UNIOR®

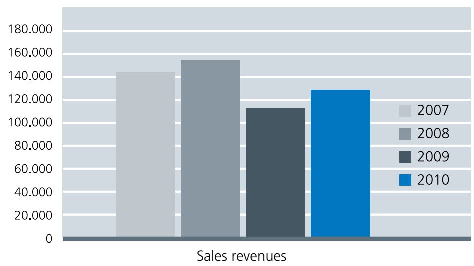
ANNUAL REPORT 2010

European manufacturer
Since 1919

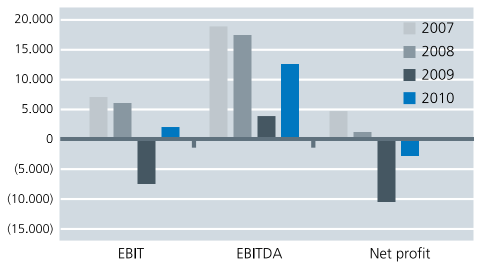
Key data on the Unior company business

(in thousand EUR)	2010	2009	2008	2007
Business outcome				
Income from sale	125.532	111.410	153.218	144.490
EBIT	1.683	(6.815)	5.581	6.469
EBITDA	11.585	3.411	16.172	17.516
Net profit	(2.780)	(9.766)	1.436	4.138
Financial position				
Total assets	303.609	285.806	303.110	262.636
Total equity	118.570	106.719	116.486	96.189
Financial liabilities	141.953	145.665	144.018	120.001
Operating liabilities	35.359	25.615	34.299	39.510
Profitability indicators				
EBIT margin (in %)	1,34	(6,12)	3,64	4,48
EBITDA margin (in %)	9,23	3,06	10,55	12,12
ROA – return on assets (in %)	(0,94)	(3,32)	0,51	1,67
ROE – return on equity (in %)	(2,44)	(8,38)	1,36	4,46
Indicators of financial health				
Equity/ Total assets (in %)	39,05	37,34	38,43	36,62
EBITDA Financial liabilities	8,16	2,34	11,23	14,60
Employees				
Employees - at the end of the year	2.200	2.169	2.352	2.611

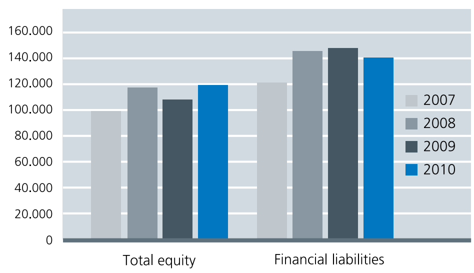
Sales revenues (in thousand EUR)



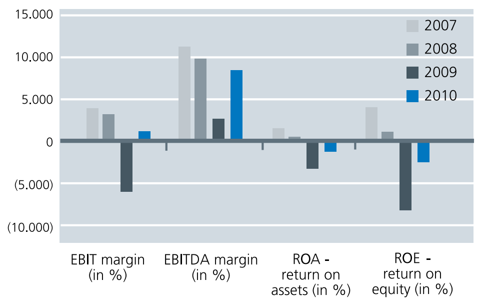
EBIT, EBITDA and net profit (in thousand EUR)



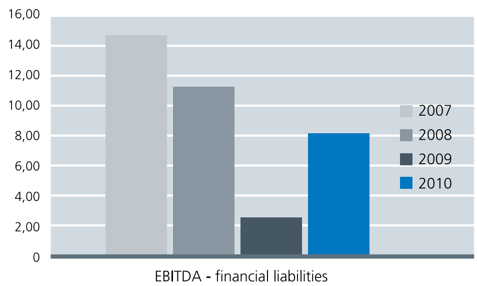
Capital and financial liabilities (in thousand EUR)



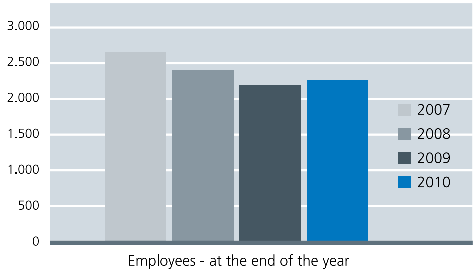
Indicators of profitability of the UNIOR company



Comparison of EBITDA and financial debt of the company



Changes in the number of employees



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ANNUAL REPORT

2010

European manufacturer

Since 1919

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Letter from the CEO

Dear shareholders, business partners and colleagues!

Indicators at the end of last year show a slow economic recovery, but also show that the credit crunch and the continued deterioration in the labour market still persist in Slovenia and in the entire euro area. This situation is also reflected in the deterioration of government financial positions in most of the EMU members.

The financial year of 2010 was also still unstable for the Unior Company. We still felt the effects of economic crisis which in 2009 led to recession in the automobile industry, for which the Unior Company produces the bulk of their products.

It is important to highlight the successful recapitalization among the most important events in the year 2010, when the entire emission of 500,000 shares worth 10 million EUR was sold.

The active business policy at the time of maximum recession in 2009, which was aimed at increasing the market share, delivered a high increase in sales in the Forge programme and Sinter programme in 2010. Hand tools program showed recovery in all segments in 2010. The crisis was reflected in 2010 more than in the previous two years on the Special machines programme and Tourism programme agenda.

We have reached 125.5 million net incomes from the sale. Thus the total sales exceeded the projected sales by 5% and sales in 2009 by 13%. Gross operating profit, compared with the previous year, increased by 21%, while the cost of materials, goods and services compared to last year increased by 18%. Labour costs in 2010 increased in weight by 10%, but we must consider that temporary waiting for work was introduced in 2009 and therefore labour costs were lower in the past year. Depreciation and amortization compared to the previous year decreased by 4% as a result of smaller investments in the past year. The result from operating activities was positive in 2010 but lower than planned; it amounted to 1.7 million euros. The financial income in 2010 decreased due to lower revenues from investments, but we also recorded a reduction in financial expenses due to reduction in liabilities to banks. Operating profit in 2010 remained negative, and with consideration of deferred taxes, the loss amounted to 2.8 million euros, while in 2009 it amounted to 9.8 million euros.

Materials and supplies costs represent the largest share of costs. Dealing with commodity prices at acceptable levels is attributable to the consistent implementation of policies to long term supply contracts for key raw materials and energy. We had major problems at the end of the year with the supply of adequate raw materials, especially steel. Furthermore, we are vigilant and careful and direct our commercial policy measures into the management of risks associated with customer's liquidity position, with a serious crisis in Slovenian construction sector and with the problems of the Slovenian financial sector.

In March, in accordance with the Act of minimum wage, we have increased the minimum gross salary in the company from 597.43 to 734.15 euros. Due to changing economic conditions, we were looking for opportunities to reduce costs and increase revenue in all areas of business.

In the investment area in 2010, our affiliated companies also faced the consequences of the economic crisis which was the most reflected in the ability to pay. So we performed a merger in Germany, joining the companies Unior Werkzeugmaschinen GmbH and Unior Deutschland GmbH. We recapitalized the Štore Steel, Sinter Užice, Unior Components, Unidal and Rimske Terme companies, and we sold our shares in the Zlati grič company to the Kompas Kapital Company.

In the investment field, we continued to build a production plant in Vitanje, the works on the church in Rogla were completed, and in August we began the construction of an extension to the hotel in Zreče. Construction was dictated by nearly 100% occupancy of the lodging facilities at the hotel in Zreče. This investment is 10 million EUR worth, and the construction will be completed in 2011. The share of co-financing of the country is 2.5 million EUR. On Rogla, we have continued the works of building a cross-country polygon with a hotel, which we are building together with the Municipality Zreče on Rogla. Due to the increased production volume in the Forge programme, we invested in a new forging line. The amount of investment in real estate amounted to 6.7 million euros. 7.7 million euros were invested in the new production equipment and the modernization of old equipment.

In the second half of 2010 we were actively preparing a new strategy for the company. The key strategic directions of the UNIOR Company are: raising profitability and reducing debt, exploiting synergies within the Unior Group and encouraging creativity and innovation. We set ourselves very ambitious targets with our vision. Through our own innovative process in collaboration with customers, suppliers, with related companies and research organizations, we will develop, manufacture and market solutions with even higher added value. Gross value added will amount to 34,000 euros, sale to 183 million, we will achieve a positive economic value added, and we will ensure a safe return on investment for owners of at least 6.6% and ensure a future for our employees. The group will exploit their synergies and together we will achieve total sales of 440 million euros, net return on equity of 7.3% and a workforce of 4,216 people.

In 2011 we are planning 15% growth in net revenues from sales, which will reach 144.8 million euros. The extremely good contract situation of the Forge programme promises 1% sales growth, the Sinter programme 11% sales growth and Hand Tools programme 16% sales growth. In the Special machines programme, the sales will double given the poor sales last year, while the sales of the Tourism programme will decline by 2%.

After two bad years, we are planning profit of 2 million euros in 2011. The Forge and Sinter programmes will recover from the recession in the automotive industry and will operate at a profit, while for the Special machines programme the crisis will last, as it is predicted that we can only expect improvement in 2012 in the field of engineering and equipment investment. Also in the field of Hand tools in 2011, we still expect loss, but it will greatly reduce and we will come closer to the business viability. For the Tourism programme, due to the general economic situation, the crisis began at the end of 2010 and so we cannot expect profit in the coming year as business will be disrupted in Rogla by construction.

In 2011, we sold 25.1% shares in Štore Steel company, and there are also opportunities for the sale of shares in some of our other investments, the Starkom company share and shares of Banka Celje. The realization of selling these investments is very uncertain because it depends on many external factors, but can have a significant impact on financial results and cash flows.

We are aware of the opportunities that lie ahead. At the same time we must recognize that we will achieve these aims only by investing in our development, modern equipment, knowledge, people and interpersonal relationships. Only then we will create a foundation for business success in the future.

I thank the owners, business partners, colleagues and everyone who contributed with their work to the achievement of objectives in 2010.

Gorazd Korošec
Chairman of the Management Board

Hand in hand

perseverance

Report of the Supervisory Board

Supervisory Board controlled the Unior company operations in 2010 and its subsidiaries within the mandate of the law, the Articles of Association and Rules of Procedure of the Supervisory Board. Supervisory Board had six members at the beginning of mandate, which began on 13.12.2009, but from 30.11.2010, Blaž Brodnjak, a member of the Supervisory Board, Representative of the capital, resigned for personal reasons. Until the convening of an extraordinary general meeting, the Supervisory Board had five members: Matej Golob Matzelet, as chairman, Karl Kuzman, as deputy chairman, Emil Kolenc, as a member (all three representatives of the capital) and members Marjan Adamič and Stanko Šrot (both workers' representatives). On 13.4.2011, at an extraordinary general meeting of company Unior d.d., an alternate member of the Supervisory Board, Rok Vodnik, was appointed.

Unior d.d., given the strong involvement of its production in the automobile industry, in which the economic crisis compared to other sectors reflected faster and harder, operated in very complex and dynamic operating conditions by seeking new development and market opportunities in 2010. The gradual recovery of the business through increased contract situation started to indicate in the first quarter, and more distinctly in the second half of 2010.

With the positive trends reflected by the increasing volume of orders, particularly in the field of forgings and sintered parts, a gradual recovery in business in certain programmes has begun, but still in all business areas, measures of rationalization of operations were valid, in terms of comprehensive cost management; which related to all areas of business: sales, production, procurement, finances and personnel policy.

1. Work of the Supervisory Board

In 2010, the Supervisory Board held seven regular meetings and completed two CCB meetings. The Supervisory Board were provided with all the on-going information about all the important decisions of the Management Board.

The Management Board reported monthly to the Supervisory Board with reports on the operations of the company Unior d.d. and quarterly reports on the operations of the Unior Group. The reporting of the Management Board to the Supervisory Board allowed the proper performance of its supervisory role. Reports of the Management Board were generally prepared by specific areas and separately for all the five programmes of the company with a concise review of all business impact. In its reports, the Management Board reported all major categories, which affect the operations of joint stock companies. These are categories of income, sales, production, costs, financial management, value

added and other economic and technical indicators. With the statement for 2010, the comparative statements for the previous year were added and the statements of the plans for the current year.

The Supervisory Board continuously monitored the situation on the market on the basis of ratings supplied by the Management Board. The Supervisory Board paid close attention to market conditions, particularly of the movement of prices of materials, raw materials and other factors affecting the company's business.

The Supervisory Board discussed financial reports at its regular meetings for each quarter in 2010, and was informed of the current operations and assessment of operations for the next short-term period. The guidelines of the business plan for the fiscal year of 2011 was discussed with a focus on the following business segments: lowering the debt of the company, strategy of cost management of goods, materials and services, business subsidiaries, process of management with key and promising personnel. Much attention was paid to the opportunities of further development and direction of the company as well as the Unior Group. The Supervisory Board therefore proposed the preparation of a new administration long-term strategy of the company Unior d.d. and the Unior Group and also participated actively in its design. The Supervisory Board adopted the Unior Group strategy for the period 2011 - 2014, with the identified strategic goals, in early 2011.

At its meeting in February last year, the Supervisory Board discussed the business plan for 2010, accepted and confirmed it in its proposed form, with the emphasis on supplements (profitability, stock purchase, development, innovation, net cash flow). It learnt about the report on the progress of Unior recapitalization, which was 100% successful. The Supervisory Board was briefed on the listing of Unior shares on a regulated market and ordered the Management Board to prepare a time table of the planned activities.

At the regular meeting in March, the statistics data for 2009 were discussed and approved and the proposal of the Board that the net loss for the year 2009 be covered from the undistributed profits from previous years, with the difference transferred to the following year was approved as well. The Supervisory Board, in accordance with amendments to the Company's Statute, worked on the changes and updates of the Rules of Procedure of the Supervisory Board and appointed a three-member Audit Committee. In terms of verification perspectives and development opportunities of Unior activities, the Supervisory Board took the initiative for preparing a long term strategy and vision of the Unior Group until 2014.

At the first CCB meeting in April, the Supervisory Board approved the reference of the first meeting of the Audit Committee and appointed a three-member Personnel Commission of the Supervisory Board. At this meeting the Supervisory Board approved the intended recapitalization of the Rimske Terme d.o.o company.

In May, the Supervisory Board conducted the second CCB meeting. At the regular meeting in May, the Supervisory Board, in addition to its annual report for 2009, noted the report of the meeting of the Audit Committee. The global economic crisis was also reflected in the Unior subsidiaries, of which the Štore Steel d.o.o company had the biggest impact on the Unior consolidated balance in terms of negative results. The Management Board also informed the Supervisory Board on the preparation procedures and inviting tenders for the construction of atrium of the hotel Terme, Zreče. The Supervisory Board was also informed of the option agreement between the companies Rhydcon d.o.o. and NLB d.d. At the same meeting the Supervisory Board was also informed of the planned schedule for the preparation of long-term strategy of company's development and Unior group, whose main focus is to reform the organizational culture and management skills of Unior business system which will allow us to follow our new business visions, strategies and system of values.

At the June meeting of the Supervisory Board and on the basis of the Audit Committee, the board approved the audited annual report of company Unior d.d. and the audited consolidated annual report of Unior Group for 2009. It endorsed the agenda of the 14th Assembly of the company and agreed to the proposed resolutions of the Assembly.

On the sixth regular meeting in September, the Supervisory Board discussed the financial report for the first semester. It noted that the favourable trends continue in Forge and Sinter business programmes, and a slight recovery was detected in the Hand tools programmes. The unfavourable situation and lack of orders was still present in the Special machines programme, which was carefully monitored by the Supervisory Board. The general decline in purchasing power was also reflected in the Tourism programme. Due to the achieved result, the Supervisory Board expressed the need for careful cost management, efficient management of inventories, receivables, liabilities and debt reduction. The Supervisory Board was informed of the intention to sell the shares in Zlati grič d.o.o. and the activities of both investments, the construction of atrium in Terme, Zreče and the cross-country polygon building on Rogla. The Supervisory Board gave its approval for the recapitalization of Rimske Terme d.o.o. at that meeting.

At its meeting in November, the Supervisory Board was informed of the decision of the Competition Protection Office regarding the arrangements on the prices of ski passes. It noted the guidance business plan for 2011 with an emphasis on intensive alternative development strategy of the company, including intellectual property protection. Supervisory Board received the information about the activities regarding preparing the policy paper, options on a stock exchange listing Unior and information of interest in buying the financial share in Štore Steel d.o.o. company.

At the last, December meeting, the Supervisory Board acknowledged the resignation of board member, Mr Blaž Brodnjak. Due to the process of seeking an alternate member, it has started the procedures for appointment of Nomination Committee. The Supervisory Board was informed of the estimate of operating result, which compared to the previous year significantly improved, but was still negative. In terms of risk management, it expressed the need for careful rationalization of operations and controlling costs. Following the adoption of a strategic document, the Board proposed to the Management Board to begin with intensive activities for listing the shares of the Unior d.d. company on the stock market.

The Supervisory Board estimates that it acted independently in relation to the Management Board in 2010 and that there were no conflicts of interest among the members of the Supervisory Board.

Apart from rare justified absences, all members participated at meetings. The chairman and member of the Management Board were invited to all meetings of the Supervisory Board, and when needed, the executive directors of the programmes were invited as well. The meeting documentation was quality prepared and ensured that the members of the Supervisory Board were provided with quality information.

2. Annual Report

The Audit Committee reviewed the company's annual report and audit report of Ernst & Young d.o.o. from Ljubljana and prepared the draft report on the verification for the Supervisory Board.

The Supervisory Board, on the basis of reviewing the annual report and consolidated annual report, the auditor's report and the report of the Audit Committee of the Supervisory Board, notes that the annual report and consolidated annual report for 2010 are in all respects a fair presentation of the financial situation of the company Unior d.d. and Unior Group, and of the financial performance and cash flows of the company Unior d.d. and Unior Group, in accordance with International Financial Reporting Standards and the requirements of the Corporations Act relating to the preparation of financial statements. The Supervisory Board has no objections to the report and accepts it.

3. Findings and a proposal for covering losses

The Supervisory Board discussed the proposal of the Management Board dated 10.05.2011 on the cover of net losses for 2010 and agreed with it.

Total loss for the year 2011 amounts to € 8,257,729.03 and consists of net loss in 2010 amounting to € 2,780,040.99, losses from the previous year amounting to € 5,478,685.74 and retained earnings from paid dividends for 2005 and 2006 amounting to 997.70 euros. Total loss remains unallocated and is passed into the following year.

The Supervisory Board proposes to the general meeting to grant discharge to the Managing Board for operating in 2010.

In formulating the draft decision concerning the coverage of losses for the year 2010, the Management and Supervisory Board shall observe the applicable provisions of the Companies Act and the Statute of company Unior d.d. Because of the fact that the company was operating at a loss in 2010, the Management and Supervisory Board propose that dividends are not paid in 2011.

This report was prepared by the Supervisory Board in accordance with the provisions of the Article 282 of the Companies Act (ZGD-1) and is intended for the general meeting.

Matej Golob Matzele
Chairman of the Supervisory Board

Company Profile

History

The beginnings of Unior go back to 1919, when Slovenian Styria iron-industrial society was founded, but the blacksmithing in Zreče has much older roots. In 1950 the plant changed its name into the Factory of forged tools, Zreče (Tovarna kovanega orodja, Zreče; TKO) and moved into social property. In the seventies of the 20th century, with the new forms of development, the company got a new name - Unior factory of forged tools, Zreče. The company transformed into a public limited company in 1997.

UNIOR today

Company Unior d.d. is organized into five programmes:

- Forge,
- Sinter,
- Hand tools,
- Special machines and
- Tourism.

Mission

We are a development partner in metal manufacturing, forming and processing and an ally of nature and people.

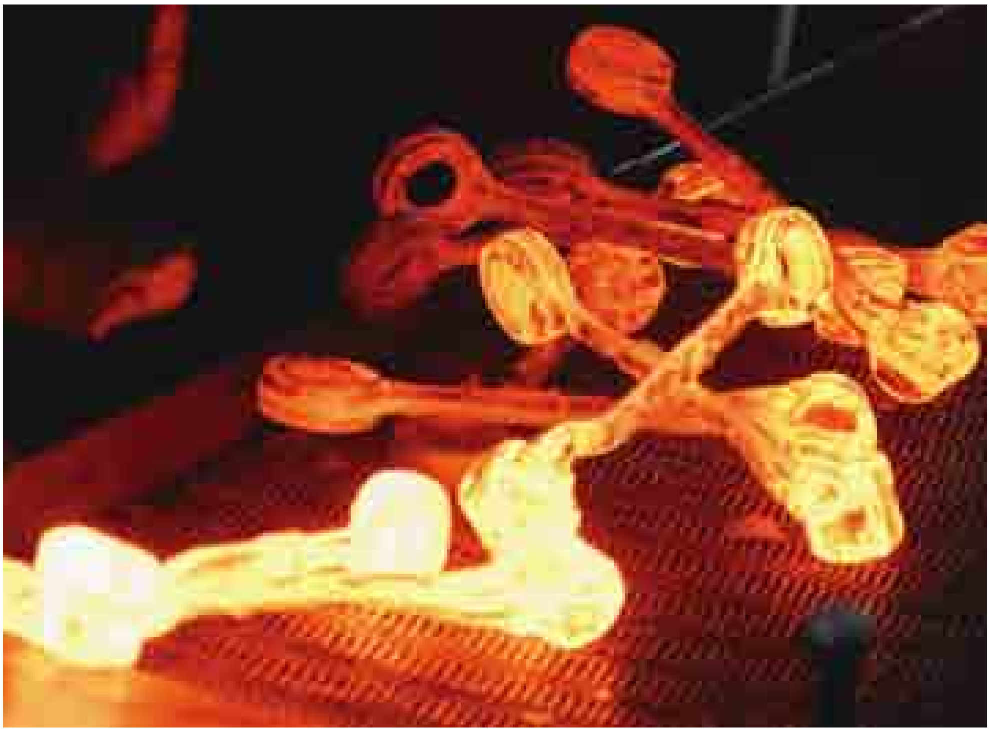
Values

Our values are: responsibility, loyalty, partnership, innovation, excellence, honesty, courtesy and perseverance. Our core skills are: a broad technical and technological knowledge, diligence and identifying business opportunities in our key business segments. Our core capabilities bring us the following competitive strengths: global presence, some programmes or companies within the Group are among the key players in the market segment or market, flexibility and competitiveness in price and quality.

Vision

We are known as a progressive international company, active in the metal processing industry and tourism. Using our own innovative process for collaboration with buyers, suppliers, similar companies and research organisations, we develop, manufacture and market solutions with an ever increasing added value. Our gross added value per employee amounts to EUR 34,000 – the average for Slovenian industrial companies. Our sales amount to EUR 183 million. We are have attained a positive economic value added (EVA), guaranteeing safe investments for holders with a return on equity (ROE) of at least 6.6% and a future for our employees.

We are an integral part of a dynamic group which makes the most of its synergies and have achieved a total of EUR 440 million in sales and a return on equity (ROE) of 7.3%, while providing employment for 4,216 people.



UNIOR Group

The UNIOR group is composed of twenty subsidiaries and eight associated companies in nineteen countries around the world.

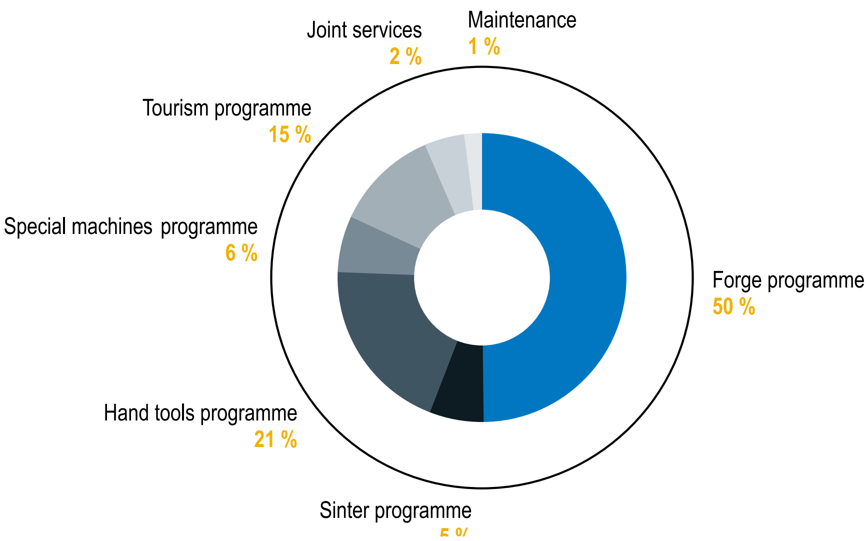
Company	Country	Continent
ŠTORE STEEL	Slovenia	Europe
RTC KRVAVEC	Slovenia	Europe
UNIOR BIONIC	Slovenia	Europe
STARKOM	Slovenia	Europe
RHYDCON	Slovenia	Europe
ROBOTEH	Slovenia	Europe
UNIOR PRODUKTIONS- UND HANDELSGESELLSCHAFT	Austria	Europe
UNIOR DEUTSCHLAND	Germany	Europe
UNIOR FRANCE	France	Europe
UNIOR ITALIA	Italy	Europe
UNIOR ESPANA	Spain	Europe
UNIOR HELLAS	Greece	Europe
UNIOR INTERNATIONAL	Great Britain	Europe
UNIOR BULGARIA	Bulgaria	Europe
UNIOR COFRAMA	Poland	Europe
UNIOR TEPID	Romania	Europe
UNIOR PROFESSIONAL TOOLS	Russia	Europe
SOLION	Russia	Europe
UNIDAL	Croatia	Europe
UNIOR KOMERC	Macedonia	Europe
UNIOR COMPONENTS	Serbia	Europe
UNIOR FORMINGTOOLS	Serbia	Europe
UNIOR TEOS ALATI	Serbia	Europe
SINTER	Serbia	Europe
UNIOR AUSTRALIA TOOL	Australia	Australia
UNIOR USA CORPORATION	USA	North America
NINGBO UNIOR FORGING	China	Asia
UNIOR SINGAPORE	Singapore	Asia

Hand in hand

partnership

Company programmes and activities

Proceeds from the sale of UNIOR programmes in 2010



Forge programme

The Forge programme develops, forges and treats forgings and assemblies for the automotive industry and other clients.

The vision for 2014 envisages the sale of 72 million euros, of which 13 million euros for the treated forgings. We will produce 10 million connecting rods. A growing proportion of sales will be achieved outside the automotive industry and will reduce dependence on major customers. Gross value added per employee will be 33,000 euros. Key strategic objectives are: to increase the added value of processing forgings, cost control, automation and adaptation to market (search for new markets, market opportunities, and development of alternative technologies).

The Forge programme is the oldest programme and the base from which UNIOR has evolved as it is today. In 2010 it contributed 50% of all revenue from the sale of the company. We exclusively supply the manufacturers from the automotive industry (80 percent of our sales goes to this industry) with demanding forgings of high security requirements. These are mainly parts of the steering mechanism of cars, load-bearing parts of the chassis, connecting rods and other forged parts that are not axisymmetric. A small part of the programme includes forgings for the Hand tools programme within the company.

We operate as a development supplier in the market, and together with our customers, we are developing and optimizing a forging for later use. We are a supplier of tier 1 and tier 2, so that we supply part of the production for the automotive industry directly to the conveyor belt (for VW, Audi, Renault, Ferrari), and a part for their sub suppliers who subsequently process these pieces and supply them within a larger lot.

As a supplier of automotive industry, we are committed to the sharpest quality standards. To this end, we acquired the ISO standard ISO / TS 16949, and buyers also regularly monitor and control the quality of our products.

Co-ownership in the Štore Steel, d. o. o. steelworks, an important supplier of high quality steel, and our own plant for tools and engineering allow us to comprehensively monitor all purchase requirements from steel to the finished forging.

Sinter programme

The Sinter programme is a reliable partner in the development of metal powder compaction technology.

The vision for the year 2014 promises a fast-growing programme that is attractive for employment and various partnerships with customers and suppliers in the automotive and other industries. In 2014 we will produce 12 million euros of sales at the Zreče site. There will be 38,000 euros gross value added per employee. Strategic direction of key policy areas are: business expansion, cost control and automation of production.

The production of sintered parts (made of metal powder) ranks the UNIOR company among the most important suppliers of systemic automotive industry. Our products are in line with the highest demands and standards of quality. They are installed into the BMW, Audi, VW, Volvo and other car brands. The main products of this programme are parts of steering mechanisms for cars and parts for building hardware, sliders, rotors and casings for oil pumps, self-lubricating slide bearings and sleeves, gears and parts for braking mechanisms. They are used in engines, gearboxes, steering wheels and other car parts, in power tools for outdoor use, building furniture and white goods, small household appliances and similar products.

The mechanical and hydraulic CNC presses can produce products of simple or complex shapes. For products where high density is required, we use the procedures of double sintering or hot pressing process. The main production processes are supported by secondary processes such as machining, surface protection application, smoothing and sandblasting, heat treatment and hardening directly by sintering, oil impregnation and steam treatment.

The Sinter programme is based on international standard ISO 9001 quality management, on standards of quality management in the automotive industry ISO/TS 16949 and on the environmental management standard ISO 14001, for which we have obtained certificates. The company is fully adapted to customer requirements and perform frequent checks of manufacturing processes and products, made by the parties themselves or relying on the assigned standards.

Sophisticated tools

Hand tools programme

The Hand tools programme creates sophisticated hand tools.

The vision for the year 2014 shows a global presence and focus on products and services with higher value for all customers, which enables 32,000 euros gross value added per employee. We will be successful in the development, manufacture and sale of special tools (cycling, automobile, motorcycle, VDE DP), where we will achieve 30% of realization. With the cold forging programme we will realize 6 million euros. Key strategic objectives include: reorganization of sales and marketing network, development and commercialization of specialized tools, expansion of production and sales of cold forging products, lean manufacturing, production planning and inventory management and the computerization of the sales network - B2B.

Production and sales programme of hand tools cover 5,500 products, the most important being: wrenches, pliers, socket wrenches and accessories, metal packaging, removers, hammers, spanners, clamps, scissors, plumbing tools, tools for electricians, electronics tools, roofers, and assigned tools for servicing bikes and cars.

We are focused on the development, manufacture and marketing of high quality, functional hand tools with long life for the needs of professional users. A special feature of the UNIOR tools is an attractive ratio of superior quality and affordable price. It is made with the state of the art computer controlled machines for thermal, mechanical and surface treatment of materials, which can be closely adapted to the needs of customers.

Our hand tools are available to users worldwide. A widespread network of distributors is responsible for their sale. UNIOR hand tools meet the demanding global and European quality standard DIN. Tools for work under high voltage have been VDE-certified since 1991. All employees are engaged in the process of designing quality improvement and mutual learning.

Special machines programme

The Special machines programme with modern machinery and individual technology solutions provides competitiveness.

The vision for the year 2014 shows an annual realization of 20 million euros, and gross added value of 48,000 euros per employee. We will be connected with equitable and quality strategic partnerships, which will allow us the necessary stability and further development. We will be the leader in deep-drilling and recognized as a reliable and responsible engineering company. The key strategic objectives include: human resource development, technical development, effective implementation of projects and marketing projects.

The Special machines programme specializes in the development and manufacture of complex industrial Special machines, such as flexible machines with rotary table, flexible manufacturing cells, machines for deep drilling, five-axis Special machines and flexible welding cells. Our machines are used in automotive industry for the processing of engine and chassis components (elbow shaft, cam shaft, gearbox axles, and peripheral units).

We include in our solutions the cutting edge achievements in construction of machinery and technology of cutting materials. Our program is based on the development, as each product is a prototype tailored to customers' requirements and specificity of the product which is processed on the machine.

The operations in the Special machines programme are based on the international quality standards because of our own needs and requirements of our customers. Currently, we have certificates of ISO 9001, ISO 14001, and the most important, VDA 6.4. Focusing on the customer, respect for contractual obligations and a high degree of organization ensure that all the requirements of obtained certificates are met.

Tourism programme

The Tourism programme presents a natural and healthy life to our guests.

The vision for the year 2014 shows a shift towards raising the quality of service for demanding guests, which will create 25 million euros in annual turnover and 230,000 overnight stays per year. Gross added value per employee will be 33,000 euros. We will be recognizable for specialized health services and included into the network of global centres for preparation of elite athletes. The key strategic objectives are: quality of service, growth in foreign markets, development of new tourist products and operational efficiency.

The Tourism programme, with its products in recent years, has established itself on the domestic and international markets, as a specialist in the marketing of active holidays for families and top and recreational athletes. In addition, we have managed to maintain our position as one of the finest providers of rehabilitation after surgery of the locomotor apparatus in Terme Zreče. With the renovation of the installation and upgrade physical infrastructure, which is intended for recreational and world-class sports events, we organized a competition for the World Cup ski races on Rogla in 2009.

UNIOR developed an attractive tourist destination for all seasons on Rogla. In winter, guests can enjoy in the ski resort which ensures a hundred days of skiing with two four-chair lift, eleven lifts and artificial snow. In summer, Rogla is a friendly place for cycling enthusiasts, those who enjoy hiking and going for walks, mushroom picking and other forms of recreation. In addition, UNIOR is the owner of Krvavec ski resort and the co-owner of Rimske Toplice Spa. With tourism we created 15% of all revenue from the sales in 2010.

Unitur®
HOTELS & RESORTS
Najdi svoj nasmeh!

Major events in 2010

- Successful implementation of the recapitalization, in which the whole emission of 500,000 shares was sold, in total worth of 10 million euros.
- Gregor Golobič, the Minister for Higher education, science and technology, visited the UNIOR d. d. Company on 16.4.2010. He learnt about the company which has successfully operated for nine decades, and about future development projects and plans. The Minister visited the production of Forge and Sinter programmes.
- Danilo Türk, the president of the republic, paid a visit to the UNIOR public limited company on 21.4.2010. The business itself, the business plan and measures with which UNIOR mitigated the economic situation and enabled an effective response to the business conditions in the past were presented.
- On 22.4.2010, the Suppliers Day was held at the Dobrava hotel - the fourth in a row. Of 110 invited suppliers, more than 90 attended.
- We have merged the companies UNIOR Werkzeugmaschinen GmbH and UNIOR Deutschland GmbH in Germany due to rationalization of business and reducing costs.
- We recapitalized the subsidiary companies Štore Steel d.o.o., Sinter a.d. Užice, UNIOR Components a.d., Unidal d.o.o. and Rimske Terme d.o.o.
- We sold our share in the company Zlati grič d.o.o. to the Kompas Kapital company.
- In August we have begun a construction of an extension to the hotel in Zreče. The construction will be completed by the autumn of 2011. The state's share of co-financing is 25%.
- In early July, a conference for distributors was held on the Hand tools programme.
- In early September, the Tourism programme successfully organized the first international competition in volleyball on sand in Zreče.
- The ceremony of putting the foundation stone on the start-finish area of the cross-country polygon on Rogla was held on 25th of September.
- In October, in the Zreče blacksmith's plant, a new forging line was launched, which is intended for extending the capacity of forging connecting rods for the automotive industry.
- On 10.10.2010, a ceremony was held on Rogla for the blessing of the new church.
- On 18.10.2010, the award ceremony was held, called »The best innovator of 2010«.


Lasco

The most important markets and customers

UNIOR is a supplier of automotive industry and this is why developments in this industry are crucial for our business. Our major customers are all the most prominent manufacturers: Volkswagen, Audi, BMW, Renault, Dacia, Peugeot, ZF Lemförder & ZF Lenksysteme, Volvo, Bosch Siemens Group, Daimler, JTEKT, GKN, Arvin Meritor and Cimos. Among other sectors, from which our customers come, it is also worth mentioning the construction and end-users (mainly craftsmen), which are important primarily in the Hand tools programme.

Our main market is the European Union, where we export 90 percent of all products in the field of metal manufacturing, which means that we create 80 percent of all revenue from our sales. Among other markets, the most important for us are the European markets outside the EU and the Asian markets.

Forge programme

Similar to other programmes, it is also the most important market for forgings in the EU, where we create 99 percent of all revenue from sales - of which more than five percent in Slovenia. The products are in the majority (with 90 percent share) directly intended for the automotive industry (the buyers are VW, Audi, and Renault) and their sub suppliers (ZF Lemförder, TRW, JTEKT, and GKN).

In 2010, we were able to gain some strategically significant customers and projects, which we strived for in recent years. So we are consolidating in the field of the steering mechanisms, where we manage all major automotive manufacturers in Europe and are the Europe's largest supplier given the wide range of supply.

In the area of connecting rods for passenger cars we have acquired new customers, which enable us to cover a wide range of cars (from the smallest, three-cylinder engines to the most modern 12-cylinder). We are also present in the developments of engines, which are an integral part of hybrid vehicles. Our biggest competitors in major markets are the European producers (Mahle- Brockhaus, STP, Kanca, Ateliers des Janves, Mokov).

There is increasingly noticeable competition from Asia (mainly China and India) in the area ofsteering wheel parts in our major markets. Our key advantages in the fight with them we see in collaboration with customers in development projects, high productivity, technological advantages and flexibility.

Sinter programme

The principal market for the Sinter programme is the European Union, where the indigenous (Slovenian) market in 2010 accounted for 14.8 percent of all revenue generated from sales in the EU. We create by far the largest part of revenues from sales of the automotive industry (80 percent for passenger cars and 8 percent for trucks). Among our customers, there are manufacturers of small household appliances (8 percent) and construction industry (4 percent). Our largest customers include ZF Lenksysteme Nacam, ZF Lemforder Schaltungsysteme, Willi Elbe and Roto Lož. We face competition in the markets from all around the world. Among them, we would especially mention the American company GKN, the Austrian company Miba Group and the French company Federal Mogul.

The economic crisis has led to the selection of the producers of sintered products, which results in a decrease in the number of manufacturers and, consequently, greater interest of customers for both active and stable suppliers. Expected recovery in 2010 has given renewed momentum in the automotive industry as well. The market of the Russian Federation is reviving, which is very interesting to us. Because of the weaker euro, there are also real opportunities for the sale of sintered products in the U.S.

We will adjust to the changing market conditions with investment in sales and marketing activities, with developing new technology products and increasing the supplier share with existing customers.

Hand tools programme

The EU market is also the most important for hand tools, which generate two-thirds of all revenue, with another 17 percent in other European markets. The largest (40 percent) share of turnover is generated from sales of tools to craftsmen, service firms and other end customers. The rest include companies from the automotive, aviation, petrochemical, steel, electrical and construction industries.

Our biggest competitors in major markets are the European manufacturers of hand tools (Facom, KNIPEX, GEDORE and the like). Recently, however, the Chinese manufacturers are increasingly penetrating the market, where they offer tools at very low prices.

In 2010 there was a slightly improved economic situation in the markets, which are crucial for the programme. Marked improvements are seen in the Russian Federation, Romania, Austria and France as well. This year, more than seventy percent of customers have increased their purchases of our products. Impressive results are also recorded in the markets of Saudi Arabia and Africa. Domestic sales declined slightly, largely due to difficulties of our largest buyer Merkur. Equally worrisome is the decline in sales in Greece, which is the result of local economic and political situation there.

Special machines programme

Since the intense entry into the automotive industry, our biggest single market is Germany, where we generate the majority of all revenues from sales. Products are sold exclusively to the automotive industry, with our largest customers: Volkswagen, BMW, Daimler and General Motors, but the bulk of investment buyers is transmitted to their subsidiaries outside Europe's borders, so as to provide over 70% of exports of capital goods to countries outside Europe, with focus on the China and the Asia market. Our biggest competitors in major markets are the German companies Elha and Licon and the Spanish company Etxetar.

In 2010 we started building an intensive partnership of non-capital relationship with the company GROB, with which we expect long-term stabilizing operations and provision of constant orders. In the context of development conferences we have identified additional activities that are mainly linked to increase in the intensity of marketing communications with key customers and identifying new market opportunities.

With the selection of customers and market segmentation, we introduced a new sales policy, with which we want to gain some strategic suppliers of today's final customers. By switching to aluminium foundry, cast iron and forges, we will have to partially modify our products. We expect that the on-going development of flexible machines will meet the needs of new customers, but we will need to make a step forward to ease implementation and lower costs.

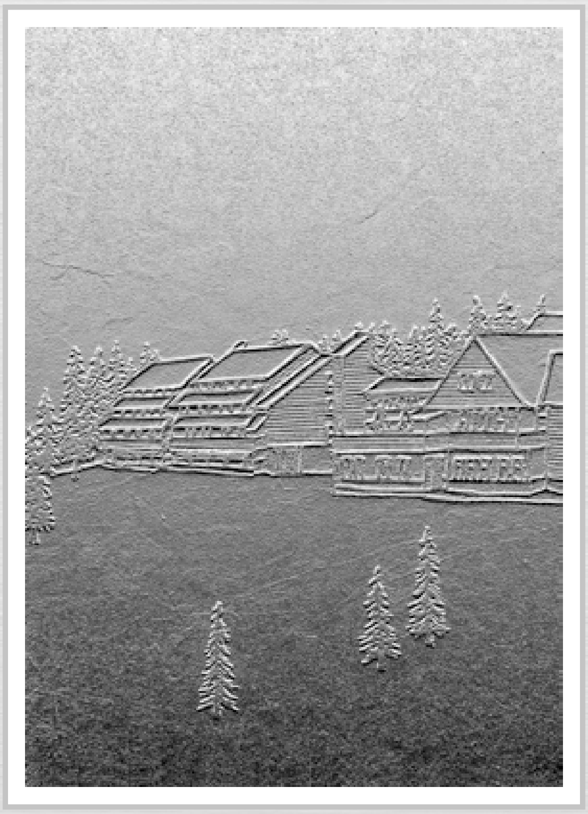
Tourism programme

The most important markets for our tourism services are Slovenia, Italy, Austria, Germany, Hungary and Russia. In the future, we expect that they will be joined by Saudi Arabia, the Netherlands, Belgium, Scandinavia and Great Britain. With this, we focused on selling to families, world-class and recreational athletes, organizers of congresses and seminars, spa tourists and schools. We define all major providers of tourist services in Slovenia as our competitors.

In 2010, the number of overnight stays fell in almost all countries of the European Union, and we recorded a drop of 1% in our programme. This means that the economic crisis in the tourism sector in 2010 proved more pronounced than in 2009, especially after the end of the winter season. The major decline in revenue was recorded on Rogla, because of the impact of the crisis as well as the seasonal effect of bad weather in December, while in Terme Zreče there was growth in revenue as compared to the year 2009.

In 2010 we continued with the actualization of our services to better exploit the competitive advantage. On Rogla we have successfully completed the first phase of construction of cross-country ski polygon, and in Zreče we have begun the construction of a hotel Atrium with 100 additional beds, a wellness centre and new restaurant and seminar rooms. This will lead to better segmentation of customers and offer higher quality.

Hand in hand



responsibility

Shares, recapitalization and listing on the stock market

Upon the establishment of Unior joint stock company, 2,138,200 shares at nominal value of 8.35 euros were issued. Since then the company has made two recapitalizations. The first on 1.12. 1999, when additional 200,214 shares were issued, and the second on 1.2. 2010 by issuing 500,000 new shares. Thus UNIOR has 2,838,414 common shares on 31.12.2010 which have been registered as par value shares since 2006. These are issued in book-entry form and are registered from 21. 1. 2000 in the central securities register maintained by the KDD - Central Securities Clearing Corporation, d. d., in Ljubljana.

