



BUSINESS REPORT OF
the SIJ Group and the company SIJ d.d.
for the first half of 2016

sij

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The word 'Introduction' is written in a bold, blue, sans-serif font. It is positioned in the lower right quadrant of the page. The background of the entire page is a complex, 3D-rendered pattern of blue, faceted geometric shapes, resembling a crystalline or molecular structure. At the bottom of the page, there are two horizontal decorative bands: one on the left and one on the right, both consisting of parallel, slanted blue lines.

Operating Highlights

SIJ Group: Key Operating Figures

	Unit of measure	1–6 2014	1–6 2015	1–6 2016
Financial data				
Revenues	EUR thousand	377,033	364,680	413,898
Exports	%	86.3	87.8	81.0
Operating profit	EUR thousand	27,194	21,731	33,828
EBIT margin	%	7.2	6.0	8.2
EBITDA	EUR thousand	47,005	41,301	60,090
EBITDA margin	%	12.5	11.3	14.5
Profit or loss before taxes	EUR thousand	21,470	15,215	24,065
Net profit or loss	EUR thousand	18,863	15,518	24,569
Operating cash flow	EUR thousand	20,524	11,419	26,278
Investments	EUR thousand	12,563	33,450	40,393
Capex	EUR thousand	14,475	35,017	51,449
Statement of financial position as at 30 June				
Total assets	EUR thousand	801,191	831,359	1,119,461
Equity	EUR thousand	342,605	360,067	389,132
Employees as at 30 June				
Number of employees		3,133	3,142	6,993

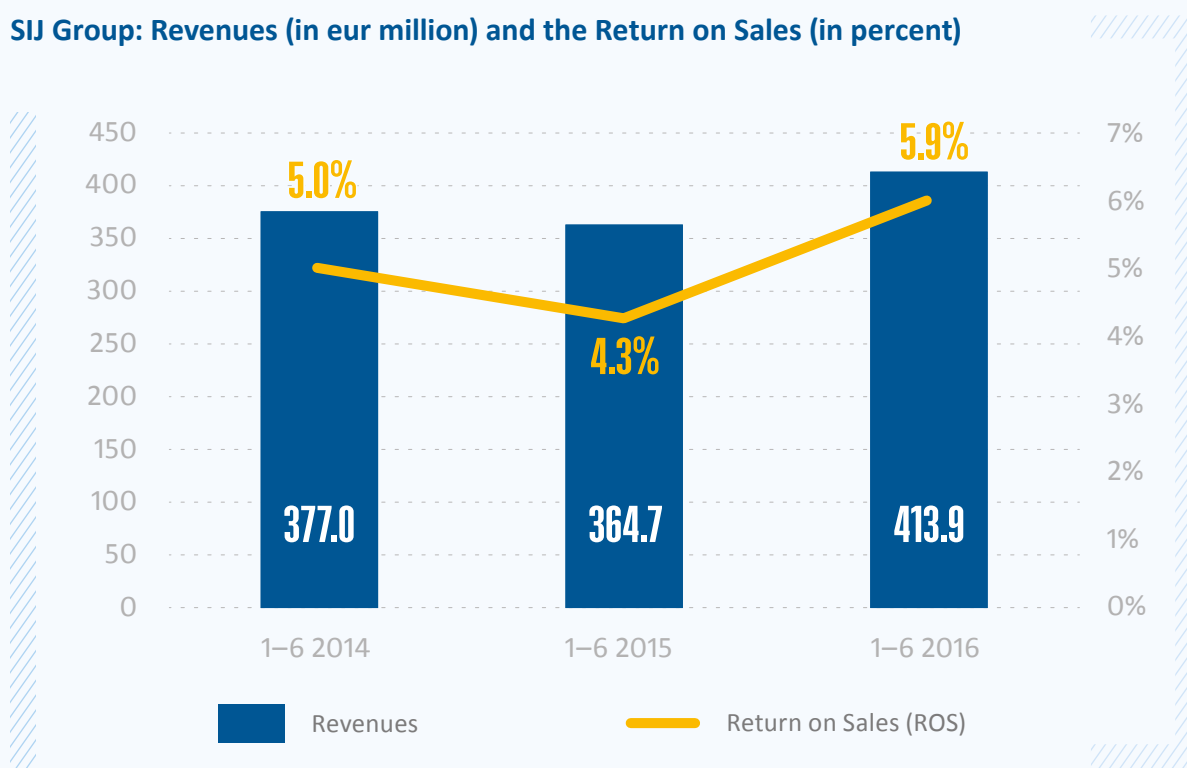
Key Operating Highlights

Revenues have grown to EUR 49.2 million

The increase in revenues by 13.5 percent reflects the acquisition of the Perutnina Ptuj Group¹ (included in the financial statements as of March 2016 onwards) and the company Sistemska tehnika (included in financial statements as of January 2016 onwards), which have, together with the companies Noži Ravne and Serpa, been reorganized into the company Ravne Systems. Both the metallurgy and the food processing divisions recorded a slight decline in revenues due to oversupply and the consequent drop in market prices, which they almost entirely managed to neutralize through a focus on new markets, increasing sales volumes and a higher proportion of sales of products with high added value.

¹ Hereinafter referred to as the PP Group.

SIJ Group: Revenues (in eur million) and the Return on Sales (in percent)



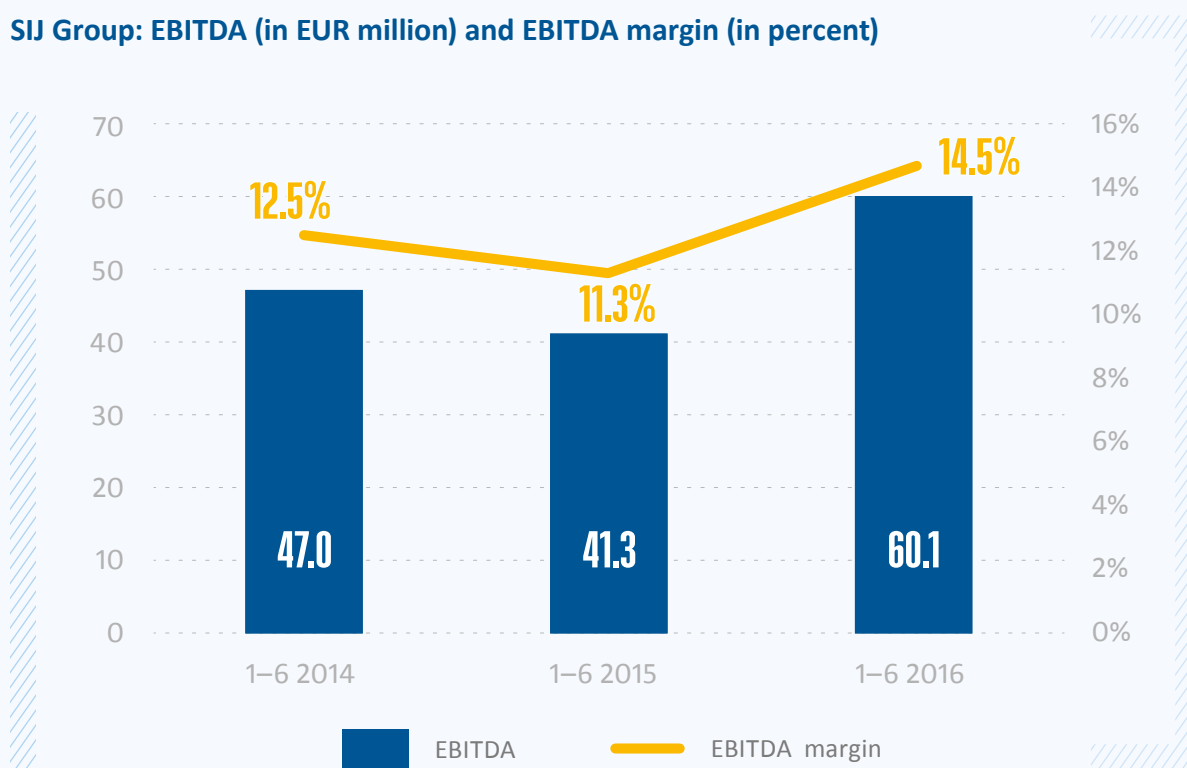
↘ **The share of exports has fallen to 81 percent**

The share of exports in the food processing division stood at 65.5 percent (reflecting growth of 0.4 percentage points compared to the first half of 2015), which was significantly lower than the same share in the metallurgy division (85 percent), which is the main reason for the reduction in the overall share of exports of the SIJ Group. Both the metallurgy and food processing divisions of the Group are focusing on expansion into foreign markets, and thus we expect the share of exports to increase in the future.

↘ **Increase in operating profitability (EBITDA increased by 45.5 percent)**

In addition to the acquisition of the PP Group and Sistemska tehnika, the growth in EBITDA of EUR 18.8 million is a result of increased profitability in both the metallurgy and food processing divisions of the Group, which allows intensive investment in the future growth and development of the Group. The EBITDA margin achieved for the entire SIJ Group of 14.5 percent significantly exceeds the average margin in both the metallurgy and the food processing industries at the global level.

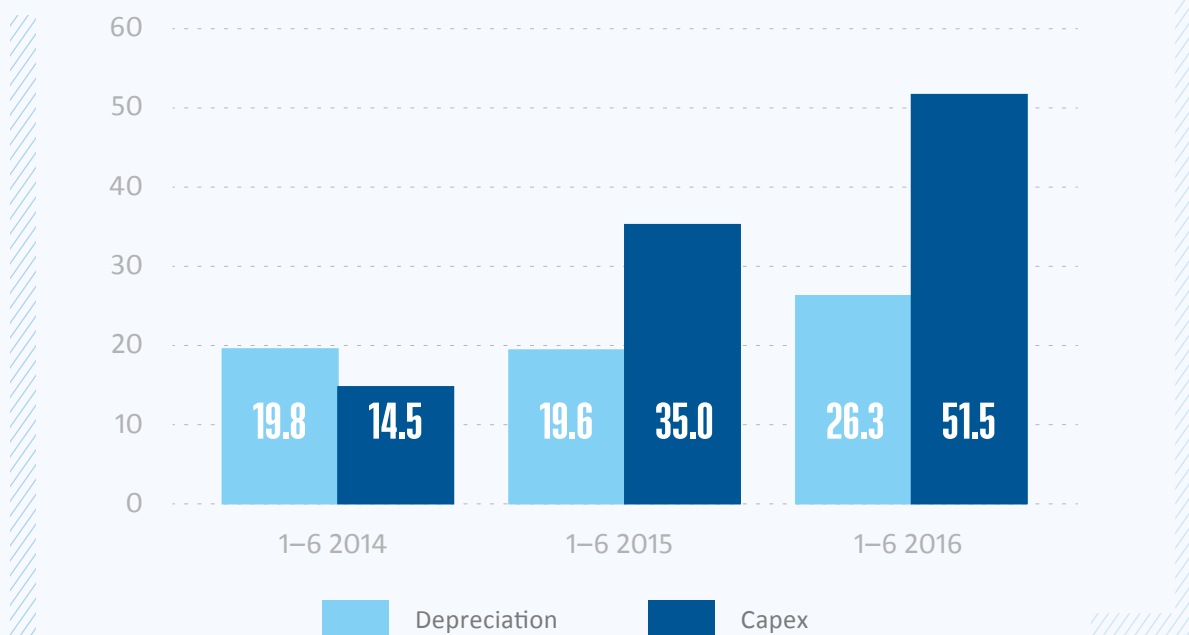
SIJ Group: EBITDA (in EUR million) and EBITDA margin (in percent)



↘ **Increase in investments by EUR 16.4 million**

Continuous investment in growth and development enables the SIJ Group to produce new products with higher added value and increase its presence in niche markets where price fluctuations are lower and demand is stable (an example from the metallurgy division: the segment of special quarto plates, in which the SIJ Group will increase its presence after the investment in the new heat treatment line in Acroni). Investments in new companies and thus the expansion of the portfolio of products result in a reduction of market risk, while entering new markets and getting closer to our end users.

SIJ Group: Depreciation and Capex of Investments with Depreciation (in EUR million)



In the first half of 2016, the SIJ Group continued intensive investments in modernization and purchases of production equipment, as this is the only way to provide high quality products in line with the ever-increasing requirements of our customers. Capex exceed depreciation costs two-fold and already generated 83 per cent of Capex planned for the entire 2016.



Statement of the President of the Management Board

➤ Dear shareholders, business partners and employees of the SIJ Group,

In the first six months of 2016, the SIJ Group's operations were very stable and successful, and the Group continued to grow. The double-digit growth figures (revenues, profitability - EBITDA and net income) again confirm the correctness of the development strategy of the Group's metallurgy division (increased share of products with high added value, continuous optimization of the production mix) as well as the viability of the takeover activities performed last year - the acquisition of Sistemska tehnika and expansion into the food processing industry (purchase of a stake in the PP Group).

During this period, despite negative market conditions, we managed to increase the Group's operational profitability, expressed as the ratio of operating profit before depreciation and amortisation (EBITDA) and the EBITDA margin, which rose by 3.2 percentage points to 14.5 percent. This continues to reinforce our global competitiveness. Pricing pressures in both divisions - metallurgy and food processing - are successfully offset through our focus on optimizing production processes, reducing purchasing costs and marketing products with a higher added value, which achieve higher margins and are also less vulnerable to price fluctuations.

We continue implementing the new investment cycle (for the 2015-2020 period), which is aimed primarily at investments that will maintain our competitiveness also in the future. Such investments allow us to increase our market share in segments where, until recently, we had no significant presence (such as special quarto plates), and thus improve our operational efficiency and enhance our price competitiveness. These activities are reflected through increased Capex – EUR 51.5 million in the first half of the year, which is the bulk of the capex (83 percent) planned for this year.

We remain competitive both in terms of operations as well as our market positioning. In the currently most important field of metallurgy, namely stainless steel quarto plates, we are strengthening our market share – 1 percentage point growth in our 30 percent market share in the EU, thereby consolidating our position as the leading producer. The food processing division of our Group also successfully maintains its leading position in the markets of Slovenia and other markets in the region. The SIJ Group's share of exports has declined to 81 percent, which is a direct result of the consolidation of the results of the PP Group (which has lower shares of exports due to the presence of its own production facilities in key markets of South East Europe) and the acquisition of Sistemska tehnika, which generates a significant part of its revenue in Slovenia.

