Sector
1	GORENJE	GRVG	ordinary registered	Household Products & Furniture
2	INTEREUROPA	IEKG	ordinary registered	Transportation
3	LUKA KOPER	LKPG	ordinary registered	Transportation
4	KRKA	KRKG	ordinary registered	Pharmaceuticals
5	MERCATOR	MELR	ordinary registered	Retailing
6	PETROL	PETG	ordinary registered	Oil & Gas
7	POZAVAROVALNICA SAVA	POSR	ordinary registered	Insurance
8	TELEKOM SLOVENIJE	TLSG	ordinary registered	Telecommunications
9	ZAVAROVALNICA TRIGLAV	ZVTG	ordinary registered	Insurance

**STANDARD MARKET**

	<b>Company</b>	<b>Trading code</b>	<b>Type of share</b>	<b>Sector</b>
1	AERODROM	AELG	ordinary registered	Transportation
2	DELO PRODAJA	DPRG	ordinary registered	Media
3	LETRIKA	IALG	ordinary registered	Electrical Equipment
4	ISTRABENZ	ITBG	ordinary registered	Industrial Holdings
5	KOMPAS MTS	MTSG	ordinary registered	Retailing
6	MLINOTEST	MAJG	ordinary registered	Food, Beverage & Tobacco
7	NIKA	NIKN	ordinary bearer	Diversified Financials
8	PIVOVARNA LAŠKO	PILR	ordinary registered	Food, Beverage & Tobacco
9	SALUS	SALR	ordinary bearer	Health Care Equipment & Services
10	SAVA	SAVA	ordinary registered	Industrial Holdings
11	TERME ČATEŽ	TCRG	ordinary registered	Tourism & Travel
12	UNIOR	UKIG	ordinary registered	Forging Industry
13	ŽITO	ZTOG	ordinary registered	Food, Beverage & Tobacco

## **Who is who at the Ljubljana Stock Exchange**

### **President of the Management Board**

Andrej Šketa

### **Member of the Management Board**

Nina Vičar, MSc

### **Director of Market Operations**

Darja Jermaniš, MSc

### **Director of IT**

Lovro Kink, MSc

### **Head of Management Board Cabinet & PR**

Metka Šipek

## **Contact info**

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