Important information about shares

	2010	2009	2008	2007
Total number of shares	2.838.414	2.338.414	2.338.414	2.338.414
Number of own shares	71.245	71.245	68.915	68.915
Number of shareholders	1.319	1.207	1.190	1.270
Dividends per share	-	-	0,32	0,63
Value of own shares in the balance (in thousand EUR)	2.719	2.719	2.619	2.619

Recapitalization in 2009 and 2010

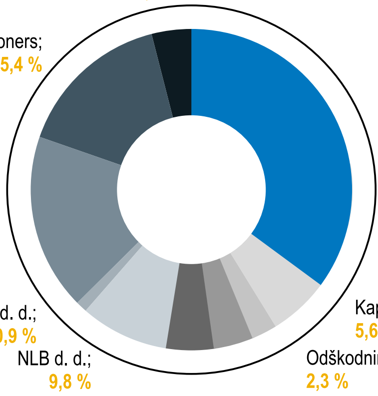
In 2009, the process of recapitalization began, which was successfully completed on 1. 2. 2010. The entire issue was sold - 500,000 shares in total worth of ten million euros. The recapitalization was carried out in three rounds, in which a total of 262 investors participated, of which 148 existing and 114 new shareholders. New shares were registered by 120 employees who bought 5.3 percent of the issue, 103 business partners of the company that paid 33.7 percent, two commercial banks (15.5 percent), Capital and Trust Company with 44.6 percent and 35 other investors purchased the 0.9 percent issue. The new shares were issued in the Central Securities Clearing Corporation on 11. 3. 2010. With this, the total recapitalization was successfully completed.

Our own shares

Unior Group has a total of 71,245 of its own shares, representing 2.51 percent of total ownership. Of these, 68,915 are owned by Štore Steel, d. o. o., Štore, and 2,330 shares are owned by Unior Deutschland GmbH, Remseck.

Ownership structure on 31.12.2010

Shareholder	Number of shares	Stake
PDP d.d.	1.053.418	37,1 %
Kapitalska družba d. d.	157.572	5,6 %
Odškodninska družba d.d.	65.661	2,3 %
Pooblaščene investicijske družbe	96.052	3,4 %
Zavarovalnica Triglav d.d.	100.000	3,5 %
NLB d.d.	277.267	9,8 %
Banka Celje d. d.	25.000	0,9 %
Business partners	559.184	19,7 %
Employees, former employees and pensioners	436.053	15,4 %
Others	68.207	2,4 %
TOTAL	**2.838.414**	**100,0 %**



Listing of shares on the stock market

14th regular general meeting dated 21/07/2010, adopted a resolution that placed the shares of the UNIOR d.d. company on a regulated securities market of the Ljubljana Stock Exchange. The Prospectus for the listing of shares in a standard listing is in its final stage of preparation during the making of this annual report. The publication of the Prospectus is planned in the first half of this year after obtaining the decision of the Agency for the Securities Market and after that, filing an application is planned for a standard listing of shares on the Ljubljana Stock Exchange. Expected beginning of trading in company's shares on the regulated market is in June 2011.

Informing shareholders following the listing of shares on the stock market

After the listing of shares on the stock market, the company will inform all shareholders and new interested investors, in accordance with law and customary business practice, through SEOnet. All relevant information will also be posted on the website of the company.

Business indicators per share

	2010	2009	2008	2007
Earnings per share	– 0,98	– 4,18	0,61	1,77
Book value per share (in EUR)	41,77	45,64	49,81	41,13
Sales per share (in EUR)	44,23	47,64	65,52	61,79
Cash flow per share (in EUR)	4,48	1,46	6,92	7,49
Pay-out ratio	0 %	0 %	52 %	36 %

Corporate social responsibility

Sustainable development is one of the main development policies of the company and the UNIOR Group, and together with social responsibility an important factor in performance of the company. Long-term goals can be realized only through good relationships that start in the company and continue with a responsible attitude to the social and natural environment.

Employees

At the end of the year, there were 2,200 Unior employees. Their number increased in a year by 1.4 percent. According to the movement of contracting conditions, the number of employees rose in production programmes, which recorded the largest increase in sales. Most new employments are temporary, since the number of temporary employees increased by 116 employees. The increase in staff on the Hand tool programme came to be on the grounds that the employees who were temporarily transferred to other programmes due to lack of work at the end of 2009, particularly to the Tourism programme, returned to their parent posts. The number of employees in support services (Joint Service and Maintenance), has decreased in line with the rationalization of operations.

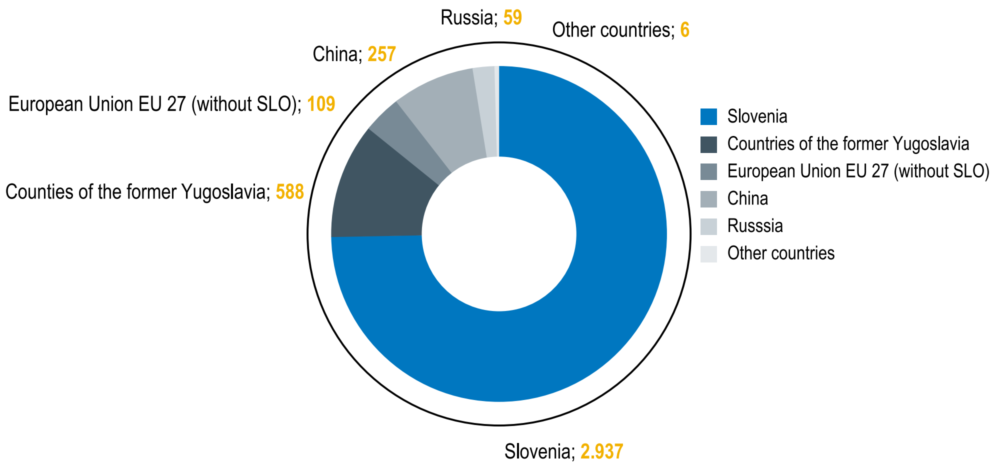
Information about employees

	2010	2009	2008	2007
Total number of employees	2.200	2.169	2.352	2.611
– Forge programme	809	776	781	895
– Sinter programme	122	117	82	79
– Hand tools programme	446	411	554	560
– Special machines programme	135	139	186	335
– Tourism programme	460	485	503	488
– Joint services	130	142	143	146
– Maintenance	98	99	103	108
Departures	170	245	459	218
New employees	201	62	200	284
Average length of service	18,5	20,5	19,6	19,5
Average age	40,8	40,7	39,8	39,3
Average number of employees per working hour	2.057	1.991	2.356	2.494
Average absenteeism (in hours)	148,7	129,3	159,3	161,6
Costs of education (in EUR)	493.410	628.051	661.015	559.193
Average salary (in EUR)	1.248	1.139	1.183	1.104

All staff departures were consensual, but most are workers' retirements. New employees are workers in the Forge programme and catering workers in the Tourism programme, especially for winter time. Because of the sizable number of retirements and employment of young workforce, the average length of service in the company dropped, and we have preserved the average age of all employees at nearly the same level.

Structure of employees by county (UNIOR Group)

	Number of employees
Slovenia	2.937
Counties of the farmer Yugoslavia	588
European Union EU 27 (withoutSLO)	109
China	257
Russia	59
Other countries	6
Total	**3.956**



Sick leave and work injuries

Costs of sick leave in Unior are relatively high, reflecting the specificity of the metal company's activities and a high average age of employees. Number of hours from the sick leave due to illness or injury (excluding maternity leave) was in 2010 slightly increased, but the cause is part of an increase in workload than in 2009 (there is no longer a measure of waiting for work, as in 2009).

In 2010 we had 150 injuries at work, which is 29 percent more than in 2009. Measures in the field of health and safety at work have been directed primarily towards prevention:

- training of leading staff of the responsibilities in terms of safe work,
- training of workers of imminent danger in the workplace and obligations to safe work,
- performing preventive medical examinations of employees,

- carrying out regular maintainance work, inspection of the working and safety equipment from the standpoint of security and elimination of defects,
- systematic treatment of accidents and corrective action,
- revision of guidelines for safe handling of work equipment and fire safety,
- implementation of preventive evacuation exercises from the facilities in case of fire,
- risk assessment review,
- introduction of health and safety system at work in accordance with the requirements of OHSAS 18001 standard.

Education

Employees are constantly in a position to have continuous professional training in Unior. We co-finance part-time studies of our key staff if they show interest in continuing their education. We are looking for and obtain our new employees by a system of scholarships for pupils and students. Even in the time of economic crisis, we made every effort to make possible for our employees to have access to new knowledge. Thus in 2010, we have given 493,000 euros for education, which is less than a year ago, due to the fact that in 2009 we carried out several training courses because of the measures of waiting for work and mandatory quotas of education for workers, who were assigned to wait, and greater emphasis on cost-effective internal training. We saved with other forms of education, so we did not contract any new co-financing part-time studies and we reduced the number of new contracts of scholarships for students.

Structure of employees by education

	Qualification level	31. 12. 2010	31. 12. 2009
I	Unqualified	547	570
II	Skilled workers	154	158
IV	Qualified	756	740
V	Secondary school	480	463
VI	Colllege	105	101
VII/1	High school graduate	80	67
VII/2	University	59	53
VIII/1	Postgraduate study	9	9
VIII/2	Master	10	8
IX.	Doctor	0	0
Total		**2.200**	**2.169**

Average salary

Average monthly gross salary per employee in 2010 amounted to € 1,248 and compared to the same period last year, it increased by 9.6%, while last year it decreased by 3.7% during this period. At 1.8% growth in consumer prices, this represents a 7.6% real increase in average salaries. Net earnings during this period increased by 8.8% or in real terms by 6.8%.

Salaries have increased, because as compared to the previous year, there are no more 10% lower salaries of employees by collective agreements due to 36 hour working time. They have also increased due to overtime work and work in the third (night) shift.

Informing the employees

Informing employees is systematically arranged and conducted with different tools: with an internal quarterly newspaper, if necessary, a newsletter, regular notices on boards and on intranet. The company encourages interpersonal communication that takes place hierarchically, according to a schedule of communication of the works council, trade unions, the Management Board, the Executive Committee, the college expanded to both chambers for workers and sectoral meetings. The company is trying to promote interpersonal communication of employees with various social events as well.

Company

We are aware in Unior of the importance of active and responsible engagement in the wider social environment. With funding and awareness, we are trying to help individual organizations and associations in carrying out various activities. We responsibly participate in the development of the Municipality Zreče by investing in tourism development and we do everything possible to find ways to contribute to a better quality of life of our fellow residents and to the development of the region. We allocate sponsor and donor resources for the current initiatives and organizing events for various societies and organizations. We support many cultural, sporting and humanitarian projects with annual sponsorship and donations.

In the field of **sport** we are very proud of our partnership with the top cross-country runner Petra Majdič. Resources are allocated to Zreče Football Club, Volleyball Club Zreče, and to Ski Club Unior Celje. We also care for health and recreation of our employees while supporting the Sport Club Unior, where more than half of our employees are members.

In the field of **culture** we support the various events in the town Zreče and its surroundings. We devote sponsorships and donations to culture through involvement in various foundations, and we also support the program activities of the municipality.

In the **humanitarian** field we are participating in various charity campaigns. We contributed funds for equipment in health centers and hospitals.

Concern for the environment (environmental protection)

In 2010, the company UNIOR d.d. successfully maintained an environmental management system in accordance with ISO14001 standards. We re-certified the environmental management system by Bureau Veritas. Under the re-certification of existing sites, we have expanded the scope of certification to two additional locations, namely Kovačnica and Hand Tools Vitanje. In the assessment, we received some inconsistencies and recommendations, which were resolved within the agreed time and we received new certificates. Recommendations are gradually introduced into the environmental management system. We followed the ecological indicators such as emissions into water, air emissions, energy consumption, natural resources, chemicals, waste generated and disposed, and causing noise in the environment. On the basis of ecological indicators, identified environmental aspects, legal and other requirements, the results of monitoring, information received from employees, shareholders, neighbors and customers, we have built programs and objectives for the coming years.

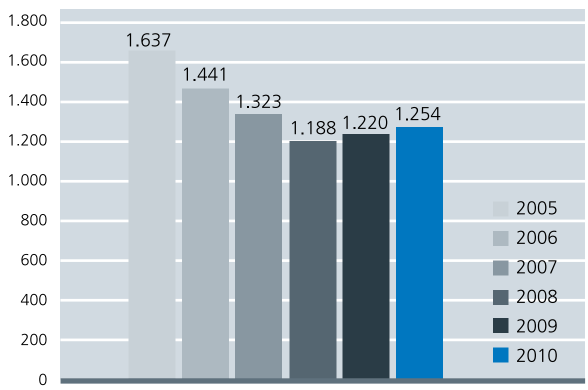
Energy consumption, energy efficiency

We monitor the use of drinking and industrial water and take appropriate action (removal of leakage, introduction of solutions to reduce consumption). We alert our employees to energy conservation - the closing of valves for water and air, switching off lights during breaks and the like. We monitor energy consumption and take action when it exceeds the set targets. We have put counters on every major energy consumers, which measure the energy sources and the quantity produced. While continuously monitoring the data, we are able to detect when the machine is poorly utilized or in need of major repair. We started the project of utilization of waste heat. We are implementing the automation of technological pumping with the installation of frequency-controlled pumps.

Waste Water

Before releasing waste water into the environment (sewers, into waters or land), we continuously carry out internal and external measurements of their quality. In recent years we have been very successful in reducing the environmental burden of waste water. We can see in the chart below that the load units of waste water in 2010 increased slightly compared to 2009. The reason for the increase is the fact that we were given an additional parameter COD in the environmental permit, in accordance with the Decree on the emission of substances in waste water discharged from the cooling devices and equipment for producing steam and hot water - flow-through cooling system, which we did not measure in previous years. Because of the COD parameter, which during measurements does not exceed the limits, and large amounts of cooling water, the load units are significantly increased.

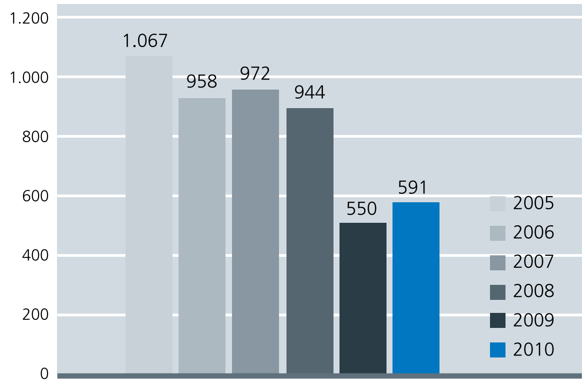
Load of waste water (Load units EO)



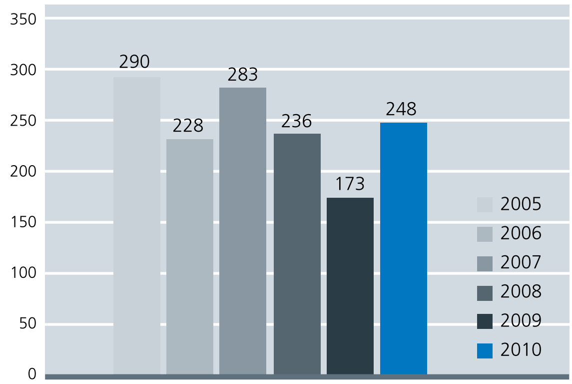
Waste

The amount of municipal waste compared to 2009 is slightly higher, but the amount of municipal waste per tonne of manufactured products declined significantly. The reason for this is the separation of waste. The amount of packaging and paper is growing at the expense of urban waste. The quantities of hazardous waste in 2010 increased slightly as a result of more stringent laws and stricter separation of hazardous waste.

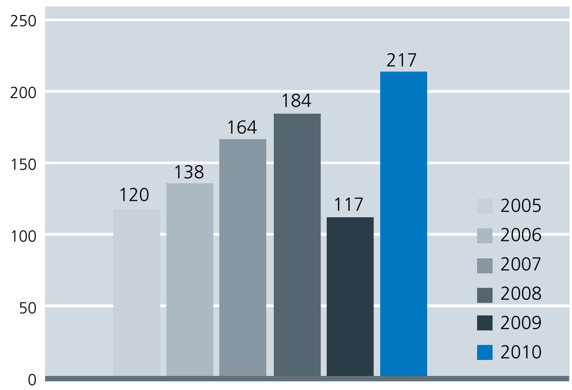
The amount of municipal waste (tons)



The amount of hazardous waste (tons)



The amount of packaging (tonnes)



Air emissions

The statutory measurements of emissions into the air were performed in 2010 and we did not exceed the limits at any measuring point.

Noise

Noise measurements were not carried out in 2010. This year, the Decree on limit values for environment noise indicators has been amended. With this change, a transition period is determined, during which we have to reduce the noise level below the limit, which means that currently we are not violating the statutory provisions.

Chemicals

We developed an electronic register of chemicals with links to safety data sheets, available on the new intranet and accessible to all employees. In case that the technological processes allow, we replace more dangerous chemicals with less dangerous. In 2010 we established a new, more effective system of control over the cooling lubricant.

Hand in hand

excellence

Corporate management

UNIOR uses a two-tier management system. Tasks of the Management Board and the Supervisory Board are separated in accordance with the laws and statutes, so that the Management Board manages the business of the company, and the Supervisory Board is responsible for supervising the operations. In addition, the Executive Board operates in the company, composed of executive directors of individual programmes, the Executive Director for General Affairs and the Chairman of the Board. The main task of the members of the Executive Board is to run each programme independently within the given authority.

As a non-public joint stock company, we made efforts in the past to create the most transparent business and correct informing of our shareholders and other stakeholders on what was happening in the company. With the envisaged classification of our shares on the stock market in 2011, we have started to introduce even more stringent standards of corporate governance in the company and to adapt our business to legal regulation, stock exchange rules and high standards set in the environment.

While already in the drafting process of listing on the stock market, we will appoint a person responsible for relations with investors in the company. Investors and other shareholders will be informed about all events in the company through the stock exchange SEOnet system. We are also planning to renew the website for investors, which will now offer comprehensive and updated information on topics of interest to this target group. This will increase the transparency of our operations and allow investors to have access to information in order to make quality and prudent investment decisions.

Management Board

The company has a two-member management board. Its chairman is Gorazd Korošec, who was appointed on 12. 12. 2007 and his mandate expires on 11. 12. 2012. He is the Chairman of the Management Board for the second time, and before that he was Deputy Chairman of the Management Board. Darko Hrastnik was appointed a board member on 1. 6. 2009, with the mandate until 31 5. 2014. He is a board member for the second time.

Data on work and managerial experiences of board members

Gorazd Korošec, Chairman of the Management Board
Education: university degree in economics

Work and management experiences:

1993–	Unior	
	2007–	Chairman of the Management Board
	2002–2007	Chairman of the Management Board
	1997–2002	Deputy Chairman of the Management Board
	1996–1997	Assistant General Manager for Economics
	1993–1996	General Manager of finance and accounting sector
1982–1993	Comet Zreče	
		General Manager of Economic Bureau
		General Manager of AOP sector
		Manager of Planning-analytical service
1980–1982	Unior	
	1981–1982	analyst in the department for planning and analysis
	1980–1980	trainee

Darko Hrastnik, Member of the Management Board
Education: engineering degree in metallurgy

Work and management experiences:

2000–	Unior	
	2009–	Member of the Management Board
	2007–2009	Executive Director of Hand Tools programme
	2004–2007	Director of Hand Tools programme
	2002–2003	Member of the Management Board
	2000–2002	Assistant Director of Forge programme, responsible for:
sinter,		forgings processing in Slovenske Konjice, cold forging and advanced project tasks

1999–2008 Management	Higher Technical School in Celje, associate lecturer of Economics and
1996–2000	MPP Livarna, d. o. o., Maribor, General Manager
1994–1996	TAM Metalurgija, d. o. o., Marketing Director
1994–1994	Livarna Ferralit, d. o. o., Žalec, Production Manager
1989–1993	Livarna, d. o. o., Štore
	1992–1993 Technical Manager
	1989–1992 Development Department

Executive Board

The Executive Board is comprised of seven members, which include both members of the Management Board. The main tasks of the Executive Board are individual management of each programme. The Board works closely with the Management Board and executes its functions at the strategic and operational levels.

Executive Board consists of:

- **Gorazd Korošec**, university degree in economics, Chairman of the Management Board,
- **Darko Hrastnik**, engineering degree in metallurgy, Board member, Executive Director of Hand Tools programme,
- **Robert Ribič**, university degree in mechanical engineering, Executive Director of Forge programme,
- **Andrej Purgaj**, university degree in mechanical engineering, Executive Director of Special machines programme,
- **MSc. Boštjan Slapnik**, Executive Director of Sinter programme,
- **Damjan Pintar**, professor of physical education, Executive Director of Tourism programme,
- **Marjan Korošec**, degree in organizational sciences and mechanical engineer, Executive Director of General Affairs.

Supervisory Board

The Supervisory Board operates within the authority, as conferred by the Article 280 of the Companies Act. Its main task in the two-tier system is to control the activities of the Management Board and with this the protection of the interests of shareholders in the company.

At the 13th Annual General Meeting on 22.7.2009, a new six-member supervisory board was elected for a period of four years from 13.12.2009 to 12.12.2013.

Shareholder representatives on the Supervisory Board:

- **Matej Golob Matzele**, university degree in economics (Chairman),
- **prof. dr. Karl Kuzman** (Deputy)
- **Blaž Brodnjak**, university degree in economics (until 30.11.2010),
- **Emil Kolenc**, university degree in economics and
- **MSc. Rok Vodnik** (until 13.04.2011)

Staff representatives are:

- **Marjan Adamič**, university degree in mechanical engineering, and
- **Stanko Šrot**.

Mr. Blaž Brodnjak, a member of the Supervisory Board, irrevocably resigned as a member of the Supervisory Board on 30.11.2010. Therefore, the Supervisory Board formed the Nomination Committee for the candidates as an alternate member of the Supervisory Board. At the extraordinary general meeting on 13.04.2011, MSc. Rok Vodnik was appointed as an alternate member of the Supervisory Board, with the mandated period until 12.12.2014.

Assembly

Assembly of shareholders is the supreme authority of the company, where shareholders directly effect crucial decisions. Each share of the company brings one vote, but voting rights do not have their own shares. The company hasn't issued preference shares or ordinary shares that would have limited voting rights.

The Management Board of the company convenes a general meeting normally once a year in July with the publication in the newspaper Delo and on the company's website - at least thirty days before the meeting. All shareholders who are registered in the share register on the record date, which is published in a reference, and their agents and representatives are entitled to attend and vote at the general meeting. The material for the assembly is available for inspection at the head office from the convening until the meeting.

The Management Board presents to the shareholders all information necessary to assess the individual items on the agenda, taking into account legal and any other restrictions regarding their disclosure at the general meeting.

The 14th general meeting of the Unior company was held on 21.7.2010 and the shareholders:

- discussed information on the annual report, auditor's opinion and the written report of the Supervisory Board on the annual report,
- decided on the total loss and the grant of discharge to the Management Board and the Supervisory Board,
- decided on the listing of shares on the regulated market;
- decided on the preparation of the financial reports in accordance with the International Financial Reporting Standards,
- modified and supplemented the Statute of the statutory provisions,
- modified and supplemented the Rules of Procedure of the General Meeting in accordance with the legal provisions,
- appointed the auditing firm for 2010.

A regular scheduled meeting of the Assembly will be held on 20.6.2011. The convening of the meeting with the intended content of decisions, place, time and meeting conditions for participation and voting will be published in the paper Delo and on the company's website at least thirty days before the meeting.

Payments to the Management Board and Supervisory Board

(in thousand EUR)	Gross values 2010	Gross values 2009	Net values 2010	Net values 2009
Gorazd Korošec	146	145	72	70
Darko Hrastnik	120	68	53	32
Management total	**266**	**214**	**125**	**102**
Stanislav Stopar	0	8	0	7
Milena Vindiš	0	6	0	4
Andrej Poklič	0	6	0	5
Anton Roškar	0	4	0	3
dr. Andraž Vehovar	0	3	0	2
mag. Andrej Kokol	0	6	0	4
Zdenko Kovačec	0	2	0	2
Barbara Soršak	0	4	0	3
dr. Borut Bratina **	0	1	0	1
Adrijan Rožič **	0	1	0	1
Krešo Šavrič **	0	1	0	1
Aleksandra Anterič**	0	1	0	1
Matej Golob Matzele	3	0	2	0
dr. Karl Kuzman	2	0	1	0
Blaž Brodnjak	2	0	2	0
Emil Kolenc	2	0	1	0
Stanko Šrot	2	0	2	0
Marjan Adamič	2	0	2	0
Katarina Praznik *	1	0	1	0
Primož Klemen *	1	0	1	0
Supervisory Board total	**15**	**42**	**12**	**32**

* Members of the Supervisory Board

** Members of the Nomination Committe which selected candidates for the new Supervisory Board

Management Board

Both members of the Board received fixed payments under an employment contract concluded with the company's Supervisory Board for their work in 2010. The members did not receive any variable payments and were not optionally rewarded, as this was not provided under the contract. They have not received any attendance fees either, which would result from membership in the supervisory boards of subsidiaries. The Management Board decreased its own gross earnings on its own initiative by 15 percent on 1. 1. 2009 until cancellation and all employees on individual contracts also have 10 percent lower gross salaries since 1. 1. 2009 until cancellation. The measure was in force in 2010 as well.

Supervisory Board

The Supervisory Board members receive attendance fees for their work. The members of special committees on the Supervisory Board receive additional attendance fees for their work. In addition, they also receive per diem and travel expenses in accordance with the regulations. Supervisory Board is also entitled to the profits, if it is intended for payment to shareholders. The total amount of payments must not exceed 3 percent of the amount intended for the dividends, reduced for the total amount of attendance fees in the past year. Payment to an individual member of the Supervisory Board under the award of profits must not exceed 15,000 euros. In 2010 the reward was not paid. The payment of attendance fees to the Supervisory Board is consistent with the position of the Government of the Republic of Slovenia, on the limitation of financial crisis.

Trading in shares of the Management Board and Supervisory Board

The internal owners (employees, Management Board and Supervisory Boards) in Unior have in total 8.75 percent stake, with the Management Board owning in total 0.7, and the Supervisory Board 0.3 percent of the company's shares. In 2010, the number of shares and stake ownership changed since the internal shareholders purchased shares from the shares of the recapitalization, as shown in the table below. Structural percentages were reduced, because the total number of issued shares was increased.

Trading in shares of the Management Board and Supervisory Board

	Ownership		Net purchases in year	
	2010	2009	2010	2009
Gorazd Korošec	18.347	17.597	750	0
Darko Hrastnik	1.505	930	575	0
Management Board total	**19.852**	**18.527**	**1.325**	**0**
Stanislav Stopar	0	0	0	0
Milena Vindiš	0	3.154	0	0
Andrej Poklič	0	0	0	0
Anton Roškar	0	0	0	0
dr. Andraž Vehovar	0	0	0	0
mag. Andrej Kokol	0	1.336	0	0
Zdenko Kovačec	0	400	0	0
Barbara Soršak	0	300	0	0
Matej Golob Matzele	0	0	0	0
dr. Karl Kuzman	570	570	0	0
Blaž Brodnjak	0	0	0	0
Emil Kolenc	0	0	0	0
Marjan Adamič	5.154	5.154	0	0
Stanko Šrot	3.887	2.100	1.787	0
Supervisory Board total	**9.611**	**13.014**	**1.787**	**0**
The total number of issued shares	**2.838.414**	**2.338.414**		

As a non-public joint stock company, we do not currently have specific rules for trading of the internal owners (for example, open windows for trading). Within the classification of our shares on the stock market, we will establish a special policy that will regulate the field and ensure more equal information basis to trade in shares of all internal and external owners.

Compliance with the codex

As a non public limited company we are currently not bound directly and do not use the codex on corporate governance. But on the basis of long tradition and experience, standards of performance formed in Unior to ensure an adequate level of transparency of operations. With various (adjusted to each group) communication tools of our business we inform our investors, employees, business partners and other stakeholders on a regular basis, in frames under the current legislation. Within the preparation for the listing of shares on the stock market, we will further explore this area and supplement and adjust our policy properly in relation to regulatory and stock exchange requirements and the needs of our potential investors.

Business Risk

Risk area	Risk description	Ways of managing	Exposure
development process	risk that the developed product will not have the relevant properties	control of development process and production	moderate
availability of production capacity	disruption in the production, unscheduled delays	regular preventive maintenance, investing in new equipment	moderate
reliability of suppliers	possibility of irregular, inadequate supplies and non-competitive prices	analysis of individual suppliers and taking appropriate action in case of inadequate cooperation	moderate
environmental protection	risk of incidents with environmental impact claims	internal regulations for emergency	small
information resources	risk of disruption in business processes due to disturbances in information sources	security checks and measures to eliminatE interference in information sources	moderate
employees	risk in keeping key personnel, lack of qualified personnel, dialogue with employees	resource development, education, systematic work with key staff, reward system, annual interviews	moderate
safety and health at work	risk of accidents and injuries at workplaces	verification processes, assessing risk at workplaces	moderate
protection of property	threat of dispossession, destruction and damage to property	security plan created	moderate

We include among the business risks, the risks from the field of developmental processes, the available production capacity, reliability of suppliers, environment protection, information resources, employee safety and health of employees at work and the safeguarding of assets.

The risk of the development process

Since the final product has to be a quality product, safe, efficient and environmentally friendly, we introduce the processes that reduce the risk that the product will have negative characteristics from the early stages of development. Therefore, we introduce new development methods and reduce those risks with our own knowledge and experience. We are focused on risk management, which can lead to a recall of products incorporating our products. We mitigate product risks with development systems and quality assurance in the manufacturing and sales processes, and with the insurance of producer's liability for product and insurance costs of a recall of products from the market.

Availability of production capacity

Quality, reliable and safe operation of production facilities is assured by regular maintenance of production equipment and energy infrastructure. A system of education and training skills of technical staff helps reducing the risk.

Reliability of suppliers

A limited number of suppliers supply important raw materials for production supplies. This ensures safe, high quality and competitive supplies. Suppliers are analyzed and we agree to take action in conjunction with business partners on the basis of these analysis.

Protecting the environment

We have a constructive role in raising awareness of local and broader society, and cooperate with environmental organizations and various projects. More on the environment protection is described in the specific chapter.

Information sources

Among the risks of information system, the significant risks are of possible malfunction of applied and system software equipment, hardware, and communication and network connections in the system. We also devote attention to risks related to information security.

We manage the effects of these risks by:

- IT management (master document)
- security forum
- elementary security policies according to BS 7799-2:2002
- procedures-controls
- risk assessment required under BS 7799

Employees

In the field of human resources business risks, we pay particular attention to the social dialogue with employees, lack of qualified personnel and the loss of key personnel. Such risks are mitigated by the implementation of annual interviews with colleagues, with training, with an adequate system of compensation and other measures. Due to absences from work, we are facing risk management of a possible disrupted business process implementation. We are trying to avoid these risks by involving employees in health-prevention programs and by taking into account healthy and safe working.

Safety and health at work

We regularly carry out risk assessments in the workplace and the risks resulting from various technological processes.

Protection of property

A security plan was made to manage the safety of property. An assessment of the risk of individual objects was performed. The assessment took into account the likelihood of a particular event, the probability of timely detection and the possibility of eliminating the consequences.

Property and liability insurance

The Unior company provides financial compensation with property insurance for:

- damage to property resulting from the action of natural forces, the technical characteristics of the products and the human factor,
- damage from the activities of employees and visitors of the tourist centres,
- damage from the manufacturer's liability from products which are manufactured in the Forge, Sinter and Hand tools programmes.

Hand in hand

innovation

Business report

The situation in the economy and automotive industry

Economic activity in the world in the year 2010 strengthened as expected and the bottom of the global crisis was already exceeded. Growth was run by a fast-growing Asian region, but the recovery is slow and uneven. China's economic growth was 10.3 percent, and two countries progressed faster than projected, Germany by 3.6 percent and the U.S. with 2.9 percent of economic growth. But the crisis is not over yet, as evidenced by low growth in gross domestic product in the European Union countries, which increased by 1.8 percent, while in Slovenia it has only increased by only 1.2 percent.

The European economy, especially the German economy, grew at the expense of the export business, climate indicators are positive and improvement can be observed in an increasing number of sectors. This drives the investments in machinery and equipment, but investments are not yet in sight in the construction sector. Rehabilitation of the financial system is still slow and loans to companies from banks remain relatively low.

Maceoeconomic indicators for the Unior key markets

	EU	€ area	Germany	France	Spain	Slovenia
GDP growth	1,8 %	1,8 %	3,6 %	1,5 %	–0,1 %	1,2 %
Unemployment	9,6 %	10,0 %	6,8 %	9,7 %	20,1 %	7,3 %

In 2010, industrial production in Slovenia increased by 6.4 percent, the growth of the Slovenian economy was driven only by export, which represented a third of turnover. The export growth of processing industries is encouraging, particularly to Germany, and the transport and trade have also enhanced. The levels of production in 2008 are exceeded by the technologically sophisticated rubber and automobile industries, which have grown above the EU average. But there is no growth in demand and consumption in the domestic market, particularly investments, and this is why construction sector continues to fall and with it the related service activities and industry. Appropriately, the prognosis for 2011 is low, only 2% of economic growth. A key factor of the otherwise slow recovery of the Slovenian economy remains export, but the recovery is slower compared to the international recovery. The main inhibitors of faster recovery of the economy are deteriorating technological structure of the Slovenian economy due to low levels of high-tech industries and the cost uncompetitiveness.

Key issues in most European countries, also shared by Slovenia, are high public debt, growing unemployment and the rise in commodity prices. Due to weather and political conditions, their accessibility is limited, their prices are growing and inflation is rising. Food, energy raw materials and metals rose in price by more than a third in 2010, and in total, the average annual inflation in Slovenia compared to the previous year was 1.8 percent, and on mid-year level 1.9 percent.

In the following years the world economy will continue to be fueled by China's 10 percent and India's 8.5 percent GDP growth, while in developed countries we can expect low growth of social product. In Germany, France and Italy, as supporting member states of the European economical beat, the prognosis are 2.2 percent growth for Germany, 1.6 percent for France and 1.0 percent economic growth for Italy in 2011.

Automotive Industry

The world automobile production in 2010 included 78 million motor vehicles and rose in a year by 25.8 percent. Record volume is mainly due to high production growth in China in recent years, which more than doubled so far in comparison to the 2007 record year, and is by far the largest producer in the global automotive industry with its 18.3 million produced motor vehicles.

The production volume of motor vehicles in the 27 EU countries in 2010 compared to the previous recessionary year increased by 11.1 percent and accounted for 16.9 million vehicles, of which the production facilities in twenty-seven EU countries produced 15.1 million cars, which is 8.3 percent growth. After the complete collapse in 2009, the production of commercial vehicles rose by 50 percent last year, production of commercial vehicles by 41 percent, while the production of buses declined by a further 8 per cent.

Manufacture of motor vehicles in the world

	in millions					Annual growth			
	2006	2007	2008	2009	2010	2007	2008	2009	2010
Europe	21,4	22,9	21,8	17,0	19,6	6,8 %	–4,7 %	–22,1 %	15,6 %
EU27	18,7	19,7	18,4	15,2	16,9	5,5 %	–6,6 %	–17,5 %	11,1 %
EU15	16,3	16,7	15,2	12,2	13,7	2,6 %	–9,1 %	–19,3 %	11,7 %
Germany	5,8	6,2	6,0	5,2	5,9	6,8 %	–2,8 %	–13,8 %	13,4 %
Spain	2,8	2,9	2,5	2,2	2,4	4,0 %	–12,0 %	–14,6 %	10,0 %
France	3,2	3,0	2,6	2,0	2,2	-4,8 %	–14,8 %	–20,3 %	8,8 %
Great Britain	1,6	1,8	1,6	1,1	1,4	6,1 %	–5,8 %	–33,9 %	27,8 %
The rest of Europe	2,7	3,1	3,3	1,8	2,7	15,8 %	6,7 %	–47,3 %	54,0 %
America	19,1	19,2	16,9	12,6	16,6	0,5 %	–11,9 %	–25,6 %	32,2 %
Asia&Oceania	28,2	30,7	31,3	31,8	40,9	9,0 %	1,9 %	1,5 %	28,8 %
Africa	0,6	0,5	0,6	0,4	0,5	-4,4 %	7,0 %	–29,1 %	18,0 %
Total	**69,2**	**73,3**	**70,5**	**61,7**	**77,6**	**5,8 %**	**–3,7 %**	**–12,5 %**	**25,8 %**

Source: International Organization of producers of motor vehicles (OICA)
OICA - Organisation Internationale des Constructeurs d’Automobiles

Despite the 11.4 percent growth in global sales in Europe, demand for passenger cars decreased, so that in the European Union 13.4 million new cars were sold in 2010, which is 5.5 percent less than in 2009. The drop in sales was mainly due to the withdrawal of measures of EU governments, which encouraged the automotive market with subventions for the purchase of new cars.

Depreciation of the euro in 2010 has improved the possibilities for exports to countries outside the euro area. Systematic development of key markets in China and Brazil, the expansion of activities in India and meeting demands in Russia, which is returning to the path of growth, will become increasingly important factors for growth and development of the automotive industry in the future.

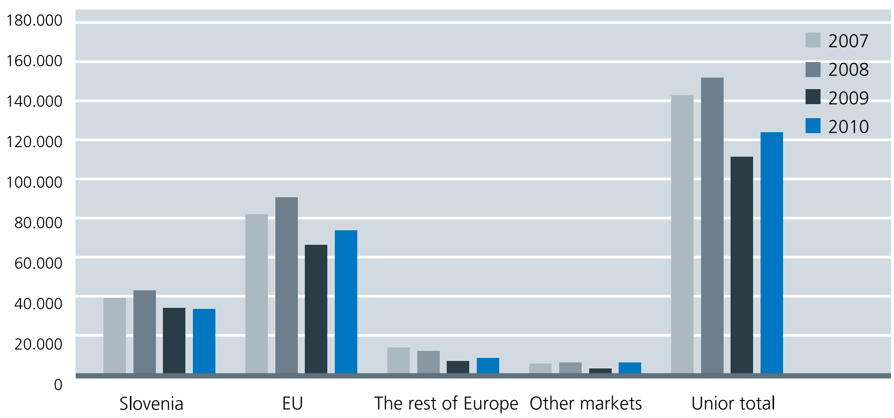
Sales

Proceeds from the Unior sales in the year 2010 accounted for 125.5 million euros and increased by 12.7 percent in one year. The largest contributor was the recovery in the global automotive industry which is a major client in the Forge and Sinter programmes.

The non-Europenan markets account for thirteen percent of our income and there we had the largest percentage based increase of 55% last year. EU markets are present in our structure with 87% and remain the most important for our business. In them, we had 0.5 - (Slovenia) and 12 - percent (the remaining EU) increase in sales revenue.

Revenues by market

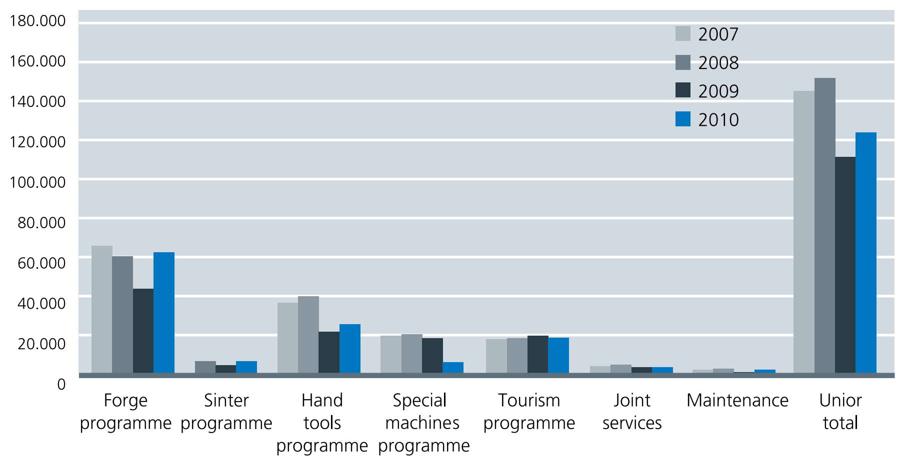
(in thousand EUR)	2010	2009	2008	2007
Slovenia	33.783	33.612	43.762	40.671
EU	75.125	67.083	90.808	83.072
The rest of Europe	9.107	6.100	11.028	12.917
Other markets	7.517	4.615	7.620	7.830
Unior total	**125.532**	**111.410**	**153.218**	**144.490**



Proceeds from the sale of the Forge programme rose by 42%, which also represents absolutely the largest increase, namely by 18.4 million euros. On the increase were also Sinter and Hand tools programmes, while the largest drop is present on the Special machines programme. The global economic crisis has shown effects here in 2010, for all the world's leading manufacturers have moved their new development projects to the year 2012 and will thus order new equipment in 2011. The Tourism programme recorded 3% lower incomes than in the past year due to the impact of the crisis and "green" winter.

Proceeds from the sale by programmes

(in thousand EUR)	2010	2009	2008	2007
Forge programme	62.655	44.276	61.270	65.738
Sinter programme	6.702	4.518	6.132	0
Hand tools programme	26.479	21.635	39.383	35.996
Special machines programme	7.686	18.812	21.056	20.314
Tourism programme	18.165	18.677	18.946	17.940
Joint services	2.873	2.725	4.685	3.336
Maintenance	970	767	1.746	1.165
Unior total	**125.532**	**111.410**	**153.218**	**144.490**



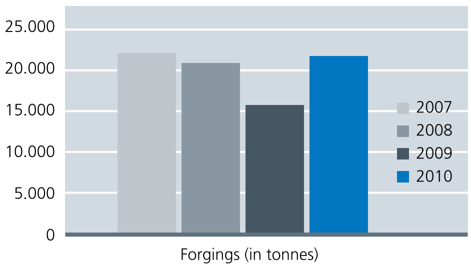
Production and services

Production increased in all the programmes in the previous year. Minimum decrease was recorded in the Tourism programme, where production is measured in the number of overnight stays that were realized. We do not measure the production in the Special machines programme, because of the nature of it (project, unique production), there is no appropriate measurement.

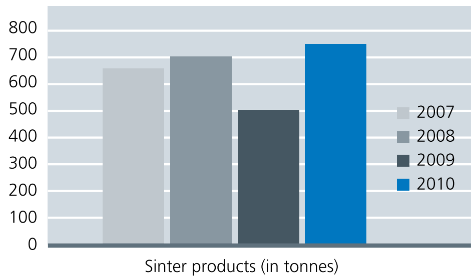
Production and services by programmes

	2010	2009	2008	2007
Forgings (in tonnes)	21.130	15.074	20.477	21.545
Forgings (in thousand pieces)	48.229	35.381	50.635	55.376
Sinter products (in tonnes)	754	500	706	650
Sinter products (in thousand pieces)	18.947	14.711	20.205	19.072
Hand tools (in tonnes)	2.177	1.390	3.289	3.330
Hand tools (in thousand pieces)	4.812	3.113	7.611	7.504
No. of overnight stays in Tourism	200.107	201.427	219.859	212.921

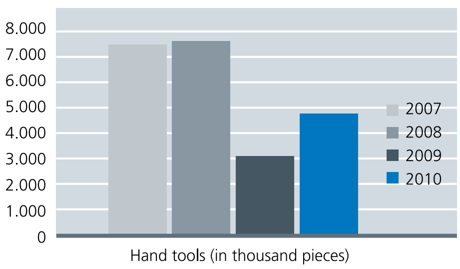
Production of forgings



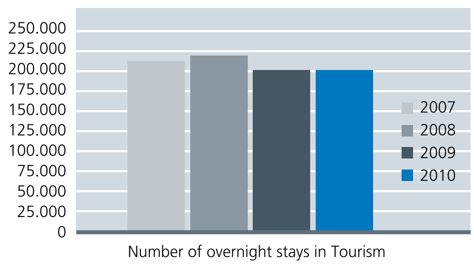
Production of sintered



Production of hand tools



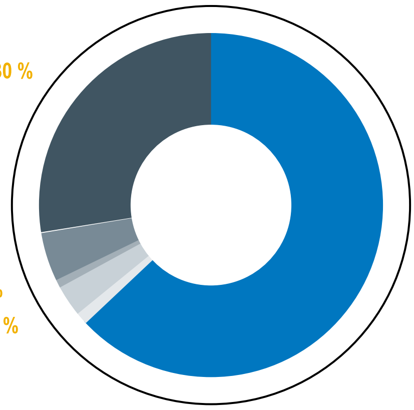
Overnight stays in the Tourism programme



Purchasing

Recovery in the global economy in 2010 also showed in pressures in an increase on commodity prices and materials. So we recorded an increase in the company compared to the year 2009, but we also needed larger amounts. Impact on costs was greater because of this and they increased compared to the previous year by 17.7%.