We plan to continue this positive operating trend in the second half of the year. A key factor in this respect includes the successful launch of the new heat treatment line in Acroni (an investment totaling EUR 32 million), which will significantly increase the production of special quarto plates, which is a production program in which we plan to increase our market share in Europe. We will continue to maintain flexibility and continue along the carefully planned path in order to meet our goals.

President of the Board of Directors
Anton Chernykh



Overview of the SIJ Group

The SIJ Group, which comprises metallurgical and food processing divisions, is comprised of five integrated business divisions.

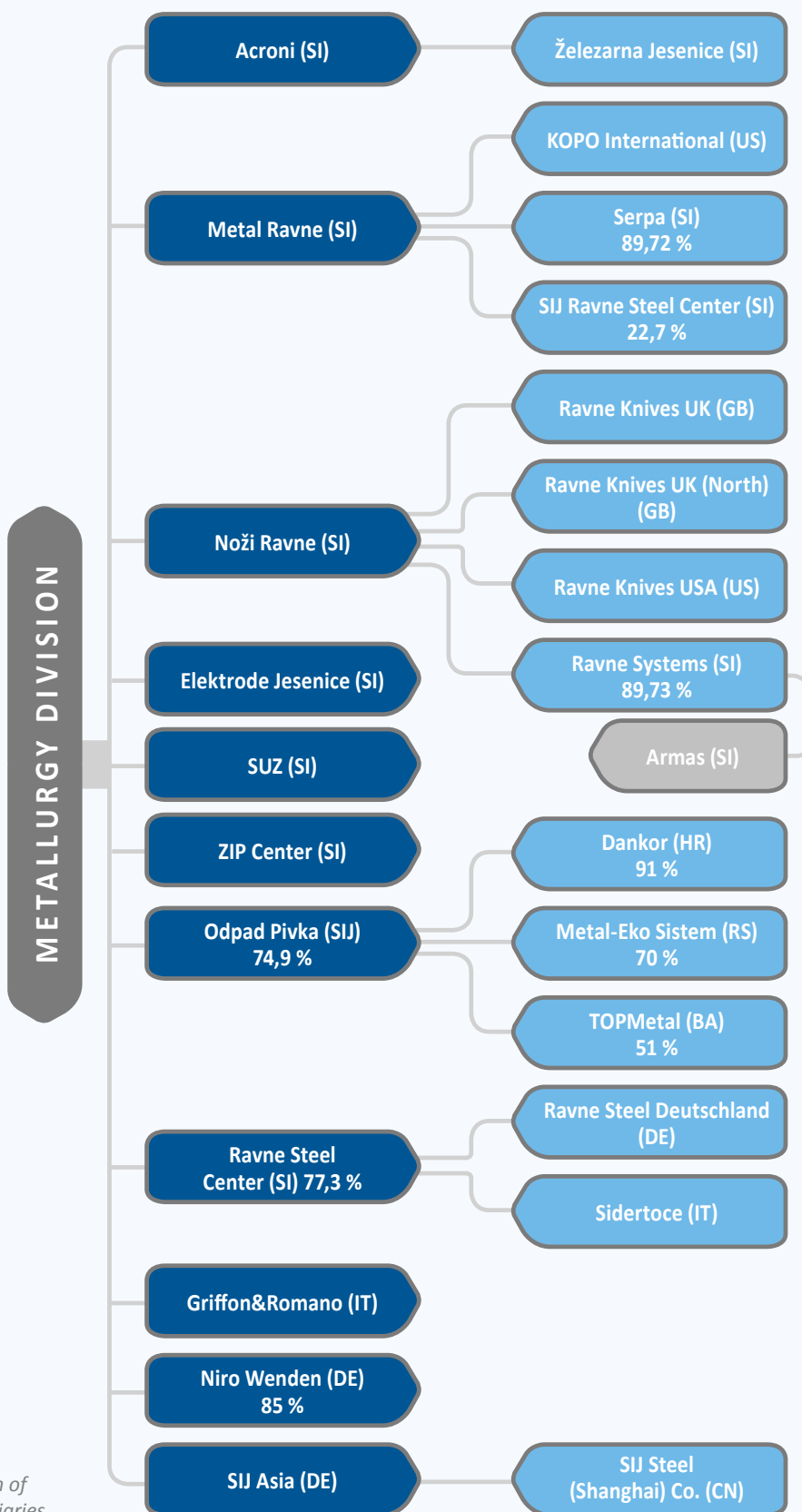
In accordance with the long-term development strategy, we plan to further strengthen and develop the existing vertically integrated structure. Diversification of business divisions brings many business opportunities both in terms of purchasing and sales, increasing added value, has a substantial impact on the effective optimization of production processes within the Group, and reduces certain business risks.

▾ Programme Structure of the SIJ Group

The following operating functions of the Group are centralized in the SIJ d.d. controlling company:

1. Strategic management and decision-making;
2. Establishment of common grounds for the preparation of strategic plans:
 - a. Strategic development plans,
 - b. Annual plans,
 - c. Monthly operational plans;
3. Purchase of strategic raw materials;
4. Planning and coordination of production and sales;
5. Marketing and promotion of product sales, and management and coordination of price policies;
6. Optimization of technological processes and improvement of energy efficiency;
7. Provision of legal services in negotiating and signing contracts;
8. IT and software maintenance;
9. Financial planning and obtaining financial sources;
10. Corporate communications;
11. HR.

Organizational Structure of the SIJ Group*



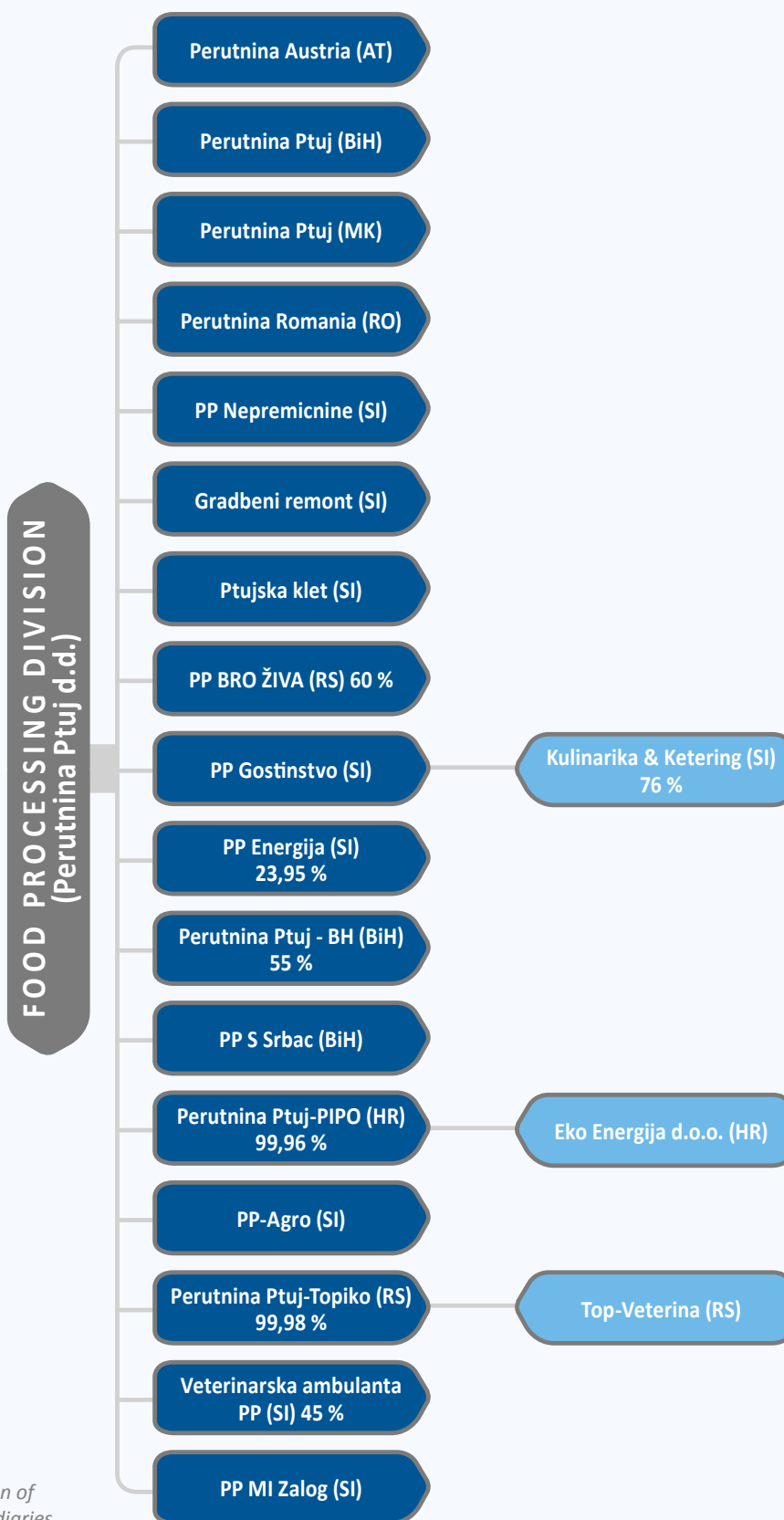
*NOTES:

Ravne Steel Center is 100% owned by companies in the Group. Besides the majority partner SIJ d.d., marked in the table, the other partner is Metal Ravne, with 22.7% of voting rights.

The liquidation of Acroni Deutschland and Acroni Italia began in 2013, so they are not marked in this table. Both processes are still ongoing.

Companies without an indication of the proportion of ownership are 100% owned by SIJ d.d. or its subsidiaries.

Organizational Structure of the SIJ Group



Companies without an indication of the proportion of ownership are 100% owned by SIJ d.d. or its subsidiaries.

↘ Overview of the controlling entity SIJ d.d.

↘ Basic data of SIJ d.d.

Company name:

SIJ – Slovenska industrija jekla, d.d.

Abbreviated company name:

SIJ d.d.

Registered office:

Gerbičeva ulica 98, 1000 Ljubljana, Slovenija

Principal activity:

70.100 Activities of head offices

Registration no.:

SRG 1/03550/00, District Court in Ljubljana

Date of entry:

22 February 1995

Registered share capital:

EUR 145,266,065.76

Number of shares:

994,616 ordinary no-par-value shares

Ownership:

- 72.22% – DILON, d.o.o., Gerbičeva ulica 98, Ljubljana
- 25.00% – Republic of Slovenia, Gregorčičeva ulica 20, Ljubljana
- 0.00% (10 shares) – Unior d.d., Kovaška cesta 10, Zreče
- 2.77% – treasury shares

Registration number:

5046432

VAT ID number:

SI51018535

The company's main activity is "Activities of Head Offices"; among other registered activities the most important are:

- Other financial service activities, not elsewhere classified, except insurance and pension funding;
- Accounting, bookkeeping and auditing activities, tax consultancy;
- Activities of public relations.

SIJ d.d. carries out consulting services for the SIJ Group in making strategic and operational decisions. Certain tasks are executed centrally while others are carried out separately or in cooperation with the companies. SIJ d.d. also carries out tasks which are directly connected to the business processes of our subsidiaries.

▾ Management and Supervisory Bodies

Management Board of SIJ d.d.:

President of the Management Board: Anton Chernykh

Member of the Management Board: Igor Malevanov

Supervisory Board of SIJ d.d.:

President of the Supervisory Board: Andrey Zubitskiy

Deputy President of the Supervisory Board: Janko Jenko

Members of the Supervisory Board: Tomaž Stare, Evgeny Zverev,
Denis Mancevič, Sergey Frolov, Sergey Cherkaev

Major Business Events and Achievements of the SIJ Group in the First Half of 2016

↘ January

At the beginning of 2016, the subsidiary Noži Ravne received the consent of the Slovenian Competition Protection Agency to the final acquisition of the company Sistemska tehnika; this company changed its name to Ravne Systems d.o.o. on 18 January 2016. Intensive activities were also carried out to merge the former Sistemska tehnika, Noži Ravne and Serpa.

On 22 January 2016, the General Meeting of Shareholders of Perutnina Ptuj d.d. unanimously approved a new Management Board comprised of: Tibor Šimonka, Viacheslav Korchagin, dr. Roman Glaser and Tone Čeh. The General Meeting gave the Supervisory Board consent to appoint Tibor Šimonka as the President of the Management Board. After the amendments to the Memorandum of Associations took effect in May, the number of members of the Management Board was reduced to two, namely Tibor Šimonka as President of the Management Board, and Viacheslav Korchagin as member of the Management Board responsible for finance, economics, controlling and purchasing.

At the beginning of the year, the Ministry of Education, Science and Sport confirmed the program for secondary technical and vocational education of metallurgical technicians. The SIJ Group made considerable efforts to restore and modernize the training program for this incredibly under-represented profession. The Group has also encouraged young people to enroll in the program of metallurgical technicians by offering 15 vocational grants through Metal Ravne. In total, the SIJ Group has offered 45 vocational grants for the 2016/2017 academic year.

↘ March

On 2 March 2016, the purchase of shares of Perutnina Ptuj d.d. was completed. SIJ d.d. published the takeover bid on 24 December 2015. The bid was accepted by 2,348 shareholders who together held 2,846,733 shares of the target company with ticker symbol PPTG, which amounts to 26.09% of shares. Together with the 5,000,000 shares of Perutnina Ptuj held by SIJ d.d. on the day the takeover bid was published and the 603,184 shares of the target company held by Holding PMP on the day the takeover bid was published, SIJ d.d. acquired (directly or indirectly) 77.43% of all issued shares of Perutnina Ptuj d.d.

↘ April

Perutnina Ptuj concluded an agreement for a syndicated loan of EUR 73 million with a maturity of seven years with a syndicate of banks. At the same time, all the provisions of the MRA (Master Restructuring Agreement), which had been agreed prior to the company's capital increase, ceased to apply. Important steps toward the financial stabilization of the PP Group include refinancing the existing financial liabilities of the subsidiaries, financing seasonal working capital and drawing on approved overdrafts as and when needed.