Shares of raw material in material costs of the company



Steel

Increasing production also reflected in the increased procurement of steel, the capacities of producers filled, but because of the introduction of the new roller track with our largest supplier Štore Steel, we also directed our orders to other suppliers from abroad in the second half of the year.

In 2010 we purchased 36,908 tons of steel in Unior, at an average (weighted) price of 778 EUR/t. A year ago we bought only 23,164 tonnes, and the average price was 708 EUR/t. That means 59 percent of volume increase in purchases of steel in 2010. Despite the large increase in production, this caused an increase in stocks of only 9 percent. At the end of 2010, these accounted for 5,243 tonnes.

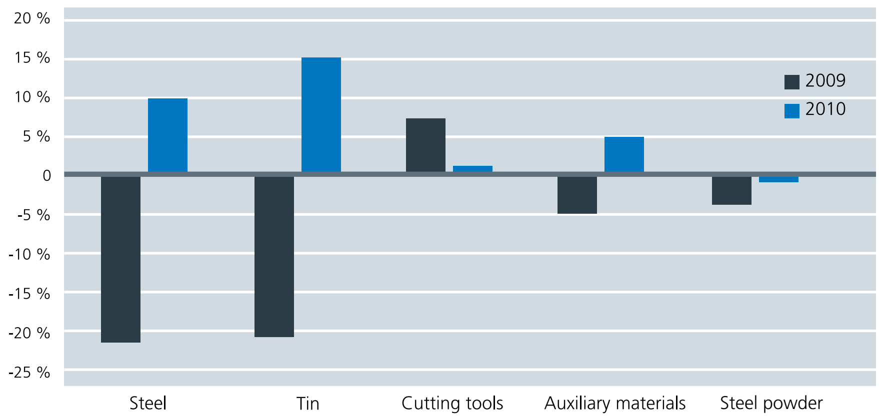
Purchase price of steel is defined as the base price, plus two appendices: steel scrap supplement and alloying supplement. The supplements strongly influence the formation of the final price of steel. Steel scrap supplement value in the year 2010 ranged between 112 and 251 EUR/t and was significantly higher than the year before. The weighted value of the alloying supplemet was also higher for the type of steel that is used in the manufacture of forgings (weighted in the structure of the purchase price ranges from 9 EUR/t to 31 EUR/t). The prices of both supplements are formed according to current monthly market conditions and we do not have any influence on them. These factors affected the achieved weighted cost of steel, which was higher for 92 EUR t than planned in 2010.

Tin

Consumption of tin has increased sharply in 2010, which specifically applies to the second, third and fourth quarters in the Lenart plant on the Hand tools programme.

The price of tin grew on average by just under a fifth in 2010 (the figure includes all tin - alloy and structural, but without the Special machines programme, where we order tin together with the cutting service). As one of the measures to reduce risks in the business we moved to single pricing from purchase to purchase (with choosing the most favourable provider). Before that, the prices of tin were formed monthly.

Changes in prices of the key raw materials of UNIOR d.d.



Cutting tools

The expected economic growth in the world and in Slovenia in 2010 was also reflected in our company. Thus, the use of cutting tools has risen substantially, in pieces as well as in value, by approximately 90%. The main reasons are the increase in customer orders and increased production. When comparing the annual purchase value of the cutting tool according to the quantity purchased (EUR/piece) over the same periods, we see a negligible increase (1.6%), which may be the result of use of various cutting tools in the comparative period.

The quantity of used tools and the acquisition cost do not tell much as well, because the cost of cutting tools includes only up to five percent of the total cost of treatment. With the more costly, but better quality tools, we make a product in less time and therefore much cheaper, given the longer tool life.

Utility supplies and protective equipment

Prices in 2010 rose on average by three percent. The auxiliary material increased in value and volume by more than five percent because of the increase in production.

Steel powder

The average price of steel dust fell by one percent in 2010. In the first half of the year the trend in prices was a downward trend and in the second half, the trend was again an upward trend. The alloying elements had the biggest influence on prices in the second half of the year; the most notable was copper, which had an upward trend in 2010. The total amount purchased was 58 percent higher than in the previous period.

Business performance

We had 2.8 million euros loss in Unior in 2010, and the loss amounted to 9.8 million euros in 2009. The main reasons for improvement are the revenues and sales growth and because of the lag between cost growth and growth in the gross income generated.

Unior sales and profitability

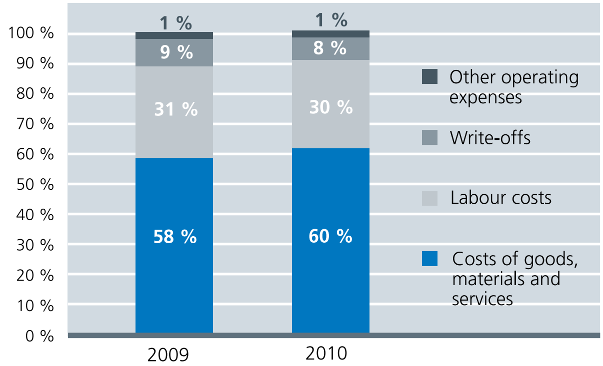
(in thousand EUR)	2010	2009	2008	2007
Income from sale	125.532	111.410	153.218	144.490
Operating costs	133.987	118.057	162.749	153.420
EBIT	1.683	(6.815)	5.581	6.469
EBITDA	11.585	3.411	16.172	17.516
Net profit	(2.780)	(9.766)	1.436	4.138

The challenges put before us by the crisis have thoroughly changed our fundamental objectives. Growth and the highest operating profitability achievement were less important than protecting cash flow and ensuring the continued solvency of the company in 2010, with emphasis on the regular meeting of obligations towards employees, business partners and banks. The Management Board has continued with the plan that was prepared at the end of 2008, with which we restricted the investment activities, introduced austerity measures in the field of materials and labour costs, reduced inventories and receivables, and tried to maintain the highest level of turnover. The broader interpretation of events in our key markets and the movement of revenue from the sales can be found in the chapters »Sale« and »The most important markets and customers« in this annual report.

Structure of operating expenses

Operating expenses increased by 13.5 percent last year and with this they followed the increase in sales revenues, but lagged behind the growth in gross income. The structure of expenditure by type remained almost unchanged compared to the previous year.

(in thousand EUR)	2010	2009
Costs of goods, materials and services	80.961	68.815
Labour costs	40.779	37.055
Write-offs	10.543	10.977
Other operating expenses	1.705	1.210
Total operating expenses	**133.987**	**118.057**



Cost of goods, materials and services were higher by 17.7 together. The increase was almost entirely attributable to increased production volumes; however, it can also be partly attributable to the impact of increase in prices. Similarly, labour costs were higher by 10%. The main reason for the increase in labour costs is that in 2010 there was no longer a 36- or 32- hour workday as there was in the previous year. Also, on 1.6.2010, the measure of waiting for work was abolished, which means that the total cost of the full payments of salaries was burdening the company. In the second half of the year, overtime working began due to the record increases in production.

Favorable trends in the field of operating revenues and expenses were also expressed in the business result (EBIT), which went from 5.9 million euros loss in 2009 to 1.7 million euros of profit.

Net financial expenses in 2010 accounted for 6.1 million euros and increased by 2.4 million euros due to the reduction of financial income of 2.9 million euros and the reduction of financial expenses for 0.5 million euros. The reasons lie in the fact that there were no payments of profits, lower received dividends and retention of existing indebtedness. The reference interest rate Euribor remained unchanged as well.

Productivity

(in EUR)	2010	2009	2008	2007
Gross profit per employee	65.955	56.317	71.447	64.110
Gross value added per employee	25.768	21.145	26.191	25.358

Productivity in society is measured by the gross income per employee, which increased by 17.1% compared to the year 2009, thus exceeding the value from the year 2007. The record year of 2008 has not yet been reached, as the company continues to operate in uncertain economic situation. Another indicator shows a similar trend (21.9% of increase) - gross value added per employee.

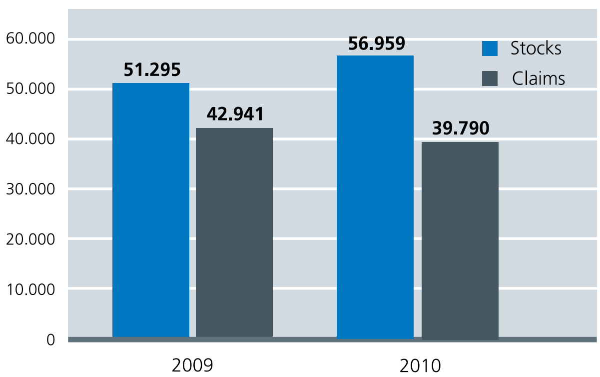
Performance indicators

	UNIOR d. d.		UNIOR Group	
	2010	2009	2010	2009
Equity financing rate (equity/liabilities)	0,391	0,373	0,378	0,376
Long term financing rate (equity + long-term debt + long-term provisions)/ liabilities))	0,642	0,581	0,630	0,583
Fixed assetinvestment (fixed assets at net book value / assets)	0,489	0,484	0,578	0,579
Lonf-term investment rate ((fixed assets at net book value + long-term financial investments + long-term receivables) / assets)	0,675	0,650	0,654	0,662
Equity to fixed assets (equity / fixed assets at net book values)	0,798	0,771	0,653	0,649
Immediate solvency ratio of short-term obligations-quick coefficient (liquid assets / short-term liabilities)	0,002	0,002	0,025	0,030
Immediate solvency ratio of short-term obligations-quick ration ((liquid assets + short-term receivables) short-term liabilities)	0,371	0,324	0,401	0,340
Short-term ratio of short-term liabilities - short-term coefficient (short-term assets / short-term liabilities)	0,913	0,801	0,947	0,825
Operating efficiency ratioa (Operating revenues/Operating expenses)	1,013	0,950	1,019	0,927
Net return on equity (Net profit for the year / average share capital excluding net income results for the year)	(0,024)	(0,084)	(0,010)	(0,122)
Dividend coefficient of equity (Total dividends for the year / average share capital)	0,000	0,000	0,000	0,000

Financial position

The total assets of company in 2010 increased by 6.3 percent or 18 million euros. Fixed assets increased by 19 million euros, but current assets decreased by 1.2 million euros.

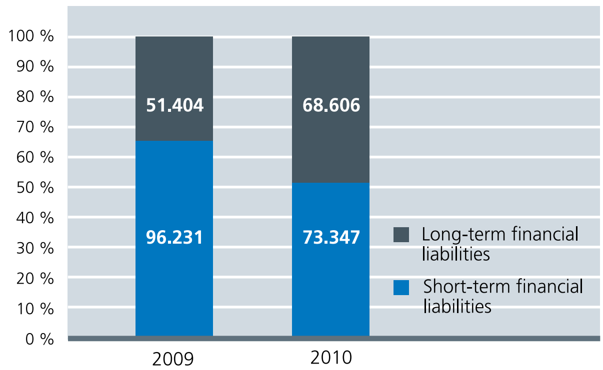
Changes in inventories and receivables of the company (in thousands EUR)



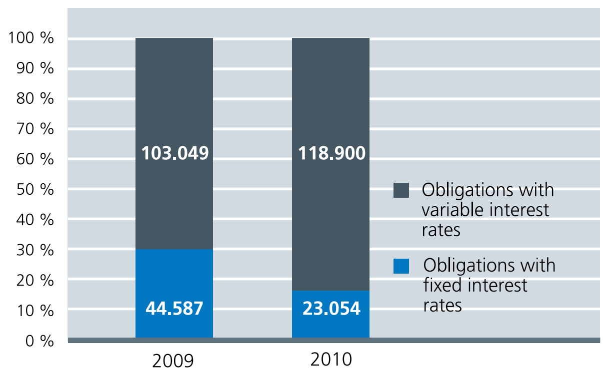
Company's equity in 2010 increased by 11.8 million euros as a result of the recapitalization, the revaluation of land and the loss of the business year. The share in capital increased in resources by 1.8 of percentage point and amounted to 39.1% of resources.

Financial liabilities fell by 5.7 million euros in one year. Liabilities to banks for borrowings have increased by 1.9 million euros, with a very good change of the structure of borrowings in terms of maturity. In 2009, the short-term loans accounted for 65% of all loans, and in 2010, this percentage is only 52%. Reducing the financial obligations represents the transfer to the capital in 2009 of the paid share of the recapitalization of the company, and early repayment of the financial leasing for the Hajdina property. Given the type of interest rate, the loans represent 16.2% of loans with a fixed interest rate.

The maturity structure of financial liabilities



The structure of the financial obligations based on the volatility of interest rates



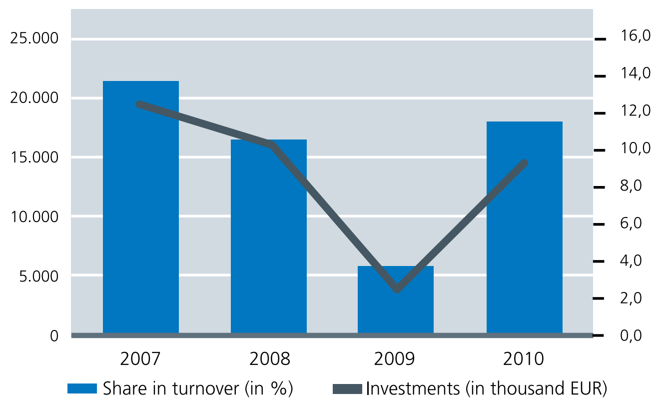
Operating liabilities also increased due to business volumes by 11.9 million euros or 52.5%. The reason lies in larger purchases and according to these, adjusted volumes of production. Despite the increase, we settled our liabilities to our suppliers in the same due dates as in previous years. Individual extensions of due dates have been made only on the basis of agreements with suppliers. We did not prolong deadlines and we did not missed payments.

Investments

In 2010 we performed for 14.5 million euros investments into fixed assets, of which 2.9 million euros in the form of our own products. Total value of investments in comparison with 2009 increased by 10.3 million euros. In 2010, investment in new investments revived again, since otherwise, achievement of sales results would be compromised. Investments in the Tourism (construction of hotel in Zreče and cross-country polygon on Rogla) are also funded by a grant from the EU, namely 25% in Zreče and 50% on Rogla. We have realized all our planned investments of 13.8 million euros in 2010.

Investments in fixed assets and their share in the proceeds from sale of company

	2010	2009	2008	2007
Investments (in thousand EUR)	14.471	4.217	16.221	19.506
Share in turnover (in %)	11,53	3,70	10,59	13,50



The largest investments in 2010 are:

- construction of a hotel in Zreče (4.4 million euros),
- construction of cross-country polygon on Rogla (1.3 million euros),
- new forging line UK 32 (1.1 million euros),
- Fokks development project (410 thousand euros).

Investments in fixed assets by UNIOR programmes

(in thousand EUR)	2010	2009
Forge programme	3.996	1.242
Sinter programme	699	384
Hand tools programme	392	343
Special machines programme	661	313
Tourism programme	6.612	1.321
Joint services	2.079	608
Maintenance	32	6
Total	**14.471**	**4.217**

In 2010 we assigned 13 million euros for payments of investments, which is 7.4 million more than a year ago. Payments were lower for 1.5 million euros than the investments, because the payment date for investments initiated in late 2010 moved to the year of 2011. By moving the payments in the year 2011, we also significantly affected the maintaining of cash flow and improved the financial health of the company.

In 2011, we are planning 14.9 million investments into fixed assets. The largest among them:

- automation of trimming and cross-rolling at the UK32 forging line in Kovačnica in the Forge programme,
- milling and CNC machines for tool production and processing of forgings in the Forge programme,
- automation of calibration and 3D measuring machine in the Sinter programme,
- MS press Hydraulic in the Cold forging facility in the Hand tools programme,
- VDE automated line in the Hand tools programme,
- completion of the hotel in Zreče and the cross-country polygon on Rogla in the Tourism programme.

Investments in associated companies

For recapitalization and purchases of equity shares in associated companies in 2010 we spent 4.4 million euros. We recapitalized the companies: Štore Steel d.o.o., Unidal d.o.o. in Croatia, Sinter a.d. in Serbia and Rimske Terme d.o.o. We have bought shares from the remaining shareholders in Unior Components a.d. in Serbia and Unior Australia Tool Co. PTY Ltd. Melbourne in Australia.

We also followed the strategy of disposing of investments in those companies where business is not directly related to the activity of UNIOR. Thus, we sold our share of Zlati grič d.o.o. in Slovenia in 2010.

In 2011, we are planning investments in associated companies, amounting to 800,000 euros in the Hand tools and Sinter programmes.

Objectives for 2011

After two bad years, we are planning 2 million euros of profit in 2011. The Sinter and Forge programme will have recovered from the recession in the automotive industry and will operate at a profit, while the crisis will last in the Special machines programme, as it is predicted for the fields of engineering and investment equipment where we can only expect improvement in 2012. Also in the Hand tools programme we still expect loss in 2011, but it will greatly reduce and we will come closer to viability. As for the Tourism programme, the crisis began in late 2010 due to the general economic situation, and we cannot expect profit in the coming year, since the business itself will be disrupted in Terme Zreče because of the construction of the new hotel Atrium.

Sales and profitability of Unior d.d.

(in thousand EUR)	2011 (plan)	2010 (realization)
Revenue from sale	144.752	125.532
EBIT	7.713	1.683
EBITDA	18.418	11.585
Net profit	2.015	(2.780)

Forge programme

In the Forge programme we are planning 61.8 million euros in sales, which is a 10.9% increase in sales compared to the previous year. The sales plan is built on the foundations of the current extremely good conjuncture in the automotive industry and the general good forecasts by the development departments of customers with whom we cooperate closely. In the field of hot forging, the positive trends in the second half of 2010 are also reflected in the year 2011, when we expect to achieve 54.8 million euros in sales, representing 9.7% growth. We see continued turnover growth (ZF, Audi, VW, and Rege) with our biggest customers. In addition, we will start with major new projects this year with our customers Seac and TRW, which will have a positive impact on sales growth and stability in the future. In the processing of forgings we are planning 7 million euros, which is a 21.4% increase compared to the previous year. There is growth in sales with all our existing customers, and new projects from the year 2010 additionally contribute to turnover growth, bringing additional turnover and returning the sales back to the levels from the year 2008. So in 2011, we will take 100% amount of the VW project, supply the complete project of processing for the customer JTEKT, and there is every chance of setting a good foundation with the buyer ZF Lenksysteme and remain a strategic supplier for the processed parts of the steering mechanisms (forks).

Sinter programme

In the Sinter programme we are planning 7.1 million euros of sale, representing a 10.7% increase compared to the previous year, which also had an impact on new projects, since our competitor, the company SFS Intec in Switzerland, closed the production of sintered products, and we received an order for these products from the buyer ZF from France. At the same time, the company SFS Intec has also become our customer for one of its sets for which we will be supplying serial shipments. The largest proportion of our products is still aimed at the automotive industry and covers the manufacture of parts for steering and transmission, which we supply for the ZF Group, which is our largest customer, but this share is reducing, at the same time reducing risk and dependence on one customer. On the other hand, a significant increase in the Mitec group is planned for the new and already existing projects and in the BPW group as well, where the orders are long-term and stable again. We will try to increase our presence in the Russian market, promoting our activities towards finding a new buyer for oil pumps, and we also want to increase our market share in the supply of wheel and exchange mechanism parts. Within the oil pump parts supplying we see an opportunity for a new buyer Mahle from Germany, from which we have already received orders for three products in 2011. In any case, in the Sinter programme we see additional opportunities in the increasing share of supply parts for the building hardware fittings, parts for electric motors and parts for small household appliances. Although competition is increasing from Poland, the Czech Republic, Romania, as well as from the Far East, we will try to build on our advantages, which are reflected in the automotive industry; as a supplier in the appropriate relationship between price and quality, in the tradition and identity, in a timely technical development, in a favorable geographical position, and certainly in our own production of tools, which was achieved by joining »SIOR« tool plant.

Hand tools programme

In the Hand tools programme, 30.6 million euros is planned, which is a 16.1% increase compared to the previous year. The planned sale realization of hand tools themselves is 28.5 million euros, 14.5% higher than it was realized in 2009. We are planning 51.6% growth in cold forging, 70.1% growth in industrial marketing and 16.4% growth in merchandise. The global decline in consumption of hand tools is the result of reducing consumption of general hand tools in construction, because in most countries where we sell our hand tools, investment activities decreased significantly. The situation in the market of hand tools is very tight, because our competition is lowering the selling prices in individual markets with discounts. The fact that our subsidiaries, against expectations, improved their sales in 2010 and that this trend is still continuing, is a very good sign. It also seems that our largest national customer has already started improving. Projections concerning the general economic situation are at least slightly more optimistic and, consequently, we believe we will achieve our set goals in the programme.

Special machines programme

We are planning annual sales of 14.8 million euros in the Special machines programme, representing a 113.6% increase over the previous year. We considered the contracts obtained in 2010 and the prognosis for the real possibility of obtaining new contracts, which are necessary to achieve the business plan. Compared with last year, the current contract state is better, because we have 60% coverage of the plan with the contracts signed at the beginning of this year. The negotiating situation is improving, as negotiations are planned in first quarter of 2011 that would allow us to provide contracts in value of the entire one-year plan. The sharp increase in sales is based on the fact that so many projects can be obtained at this time and that can also be realized in 2011, and the high growth index is the result of very poor 2010.

Despite the fact that we are planning to more than double our sales, it still does not guarantee a normal positive results under the current assessment according to our available capacity. Despite the close attachment to the German automotive industry, we are forced to open up new potential opportunities in the countries where the production of cars is intensified. Although we believe that this is relatively fast for us, we are intense in Asia and America. All this requires significant investments in the sales network, providing service activities and agencies, demonstration activities and the transition to English-speaking area and meeting the new state regulations. We estimate that the results of a comprehensive approach will only be visible in the period before 2015 because of the longer cycle, by which time it will be necessary to seek alternatives and new product lines in the neighborhood.

Tourism programme

We are planning 19.8 million euros of sale in the Tourism programme, which represents a 2.2% drop in sales compared to last year. The reason is mainly due to disrupted operating in Terme Zreče in the first half of the year, when during the construction of a new hotel Atrium, renovations of a kitchen, restaurant, seminar rooms and wellness will also take place. Part of the guests bound to seminar tourism will be redirected to our center on Rogla, which is why we plan 12% increase in revenue on Rogla, while at the external sites we do not take into account the realization of Stranice Ponds, which we rented last year. In December 2011, Rogla will be hosting the World Cup ski races again, and in March we will be hosting the Continental Cup match. We are also candidates to carry out the Olympic qualifications in beach volleyball in Zreče in September 2011. Unior Tourism will become a member of an international network for the preparation of elite athletes under the auspices of the IOC in 2011, as the only operator in Slovenia.

FINANCIAL REPORTS

Hand in hand

membership

Financial statements

Balance sheet on 31.12.2010

	(in EUR) Items	Notes	31.12.2010	31.12.2009
	ASSETS		**303.608.998**	**285.805.623**
A.	**FIXED ASSETS**		**204.931.194**	**190.546.975**
I.	**Intangible assets and long-term ATD**	**1**	**5.516.760**	**6.578.909**
1.	Long-term property rights		649.861	832.629
2.	Goodwill		403.940	488.939
3.	Advances for intangible assets		0	0
4.	Long-term deferred development costs		4.270.140	3.149.214
5.	Other long-term ATD		192.819	2.108.127
II.	**Tangible fixed assets**	**2**	**143.094.644**	**131.875.231**
1.	Land and buildings		85.727.004	78.816.482
	a) Land		32.140.229	26.324.030
	b) Buildings		53.586.775	52.492.452
2.	Manufacture devices and machines		42.538.137	43.384.363
3.	Other machinery and equipment, small inv. and other fixed assets		69.911	124.052
4.	Tangible fixed assets to be obtained		14.759.592	9.550.334
	a) Fixed assets to be obtained		14.116.649	8.923.988
	b) Advances for fixed assets		642.943	626.346
III.	**Investment property**	**3**	**16.054.047**	**15.940.000**
IV.	**Long-term investments**	**4**	**34.102.165**	**30.963.084**
1.	Long-term investments, excluding loans		30.415.476	26.375.039
	a) Stocks and shares in the companies in the group		17.493.566	11.869.190
	b) Stocks and shares in associated companies		4.066.077	6.412.884
	c) Other stocks and shares		8.855.833	8.092.965
	č) Other long-term financial assets		0	0
2.	Long-term loans		3.686.689	4.588.045
	a) Long-term loans from the companies in the group		3.683.490	4.061.955
	b) Long-term loans from others		3.199	526.090
	c) Long-term unpaid subscribed capital		0	0
V.	**Long-term receivables**	**6**	**6.163.578**	**5.189.751**
1.	Long-term receivables from the companies in the group		5.140.154	2.857.536
2.	Long-term receivables from customers		510.894	1.793.867
3.	Other long-term receivables		512.530	538.348
VI.	**Deferred tax**		**0**	**0**
B.	**SHORT-TERM ASSETS**		**98.677.804**	**95.258.648**
I.	**Assets (groups for disposal) held for sale**		**0**	**2.220.125**
II.	**Stocks**	**5**	**56.959.198**	**51.295.185**
1.	Material		17.786.668	15.551.312
2.	Production in progress		19.151.463	14.534.503
3.	Products		15.349.401	16.837.646
4.	Merchandise		3.514.139	3.949.757
5.	Advances for stocks		1.157.527	421.967
III.	**Short-term investments**	**7**	**1.670.158**	**3.244.354**
1.	Short-term investments, excluding loans		0	25.299
	a) Stocks and shares in the companies in the group		0	0
	b) Other stocks and shares		0	0
	c) Other short-term financial investments		0	25.299
2.	Short-term loans		1.670.158	3.219.055
	a) Short-term loans to the companies in the group		965.823	2.035.655
	b) Other short-term loans		704.335	1.183.400
	c) Short-term unpaid subscribed capital		0	0
IV.	**Short-term receivables**	**6**	**39.790.411**	**38.289.617**
1.	Short-term receivables from the companies in the group		7.176.500	6.423.953
2.	Short-term trade receivables from customers		29.945.601	30.006.795
3.	Short-term trade receivables from others		2.668.310	1.858.869
V.	**Cash**	**8**	**258.037**	**209.367**

	(in EUR) Items	Notes	31.12.2010	31.12.2009
	LIABILITIES		**303.608.998**	**285.805.623**
A.	**CAPITAL**	**9**	**118.570.030**	**106.718.550**
I.	**Subscribed capital**		**23.688.983**	**19.516.057**
1.	Share capital		23.688.983	19.516.057
2.	Uncalled capital (deduction item)		0	0
II.	**Capital reserves**		**41.686.964**	**35.859.890**
III.	**Revenue reserves**		**38.559.536**	**38.559.536**
1.	Statutory reserves		1.951.606	1.951.606
2.	Reserves for own stocks and shares		2.718.960	2.718.960
3.	Own stocks and business shares (deductibles)		0	0
4.	Statutory reserves		0	0
5.	Other reserves from profit		33.888.970	33.888.970
IV.	**Revaluation surplus**		**22.892.276**	**18.261.753**
V.	**Retained earnings**		**998**	**0**
VI.	**Net loss**		**5.478.686**	**0**
VII.	**Net profit of the financial year**		**0**	**0**
VIII.	**Net loss of the financial year**		**2.780.041**	**5.478.686**
B.	**PROVISIONS AND LONG-TERM PTD**	**10**	**6.379.820**	**5.942.134**
1.	Provisions for pensions and similar obligations		3.721.125	4.315.572
2.	Other provisions		2.658.695	1.626.562
3.	Long-term passive time demarcations		0	0
C.	**LONG-TERM LIABILITIES**		**69.952.308**	**53.269.447**
I.	**Long-term financial liabilities**	**11**	**68.605.954**	**51.404.161**
1.	Long-term financial liabilities to the companies in the group		0	0
2.	Long-term liabilities to banks		67.963.096	48.843.316
3.	Long-term financial liabilities based on bonds		0	0
4.	Other long-term financial liabilities		642.858	2.560.845
II.	**Long-term business liabilities**		**0**	**0**
1.	Long-term operating liabilities to the companies in the group		0	0
2.	Long-term trade payables		0	0
3.	Long-term bills of exchanger liabilities		0	0
4.	Long-term operating liabilities from advances		0	0
5.	Other long-term operating liabilities		0	0
III.	**Deferred tax liabilities**	**12**	**1.346.354**	**1.865.286**
Č.	**SHORT-TERM LIABILITIES**		**108.038.703**	**118.984.688**
I.	**Liabilities included in disposal groups**		**0**	**0**
II.	**Short-term financial liabilities**	**13**	**73.347.388**	**96.231.342**
1.	Short-term liabilities to the companies in the group		131.625	0
2.	Short-term financial liabilities to banks		72.942.786	90.209.243
3.	Short-term financial liabilities from bonds		0	0
4.	Other short-term liabilities		272.977	6.022.099
III.	**Short-term operating liabilities**	**14**	**34.691.315**	**22.753.346**
1.	Short-term liabilities to the companies in the group		6.330.477	3.541.541
2.	Short-term liabilities to suppliers		20.355.419	12.981.136
3.	Short-term bills of exchange liabilities		0	0
4.	Short-term operating liabilities from advances		2.541.134	1.377.526
5.	Other short-term operating liabilities		5.464.285	4.853.143
D.	**SHORT-TERM PTD**	**15**	**668.137**	**890.804**

Notes to the financial statements are an integral part of financial statements.

Income statement for the period from 1.1.2010 to 31.12.2010

	(in EUR) Items	Notes	2010	2009
A.	**Net revenues from sales**	**17**	**125.531.710**	**111.409.770**
1.	Net revenues from sales in the domestic market		33.782.955	33.611.992
	a) Net revenues from sales of products and services		27.811.126	29.507.114
	b) Net revenues from sales of goods and materials		5.971.829	4.104.878
2.	Net revenues from sales in foreign markets		91.748.755	77.797.778
	a) Net revenues from sales of products and services		82.262.024	71.308.339
	b) Net revenues from sales of goods and materials		9.486.731	6.489.439
B.	**Change in inventories of finished products and production in progress**		**3.200.899**	**(12.423.577)**
C.	**Capitalised own products and services**	**18**	**3.504.964**	**3.764.103**
Č.	**Other operating income**	**19**	**3.432.320**	**9.376.112**
I.	**GROSS OPERATING PROFIT**		**135.669.893**	**112.126.408**
D.	**Costs of goods, materials and services**	**20**	**80.960.737**	**68.814.756**
1.	Purchase value of goods and material sold		8.828.011	6.562.927
2.	Costs of materials used		55.628.589	45.375.370
	a) Costs of materials		46.989.147	37.079.482
	b) Energy costs		8.221.386	7.879.199
	c) Other material costs		418.056	416.689
3.	Costs of services		16.504.137	16.876.459
	a) Transport services		3.220.633	2.607.310
	b) Maintenance costs		931.653	998.141
	c) Rentals		261.069	314.262
	č) Other costs of services		12.090.782	12.956.746
E.	**Labour costs**	**20**	**40.778.544**	**37.054.955**
1.	Salary costs		30.903.375	27.782.715
2.	Costs of pension insurance		514.773	527.719
3.	Other social security costs		5.187.394	4.701.939
4.	Other labour costs		4.173.002	4.042.582
F.	**Write-offs of value**	**20**	**10.542.623**	**10.977.240**
1.	Depreciation		9.902.142	10.225.419
2.	Operating expenses from revaluation of intangible and tangible fixed assets		114.547	36.201
3.	Operating expenses from ravaluation in working capital		525.934	715.620
G.	**Other operating expenses**	**20**	**1.705.292**	**1.211.087**
1.	Provisions		269.896	59.467
2.	Other costs		1.435.396	1.151.620
II.	**PROFIT**		**1.682.697**	**(5.931.630)**
H.	**Financial profit**	**21**	**1.002.672**	**3.866.952**
1.	Financial profit from shares		564.122	3.145.023
	a) Financial profit from shares of te companies in the group		409.280	908.128
	b) Financial profit from shares in associated companies		46.310	37.680
	c) Financial profit from shares in other companies		108.532	2.199.215
	č) Financial profit from other investments		0	0
2.	Financial profit from loans		267.124	431.592
	a) Financial profit from loans to the companies in the group		174.148	306.031
	b) Financial profit from loans given to others		92.976	125.561
3.	Financial profit from operating receivables		171.426	290.337
	a) Financial profit from operating receivables from the companies in the group		415	18.944
	b) Financial profit from operating receivables		171.011	271.393
I.	**Financial expenses**	**21**	**7.142.348**	**7.624.627**
1.	Financial expenses from impairment and write-offs of investments		919.215	1.043.846
2.	Financial expenses from financial liabilities		5.906.991	6.438.581
	a) Financial expenses from loans received from the companies in the group		16.561	60.592
	b) Financial expenses from loans received from banks		5.884.532	6.338.841
	c) Financial expenses from the issued bonds		0	0
	č) Financial expenses from other financial liabilities		5.898	39.148
3.	Financial expenses from operating liabilities		316.142	142.200
	a) Financial expenses from operating liabilities to the companies in the group		48.480	1.807
	b) Financial expenses from trade payables and bills payables		191.011	16.879
	c) Financial expenses from other operating liabilities		76.651	123.514
III.	**BUSINESS OUTCOME**		**(4.456.979)**	**(9.689.305)**
	Income tax	**22**	**0**	**0**
	Deferred tax	**22**	**(1.676.938)**	**76.383**
	NET PROFIT OF THE ACCOUNTING PERIOD		**(2.780.041)**	**(9.765.688)**

Notes to the financial statements are an integral part of financial statements.

Statement of other overall income

(in EUR)			
	STATEMENT OF OTHER INCOME	2010	2009
1.	**Net profit of the accounting period of the year**	**(2.780.041)**	**(9.765.688)**
2.a	Change in surplus from revaluation of intangible assets and tangible assets - gross amount	5.788.531	(1.427)
2.b	Change in surplus from revaluation of intangible assets and tangible assets - deferred tax	(1.158.008)	0
3.	Change in surplus from revaluation of financial assets available for sale	0	0
	Other overall income for the accounting period after taxation	**4.630.523**	**(1.427)**
	Total overall income for the accounting period	**1.850.482**	**(9.767.115)**

Statement of Cash Flows

(in EUR)	2010	2009
A. Cash flows from operating activities		
a) Net profit		
Profit before tax	(4.456.979)	(9.689.305)
Income taxes and other taxes not included in operating expenses	1.676.938	(76.382)
	(2.780.041)	**(9.765.687)**
b) Adjustments for		
Depreciation(+)	9.902.142	10.225.419
Revaluation operating revenues associated with investing and financing (-)	(331.596)	(5.256.030)
Revaluation operating expenses associated eith investing and financing (+)	114.547	36.201
Financial income, excluding financial revenues from operatin receivables (-)	(831.246)	(3.576.615)
Financial expenses excluding financial expenses from operating liabilities (+)	6.826.206	7.482.427
	15.680.053	**8.911.402**
b) Changes in working capital (including accruals and provisions, deffered tax assets and liabilities) of the balance sheet balance		
Initial, less final operating receivables	(2.474.621)	5.298.402
Initial, less final ATD	0	330.810
Initial, less final claims fot deferred tax	0	0
Initial, less final assets (disposal groups) held for sales	2.220.125	(2.220.125)
Initial, less final stocks	(5.664.013)	16.395.976
Initial, less initial operating liabilities	11.948.622	(8.634.463)
Initial, less initial PTD and provisions	215.019	(625.220)
Initial, less initial deferred tax liabilities	(1.676.938)	76.382
	4.568.194	**10.621.763**
č) Net cash from operating activities or net cash out flows from operating activities (a + b + c)	**17.468.206**	**9.767.478**
B. Cash flows from investing activities		
a) Proceeds from investments		
Proceeds from interest and dividends relating to investing	809.902	699.649
Proceeds from disposal of intangible assets	114.460	66.211
Proceeds from disposal of tangible fixed assets	3.015.764	396.917
Proceeds from disposal of investment properties	628.000	0
Proceeds from disposal of long-term investments	822.634	7.679.058
Proceeds from sale of short-term investments	3.201.967	11.333.120
	8.592.727	**20.174.955**
b) Outflows from investing activities		
Expenditure on the acquisition of intangible assets	(279.438)	(2.185.014)
Expenditure on the acquisition of tangible fixed assets	(16.904.613)	(4.800.888)
Expenditure on the acquisition of investment property	(742.047)	(1.472.229)
Expenditure on the acquisition of long-term investments	(4.859.586)	(7.860.679)
Expenditure on the acquisition of short-term investments	(1.627.771)	(8.539.953)
	(24.413.455)	**(24.858.763)**
c) Net cash from investing activities or net cash out flows from investing activities (a + b)	**(15.820.728)**	**(4.683.808)**
C. Cash flows from financing activities		
a) Proceeds from financing		
Proceeds from paid-in capital	10.000.000	0
Proceeds from increase in long-term liabilities	45.005.047	32.336.376
Proceeds from increase in short-term liabilities	112.500.914	117.642.972
	167.505.961	**149.979.348**
b) Outflows from financing activities		
Interest paid relating to financing	(5.916.646)	(6.923.612)
Expenditures for repayment of capital	0	0
Repayments of long-term laibilities	(2.834.815)	(32.629.258)
Repayments of short-term laibilities	(160.352.310)	(115.703.614)
Disbursements for dividends and other profit	(998)	0
	(169.104.769)	**(155.256.484)**
c) Net cash from financing activities or net cashout flows from financing (a + b)	**(1.598.808)**	**(5.277.136)**
Č. Final state of cash	**258.037**	**209.367**
x) Cash flow for the period (sum of Ač, Bc and Cc)	**48.670**	**(193.466)**
y) Opening cash balance	**209.367**	**402.833**

Statement of changes in equity

CHANGES IN EQUITY FOR THE PERIOD FROM 31.12.2009 TO 31.12.2010

(in EUR)	I. Subscribed capital	III. Capital reserves	III. Revenue reserves			IV. Revaluation surplus	V. Retained earnings	VI. Net profit for the year	Total
	Share capital		Legal reserves	Reserves for own shares	Other reserves from profit		Retained earnings / loss	Net profit/ loss of the business year	
A.1. Balance at the end of the previous	**19.516.057**	**35.859.890**	**1.951.606**	**2.718.960**	**33.888.970**	**18.261.753**	**0**	**(5.478.686)**	**106.718.550**
A.2. Initial balance of the reporting period	**19.516.057**	**35.859.890**	**1.951.606**	**2.718.960**	**33.888.970**	**18.261.753**	**0**	**(5.478.686)**	**106.718.550**
B.1. Changes in equity- transaction with owners	**4.172.926**	**5.827.074**	**0**	**0**	**0**	**0**	**998**	**0**	**10.000.998**
Entry of additional paid-in capital	4.172.926	5.827.074	0	0	0	0	998	0	10.000.998
B.2. Total overall income of the reporting period	**0**	**0**	**0**	**0**	**0**	**4.630.523**	**0**	**(2.780.041)**	**1.850.482**
Net profit for the reporting period	0	0	0	0	0	0	0	(2.780.041)	(2.780.041)
Change in surplus from revaluation of property assets	0	0	0	0	0	4.630.523	0	0	4.630.523
B.3. Changes in capital	**0**	**0**	**0**	**0**	**0**	**0**	**(5.478.686)**	**5.478.686**	**0**
Distribution of the rest of the earnings of the comperative reporting period to other accounts of the capital	0	0	0	0	0	0	(5.478.686)	5.478.686	0
C. Closing balance of the reporting period	**23.688.983**	**41.686.964**	**1.951.606**	**2.718.960**	**33.888.970**	**22.892.276**	**(5.477.688)**	**(2.780.041)**	**118.570.030**

CHANGES IN EQUITY FOR THE PERIOD FROM 31.12.2008 TO 31.12.2009

(in EUR)	I. Subscribed capital	III. Capital reserves	III. Revenue reserves			IV. Revaluation surplus	V. Retained earnings	VI. Net profit for the year	Total
	Share capital		Legal reserves	Reserves for own shares	Other reserves from profit		Retained earnings / loss	Net profit/ loss of the business year	
A.1. Balance at the end of the previous	**19.516.057**	**35.859.890**	**1.951.606**	**2.618.770**	**33.989.160**	**18.263.180**	**3.569.143**	**717.859**	**116.485.665**
A.2. Initial balance of the reporting period	**19.516.057**	**35.859.890**	**1.951.606**	**2.618.770**	**33.989.160**	**18.263.180**	**3.569.143**	**717.859**	**116.485.665**
B.2. Total overall income of the reporting period	**0**	**0**	**0**	**0**	**0**	**(1.427)**	**0**	**(9.765.688)**	**(9.767.115)**
Net profit for the reporting period	0	0	0	0	0	0	0	(9.765.688)	(9.765.688)
Change in surplus from revaluation of property assets	0	0	0	0	0	(1.427)	0	0	(1.427)
B.3. Changes in capital	**0**	**0**	**0**	**100.190**	**(100.190)**	**0**	**(3.569.143)**	**3.569.143**	**0**
Distribution of the rest of the earnings of the comperative reporting period to other accounts of the capital	0	0	0	0	0	0	(4.287.002)	4.287.002	0
Forming reserve for own stocks and own business shares and distribution to other accounts of the capital	0	0	0	100.190	(100.190)	0	0	0	0
Other changes in capital	0	0	0	0	0	0	717.859	(717.859)	0
C. Closing balance of the reporting period	**19.516.057**	**35.859.890**	**1.951.606**	**2.718.960**	**33.888.970**	**18.261.753**	**0**	**(5.478.686)**	**106.718.550**

The transition to IFRS does not affect the amount of the reported capital

Notes to Financial Statements

UNIOR Kovaška industrija d.d., located at Kovaška 10, Zreče, Slovenia, is the parent company of the UNIOR Group.

The financial statements of the operating company are prepared for the year that ended on 31.12.2010.

The list and all information about the companies in whose capital the company has significant interests involved with at least 20 percent are disclosed in Chapter 15 of the Annual Report: UNIOR Group.

Declaration of Conformity

Separate financial statements have been prepared in accordance with the Companies Act and International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations, adopted by the Committee for the International Financial Reporting Standards (IFRIC) and as adopted by the European Union.

At the balance sheet date, according to the endorsement process in the European Union, there are no differences between the accounting policies of the UNIOR d.d company and the International Financial Reporting Standards (IFRS) as well as the International Financial Reporting Standards (IFRS) adopted by the European Union.

The UNIOR d.d. Management Board confirmed the financial statements on 10.05.2011.

Preparatory basis of financial statement

All financial statements and notes to financial statements are presented and compiled in euros (EUR) without cents and are rounded to the nearest whole number.

Fair value

Fair value is used in land and investment properties, all other items in the accounts represent purchase or repayment value.

The accounting policies

The accounting policies used have changed since the company applied the International Financial Reporting Standards in 2010. Applying these standards and interpretations did not significantly affect the financial position or operations of the company.The standards and interpretations that were newly adopted are stated below.