The SIJ Group concluded an agreement to acquire a 51 percent stake in the company ORO MET, thereby realizing the Group's strategy of further vertical expansion along the value chain to the final customer. The company ORO MET specializes in the manufacture of standard and non-standard tooling plates and CNC-treated tooling plates, and

is one of the fastest growing Slovenian companies in this industry (13.8% EBITDA margin) with the potential to expand its activities abroad.

In April, SIJ introduced its workplace health and safety awareness-raising campaign. With this year-round campaign under the slogan Healthily and Safely, we follow the best practices and guidelines of the World Steel Association and thus upgrade our existing efforts to establish an even safer and healthier environment for all employees.

↘ May

Socially responsible conduct serves as the basis for the long-term sustainable development strategy of the SIJ Group. Accordingly, in the context of their long-term cooperation, the SIJ Group donated EUR 45,000 to the University Rehabilitation Institute Soča (URI - Soča). The largest part of the funds was donated for the purchase of Innowalk Pro Small equipment for walking rehabilitation, strengthening muscle power and improving overall physical performance.

On 27 May 2016, the Extraordinary General Meeting of shareholders approved the amendment of the Memorandum of Association of Perutnina Ptuj d.d. and appointed new members of the Supervisory Board.

↘ June

The SIJ Group received six awards - five gold and one silver - in the competition of the best innovations organized by regional Chambers of Commerce for Gorenjska and Carinthia, which took place on 31 May and 2 June, respectively. Three golden regional innovations were admitted to the competition at the national level. Acroni was thus officially recognized as the most innovative company in the Gorenjska region.

On 4 June Perutnina Ptuj for the fourteenth time in a row organized the traditional Poli cycling marathon. Some 4,000 cyclists of all generations took part in one of the largest such events in Slovenia.

In Germany, the SIJ Group acquired the company MWT Meyer GmbH, which is specialized in the cutting and sale of tool and other special steels. This company is an established supplier of industrial steel producers (mainly toolmakers) operating in the area of Bavaria and Baden-Württemberg. We recognized in the company MWT an important opportunity to strengthen our sales channels on the German market, provide better customer care and implement the Group's vertical integration strategy. Within the Group, MWT shall be placed into the Distribution (service centers and sales network) division. The company's semi-annual results have not yet been consolidated with the Group's.

Below we list some of the largest investments in the first half of 2016:

- Signing of a contract for the supply and installation of a new machine for grinding industrial cylinders by Ravne Systems. This new machine will enable further growth of the Rolls program. The value of the investment is EUR 1.3 million.
- Continuation of the Steel plant modernization project in Metal Ravne, which in addition to an upgraded UHP furnace covers automation and modernization of production processes in the manufacturing and processing of steel. The total value of the project is EUR 11 million.
- Through the acquisition of two new CNC processing machines, SUZ significantly increased its capacity in the mechanical processing of steel products program.

Major Subsequent Business Events

↘ July

This year, the Third Day of Metallurgists, an event taking place on the traditional vocational festive day of metallurgists, was attended by a record-breaking 2,800 employees of the SIJ Group and their close family members. At this social and sports event, we particularly thanked our best employees, our most innovative employees and employees with years-of-service anniversaries.

In early July, Acroni conducted a test run of a new line for the heat treatment of quarto plates, which has increased the capacity of thermal processing and production in the segment of special steels. The total value of the investment is EUR 32 million.

↘ August

Metal Ravne has concluded an agreement for the supply of a new continuous furnace for heat treatment with a protective atmosphere. The project aims to increase the heat treatment capacity of long products in the rolling mill. The total value of the investment is estimated at EUR 4 million.

↘ September

In late August and in early September, changes to the names of certain subsidiaries of the SIJ Group were entered in the court register. The new company names are SIJ Acroni, SIJ Metal Ravne, SIJ Ravne Systems, SIJ Elektrode Jesenice, SIJ SUZ, SIJ ZIP Center, SIJ Ravne Steel Center. All other details remain unchanged.

The Management Board of SIJ d.d. adopted a decision changing the management of individual subsidiaries within the SIJ Group. It appointed Peter Čas as Managing Director of the company Acroni (until then, he was director of Ravne Systems), Samo Jenič as Managing Director of Ravne Systems (prior to this, he was Executive Director for Finance at Metal Ravne), while Blaž Jasnič was appointed as Managing Director of Elektrode Jesenice.

Analysis of Operations

↘ Sij - Special Purpose Business Report

For analytical insight and in order to facilitate the comparison of operations with historical periods, we have prepared special purpose financial statements. For the first half of the years 2015 and 2016, the statements presented include the effects of the acquisition of individual companies, while the statements of the acquired companies are also provided. The financial statements for the first half of 2015 thus include the results of operations of the PP Group and Holding PMP, while those for the first half of 2016 include the results of the PP Group, the Holding PMP, as well as the companies ORO MET and MWT.

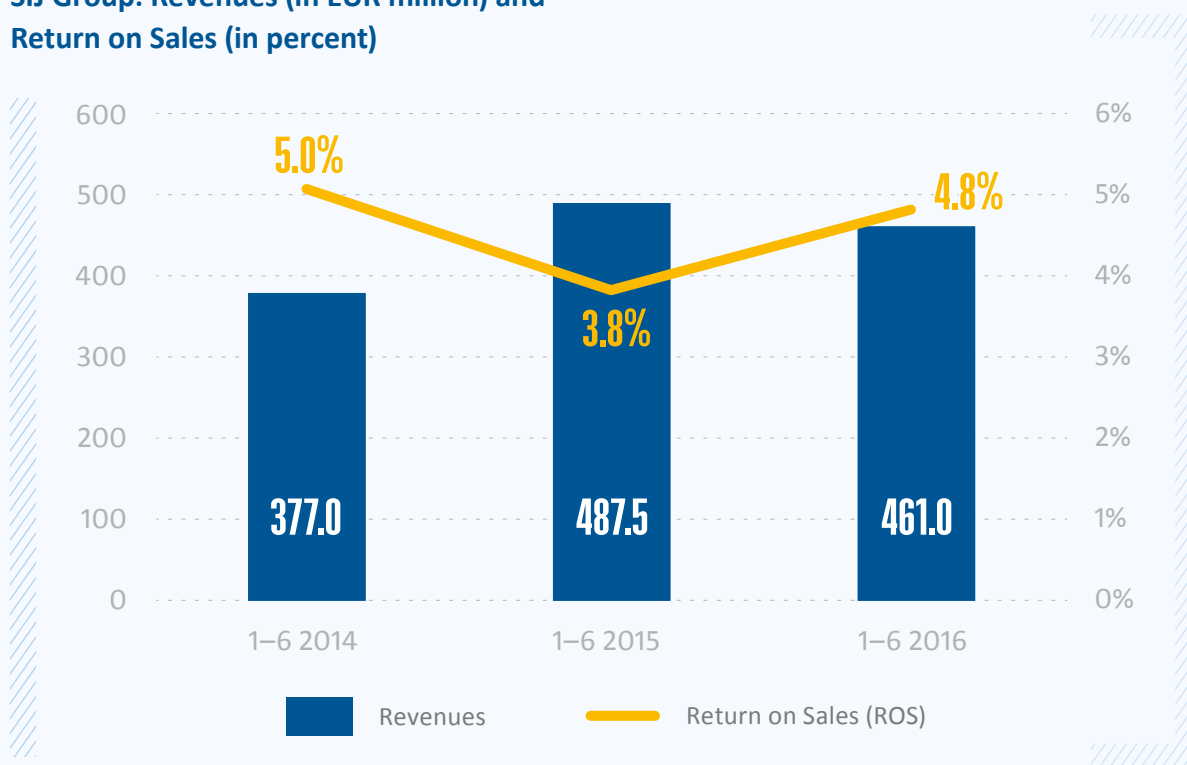
SIJ Group: Special Purpose Financial Statements of the SIJ Group¹ – Key Operating Figures

	Unit of measure	1–6 2014	1–6 2015	1–6 2016
Financial data				
Revenues	EUR thousand	377,033	487,472	461,007
Exports	%	86.3	82.0	79.7
Operating profit	EUR thousand	27,194	27,408	32,396
EBIT margin	%	7.2	5.6	7.0
EBITDA	EUR thousand	47,005	52,376	60,986
EBITDA margin	%	12.5	10.7	13.2
Profit or loss before taxes	EUR thousand	21,470	18,271	21,638
Net profit or loss	EUR thousand	18,863	18,575	22,041
Capex	EUR thousand	14,475	38,183	53,742
Employees as at 30 June				
Number of employees		3,133	6,648	7,078

Net sales revenues were lower than in the first half of 2015 due to the fall in market prices in both the metallurgy and food processing divisions. In the metallurgy division, the main reason lies in the fall in prices of strategic raw materials, while in the food processing division, the offering of lower quality products at affordable prices for consumers increased in the domicile markets of PP.

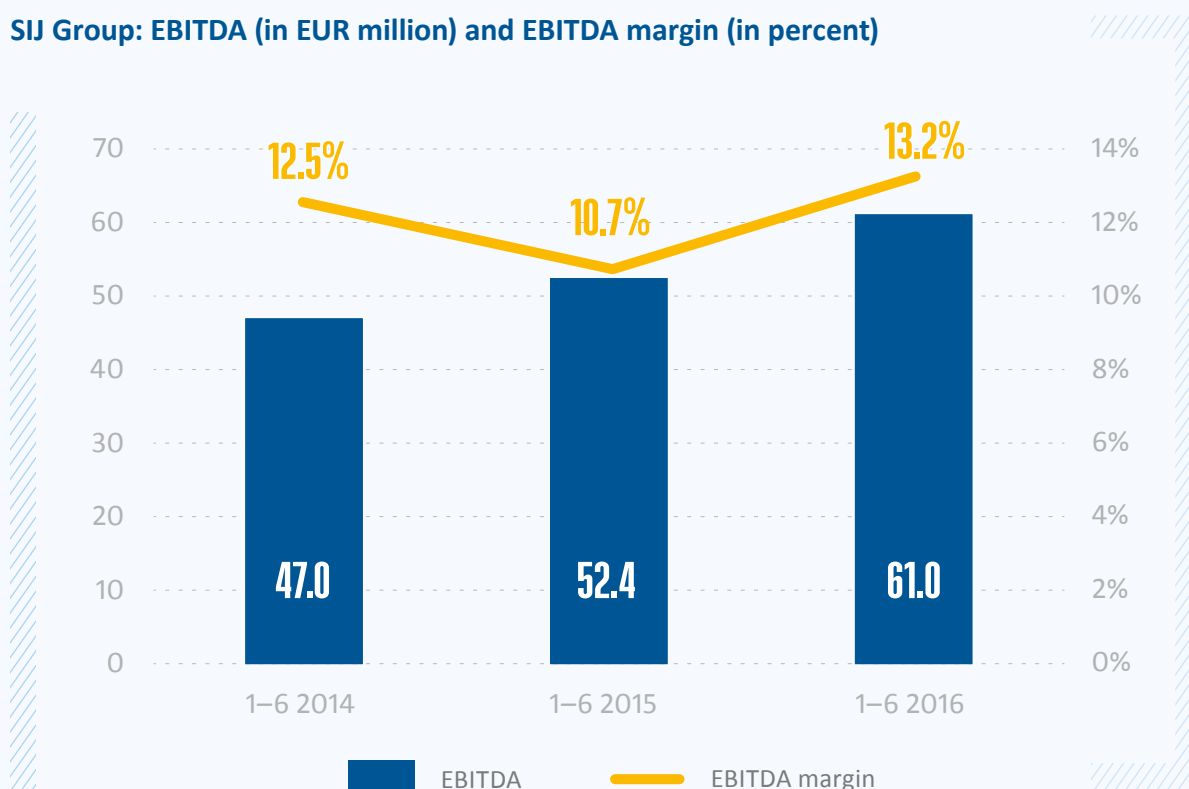
¹ The special purpose financial statements of the SIJ Group are comprised of the financial statements of the SIJ Group, the PP Group, Holding PMP, ORO MET and MWT.

SIJ Group: Revenues (in EUR million) and Return on Sales (in percent)



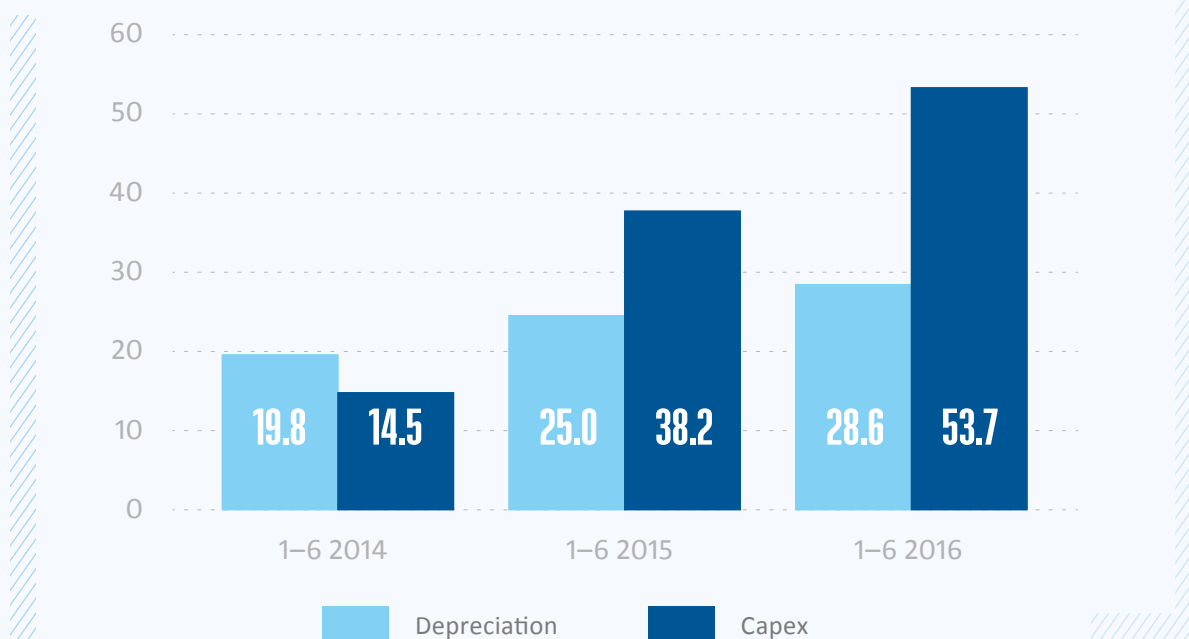
Growth in EBITDA of EUR 8.6 million and the 13.2 percent EBITDA margin recorded are the result of the streamlining of production processes, lowering procurement costs, particularly those of energy, and the focus on products with higher added value, which achieve higher margins and are at the same time less sensitive to price movements.