Amendments to IFRS 2 - *Cash-settled payment transactions for shares in the group*
Amendments to IFRS 2 are composed of three basic changes. The definition of transactions with stocks and arrangements for payments on the basis of shares and the scope of IFRS 2 use were changed, and an explanation to account for cash-settled payment transactions for shares in the group was added as well. The existing OPMSRP 8 and 11 replace this supplemented explanation.

IFRS 3 R - *Business Combinations and* **IAS 27 R** - *Consolidated and Separate Financial Statements*

The revised standards were published in January 2008 and became effective for periods beginning on 07/01/2009. IFRS 3 R introduces a number of changes in accounting for business mergers that will impact the amount of goodwill recognized, results in the period of purchase and the company's results in future accounting periods. IAS 27 R requires that companies account for changes in the ownership interest of subsidiaries, which do not lead to loss of control as an equity transaction. Consequently, these changes will neither affect the good name of either the profit or loss. In addition, the revised standard changes the accounting for termination of management of the subsidiary. The changes introduced by IFRS 3 and IAS 27 R R must be considered by companies in future periods, which means that they will affect the purchases and transactions with minority interests that the company will have in the future.

IAS 39 - *Financial Instruments: Recognition and Measurement - Hedged Items that meet the criteria*
These amendments were published in August 2008 and became effective for periods beginning on 07/01/2009. The amendment addresses the risk of unilateral risk of the hedged item and, in certain circumstances, the definition of inflation as a hedged risk or part of the risk. It clarifies that a company may designate part of the fair value changes or cash flow variability of the financial instrument as a hedged item.

IFRIC 17 - *Distribution of non-cash assets to owners*
This interpretation is effective for periods beginning on 07/01/2009 and treats guidelines on the recognition of non-cash payments to owners of assets. Interpretation clarifies when to recognize a liability, how to measure it and how to recognize and measure the associated resources and when those assets and liabilities are derecognised.

IFRIC 18 - *Transfers of funds from clients*
Applied for transfer of funds from customers after 1.7.2009.
The interpretation provides guidance on how a company accounts for tangible fixed assets received from customers, or the funds received for the purchase or construction of certain assets. Applies only to assets that a company uses to connect customers to the network or to provide permanent access to supplies of goods, services or both. The company must determine the service or services and to allocate payment received (fair value of assets) for each identifiable service. Revenue is recognized upon delivery or implementation of each service provided by the company.

Improvements to IFRS

In May 2008 the Board issued its first set of amendments to international standards, mainly due to removing inconsistencies and clarifying text. There are separate transitional provisions for each standard.

The introduction of these changes affected the changes in accounting policies of the company, but does not affect the financial position or operations of the company.

IAS 1 - Presentation of Financial Statements
Assets and liabilities intended for trading under IAS 39 Financial Instruments: Recognition and measurement in the balance sheet are not automatically classified as current assets. The company has amended its accounting policy and considered whether management's expectations during the capitalization of assets and liabilities differ from the distribution of the instruments. Due to changes in accounting policies, the company did

not make the transfer of short-term financial instruments to the long-term ones or vice versa in the company's balance sheet.

IAS 16 - Tangible fixed assets (property, devices and equipment)
The term »fair value reduced for sell costs« replaces the term »net selling price«. Tangible fixed assets, which the company rents and usually disposes of on completion of the lease during ordinary operations, the company must transfer to stocks after the end of the lease, when the tangible assets are available for sale.

IAS 23 - Borrowing Costs
The standard introduces a new definition of borrowing costs to combine two items that are considered to be an integral part of the cost of borrowing, into one - the interest cost, calculated using the effective interest rate in accordance with IAS 39. The company has amended its accounting policy accordingly.

IAS 38 - Intangible assets
The new standard eliminates the reference to the use of straight-line method of depreciation, unless there is compelling evidence that in the circumstances, this method is most appropriate. The company has reassessed the useful life of intangible assets and concluded that the use of straight-line method is still appropriate.

The amendments which did not affect the changes in accounting policies of the company, its financial position or business:

IFRS 5	Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IAS 7	Cash Flow Statement
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the balance sheet
IAS 18	Revenues
IAS 19	Employee Earnings
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 29	Financial reporting in hyperinflationary economies
IAS 31	Interests in Joint Ventures
IAS 32	Financial Instruments: Presentation
IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IAS 40	Investment Property
IAS 41	Agriculture - additional biological transformations

In April 2009, the Committee issued a set of amendments to international standards, mainly due to removing inconsistencies and clarifying text. There are separate transitional provisions for each standard. The amendments which did not affect the changes in accounting policies of the company, its financial position or business:

IFRS 2	Payments in shares - determining when to apply IFRS 2 and IFRS 3
IFRS 5	Non-current assets held for sale - Disclosures
IFRS 8	Operating segments - the disclosure of segment assets
IAS 1	Presentation of financial statements - short / long-term commitment to financial convertible instruments
IAS 7	Cash flow statement - the classification of expenditure for the unrecognized assets
IAS 17	Leases - classification of land and buildings
IAS 18	Revenues - determining whether the company is acting as principal or agent
IAS 36	Impairment of assets - the largest unit, to which goodwill can be attributed
IAS 38	Intangible assets - changes due to the adoption of the new standard IFRS 3 and changes based on the assessment of fair value
IAS 39	Financial Instruments - an assessment of penalties for prepayment of credit as the embedded derivative, cash flow hedges
IFRIC 9	Reassessment of embedded derivative financial instrument - the impact of IFRS 3 and IFRIC 9
IFRIC 16	Insurance net investments in foreign operations from the risks – change restrictions on the company, which may have an instrument for hedging

Transactions in foreign currencies

Transactions denominated in foreign currencies are calculated in euros at the official rate of the European Central Bank on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies on the balance sheet date are calculated in local currency at the official rate of the European Central Bank, applicable on the last day of the reporting period. Exchange differences are recognized in the income statement.

Profit / loss

Profit / loss from operations are defined as profit / loss before tax and financial items. Financial items include interest on cash at bank balances, deposits; investments held for sale, interest paid on loans, profit or loss on disposal of financial instruments held for sale, and positive and negative foreign exchange differences on translation of monetary assets and liabilities in foreign currency.

Significant estimates and judgments

In accordance with International Financial Reporting Standards, the accounts management makes judgments, estimates and assumptions in the preparation of account statement, that affect the application of policies and reported amounts of assets and liabilities, revenues and expenses. Estimates are developed according to experiences from previous years and expectations for the accounting period. Actual results may differ from these estimates, so estimates are constantly revised and their revisions shaped.

Deferred taxes

Based on estimates that in the future there will be enough disposable income, we created a deferred tax assets arising from:

- making provisions for anniversary bonuses and retirement benefits,
- impairment of trade receivables,
- incentives for investments and research and development investments,
- unused tax losses.

The deferred taxes are more specifically presented in Chapter 12.3.12.

Deferred tax claims, which are recognized under the design provisions for anniversary bonuses and retirement payments are reduced in appropriate amounts with the use of provisions made and grow in the appropriate amounts according to the newly formed provisions.

The tax rate used to calculate the amount of deductible temporary differences is 20 percent. Based on conditions as set in IAS 12 (36), and business plan for the coming period, we estimate that we will handle the taxable profits to cover the unused tax losses in the coming years.

Recorded deferred tax liabilities result from taxable temporary differences during the revaluation of land (at fair value directly in equity) to a higher value.

At the reporting date we verify the declared amount of deferred claims and deferred tax liabilities. If the company does not have sufficient available profits, the reported amount of deferred tax assets is reduced accordingly.

Provisions

The account management confirms the content and the amount of provisions made on the basis of:

- calculation of provisions for anniversary bonuses and retirement payments,
- assessment of any expected compensation given by the legal department of the company or other external lawyer on the basis of existing lawsuits and claims.

The amounts of provisions made are the best estimate of future expenditure.

Summary of significant accounting policies and disclosures

We report each category in accordance with the International Financial Reporting Standards, where disclosures are prescribed, and we list all relevant matters. The accounting policies used and the nature and level of importance of the disclosures are identified in the internal acts of the company. We also revealed comparative information from the previous period and we include the information in the numbers and descriptive information with all important information reported in financial statements. Comparative data are adjusted to conform to the presentation of information in the current year.

The accounting policies stated below have been consistently applied in all periods reported in financial statements.

Tangible fixed assets

Land is valued at fair value. We use the cost model in measuring the construction of facilities, devices and equipment. The asset is shown at its purchase value reduced for accumulated depreciation and accumulated losses due to impairment. The manner and the methods of valuation of assets due to impairment are described below under the heading »Impairment of tangible assets«. The purchase value of tangible fixed assets is the equivalent of the cash price on the date of recognition. Revaluation of land is made on the basis of valuation of judicial valuer. The revaluation is shown through equity as a revaluation surplus.

In the case of significant purchase values of tangible fixed assets, which contain components with different estimated useful life, we divide them into their component parts. Each part is treated separately. The plots of land are considered separately and are not depreciated.

Cost of borrowing

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, increase the cost of that asset. Capitalisation of borrowing costs as part of the cost of the asset commences when there are expenditures for the asset, borrowing costs and the actions necessary to prepare the asset for its intended use or sale.

Financial lease

At the beginning of lease, we recognize the financial lease in the balance sheet as a finance lease asset and liability at amounts equal to the fair value of the leased asset or, if lower, the present value of minimum lease payments, with both values determined at the beginning of the lease. In calculating the present value of minimum lease payments, the discount rate is connected with the lease rate, if it can be determined; otherwise, we use the assumed interest rate for borrowing, which should be paid by the tenant. We add all initial direct costs borne by the tenant, to the amount recognized as an asset.

We did not conclude any contracts on financial leasing assets in 2010.

Subsequent costs

Subsequent expenditure incurred on the replacement of an item of tangible fixed assets, increases its purchase value. Other subsequent expenditures on tangible fixed assets increase its purchase value, if it is likely that its future economic benefits will exceed the originally estimated. All other expenditure is recognized as expense when incurred.

Depreciation

The depreciation amount for each period is recognized in profit or loss. We begin to depreciate an asset when it is available for use. Fixed assets are depreciated with a straight-line method taking into account the estimated useful life of each tangible asset. The depreciation method used is verified at the end of each financial year. The residual value is normally only included when it comes to the important items, taking into account the costs of liquidation of tangible fixed assets. We do not depreciate land and works of art.

Depreciation rates used, by the company compared to the year 2009 have not changed and are as follows:

	Lowest %	Highest %
Tangible fixed assets:		
Real Estate:	**1,5**	**10,0**
Brick buildings	1,5	5,0
Other buildings	2,0	10,0
Equipment:		
Production equipment	0,6	20,0
Computer and electrical equipment	6,0	25,0
Forklifts and cranes	11,0	12,5
Cars and tractors	12,5	25,0
Equipment fot cleaning and heating	7,0	23,1
Measuring and controlling devices	4,2	28,0
Furniture - office and other	10,0	17,5
Other equipment	5,0	50,0

Derecognition
The recognition of the book value of individual tangible fixed asset is derecognised upon disposal or if we do not expect any future economic benefits from its use or disposal. Gains or losses arising from derecognition of an item of individual tangible fixed asset is included in profit or loss when any of the conditions is satisfied.

Intangible assets

The intangible fixed asset is recognized at purchase value initially. After initial recognition, intangible assets are disclosed at their purchase value reduced for accumulated depreciation and impairment losses.

Goodwill
Goodwill is assessed at fair value transferred to the purchase price, including the recognized value of any non-controlling interests in the acquired company, reduced for the net recognized value of acquired assets and liabilities, valued at the acquisition date. Carried purchase price includes the fair value of assets transferred, liabilities to the previous owners of the company and the shares, issued by the company. The company's management annually assesses if the fair value is still the same.

Emission allowance
Among the intangible assets are long-term deferred costs of allowances allocated by the Ministry of Environment and Spatial Planning, RS Environmental Agency.

Depreciation
Depreciation begins when the asset is available for use, i.e. when it is at the location and in condition necessary to function as planned.

The net book value of an intangible asset is reduced with the straight-line method over the period of the usefulness of the asset.

The duration and the method of the amortization for an intangible asset with finite useful lives are reviewed at least at the end of each financial year. If the expected useful life differs from previous estimates, the amortization period is changed accordingly.

The useful life of an intangible asset that arises from contractual or other legal rights does not exceed the period of contractual or other legal rights, but may be shorter depending on the period over which we expect to use the asset. The estimated useful life of other intangible assets is 5 years.

Depreciation rates used by the company compared to the year 2009 have no changed and are as followed:

	Lowest %	Highest %
Intangible assets:	20,0	20,0

Investment Property

We own investment properties in order to earn rentals or for capital appreciation. We use the fair value model to measure the investment properties based on the valuation of a legal appraiser. Revenue is recognized in the income statement. Investment properties are not depreciated.

Financial investments

Investments in subsidiaries, associates, joint ventures and other companies are valued at the purchase value. The same method is also used for unrelated businesses.

Financial Instruments

Financial instruments are classified into classes, namely:

1. Financial instruments at fair value through profit or loss
2. Investments held to maturity
3. Loans and receivables
4. For-sale financial assets

1. Financial instruments at fair value through profit or loss

The first group was formed for financial instruments that are recognized at trade date and are measured at fair value through profit or loss and are designed for active trade.

2. Investments held to maturity

The second group was formed for the investments, for which we would decide at the eventual recognition to be kept in our portfolio until maturity. We would recognize them by the settlement date and measure them by the amortized cost using the effective interest method. We have not classified any financial investment in this group.

3. Loans and receivables

The third group includes all loans, borrowings and receivables, which are recognized at settlement date and are measured at amortized cost using the effective interest method.

Claims

We record long-term and short-term trade receivables toward our buyers, government and employees in the books separately. Among the receivables from operations we also show interest on those claims. Long-term and short-term operating receivables are stated at the beginning with the amounts arising from contracts or relevant supporting documents. We calculate claims in foreign currencies, on the last day of the financial year in local currency at the official rate of the European Central Bank.

We determine the recorded size of an individual receivable note at the end of the accounting period on the basis of proof by argument given doubts as to their collectibility. We form the impairment of receivables after an individual assessment of the management program according to the risk that the claims would not be paid.

Trade credits

The company provides trade credits to companies within the group and affiliated companies for their operations. Trade credits are recognized during the long-term operating receivables. We calculate interest for trade credits. Correction of values for a given trade credits is done on an individual assessment of the management board of the company.

Lending

We show the initially recognized loans at their amortized cost taking into account the effective interest method. Depending on their maturity date, they are classified as long-term settlement or as current assets on the settlement date. In order to control credit risks we determine the maturity of the loan settlement and the method of loan settling, secured by traditional instruments of insurance (eg, blank bills of exchange, pledge of securities and other property, the possibility of a unilateral set-off of mutual obligations, etc.) according to the borrower's credit reliability. In case of failure to comply with outstanding contractual obligations of the borrower, we accede to the realization of instruments of insurance, or the creation of impairment of the investment, if legal actions are taken.

Received loans

We keep the received loans at the initial recognition by their amortized cost taking into account the effective interest method. The structure of received loans is dominated by bank loans with the repayment of principal at maturity of the loan agreement. Given the maturity, they are classified as long-term or short-term financial obligations at the time of recognition. On the last day of the year, all financial obligations due within the next year are transferred to short-term financial obligations. Borrowings are secured with blank bills, debts and mortgages on movable and immovable property.

4. For-sale financial assets

Among the financial resources that are available for sale, we classify all investments in equity securities. On initial recognition, they are measured at fair value, to which we add transaction costs arising from the acquisition of financial assets. The fair market value includes the market-oriented value as is the closing market price of a share or published daily value of mutual fund unit. Changes in fair value are recognized directly in the statement of other comprehensive income. For charging off of the shares we are taking into account the average cost method. Profits or losses are transferred to the business outcome during the derecognition. We use the trade date when accounting for the purchase and sale.

All other investments for which no active market exists and where fair value can not be reliably measured are measured at the purchase value.

Inventory

Inventories are valued at their original value or net realizable value, and at the lower value of the two. Net realizable value is the estimated selling price in the ordinary course of business, reduced for the estimated costs of completion and sale. The price unit quantities in stock include costs incurred in acquiring inventories and bringing them to their present location and condition. With the finished products and unfinished production, the costs include an appropriate proportion of production costs at normal operating capacity. The use of stocks is shown with the weighted average cost method. The company checks the stocks without movement in the current year at the end of the year and impairs them to the the realizable value.

Money

Among the money we include the cash on hand and demands on deposits at the bank. Cash balances in foreign currencies are calculated in local currency at the official rate of the European Central Bank on the last day of the year.

Derivative financial instruments

The company does not issue derivative financial instruments for trading purposes. In the event of a decision to establish safeguards against the financial risks, the company will select a suitable derivative instruments and recognize them together with the hedged item as the hedged rate.

Capital

Share capital

The share capital of the UNIOR d.d. is divided into 2,838,414 ordinary registered shares that are registered and are freely transferable.

Dividends

Dividends are recognized in the financial statements of the company when the general meeting decides on the payment of dividends.

Purchase of our own shares

We did not trade with our own shares in 2010.

Authorized capital

There was no authorized capital on 31.12.2010.

Provisions

Provisions for lawsuits

We have created provisions for loss and damages related to alleged violations during operations. The level of provisions is determined according to the known amount of the claim or according to the estimated amount, if the request is not yet known. We regularly check the eligibility of the already designed provisions.

Provisions for severance payments and anniversary bonuses

In accordance with the commercial collective agreement and statutory regulations, the company is required to declare and pay long-service awards and severance payments at retirement. For the measurement of these benefits we use a simplified method of accounting, which requires the evaluation of actuarial liabilities in accordance with the expected growth in earnings from the date of valuation up to the retirement of employees. This means the accrual of benefits in proportion to the work performed. The estimated liability is recognized in the size of the present value of expected future cash outflows. When measuring, we also estimate the projected increase in salaries and staff turnover.

We recognize gains or losses based on the calculation of the current year in the income statement.

Government grants

Government grants are recognized at fair value, but not until there is reasonable assurances that the company Unior d.d. will comply with the conditions associated with them and receive support. Government grants are recognized as income over the periods necessary to match them with the related costs to be incurred. If a government grant relates to a particular asset, it is recognized as deferred revenue, which the company recognizes in the income statement during the expected life of an asset in equal annual installments.

Income tax

We account for income taxes in accordance with the Corporate Income Tax Act. The basis for calculating income tax is the gross profit, increased for non-deductible expenses and decreased for allowable credits. Tax liability is calculated from the resulting amount. The applied tax rate for 2010 was 20 percent.

Deferred taxes

With a view to demonstrating an appropriate result in the reporting period, we also accounted for deferred taxes. These are shown as deferred tax assets and deferred tax liabilities. We used the balance sheet liability when accounting for deferred taxes. Book value of assets and liabilities were compared with their tax base, and the difference between the two values was defined as permanent or temporary difference. Temporary differences were divided into taxable and deductible. Taxable temporary differences increased the taxable amounts and deferred tax liabilities. Deductible temporary differences reduced taxable amounts and increased deferred tax assets.

Revenue

Revenue from services

Operating revenues are recognized when we reasonably expect that they would lead to benefits if they are not realized at the time of creation and can be reliably measured.

In recognition of revenue from services we use the method of percentage of completion on the balance sheet date. With this method, revenues are recognized in the accounting period in which services were made. We disclose the amounts of each significant category of revenue recognized in the period, and already achieved revenues in the domestic and foreign markets. Revenues in the domestic market are the revenues earned in Slovenia, and foreign markets are the EU countries and third countries.

Proceeds from the sale of products, goods and materials

Proceeds from the sale of products, goods and materials are measured on the basis of the prices listed on invoices and other documents, reduced for discounts, approved on the sale or subsequently. Appropriate matching items from previous periods are also shown among the incomes from the sale of products, materials, goods and services.

Rental income

Rental income mainly includes the income from investment property, that is, buildings and land that are rented under operating leases. The company ranks rental income in operating income.

Other operating income with re-evaluated operating revenues

Among other revenues, we disclose grants, subsidies, premium and revaluation revenues generated from sales of fixed assets and the reversal of provisions in the net amount.

Financial income and financial expenses

Financial income comprises of the income from the interest on loans, dividend income, income from sale of available financial assets and income from exchange rate gains. Interest income is recognized as it accrues using the effective interest rate. Dividend income is recognized in profit or loss when the right to payment is established.

Financial expenses include interest costs on borrowings, foreign exchange losses, losses due to financial assets impairment, which are recognized in the income statement. Borrowing costs are recognized using the effective interest method in the income statement.

Gross operating profit

Gross operating profit consists of revenues from sales, changes in inventories of finished goods and work in progress, capitalized own products and services and other operating revenues.

Expenses – costs

Costs are recognized as expenses in the period in which they arise. We classify them according to their nature. We show them and disclose by nature in the three-digit account chart of the company. Expenses are recognized if the outflow of economic benefits during the accounting period is associated with decreases in assets or increases in debt and this decrease can be reliably measured.

Business outcome

Business outcome consists of profit or loss plus financial income and reduced financial expenses.

Impairment of tangible fixed assets

If there is any indication that an asset may be impaired, we estimate the recoverable amount. If it is impossible to estimate the recoverable value of assets, the company determines the recoverable amount of the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement. Impairment losses need to be reversed if there are changes in the estimates used to determine the recoverable amount of assets. The loss due to impairment of assets is reversed only to the extent that the increased carrying amount of an asset does not exceed the carrying amount that would have been determined after the deduction of the depreciation write-off, if the impairment loss in asset had not been recognized in prior years. Elimination of losses is recognized as income in profit or loss.

Impairment of intangible assets

We check the intangible assets for impairment on the reporting date.

Where the recoverable amount is less than the carrying value of an asset, it is reduced to its recoverable amount. The company shows such a reduction as an impairment loss and records as a revaluation of operating expense.

Impairment of financial assets

At each reporting date the company performes a test of the assessment of impairment of investments by selected criteria specified in the regulations on accounting in order to determine whether there is objective evidence of impaired investments. If such reasons exist, we do the calculation of the amount of impairment losses.

If we estimate that it is necessary to conduct impairment of financial investments, shown at amortized cost, the amount of the loss is measured as the difference between the carrying value of investments and the present value of estimated future cash flows discounted at original effective interest rate. We recognize value losses in profit or loss. If the reasons for the impairment of financial investments cease to exist, a reversal of impairment of financial investments is recorded at amortized value recognized in profit or loss.

In the case of investments in subsidiaries, associates, joint ventures and other companies shown at the purchase value, if we estimate that it is necessary to conduct impairment, it is recognized in profit or loss as a revaluation of financial expense.

For investments classified as available for sale to a group of investments, we measure the amount of impairment losses recognized in profit or loss as the difference between the carrying value of investments and the market or as the fair value of on the cut-off balance sheet date. Impairment of these investments is created when the fair value on the balance sheet date is more than 40 percent lower than the cost of the investment. The amount of this form of impairment is the difference between cost and fair value of investments.

Statement of other overall income

We show the items (including any adjustments due to reclassifications) not recognized in profit or loss as required or permitted by other IFRSs in the statement of other comprehensive earnings.

Statement of Cash Flows

We report cash flow from operating activities in the company using the indirect method based on items on the balance sheet dated 31.12.2010 and 31.12.2009, and income statement for 2010 and additional information necessary for adaptation in outflows and inflows.

Movement of capital statement

Cash flow statement shows the movement of individual components of capital in the financial year (the whole of revenue and expenditure transactions with owners in their capacity as owners), including the use of net profit. The statement of overall income is included, which increases the net profit for all the incomes that we recognized directly in equity.

New standards and interpretations that have not yet come into force

Early use of IFRS and IFRIC, which are not yet valid

The UNIOR d.d. company did not apply any standards or interpretations that are not yet valid and will come into force in the future.

In accordance with International Financial Reporting Standards and the EU, the companies will have to adopt the following amended standards and interpretations in the future:

The amendments to IFRS 1 The limited exceptions to the comparative disclosures required by IFRS 7 for the first users of standards

IAS 24 - *Disclosures of related parties*
Effective for periods beginning after 01.01.2011.
Amendment to IAS 24 clarifies more precisely and simplifies the definition of associated parties. The revised standard also reduces the volume of disclosures of transactions of state-owned companies with the state and other state-owned companies.

IAS 32 - *Financial Instruments: Presentation, ranking the right to buy shares that are denominated in foreign currency*
Effective for periods beginning after 01.02.2010.
Amended IAS 32 allows companies which issue rights to purchase shares in foreign currency that such rights are not accounted for as derivative, but the effects are recognized in the income statement. These rights will now be allocated to equity instruments, if certain conditions are met.
Effective for periods beginning after 1.2.2010.

IFRIC 14 - *Advance payments under the minimum funding requirement (Amendment)*
Addendum to IFRIC 14 applies for periods beginning on 01.01.2011 with retrospective application. Addendum contains a guide to assess the realizable value of net assets of pensions. Addendum enables companies to advance on the basis of the minimum funding requirement treated as an asset.

IFRIC 19 - *Suspension of financial obligations with equity instruments*
Effective for periods beginning after 01.07.2010. Interpretation clarifies that the equity instruments issued by the company to a creditor in exchange for financial liabilities is treated as a payment obligation. In this context, equity instruments are measured at fair value. If the fair value of equity instruments can not be reliably measured, they are measured at fair value of the cancelled obligations. All gains and losses are recognized immediately in the company income statement. The interpretation does not affect the accounting standards of the group.

In accordance with the International Financial Reporting Standards, the companies will have to adopt the following supplemented and amended notes and standards in the future, if adopted by the EU:

IFRS 9 - *Financial Instruments*
This standard replaces IAS 39, effective for periods beginning on 01.01.2013. The first part of the standard that has been accepted up to now sets new requirements for classification and measurement of financial assets.
Amendment to IFRS 7 - *Financial Instruments* - disclosures to improve the transparency of disclosures in the transfer of financial resources. The amendments were published in October 2010.
The amendment allows users to better understand the effects of transfer of financial resources and potential risks to which the transmitter remains exposed.

IAS 34 - *Interim financial reporting*
Effective for periods beginning after 01.01.2011. The amendments provide users with references for the preparation of disclosures in accordance with IAS 34, and new requirements for disclosure were also added.

IAS 12 - *Deferred tax (supplemented)*
The amendment is effective for annual periods beginning on 01.01. 2012 or after. This change relates to the determination of deferred tax on investment property at fair value. The aim of this amendment is to include a) the assumption that the deferred tax on investment property valued at fair value in accordance with IAS 40, be determined on the basis that the carrying value of investment property will return with the sale, and b) the requirement that deferred tax for the resources that are not depreciated and are valued at the revaluation model in IAS 16, are measured on the basis of sales value of those assets.

Improvements to IFRS

In May 2010 the Board announced improvements to IFRS and issued a set of modifications and additions to these standards. These changes are not accepted yet as they will be effective for periods starting on 01.07.2010 or 01.01.2011.

IFRS 3	Business mergers
IFRS 7	Financial Instruments: Disclosures
IAS 1	Presentation of Financial Statements
IAS 27	Consolidated and Separate Financial Statements
IFRIC 13	Customer Loyalty Programmes

Assessments and sources of uncertainty
Risk management

The company monitors the risks and also tries to cope at all levels of business. The risk assessments take into account various factors and measure the costs of control with benefits. Proper management of risks is ensured by their timely identification and management, and with the guidelines and policies set out in the documents of a comprehensive management system.

The company's business is exposed to strategic, business and financial risks, which are heavily dependent on commercial basis, which requires their active monitoring. In addition to strategic and business risks the company faces financial risks, among which the most significant are risks of the fair value change, interest rate risk, liquidity risk, currency risk and credit risk, and risk of adequate capital structure. How we determine and manage the financial risks is revealed in the Chapter 12.9: Risk Management.

Notes to the balance sheet

1. Intangible assets

(in EUR)	Goodwill	Deferred development costs	Investments in ind. property rights	Other intangible assets	Intangible assets to be obtained	Total
Purchase value						
Balance on 31. 12. 2009	569.727	5.243.008	1.600.790	0	2.108.127	9.521.652
Direct increases - investments	0	0	0	128.578	150.860	279.438
Transfer from investments in progress	0	2.063.073	102.212	0	(2.165.285)	0
Reductions during the year	0	0	0	(29.461)		(29.461)
Balance on 31. 12. 2010	569.727	7.306.081	1.703.002	99.117	93.702	9.771.629
Value adjustment						
Balance on 31. 12. 2009	80.788	2.093.794	768.161	0	0	2.942.743
Depreciation for the year	0	942.147	284.980	0	0	1.227.127
Impairment	84.999	0	0	0	0	84.999
Balance on 31. 12. 2010	165.787	3.035.941	1.053.141	0	0	4.254.869
Current value 31. 12. 2010	**403.940**	**4.270.140**	**649.861**	**99.117**	**93.702**	**5.516.760**
Current value 31. 12. 2009	488.939	3.149.214	832.629	0	2.108.127	6.578.909

(in EUR)	Goodwill	Deferred development costs	Investments in ind. property rights	Other intangible assets	Intangible assets to be obtained	Total
Purchase value						
Balance on 31. 12. 2008	569.727	5.241.099	1.371.888	0	168.409	7.351.123
Direct increases - investments	0	0	0	0	2.185.014	2.185.014
Transfer from investments in progress	0	16.394	228.902	0	(245.296)	0
Reductions during the year	0	(14.485)	0	0		(14.485)
Balance on 31. 12. 2009	569.727	5.243.008	1.600.790	0	2.108.127	9.521.652
Value adjustment						
Balance on 31. 12. 2008	80.788	1.161.467	520.545	0	0	1.762.800
Depreciation for the year	0	946.812	247.616	0	0	1.194.428
Reduction during the year		(14.485)	0	0	0	(14.485)
Balance on 31. 12. 2009	80.788	2.093.794	768.161	0	0	2.942.743
Current value 31. 12. 2009	**488.939**	**3.149.214**	**832.629**	**0**	**2.108.127**	**6.578.909**
Current value 31. 12. 2008	488.939	4.079.632	851.343	0	168.409	5.588.323

The company received 57,380 emission allowances from the Ministry of Environment, the RS Environmental Agency for the period from 1.1.2008 to 31.12.2012. These are recorded in the accounting records at the value of EUR 1. The amount of emission allowances granted in the relative share by individual years is as follows: 11,476 allowances for the year 2008, 11,476 for the year 2009, 11,476 allowances for the year 2010, 11,476 for the year 2011 and 11,476 allowances for the year 2012. The company paid the obligation to the government for the years 2008 and 2009 of 18,461 allowances in 2010. In 2010, the company sold 11,000 allowances marked as EUA of 173,800,00 euros and bought 7,000 allowances marked as CER worth 94,150 euros. The company has a demonstrated obligation to surrender 8,783 allowances for the value of the emissions produced in 2010.

Purchase of intangible fixed assets, which have a present value equal to zero and are still in use amounts to 1,019,552 euros.

2. Fixed assets

(in EUR)	Land	Buildings	Production equipment	Small inventory	Fixed assets to be obtained	Advanced for fixed assets	Total
Purchase value							
Balance on 31. 12. 2009	26.324.030	100.331.965	127.041.405	448.299	8.923.988	626.346	263.696.033
Direct increases in investment	137.700	0	0	0	14.167.242	0	14.304.942
Direct increases in advances	0	0	0	0	0	2.599.671	2.599.671
Transfer from investments in progress	0	3.617.713	5.356.868	0	(8.974.581)	0	0
Reductions during the year	(321.750)	(28.515)	(2.588.037)	(24)	0	(2.583.074)	(5.521.400)
Revaluation due to increase	6.000.249	0	0	0	0	0	6.000.249
Balance on 31. 12. 2010	32.140.229	103.921.163	129.810.236	448.275	14.116.649	642.943	281.079.495
Value adjustment							
Balance on 31. 12. 2009	0	47.839.513	83.657.042	324.247	0	0	131.820.802
Depraciation for the year	0	2.506.087	6.116.296	54.141	0	0	8.676.524
Reductions during the year	0	(11.212)	(2.501.239)	(24)	0	0	(2.512.475)
Balance on 31. 12. 2010	0	50.334.388	87.272.099	378.364	0	0	137.984.851
Current value 31. 12. 2010	**32.140.229**	**53.586.775**	**42.538.137**	**69.911**	**14.116.649**	**642.943**	**143.094.644**
Current value 31. 12. 2009	26.324.030	52.492.452	43.384.363	124.052	8.923.988	626.346	131.875.231

(in EUR)	Land	Buildings	Production equipment	Small inventory	Fixed assets to be obtained	Advanced for fixed assets	Total
Purchase value							
Balance on 31. 12. 2008	26.387.661	100.184.308	126.070.580	404.878	10.310.071	1.211.820	264.569.318
Direct increases in investment	0	0	0	0	4.800.888	0	4.800.888
Direct increases in advances	0	0	0	0	0	986.557	986.557
Transfer from investments in progress	0	1.365.766	3.625.237	43.700	(6.186.971)	0	(1.152.268)
Reductions during the year	(63.631)	(1.218.109)	(2.654.412)	(278)	0	(1.572.031)	(5.508.461)
Revaluation due to increase	0	0	0	0	0	0	0
Balance on 31. 12. 2009	26.324.030	100.331.965	127.041.405	448.300	8.923.988	626.346	263.696.034
Value adjustment							
Balance on 31. 12. 2008	0	47.623.360	79.835.711	261.589	0	0	127.720.660
Depraciation for the year	0	2.579.809	6.389.671	62.938	0	0	9.032.418
Reductions during the year	0	(2.363.656)	(2.568.340)	(279)	0	0	(4.932.275)
Balance on 31. 12. 2009	0	47.839.513	83.657.042	324.248	0	0	131.820.803
Current value 31. 12. 2009	**26.324.030**	**52.492.452**	**43.384.363**	**124.052**	**8.923.988**	**626.346**	**131.875.231**
Current value 31. 12. 2008	26.387.661	52.560.948	46.234.869	143.289	10.310.071	1.211.820	136.848.658

Among the tangible fixed assets, the company has the following assets acquired through financial leasing:

- Magnetic resonance for the Tourism programme at purchase value of 1,136,942 euros and the present value of 280,446 euros on 12.31.2010.

As security for the debts, the company has pledged assets with value of € 213,977,678 and in 2010 they increased by 7% compared to last year.

Land was revalued on the basis of the appraisal report on 31.12.2010.

3. Investment Property

(in EUR)	2010	2009
Land	5.484.783	4.757.555
Buildings	10.569.264	11.182.445
Total	**16.054.047**	**15.940.000**

Changes in investment property

(in EUR)	2010	2009
Opening balance 1. January	**15.940.000**	**8.484.143**
Acquisitions	392.047	1.472.229
Revaluation	350.000	5.983.628
Disposals	(628.000)	0
Final balance 31. December	**16.054.047**	**15.940.000**

Investment properties consist of land and buildings intended for resale or rental in Maribor, bungalows on Rogla and land in Umag, Croatia. Investment properties are shown at fair value. The fair value was determined on the basis of the valuation of court valuer (the location of Maribor), or the market value of the property (Umag). The fair value of the bungalows on Rogla was determined on the basis of the net realizable value.

4. Long-term investments

(in EUR)	2010	2009
Investments in stocks and shares in subsidiaries:		
in the country:		
ŠTORE STEEL d. o. o. Štore	2.367.609	1.389.253
other investments	610.065	937.380
	2.977.674	2.326.633
abroad:		
UNIOR DEUTSCHLAND GmbH Remseck	1.052.614	593.334
UNIOR COMPONENTS a. d. Kragujevac	4.398.158	2.818.158
NINGBO UNIOR FORGING Co. Ltd. Yuyao	1.983.530	1.983.530
other investments	7.081.590	4.147.535
	14.515.892	9.542.557
Total subsidiaries	**17.493.566**	**11.869.190**
Investments in stocks and shares in associated companies:		
in the country:		
STARKOM d. o. o. Maribor	2.201.193	2.201.193
other investments	462.116	860.772
	2.663.309	3.061.966
abroad:		
UNIOR TEOS ALATI d. o. o. Beograd	423.000	423.000
UNIOR TEPID, S.R.L. Romania, Brasov	765.075	765.075
other investments	214.693	2.162.844
	1.402.768	3.350.918
Total associates	**4.066.077**	**6.412.884**
Investments in stocks and shares in other companies and banks:		
BANKA CELJE d. d. Celje	5.919.900	5.919.900
RIMSKE TERME d. o. o. Rimske Toplice	2.750.444	1.919.638
other investments	185.489	253.426
Total in other companies and banks	**8.855.833**	**8.092.965**
Long-term financial investments in debt		
Long-term credit BIVA-HIŠE d. o. o. Gomilsko	0	523.607
Long-term credit RTC KRVAVEC d. d. Cerklje	4.344.718	4.723.184
Long-term deposit Huser Švica	3.199	2.483
Transfer to short-term investments	(661.228)	(661.228)
Transfer liabilities	**3.686.689**	**4.588.045**
Total long-term investments, excluding treasury shares	**34.102.165**	**30.963.084**

The long-term loan RTC Krvavec d.d. is secured by a mortgage on real estate and movable property owned by the RTC Krvavec d.d. company.

Changes in long-term investments in stocks and shares in 2010

(in EUR)	2010	2009
The value investments in stocks and shares 1. January	**30.963.084**	**28.767.137**
Increases:		
Purchases of stocks and shares	4.388.346	7.113.653
Increased investment in debt	61.959	48.266
Return of short-term investments in debt	661.228	842.435
Other increases - reversal of impairments	409.280	0
Reductions:		
Sales of stocks and shares	(398.656)	(4.504.844)
Repayments of long-term loans	(435.177)	(642.334)
Short-term portion of investments in debt	(661.228)	(661.228)
Other decreases - impairment	(886.672)	0
Balance 31. December	**34.102.165**	**30.963.084**

Capital and operating results of the related parties

Company name	County	Parcentage of participation in the capital	Currency	Size of capital in the currency	Operating profit in the currency	Size of capital in EUR	Operating profit of the year in EUR
Subsidiaries:							
ŠTORE STEEL d.o.o.	Slovenia	54,353	EUR	33.872.400	1.212.891	33.872.400	1.212.891
RTC KRVAVEC d.d.	Slovenia	98,555	EUR	11.893.907	80.245	11.893.907	80.245
UNIOR BIONIC d.o.o.	Slovenia	85,039	EUR	(214.048)	(60.184)	(214.048)	(60.184)
UNIOR Produktions- und Handels-GmbH	Avstria	99,550	EUR	714	16.728	714	16.728
UNIOR DEUTSCHLAND GmbH	Germany	100,000	EUR	793.737	426.293	793.737	426.293
UNIOR FRANCE S.A.S.	France	70,000	EUR	(283.648)	(143.122)	(283.648)	(143.122)
UNIOR ITALIA S.R.L.	Italy	95,000	EUR	382.024	(308.630)	382.024	(308.630)
UNIOR ESPANA S.L.	Spain	95,000	EUR	334.744	7.293	334.744	7.293
UNIOR HELLAS S.A.	Greece	50,000	EUR	604.749	69.251	604.749	69.251
UNIOR INTERNATIONAL Ltd.	G.Britain	50,000	GBP	(117.054)	(26.180)	(135.991)	(30.519)
UNIOR KOMERC d.o.o.	Macedonia	85,000	MKD	29.387.479	465.361	481.944	7.573
UNIOR PROFESSIONAL TOOLS Ltd.	Russia	55,000	RUB	32.414.683	8.510.347	794.088	211.369
UNIOR AUSTRALIA TOOL Co. PTY Ltd.	Australia	100,000	AUD	367.450	(106.933)	279.727	(74.140)
UNIOR USA CORPORATION	USA	100,000	USD	41	35	31	26
UNIOR BULGARIA Ltd.	Bulgaria	58,000	BGN	5.621	(17.179)	2.874	(8.784)
UNIOR COFRAMA sp.z o.o.	Poland	51,000	PLN	798.633	281.129	200.914	70.376
UNIOR COMPONENTS a.d.	Serbia	92,307	RSD	721.014.494	14.155.928	6.708.984	137.755
UNIOR FORMINGTOOLS d.o.o.	Serbia	74,000	RSD	121.573.079	(76.091.648)	1.131.228	(740.465)
NINGBO UNIOR FORGING Co. Ltd.	China	50,000	CNY	44.197.790	5.699.222	5.009.951	635.278
UNIDAL d.o.o.	Croatia	51,000	HRK	20.106.671	(2.962.064)	2.723.374	(406.371)
Associated companies:							
UNIOR TEPID S.R.L.	Romania	49,000	RON	10.109.439	1.169.783	2.371.994	277.716
STARKOM d.o.o.	Slovenia	49,000	EUR	(2.467.231)	(1.245.390)	(2.467.231)	(1.245.390)
UNIOR SINGAPORE Pte. Ltd.	Singapore	40,000	EUR	68.678	23.024	68.678	23.024
RHYDCON d.o.o.	Slovenia	33,500	EUR	2.037.454	199.397	2.037.454	199.397
ROBOTEH d.o.o.	Slovenia	24,970	EUR	156.308	49.480	156.308	49.480
SOLION Ltd.	Russia	20,000	RUB	10.911.640	4.828.301	267.311	119.919
UNIOR TEOS ALATI d.o.o.	Serbia	20,000	RSD	177.202.000	41.056.000	1.648.851	399.525
SINTER a.d.	Serbia	24,988	RSD	132.641.000	1.176.000	1.234.214	11.444

5. Stocks

(in EUR)	2010	2009
Material	18.226.122	16.403.017
Production in progress	19.161.636	14.536.709
Products	15.588.744	16.991.629
Merchandise	3.573.954	3.991.675
Inventory surpluses	50.503	105.469
Inventory shortages	(123.159)	(591.406)
Advances for inventories	1.157.527	421.967
Value adjustments	(676.129)	(563.876)
Total	**56.959.198**	**51.295.185**

(in EUR)	2010	2009
Value adjustments of stocks:		
- material	410.220	392.485
- finished products	208.651	136.466
- merchandise	57.258	34.924
Total	**676.129**	**563.876**

(in EUR)	2010	2009
Balance adjustments of inventories 1. January	**563.876**	**342.321**
Increase:		
- material	17.735	156.038
- finished products	72.184	48.189
- merchandise	22.334	17.328
Balance 31. December	**676.129**	**563.876**

Stocks of 18.3 million euros are pledged in favour of banks to secure financial commitments. The book value of inventories is equal to the net realizable value. For stocks that did not have movement in the past, we created an additional adjustment in the amount of € 112,253.

6. Trade receivables

(in EUR)	2010	2009
Long-term receivables		
Long-term receivables from subsidiaries	5.140.154	2.857.536
Long-term receivables from associated companies	510.894	1.793.867
Long-term receivables from other customers	567.196	593.015
Short-term portion of long-term operating receivables	0	0
Correction of long-term operating receivables	(54.666)	(54.666)
Total non-operating receivables	**6.163.578**	**5.189.751**
Short-term receivables		
Short-term receivables from subsidiaries	7.176.500	6.423.953
Short-term receivables from associated companies	1.561.841	1.325.400
Short-term trade receivables		
- in the country	6.991.189	6.907.820
- abroad	22.260.733	22.560.810
Short-term receivables from interest	0	14.911
Claims for VAT	1.327.760	749.213
Other short-term receivables	1.340.550	1.094.745
Short-term portion of long-term operating receivables	0	0
Value adjustments to short-term trade receivables	(868.162)	(787.235)
Total current receivables	**39.790.411**	**38.289.617**

In 2010, the company made the following adjustments to value claims from customers.

(in EUR)	2010	2009
Balance 1. January	**787.235**	**806.726**
Collected written off receivables	(30.060)	(66.211)
Final waivers	(302.694)	(403.920)
Creation of value adjustments in the year	413.681	450.640
Balance 31. December	**868.162**	**787.235**

The company does not have secured short-term commercial claims, but has pledged to banks to secure long-term loans.

Maturity of debt	2010	2009
overdue receivables	30.678.852	23.485.263
claims due up to 90 days	5.106.078	7.509.533
overdue claims from 91 to 180 days	1.437.920	2.538.493
overdue claims from 181 to 365 days	791.612	2.148.970
overdue claims over 1 year	1.775.949	2.607.358
Total	**39.790.411**	**38.289.617**

7. Short-term investments

(in EUR)	2010	2009
Shares in securities (domestic and foreign):		
- in subsidiaries	304.595	1.374.427
- in associates	652.149	1.043.119
- claims purchased for sale	77.485	126.274
Short-term investments in deposits	0	39.307
Short-term portion of long-term investments in debt	661.228	661.228
Value adjustments to short-term investments	(25.299)	0
Total	**1.670.158**	**3.244.354**

8. Bank balances, checks and cash

(in EUR)	2010	2009
Cash and checks received	17.665	17.308
Cash at bank	240.372	192.059
Total	**258.037**	**209.367**

9. Capital

Total equity of the UNIOR d.d. company comprises of subscribed capital, capital reserves, profit reserves, revaluation surplus, net loss and net loss of the business year.

The share capital of the company was registered in the amount of € 23,688 on 31 December 2010, as shown in the balance sheet and is divided into 2,838,414 shares. Book value per share amounted to 41.77 euros on 31.12.2010 and decreased by 8.5 percent compared to the previous year.

Recapitalization was successfully completed in 2010, with which 500,000 new per value shares were re-issued and paid.

Movements in capital during the current year are:

- Increase in share capital of the company from the recapitalization for 4,172,926 EUR,
- Increase in capital reserves of the company from recapitalization for 5,827,074 EUR,
- Reported profits from previous years in the amount of 998 EUR from the unpaid dividends after 3 years,
- The revaluation surplus decreased by 169,676 EUR for covering the calculated depreciation of fixed assets in previous years and the sale of revalued land,
- The revaluation surplus increased by 4,800,199 EUR arising from revaluation of land.

Net loss for the year amounted to € 2,780,041 and will be covered in the coming years.

Distributable loss

(in EUR)	**2010**
a) loss for the year	2.780.041
b) retained earnings	998
c) net loss	5.478.686
č) reduction in capital reserves	0
d) reduction in revenue reserves:	
- decrease in other revenue reserves	0
e) Increase in reserves from profit:	
- increase in reserves for own shares	0
- increase of other reserves from profit to profit for the year	0
f) total loss	**8.257.729**

10. Long-term provisions and deferred income

(in EUR)	Provisions for severance payments and anniversary bonuses	Provisions for rents	Provisions for environmental remediation	Grants received for fixed assets	Provision for long-term deferred revenue	Total
Balance on 31.12.2009	**4.315.572**	**161.720**	**606.058**	**598.500**	**260.284**	**5.942.134**
Designed provisions	213.342	59.278	0	1.210.108	2.583	1.485.311
Disbursement from provisions	(290.826)	(13.324)	(113.653)	(80.795)	(32.064)	(530.662)
Elimination of provisions	(516.963)	0	0	0	0	(516.963)
Balance on 31.12.2010	**3.721.125**	**207.674**	**492.405**	**1.727.813**	**230.803**	**6.379.820**

(in EUR)	Provisions for severance payments and anniversary bonuses	Provisions for rents	Provisions for environmental remediation	Grants received for fixed assets	Provision for long-term deferred revenue	Total
Balance on 31.12.2008	**4.660.110**	**171.951**	**719.711**	**678.954**	**286.732**	**6.517.458**
Designed provisions	59.467	0	0	0	0	59.467
Disbursement from provisions	(346.931)	(10.231)	(113.653)	(80.454)	(26.448)	(577.717)
Elimination of provisions	(57.074)	0	0	0	0	(57.074)
Balance on 31.12.2009	**4.315.572**	**161.720**	**606.058**	**598.500**	**260.284**	**5.942.134**

Provisions for anniversary bonuses and retirement payments are determined by the amount of estimated future payments for severance and long service awards, discounted at the balance sheet date. The selected discount rate is 5.0 per cent per annum.

The long-term provision was developed under the ownership transformation and confirmed by the Ministry of Environment and Spatial Planning for facilities, technology and devices that are designed to reduce burdens on the environment for the following purposes:

- rehabilitation of water treatment plants on Rogla,
- rehabilitation of treatment device in cold forging plant,
- rehabilitation of the galvanizing plant,

shows 492,405 EUR on 31.12.2010.

The receipts of the Ministry of Economy to co-finance investments in restoration and development of tourist facilities and the rehabilitation spa after the fire are also shown among the long-term provisions. From co-financing the construction of an extension to the hotel in Zreče, we received 875,000 euros from the EU funds.

The value of provision from the paid rent of the Mobitel d.d. company amounts to € 230,803.

In relation to government grants, there are no unfulfilled conditions or potential liabilities.

11. Long-term liabilities

Changes in long-term liabilities

(in EUR)	Principal debt 01.01.2010	New loans in the year	Return of the unpaid short-term part	Repayments in the year	Principal debt 31.12.2010	The part due in the year 2011	Long-term part
The bank or lender							
Banks in the country	46.943.673	44.983.994	0	(1.165.230)	90.762.437	(24.204.332)	66.558.105
Banks abroad	1.899.643	0	0	(456)	1.899.187	(494.196)	1.404.991
Other lenders	771.429	0	0	0	771.429	(128.571)	642.858
Financial lease	1.789.416	0	21.053	(1.669.129)	141.340	(141.340)	0
Total borrowings	**51.404.161**	**44.983.994**	**21.053**	**(2.834.815)**	**93.574.393**	**(24.968.439)**	**68.605.954**

(in EUR)	Principal debt 01.01.2009	New loans in the year	Return of the unpaid short-term part	Repayments in the year	Principal debt 31.12.2009	The part due in the year 2010	Long-term part
The bank or lender							
Banks in the country	55.333.523	31.436.376	0	(15.435.306)	71.334.593	(24.390.920)	46.943.673
Banks abroad	2.818.326	0	0	(434.399)	2.383.927	(484.284)	1.899.643
Other lenders	0	900.000	0	0	900.000	(128.571)	771.429
Financial lease	336.747	1.669.129	0	(35.075)	1.970.801	(181.385)	1.789.416
Total borrowings	**58.488.596**	**34.005.505**	**0**	**(15.904.780)**	**76.589.321**	**(25.185.160)**	**51.404.161**

Interest rates for leased long-term loans are in the range of six-month Euribor + 0.8 percent to a six-month Euribor + 4.5 percent, of the three-month Euribor + 0.8 percent to three-month Euribor + 4.4 percent and monthly Euribor + 4 percent. The company has hired long-term loans with the reference rate for the monthly, quarterly and six-month Euribor. Financial leases were reduced in 2010 from the sale of land in Hajdina. The entire obligation under the contract of financial leasing was paid with the purchase price.

Maturity of long-term financial obligations by year

(in EUR)	2010	2009
Maturity from 1 to 2 years	19.914.731	22.064.421
Maturity from 2 to 3 years	26.193.236	14.094.908
Maturity from 3 to 4 years	8.496.283	9.933.348
Maturity from 4 to 5 years	4.774.756	5.311.484
Maturity over 5 years	9.226.948	0
Total	**68.605.954**	**51.404.161**

Insurance for long-term and short-term financial liabilities are mortgages on real estate and movable property in the amount of € 213,977,678 at the Unior d.d. company and 8.5 million euros for the movable and immovable property at the RTC Krvavec d.d. company, as well as bank drafts and pledged receivables toward buyers. These values include the value of secured loan contracts.

12. Deferred tax liabilities

(in EUR)	2010	2009
Long-term deferred tax claim	4.379.333	2.702.394
Long-term deferred tax liability	(5.725.687)	(4.567.680)
Net long- term deferred tax claims		
Net long term deferred tax liability	**1.346.354**	**1.865.286**

Changes in deferred tax claims	**2010**	**2009**
State of deferred tax claim 1. January	**2.702.394**	**2.778.777**
Reduction:		
- provisions for long service and severance	(215.078)	0
- elimination of relief for research and development	0	(1.359.243)
- impairment of trade receivables	0	(8.068)
Increases:		
- impairment of trade receivables	12.287	0
- incentive to invest	6.000	0
- investment for research and development	1.017.477	0
- tax loss	856.253	1.290.928
State of deferred tax claim 31.December	**4.379.333**	**2.702.394**

Movement in deferred tax liabilities	**2010**	**2009**
Balance of deferred tax liabilities 1. January	**4.567.680**	**4.567.680**
Reduction	(42.042)	0
Increase	1.200.049	0
Balance of deferred tax liabilities 31.December	**5.725.687**	**4.567.680**

Deferred tax is shown by the method of the balance sheet liability, taking into account the temporary differences between the book amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is shown in the amount at which it will be expected to be paid at the reversal of temporary differences on the basis of laws enacted or substantively enacted on the reporting date.

Deferred claims for tax result from the calculated provisions for anniversary bonuses and severance, impairment of trade receivables, credit for investments from 2008, incentives for investment in research and development and from the reported tax losses. The applied tax rate for all items is 20 percent.

Long-term deferred tax liabilities relate to the conversion of real property - land at fair value, which is shown on the revaluation surplus. The applied tax rate is 20 percent.

13. Short-term financial liabilities

Changesin short-liermliabilities

(in EUR)	The debton 1.01.2010 from short-t. part of long-t. liability	New loans in the year	Liability from subscribed capital	Transfer of unpaid short-term part to long-term liability	Repayments in the year	Transfer of short-term part of long-term liability	The debt on 31.12.2010
The bank or lender							
Banks in the country	89.724.959	111.520.726	0	0	(153.001.427)	24.204.332	72.448.590
Banks abroad	484.284	0	0	0	(484.284)	494.196	494.196
Associated parties	0	980.188	0	0	(848.563)	0	131.625
Other lenders	5.840.714	0	(5.708.079)	0	(129.569)	128.571	131.637
Financial lease	181.385	0	0	(21.053)	(160.332)	141.340	141.340
Total borrowings	**96.231.342**	**112.500.914**	**(5.708.079)**	**(21.053)**	**(154.624.175)**	**24.968.439**	**73.347.388**

(in EUR)	The debton 1.01.2009 from short-t. part of long-t. liability	New loans in the year	Liability from subscribed capital	Transfer of unpaid short-term part to long-term liability	Repayments in the year	Transfer of short-term part of long-term liability	The debt on 31.12.2009
The bank or lender							
Banks in the country	85.501.272	111.934.892	0	0	(132.102.125)	24.390.920	89.724.959
Banks abroad	361.041	0	0	73.358	(434.399)	484.284	484.284
Associated parties	0	0	0	0	0	0	0
Other lenders	4.064		5.708.079	0	0	128.571	5.840.714
Financial lease	158.733	0	0	0	(158.733)	181.385	181.385
Total borrowings	**86.025.110**	**111.934.892**	**5.708.079**	**73.358**	**(132.695.257)**	**25.185.160**	**96.231.342**

The balance of unused revolving credits on 31.12.2010 amounted to 1,430,000 euros and 587,000 American dollars.

Interest rates for borrowed short-term loans are in the range of three-month Euribor + 2.5 percent to three-month Euribor + 4.25 percent, six-month Euribor + 2.7 percent to six-month Euribor + 3.85 percent and the real interest rate from 2 to 5, 9 per cent. The company has raised loans with the reference rate for monthly, quarterly and six-month Euribor.

Insurance for long-term and short-term financial liabilities are mortgages on real estate and movable property in the amount of € 213,977,678 as well as bank drafts and pledged receivables to customers. This value includes the value of secured loan contracts.

14. Short-term operating liabilities

(in EUR)	2010	2009
Short-term payables to affiliated companies		
in the country	5.163.539	2.863.731
abroad	1.166.938	677.810
Short-term payables to associated companies		
in the country	161.827	166.437
abroad	120.953	149.232
Short-term payables to other suppliers		
in the country	13.488.231	9.515.935
abroad	6.584.408	2.968.147
Short-term payables to the State	662.104	509.689
Short-term payables to employees	3.246.448	2.848.954
Short-term payables for advances	2.541.134	1.377.526
Short-term payables for interests	524.855	534.510
Other current liabilities	1.030.878	1.141.375
Total	**34.691.315**	**22.753.346**

Maturity of the business's liabilities on 31.12.2010

(in EUR)	2010	2009
overdue obligations	25.169.774	16.244.052
overdue obligations up to 90 days	7.834.491	4.477.068
overdue from 91 to 180 days	941.037	427.686
overdue from 181 to 365 days	309.143	1.208.734
overdue obligations over 1 year	436.870	395.806
Total	**34.691.315**	**22.753.346**

15. Passive time demarcations

(in EUR)	2010	2009
Deferred revenues	376.642	349.177
Accrued expenses and other expenses	230.160	421.104
VAT on advances	61.335	120.523
Total	668.137	890.804

Among the passive time demarcations the following is shown:

- Short-term deferred revenue from advance sales of ski passes in the amount of 296,540 EUR and accrued interests to buyers in the amount of 80,102 EUR;
- Accrued expenses which include accrued commissions on sales of tools in the amount of 42,991 EUR, liability for unused vacations in 2010 in the amount of 169,834 EUR and other accrued expenses in the amount of 17,335 EUR;
- VAT on given advances in the amount of 61,335 EUR.

16. Conditional liabilities

(in EUR)	2010	2009
Guarantees	9.199.043	9.413.635
Total	**9.199.043**	**9.413.635**

Guarantees to related parties consist of € 8,002,843.

In 2010, the decision on violation of the Slovenian Competition Protection was issued, no. 306-95/2009-37, regarding concerted action among the companies on business conditions in the market among the Slovenian ski resorts. A penalty was imposed in the amount of 400,000 euros. An administrative dispute was filed to the Supreme Court. Given the legal procedures, the Management Board is of the opinion that the payment of penalties will not occur, and therefore did not make any provisions for this purpose.

Notes to the income statement

17. Net revenues from sale

Net revenues from sales by regional segments

(in EUR)	2010	2009
Slovenia		
- subsidiary	310.754	569.205
- associated companies	1.016.018	1.701.853
- other customers	32.456.183	31.340.934
Abroad		
- subsidiary	10.061.299	7.004.391
- associated companies	2.430.947	2.369.070
- other customers	79.256.509	68.424.317
Total	**125.531.710**	**111.409.770**

18. Capitalised product and services

Among capitalized own products and services we show the value of our own investments in maintenance for the other programmes in the amount of € 1,017,078. General reconstruction of machinery in the forging plant cover the maximum amount. In accordance with the business plan for 2010, the most important machines of the equipment were restored: Mauser, Dixi and Waldrich, in the total amount of 630,950 euros.

After the FOKKS project, the FPZ prototype was made, which is a machine for mechanical processing, in the value of € 702,611. For the necessary processing of forgings, the processing centre FBZ 250 Rasthebel was developed, worth 567,886 euros. The Sinter tools plant produced tools for their own need in the total value of € 586,439.

19. Other operating income

(in EUR)	2010	2009
Awards for exceeding the quota of disabled	286.258	232.633
Subsidies for part-time	0	858.240
Paid claims that were already in correcting	30.060	66.211
Received compensation	88.989	299.637
Elimination of long-term provisions	533.668	520.566
Profit from sales of fixed assets	159.996	167.151
Revaluation of investment properties at fair value	0	5.983.628
Subsidies, grants and similar income	800.037	577.963
Sales of allowances	112.611	0
Other	1.420.701	670.083
Total	**3.432.320**	**9.376.112**

20. Costs and expenses

(in EUR)	Production costs	Selling expenses	Administrative expenses	Total
Purchase value of goods productions costs	**8.828.011**	**0**	**0**	**8.828.011**
Cost of materials	**49.303.061**	**5.361.440**	**964.088**	**55.628.589**
Cost of services	**10.541.903**	**3.081.852**	**2.880.382**	**16.504.137**
Salary costs	21.940.986	5.594.778	3.367.611	30.903.375
Social security costs	3.833.370	892.319	461.705	5.187.394
Pension insurance	388.391	83.402	42.980	514.773
Other labour costs	2.746.141	854.831	572.030	4.173.002
Total labour costs	**28.908.888**	**7.425.330**	**4.444.326**	**40.778.544**
Depreciation	**6.397.944**	**2.463.479**	**1.040.719**	**9.902.142**
Restated expenses from current assets	**423.505**	**85.305**	**17.124**	**525.934**
Revalued expenditure on intargible and tangible fixed assets	**6.544**	**20.271**	**87.732**	**114.547**
Other costs	**548.464**	**318.135**	**838.693**	**1.705.292**
Total costs	**104.958.320**	**18.755.812**	**10.273.064**	**133.987.196**

Other costs include labuor costs for annual vacation, for meals during work, for travel to and from work and certain other payments to employees.

Among other costs, the company lists:

(in EUR)	2010	2009
- provisions for severance payments and anniversary bonuses and annuities	269.896	59.467
- compensation for building site	125.094	304.562
- expenditure on environmental protection	216.149	45.129
- awards to students on practice	486.727	268.698
- scholarships to students	282.861	290.534
- compensation for workers	123.251	128.565
- financial aid - grants	165.982	100.278
- costs from the sale of apartments	4.061	3.778
- other operating expenses	31.271	10.076
Total	**1.705.292**	**1.211.087**

In 2010, 1,991,391 euros of the cost is shown for exploration on the basis of all development projects undertaken in the company.

The contractual amount of the annual audit report for the stock company Unior d.d. and the UNIOR business group is 32,000 euros. The audit was conducted by Ernst & Young d.o.o. Ljubljana.

The cost of rents in 2010 amounted to 261,069 euros.

Minimum lease payments for operating leases - claims

(in EUR)	2010	2009
up to 1 year	664.517	498.673
from 2 to 5 years	2.658.066	1.994.692
more than 5 years	1.993.550	1.496.019
Total	**5.316.133**	**3.989.384**

Minimum lease payments for operating leases - obligations

(in EUR)	2010	2009
up to 1 year	92.568	86.792
from 2 to 5 years	337.009	347.168
more than 5 years	277.704	260.376
Total	**707.281**	**694.336**

21. Financial income and financial expenses

Financial income

(in EUR)	2010	2009
Financial revenues from shares		
Financial revenues from shares in the companies in the group	409.280	908.128
Financial revenues from shares in associated companies	46.310	37.680
Financial revenues from shares in other companies	108.532	2.199.215
Total	564.122	3.145.023
Financial revenues from loans		
Financial revenues from loans to the companies in the group	174.148	306.031
Financial revenues from loans given to others	92.976	125.561
Total	267.124	431.592
Financial revenues from operating receivables		
Financial revenues from operating receivables to the companies in the group	415	18.944
Financial revenues from operating receivables	171.011	271.393
Total	171.426	290.337
Total financial income	**1.002.672**	**3.866.952**

In 2010, elated company profits were not paid. We show the reversal of impairments investment Unior Deutschland among the income from shares of groups. Impairment was abolished because of the merger of Unior Deutschland and Unior Werkzeugmashinen. Financial revenues from shares in associated companies include profit paid in Unior Teos d.o.o. and gain on sale of the share in Zlati grič d.o.o.. The dividends of Banka Celje d.d. are shown among the financial revenues from shares in other companies.

Financial expenses

(in EUR)	2010	2009
Financial expenses from impairment and write-offs of investments	919.215	1.043.846
Financial expenses from financial liabilities		
Financial expenses for loans received from the companies in the group	16.561	60.592
Financial expenses for loans received from banks	5.884.532	6.338.841
Financial expenses for other financial liabilities	5.898	39.148
Total	5.906.991	6.438.581
Financial expenses from operating liabilities		
Financial expenses for operating liabilities to the companies in the group	48.480	1.807
Financial expenses from trade and bills payables	191.011	16.879
Financial expenses for other operating liabilities	76.651	123.514
Total	316.142	142.200
Total financial expenses	**7.142.348**	**7.624.627**

Impairment of financial assets

Because of corporate bankruptcies, the short-term investment was impaired in the Hudournik d.o.o. company in the amount of € 25,299 and claims arising from a given long-term loan to company Biva hiše d.o.o. amounting to 528,138 euros. Investing in Unior Bionic d.o.o. was impaired for € 327,316 and in Unior Italy for € 31,218. Due to the revaluation of shares of Interevropa, impairment was created in the amount of € 7,245. Management of the Unior d.d. company found that the additional impairment of investments is not necessary.

22. The taxation of corporate income and deferred taxes

(in EUR)	2010	2009
Income tax	0	0
Deferred taxes	(1.676.938)	76.383
Total	**(1.676.938)**	**76.383**

Alignment of tax and accounting profit multiplied by the tax rate in Slovenia:

(in EUR)	2010	2009
Profit for the period before taxes	(4.456.979)	(9.689.305)
Income tax in Slovenia 20% (2009 - 21 %)	(891.396)	(2.034.754)
Untaxed income	618	440
Non-deductible expenses	890.778	2.034.314
Value adjustments to receivables	12.287	(8.068)
Provisioning	(215.078)	0
Relief for investment in research and development	1.017.476	(1.359.243)
Relief for investment	6.000	0
Tax loss	856.253	1.290.928
Income Tax	(1.676.938)	76.383
Effective tax rate in %	37,6	(0,8)

The company showed a tax loss of € 2,680,912 in 2010. The facilities that can be spent in future periods include the total of 20,333,032 euros.

Deferred taxes

Earnings determined under the tax law are different from the profit, as determined on the basis of accounting principles and IFRS. Delimitation of the tax is levied only on temporary differences in the tax burden between commercial and tax accounts, therefore for those who are equal in an identifiable period.

Deferred tax is calculated from the temporary differences from the established provisions for severance payments and long service awards, impairment of trade receivables, tax credits and unused tax losses.

The impact on net income from deferred taxes amounts to 1,676,938 EUR, which reduces the loss for the current year.

Transactions with associated companies

Sales to associated companies

(in EUR)	2010	2009
Subsidiaries:		
in the country:		
ŠTORE STEEL d. o. o. Štore	11.154	71.490
RTC KRVAVEC d. d. Cerklje	220.712	425.044
UNIOR BIONIC d. o. o. Zreče	78.888	72.093
BIVA-HIŠE d. o. o. Gomilsko	0	578
abroad:		
UNIOR Produktions- und Handels- GmbH Ferlach	1.838.180	1.829.166
UNIOR DEUTSCHLAND GmbH Remseck	283.402	204.264
UNIOR FRANCE S.A.S. Melun	2.156.357	1.866.031
UNIOR ITALIA S.R.L. Limbiate	1.169.046	676.327
UNIOR ESPANA S.L. Uharte-Arakil	318.841	277.084
UNIOR HELLAS S.A. Metamorfosis	15.314	(809)
UNIOR INTERNATIONAL Ltd. Lincolnshire	698.871	557.213
UNIOR KOMERC d. o. o. Skopje	311.325	231.868
UNIOR WERKZEUGMASCHINEN GmbH Remseck	15.867	173.044
UNIOR PROFESSIONAL TOOLS Ltd St. Petersburg	1.683.513	542.581
UNIOR COMPONENTS a. d. Kragujevac	(1.136)	35.264
UNIOR FORMINGTOOLS d. o. o. Kragujevac	432.245	594
NINGBO UNIOR FORGING Co.Ltd. Yuyao	135.431	390.401
UNIOR USA CORPORATION Olney	18.488	8.403
UNIOR AUSTRALIA TOOL Co. PTY Ltd. Melbourne	(138.030)	(34.902)
UNIOR BULGARIA Ltd. Sofia	171.213	147.502
UNIOR COFRAMA sp. z o.o. Poznan	173.416	100.362
UNIDAL d.o.o. Vinkovci	778.956	0
Total subsidiaries	**10.372.053**	**7.573.596**
Associated companies:		
in the country:		
RHYDCON d. o. o. Šmarje pri Jelšah	116.062	139.618
RIMSKE TERME d. o. o. Rimske Toplice	0	102.344
ROBOTEH d. o. o. Šmarje pri Jelšah	1.449	2.358
STARKOM d. o. o. Maribor	898.507	974.431
ZLATI GRIČ d. o. o. Slovenske Konjice	0	3.589
WEBA MARIBOR d. o. o. Maribor	0	479.513
abroad:		
UNIOR TEOS ALATI d. o. o. Beograd	665.553	618.561
UNIOR SINGAPORE Pte. Ltd. Singapore	293.339	178.859
UNIDAL d. o. o. Vinkovci	0	628.760
UNIOR TEPID S.R.L. Brasov	1.202.038	942.890
SINTER a. d. Užice	270.018	0
Total associates	**3.446.965**	**4.070.923**
Total sales to associated parties	**13.819.018**	**11.644.519**

Purchases from associated companies

(in EUR)	2010	2009
Subsidiaries:		
in the country:		
ŠTORE STEEL d. o. o. Štore	19.030.008	12.670.047
RTC KRVAVEC d. d. Cerklje	244.329	312.549
UNIOR BIONIC d. o. o. Zreče	238	60
BIVA-HIŠE d. o. o. Gomilsko	0	437.244
abroad:		
UNIOR Produktions- und Handels- GmbH Ferlach	1.321.153	369.864
UNIOR DEUTSCHLAND GmbH Remseck	557.193	0
UNIOR FRANCE S.A.S. Melun	10.384	1.842
UNIOR ITALIA S.R.L. Limbiate	81.123	70.774
UNIOR HELLAS S.A. Metamorfosis	0	96.867
UNIOR INTERNATIONAL Ltd. Lincolnshire	35	1.241
UNIOR KOMERC d. o. o. Skopje	202.820	202.801
UNIOR WERKZEUGMASCHINEN GmbH Remseck	0	876.012
UNIOR PROFESSIONAL TOOLS Ltd St. Petersburg	0	58.396
UNIOR COMPONENTS a. d. Kragujevac	818.669	450.973
UNIOR FORMINGTOOLS d. o. o. Kragujevac	196.672	0
UNIOR USA CORPORATION Olney	377	0
UNIOR AUSTRALIA TOOL Co. PTY Ltd. Melbourne	73.263	2.929
UNIOR BULGARIA Ltd. Sofia	6.020	2.400
UNIOR COFRAMA sp. z o.o. Poznan	2.070	10.650
UNIDAL d. o. o. Vinkovci	477.478	0
Total subsidiaries	**23.021.832**	**15.564.648**
Asociated companies:		
in the country:		
RHYDCON d. o. o. Šmarje pri Jelšah	76.868	100.009
ROBOTEH d. o. o. Šmarje pri Jelšah	423.401	39.542
STARKOM d. o. o. Maribor	67.223	36.672
WEBA MARIBOR d. o. o. Maribor	0	511.546
ZLATI GRIČ d. o. o. Slovenske Konjice	0	100.042
abroad:		
UNIOR TEOS ALATI d.o.o. Beograd	456.555	214.069
UNIOR SINGAPORE Pte. Ltd. Singapore	3.690	0
UNIDAL d. o. o. Vinkovci	0	1.048.801
UNIOR TEPID S.R.L. Brasov	81.737	65.180
SINTER a. d. Užice	335.345	0
Total asscociates	**1.444.818**	**2.115.862**
Total purchases from associated persons	**24.466.650**	**17.680.509**

Trade receivables from associated companies

(in EUR)	2010	2009
Subsidiaries:		
in the country:		
ŠTORE STEEL d.o.o. Štore	146	0
RTC KRVAVEC d.d. Cerklje	136.684	116.195
UNIOR BIONIC d.o.o. Zreče	374.692	282.196
abroad:		
UNIOR Produktions- und Handels- GmbH Ferlach	2.914.390	2.891.773
UNIOR DEUTSCHLAND GmbH Remseck	0	77.152
UNIOR FRANCE S.A.S. Melun	1.863.974	1.942.777
UNIOR ITALIA S.R.L. Limbiate	552.902	402.783
UNIOR ESPANA S.L. Uharte-Arakil	760.373	681.570
UNIOR HELLAS S.A. Metamorfosis	6.831	(1.748)
UNIOR INTERNATIONAL Ltd. Lincolnshire	798.688	668.687
UNIOR KOMERC d.o.o. Skopje	874.647	848.778
UNIOR WERKZEUGMASCHINEN GmbH Remseck	0	4.502
UNIOR PROFESSIONAL TOOLS Ltd St. Petersburg	976.882	524.624
UNIOR COMPONENTS a.d. Kragujevac	102.156	138.454
UNIOR FORMINGTOOLS d.o.o. Kragujevac	331.277	594
NINGBO UNIOR FORGING Co.Ltd. Yuyao	221.234	45.123
UNIOR USA CORPORATION Olney	21.193	14.427
UNIOR AUSTRALIA TOOL Co. PTY Ltd. Melbourne	8.054	20.055
UNIOR BULGARIA Ltd. Sofia	705.389	601.247
UNIOR COFRAMA sp.z o.o. Poznan	81.261	22.299
UNIDAL d.o.o. Vinkovci	1.585.883	0
Total subsidiaries	**12.316.654**	**9.281.489**
Associates company:		
in the country:		
RHYDCON d.o.o. Šmarje pri Jelšah	13.064	128.394
STARKOM d.o.o. Maribor	1.080.989	403.039
ZLATI GRIČ d.o.o. Slovenske Konjice	0	370
ROBOTEH d.o.o. Šmarje	0	405
abroad:		
UNIOR TEOS ALATI d.o.o. Beograd	35.127	264
UNIOR SINGAPORE Pte. Ltd. Singapore	87.318	17.929
UNIDAL d.o.o. Vinkovci	0	1.514.012
UNIOR TEPID S.R.L. Brasov	564.481	1.054.855
SINTER a.d. Užice	291.755	0
Total associates	**2.072.735**	**3.119.267**
Total receivables from associated parties	**14.389.389**	**12.400.757**

Operating liabilities to associated enterprises

(in EUR)	2010	2009
Subsidiaries:		
in the country:		
ŠTORE STEEL d.o.o. Štore	5.106.402	2.769.749
RTC KRVAVEC d.d. Cerklje	57.138	93.911
UNIOR BIONIC d.o.o. Zreče	0	72
abroad:		
UNIOR Produktions- und Handels- GmbH Ferlach	476.697	188.178
UNIOR DEUTSCHLAND GmbH Remseck	423.782	0
UNIOR ITALIA S.R.L. Limbiate	31.079	8.296
UNIOR HELLAS S.A. Metamorfosis	3.042	3.042
UNIOR INTERNATIONAL Ltd. Lincolnshire	35	0
UNIOR KOMERC d.o.o. Skopje	0	103
UNIOR WERKZEUGMASCHINEN GmbH Remseck	0	375.772
UNIOR COMPONENTS a.d. Kragujevac	183.516	97.769
UNIOR FORMINGTOOLS d.o.o. Kragujevac	41.598	0
UNIOR USA CORPORATION Olney	377	0
UNIOR COFRAMA sp.z o.o. Poznan	1.350	4.650
UNIDAL d.o.o. Vinkovci	5.464	0
Total subsidiaries	**6.330.477**	**3.541.541**
Associated companies:		
in the country:		
RHYDCON d.o.o. Šmarje pri Jelšah	92.160	120.011
ZLATI GRIČ d.o.o. Slovenske Konjice	0	26.375
ROBOTEH d.o.o. Šmarje	69.667	20.051
abroad:		
UNIOR TEOS ALATI d.o.o. Beograd	0	48.262
UNIOR SINGAPORE Pte. Ltd. Singapore	0	0
UNIDAL d.o.o. Vinkovci	0	71.098
UNIOR TEPID S.R.L. Brasov	3.448	29.872
SINTER a.d. Užice	117.505	0
Total associates	**282.780**	**315.669**
Total trade payables to associated parties	**6.495.752**	**3.857.210**

Claims and liabilities on loans and interests to associated companies

Claims arising from loans and interests from associated companies

(in EUR)	2010	2009
RTC Krvavec d. d. Cerklje	4.344.718	4.723.184
UNIOR BIONIC d. o. o. Zreče	304.595	299.427
NINGBO UNIOR FORGING Co.Ltd. Yuyao	0	1.075.000
RHYDCON d. o. o. Šmarje pri Jelšah	652.149	1.043.119
Total	**5.301.462**	**7.140.729**

Obligations arising from loans and interests from associated companies

(in EUR)	2010	2009
RTC KRVAVEC d. d. Cerklje	131.625	0
Total	**131.625**	**0**

The proposal to cover the loss of current year

The Management Board adopted the audited financial statements with the decision on 10.05.2011.

The total loss found for the year 2010 is 8,257,729 EUR and consists of a net loss in 2010 amounting to € 2,780,041, losses from the previous year amounting to € 5,478,686 and profits from unpaid dividends for the years 2005 and 2006 in the amount of 998 EUR.

Total balance loss remains uncovered and is passed into the following year.

Risk Management

We timely recognize opportunities and threats that occur in the environment, and in the financial system and thereby improve performance.

UNIOR d.d. faces risks on a daily basis in the international environment, which is the reason why we pay more attention to risk management. Activities that we conduct are aimed at ensuring adequate exposure to various forms of risks in accordance with accepted policies and thus to increase the reliability of the achievement of planned business objectives. Compared to the previous year, we focused mainly on the opportunities in the economic environment in 2010. We devoted to business success and employees, with an emphasis on promoting innovation and project management.

Financial risk

Risk area	Description of risk	Manner of control	Exposure
Credit risk	risk of non-payment of our customers	limiting exposure to individual customers, monitoring customer credit ratings	moderate
Liquidity risk	lack of liquid assets	planning the need for liquid assets	moderate
Currency risk	the possibility of losses due to adverse movements in exchange rates	monitoring financial markets	small
Interest rate risk	the possibility of losses due to adverse movements in interest rates	monitoring changes in interest rates, negotiating with credit institutions	moderate
Threat of damage to property	threat of damage to property due to accident cases	measures in accordance with the provisions of protection from fire, concluding appropriate insurance against fire	moderate
Risk of claims and lawsuits	risk of claims by the company inadvertently caused by activity, possession proceedings and administration of products and services to the market	liability insurance of all kinds	moderate

We judge exposure to certain types of financial risks on the basis of the effects on cash flows.

Credit Risk

Credit risk is managed through regular monitoring of operations and financial position of all new and existing business partners, by limiting exposure to individual business partners and by actively pursuing the collection of receivables. By regular monitoring of open and past due accounts receivable, age structure of claims and movement of the average claim payment deadlines, the credit exposure of the company is maintained within acceptable limits.

Liquidity risk

Liquidity risks include risks associated with a deficit of available financial resources and the consequent inability of the company to settle its obligations withing the agreed deadlines. Due to effective cash management, adequate available credit lines for short-term cash flows and appropriate access to financial resources, we estimate that the exposure to liquidity risk is moderate.

Currency risk

The company carries out the bulk of the cash flow in euros. Amendment to the U.S. dollar in 2010 had no significant effect on the results of the company.

Interest rate risk

Much attention is also devoted to interest rate risks, which may reduce the economic benefits because of the changes in interest rates. In accordance with financial policies, we managed to keep the total current interest rates for short-term and long-term loans in 2010. At the beginning of the global economic crisis, reference rates started that we needed to decrease them with all taken loans, but the need for increased exposure and raised interest margins resulted in a higher cost of funding.

Sensitivity analysis of financial obligations according to the change in variable interest rates

Liabilities related to each variable interest rate in 2010

(in EUR)	Amount of liabilities 31. 12. 2010	Hypothetical increase in interests rates by 15 %	by 50 %	by 100 %
Type of interest rate				
3 month EURIBOR	60.494.245	91.921	306.403	612.807
6 month EURIBOR	58.405.474	108.459	361.530	723.060
Combined effect	**118.899.719**	**200.380**	**667.933**	**1.335.867**

Liabilities related to each variable interest rate in 2009

(in EUR)	Amount of liabilities 31. 12. 2009	Hypothetical increase in interests rates by 15 %	by 50 %	by 100 %
Type of interest rate				
1 month EURIBOR	5.000.000	3.547	11.825	23.650
3 month EURIBOR	53.720.964	56.971	189.904	379.807
6 month EURIBOR	44.327.556	66.026	220.086	440.173
Combined effect	**103.048.520**	**126.544**	**421.815**	**843.630**

Events after the balance sheet

RC SIMIT Development Center

We have become the partner of a new development center - RC SIMIT d.o.o., which represents an association of a number of Slovenian companies: Talum, Cimos, UNIOR, Iskra ISD, LTH Ulitki, SwatyComet, Amit, Ortotip, Roboteh, TC Livarstvo, HTS IC, Tecos, Zavod za livarstvo, Telkom-OT, Institute of Metals and Jožef Stefan Institute.

Selling the share in the Štore Steel company

We sold 25.1% of our share in Štore Steel. It was purchased by the existing shareholders of the Štore Steel company. Our equity share after the sale is 29.2532%.

Extraordinary General Meeting

An extraordinary general meeting of the Unior Company was held on 13. April 2011, where a new member, Rok Vodnik was elected, with the mandate period until 12.12.2014, replacing the existing member, Blaža Brodnjak.

Selling the share in UNIOR Formingtools company

We sold 25% share in the UNIOR Formingtools d.o.o. company, ie the partner of UNIOR Components a.d. bought it. The new equity share of company UNIOR d. d. is 49%.

Impact of transition to IFRS on the financial statements

The UNIOR Company prepared financial statements in accordance with the International Financial Reporting Standards (IFRS) for 2010 for the first time. The use of IFRS has no significant effect on the financial statements. The table below shows the differences between the financial statements prepared in accordance with IFRS, and SRS.

Comparison of the financial statements under IFRS and the SRS for UNIOR d.d.

	2009		2008	
	IFRS	SRS	IFRS	SRS
ASSETS	**285.805.623**	**285.805.623**	**303.109.562**	**303.109.562**
A. FIXED ASSETS	185.895.572	185.895.572	180.010.139	180.010.139
B. CURRENT ASSETS	99.910.051	99.530.228	123.099.423	122.388.790
C. SHORT-TERM ATD	0	379.823	0	710.633
LIABILITIES	**285.805.623**	**285.805.623**	**303.109.562**	**303.109.562**
A. CAPITAL	106.718.550	106.718.550	116.485.665	116.485.665
B. PROVISIONS AND LONG-TERM PTD	5.942.134	5.942.134	6.517.458	6.517.458
C. LONG-TERM LIABILITIES	53.269.447	53.269.447	60.277.499	60.277.499
Č. SHORT-TERM LIABILITIES	118.984.688	118.984.688	118.888.240	118.888.240
D. SHORT-TERM PTD	890.804	890.804	940.700	940.700
NET PROCEEDS FROM SALE	111.409.770	111.409.770		
CHANGE IN INVENTORIES	(12.423.577)	(12.423.577)		
CAPITALISED OWN PRODUCTS AND SERVICES	3.764.103	3.764.103		
OTHER OPERATING INCOME	9.376.112	8.491.559		
GROSS OPERATING PROFIT	**112.126.408**	**111.241.855**		
COST OF GOODS, MATERIALS AND SERVICES	68.814.756	68.814.756		
LABOUR COSTS	37.054.955	37.054.955		
WRITE-OFFS	10.977.240	10.977.240		
OTHER OPERATING INCOME	1.211.087	1.209.683		
OPERATING EXPENSES	118.058.038	118.056.634		
OPERATING EXPENSES	**(5.931.630)**	**(6.814.779)**		
FINANCE INCOME	3.866.952	3.866.952		
FINANCIAL EXPENSES	7.624.627	7.624.627		
OTHER REVENUE	0	884.553		
OTHER EXPENSES	0	1.404		
BUSINESS OUTCOME	**(9.689.305)**	**(9.689.305)**		
INCOME TAX	0	0		
DEFERRED TAX	76.383	76.383		
NET PROFIT	**(9.765.688)**	**(9.765.688)**		

Statement of Management's responsibility

The Management Board is responsible for preparing the annual report so that it represents a true and fair picture of the company's assets and its operations in 2010.

The Management Board confirms that the appropriate accounting policies were consistently applied and accounting estimates were made based on the principle of prudence. It also confirms that the financial statements together with the notes were made on the basis of further operating of the company and are consistent with the applicable International law and International Financial Reporting Standards.

The Management Board is also responsible for keeping proper accounting, adopting appropriate measures to safeguard assets and preventing and detecting fraud and other irregularities.

The tax authorities may at any time within five years after the end of the year in which the tax needs to be assessed, inspect the operations of the company, which may impose additional tax payments and penalties from the corporate income tax or other taxes and duties. The Management Board is not aware of any circumstances which could lead to potential material liability in this respect.

Zreče, 10. May 2011

Chairman of the Management Board,
Gorazd Korošec, university degree in economics

Member of the Management Board,
Darko Hrastnik, engineering degree in metallurgy

Hrastnik

Independent auditor's report

To the owners of the Unior d.d. Zreče

Report on financial statements

We have audited the accompanying consolidated financial statements of the Unior d.d. Zreče, the including consolidated balance sheet dated December 31, 2010, the consolidated income statement, the consolidated statement of other overall income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year and the summary of the essential accounting policies and other explanatory information.

Managamenet responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the EU and the requirements of the Corporations Act relating to the preparation of financial statements and for internal controls, defined by the management as appropriate and enabling the preparation of consolidated financial statements, which are free of material misstatement due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the international auditing standards. The standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our assessment and include the evaluation of risks of material misstatement in the consolidated financial statements due to fraud or error. The auditor considers internal control relevant to the preparation and fair presentation of consolidated financial statements of the company while assessing the risk in order to determine appropriate procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained is sufficient and appropriate basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements in all material respects fairly present the financial position of the Unior d.d. Zreče, dated 31. 12. 2010, and its financial performance and cash flows for the year in accordance with the International Financial Reporting Standards as adopted by the EU and the requirements of the Corporations Act relating to the preparation of financial statements.

Emphasis of Matter
Without further expressing our qualified opinion, we draw attention to the Note »17.4.17 Conditional liabilities" in the financial statements, pointing to the uncertainty of the completion of the open case in connection with the invitation to meet the guarantee statement for an optional contract to purchase shares of the Unior company d.d.

Report on the requirements of other legislation
Management is also responsible for preparing financial reports in accordance with the requirements of the Companies Act. Our responsibility is to assess the compliance of the financial report with the audited consolidated financial statements. Our procedures in conjunction with the business report were made in accordance with the International Standard on Auditing 720 and are limited to assessing compliance with the audited financial report of the consolidated financial statements and do not include review of other information derived from the unaudited financial statements.

In our opinion the financial report is in accordance with the audited consolidated financial statements.