SIJ Group: EBITDA (in EUR million) and EBITDA margin (in percent)



The SIJ Group continues to implement its ambitious long-term investment plan. Capex in the amount of EUR 53.7 million (not including the investment in the PP Group and PMP) exceed depreciation costs by EUR 25.1 million.

SIJ Group: Depreciation and Capex of Investments with Depreciation (in EUR million)



▾ **Financial position**

The SIJ Group continues to implement its financial policy, according to which investment activities are covered by long-term financing sources. Short-term sources in the Group are used mainly to finance seasonal fluctuations in working capital.

The structure of the statement of financial position is changing in favor of long-term financing sources, which cover the entire long-term liabilities as well as an additional 52.6 percent of the working capital needed.

▾ **Working capital**

The working capital of the Group SIJ represents 18.9 percent of net sales, which is 0.6 percentage points higher than in the previous period. In the metallurgy division, the working capital has fallen by EUR 12 million, and by EUR 9 million in the food processing division.

Financial debt

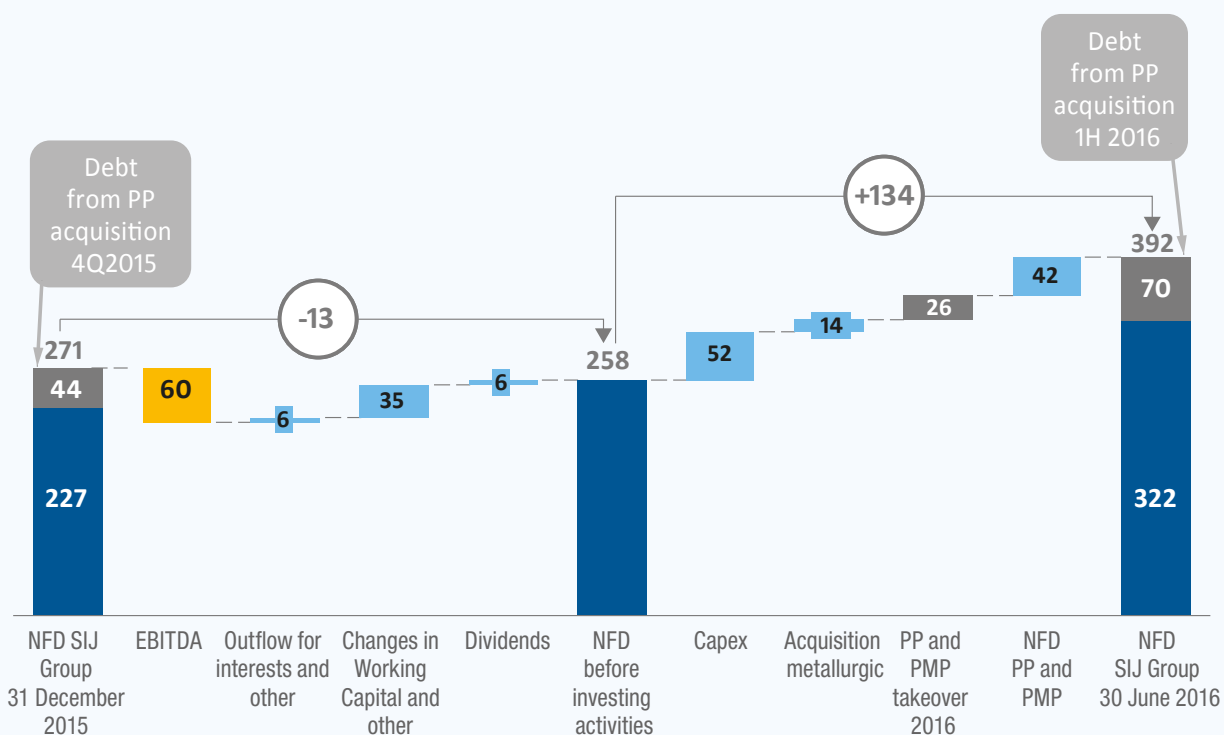
The structure of liabilities reveals an increase in share capital, which stands at 34.7 percent, which is the result of successful operations of the SIJ Group, its profit and the consolidation of the acquired companies.

The share of long-term funds remains at 50 percent of all liabilities.

The expansion of the SIJ Group's operations has increased the net financial debt of the Group. The operating profit of EUR 60 million covers all regular activities up to net financial debt not including investments, while reducing the Group's net financial debt by EUR 13 million.

The Group's expansion has required EUR 92 million of additional funds. Of this figure, EUR 52 million has been allocated to investments and EUR 40 million to acquisitions. The structure of the net financial debt is significantly affected by the impact of consolidation of the PP Group², which has increased the total debt of the SIJ Group by EUR 42 million.

SIJ Group: Net Financial Debt – Bridge (in EUR million)



2 The total for the PP Group and Holding PMP.

SIJ Group - Metallurgy Division

Metallurgy division includes companies listed in the organizational structure of the SIJ Group on page 11. Companies ORO MET and MWT are not consolidated. Key operating figures from PP Group and Holding PMP are presented separately on page 41 (food processing division).

SIJ Group - Metallurgy Division: Key Operating Figures

	Unit of measure	1-6 2014	1-6 2015	1-6 2016
Financial data				
Revenues	EUR thousand	377,033	364,680	329,276
Exports	%	86.3	87.8	85.0
Operating profit	EUR thousand	27,194	21,731	24,644
EBIT margin	%	7.2	6.0	7.5
EBITDA	EUR thousand	47,005	41,301	47,324
EBITDA margin	%	12.5	11.3	14.4
Profit or loss before taxes	EUR thousand	21,470	15,215	15,744
Net profit or loss	EUR thousand	18,863	15,518	16,251
Capex	EUR thousand	14,475	35,017	50,120
Statement of financial position as at 30 June				
Total assets*	EUR thousand	801,191	831,359	873,427
Equity	EUR thousand	342,605	360,067	359,033
Net financial debt*	EUR thousand	225,912	246,568	279,582
Net financial debt/EBITDA		3.6	3.4	4.0
Employees as at 30 June				
Number of employees		3,133	3,142	3,406

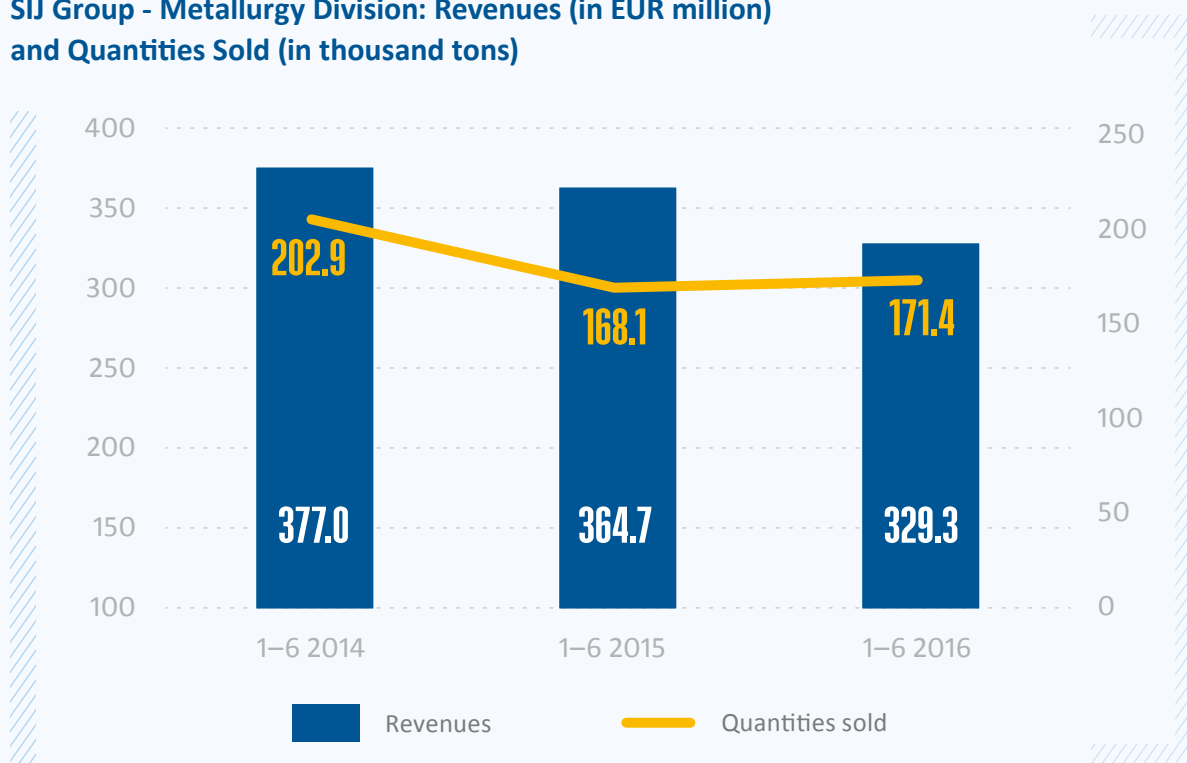
* Investments and loan for investments in Perutnina Ptuj and Holding PMP are excluded.

In the first half of 2016, the SIJ Group implemented a number of measures for business optimization and thus managed to achieve good results despite the negative market trends. By acquiring the companies Sistemska tehnika, ORO MET and MWT (the last two are not included in the consolidated financial statements), we continued the implementation of the development strategy of the SIJ Group until 2020 and expanded our range of products and market segments. Updating our production equipment has helped us increase the share of products with higher added value, and thus enter the markets of end users and achieve higher margins. The results achieved are the result of the continuing implementation of measures aimed at optimizing the production process and generating savings in the costs of raw materials, especially energy.

↘ Sales and sales revenues

The metallurgy division mitigated the negative impact of falling market prices (mainly due to the fall in commodity prices) by continuing the process of optimizing the production ranges and increasing the share of high added value products and focusing on both niche markets and end users.

SIJ Group - Metallurgy Division: Revenues (in EUR million) and Quantities Sold (in thousand tons)



Key raw materials have a significant impact on prices and thus sales. This especially applies to nickel, which in the first half of 2016 experienced a 37 percent drop in prices (compared with the previous period). The price of nickel is a crucial component in the formation of market prices of stainless quarto plates, the largest product range of the SIJ Group.

Movements in the Market Price of Nickel from Early 2015 Onwards (USD per ton)

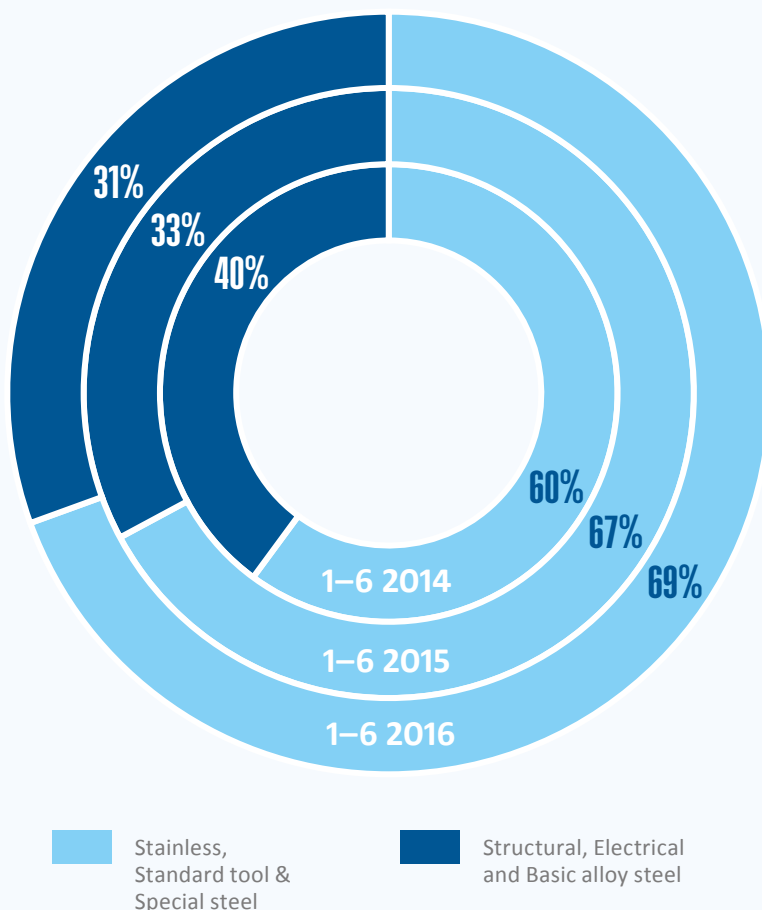


Source: London Metal Exchange.

In the main export markets of the SIJ Group, Italy and Germany, where we are closely linked with the oil and mechanical engineering industries, we noted a fall in the consumption of steel and thus a decline in the value of SIJ Group sales in these two markets. Compared with the first half of 2015, oil prices recorded an average 23 percent fall, which is reflected in the reduction of capex and a decline in the start-up of new projects. According to Eurofer data, the mechanical engineering industry in Germany is also facing similar problems, as reflected in a 20 percent decline in sales compared with the first half of 2015.

We partly succeeded in mitigating these negative impacts by increasing sales to other markets, including the USA, Poland, Hungary and Russia. Sales in the domestic market also grew by 11 percent, largely due to the acquisition of Sistemska tehnika. The company (currently part of Ravne Systems) generates more than half of its revenues in Slovenia.