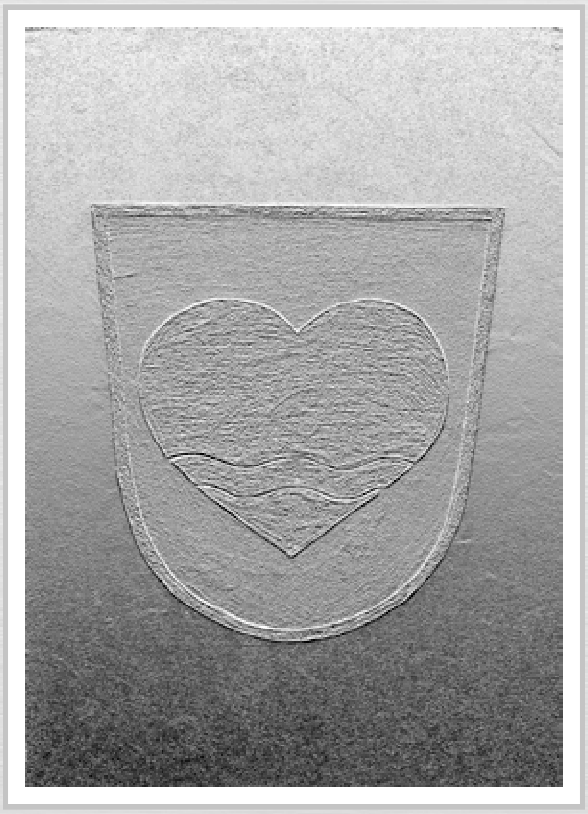
Ljubljana, May 10 2011

Janez Uranič
Director
Ernst & Young d.o.o.
Dunajska 111, Ljubljana

Janez Hostnik
Certified Auditor

Seal: Ernst & Young, Revizija, poslovno svetovanje d.o.o., Ljubljana

Hand in hand



courtesy

Unior Group

Structure of the Unior Group

Associated company	Country	Share in %
UNIOR PRODUKTIONS UND HANDELS, GmbH	Austria	99,55
UNIOR FRANCE, S. A. S.	France	70,00
UNIOR HELLAS, S. A.	Greece	50,00
UNIOR ITALIA, S. R. L.	Italy	95,00
UNIOR KOMERC, d. o. o.	Macedonia	85,00
UNIOR DEUTSCHLAND, GmbH	Germany	100,00
UNIOR SINGAPORE, Pte. Ltd.	Singapore	40,00
UNIOR ESPANA, S. L.	Spain	95,00
UNIOR INTERNATIONAL, Ltd.	Great Britain	50,00
UNIOR PROFESSIONAL TOOLS, Ltd.	Russia	55,00
UNIOR AUSTRALIA TOOL, Co. PTY Ltd.	Australia	100,00
UNIOR USA CORPORATION	U.S.A.	100,00
NINGBO UNIOR FORGING, Co. Ltd.	China	50,00
UNIOR TEPID, S. R. L.	Romania	49,00
UNIDAL, d. o. o.	Croatia	51,00
UNIOR COMPONENTS, a. d.	Serbia	92,31
ŠTORE STEEL, d. o. o.	Slovenia	54,35
RHYDCON, d. o. o.	Slovenia	33,50
RTC KRVAVEC, d. d.	Slovenia	98,56
UNIOR BIONIC, d. o. o.	Slovenia	85,04
STARKOM, d. o. o.	Slovenia	49,00
UNIOR TEOS ALATI, d. o. o.	Serbia	20,00
UNIOR BULGARIA, Ltd.	Bulgaria	58,00
SOLION, Ltd.	Russia	20,00
ROBOTEH, d. o. o.	Slovenia	24,97
UNIOR COFRAMA, sp. z o. o.	Poland	51,00
UNIOR FORMINGTOOLS, d. o. o.	Serbia	74,00
SINTER, a. d.	Serbia	24,99

In 2010, the company Unior d.d. acquired 24.99% share in the Sinter a.d. company in Serbia and increased its shares in Unidal d.o.o in Croatia, Unior Components a.d. in Serbia, Unior Australia Tool Co. in Australia and Unior Bionic d.o.o. in Slovenia. In order to rationalize the cost of business Unior Deutschland GmbH was merged with Unior Werkzeugmaschinen GmbH, and the whole share in Zlati grič d.o.o was sold, so that these companies are no longer in the UNIOR Group.

The consolidated financial statements of the UNIOR group include all companies in which the parent Unior d.d. company has the equity share of 50% or more.

The associated companies were included in the consolidated financial statements under the equity method. These companies are: Rhydcon d.o.o., Unior Singapore PTE Ltd., Starkom d.o.o., Unior Tepid S.R.L., Unior Teos Alati d.o.o., Solion Ltd., Roboteh d.o.o. and Sinter a.d., where the parent UNIOR d.d.company has less than 50% share.

Presentation of companies included in consolidation

Subsidiaries

ŠTORE STEEL d.o.o.

Address:	Železarska 3, 3220 ŠTORE
Country:	Slovenia
Telephone:	+386 3 780 51 00
Fax:	+386 3 780 53 83
Internet:	http://www.store-steel.si
E-mail:	info@store-steel.si
Company activity:	A steel manufacturing company
Number of employees:	520

RTC KRVAVEC d.d.

Address:	Grad 76, 4207 CERKLJE NA GORENJSKEM
Country:	Slovenia
Telephone:	+386 4 252 59 30
Fax:	+386 4 252 59 31
Internet:	http://www.rtc-krvavec.si
E-mail:	info@rtc-krvavec.si
Company activity:	Recreational tourist ski resort
Number of employees:	40

UNIOR BIONIC d.o.o.

Address:	Kovaška cesta 10, 3214 ZREČE
Country:	Slovenia
Telephone:	+386 3 757 81 00
Fax:	+386 3 576 21 03
E-mail:	bionic@unior.si
Company activity:	Development, production and marketing of medical products
Number of employees:	1

UNIOR PRODUKTIONS- und HANDELS- GmbH

Address: Auengasse 9, 9170 FERLACH

Country:	Austria
Telephone:	+43 4227 35 14
Fax:	+43 4227 35 15 18
Internet:	http://www.unior.com
E-mail:	office@unior.at
Company activity:	Sale of hand tools
Number of employees:	11

UNIOR DEUTSCHLAND GmbH

Address:	Neckaraue 25, 71686 REMSECK	
Country:	Germany	
Telephone:	+49 1 634 469 908,	+49 7146 28 500
Fax:	+386 3 576 26 43,	+49 7146 28 5020
Internet:	http://www.unior-werkzeug.de	
E-mail:	deutschland@unior.si,	unior@unior-deutschland.com
Company activity:	Sale of hand tools and processing of CNC machines and servicing	
Number of employees:	7	

UNIOR FRANCE S.A.S.

Address:	166-172 Rue du General Delestraint, 77000 MELUN
Country:	France
Telephone:	+33 1 64 37 23 00
Fax:	+33 1 64 39 40 90
E-mail:	contact@uniortools.fr
Company activity:	Sale of hand tools
Number of employees:	14

UNIOR ITALIA S.R.L.

Address:	Via Caserta 8, 20051 LIMBIATE (MB)
Country:	Italy
Telephone:	+39 02 99 04 3403
Fax:	+39 02 99 04 3414
E-mail:	unioritalia@unioritalia.it
Company activity:	Sale of hand tools
Number of employees:	5

UNIOR ESPAÑA S.L.

Address:	Poligon Sargaitz 2, Nave A5, 31840 UHARTE - ARAKIL (Navarra)
Country:	Spain
Telephone:	+34 948 56 71 13
Fax:	+34 948 46 42 48
Internet:	http://www.unior.es
E-mail:	unior@unior.es
Company activity:	Sale of hand tools
Number of employees:	2

UNIOR HELLAS S.A.

Address:	Pierias & Kimis 30, 14451 METAMORFOSIS (Athens)
Country:	Greece
Telephone:	+30 210 28 52 881-885
Fax:	+30 210 28 52 886
Internet:	http://www.unior.net, http://www.uniorgr.com
E-mail:	unior@hol.gr, info@uniorgr.com
Company activity:	Sale of hand tools
Number of employees:	15

UNIOR INTERNATIONAL Ltd.

Address:	Unit 7, Belton Lane Industrial Estate, GRANTHAM (Lincolnshire)
NG31 9HN	
Country:	Great Britain
Telephone:	+44 1476 567 827
Fax:	+44 1476 590 703
E-mail:	sales@unior.co.uk
Company activity:	Sale of hand tools
Number of employees:	6

UNIOR KOMERC d.o.o.

Address:	Bulevar Asnom 58, 1000 SKOPJE
Country:	Macedonia
Telephone:	+389 2 43 20 57
Fax:	+389 2 43 20 89
Internet:	http://www.uniorkomerc.com.mk
E-mail:	contact@uniorkomerc.com.mk
Company activity:	Sale of hand tools
Number of employees:	12

UNIOR PROFESSIONAL TOOLS Ltd.

Address:	23A, Syzranskaya, 196105 SAINT PETERSBURG
Country:	Russia
Telephone:	+7 812 449 83 50
Fax:	+7 812 449 83 51
Internet:	http://www.unior.ru
E-mail:	sales@unior.ru
Company activity:	Sale of hand tools
Number of employees:	30

UNIOR AUSTRALIA TOOL Co. PTY Ltd.

Address:	8 Wayne Court, Dandenong 3175, MELBOURNE (Victoria)
Country:	Australia
Telephone:	+61 97 01 3268
Fax:	+61 97 93 7077
Internet:	http://www.unior-aust.com.au
E-mail:	sabina.halilovic@unior-aust.com.au
Company activity:	Sale of hand tools
Number of employees:	2

UNIOR USA CORPORATION

Address:	3550 N. Union Drive, 62450 OLNEY (Illinois)
Country:	USA
Telephone:	+ 001 618 393 29 55
Fax:	+ 001 618 393 29 56
E-mail:	Karl@KHSBicycleParts.com
Company activity:	Sale of hand tools
Number of employees:	0

UNIOR BULGARIA Ltd.

Address:	Bul. Car Boris III, 136 B, P.O. Box 168, 1618 SOFIA
Country:	Bulgaria
Telephone:	+359 2 9559 233
Fax:	+359 2 9559 380
Internet:	http://www.unior.bg
E-mail:	office@unior.bg
Company activity:	Sale of hand tools
Number of employees:	8

UNIOR COFRAMA sp. z o.o.

Address:	Ul. Glowna 10, 61-005 POZNAN
Country:	Poland
Telephone:	+48 61 877 05 06
Fax:	+48 61 877 05 11
Internet:	http://www.unior.pl
E-mail:	unior@unior.pl
Company activity:	Sale of hand tools
Number of employees:	14

UNIOR COMPONENTS a.d.

Address:	Kosovska 4, 34000 KRAGUJEVAC
Country:	Serbia
Telephone:	+ 381 34 306 300
Fax:	+ 381 34 306 336
Internet:	http://www.unior-components.com
E-mail:	contact@unior-components.com
Company activity:	Production of tools for machines
Number of employees:	157

NINGBO UNIOR FORGING Company Ltd.

Address:	Xindongwu, Moushan, YUYAO, ZHEJIANG
Country:	China
Telephone:	+ 86 574 6249 6150
Fax:	+ 86 574 6249 6152
Internet:	http://www.unior.cn
E-mail:	info@unior.cn
Company activity:	Manufacture of steel forgings for automotive industry
Number of employees:	257

UNIDAL d.o.o.

Address:	Ulica Kneza Mislava 42, 32100 VINKOVCI
Country:	Croatia
Telephone:	+385 32 323 999
Fax:	+385 32 323 206
E-mail:	kovacnica@dalekovod.hr
Company activity:	Company manufacturing forgings
Number of employees:	129

UNIOR FORMINGTOOLS d.o.o.

Address:	Kosovska 4, 34000 KRAGUJEVAC
Country:	Serbia
Telephone:	+381 34 503 700
Fax:	+381 34 503 702
Internet:	http://www.unior-formingtools.rs
E-mail:	office@unior-formingtools.rs
Company activity:	Production of tools for machines
Number of employees:	119

Associate companies

STARKOM d.o.o.

Address: Cesta k TAMu 18, 2000 MARIBOR
Country: Slovenia
Telephone: +386 2 460 17 31
Fax: +386 2 460 17 37
Internet: http://www.starkom.si
E-mail: info@starkom.si
Company activity: Manufacture of parts and accessories for motor vehicles and their engines
Number of employees: 151

UNIOR TEPID S.R.L.

Address: str. Bruxelles, nr. 10, 507165 PREJMER, jud. BRASOV
Country: Romania
Telephone: +40 268 322 483
Fax: +40 268 317 786
Internet: http://www.sculeserioase.ro
E-mail: tepid@tepid.ro
Company activity: Sale of hand tools
Number of employees: 28

UNIOR SINGAPORE Pte. Ltd.

Address: 40 Jalan Pemimpin #01-02B, SINGAPORE 577185
Country: Singapore
Telephone: +65 625 825 86
Fax: +65 625 807 47
Internet: http://www.unior.com.sg
E-mail: unior@singnet.com.sg
Company activity: Sale of hand tools
Number of employees: 4

RHYDCON d.o.o.

Address: Obrtniška ulica 5, 3240 ŠMARJE PRI JELŠAH
Country: Slovenia
Telephone: +386 3 818 30 50
Fax: +386 3 582 11 35
E-mail: info@rhydcon.si
Company activity: Connecting elements for hydraulics
Number of employees: 16

ROBOTEH d.o.o.

Address: Predenca 2B, 3240 ŠMARJE PRI JELŠAH
Country: Slovenia
Telephone: +386 3 746 42 44
Fax: +386 3 746 42 45
Internet: http://www.roboteh.si
E-mail: office@roboteh.si
Company activity: Automation and robotization of manufacturing processes
Number of employees: 9

UNIOR TEOS ALATI d.o.o.

Address:	Gospodara Vučića 22, 11000 BEOGRAD
Country:	Serbia
Telephone:	+381 11 744 03 30
Fax:	+381 11 744 03 30
Internet:	http://www.uniorteos.com
E-mail:	office@uniorteos.com
Company activity:	Sale of hand tools
Number of employees:	16

SOLION Ltd.

Address:	32 A, Koli Tomchaka, 196084 ST. PETERSBURG
Country:	Russia
Telephone:	+7 812 449 83 50
Fax:	+7 812 449 83 51
Internet:	http://www.solion.ru
E-mail:	sales@solion.ru
Company activity:	Wholesale
Number of employees:	29

SINTER a.d.

Address:	Miloša Obrenovića 2, 31000 UŽICE
Country:	Serbia
Telephone:	+381 31 592 201
Fax:	+381 31 563 462
Internet:	http://www.sinter.co.rs
E-mail:	info@sinter.co.rs
Company activity:	Production of metal powders and sintered parts
Number of employees:	155

Consolidated financial statements

Consolidated balance sheet on 31.12.2010

	(in EUR) Items	Notes	On 31. 12. 2010	On 31. 12. 2009
	ASSETS		**431.041.726**	**400.770.118**
A.	**FIXED ASSETS**		**282.179.355**	**265.387.975**
I.	**Intangible assets and long-term ATD**	**2**	**6.658.526**	**7.920.865**
1.	Long-term property rights		1.210.175	1.368.166
2.	Goodwill		811.114	1.056.808
3.	Advances for intangible assets		0	0
4.	Long-term deferred development costs		4.275.939	3.172.224
5.	Other long-term ATD		361.298	2.323.667
II.	**Tangible fixed assets**	**3**	**242.672.838**	**224.222.754**
1.	Land and buildings		124.640.397	114.501.823
	a) Land		45.274.793	38.633.686
	b) Buildings		79.365.604	75.868.137
2.	Manufacture devices and machines		74.759.489	74.468.598
3.	Other machinery and equipment, small inv. and other fixed assets		5.359.435	5.443.576
4.	Tangible fixed assets to be obtained		37.913.517	29.808.757
	a) Fixed assets to be obtained		37.031.513	26.927.462
	b) Advances for fixed assets		882.004	2.881.295
III.	**Investment property**	**4**	**18.037.995**	**17.314.870**
IV.	**Long-term investments**	**5**	**13.700.360**	**13.508.384**
1.	Long-term investments, excluding loans		13.656.122	12.958.088
	a) Stocks and shares in associated companies		2.602.963	3.447.725
	b) Other stocks and shares		10.993.498	9.450.628
	c) Other long-term financial assets		59.661	59.735
2.	Long-term loans		44.238	550.296
	a) Long-term loans from others		44.238	550.296
	b) Long-term unpaid subscribed capital		0	0
V.	**Long-term receivables**	**7**	**1.023.424**	**2.332.215**
1.	Long-term buisness claims to customers		510.894	1.793.867
2.	Long-term buisness claims to others		512.530	538.348
VI.	**Deferred claims for tax**		**86.212**	**88.887**
B.	**SHORT-TERM ASSETS**		**148.862.371**	**135.382.143**
I.	**Assets (groups for disposal) held for sale**		**0**	**2.220.125**
II.	**Stocks**	**6**	**84.219.999**	**76.043.054**
1.	Material		24.625.417	19.571.791
2.	Production in progress		28.617.958	22.727.348
3.	Products		18.667.464	20.909.612
4.	Merchandise		11.527.873	12.433.328
5.	Advances for stocks		781.287	400.975
III.	**Short-term investments**	**8**	**1.555.982**	**1.341.655**
1.	Short-term investments, excluding loans		131	33.639
	a) Other stocks and shares		0	0
	b) Other short-term financial investments		131	33.639
2.	Short-term loans		1.555.851	1.308.016
	a) Other short-term loans		1.555.851	1.308.016
	b) Short-term unpaid subscribed capital		0	0
IV.	**Short-term receivables**	**7**	**59.198.474**	**50.848.742**
1.	Short-term trade operating claims from customers		52.816.778	44.398.724
2.	Short-term trade operating claims from others		6.381.696	6.450.018
V.	**Cash**	**9**	**3.887.916**	**4.928.567**

	(in EUR) Items	Notes	On 31. 12. 2010	On 31. 12. 2009
	LIABILITIES TO ASSETS		**431.041.726**	**400.770.118**
A.	**CAPITAL**	**10**	**162.905.805**	**150.632.822**
A1.	**CAPITAL TO THE SHAREHOLDERS OF THE PARENT COMPANY**		**141.266.619**	**129.338.598**
I.	**Subscribed capital**		**23.688.983**	**19.516.057**
1.	Share capital		23.688.983	19.516.057
2.	Uncalled capital (deduction item)		0	0
II.	**Capital reserves**		**41.686.964**	**35.859.890**
III.	**Revenue reserves**		**36.041.848**	**36.000.327**
1.	Statutory reserves		1.985.363	1.981.408
2.	Reserves for own stocks and shares		2.718.960	2.718.960
3.	Own stocks and business shares (deduction item)		(2.718.960)	(2.718.960)
4.	Statutory reserves		0	0
5.	Other reserves from profit		34.056.485	34.018.919
IV.	**Revaluation surplus**		**27.673.375**	**23.894.294**
V.	**Net profit / loss**		**15.401.501**	**31.059.140**
VI.	**Net profit / loss for the year**		**(1.969.908)**	**(16.390.265)**
VII.	**Transfer adjustment**		**(1.256.144)**	**(600.845)**
A2.	**CAPITAL NON-CONTOLLING PART**		**21.639.186**	**21.294.224**
B.	**PROVISIONS AND LONG-TERM PTD**	**11**	**8.892.815**	**8.379.950**
1.	Provisions for pensions and similar obligations		5.675.674	5.954.117
2.	Other provisions		3.217.141	2.412.438
3.	Long-term passive time demarcations		0	13.395
C.	**LONG-TERM LIABILITIES**		**99.738.114**	**74.758.821**
I.	**Long-term financial liabilities**	**12**	**98.118.395**	**71.826.214**
1.	Long-term liabilities to banks		97.279.749	67.440.501
2.	Long-term financial liabilities based on bonds		0	0
3.	Other long-term financial liabilities		838.646	4.385.713
II.	**Long-term operating liabilities**		**0**	**0**
1.	Long-term liabilities to suppliers		0	0
2.	Long-term bill liabilities		0	0
3.	Long-term operating liabilities from advances		0	0
4.	Other long-term operating liabilities		0	0
III.	**Deferred tax liabilities**	**13**	**1.619.719**	**2.932.607**
Č.	**SHORT-TERM LIABILITIES**		**157.166.950**	**164.075.894**
I.	**Liabilities included in the groups for disposal**		**0**	**0**
II.	**Short-term financial liabilities**	**14**	**101.669.837**	**124.256.928**
1.	Short-term liabilities to banks		100.321.478	116.971.990
2.	Short-term liabilities from bonds		0	0
3.	Other short-term financial liabilities		1.348.359	7.284.938
III.	**Short-term operating liabilities**	**15**	**55.497.113**	**39.818.966**
1.	Short-term operating liabilities to suppliers		41.017.425	28.864.440
2.	Short-term bill liabilities		3.092.836	2.379.786
3.	Short-term operating liabilities from advances		2.911.529	1.602.841
4.	Other short-term operating liabilities		8.475.323	6.971.899
D.	**SHORT-TERM PTD**	**16**	**2.338.042**	**2.922.631**

Notes to the financial statements are an integral part of financial statements.

Income statement for the period from 1.1.2010 to 31.12.2010

	(in EUR) Items	Notes	2010	2009
A.	**Net revenues from sales**	**19**	**239.471.679**	**169.976.906**
1.	Net revenues from sales in the domestic market		51.552.087	47.671.977
	a) Net revenues from sales of products and services		45.245.984	41.918.769
	b) Net revenues from sales of goods and materials		6.306.103	5.753.208
2.	Net revenues from sales in foreign markets		187.919.592	122.304.929
	a) Net revenues from sales of products and services		163.654.678	102.058.986
	b) Net revenues from sales of goods and materials		24.264.914	20.245.943
B.	**Change in inventories of production and production in progress**		**3.146.352**	**(15.433.663)**
C.	**Capitalised own products and services**	**20**	**3.506.412**	**3.764.103**
Č.	**Other operating income**	**21**	**6.854.392**	**13.044.246**
I.	**GROSS OPERATING PROFIT**		**252.978.835**	**171.351.592**
D.	**Costs of goods, materials and services**	**22**	**164.499.783**	**111.357.470**
1.	Cost of goods and material sold		15.041.804	15.118.944
2.	Costs of materials used		119.866.918	71.623.696
	a) materials costs		91.485.338	51.059.496
	b) energy costs		23.361.476	18.140.202
	c) other material costs		5.020.104	2.423.998
3.	Costs of services		29.591.061	24.614.830
	a) transport services		6.885.373	4.355.829
	b) maintenance costs		4.497.335	2.949.161
	c) rentals		1.128.831	992.228
	č) other costs of services		17.079.522	16.317.612
E.	**Labour costs**	**22**	**62.079.892**	**53.334.057**
1.	Salary costs		46.970.496	39.983.636
2.	Costs of pension insurance		1.854.481	1.601.676
3.	Other social security costs		7.048.668	6.107.877
4.	Other labour costs		6.206.247	5.640.868
F.	**Value write-offs**	**22**	**18.349.832**	**17.963.896**
1.	Depreciation		17.165.610	16.906.095
2.	Operating expenses from revaluation of intangible and tangible fixed assets		408.469	86.509
3.	Operating expenses from ravaluation of current assets		775.753	971.292
G.	**Other operating expenses**	**22**	**3.220.930**	**2.119.846**
1.	Provisions		411.434	59.467
2.	Other costs		2.809.496	2.060.379
II.	**BUSINESS OUTCOME**		**4.828.398**	**(13.423.677)**
H.	**Financial income**	**23**	**1.656.002**	**4.175.271**
1.	Financial revenues from shares		543.618	3.148.419
	a) Financial revenues from shares in associated companies		429.091	37.680
	b) Financial income from other companies		108.952	2.199.643
	c) Financial income from other investments		5.575	911.096
2.	Financial income from loans		100.063	225.416
3.	Financial revenues from operating claims		1.012.321	801.436
I.	**Financial expenses**	**23**	**10.379.410**	**12.430.510**
1.	Financial expenses from impairment and write-offs of investments		685.906	3.304.475
2.	Financial expenses from financial liabilities		8.699.137	8.370.413
	a) Financial expenses from loans received from banks		8.493.388	8.203.497
	b) Financial expenses from issued bonds		0	0
	c) Financial expenses from other financial liabilities		205.749	166.916
3.	Financial expenses from operating liabilities		994.367	755.622
	a) Financial expenses from liabilities to supplier and bill liabilities		472.196	159.078
	b) Financial expenses from other operating liabilities		522.171	596.544
III.	**BUSINESS OUTCOME**		**(3.895.010)**	**(21.678.916)**
	Income tax	**24**	**190.684**	**77.392**
	Deferred tax	**24**	**(2.450.498)**	**(740.807)**
	NET PROFIT OF THE ACCOUNTING PERIOD		**(1.635.196)**	**(21.015.501)**
	- belonging to owners of the PARENT COMPANY		(1.928.389)	(16.372.583)
	- belonging to NON-CONTROLLING PART		293.193	(4.642.918)

Notes to the financial statements are an integral part of financial statements.

Statement of other overall income

(in EUR) STATEMENT OF OTHER INCOME		2010	2009
1.	**Net profit of the accounting period of the year**	**(1.635.196)**	**(21.015.501)**
2.a	Change in surplus from revaluation of intangible assets and tangible assets - gross amount	5.745.295	242.281
2.b	Change in surplus from revaluation of intangible assets and tangible assets - deferred tax	(1.981.865)	(48.456)
3.	Change in surplus from revaluation of financial assets available for sale	0	0
4.	Gains and losses arising from transffering of financial statements	(538.121)	(639.427)
	Other overall income for the accounting period after tax	**3.225.309**	**(445.602)**
	Total overall income for the accounting period	**1.590.113**	**(21.461.103)**
	Total overall income for the accounting period, belonging to the owners of parent company	1.195.393	(16.597.968)
	Total overall income for the accounting period belonging to the non-controlling part	394.720	(4.863.135)

Statement of Cash Flows

(in EUR)		2010	2009
A.	**Cash flows from operating activities**		
a)	**Net profit**		
	Profit before tax	(3.895.010)	(21.678.916)
	Income taxes and other taxes that are not included in operating expenses	2.259.814	663.415
		(1.635.196)	**(21.015.501)**
b)	**Adjustments for**		
	Depreciation (+)	17.165.610	16.906.095
	Revaluation operating revenues associated with investing and financing (-)	(880.401)	(6.271.262)
	Revaluation operating expenses associated with investing and financing (+)	408.469	86.509
	Financial income, excluding financial revenues from operatin receivables (-)	(643.681)	(3.373.835)
	Financial expenses excluding financial expenses from operating liabilities (+)	9.385.043	11.674.888
		25.435.040	**19.022.395**
c)	**Changes in working capital (including accruals and deffered tax claims and tax liabilities) of the buisness balance sheet items**		
	Initial, less final trade claims	(7.040.941)	9.132.651
	Initial, less final ATD	0	882.351
	Initial, less final claims fot deferred tax	2.675	7.643
	Initial, less final assets (groups for disposal) for sale	2.220.125	(2.220.125)
	Initial, less final stocks	(8.176.945)	27.232.940
	Initial, less initial operating debts	15.678.147	(10.740.721)
	Initial, less initial PTD and provisions	(71.724)	(1.918.147)
	Initial, less initial deferred tax liabilities	(1.312.888)	(622.277)
		1.298.449	**21.754.314**
č)	**Net cash from operating activities or net cash outflows from operating activities (a + b + c)**	**25.098.293**	**19.761.208**
B.	**Cash flows from investing activities**		
a)	**Proceeds from investments**		
	Proceeds from interest and dividends relating to investing activities	643.681	406.848
	Proceeds from disposal of intangible assets	345.669	557.889
	Proceeds from disposal of tangible fixed assets	3.065.481	12.495.069
	Proceeds from disposal of investment properties	713.369	66.008
	Proceeds from sale of long-term investments	735.112	7.099.309
	Proceeds from sale of short-term investments	1.543.261	10.496.501
		7.046.573	**31.121.624**
b)	**Expenditure from investing activities**		
	Expenditure on the acquisition of intangible assets	(570.682)	(2.414.846)
	Expenditure on the acquisition of tangible fixed assets	(33.645.450)	(28.001.927)
	Expenditure on the acquisition of investment property	(742.047)	(1.474.758)
	Expenditure on the acquisition of long-term investments	(1.783.626)	(6.761.480)
	Expenditure on the acquisition of short-term investments	(1.757.586)	(7.516.460)
		(38.499.391)	**(46.169.471)**
c)	**Net cash from investing activities or net cash outflows from investing activities (a + b)**	**(31.452.818)**	**(15.047.847)**
C.	**Cash flows from financing activities**		
a)	**Proceeds from financing**		
	Proceeds from paid-in capital	12.376.382	1.030.062
	Proceeds from increase in long-term liabilities	56.335.216	43.855.596
	Proceeds from increase in short-term liabilities	182.093.618	166.783.701
		250.805.216	**211.669.359**
b)	**Outflows from financing activities**		
	Expenditures for interests paid, relating to financing	(8.552.783)	(9.908.358)
	Expenditures for repayment of capital	(2.213.816)	(1.919.436)
	Expenditures for repayments of long-term laibilities	(25.205.175)	(18.359.584)
	Expenditures for repayments of short-term laibilities	(209.518.569)	(185.608.321)
	Expenditures for payments of dividends and other profit	(998)	(5.974)
		(245.491.341)	**(215.801.673)**
c)	**Net cash from financing activities or net cash outflows from financing (a + b)**	**5.313.875**	**(4.132.314)**
Č.	**Final balance of cash**	**3.887.916**	**4.928.567**
x)	Cash flow for the period (sum of Ac, Bc and Cc)	**(1.040.650)**	**581.048**
y)	Initial balance of cash	**4.928.567**	**4.347.519**

Statement of changes in equity

CHANGES IN EQUITY FOR THE PERIOD FROM 31.12.2009 TO 31.12.2010

(in EUR)	I. Subscribed capita;	II. Capital reserves	III. Revenue reserves				IV. Revaluation surplus	V. Retained earnings	VI. Net profit for the year	VII. Transfer adjustment	Total equity owners of the parent company	Equity non-contolling part	Total capital
	Share capital		Legal reserves	Reserves for own shares	Own shares	Other reserves from profit		Transferred net profit/ loss	Net profit loss of the year				
A.1. Balance at the end of the previous reporting period	19.516.057	35.859.890	1.981.408	2.718.960	(2.718.960)	34.018.919	23.894.294	31.059.140	(16.390.265)	(600.845)	129.338.598	21.294.224	150.632.822
A.2. Initial balance of the reporting period	19.516.057	35.859.890	1.981.408	2.718.960	(2.718.960)	34.018.919	23.894.294	31.059.140	(16.390.265)	(600.845)	129.338.598	21.294.224	150.632.822
B.1. Changes in equity trans. sodions with owners	4.172.926	5.827.074	0	0	0	0	0	732.627	0	0	10.732.627	(49.758)	10.682.869
Entry of additional paid-in capital	4.172.926	5.827.074	0	0	0	0	0	998	0	0	10.000.998	2.375.384	12.376.382
Allenation or withdrawal of own shares and own business interests	0	0	0	0	0	0	0	199.517	0	0	199.517	(2.413.333)	(2.213.816)
Other changes in equity	0	0	0	0	0	0	0	532.112	0	0	532.112	(11.809)	520.303
B.2. Total overall income of the reporting period	0	0	0	0	0	0	3.779.081	0	(1.928.389)	(655.299)	1.195.393	394.720	1.590.113
Net profit of the reporting period	0	0	0	0	0	0	0	0	(1.928.389)	0	(1.928.389)	293.193	(1.635.196)
Change in surplus from revaluation of property assets	0	0	0	0	0	0	3.779.081	0	0	0	3.779.081	(15.651)	3.763.430
Gains and losses arising from transferming financial statements of the companies abroad	0	0	0	0	0	0	0	0	0	(655.299)	(655.299)	117.178	(538.121)
B.3. Changes in capital	0	0	3.954	0	0	37.566	0	(16.390.265)	16.348.745	0	0	0	0
Distribution of the rest of the earnings of the comperative reporting period to other accounts of the capital	0	0	0	0	0	0	0	(16.390.265)	16.390.265	0	0	0	0
Other changes in equity	0	0	3.954	0	0	37.566	0	0	(41.520)	0	0	0	0
C. Closing balance of the reporting period	23.688.983	41.686.964	1.985.363	2.718.960	(2.718.960)	34.056.485	27.673.376	15.401.501	(1.969.909)	(1.256.144)	141.266.619	21.639.186	162.905.805

CHANGES IN EQUITY FOR THE PERIOD FROM 31.12.2008 TO 31.12.2009

(in EUR)	I. Subscribed capita;	II. Capital reserves	III. Revenue reserves				IV. Revaluation surplus	V. Retained earnings	VI. Net profit for the year	VII. Transfer adjustment	Total equity owners of the parent company	Equity non-contolling part	Total capital
	Share capital		Legal reserves	Reserves for own shares	Own shares	Other reserves from profit		Transferred net profit/ loss	Net profit loss of the year				
A.1. Balance at the end of the previous reporting period	19.516.057	35.859.890	1.963.726	2.618.770	(2.618.770)	34.085.751	23.750.518	28.845.215	2.151.475	(231.684)	145.940.948	26.017.797	171.958.745
A.2. Initial balance of the reporting period	19.516.057	35.859.890	1.963.726	2.618.770	(2.618.770)	34.085.751	23.750.518	28.845.215	2.151.475	(231.684)	145.940.948	26.017.797	171.958.745
B.1. Changes in equity trans. sodions with owners	0	0	0	0	(100.190)	44.391	0	51.417	0	0	(4.382)	650.713	646.331
Entry of additional paid-in capital	0	0	0	0	0	0	0	0	0	0	0	651.609	651.609
Purchase of own stocks and own business shares	0	0	0	0	(100.190)	0	0	0	0	0	(100.190)	0	(100.190)
Payment of dividends	0	0	0	0	0	0	0	(5.078)	0	0	(5.078)	(896)	(5.974)
Other changes in equity	0	0	0	0	0	44.391	0	56.495	0	0	100.886	0	100.886
B.2. Total overall income of the reporting period	0	0	0	0	0	0	143.776	0	(16.372.583)	(369.161)	(16.597.968)	(4.863.135)	(21.461.103)
Net profit of the reporting period	0	0	0	0	0	0	0	0	(16.372.583)	0	(16.372.583)	(4.642.918)	(21.015.501)
Change in surplus from revaluation of property assets	0	0	0	0	0	0	143.776	0	0	0	143.776	50.049	193.825
Gains and losses arising from transferming financial statements of the companies abroad	0	0	0	0	0	0	0	0	0	(369.161)	(369.161)	(270.266)	(639.427)
B.3. Changes in capital	0	0	17.682	100.190	0	(111.223)	0	2.162.508	(2.169.157)	0	0	0	0
Distribution of the rest of the earnings of the comperative reporting period to other parts of the capital	0	0	0	0	0	0	0	2.151.475	(2.151.475)	0	0	0	0
Forming a reserve for own stock and own business shares and distribution other parts of the capital	0	0	0	100.190	0	(100.190)	0	0	0	0	0	0	0
Other changes in equity	0	0	17.682	0	0	(11.033)	0	11.033	(17.682)	0	0	0	0
C. Final balance of the reporting period	19.516.057	35.859.890	1.981.408	2.718.960	(2.718.960)	34.018.919	23.894.294	31.059.140	(16.390.265)	(600.845)	129.338.598	21.805.375	151.143.974

The transition to IFRS does not affect the amount of the reported capital.

Notes to Financial Statements

The parent company of the UNIOR Group is company UNIOR Kovaška industrija d.d., located at Kovaška 10, Zreče, Slovenia.
The financial statements of the group are prepared for the year that ended on 31.12.2010.

Declaration of Conformity

Separate financial statements were prepared in accordance with the Companies Act and the International Financial Reporting Standards (IFRS), adopted by the International Accounting Standards Board (IASB), and interpretations adopted by the Committee for the International Financial Reporting Standards (IFRIC) and as adopted by the European Union.
On the balance sheet date, according to the endorsement process in the European Union, there are no differences between the accounting policies of the Unior Group, and the International Financial Reporting Standards used (IFRS), as well as the International Financial Reporting Standards (IFRS) adopted by the European Union.

The Management Board of UNIOR d.d. confirmed the financial statements on 10.05.2011.

Basis of consolidation

Basis of consolidation from 01.01.2010

The consolidated financial statements are presented in the statements of the Group and its subsidiaries on 31.12.2010.
For all of its subsidiaries, the method of full consolidation is used from the day the group starts to control a subsidiary. Subsidiaries are excluded from the group the moment when the control influence of the parent company ceases. The financial statements of the groups are prepared for the same reporting period as the financial statements of the parent company, using the same accounting policies. The preparation of consolidated financial statements excludes all transactions, balances and unrealized gains and losses resulting from internal transactions within the group, and dividends between associated companies.
Loss of subsidiaries is attributable to non-controlling share even if this results in a deficit. Change in ownership interest of subsidiaries in which there is no loss of influence, is accounted for in equity. On the loss of influence in the group of subsidiary, the group has to:

- elimininate the recognition of assets (including goodwill) and liabilities of a subsidiary
- derecognise the book value of all non-controlling shares
- eliminate the entire amount of exchange differences which were recognized in equity
- recognize the fair value of received compensation
- recognise the fair value of any remaining assets
- recognise all surpluses or deficits in the income statement
- appropriately reclassify the share of the parent company in items that had previously been recognized in other overall earnings, profit and loss statement or retained earnings.

Basis of consolidation before 01.01.2010

The group considered certain above mentioned requirements for future periods. However, in some cases, differences mentioned below were carried forward from the previous base for consolidation:

- consideration of non-controlling interests before 01.01.2010, the group recognized by the method of addition of the parent company, while the difference between compensation and the book value of the share in net value of assets acquired is recognized as goodwill.
- loss of the non-controlling share was attributed to the long non-controlling share until the long non-controlling share reached the value of zero. All subsequent excess losses were attributed to the parent company apart from the binding commitments, so that they are cleared by non-controlling interests. The group did not distribute the losses that arose prior to 01.01.2010 among the non-controlling interests and shareholders of the parent company.
- The group accounted for the rest of the investment on the loss by proportionate part of net assets on the date of loss of control. On 01.01.2010, the group had not made a reconciliation of the book value of these investments.

Summary of significant accounting policies

Business combinations and goodwill

Business combinations from 01.01.2010

Business combinations are accounted for using the method of acquiring. Costs relating to the acquisition are determined in the amount of compensation at fair value at the acquisition date, plus the amount of any non-controlling interests in the acquired company. For each business combination, the acquiring company has to measure the amount of non-controlling interests in the acquired company, either at fair value or by proportionate part of the identifiable net assets of the acquired company. The acquiring company reports the costs associated with the acquisition of expenditure under the heading general administrative costs.

On acquisition, the group assesses whether the distribution of cash acquired and liabilities assumed is in line with contractual terms, the economic situation and the relevant factors at the acquisition date. In addition, the acquired company has to separate embedded derivatives from the host contract.

In a business combination carried out in several stages, the fair value of the acquirer's previous equity interest in the company is re-measured at fair value on the acquisition date through the income statement. The amount of contingent compensation, which is expected to be transferred to the acquiring company is recognized at fair value at the acquisition date. Subsequent changes in fair value of contingent compensation, which is considered an asset or liability is recognized under IAS 39, either in the income statement or as a change in other comprehensive income. If the contingent compensation is recognized in equity, it is not re-measured until calculated with the capital.

Goodwill is recognized at the initial measurement at the purchase value, which is the excess of the total amount transferred to the recognized amount of compensation and non-controlling share of the amount of identifiable assets acquired and liabilities assumed. If the refund is smaller than the fair value of net assets of the acquired subsidiary, the difference is recognized in the income statement.

After the initial listing, goodwill is measured at the purchase value wich is reduced for accumulated impairment loss. In order to test goodwill for impairment, goodwill is assumed from the date of acquisition, acquired in a business combination, is allocated to each cash-generating unit of the group, for which it is expected to be open for flow to benefit from the business combination, irrespective of whether other assets and liabilities of the company are assigned to those units.

When goodwill is part of the cash-generating unit and part of the operations of the cash-generating unit is disposed of, in determining the profit and loss on disposal, the goodwill, which is associated with this alienated cash-generating unit, is recognized in the book value of the business sold as a unit. Goodwill, which is disposed of in these circumstances, is measured on the basis of relative value of alienated labour activity and cash-generating unit which the group retaines.

Business combinations prior to 01.01.2010

Differences in comparison with the above mentioned requirements are presented below.

Business mergers were recognized by the receiving method. If it was possible to attribute the costs directly to the takeover, the group included them in the cost of acquisition. Non-controlling share (previously referred to as minority share) was measured by the group at the proportionate share of the identifiable net assets of the acquired company.

The business merger, which was made after a series of stages, was recognized by the group as a separate phase. Any additional shares acquired did not affect the previously listed goodwill.

The conditional compensation was listed by the group if, and only if there was a current obligation; it was likely that the factors to which economic benefits were associated, would flow from it, and there was a reliable measure of the amount of compensation. Subsequent changes in the amount of conditional compensation were recognized in the goodwill item.

Preparatory basis of financial statements

All financial statements and notes to financial statements are recorded and presented in euros (EUR) without cents and are rounded to the nearest whole number.

Fair value

Fair value is used in land and investment properties, all other items in the accounts represent a purchase value or amortized cost.

The accounting policies

The accounting policies used have changed since the company applies the International Financial Reporting Standards since 2010. Applying these standards and interpretations did not significantly affect the financial position or operations of the company.The standards and interpretations that were newly adopted are stated below.

Amendments to IFRS 2 - *Cash-settled payment transactions for shares in the group*
Amendments to IFRS 2 are composed of three basic changes. The definition of transactions with stocks and arrangements for payments on the basis of shares and the scope of IFRS 2 use were changed, and an explanation to account for cash-settled payment transactions for shares in the group was added as well. The existing OPMSRP 8 and 11 replace this supplemented explanation.

IFRS 3 R - *Business Combinations* and **IAS 27 R** - *Consolidated and Separate Financial Statements*
The revised standards were published in January 2008 and became effective for periods beginning on 07/01/2009. IFRS 3 R introduces a number of changes in accounting for business mergers that will impact the amount of goodwill recognized, results in the period of purchase and the company's results in future accounting periods. IAS 27 R requires that companies account for changes in the ownership interest of subsidiaries, which do not lead to loss of control as an equity transaction. Consequently, these changes will neither affect the good name of either the profit or loss. In addition, the revised standard changes accounting for termination of management of the subsidiary. The changes introduced by IFRS 3 and IAS 27 R R must be considered by companies in future periods, which means that they will affect the purchases and transactions with minority interests that the company will have in the future.

IAS 39 - *Financial Instruments: Recognition and Measurement - Hedged Items that meet the criteria*
These amendments were published in August 2008 and became effective for periods beginning on 07/01/2009. The amendment addresses the risk of unilateral risk of the hedged item and, in certain circumstances, the definition of inflation as a hedged risk or part of the risk. It clarifies that a company may designate part of the fair value changes or cash flow variability of the financial instrument as a hedged item.

IFRIC 17 - *Distribution of non-cash assets to owners*
This interpretation is effective for periods beginning on 07/01/2009 and treats guidelines on the recognition of non-cash payments to owners of assets. Interpretation clarifies when to recognize a liability, how to measure it and how to recognize and measure the associated resources and when those assets and liabilities are derecognised.

IFRIC 18 - *Transfers of funds from clients*
Applied for transfer of funds from customers after 1.7.2009.
The interpretation provides guidance on how a company accounts for tangible fixed assets received from customers, or the funds received for the purchase or construction of certain assets. It applies only to assets that a company uses to connect customers to the network or to provide permanent access to supplies of goods, services or both. The company must determine the service or services and to allocate payment received (fair value of assets) for each identifiable service. Revenue is recognized upon delivery or implementation of each service provided by the company.

Improvements to IFRS

In May 2008 the Board issued its first set of amendments to international standards, mainly due to removing inconsistencies and clarifying text. There are separate transitional provisions for each standard.

The introduction of these changes affected the changes in accounting policies of the company, but does not affect the financial position or operations of the company.

IAS 1 - Presentation of Financial Statements
Assets and liabilities intended for trading under IAS 39 Financial Instruments: Recognition and measurement in the balance sheet are not automatically classified as current assets. The company has amended its accounting policy and considered whether management's expectations during the capitalization of assets and liabilities differ from the distribution of the instrument. Due to changes in accounting policies, the company did not made the transfer of short-term financial instruments to the long-term ones or vice versa in the company's balance sheet.

IAS 16 - Tangible fixed assets (property, devices and equipment)
The term »fair value reduced for sell costs« replaces the term »net selling price«. Tangible fixed assets, which the company rents and usually disposes of on completion of the lease during ordinary operations, the company must transfer to stocks after the end of the lease, when the tangible assets are available for sale.

IAS 23 - Borrowing Costs
The standard introduces a new definition of borrowing costs to combine two items that are considered to be an integral part of the cost of borrowing, into one - the interest cost, calculated using the effective interest rate in accordance with IAS 39. The company has amended its accounting policy accordingly.

IAS 38 - Intangible assets
The new standard eliminates the reference to the use of straight-line method of depreciation, unless there is compelling evidence that under the circumstances, this method is most appropriate. The company has reassessed the useful life of intangible assets and concluded that the use of straight-line method is still appropriate.

The amendments which did not affect the changes in accounting policies of the company, its financial position or business:

IFRS 5	Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IAS 7	Cash Flow Statement
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the balance sheet
IAS 18	Revenues
IAS 19	Employee Earnings
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 29	Financial reporting in hyperinflationary economies
IAS 31	Interests in Joint Ventures
IAS 32	Financial Instruments: Presentation

IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IAS 40	Investment Property
IAS 41	Agriculture - additional biological transformations

In April 2009, the Committee issued a set of amendments to international standards, mainly due to removing inconsistencies and clarifying text. There are separate transitional provisions for each standard.
The amendments which did not affect the changes in accounting policies of the company, its financial position or business:
In April 2009, the Committee issued a set of amendments to international standards, mainly due to removing inconsistencies and clarifying text. There are separate transitional provisions for each standard. The amendments which did not affect the changes in accounting policies of the company, its financial position or business:

IFRS 2	Payments in shares - determining when to apply IFRS 2 and IFRS 3
IFRS 5	Non-current assets held for sale - Disclosures
IFRS 8	Operating segments - the disclosure of segment assets
IAS 1	Presentation of financial statements - short / long-term commitment to financial convertible instruments
IAS 7	Cash flow statement - the classification of expenditure for the unrecognized assets
IAS 17	Leases - classification of land and buildings
IAS 18	Revenues - determining whether the company is acting as principal or agent
IAS 36	Impairment of assets - the largest unit, to which goodwill can be attributed
IAS 38	Intangible assets - changes due to the adoption of the new standard IFRS 3 and changes based on the assessment of fair value
IAS 39	Financial Instruments - an assessment of penalties for prepayment of credit as the embedded derivative, cash flow hedges
IFRIC 9	Reassessment of embedded derivative financial instrument - the impact of IFRS 3 and IFRIC 9
IFRIC 16	Insurance net investments in foreign operations from the risks – change restrictions on the company, which may have an instrument for hedging

Transactions in foreign currencies

Transactions denominated in foreign currencies are calculated in euros at the official rate of the European Central Bank on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies on the balance sheet date are calculated in local currency at the official rate of the European Central Bank, applicable on the last day of the reporting period. Exchange differences are recognized in the income statement.

The balance sheets of subsidiaries that are not reported in euros were converted at the closing middle ECB reference exchange rate, and the income statements of subsidiaries at the average exchange rate of the ECB. The difference is reported in the translation adjustment of the capital.

Profit/Loss

Profit / loss from operations is defined as profit / loss before tax and financial items. Financial items include interest on cash at bank balances, deposits, investments held for sale, interest paid on loans, profit or loss on disposal of financial instruments held for sale, and positive and negative foreign exchange differences on translation of monetary assets and liabilities in foreign currency.

Significant estimates and judgments

In accordance with the International Financial Reporting Standards, the accounts management makes judgments, estimates and assumptions in the preparation of account statement, that affect the application of policies and reported amounts of assets and liabilities, revenues and expenses. Estimates are developed according to experiences from previous years and expectations for the accounting period. Actual results may differ from these estimates, so estimates are constantly revised and their revisions shaped.

Deferred taxes

Based on estimates that in the future there will be enough disposable income, we created a deferred tax assets arising from:

- making provisions for anniversary bonuses and retirement benefits,
- impairment of trade receivables,
- incentives for investments and research and development investments,
- unused tax losses.

The deferred taxes are more specifically presented in Chapter 17.4.13.

Deferred tax claims, which are recognized from the design provisions for anniversary bonuses and retirement payments are reduced in appropriate amounts with the use of provisions made and grow in the appropriate amounts according to the newly formed provisions.

The tax rate used to calculate the amount of deductible temporary differences is 20 percent. Based on conditions as set in IAS 12 (36), and business plan for the coming period, we estimate that we will handle the taxable profits to cover the unused tax losses in the coming years.

Reported deferred tax liabilities result from taxable temporary differences during the revaluation of land (at fair value directly in equity) to a higher value.

On the reporting date we verify the declared amount of deferred claims and deferred tax liabilities. If the company does not have sufficient available profits, the reported amounts of deferred tax assets are reduced accordingly.

Provisions

The account management confirms the content and the amount of provisions made on the basis of:

- calculation of provisions for anniversary bonuses and retirement payments,
- assessment of any expected compensation given by the legal department of the company or other external lawyer on the basis of existing lawsuits and claims.

The amounts of provisions made are the best estimate of future expenditure.

Summary of significant accounting policies and disclosures

We present each category in accordance with the International Financial Reporting Standards, in which the disclosures are required, and present all relevant matters. The accounting policies used and the nature and level of importance of the disclosures are identified in the internal acts of the company. In all material amounts reported in financial statements, we also revealed comparative information from the previous period and included in the numbers and descriptive information. Comparative data are adjusted to conform to the presentation of information in the current year.

The accounting policies stated below have been consistently applied in all periods presented in financial statements.

Tangible fixed assets

Land is valued at fair value. We use the cost model in measuring the construction of facilities, devices and equipment. The asset is shown at its purchase value reduced for accumulated depreciation and accumulated losses due to impairment. The manner and the methods of valuation of assets due to impairment are described below under the heading »Impairment of tangible assets«. The purchase value of tangible fixed assets is the equivalent of the cash price on the date of recognition. Revaluation of land is made on the basis of valuation of judicial valuer. The revaluation is reported through equity as a revaluation surplus.

In the case of significant purchase values of tangible fixed asset, which contain components with different estimated useful life, we divide them into their component parts. Each part is treated separately. The plots of land are considered separately and are not depreciated.

<u>Cost of borrowing</u>
Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, increase the cost of that asset. Capitalisation of borrowing costs as part of the cost of the asset commences when there are expenditures for the asset, borrowing costs and the actions necessary to prepare the asset for its intended use or sale.

<u>Financial lease</u>
At the beginning of the lease, we recognize the financial lease in the balance sheet as a finance lease asset and liability at amounts equal to the fair value of the leased asset or, if lower, the present value of minimum lease payments, with both values determined at the beginning of the lease. In calculating the present value of minimum lease payments, the discount rate is connected with the lease rate, if it can be determined; otherwise we use the assumed interest rate for borrowing, which should be paid by the tenant. We add all initial direct costs borne by the tenant, to the amount recognized as an asset.
We did not conclude any contracts on financial leasing assets in 2010.

<u>Subsequent costs</u>
Subsequent expenditure incurred on the replacement of an item of tangible fixed assets, increase its purchase value. Other subsequent expenditure on tangible fixed assets increases its purchase value, if it is likely that its future economic benefits will exceed the originally estimated. All other expenditure is recognized as an expense when incurred.

Depreciation

The depreciation amount for each period is recognized in profit or loss. We begin to depreciate an asset when it is available for use. Fixed assets are depreciated using a straight-line method taking into account the estimated useful life of each tangible asset. The depreciation method used is verified at the end of each financial year. The residual value is normally only included when it comes to the important items, taking into account the costs of liquidation of tangible fixed assets. We do not depreciate land and works of art.

Depreciation rates used by the group, have not changed compared to the year 2010 and are as follows:

	Lowest %	Highest %
Tangible fixed assets:		
Real Estate:	**1,5**	**10,0**
Brick buildings	1,5	5,0
Other buildings	2,0	10,0
Equipment:		
Production equipment	0,6	20,0
Computer and electrical equipment	6,0	25,0
Forklifts and cranes	11,0	12,5
Cars and tractors	12,5	25,0
Equipment fot cleaning and heating	7,0	23,1
Measuring and controlling devices	4,2	28,0
Furniture - office and other	10,0	17,5
Other equipment	4,0	50,0

Derecognition

The recognition of the book value of individual tangible fixed asset is derecognised upon disposal or if we do not expect any future economic benefits from its use or disposal. Gains or losses arising from derecognition of an item of individual tangible fixed asset is included in profit or loss when any of the conditions is met.

Intangible assets

The intangible fixed asset is initially recognized as a purchase value. After initial listing, intangible assets are disclosed at their purchase value reduced for accumulated depreciation and impairment losses.

Goodwill

Goodwill is assessed at fair value transferred to the purchase price, including the recognized value of any non-controlling interests in the acquired company, reduced for the net recognized value of acquired assets and liabilities, valued at the acquisition date. Carried purchase price includes the fair value of assets transferred, liabilities to the previous owners of the company and the shares, issued by the company. The company's management annually assesses if the fair value is still the same.

Emission allowance

Among the intangible assets are long-term deferred costs of allowances allocated by the Ministry of Environment and Spatial Planning, RS Environmental Agency.

Depreciation

Depreciation begins when the asset is available for use, i.e. when it is at the location and in condition necessary to function as planned.

The net book value of an intangible asset is reduced using the straight-line method over the period of the usefulness of the asset.

The duration and the method of the amortization for an intangible asset with finite useful life are reviewed at least at the end of each financial year. If the expected useful life differs from previous estimates, the amortization period is changed accordingly.

The useful life of an intangible asset that arises from contractual or other legal rights does not exceed the period of contractual or other legal rights, but may be shorter depending on the period over which we expect to use the asset. The estimated useful life of other intangible assets is 5 years.

Depreciation rates used by the group and have not changes compared the year 2009 and are the following:

	Lowest %	Highest %
Intangible long-term assets:	20,0	20,0

Investment Property

We own investment properties in order to earn rentals or for capital appreciation. We use the fair value model to measure the investment properties based on the valuation of a legal appraiser. Revenue is recognized in the income statement. Investment properties are not depreciated.

Financial investments

Investments in associates and jointly controlled companies in the Group are evaluated using the equity method, while other unrelated companies are valued at the purchase value.

Financial Instruments

Financial instruments are classified into classes, namely:

1. Financial instruments at fair value through profit or loss
2. Investments held to maturity
3. Loans and receivables
4. For-sale financial assets

1. Financial instruments at fair value through profit or loss

The first group was formed for financial instruments that are recognized at trade date and are measured at fair value through profit or loss and are designed for active trade.

2. Investments held to maturity

The second group was formed for the investments, for which we would decide at the eventual recognition to be kept in our portfolio until maturity. We would recognize them by the settlement date and measure them by the amortized cost using the effective interest method. We have not classified any financial investment in this group.

3. Loans and receivables

The third group includes all loans, borrowings and receivables, which are recognized at settlement date and are measured at amortized cost using the effective interest method.

Claims

We record long-term and short-term trade receivables toward our customers, government and employees in the books separately. Among the receivables from operations we also show interest on those claims. Long-term and short-term operating receivables are stated at the beginning with the amounts arising from contracts or relevant supporting documents. We calculate claims in foreign currencies, on the last day of the financial year in local currency at the official rate of the European Central Bank.

We determine the recorded size of an individual receivable note at the end of the accounting period on the basis of proof by argument given doubts as to their collectibility. We form the impairment of receivables after an individual assessment of the management program according to the risk that the claims would not been paid.

Trade credits

The company provides trade credits to companies within the group and affiliated companies for their operations. Trade credits are recognized during the long-term operating receivables. We calculate interest for trade credits. Correction of values for a given trade credits is done on an individual assessment of the management board of the company.

Lending

We report the initially recognized loans at their amortized cost taking into account the effective interest method. Depending on their maturity date, they are classified as long-term settlement or as current assets on the settlement date. In order to control credit risks we determine the maturity of the loan settlement and the method of loan settling, secured by traditional instruments of insurance (eg, blank bills of exchange, pledge of securities and other property, the possibility of a unilateral set-off of mutual obligations, etc.) according to the borrower's credit reliability. In case of failure to comply with overdue contractual obligations of the borrower, we accede to the realization of instruments of insurance, or the creation of impairment of the investment, if legal actions are taken.

Received loans

We keep the received loans at the initial recognition by their amortized cost taking into account the effective interest method. The structure of received loans is dominated by bank loans with the repayment of principal at maturity of the loan agreement. Given the maturity, they are classified as long-term or short-term financial obligations at the time of recognition. On the last day of the year, all financial obligations due within the next year are transferred to short-term financial obligations. Borrowings are secured with blank bills, debts and mortgages on movable and immovable property.

4. For-sale financial assets

Among the financial resources that are available for sale, we classify all investments in equity securities. On initial recognition, they are measured at fair value, to which we add transaction costs arising from the acquisition of financial assets. The fair market value includes the market-oriented value as is the closing market price of a share or published daily value of mutual fund unit. Changes in fair value are recognized directly in the statement of other overall income. For charging off of the shares we are taking into account the average cost method. Profits or losses are transferred to the business outcome during the derecognition. We use the trade date when accounting for the purchase and sale.

All other investments for which no active market exists and where fair value can not be reliably measured, are measured at the purchase value.

Inventory

Inventories are valued at their original value or net realizable value, and at the lower value of the two. Net realizable value is the estimated selling price in the ordinary course of business, reduced for the estimated costs of completion and sale. The price unit quantities in stock include costs incurred in acquiring inventories and bringing them to their present location and condition. With the finished products and unfinished production, the costs include an appropriate proportion of production costs at normal operating capacity. The use of stocks is reported using the weighted average cost method. The company checks the stocks without movement in the current year at the end of the year and weakens them to the the realizable value.

Money

Among the money we include the cash on hand and demands on deposits at the bank. Cash balances in foreign currencies are calculated in local currency at the official rate of the European Central Bank on the last day of the year.

Derivative financial instruments

The company does not issue derivative financial instruments for trading purposes. In the event of a decision to establish safeguards against the financial risks, the company will select a suitable derivative instruments and recognize them together with the hedged item as the hedged rate.

Capital

Share capital

The share capital of the UNIOR d.d. is divided into 2,838,414 ordinary registered shares that are registered and are freely transferable.

Dividends

Dividends are recognized in the financial statements of the company when the general meeting decided on the payment of dividends.

Purchase of our own shares

We did not trade with our own shares in 2010.

Authorized capital

There was no authorized capital on 31.12.2010.

Provisions

Provisions for lawsuits

We have created provisions for loss and damages related to alleged violations during operations. The level of provisions is determined according to the known amount of the claim or according to the estimated amount, if the request is not yet known. We regularly check the eligibility of the already designed provisions.

Provisions for severance payments and anniversary bonuses

In accordance with the commercial collective agreement and statutory regulations, the company is required to declare and pay long-service awards and severance payments at retirement. For the measurement of these benefits we use a simplified method of accounting, which requires the evaluation of actuarial liabilities in accordance with the expected growth in earnings from the date of valuation up to the retirement of employees. This means the accrual of benefits in proportion to the work performed. The estimated liability is recognized in the size of the present value of expected future cash outflows. When measuring, we also estimate the projected increase in salaries and staff turnover.

We recognize gains or losses based on the calculation of the current year in the income statement.

Government grants

Government grants are recognized at fair value, but not until there is reasonable assurances that the company Unior d.d. will comply with the conditions associated with them and receive support. Government grants are recognized as income over the periods necessary to match them with the related costs to be incurred. If a government grant relates to a particular asset, it is recognized as deferred revenue, which the company recognizes in the income statement during the expected life of an asset in equal annual installments.

Income tax

We account for income taxes in accordance with the Corporate Income Tax Act. The basis for calculating income tax is the gross profit, increased for non-deductible expenses and decreased for allowable credits. Tax liability is calculated from the resulting amount. The applied tax rate for 2010 was 20 percent.

Deferred taxes

With a view to demonstrating an appropriate result in the reporting period, we also accounted for deferred taxes. These are shown as deferred tax assets and deferred tax liabilities. We used the balance sheet liability when accounting for deferred taxes. Book value of assets and liabilities were compared with their tax base, and the difference between the two values was defined as permanent or temporary difference. Temporary differences were divided into taxable and deductible. Taxable temporary differences increased the taxable amounts and deferred tax liabilities. Deductible temporary differences reduced taxable amounts and increased deferred tax assets.

Revenue

<u>Revenue from services</u>

Operating revenues are recognized when we reasonably expect that they would lead to benefits if they are not realized at the time of formation and can be reliably measured.

In recognition of revenue from services we use the method of percentage of completion on the balance sheet date. With this method, revenues are recognized in the accounting period in which services were made. We disclose the amounts of each significant category of revenue recognized in the period, and already achieved revenues in the domestic and foreign markets. Revenues in the domestic market are the revenues earned in Slovenia, and foreign markets are the EU countries and third countries.

<u>Proceeds from the sale of products, goods and materials</u>

Proceeds from the sale of products, goods and materials are measured on the basis of the prices listed on invoices and other documents, reduced for discounts, approved on the sale or subsequently. Appropriate matching items from previous periods are also shown among the incomes from the sale of products, materials, goods and services.

<u>Rental income</u>

Rental income mainly includes the income from investment property, that is, buildings and land that are rented under operating leases. The company classifies rental income as operating income.

<u>Other operating income with re-evaluated operating revenues</u>

Among other revenues, we disclose grants, subsidies, premium and revaluation revenues generated from sales of fixed assets and the reversal of provisions in the net amount.

<u>Financial income and financial expenses</u>

Financial income comprises of the income from the interest on loans, dividend income, income from sale of available financial assets and income from exchange rate gains.

Interest income is recognized as it accrues using the effective interest rate. Dividend income is recognized in profit or loss when the right to payment is established.

Financial expenses include interest costs on borrowings, foreign exchange losses, losses due to financial assets impairment, which are recognized in the income statement. Borrowing costs are recognized using the effective interest method in the income statement.

Gross operating profit

Gross operating profit consists of revenues from sales, changes in inventories of finished goods and work in progress, capitalized own products and services and other operating revenues.

Expenses – costs

Costs are recognized as expenses in the period in which they arise. We classify them according to their nature. We show them and disclose by nature in the three-digit account chart of the company. Expenses are recognized if the outflow of economic benefits during the accounting period is associated with decreases in assets or increases in debt and this decrease can be reliably measured.

Business outcome

Business outcome consists of profit or loss plus financial income and reduced financial expenses.

Impairment of tangible fixed assets

If there is any indication that an asset may be impaired, we estimate the recoverable amount. If it is impossible to estimate the recoverable value of assets, the company determines the recoverable amount of the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement. Impairment losses need to be reversed if there are changes in the estimates used to determine the recoverable amount of assets. The loss due to impairment of assets is reversed only to the extent that the increased carrying amount of an asset does not exceed the carrying amount that would have been determined after the deduction of the depreciation write-off, if the impairment loss in asset had not been recognized in prior years. Elimination of losses is recognized as income in profit or loss.

Impairment of intangible assets

We check the intangible assets for impairment on the reporting date.

Where the recoverable amount is less than the carrying value of an asset, it is reduced to its recoverable amount. The company shows such a reduction as an impairment loss and records as a revaluation of operating expense.

Impairment of financial assets

At each reporting date the company performes a test of the assessment of impairment of investments by selected criteria specified in the regulations on accounting in order to determine whether there is objective evidence of impaired investments. If such reasons exist, we do the calculation of the amount of impairment losses.

If we estimate that it is necessary to conduct impairment of financial investments, shown at amortized cost, the amount of the loss is measured as the difference between the carrying value of investments and the present value of estimated future cash flows discounted at original effective interest rate. We recognize value losses in profit or loss. If the reasons for the impairment of financial investments cease to exist, a reversal of impairment of financial investments is recorded at amortized value recognized in profit or loss.

In the case of investments in subsidiaries, associates, joint ventures and other companies shown at the purchase value, if we estimate that it is necessary to conduct impairment, it is recognized in profit or loss as a revaluation of financial expense.

For investments classified as available for sale to a group of investments, we measure the amount of impairment losses recognized in profit or loss as the difference between the carrying value of investments and the market or as the fair value of on the cut-off balance sheet date. Impairment of these investments is created when the fair value on the balance sheet date is more than 40 percent lower than the cost of the investment. The amount of this form of impairment is the difference between cost and fair value of investments.

Statement of other overall income

We show the items (including any adjustments due to reclassifications) not recognized in profit or loss as required or permitted by other IFRSs in the statement of other overall incomes.

Statement of cash flows

We report cash flow from operating activities in the company using the indirect method based on items on the balance sheet dated 31.12.2010 and 31.12.2009, and income statement for 2010 and additional information necessary for adaptation in outflows and inflows.

Statement of capital movement

Cash flow statement shows the movement of individual components of capital in the financial year (the whole of revenue and expenditure transactions with owners in their capacity as owners), including the use of net profit. The statement of overall income is included, which increases the net profit for all the incomes that we recognized directly in equity.

New standards and interpretations that have not yet come into force

Early use of IFRS and IFRIC, which are not yet valid

The UNIOR d.d. company did not apply any standards or interpretations that are not yet valid and will come into force in the future.

In accordance with International Financial Reporting Standards and the EU, the companies will have to adopt the following amended standards and interpretations in the future:

The amendments to IFRS 1 The limited exceptions to the comparative disclosures required by IFRS 7 for the first users of standards

IAS 24 - *Disclosures of related parties*
Effective for periods beginning after 01.01.2011.
Amendment to IAS 24 clarifies more precisely and simplifies the definition of associated parties. The revised standard also reduces the volume of disclosures of transactions of state-owned companies with the state and other state-owned companies.

IAS 32 - *Financial Instruments: Presentation, ranking the right to buy shares that are denominated in foreign currency*
Effective for periods beginning after 01.02.2010.
Amended IAS 32 allows companies which issue rights to purchase shares in foreign currency that such rights are not accounted for as derivative, but that the effects are recognized in the income statement. These rights will now be allocated to equity instruments, if certain conditions are met.

IFRIC 14 - Advance payments under the minimum funding requirement (Amendment)
Addendum to IFRIC 14 applies for periods beginning on 01.01.2011 with retrospective application. Addendum contains a guide to assess the realizable value of net assets of pensions. Addendum enables companies to advance on the basis of the minimum funding requirement treated as an asset.

IFRIC 19 - *Suspension of financial obligations with equity instruments*
Effective for periods beginning after 01.07.2010. Interpretation clarifies that the equity instruments issued by the company to a creditor in exchange for financial liabilities is treated as a payment obligation. In this context, equity instruments are measured at fair value. If the fair value of equity instruments can not be reliably measured, they are measured at fair value of the cancelled obligations. All gains and losses are recognized immediately in the company income statement. The interpretation does not affect the accounting standards of the group.

In accordance with the International Financial Reporting Standards, the companies will have to adopt the following supplemented and amended notes and standards in the future, if adopted by the EU:

IFRS 9 - *Financial Instruments*
This standard replaces IAS 39, effective for periods beginning on 01.01.2013. The first part of the standard that has been accepted up to now sets new requirements for the classification and measurement of financial assets.

Amendment to IFRS 7 - *Financial Instruments* - disclosures to improve the transparency of disclosures in the transfer of financial resources. The amendments were published in October 2010.
The amendment allows users to better understand the effects of the transfer of financial resources and potential risks to which the transmitter remains exposed.

IAS 34 - *Interim financial reporting*
Effective for periods beginning after 01.01.2011. The amendments provide users with references for the preparation of disclosures in accordance with IAS 34, and new requirements for disclosure were also added.

IAS 12 - *Deferred tax (supplemented)*
The amendment is effective for annual periods beginning on 01.01. 2012 or after. This change relates to the determination of deferred tax on investment property at fair value. The aim of this amendment is to include a) the assumption that the deferred tax on investment property valued at fair value in accordance with IAS 40, be determined on the basis that the carrying value of investment property will return with the sale, and b) the requirement that deferred tax for the resources that are not depreciated and are valued at the revaluation model in IAS 16, are measured on the basis of sales value of those assets.

Improvements to IFRS
In May 2010 the Board announced improvements to IFRS and issued a set of modifications and additions to these standards. These changes are not accepted yet as they will be effective for periods starting on 01.07.2010 or 01.01.2011.

IFRS 3	Business mergers
IFRS 7	Financial Instruments: Disclosures
IAS 1	Presentation of Financial Statements
IAS 27	Consolidated and Separate Financial Statements
IFRIC 13	Customer Loyalty Programmes

Assessments and sources of uncertainty
Risk management
The company monitors the risks and also tries to cope at all levels of business. The risk assessments take into account various factors and measure the costs of control with benefits. Proper management of risks is ensured by their timely identification and management, and with the guidelines and policies set out in the documents of a comprehensive management system.
The company's business is exposed to strategic, business and financial risks, which are heavily dependent on commercial basis, which requires their active monitoring. In addition to strategic and business risks the company faces financial risks, among which the most significant are risks of the fair value change, interest rate risk, liquidity risk, currency risk and credit risk, and risk of adequate capital structure. How we determine and manage the financial risks is revealed in the Chapter 12.9: Risk Management.

Notes to the balance sheet

1. Balance sheet by segments

(in EUR) Items		Tourist act. 2010	Metal act. 2010	TOTAL 2010	Tourist act. 2009	Metal act. 2009	TOTAL 2009
	ASSETS	**86.179.405**	**344.862.321**	**431.041.726**	**75.027.563**	**325.742.555**	**400.770.118**
A.	**LONG-TERM ASSETS**	**83.501.611**	**198.677.744**	**282.179.355**	**72.161.162**	**193.226.813**	**265.387.975**
I.	**Intangible assets and long-term ATD**	**219.326**	**6.439.200**	**6.658.526**	**227.184**	**7.693.681**	**7.920.865**
1.	Long-term property rights	21.884	1.188.291	1.210.175	30.029	1.338.137	1.368.166
2.	Goodwill	0	811.114	811.114	0	1.056.808	1.056.808
3.	Advances for intangible assets	0	0	0	0	0	0
4.	Long-term deferred development costs	0	4.275.939	4.275.939	0	3.172.224	3.172.224
5.	Other long-term ATD	197.442	163.856	361.298	197.155	2.126.512	2.323.667
II.	**Tangible fixed assets**	**82.224.003**	**160.448.835**	**242.672.838**	**70.788.321**	**153.434.433**	**224.222.754**
1.	Land and buildings	63.939.558	60.700.839	124.640.397	55.632.809	58.869.014	114.501.823
2.	Manufacture devices and machines	5.707.977	69.051.512	74.759.489	6.397.874	68.070.724	74.468.598
3.	Other machinery and equipment, small inv. and other TFA	4.266.758	1.092.677	5.359.435	4.329.406	1.114.170	5.443.576
4.	Tangible fixed assets to be obtained	8.309.709	29.603.808	37.913.517	4.428.233	25.380.524	29.808.757
III.	**Investment property**	**583.898**	**17.454.097**	**18.037.995**	**656.748**	**16.658.122**	**17.314.870**
IV.	**Long-term investments**	**15.585**	**13.684.775**	**13.700.360**	**15.585**	**13.492.799**	**13.508.384**
1.	Long-term investments,excluding loans	15.585	13.640.537	13.656.122	15.585	12.942.503	12.958.088
2.	Long-term loans	0	44.238	44.238	0	550.296	550.296
V.	**Long-term operating claims**	**0**	**1.023.424**	**1.023.424**	**0**	**2.332.215**	**2.332.215**
1.	Long-term claims to customers	0	510.894	510.894	0	1.793.867	1.793.867
2.	Long-term claims to others	0	512.530	512.530	0	538.348	538.348
VI.	**Deferred tax claims**	**458.799**	**(372.587)**	**86.212**	**473.323**	**(384.436)**	**88.887**
B.	**SHORT-TERM ASSETS**	**2.677.794**	**146.184.577**	**148.862.371**	**2.866.401**	**132.515.742**	**135.382.143**
I.	**Assets (groups for disposal) held for sale**	**0**	**0**	**0**	**0**	**2.220.125**	**2.220.125**
II.	**Stocks**	**463.570**	**83.756.429**	**84.219.999**	**512.587**	**75.530.467**	**76.043.054**
1.	Material	430.380	24.195.037	24.625.417	471.775	19.100.016	19.571.791
2.	Production in progress	0	28.617.958	28.617.958	0	22.727.348	22.727.348
3.	Products	3.201	18.664.263	18.667.464	4.241	20.905.371	20.909.612
4.	Merchandise	18.594	11.509.279	11.527.873	19.023	12.414.305	12.433.328
5.	Advances for inventories	11.395	769.892	781.287	17.547	383.428	400.975
III.	**Short-term financial investments**	**0**	**1.555.982**	**1.555.982**	**39.320**	**1.302.335**	**1.341.655**
1.	Short-term investments, excluding loans	0	131	131	0	33.639	33.639
2.	Short-term loans	0	1.555.851	1.555.851	39.320	1.268.696	1.308.016
IV.	**Short-term business claims**	**1.928.378**	**57.270.096**	**59.198.474**	**2.076.385**	**48.772.357**	**50.848.742**
1.	Short-term business claims to customers	1.606.003	51.210.775	52.816.778	1.713.990	42.684.734	44.398.724
2.	Short-term business claims to others	322.375	6.059.321	6.381.696	362.394	6.087.624	6.450.018
V.	**Cash**	**285.846**	**3.602.070**	**3.887.916**	**238.109**	**4.690.458**	**4.928.567**

(in EUR) Items	Tourist act. 2010	Metal act. 2010	TOTAL 2010	Tourist act. 2009	Metal act. 2009	TOTAL 2009
LIABILITIES	**86.179.405**	**344.862.321**	**431.041.726**	**75.027.563**	**325.742.555**	**400.770.118**
A. CAPITAL	**56.831.902**	**106.073.903**	**162.905.805**	**46.699.623**	**103.933.199**	**150.632.822**
A1. Capital to the owners of the parent company	**56.660.035**	**84.606.584**	**141.266.619**	**46.528.915**	**82.809.683**	**129.338.598**
I. Subscribed capital	**6.483.792**	**17.205.191**	**23.688.983**	**5.044.991**	**14.471.066**	**19.516.057**
1. Share capital	6.483.792	17.205.191	23.688.983	5.044.991	14.471.066	19.516.057
2. Unsubscribed capital (deduction item)	0	0	0	0	0	0
II. Capital reserves	**11.409.929**	**30.277.035**	**41.686.964**	**8.829.112**	**27.030.778**	**35.859.890**
III. Revenue reserves	**13.902.923**	**22.138.925**	**36.041.848**	**13.861.403**	**22.138.924**	**36.000.327**
1. Legal reserves	582.639	1.402.724	1.985.363	578.685	1.402.723	1.981.408
2. Reserves for own stocks and shares	744.193	1.974.767	2.718.960	744.193	1.974.767	2.718.960
3. Own stocks and business shares (deductible)	0	(2.718.960)	(2.718.960)	0	(2.718.960)	(2.718.960)
4. Statutory reserves	0	0	0	0	0	0
5. Other reserves	12.576.091	21.480.394	34.056.485	12.538.526	21.480.393	34.018.919
IV. Revaluation surplus	**13.785.052**	**13.888.323**	**27.673.375**	**7.623.569**	**16.270.725**	**23.894.294**
V. Net profit or loss	**11.351.557**	**4.049.944**	**15.401.501**	**10.654.385**	**20.404.755**	**31.059.140**
VI. Net profit or loss of the year	**(273.219)**	**(1.696.689)**	**(1.969.908)**	**515.455**	**(16.905.720)**	**(16.390.265)**
VII. Transfer adjustment	**0**	**(1.256.144)**	**(1.256.144)**	**0**	**(600.845)**	**(600.845)**
A2. CAPITAL NON-CONTROLLING PART	**171.867**	**21.467.319**	**21.639.186**	**170.707**	**21.123.517**	**21.294.224**
B. PROVISION AND LONG-TERM PTD	**2.230.796**	**6.662.019**	**8.892.815**	**1.691.303**	**6.688.647**	**8.379.950**
1. Provisions for pensions and similar obligations	693.272	4.982.402	5.675.674	905.247	5.048.870	5.954.117
2. Other provisions	1.537.524	1.679.617	3.217.141	786.056	1.626.382	2.412.438
3. Long-term passive time demarcations	0	0	0	0	13.395	13.395
C. LONG-TERM LIABILITIES	**11.371.567**	**88.366.547**	**99.738.114**	**11.398.978**	**63.359.843**	**74.758.821**
I. Long-term liabilities	**7.835.331**	**90.283.064**	**98.118.395**	**9.498.413**	**62.327.801**	**71.826.214**
1. Long-term liabilities to banks	7.835.331	89.444.418	97.279.749	9.378.126	58.062.375	67.440.501
2. Long-term liabilities based on bonds	0	0	0	0	0	0
3. Other long-term financial liabilities	0	838.646	838.646	120.287	4.265.426	4.385.713
II. Long-term business liabilities	**0**	**0**	**0**	**0**	**0**	**0**
1. Long-term liabilities to suppliers	0	0	0	0	0	0
2. Long-term bill liabilities	0	0	0	0	0	0
3. Long-term operating liabilities from advances	0	0	0	0	0	0
4. Other long-term operating liabilities	0	0	0	0	0	0
III. Deferred tax liabilities	**3.536.235**	**(1.916.516)**	**1.619.719**	**1.900.564**	**1.032.043**	**2.932.607**
Č. SHORT-TERM LIABILITIES	**14.280.537**	**142.886.413**	**157.166.950**	**13.638.547**	**150.437.347**	**164.075.894**
I. Liabilities included in groups for disposal	**0**	**0**	**0**	**0**	**0**	**0**
II. Short-term financial liabilities	**9.682.089**	**91.987.748**	**101.669.837**	**9.168.963**	**115.087.965**	**124.256.928**
1. Short-term financial liabilities to banks	9.682.089	90.639.389	100.321.478	9.168.963	107.803.027	116.971.990
2. Short-term financial liabilities based on bonds	0	0	0	0	0	0
3. Other short-term financial liabilities	0	1.348.359	1.348.359	0	7.284.938	7.284.938
III. Short-term operating liabilities	**4.598.449**	**50.898.664**	**55.497.113**	**4.469.584**	**35.349.382**	**39.818.966**
1. Short-term business liabilities to supplers	3.082.568	37.934.857	41.017.425	3.033.603	25.830.837	28.864.440
2. Short-term bill liabilities	0	3.092.836	3.092.836	0	2.379.786	2.379.786
3. Short-term operating liabilities based on advances	679.443	2.232.086	2.911.529	363.768	1.239.073	1.602.841
4. Other short-term operating liabilities	836.437	7.638.886	8.475.323	1.072.214	5.899.685	6.971.899
D. SHORT-TERM PTD	**1.464.603**	**873.439**	**2.338.042**	**1.599.113**	**1.323.518**	**2.922.631**

Investments in new fixed assets

In 2010, there was € 24,854,430 of total new investments in fixed assets in the UNIOR Group, of which € 17,875,336 in the metal business and € 6,979,094 in the tourism business.

Investments in intangible fixed assets amounted to € 532,096, of which 526,936 euros in metal business, and € 5,160 in tourism.

Investments in tangible fixed assets amounted to € 23,930,287, of which € 16,956,353 in metal business, and € 6,973,934 in tourism.

Investments in the investment property amounted to a total of € 392,047, all in metal business.

2. Intangible assets

UNIOR GROUP (in EUR)	Goodwill	Deferred development costs	Investments in ind. property rights	Other intangible assets	Intangible assets to be obtained	Total
Purchase price						
Balance on 31. 12. 2009	1.438.560	5.348.126	3.274.312	247.178	2.185.713	12.493.889
Increase upon the acquisition of companies	38.448	0	138	0	0	38.586
Direct increases - investments	0	4.483	208.346	156.897	162.370	532.096
Transfer from investments in progress	0	2.063.073	126.056	0	(2.189.129)	0
Reductions during the year	(199.143)	0	(10.121)	(69.791)	0	(279.055)
Other changes (movements,exchange rates)	0	12.071	6.864	0	0	18.935
Balance on 31. 12. 2010	1.277.865	7.427.753	3.605.595	334.284	158.954	12.804.451
Value adjustments						
Balance on 31. 12. 2009	381.752	2.175.902	1.906.146	109.224	0	4.573.024
Increase upon the acquisition of companies	0	0	69	0	0	69
Depreciation for the year	0	966.094	498.097	27.061	0	1.491.252
Reductions during the year	84.999	0	(14.040)	(4.345)	0	66.614
Other changes (movements, exchange rates)	0	9.818	5.148	0	0	14.966
Balance on 31. 12. 2010	466.751	3.151.814	2.395.420	131.940	0	6.145.925
Current value 31. 12. 2010	**811.114**	**4.275.939**	**1.210.175**	**202.344**	**158.954**	**6.658.526**
Current value 31. 12. 2009	1.056.808	3.172.224	1.368.166	137.954	2.185.713	7.920.865

UNIOR GROUP (in EUR)	Goodwill	Deferred development costs	Investments in ind. property rights	Other intangible assets	Intangible assets to be obtained	Total
Purchase value						
Balance on 31. 12. 2008	1.951.484	5.349.975	2.856.559	377.686	238.693	10.774.397
Increase upon the acquisition of companies	0	0	0	0	0	0
Direct increases - investments	0	0	175.384	35.496	2.203.966	2.414.846
Transfer from investments in progress	0	16.394	240.102	450	(256.946)	0
Reductions during the year	(512.924)	(14.485)	(7.360)	(164.423)	0	(699.192)
Other changes (movements, exchange rates)	0	(3.758)	9.627	(2.031)	0	3.838
Balance on 31. 12. 2009	1.438.560	5.348.126	3.274.312	247.178	2.185.713	12.493.889
Value adjustments						
Balance on 31. 12. 2008	381.752	1.224.290	1.474.584	182.244	0	3.262.870
Increase upon the acquisition of companies	0	0	0		0	0
Depreciation for the year	0	968.516	438.922	40.182	0	1.447.620
Reductions during the year	0	(14.485)	(7.360)	(111.384)	0	(133.229)
Other changes (movements, exchange rates)	0	(2.419)	0	(1.818)	0	(4.237)
Balance on 31. 12. 2009	381.752	2.175.902	1.906.146	109.224	0	4.573.024
Current value 31. 12. 2009	**1.056.808**	**3.172.224**	**1.368.166**	**137.954**	**2.185.713**	**7.920.865**
Current value 31. 12. 20008	1.569.732	4.125.685	1.381.975	195.442	238.693	7.511.527

3. Fixed assets

(in EUR)	Land	Buildings	Production equipment and machinery	Oth. equipm. and small inventory	Fixed assets to be obtained	Advanced for fixed assets	Total
Purchase value							
Balance on 31. 12. 2009	38.633.686	142.647.224	180.226.709	11.683.149	26.927.462	2.881.295	402.999.525
Increase upon the acquisition of companies	650.376	3.741.209	4.599.478	90.426	54.407	0	9.135.896
Direct increases in investment	216.694	661.107	2.726.213	556.135	19.770.138	0	23.930.287
Direct increases in advances	0	0	0	0	0	579.267	579.267
Transfer from investments in progress	99.800	4.216.958	5.405.858	0	(9.722.616)	0	0
Reductions during the year	(321.750)	(368.002)	(2.904.486)	(123.719)	(425)	(2.583.074)	(6.301.456)
Revaluation due to the strengthening/weakening	6.000.249	0	0	0	0	0	6.000.249
Transfers between groups	0	0	0	0	0	0	0
Other changes (changes in rates)	(4.262)	(1.664.581)	(273.316)	(98.806)	2.547	4.516	(2.033.902)
Balance on 31. 12. 2010	45.274.793	149.233.915	189.780.456	12.107.185	37.031.513	882.004	434.309.866
Value adjustments							
Balance on 31. 12. 2009	0	66.779.087	105.758.111	6.239.573	0	0	178.776.771
Increase upon the acquisition of companies	0	290.839	1.171.876	45.397	0	0	1.508.112
Depreciation for the year	0	3.841.962	11.192.090	641.259	0	0	15.675.311
Reductions during the year	0	(348.193)	(2.774.459)	(113.323)	0	0	(3.235.975)
Transfers between groups	0	0	0	0	0	0	0
Other changes (changes in rates)	0	(695.384)	(326.651)	(65.156)	0	0	(1.087.191)
Balance on 31. 12. 2010	0	69.868.311	115.020.967	6.747.750	0	0	191.637.028
Current value 31. 12. 2010	**45.274.793**	**79.365.604**	**74.759.489**	**5.359.435**	**37.031.513**	**882.004**	**242.672.838**
Current value 31. 12. 2009	38.633.686	75.868.137	74.468.598	5.443.576	26.927.462	2.881.295	224.222.754

(in EUR)	Land	Buildings	Production equipment and machinery	Oth. equipm. and small inventory	Fixed assets to be obtained	Advanced for fixed assets	Total
Purchase value							
Balance on 31. 12. 2008	39.500.752	144.491.884	176.617.222	11.519.722	13.383.956	8.029.774	393.543.310
Increase upon the acquisition of companies	0	0	2.896.199	98.356	0	0	2.994.555
Direct increases in investment	131.265	829.695	366.011	567.288	21.406.031	0	23.300.290
Direct increases in advances	0	0	0	0	0	2.046.944	2.046.944
Transfer from investments in progress	0	1.365.766	5.289.811	43.700	(7.851.545)	0	(1.152.268)
Reductions during the year	(1.149.280)	(4.644.017)	(4.393.300)	(460.823)	0	(7.190.347)	(17.837.767)
Revaluation due to the strengthening/weakening	150.949	850.000	0	0	0	0	1.000.949
Transfers between groups	0	0	(231)	231	0	0	0
Other changes (changes in rates)	0	(246.104)	(549.003)	(85.325)	(10.980)	(5.076)	(896.488)
Balance on 31. 12. 2009	38.633.686	142.647.224	180.226.709	11.683.149	26.927.462	2.881.295	402.999.525
Value adjustments							
Balance on 31. 12. 2008	0	66.052.052	98.513.703	5.983.240	0	0	170.548.995
Increase upon the acquisition of companies	0	0	326.005	13.857	0	0	339.862
Depreciation for the year	0	3.899.637	10.889.288	624.139	0	0	15.413.064
Reductions during the year	0	(3.065.532)	(3.681.232)	(329.938)	0	0	(7.076.702)
Transfers between groups	0	0	(231)	231	0	0	0
Other changes (changes in rates)	0	(107.070)	(289.422)	(51.956)	0	0	(448.448)
Balance on 31. 12. 2009	0	66.779.087	105.758.111	6.239.573	0	0	178.776.771
Current value 31. 12. 2009	**38.633.686**	**75.868.137**	**74.468.598**	**5.443.576**	**26.927.462**	**2.881.295**	**224.222.754**
Current value 31. 12. 2008	39.500.752	78.439.832	78.103.519	5.536.482	13.383.956	8.029.774	222.994.315

Among the capital goods, the Group has listed the following assets acquired through financial leasing:

- Magnetic resonance for the Tourist programme (at the purchase value of 1,136,942 euros and the present value of 280,446 euros on 31.12.2010)
- Decorticator machine MAIR in Štore Steel (at the purchase value of 1,134,817 euros and the present value of 644,681 euros on 31.12.2010)
- Forging line LASCO in Ningbo Unior Forging Co. (at the purchase value of 752,064 euros and the present value of 526,445 euros on 31.12.2010)

As security for the debts, the group has pledged assets with a value of € 264,707,617, which is a 12.2% increase in 2010 compared to last year.

Land is revalued on the basis of the appraisal report on 31.12.2010.

4. Investment Property

(in EUR)	2010	2009
Land	5.846.560	5.119.331
Buildings	12.191.435	12.195.539
Total	**18.037.995**	**17.314.870**

Changes in investment property

(in EUR)	2010	2009
Initial state 1. January	**17.314.870**	**10.267.543**
Acquisitions	392.047	1.474.758
Revaluation	350.000	5.685.415
Disposals	(713.369)	(112.846)
Other changes (movements, exchange rates)	694.447	0
Final balance 31. December	**18.037.995**	**17.314.870**

Investment properties comprise of land and buildings intended for resale or rental. These are land and buildings in Maribor and Kragujevac, bungalows on Rogla, land in Umag, Croatia, manor Štrovsenek in Gomilski with a park around, a lodge on Krvavec and the land around it.