SIJ Group - Metallurgy Division: Proportion of Certain Types of Steel in Sales Volumes (in percent)

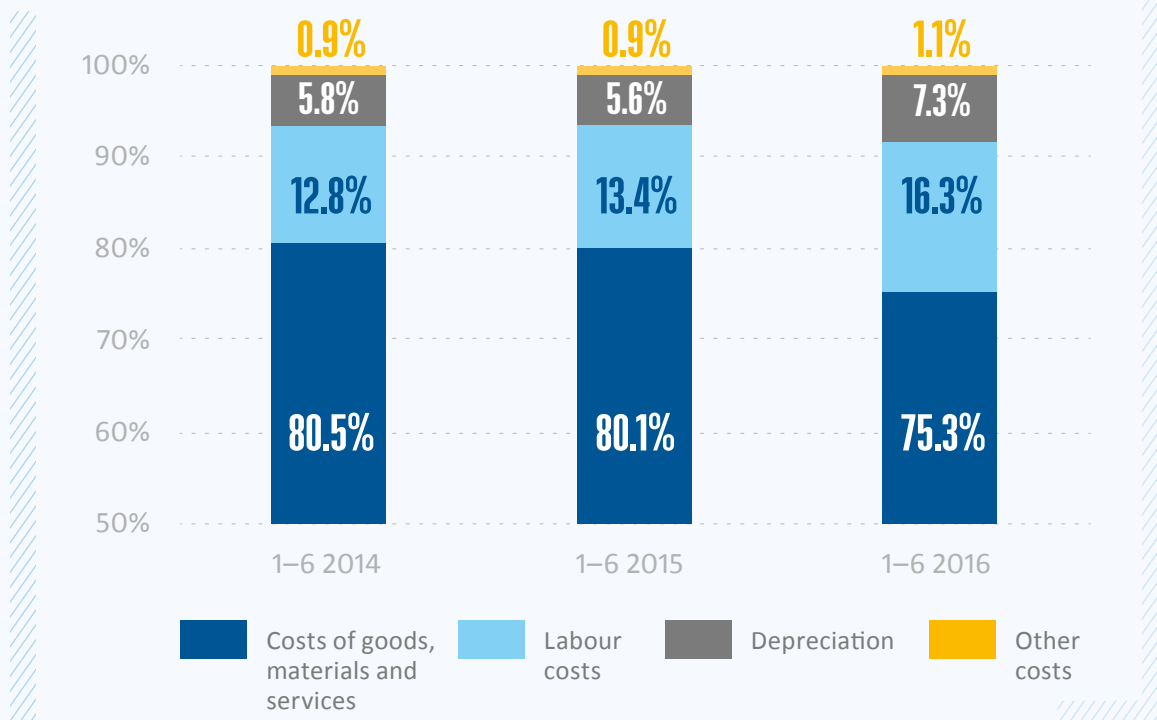


When the target markets and the activities of the SIJ Group are exposed to various negative macroeconomic impacts, the product sales structure is of key importance in achieving sales targets. In accordance with our long-term strategy, we have increased the share of steel with higher added value for the third consecutive year. In the first half of 2016, the share was 69 percent, two percentage points more than in the first half of the previous year.

The constant increase in the share of stainless quarto plates and more demanding tool steel in the structure of sales is important in maintaining the stable market position of the SIJ Group, as both segments are much less exposed to imports from third countries and the associated price pressures compared to mass-produced steels.

Operating expenses

SIJ Group - Metallurgy Division:
Structure of Operating Expenses (in percent)



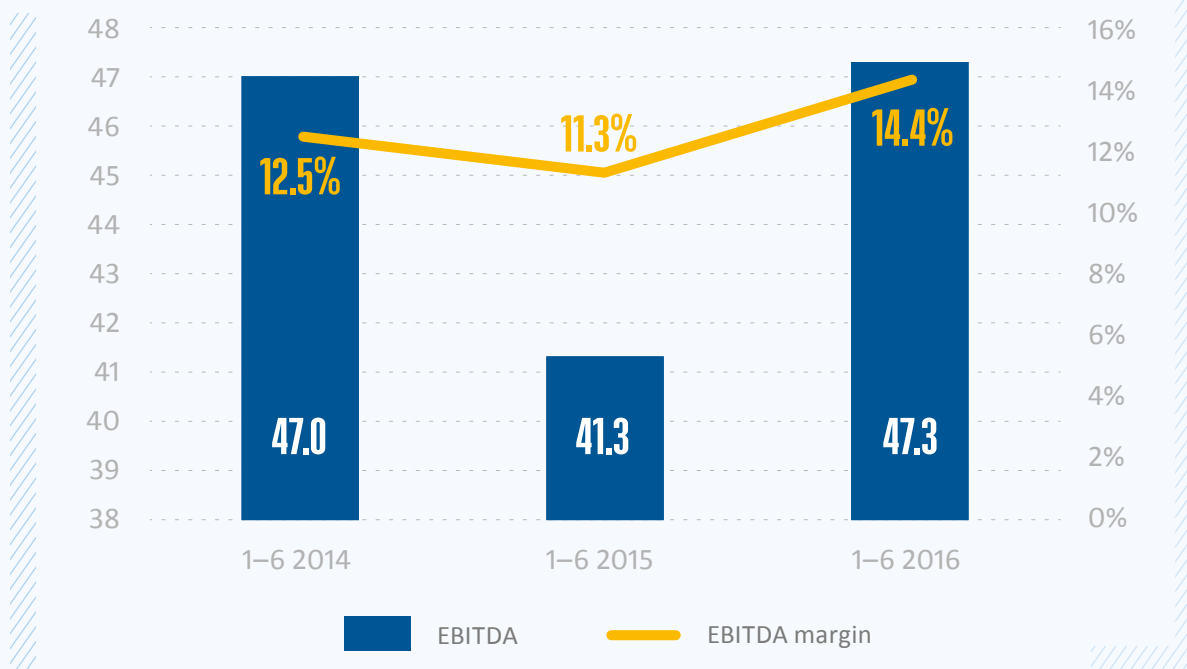
Costs of goods, materials and services are down by EUR 45 million, mainly due to lower costs of raw materials and energy, electricity and natural gas.

Labour costs increased by eight per cent, mainly due to new employees from the acquired company Sistemska tehnika and the annual adjustment of wages in accordance with the collective agreement.

Depreciation and amortization increased by 16 percent or EUR 3.1 million as a result of the newly acquired machinery and equipment.

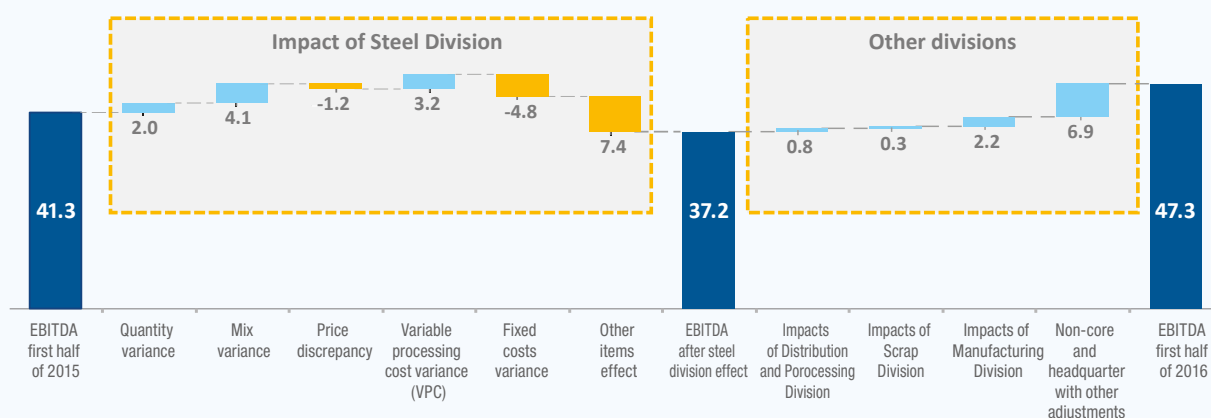
Business results

SIJ Group - Metallurgy Division:
EBITDA (in EUR million) and EBITDA margin (in percent)



The metallurgy division of the SIJ Group has achieved the best EBITDA in the past three years. The EBITDA margin achieved of 14.4 percent was 6.6 percentage points above the industry average. This result is due to the improvement of operations, the reduction in purchasing costs and the increased share of technologically more sophisticated products with higher added value.

SIJ Group - Metallurgy Division: EBITDA Bridge (in EUR million)



The Steel Division³, which produces steel for further processing, is responsible for the major part of the operating profit generated by the metallurgy division of the SIJ Group. The trend of pressure on sales prices continued, to which we responded by strengthening sales activities. We have supported sales with the purchase of key raw materials materials and alternative sources for materials, where we achieved the maximum possible impact. The positive effects of procurement activities allowed us to almost entirely offset the negative price impacts. The overall result of the divergence of sales and purchase prices stood at EUR -1.2 million.

A large part of procurement savings is also due to the savings in energy costs due to lower purchase prices of energy and improved technological efficiency as a result of new investments and the modernization of technological routes in production processes. The overall savings in variable costs stood at EUR 3.2 million.

Fixed costs are primarily influenced by complex technological processes and the wider range of products with higher added value since they require more external services. The total impact was negative, and stood at EUR -4.8 million.

Other cost impacts on EBITDA lowered the latter by EUR 7.4 million. These impacts include the revaluation of inventories caused by negative market price movements in strategic raw materials (particularly nickel and scrap stainless steel).

The remaining business areas within the metallurgy division of the SIJ Group generated a total EBITDA of EUR 10.1 million in the first half of 2016, exceeding the comparable figure for 2015 by EUR 6 million.

3 The Steel Division comprises Acroni and Metal Ravne.

Financial position

SIJ Group - Metallurgy Division: Data from the Statement of Financial Position

Statement of financial position	Unit of measure	30 June 2014	30 June 2015	30 June 2016
Total equity and liabilities	EUR thousand	801,191	831,359	943,899
Equity	EUR thousand	342,605	360,067	359,033
Long-term financial liabilities	EUR thousand	137,680	181,226	265,995
Short-term financial liabilities	EUR thousand	133,939	90,215	129,831
Cash and cash equivalents	EUR thousand	22,285	24,757	36,405
Current financial receivables	EUR thousand	23,422	116	9,367
Net financial debt*	EUR thousand	225,912	246,568	279,582
NFD/EBITDA		3.6	3.4	4.0

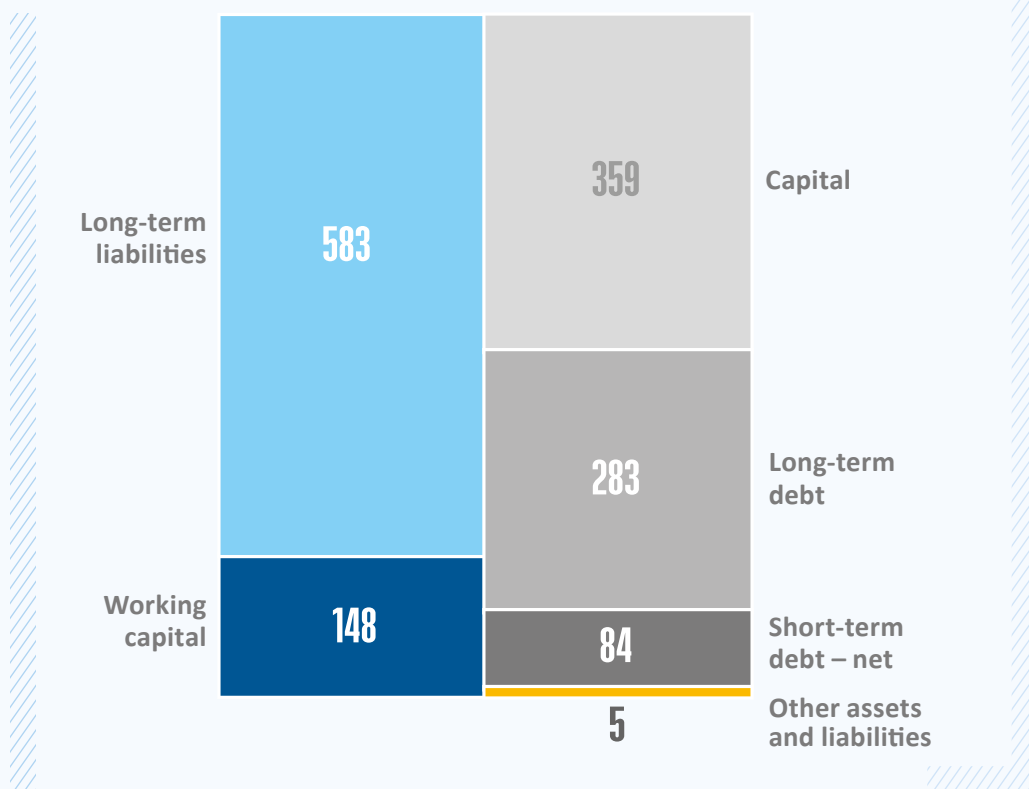
* Loan for investment in Perutnina Ptuj and Holding PMP are excluded.

The metallurgy division of the SIJ Group continued implementing its existing financial policy, namely to use long-term funding to pursue its investment strategy, while short-term sources of funding are used to balance seasonal fluctuations in working capital.

The statement of financial position structure is leaning toward long-term sources of funding. Long-term financing sources cover the entire long-term liabilities as well as an additional 39.8 percent of the working capital needed.

* Investments in Perutnina Ptuj and Holding PMP are excluded.