Investment properties are listed at the fair value. Fair value is determined on the basis of the valuation of legal appraiser (the location in Maribor, Kragujevac, Gomilsko, Krvavec) or on the basis of market value of property (land Umag). The fair value of the bungalows on Rogla is determined on the basis of the net realizable value.

5. Long-term investments

(in EUR)	Share	2010	2009
Investments in stocks and shares in associated companies:			
in the country:			
RHYDCON d. o. o. Šmarje pri Jelšah	33,500	682.547	615.749
STARKOM d. o. o. Maribor	49,000	0	0
ZLATI GRIČ d. o. o. Slovenske Konjice	24,990	0	518.926
ROBOTEH d. o. o. Šmarje pri Jelšah	24,970	39.030	26.675
		721.577	1.161.350
abroad:			
UNIOR SINGAPORE Pte. Ltd. Singapur	40,000	27.471	18.262
UNIDAL d. o. o., Vinkovci Hrvaška	49,460	0	934.929
SOLION Ltd St. Petersburg Rusija	20,000	53.462	28.194
UNIOR TEOS ALATI d. o. o., Beograd Srbija	20,000	329.770	316.898
UNIOR TEPID S.R.L. Brasov Romunija	49,000	1.162.277	988.093
SINTER a. d. Užice Srbija	24,988	308.405	0
		1.881.386	2.286.375
Total associates		**2.602.963**	**3.447.725**
Investments in stocks and shares in other companies and banks:			
BANKS		6.258.693	6.254.323
INSURANCE		24.588	24.588
OTHER COMPANIES		4.769.878	3.231.452
		11.053.159	9.510.363
Long-term investments in debt			
Long-term loans to others		44.238	550.296
		44.238	550.296
Total long-term investments, excluding own shares		**13.700.360**	**13.508.384**

In 2010, the UNIOR group increased the investments in associated companies with the purchase of 24.988% share in the Sinter a.d. company in Serbia, while the total amount of investments in associated companies decreased due to the transfer of the Unidal d.o.o. among the subsidiaries and the sale of share in Zlati grič d.o.o.

Associates are evaluated in the consolidated financial statements using the equity method. Gains and losses of associated companies in the consolidated balance sheet increase or reduce the value of long-term investments in the consolidated income statement and increase the financial revenues or expenses.

In 2010, a positive impact of € 404,125 in respect of profits and losses of associated companies was made.

Changes in long-term investments in stocks and shares

(in EUR)	2010	2009
Balance of investments in stocks and shares 1. January	13.508.384	13.270.652
Increases:		
Purchases of stocks and shares	1.870.991	6.213.653
Increased investment in debt	23.717	547.827
Dividends or shares from the profit of associates	404.125	380.621
Return of short-term investments in debt	0	8.178
Other increases - revaluation	0	0
Reductions:		
Sales of stocks and shares	(518.926)	(4.212.044)
Repayments of long-term loans	(1.700)	(10.299)
Losses of associated companies	0	(2.641.250)
Short-term portion of investments in debt	0	0
Acquisition of the company	(934.929)	0
Other decreases - impairment	(651.301)	(48.954)
Balance on 31. December	**13.700.360**	**13.508.384**

6. Stocks

(in EUR)	2010	2009
Material	25.348.586	20.265.158
Production in progress	28.823.418	23.143.702
Products	19.038.766	21.400.111
Merchandise	11.585.131	12.475.246
Advances for inventories	781.287	400.975
Value adjustments	(1.357.189)	(1.642.138)
Total	**84.219.999**	**76.043.054**

(in EUR)	2010	2009
Value adjustments of stocks:		
- material	723.169	693.367
- production in progress	205.460	416.354
- finished products	371.302	490.499
- merchandise	57.258	41.918
Total	**1.357.189**	**1.642.138**

(in EUR)	2010	2009
Balance adjustments of inventories 1. January	**1.642.138**	**1.132.008**
Reductions:		
- production in progress	(210.894)	0
- finished products	(119.197)	(145.202)
Increase:		
- material	29.802	386.426
- production in progress	0	244.584
- merchandise	15.340	24.322
Balance on 31. December	**1.357.189**	**1.642.138**

Stocks of 18.3 million euros are pledged in favour of banks to secure financial commitments. The book value of inventories is equal to the net realizable value. For the stocks in the past which did not have movement, we created an additional adjustment in the amount of € 45,142, while the elimination of inventory impairment amounted to € 330,091.

7. Trade receivables

(in EUR)	2010	2009
Long-term receivables		
Long-term operating claims from associated companies	510.894	1.793.867
Long-term operating claims from other customers	567.196	593.015
Short-term portion of long-term operating claims	0	0
Correction of long-term operating claims	(54.666)	(54.666)
Total long-term operating claims	**1.023.424**	**2.332.215**
Short-temi operating claims		
Short-term operating claims from associated companies	1.561.841	1.325.400
Short-term operating claims from customers		
- in the country	10.057.631	9.255.085
- abroad	42.249.463	34.908.329
Short-term claims from interest	53.878	153.618
Claims for VAT	1.652.415	2.502.270
Other shortterm operating claims	4.675.403	3.794.130
Short-term portion of long-term operating claims	0	0
Value adjustments to short-term operating claims	(1.052.157)	(1.090.090)
Total short-term operating claims	**59.198.474**	**50.848.742**

In 2010, the Group made the following adjustments to receivables to customers:

(in EUR)	2010	2009
Balance 1. January 2010	**1.090.090**	**1.298.298**
Collected written off receivables	(156.186)	(137.263)
Final waivers	(397.770)	(612.625)
Creation of value adjustments in the year	516.023	541.680
Balance on 31. December 2010	**1.052.157**	**1.090.090**

The Group has secured short-term trade receivables amounting to € 6,753,603 at SID – Prva kreditna zavarovalnica d.d., Ljubljana. It has also pledged assets with banks to secure long-term loans under the credit contracts.

Maturity of the claims on 31. 12. 2010	2010	2009
overdue claims	43.164.708	33.575.621
overdue claims up to 90 days	8.575.432	10.414.304
overdue claims from 91 to 180 days	2.130.104	1.823.215
overdue claims from 181 to 365 days	2.426.545	3.311.507
overdue claims over 1 year	2.901.685	1.724.095
Total	**59.198.474**	**50.848.742**

8. Short-term investments

(in EUR)	2010	2009
Short-term investments in deb (domestic anf foreign):		
- in associates (RHYDCON d.o.o.)	652.149	1.043.119
- in other companies	36.372	132.956
- claims purchased for sale	77.485	126.274
Short-term investments in deposits	815.275	39.307
Value adjustments to short-term investments	(25.299)	0
Total	**1.555.982**	**1.341.655**

9. Bank balances, checks and cash

(in EUR)	2010	2009
Cash and checks received	38.382	54.091
Cash at bank	3.849.534	4.874.476
Total	**3.887.916**	**4.928.567**

10. Capital

Total equity of the UNIOR Group comprises of subscribed capital, capital reserves, profit reserves, revaluation surplus, net loss and net loss of the business year.

The share capital of the company was registered in the amount of € 23,688,983 on December 31, 2010, as shown in the balance sheet and is divided into 2,838,414 shares. Book value per share amounted to 41.77 euros on 31.12.2010 and decreased by 8.5 percent compared to the previous year.

Recapitalization was successfully completed in 2010, with which 500,000 new per value shares were re-issued and paid.

Movements in capital during the current year are:

- increase in share capital of the company from the recapitalization for 4,172,926 EUR.
- increase in capital reserves of the company from recapitalization for 5,827,074 EUR.
- reported profits from previous years in the amount of 998 EUR from the unpaid dividends after 3 years.
- the revaluation surplus increased by 4,800,199 EUR arising from revaluation of land.
- revaluation surplus to cover the enhanced depreciation of fixed assets in previous years and the sale of revalued land decreased for € 1,021,118.
- the net loss of the business year, which belongs to the owners of the parent company, amounted to € 1,928,389.
- adjustments of transfer decreased by € 655,299 due to foreign exchange differences, because the rate of domestic euro currency rose against the exchange rates in other countries where the UNIOR Group has its subsidiaries.
- non-controlling equity share increased for € 344,962. Increases were due to the entry of UNIDAL among subsidiaries in the amount of € 1,548,449, because of the recapitalization of minority interests in the amount of € 821,646, for the entry of the net profit for the year amounting to 293,193 and because of the exchange currency differences in the amount of € 117,178. Reductions were made to reduce the revaluation surplus of € 15,651 and due to sales or divestitures of minority shares in the amount of € 2,419,853.

11. Provisions for liabilities and deferred income

(in EUR)	Provisions for severance payments and anniversary bonuses	Provisions for rents	Provisions for environmental remediation	Grants received for fixed assets	Provision from long-term deferred revenues	Total
Balance on 31. 12. 2009	**5.954.117**	**161.720**	**609.658**	**1.137.168**	**517.287**	**8.379.950**
Increases	642.372	59.278	28.319	1.210.109	63.663	2.003.741
Reductions	(920.815)	(13.324)	(145.209)	(84.547)	(326.981)	(1.490.876)
Balance on 31. 12. 2010	**5.675.674**	**207.674**	**492.768**	**2.262.730**	**253.969**	**8.892.815**

(in EUR)	Provisions for severance payments and anniversary bonuses	Provisions for rents	Provisions for environmental remediation	Grants received for fixed assets	Provision from long-term deferred revenues	Total
Balance on 31. 12. 2008	**6.334.603**	**171.951**	**748.030**	**727.892**	**660.762**	**8.643.239**
Increases	107.010	0	28.319	492.646	156.237	784.212
Reductions	(487.496)	(10.231)	(166.691)	(83.370)	(299.712)	(1.047.500)
Balance on 31. 12. 2009	**5.954.117**	**161.720**	**609.658**	**1.137.168**	**517.287**	**8.379.950**

Provisions for anniversary bonuses and retirement payments are determined by the amount of estimated future payments for severance and long service awards, discounted on the balance sheet date. The selected discount rate is 5.0 percent per annum.

The long-term provision was developed under the ownership transformation and confirmed by the Ministry of Environment and Spatial Planning for facilities, technology and devices that are designed to reduce burdens on the environment for the following purposes:

- rehabilitation of water treatment plant on Rogla,
- rehabilitation of treatment device in cold forging plant,
- rehabilitation of the galvanizing plant,

reported 492,405 EUR on 31.12.2010.

Among the provisions for environmental remediation are also allowances to limit the CO2 emissions from the steelwork in Štore, worth 362 EUR.

The received assets of the Ministry of Economy to co-finance investments in restoration and development of tourist facilities and the rehabilitation of the spa after the fire, funds for investment in additional snowmaking lines on Krvavec and the grant for co-financing the project of roller track in the steelwork Štore are also reported among the long-term provisions. From co-financing the construction of an extension to the hotel in Zreče, we received 875,000 euros of the EU funds.

The value of provision from the paid rent of the Mobitel d.d. company amounts to € 230,803.

12. Long-term financial liabilities

(in EUR)	Principal debt 1. 1. 2010	Principal debt 31. 12. 2010	The part due in 2011	Long-term part
The bank or lender				
Banks in the country	91.401.098	122.421.692	(32.954.327)	89.467.365
Banks abroad	4.461.976	8.306.580	(494.196)	7.812.384
Other lenders	2.911.191	1.488.019	(845.160)	642.859
Financial lease	2.841.096	529.111	(333.324)	195.787
Total borrowings	**101.615.362**	**132.745.402**	**(34.627.007)**	**98.118.395**

(in EUR)	Principal debt 1. 1. 2009	Principal debt 31. 12. 2009	The part due in 2010	Long-term part
The bank or lender				
Banks in the country	67.759.026	91.401.098	(27.938.289)	63.462.809
Banks abroad	5.308.588	4.461.976	(484.284)	3.977.692
Other lenders	210.639	2.911.191	(811.982)	2.099.209
Financial lease	3.317.746	2.841.096	(554.592)	2.286.504
Total borrowings	**76.595.999**	**101.615.362**	**(29.789.147)**	**71.826.214**

Interest rates for leased long-term loans are in the range of six-month Euribor + 0.7 percent to a six-month Euribor + 4.5 percent, from the three-month Euribor + 0.8 percent to three-month Euribor + 4.6 percent and monthly Euribor + 1.8 percent to monthly euribor +4 percent. The company has hired long-term loans with the reference rate for the monthly, quarterly and six-month Euribor. Financial leases were reduced in 2010 from the sale of land in Hajdina and other financial leases in accordance with the dynamics of contracts.

Maturity of long-term financial liabilities by yearh

(in EUR)	2010	2009
Maturity from 1 to 2 years	26.141.859	24.994.424
Maturity from 2 to 3 years	31.066.108	16.489.218
Maturity from 3 to 4 years	13.246.833	10.612.578
Maturity from 4 to 5 years	9.195.307	6.464.789
Maturity over 5 years	18.468.288	13.265.205
Total	**98.118.395**	**71.826.214**

The insurance of long-term and short-term financial liabilities represent mortgages on real estate and movable property in the amount of € 264,707,617, and bills made and pledged receivables. These values include the value of secured loan contracts.

13. Deferred taxes

(in EUR)	2010	2009
Long-term deferred tax claim	6.354.165	3.960.934
Long-term deferred tax liability	7.887.672	6.804.654
Net long- term deferred tax claim	**86.212**	**88.887**
Net long term deferred tax liability	**1.619.719**	**2.932.607**

Changes in deferred tax claims	**2010**	**2009**
Deferred tax claim on 1. January 2010	**3.960.934**	**3.269.135**
Increases:		
- provisions for anniversary bonuses and severance payments	28.785	7.904
- impairment of claims from customers	12.287	0
- incentive to invest	6.000	0
- investment for research and development	1.017.477	0
- tax loss	1.578.788	2.092.293
Reduction:		
- long-term provisions for anniversary bonuses and severance payments	(232.201)	(25.018)
- impairment of claims from customers	0	(8.068)
- elimination of deductions for research and development	0	(1.359.243)
- elimination of deferred taxes	(3.183)	(16.069)
- tax loss	(14.722)	0
Deferred tax claim on 31. 12. 2010	**6.354.165**	**3.960.934**
- offset by deferred tax liabilities	6.267.953	3.872.047
Net deferred tax claim on 31. 12. 2010	**86.212**	**88.887**

Changes in deferred tax claims	**2010**	**2009**
Deferred tax liabilities on 1. January 2010	**6.804.654**	**7.039.722**
Increases:		
- revaluation of property	1.200.049	0
- taxable temporary differences	2.922	39.069
Reduction:		
- revaluation of property	(97.642)	(23.935)
- reduction of taxable temporary differences	(22.311)	(127.402)
- reduction due to Biva-hiše	0	(122.800)
Deferred tax liabilities on 31. 12. 2010	**7.887.672**	**6.804.654**
- offset by deferred tax liabilities	6.267.953	3.872.047
Net deferred tax liabilities on 31. 12. 2010	**1.619.719**	**2.932.607**

Deferred tax is reported using the method of the balance sheet liability, taking into account the temporary differences between the book amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is reported in the amount at which it will be expected to be paid at the reversal of temporary differences on the basis of laws enacted or substantively enacted on the reporting date.

In consolidating, temporary differences can arise in the tax burden, arising from the differences between official accounts of the subsidiary and its financial statements, adjusted to accounting rules of the parent. In the Unior group such differences arise because of adjustments to financial statements of Štore Steel, which values the stock at varying costs.

In the consolidated balance sheet, the mutual offset receivables and liabilities are only offset in the same country, while deferred taxes arising in various other countries, are

not offset on the asset side and liability side.

Deferred claims for tax result from the calculated provisions for anniversary bonuses and severance, impairment of trade receivables, credit for investments from 2008, incentives for investment in research and development and from the reported tax losses. The applied tax rate for all items is 20 percent.

Long-term deferred tax liabilities relate to the conversion of real property - land at fair value, which is shown on the revaluation surplus. The applied tax rate is 20 percent.

14. Short-term financial liabilities

(in EUR)	Debt on 1. 1. 2010	Debt on 31.12.2010 without transfer of long-term liabil.	Short-term part of long-term financial liabilities	Debt on 31.12.2010
Banks or lender				
Banks in the country	111.412.244	60.931.836	32.954.327	93.886.163
Banks abroad	5.559.746	5.941.119	494.196	6.435.315
Associated companies	0	0	0	0
Other lenders	6.730.346	169.875	845.160	1.015.035
Financial lease	0	0	333.324	333.324
Total borrowings	**123.702.336**	**67.042.830**	**34.627.007**	**101.669.837**

(in EUR)	Debt on 1. 1. 2009	Debt on 31.12.2009 without transfer of long-term liabil.	Short-term part of long-term financial liabilities	Debt on 31.12.2009
Banks or lender				
Banks in the country	106.402.352	83.473.955	27.938.289	111.412.244
Banks abroad	6.523.026	5.075.462	484.284	5.559.746
Associated companies	0	0	0	0
Other lenders	367.023	5.918.364	811.982	6.730.346
Financial lease	0	0	554.592	554.592
Total borrowings	**113.292.401**	**94.467.781**	**29.789.147**	**124.256.928**

Interest rates for borrowed short-term loans are in the range of three-month Euribor + 2.5 percent to three-month Euribor + 4.3 percent, six-month Euribor + 2.7 percent to six-month Euribor + 4.3 percent and the real interest rate from 2 to 6.3 per cent. The company has raised loans with the reference rate for monthly, quarterly and six-month Euribor.

Insurance for long-term and short-term financial liabilities are mortgages on real estate and movable property in the amount of € 264,707,617 as well as bank drafts and pledged receivables to customers. This value includes the value of secured loan contracts.

15. Short-term operating liabilities

(in EUR)	2010	2009
Short-term operating liabilities to associated companies:		
in the country	161.827	166.437
abroad	120.953	149.232
Short-term operating liabilities to other suppliers:		
in the country	26.244.434	19.709.510
abroad	14.490.211	8.839.261
Short-term operating liabilities to the country	921.257	691.886
Short-term operating liabilities to employees	4.291.590	3.702.096
Short-term operating liabilities for advances	2.911.529	1.602.841
Short-term operating liabilities for interests	931.048	784.694
Short-term bill liabilities	3.092.836	2.379.786
Other short-term liabilities	2.331.428	1.793.223
Total	**55.497.113**	**39.818.966**

16. Passive time demarcations

(in EUR)	2010	2009
Short-term deferred revenues	1.200.802	1.397.120
Accrued expenses and other expenses	1.075.905	1.404.988
VAT on advances received	61.335	120.523
Total	**2.338.042**	**2.922.631**

Among the passive time demarcations the following is reported:

- Short-term deferred revenue from advance sales of ski passes in the amount of 1,117,858 EUR and accrued interests to customers in the amount of 82,944 EUR;
- Accrued expenses which include accrued commissions on sales of tools in the amount of 42,991 EUR, liability for unused vacations in 2010 in the amount of 362,899 EUR, accrued costs for claims in the amount of € 279,931, accrued expenses of pending claims in the amount of € 217,500, accrued insurance costs with an increase in the amount of 94,592 euros and other accrued expenses in the amount of € 77,992;
- VAT on given advances in the amount of 61,335 EUR.

17. Conditional liabilities

(in EUR)	2010	2009
Guarantees	24.856.972	28.711.332
Total	**24.856.972**	**28.711.332**

In 2010, the decision on violation of the Slovenian Competition Protection was issued, no. 306-95/2009-37, regarding concerted action among the companies on business conditions in the market among the Slovenian ski resorts. A penalty was imposed in the amount of 400,000 euros. An administrative dispute was filed to the Supreme Court. Given the legal procedures, the Management Board is of the opinion that the payment of penalties will not occur, and therefore did not make any provisions for this purpose.

On 17.07.2008, the Company Štore Steel signed a Guarantee Statement concerning the conclusion of an option contract to purchase shares of the Unior d.d. company, that would at the expiry and in the case of enforcement or failure of the optional debtor, amount to € 14,741.340 with the associated financing costs.

In December 2010, the company received a call based on the Guarantee Statement showing that the primary debtor did not fulfill its obligations under the optional contract. Based on the legal advice, the company notes that the Guarantee Statement for the company is void because the company may not finance the purchase of shares of its majority owner, and therefore did not fulfill it and made no provisions to meet the Guarantee Statement.

Notes to the income statement

18. Consolidated income statement by segments

(in EUR) Item	Tourist act. 2010	Metal act. 2010	Total 2010	Tourist act. 2009	Metal act. 2009	Total 2009
A. Net revenues from sales	**21.258.939**	**218.212.740**	**239.471.679**	**21.385.978**	**148.590.928**	**169.976.906**
1. Net revenues from sales in the domestic market	21.256.834	30.295.253	51.552.087	21.384.163	26.287.814	47.671.977
2. Net revenues from sales in foreign markets	2.105	187.917.487	187.919.592	1.815	122.303.114	122.304.929
B. Changes in inventories of prod. and prod. in progress	**(1.040)**	**3.147.392**	**3.146.352**	**(6.976)**	**(15.426.687)**	**(15.433.663)**
C. Capitalised own products and services	**0**	**3.506.412**	**3.506.412**	**0**	**3.764.103**	**3.764.103**
Č. Other operating income	**312.165**	**6.542.227**	**6.854.392**	**804.807**	**12.239.439**	**13.044.246**
I. GROSS OPERATING PROFIT	**21.570.064**	**231.408.771**	**252.978.835**	**22.183.809**	**149.167.783**	**171.351.592**
D. Costs of goods, materials and services	**9.472.433**	**155.027.350**	**164.499.783**	**9.078.948**	**102.278.522**	**111.357.470**
1. Costs of goods and material sold	37.607	15.004.197	15.041.804	24.676	15.094.268	15.118.944
2. Costs of materials used	5.070.346	114.796.572	119.866.918	5.170.012	66.453.684	71.623.696
3. Costs of services	4.364.480	25.226.581	29.591.061	3.884.259	20.730.571	24.614.830
E. Labour costs	**7.888.515**	**54.191.377**	**62.079.892**	**7.995.261**	**45.338.796**	**53.334.057**
1. Salary costs	5.771.285	41.199.211	46.970.496	5.785.145	34.198.491	39.983.636
2. Costs of pension insurance	83.402	1.771.079	1.854.481	82.033	1.519.643	1.601.676
3. Other social security costs	945.323	6.103.345	7.048.668	949.571	5.158.306	6.107.877
4. Other labour costs	1.088.505	5.117.742	6.206.247	1.178.512	4.462.356	5.640.868
F. Value write-offs	**3.607.635**	**14.742.197**	**18.349.832**	**3.664.501**	**14.299.395**	**17.963.896**
1. Depreciation	3.457.934	13.707.676	17.165.610	3.551.956	13.354.139	16.906.095
2. Operating expenses from revaluation of IFA and TFA	60.155	348.314	408.469	31.238	55.271	86.509
3. Operating expenses from ravaluation of current assets	89.546	686.207	775.753	81.307	889.985	971.292
G. Other operating expenses	**379.587**	**2.841.343**	**3.220.930**	**390.691**	**1.729.155**	**2.119.846**
1. Provisions	8.683	402.751	411.434	85.967	-26.500	59.467
2. Other costs	370.904	2.438.592	2.809.496	304.724	1.755.655	2.060.379
II. BUSINESS OUTCOME	**221.893**	**4.606.505**	**4.828.398**	**1.054.409**	**(14.478.086)**	**(13.423.677)**
H. Financial income	**(158.109)**	**1.814.111**	**1.656.002**	**(149.553)**	**4.324.824**	**4.175.271**
1. Financial revenues from shares	420	543.198	543.618	428	3.147.991	3.148.419
2. Financial revenues from loans	(165.748)	265.811	100.063	(161.519)	386.935	225.416
3. FFinancial revenues from operating claims	7.219	1.005.102	1.012.321	11.537	789.899	801.436
I. Financial expenses	**279.799**	**10.099.611**	**10.379.410**	**632.098**	**11.798.412**	**12.430.510**
1. Financial expenses from impairment and write-offs of investments	0	685.906	685.906	0	3.304.475	3.304.475
2. Financial expenses from financial liabilities	279.785	8.419.352	8.699.137	632.058	7.738.355	8.370.413
3. Financial expenses from operating liabilities	13	994.354	994.367	40	755.582	755.622
III. BUSINESS OUTCOME	**(216.015)**	**(3.678.995)**	**(3.895.010)**	**272.757**	**(21.951.673)**	**(21.678.916)**
Income tax	**0**	**190.684**	**190.684**	**0**	**77.392**	**77.392**
Deferred tax	**14.525**	**(2.465.023)**	**(2.450.498)**	**(265.565)**	**(475.242)**	**(740.807)**
NET PROFIT FOR THE PERIOD	**(230.539)**	**(1.404.657)**	**(1.635.196)**	**538.322**	**(21.553.823)**	**(21.015.501)**
- belonging to the owners of the PARENT COMPANY	(231.699)	(1.696.690)	(1.928.389)	533.137	(16.905.720)	(16.372.583)
- belonging to NON-CONTROLLING PART	1.160	292.033	293.193	5.185	(4.648.103)	(4.642.918)

19. Net sales

Net sales revenues by geographic segment

(in EUR)	2010	2009
Slovenia		
- associated companies	1.016.018	1.701.853
- other customers	50.536.069	45.970.124
Abroad		
- associated companies	2.430.947	2.369.070
- other customers	185.488.645	119.935.859
Total	**239.471.679**	**169.976.906**

20. Capitalised products and services

Among capitalized own products and services, we reported the value of our own investments in maintenance for the needs of other programmes in the amount of € 1,017,078. General reconstructions of machines in the forge cover the maximum amount. In accordance with the business plan for 2010, we restored the most important machines in the machine equipment: Mauser, Dixi and Waldrich, total worth 632,398 euros.

The FPZ prototype machine for mechanical processing in the value of € 702,611 was made after the FOKKS project. For necessary processing of forgings, the machining centre FBZ 250 Rasthebel was developed, worth 567,886 euros.

Tool plant Sinter produced their tools in the total value of € 586,439.

21. Other operating income

(in EUR)	2010	2009
Awards for exceeding the quota of disabled	288.313	232.633
Subsidies for part-time	136.965	1.301.545
Paid claims that were already in correcting	156.186	68.321
Received compensation	642.693	551.092
Elimination of long-term provisions	789.817	1.443.226
Profit from sales of fixed assets	209.184	287.634
Elimination of negative goodwill, investments in subsidiaries	541.486	954.580
Revaluation of investment properties at fair value	0	5.983.628
Subsidies, grants and similar income	800.037	577.963
Sales of allowances	144.167	53.039
Other	3.145.544	1.590.585
Total	**6.854.392**	**13.044.246**

22. Costs and expenses

(in EUR)	Production costs	Selling expenses	Administrative costs	Total
Purchase value goods/produc. costs	15.041.804	0	0	15.041.804
Cost of materials	103.516.757	10.181.893	6.168.268	119.866.918
Cost of services	15.175.372	7.432.674	6.983.015	29.591.061
Salary costs	31.531.490	8.950.161	6.488.845	46.970.496
Social security costs	4.814.894	1.415.587	818.187	7.048.668
Pension insurance	1.294.342	249.217	310.922	1.854.481
Other iabour costs	4.179.419	1.064.938	961.890	6.206.247
Total labour costs	**41.820.145**	**11.679.903**	**8.579.844**	**62.079.892**
Depreciation	**11.807.525**	**2.918.732**	**2.439.353**	**17.165.610**
Restated expenses from current assets	**536.921**	**127.755**	**111.077**	**775.753**
Rlevalued expenses IFA and TFA	**296.625**	**21.477**	**90.367**	**408.469**
Other costs	**924.291**	**565.757**	**1.730.882**	**3.220.930**
Total costs	**189.119.440**	**32.928.191**	**26.102.806**	**248.150.437**

Other costs include labour costs for annual leave, for meals during work, for travel to and from work and certain other payments to employees.

Among other costs, the group lists:

(in EUR)	2010	2009
- provisions for severance payments and anniversary bonuses and rents	411.434	59.467
- compensation for building site	318.709	491.916
- expenditure on environmental protection	737.813	203.122
- awards to students on practice	504.282	277.965
- scholarships to students	375.426	400.916
- compensation for workers	123.251	128.565
- financial aid- grants	185.357	103.478
- costs from the sale of apartments	4.061	3.778
- other operating expensesi	560.597	450.639
Total	**3.220.930**	**2.119.846**

In 2010, the costs listed for 2,166,153 euros for exploration costs on the basis of all development projects undertaken by the group.

The costs of auditing the annual reports of companies in the group UNIOR EUR amount to 91,040 euros.

The cost of rents in 2010 amounted to 1,128,831 euros.

Minimum lease payments for operating leases - claims

(in EUR)	2010	2009
up to 1 year	873.962	711.027
from 2 to 5 years	3.495.846	2.844.108
more tharl 5 years	2.621.885	2.133.081
Total	**6.991.693**	**5.688.216**

Minimum lease payments for operating leases - liabilities

(in EUR)	2010	2009
up to 1 year	809.445	764.758
from 2 to 5 years	3.204.517	3.059.032
more tharl 5 years	2.428.335	2.294.274
Total	**6.442.297**	**6.118.064**

23. Financial income and financial expenses

Financial income

(in EUR)	2010	2009
Financial revenues from the shares		
Financial revenues from shares in the associated companies	429.091	37.680
Financial revenues from shares in other companies	108.952	2.199.643
Financial revenues from other investments	5.575	911.096
Total	543.618	3.148.419
Financial revenues from loans		
Financial revenues from loans given to others	100.063	225.416
Total	100.063	225.416
Financial revenues from operating claims		
Financial revenues from operating claims from others	1.012.321	801.436
Total	1.012.321	801.436
Total financial revenues	**1.656.002**	**4.175.271**

Financial revenues from shares in associated companies include the results of associated companies amounting to € 404,125 and paid profit in the Unior Teos d.o.o. company. Among the financial revenues from shares in other companies, the dividends of Banka Celje d.d. are reported.

Financial expenses

(in EUR)	2010	2009
Financial expenses from impairment and write-offs of investments	685.906	3.304.475
Financial expenses from financial liabilities		
Financial expenses for loans received from banks	8.493.388	8.203.497
Financial expenses from issued bonds	0	0
Financial expenses from other financial liabilities	205.749	166.916
Total	8.699.137	8.370.413
Financial expenses from operating liabilitie		
Financial expenses from liabilities to suppliers and from bills	472.196	159.078
Financial expenses for other operating liabilities	522.171	596.544
Total	994.367	755.622
Total financial expenses	**10.379.410**	**12.430.510**

Impairment of financial assets

Because of corporate bankruptcies, the short-term investment was impaired in the Hudournik d.o.o. company in the amount of € 25,299 and Biva Fertighaus GmbH in the amount of 26,299 EUR, as well as claims arising from a given long-term loan to company Biva hiše d.o.o. amounting to 528,138 euros. In the sale of Zlati grič d.o.o, given the value of investments under the equity method, loss of € 98,926 was made. Due to the revaluation of shares Interevropa, impairment was formed in the amount of € 7,245.

24. The taxation of corporate income and deferred taxes

Income tax is levied in accordance with the laws in force in different countries, in which the group has its subsidiaries.

(in EUR)	2010	2009
Income tax	190.684	77.392
Deferred taxes	(2.450.498)	(740.807)
Total	**(2.259.814)**	**(663.415)**

Alignment of tax and accounting profit multiplied by the tax rate in Slovenia:

(in EUR)	2010	2009
Profit for the period before taxes	(3.895.010)	(21.678.916)
Income tax in Slovenia 20% (2009 - 21%)	(779.002)	(4.552.572)
Untaxed income	(32.341)	(30.178)
Non-deductible expenses	(1.887.233)	5.346.959
Value adjustments of claims	12.287	(8.068)
Provisioning	(203.416)	(17.114)
Relief for investment in research and development	1.017.477	(1.359.243)
Relief for investment	6.000	0
Other incentives and adjustments to tax expense recognized	(393.587)	(43.199)
Tax loss	1.564.066	2.092.293
Income Tax	(2.259.814)	(663.415)
Effective tax rate in %	58,0	3,1

SIn 2010, the Group reported a tax loss for which it will be possible to use relief in subsequent periods.

Deferred taxes

Earnings determined under tax law are different from the profit, as determined on the basis of accounting principles and IFRS. Delimitation of the tax is levied only on temporary differences in the tax burden between commercial and tax accounts, therefore for those who are equal in an identifiable period.

Deferred tax is calculated from the temporary differences from the established long-term provisions for severance payments and long service awards, impairment of trade receivables and stocks adjustments, unused tax relief and tax losses and temporary differences in the tax burden arising from differences between the official accounts subsidiary and its financial statement.

The impact on net income from deferred taxes amounts to 2,450,498 EUR, which reduces the loss for the current year.

Risk management

We timely recognize opportunities and threats that occur in the environment, and in the financial system and thereby improve performance.

UNIOR Group faces risks on a daily basis in the international environment, which is the reason why we pay more attention to risk management. Activities that we conduct are aimed at ensuring adequate exposure to various forms of risks in accordance with accepted policies and thus to increase the reliability of the achievement of planned business objectives. Compared to the previous year, we focused mainly on the opportunities in the economic environment in 2010. We devoted to business success and employees, with an emphasis on promoting innovation and project management.

Financial risk

Risk area	Description of risk	Manner of control	Exposure
Credit risk	risk of non-payment of our customers	limiting exposure to individual customers, monitoring customer credit ratings	moderate
Liquidity risk	lack of liquid assets	planning the need for liquid assets	moderate
Currency risk	the possibility of losses due to adverse movements in exchange rates	monitoring financial markets	small
Interest rate risk	the possibility of losses due to adverse movements in interest rates	monitoring changes in interest rates, negotiating with credit institutions	moderate
Threat of damage to property	threat of damage to property due to accident cases	measures in accordance with the provisions of protection from fire, concluding appropriate insurance against fire	moderate
Risk of claims and lawsuits	risk of claims by the company inadvertently caused by activity, possession proceedings and administration of products and services to the market	liability insurance of all kinds	moderate

We judge exposure to certain types of financial risks on the basis of the effects on cash flows.

Credit Risk

Credit risk is managed through regular monitoring of operations and financial position of all new and existing business partners, by limiting exposure to individual business partners and by actively pursuing the collection of receivables. By regular monitoring of open and past due accounts receivable, age structure of claims and movement of the average claim payment deadlines, the credit exposure of company is maintained within acceptable limits.

Liquidity risk

Liquidity risks include risks associated with a deficit of available financial resources and the consequent inability of the company to settle its obligations within the agreed deadlines. Due to effective cash management, adequate available credit lines for short-term cash flows and appropriate access to financial resources, we estimate that the exposure to liquidity risk is moderate.

Currency risk

The company carries out the bulk of the cash flow in euros. Amendment to the U.S. dollar in 2010 had no significant effect on the results of the company.

Interest rate risk

Much attention is also devoted to interest rate risks, which may reduce the economic benefits because of the changes in interest rates. In accordance with financial policies, we managed to keep the total current interest rates for short-term and long-term loans in 2010. At the beginning of the global economic crisis, reference rates started that we needed to decrease with all taken loans, but the need for increased exposure and raised interest margins resulted in a higher cost of funding.

Sensitivity analysis of financial obligations according to the change in variable interest rates

Liabilities related to each variable interest rate in 2010

(in EUR)	Amount of liabilities 31. 12. 2010	Hypothetical increase in interests rates by 15 %	by 50 %	by 100 %
Type of interest rate				
1 month EURIBOR	1.263.158	1.521	5.072	10.143
3 month EURIBOR	66.394.245	100.886	336.287	672.574
6 month EURIBOR	93.435.865	173.510	578.368	1.156.736
Combined effect	**161.093.268**	**275.918**	**919.726**	**1.839.453**

Liabilities related to each variable interest rate in 2009

(in EUR)	Amount of liabilities 31. 12. 2009	Hypothetical increase in interests rates by 15 %	by 50 %	by 100 %
Type of interest rate				
1 month EURIBOR	6.473.684	4.593	15.310	30.621
3 month EURIBOR	56.443.341	59.858	199.527	399.054
6 month EURIBOR	71.484.227	106.476	354.919	709.838
Combined effect	**134.401.253**	**170.927**	**569.757**	**1.139.513**

Impact of transition to IFRS on the financial statements

The UNIOR Group prepared financial statements in accordance with the International Financial Reporting Standards (IFRS) for 2010 for the first time. The use of IFRS has no significant effect on the financial statements. The table below shows the differences between the financial statements prepared in accordance with IFRS and SRS.

A comparison of the financial statements under SRS and IFRS for the UNIOR Group

Comparison of the financial statements under SRS and IFRS for the UNIOR Group

	2009		2008	
	IFRS	SRS	IFRS	SRS
ASSETS	**400.770.118**	**400.770.118**	**429.713.329**	**429.713.329**
A. LONG-TERM ASSETS	265.387.975	265.387.975	254.180.754	254.180.754
B. SHORT-TERM ASSETS	135.382.143	134.799.582	175.532.575	174.067.663
C. SHORT-TERM ATD	0	582.561		1.464.912
LIABILITIES	**400.770.118**	**400.770.118**	**429.713.329**	**429.713.329**
A. CAPITAL	150.632.822	150.632.822	171.958.745	171.958.745
B. PROVISIONS AND LONG-TERM PTD	8.379.950	8.379.950	8.643.239	8.643.239
C. LONG-TERM LIABILITIES	74.758.821	74.758.821	79.960.889	79.960.889
Č. SHORT-TERM LIABILITIES	164.075.894	164.075.894	164.572.967	164.572.967
D. SHORT-TERM PTD	2.922.631	2.922.631	4.577.489	4.577.489
NET REVENUE FROM SALE	169.976.906	169.976.906		
CHANGE IN INVENTORIES	(15.433.663)	(15.433.663)		
CAPITALISED OWN PRODUCTS AND SERVICES	3.764.103	3.764.103		
OTHER OPERATING INCOME	13.044.246	11.634.595		
GROSS OPERATING PROFIT	**171.351.592**	**169.941.941**		
COST OF GOODS, MATERIALS AND SERVICES	111.357.470	111.357.470		
LABOUR COSTS	53.334.057	53.334.057		
WRITE-OFFS	17.963.896	17.963.896		
OTHER OPERATING INCOME	2.119.846	1.896.139		
OPERATING EXPENSES	**184.775.269**	**184.551.562**		
FINANCIAL OUTCOME	**(13.423.677)**	**(14.609.621)**		
FINANCE INCOME	4.175.271	4.175.271		
FINANCIAL EXPENSES	12.430.510	12.430.510		
OTHER REVENUE	0	1.409.651		
OTHER EXPENSES	0	223.707		
BUSINESS OUTCOME	**(21.678.916)**	**(21.678.916)**		
INCOME TAX	77392	77.392		
DEFERRED TAX	(740.807)	(740.807)		
NET PROFIT	**(21.015.501)**	**(21.015.501)**		

Statement of Management's responsibility

The Management Board is responsible for preparing the annual report so that it represents a true and fair picture of the company's assets and its operations in 2010.

The Management Board confirms that the appropriate accounting policies were consistently applied and accounting estimates were made based on the principle of prudence. It also confirms that the financial statements together with the notes were made on the basis of further operating of the company and are consistent with the applicable International law and the International Financial Reporting Standards.

The Management Board is also responsible for keeping proper accounting, the adoption of appropriate measures to safeguard assets and to prevent and detect fraud and other irregularities.

The tax authorities may at any time within five years after the end of the year in which the tax needs to be assessed, inspect the operations of the company, which may impose additional tax payments and penalties from the corporate income tax or other taxes and duties. The Management Board is not aware of any circumstances which could lead to potential material liability in this respect.

Zreče, 10. 05. 2011

Chairman of the Management Board,
Gorazd Korošec, university degree in economics

Member of the Management Board,
Darko Hrastnik, engineering degree in metallurgy

Hrastnik

Independent auditor's report

To the owners of the Unior d.d. company, Zreče

Report on financial statements

We have audited the accompanying consolidated financial statements of the Unior Group, Zreče, the including consolidated balance sheet dated December 31, 2010, the consolidated income statement, the consolidated statement of other overall income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year and the summary of the essential accounting policies and other explanatory information.

Managamenet responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the EU and the requirements of the Corporations Act relating to the preparation of financial statements and for internal controls, defined by the management as appropriate and enabling the preparation of consolidated financial statements, which are free of material misstatement due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the international auditing standards. The standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our assessment and include the evaluation of risks of material misstatement in the consolidated financial statements due to fraud or error. The auditor considers internal control relevant to the preparation and fair presentation of consolidated financial statements of the company while assessing the risk in order to determine appropriate procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained is sufficient and appropriate basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements in all material respects fairly present the financial position of the Unior Group Zreče, dated 31. 12. 2010, and its financial performance and cash flows for the year in accordance with the International Financial Reporting Standards as adopted by the EU and the requirements of the Corporations Act relating to the preparation of financial statements.

Emphasis of Matter
Without further expressing our qualified opinion, we draw attention to the Note »17.4.17 Conditional liabilities" in the financial statements, pointing to the uncertainty of the completion of the open case in connection with the invitation to meet the guarantee statement for an optional contract to purchase shares of the Unior company d.d.

Report on the requirements of other legislation
Management is also responsible for preparing financial reports in accordance with the requirements of the Companies Act. Our responsibility is to assess the compliance of the financial report with the audited consolidated financial statements. Our procedures in conjunction with the business report were made in accordance with the International Standard on Auditing 720 and are limited to assessing compliance with the audited financial report of the consolidated financial statements and do not include review of other information derived from the unaudited financial statements.

In our opinion the financial report is in accordance with the audited consolidated financial statements.

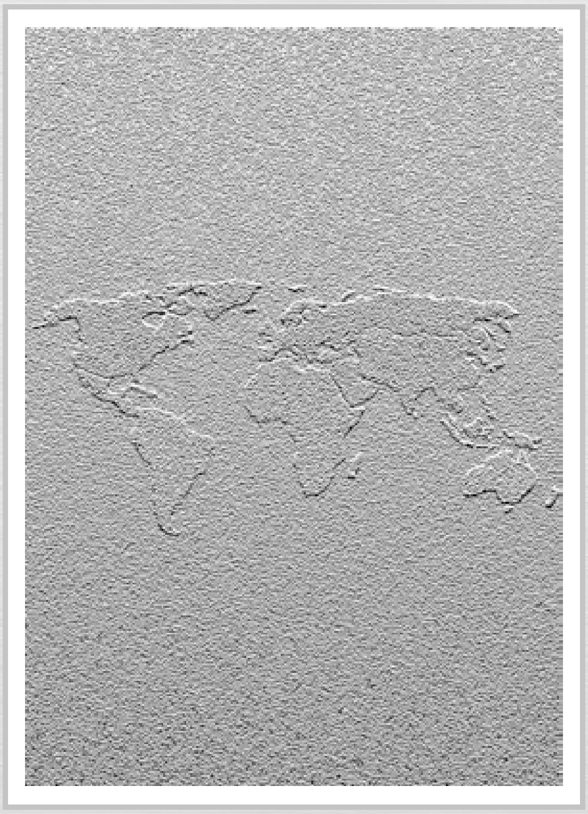
Ljubljana, May 10 2011

Janez Uranič
Director
Ernst & Young d.o.o.
Dunajska 111, Ljubljana

Janez Hostnik
Certified Auditor

Seal: Ernst & Young, Revizija, poslovno svetovanje d.o.o., Ljubljana

Hand in hand



honesty

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