**SIJ Group - Metallurgy Division:
Coverage of Assets by Liabilities as at 30 June (in EUR million)**

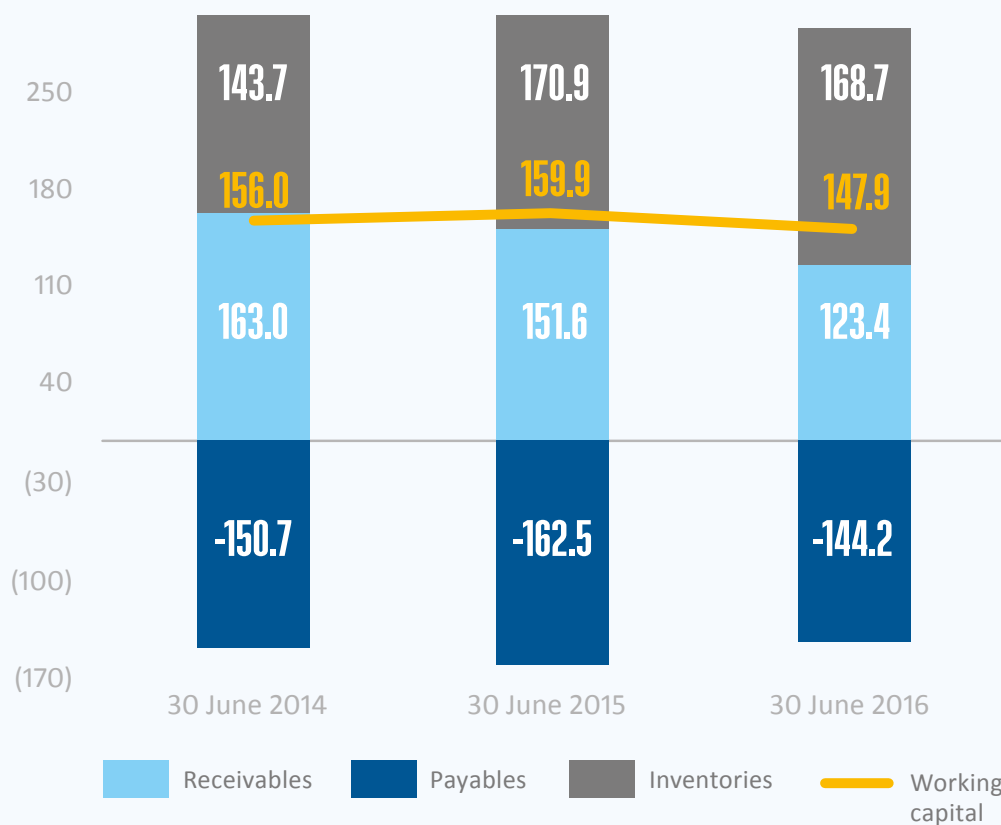


↘ **Working capital**

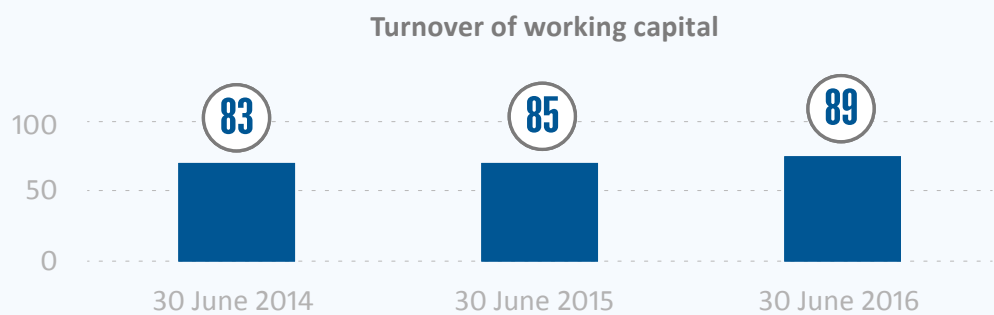
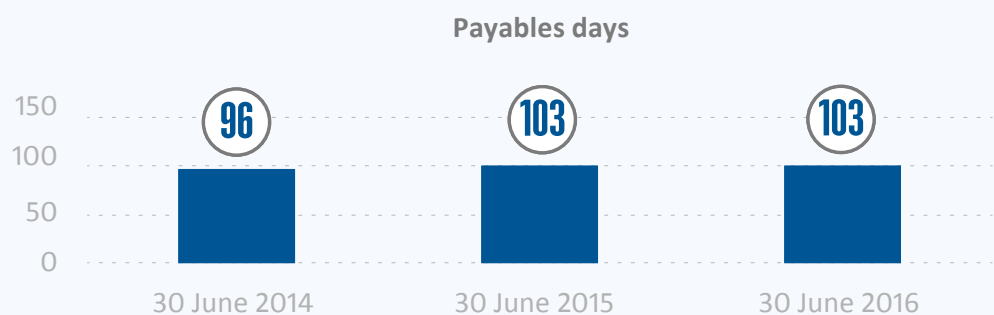
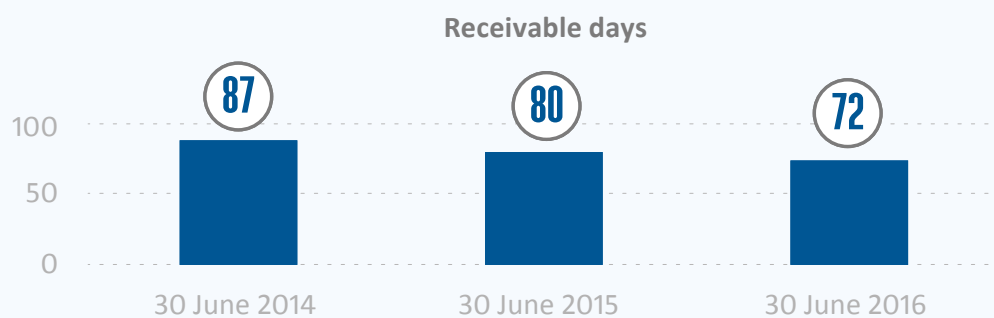
Compared to the previous year, working capital at 30 June 2016 was down EUR 12 million as a result of improved and more effective management of accounts receivable. The ratio between working capital and net sales amounted to 23.5 percent, which is comparable to the previous year.

Receivables decreased by EUR 28.3 million. Trade payables decreased by EUR 18.4 million, as we agreed better terms with some suppliers. During the period in question, the value of inventories did not change significantly and amounted to EUR 168.7 million. Inventory turnover days have slightly increased due to the increase in inventories of unfinished products held by Metal Ravne, which had planned repairs in July and August.

**SIJ Group - Metallurgy Division:
Working Capital from Operations as at June 30 (in EUR million)**



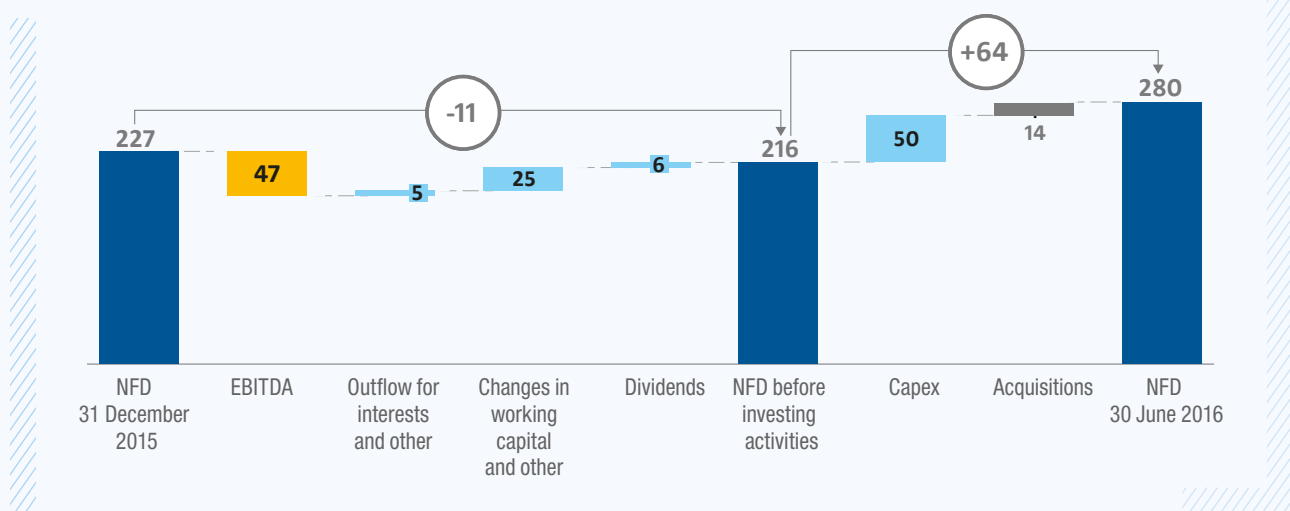
**SIJ Group - Metallurgy Division:
Days Working Capital Outstanding as at 30 June**



Financial Debt

The net financial debt of the metallurgy division of the SIJ Group has increased by EUR 53 million, solely due to intensive investments and acquisitions in the steel processing industry, while the net debt of operational activities decreased by EUR 11 million.

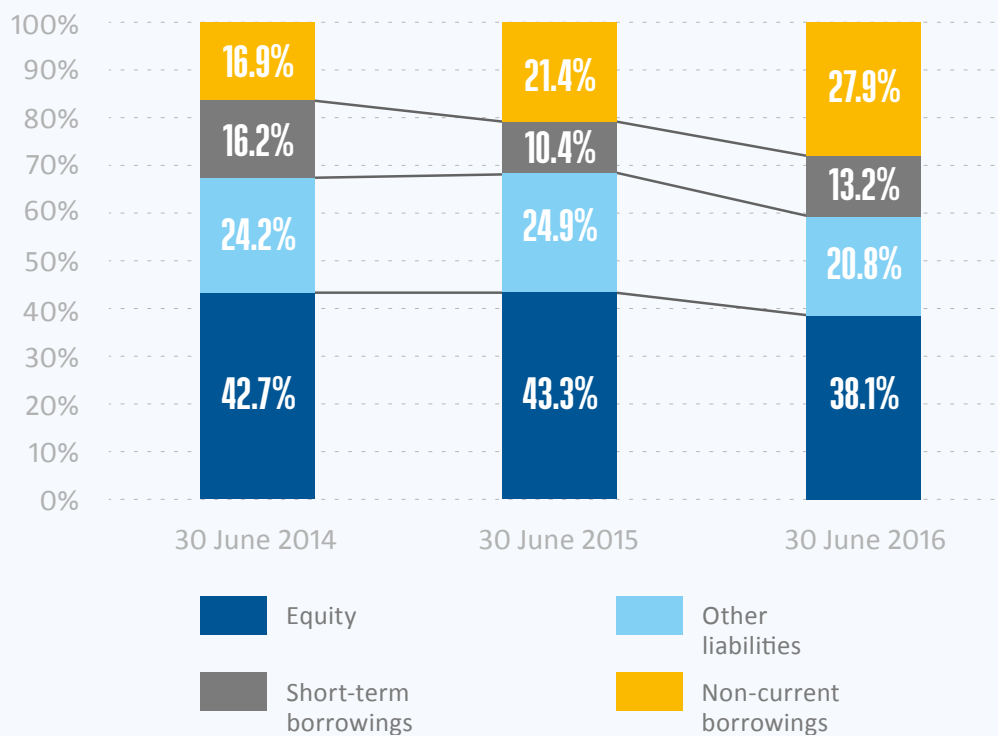
SIJ Group - Metallurgy Division: Net Financial Debt – Bridge (in EUR million)



The structure of liabilities shows that the share of long-term funding sources has grown from 64.7 percent to 65.9 percent of total liabilities.

Compared to 30 June 2015, long-term borrowings have increased to EUR 85.9 million due to a new issue of bonds in 2015 and the acquisition of new long-term credit facilities.

SIJ Group - Metallurgy Division: Structure of Liabilities (in percent)



External Business Environment

↘ Sales

↘ General economic trends in the first half of 2016:

- Global economic growth remained moderate in the first quarter of 2016. Between March and early June, financial markets in both the Eurozone and the world became more stable compared to the period a year ago.
- Indicators of economic activity and sentiment suggest that economic growth in the Eurozone continued in the second quarter of 2016, primarily due to stronger private consumption (GDP growth forecast for 2016: 1.6 percent).^{4,5}
- Compared to the first quarter of 2015, gross domestic product in the Eurozone increased by 0.6⁶ percent, while the unemployment rate fell by 0.9 percentage points to 8.8 percent. Industrial production in the EU increased by 1.8 percent in the first four months compared to the same period last year.
- The UK's referendum decision to withdraw from the EU brings a great deal of uncertainty about the economic and political situation in the European area. The UK market is not a key market for the SIJ Group.

↘ Major trends in 2016:

- In the first six months of 2016, compared with the same period of 2015, global steel production decreased by 1.9 percent, representing a slowdown of the negative trend (by 0.1 percentage points) compared with the same period last year. At the same time, the SIJ Group increased steel production by 1.4 percent in the same period.
- EU steel production declined compared to the first half of 2015. In countries with the highest steel production in Germany output fell by 1.3 percent while in Italy it grew by 3.5 percent, respectively, compared to the same period last year.

4 Source: http://www.umar.gov.si/fileadmin/user_upload/publikacije/eo/2016/EO0516_s.pdf (accessed on 29 August 2016)

5 Source: http://ec.europa.eu/economy_finance/publications/eeip/pdf/ip025_en.pdf (accessed on 29 August 2016)

6 Source: <http://ec.europa.eu/eurostat/documents/2995521/7436158/2-07062016-AP-EN.pdf/3ad9ea20-f430-448b-94f5-af823509dee6> (accessed on 29 August 2016)

- Actual steel consumption in the EU in the first quarter of 2016 grew by four percent compared to the same period last year, and by 1.5 percent in the second quarter. Expectations for the second half of 2016 are positive and consumption growth of 2 percent has been forecast.
- In the first quarter of 2016, steel imports into the EU from third countries increased by 23 percent compared to the same period last year, when imports stood at 5,306,317 tons. In the first half of 2016, and in contrast to the general steel trends in the EU (mass-market segments), imports of stainless quarto plates fell by 16.8 percent, while imports of tool steel grew by 1.9 percent. These are the most important steel segments of the SIJ Group.
- The European Commission has imposed anti-dumping measures against Chinese dumping export prices, while exports from other exporters (Taiwan, Turkey, Iran) have at the same time strengthened. This involves steel segments in which the SIJ Group has no presence.

↘ Purchases

The key raw materials for metalworking companies are scrap steel, alloy scrap and ferro-alloys, while raw materials for manufacturing companies include steel products and welding materials. Supplier management thus exceeds the scope of the price aspect. Other factors, such as the timeliness of deliveries, quality and responsiveness, support our competitive advantages.

The falling prices of key raw materials for the production of stainless and tool steels, which were characteristic of 2015, leveled out in early 2016. At the end of the first half of 2016, we began recording the beginning of a positive trend in prices of most key raw materials, although they are still well below last year's averages. Global oversupply, a key factor in the sharp decline in prices at the end of last year, has begun falling. A short-term deficit even appeared in Europe in the field of stainless alloy waste and scrap steel in the second quarter, which in the same quarter led to a sharp short-term rise followed by another drop in prices.

Given the relatively stable demand for raw materials, we expect the positive trend in raw material prices to continue for the rest of the year.

We continue to optimize the manufacturing and sales program with products of high added value and thus expand the range of raw materials in accordance with the outlined strategy. In the first half of 2016, we tested new materials and suppliers, which have already been introduced into production.

↳ Responsibility to employees

SIJ Group – Metallurgy Division: Key Data Regarding Employees as at 30 June

	30 June 2014	30 June 2015	30 June 2016
Number of employees	3,133	3,142	3,404
Average age (in years)	43.9	43.5	44.6
Share of women (percent)	17.5	17.4	17.4
Number of disabled persons	321	321	339
Proportion of employees with at least secondary education (percent)	43.0	44.4	45.4
Sick leave (percent)	6.5	7.8	6.8
Number of accidents	79	90	81

The SIJ Group had a total of 3,404 employees as at 30 June 2016. The number of employees increased by 262 or 8.3 percent compared to the previous period, primarily as a result of the merger of Sistemska tehnika (221 employees).

The average age of employees is 44.6 years. The average age was up 1.1 years relative to the previous year. At 35.6 percent, those over the age of 50 accounted for the highest proportion of the overall employee population. Compared to the previous period, their share increased by 1.4 percentage points. Other than that, the other indicators of the age structure have not changed significantly compared to the previous period.

SIJ Group - Metallurgy Division: Educational Structure of Employees as at 30 June

	30 June 2014	30 June 2015	30 June 2016
Master's degree, Ph.D.	1.2%	1.3%	1.5%
Higher education – level II	6.5%	7.2%	7.8%
Higher education – level I	9.7%	10.7%	11.1%
Technical and general secondary school	25.6%	25.2%	25.0%
Upper secondary vocational school	28.2%	27.4%	28.0%
Secondary vocational school	11.7%	11.6%	11.1%
Primary school	17.2%	16.7%	15.5%

The decreasing trend in the number of employees with lower education continued in 2016 due to the modernization of production. The proportion of employees with vocational education and with higher education (levels I and II) was also on the rise, as was the proportion of employees with a Master's degree or doctorate.

▾ Disabled persons

In the metallurgy division of the SIJ Group, 339 employees were registered as people with disabilities as at 30 June 2016, compared to 321 employees in the same period of last year. Despite this, in view of the increase in the overall number of employees, the proportion of disabled persons fell by 0.3 percentage points.

SIJ Group – Metallurgy Division: Proportion of People with Disabilities as at 30 June

	2014	2015	2016
Employees	3,133	3,142	3,404
Disabled persons	321	321	339
Share of disabled persons	10.3	10.2	10.0

The SIJ Group successfully continues the Young Potentials project, which we introduced last year. We provide a supportive environment to develop our own promising employees, retain the best employees in the organization and strengthen their potential.

▾ Employee Development

In April, we began identifying the second generation of Young Potentials in the SIJ Group, which was also upgraded with the recognition of slightly older, more experienced employees (the Successors project).

Training programs were upgraded with a course for foremen. We continue to support and encourage the possibility of e-training, which adapts the pace of learning, the content and learning time to each individual participant. Courses on software tools and workplace safety and health training take place in e-classroom environments. We are well aware that health is a precious value. Accordingly, in the second quarter of this year, we began the Workplace Health Promotion project, as part of which we organized 25 workshops, which aim to enhance the general awareness of the importance of workplace safety and health as values.

We have established the SIJ Sports Club, which aims to encourage active employee participation in sporting activities, some of which also have a charitable nature.

Based on measurements of the organizational climate, we have prepared activities in three areas, namely strengthening internal communication and information, establishing a system of knowledge transfer and mentoring program, and building a system for monitoring the performance of the SIJ Group and individual companies.

SIJ Group – Food Processing Division

The PP Group is the leading producer of poultry meat and products in Slovenia and Bosnia and Herzegovina, while in Serbia and Croatia, it is third in the poultry meat industry and second or third in the poultry products industry. It is the leading producer of healthy and high-quality poultry food products, which continuously highlights its domiciled and integrated processes of breeding and processing poultry meat in its QST systems (quality, safety, traceability). Other key markets include Switzerland, Austria, Romania, Macedonia and Germany, while the Group is developing new markets in Scandinavia and in Arab countries.

In addition to the controlling entity, the PP Group consists of 18 companies. Their main activities include breeding broilers and turkeys and meat processing including the processing of poultry meat into products in its plants in Slovenia, Croatia, Bosnia and Herzegovina and Serbia. In Austria, Macedonia and Romania, the companies are engaged in trade through the sale of the meat and meat products of the controlling entity.

After its financial consolidation in 2015 and the entry of the new owner, the SIJ Group, the Perutnina Ptuj Group began 2016 in substantially improved financial shape. The remaining financial liabilities to the banks referred to in the MRA were refinanced in April 2016 with a more favorable syndicated loan from a consortium of banks, while the MRA was terminated ahead of schedule.

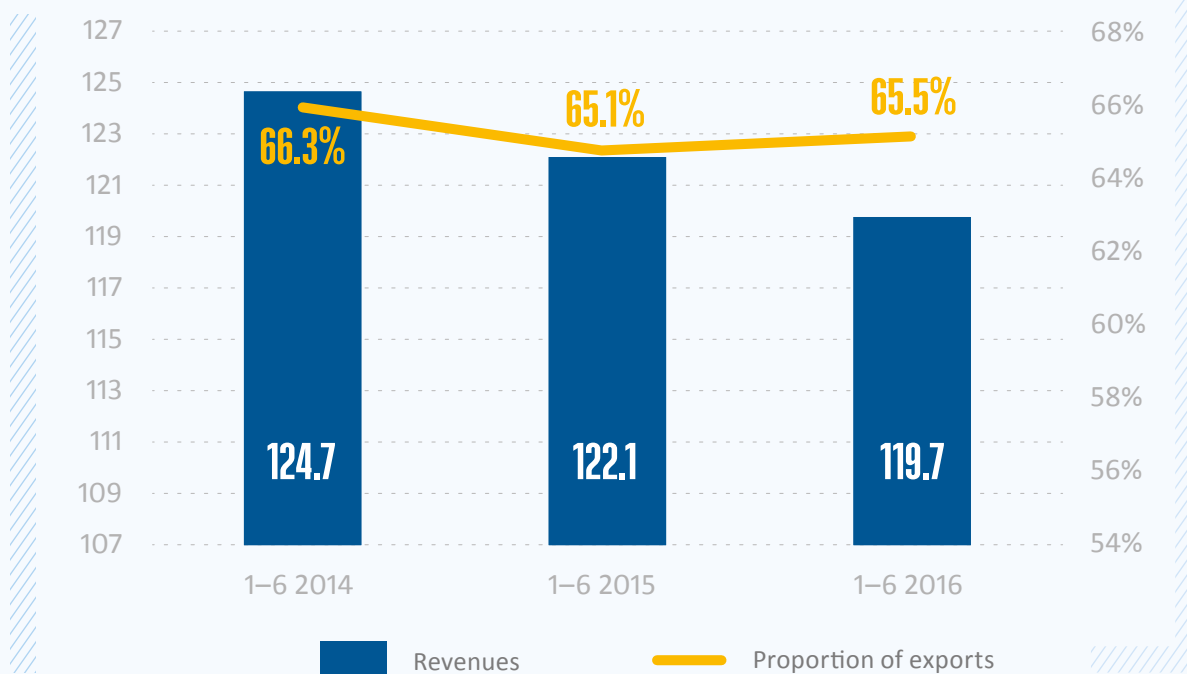
SIJ Group - Food Processing Division: Key Operating Figures

	Unit of measure	1–6 2014	1–6 2015	1–6 2016
Financial data				
Revenues	EUR thousand	124,693	122,058	119,680
Exports	%	66.3	65.1	65.5
Operating profit	EUR thousand	5,913	5,622	6,313
EBIT margin	%	4.7	4.6	5.3
EBITDA	EUR thousand	11,206	10,740	11,469
EBITDA margin	%	9.0	8.8	9.6
Profit or loss before taxes	EUR thousand	2,042	3,103	4,603
Net profit or loss	EUR thousand	2,042	3,103	4,603
Capex	EUR thousand	no data	3,143	3,076
Statement of financial position as at 30 June				
Total assets	EUR thousand	no data	no data	238,879
Equity	EUR thousand	no data	no data	99,763
Net financial debt	EUR thousand	97,701	96,875	36,456
Net financial debt/EBITDA		no data	4.0	1.7
Employees as at 30 June				
Number of employees		3,552	3,551	3,707

The PP Group recorded a drop in revenues due to the reduction in sales prices, since the market has seen increased supplies of cheaper, lower quality meat. We partially managed to offset this negative trend through increased sales volumes. Streamlining operations and reducing procurement costs (as a result of the implementation of acquisition synergies) helped us achieve an EBITDA increase of EUR 0.7 million compared to the same period in the previous year.

↘ Sales and sales revenues

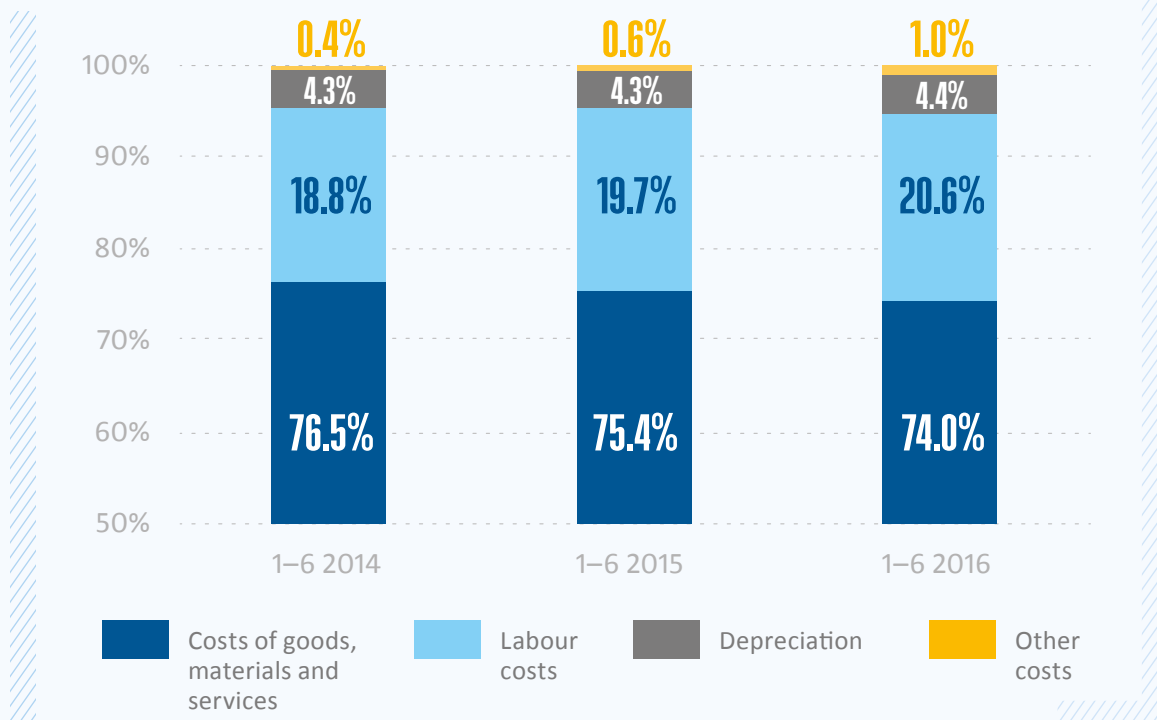
SIJ Group - Food Processing Division:
Revenues (in EUR million) and Proportion of exports (in percent)



Despite the five percent increase in the quantities sold, sales revenue fell by two percent due to the drop in market prices. An increased focus on foreign markets (an increase in sales on the Swiss market) helped us maintain the share of exports or even increase the share by 0.1 percentage points. The decrease in sales in the Croatian market had a negative impact on the value of sales and the share of exports.

Operating expenses

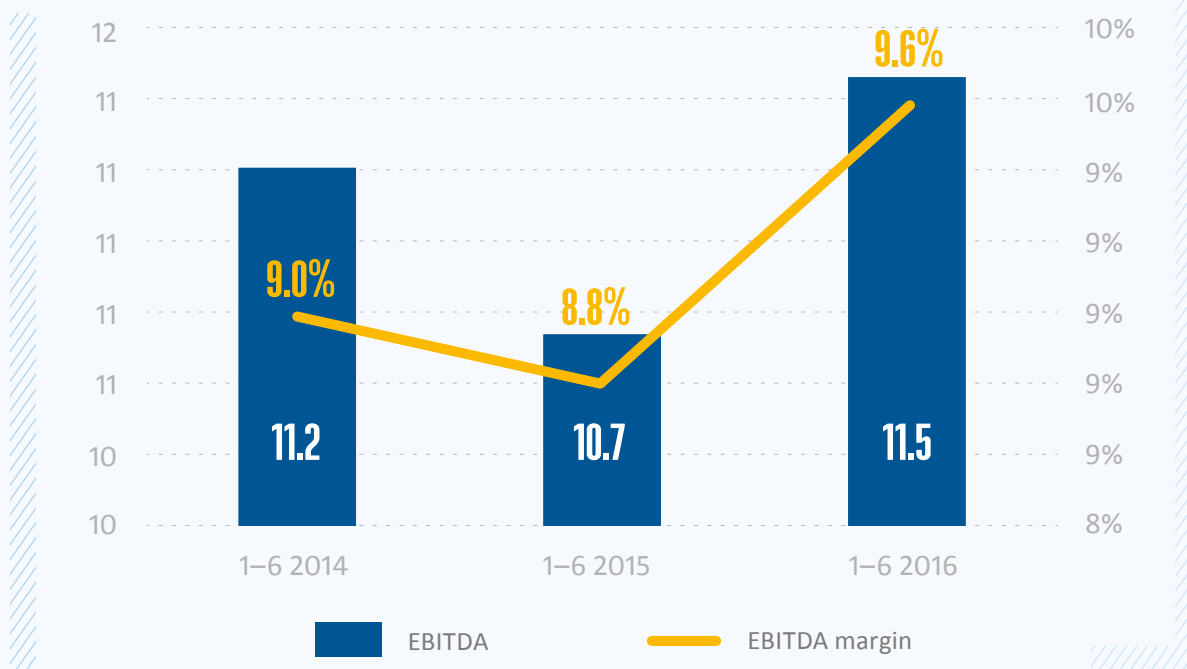
SIJ Group - Food Processing Division:
Structure of Operating Expenses (in percent)



Operating expenses have fallen by EUR 1.2 million, or one percent, despite the increase in purchase prices of raw materials (corn, wheat, soy bean and fats). Streamlining operations helped us reduce raw material costs by three percent. Labour costs grew by 3.6 percent, mainly due to an increase in the number of employees. Other costs, including depreciation costs, have remained at last year's level.

Business results

SIJ Group - Food Processing Division:
EBITDA (in million EUR) and EBITDA margin (in percent)

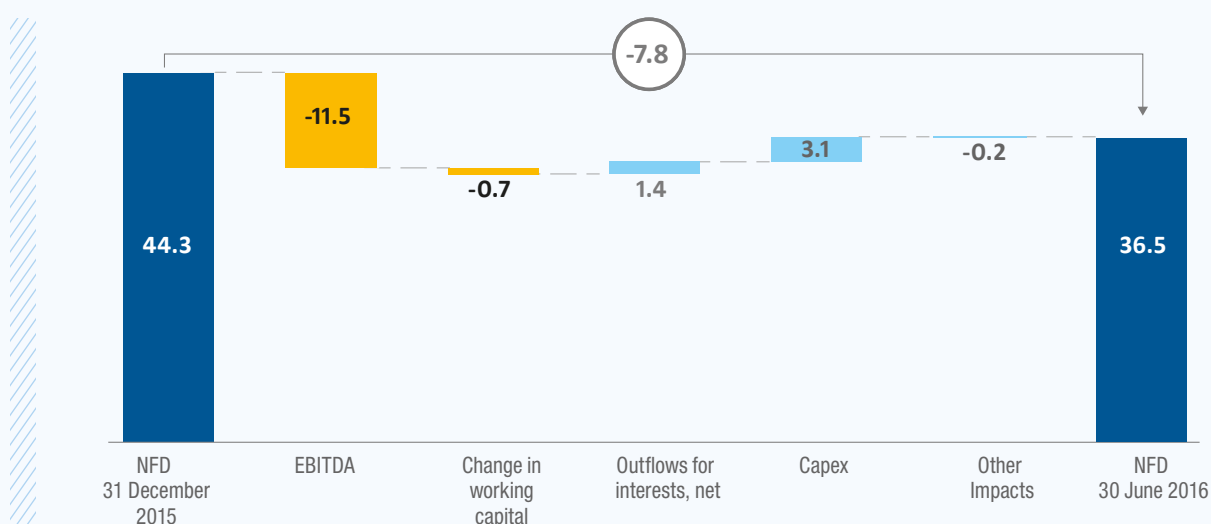


Despite slightly lower revenues and negative movements in the market prices of raw materials, the implementation of the planned cost reduction activities, our focus on premium products and the penetration of new markets have enabled us to achieve an EBITDA of EUR 11.5 million, which is an improvement of last year's result. The EBITDA margin of 9.6 percent is the highest in the last three 1st half of the year periods and exceeds the industry average.

Financial position

As at 30 June 2016 (compared with the end of 2015), the PP Group's net financial debt decreased by EUR 7.8 million, which is a direct result of positive operational cash flow.

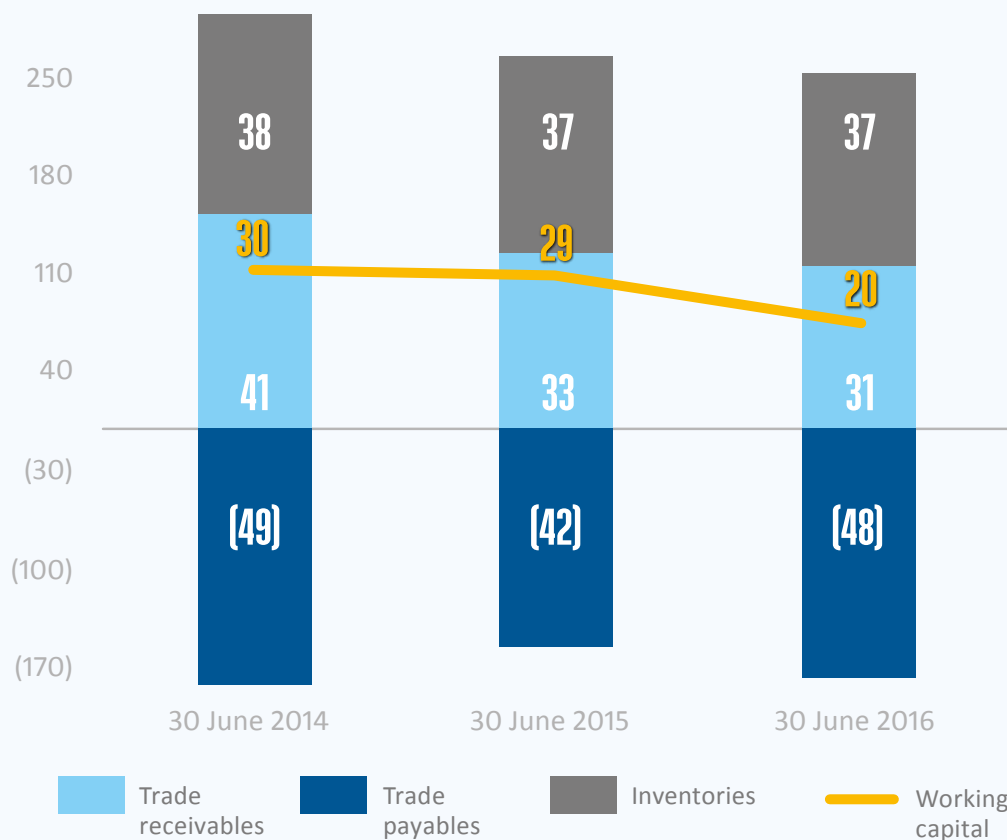
SIJ Group - Food Processing Division: Net Financial Debt – Bridge (in EUR million)



Working capital

The working capital of the PP Group represents 8.5 percent of net sales, which is 3.2 percentage points lower than in the previous period, and is due to improved management of accounts receivable.

**SIJ Group - Food Processing Division:
Working Capital from Operations as at June 30 (in EUR million)**



**SIJ Group - Food Processing Division:
Days Working Capital Outstanding as at 30 June**



External Business Environment

↳ Sales

↳ Major trends in 2016:

- Prices of poultry in the EU fell by 7.1 percent in the first half of 2016,⁷ while the PP Group recorded a lower decline in prices.
- In the first half of 2016, production of poultry meat in the EU increased by 3.7 percent,⁸ while the PP Group increased its production output by 20.8 percent.
- Consumption of poultry in the EU is forecast by AVEC to⁹ increase by 1.5 percent in 2016.¹⁰
- Imports of poultry into the EU increased by 7.6 percent in the first half of 2016.
- In Slovenia in the first half of 2016, the PP Group maintained its leading position in the market of poultry meat. In the segment of chicken sausages (the Poli brand), the PP Group had a 72-percent market share (2015).¹¹ In the category of ready-to-use products, the Group increased its market share on the Croatian market by 1.4¹² percentage points, while in the market of poultry meat, the increase in market share was 5.8 percentage points. In Croatia, the PP Group is firmly the second leading supplier to the market.

7 Source: Own calculations

8 Source: http://ec.europa.eu/agriculture/dashboards/poultry-meat-dashboard_en.pdf (accessed on 29 August 2016)

9 Source: AVEC – Association of Poultry Processors and Poultry Trade in the EU countries. <http://www.avec-poultry.eu/>

10 Source: Avec – Annual Report 2015.pdf

11 Source: AC Nielsen market research 2015

12 Source: CRO_SER_Management_report_DJ16

↘ Purchases

The key raw materials in poultry companies include the raw materials for the production of animal feed - a raw material mix comprised of soy bean meal, corn, wheat and fat. This raw material mix accounts for more than half of the cost of materials and production services. In addition, packaging for meat and meat products, materials for agricultural production (fertilizers, sprays, seeds), live animals and medicines and vaccines represent major cost drivers.

In terms of procurement of strategic raw materials, raw material prices on stock markets fluctuated significantly in the first half of 2016. After a period of decline from mid-2015 until the first quarter of 2016, the growth in soy bean meal prices exceeded 60 percent in the second quarter. Soy bean prices show signs of levelling out in the third quarter. The same applies to corn prices (which quantitatively accounts for at least half the weight of the feed), which are also higher than in the previous year.

In the first half of the year, we exerted specific effort to reduce costs and achieve good results in the remaining product categories - mainly additives for feed production, various types of packaging materials, materials for agricultural production, etc.

↘ Responsibility to employees

SIJ Group - food processing division: Key data regarding employees as at 30 June

	30 June 2014	30 June 2015	30 June 2016
Number of employees	3,552	3,551	3,707
Average age (in years)	42	42	43
Share of women (percent)	48	41	41
Number of disabled persons	191	191	186
Proportion of employees with at least secondary education (percent)	26.4	25.8	26.4
Sick leave (percent)	3.5	3.6	3.9
Number of accidents	43	49	65

The PP Group had a total of 3,707 employees as at 30 June 2016. Compared to the previous period, the number of employees grew by 156 persons or 4.4 percent as a result of increased production, the employment of temporary (agency) workers and the employment of workers providing cleaning services.

The increase in the number of minor injuries and the related slight increase in short-term sick leave is a result of the intensification of the production process.

The average age of employees is 43 years. The average did not change significantly relative to the previous year. At 43.3 percent or 1,607 employees, those over the age of 45 accounted for the highest proportion of the overall employee population.

SIJ Group - Food Processing Division: Educational Structure of Employees as at 30 June

	30 June 2014	30 June 2015	30 June 2016
Master's degree, Ph.D.	0.6%	0.6%	0.5%
Higher education – level II	7.1%	7.1%	7.0%
Higher education – level I	5.1%	5.6%	6.0%
Technical and general secondary school	13.6%	12.5%	12.8%
Upper secondary vocational school	36.6%	38.1%	38.1%
Secondary vocational school	11.1%	11.7%	10.6%
Primary school	25.8%	24.5%	25.0%

The educational structure is a reflection of the division's labour-intensity. In 2016, the proportion of employees with higher secondary vocational and general education, and with higher education, increased.

▾ Disabled persons

As at 30 June 2016, the PP Group had 186 employees with the status of disabled persons, compared to 191 such employees in the previous period covering the last two years. In view of the increase in the overall number of employees, the proportion of disabled persons fell to five per cent.

SIJ Group - Food Processing Division: Proportion of People with Disabilities as at 30 June

	30 June 2014	30 June 2015	30 June 2016
Employees	3,552	3,551	3,707
Disabled persons	191	191	186
Share of disabled persons	5.4%	5.4%	5.0%

▾ Employee Development

PP academy, which sees more than 2,000 employees subject to training every year, continues to provide employee education and training, and achieved an average of 3.6 hours of training per year per employee in Slovenian companies. This year, we organized manager workshops, which aimed at strengthening managerial competencies.

We carried out activities to promote health, harnessing the benefits of the medical and recreational facilities of Terme Ptuj. Every year, employees can benefit from medical services provided at Terme Zreče and Rogla.

In June, we organized the traditional Poli cycling marathon, in which employees could participate free of charge. The holiday facilities owned by the company are also popular. In both the summer and winter, employees can benefit from a vacation by the sea, in the mountains or in a spa resort.

The background of the page is a 3D-rendered geometric pattern of blue, faceted shapes, resembling a crystalline or molecular structure. The shapes are interconnected and create a sense of depth and movement. The color is a consistent light blue with subtle gradients and shadows.

**Financial report for
period ended on
30 JUNE 2016**

Statement of Management's Responsibility

The Management Board is responsible for drawing up consolidated financial statements and financial statements for SIJ d.d. (hereinafter: SIJ or the Company) for each individual financial year, according to the International Financial Reporting Standards (IFRS) adopted by the European Union and the Companies Act, so that they give a true and fair view of the SIJ Group's operations (hereinafter: Group).

The Management Board legitimately expects the Group to have enough resources in the foreseeable future to enable it to continue its operations. The financial statements are therefore based on the premise that the Group will continue its operations without a set time limit.

The responsibility of the Management Board in drawing up the financial statements includes the following:

- Properly selected and consistently applied accounting policies;
- Reasonable and rational assessments and estimates;
- Assurance that the financial statements have been compiled in accordance with the IFRS adopted by the European Union. Any significant deviations are disclosed and explained in the report.

The Management Board is responsible for keeping corresponding records, which give a clear and accurate picture of the Group's financial position at any given time, and for making sure that the financial statements are in accordance with the IFRS, adopted by the

European Union. The Management Board is also responsible for protecting the Group's assets, as well as discovering and preventing abuses and other irregularities.

The tax authorities can inspect the operations of the individual company in the Group at any time within 5 years after the end of the year in which the tax assessment should be made. This can result in the occurrence of additional tax liabilities, default interests and fines based on corporate income tax or other taxes and duties. No circumstance which could result in possible liability in this way is known to the Management Board.

The Management Board declares that the financial statements have been compiled in accordance with the IFRS adopted by the European Union, without reservations about their application.

The Management Board approved the financial statements, accounting policies and notes on 30 September 2016.

President of the Management Board
ANTON CHERNYKH



Member of the Management Board
IGOR MALEVANOV



Notes to the Consolidated Financial Statements and the Financial Statements of SIJ d.d.

↳ Reporting Entity

SIJ – Slovenska industrija jekla, d.d. (hereinafter: SIJ or the Company) is a Company with its registered office in Slovenia. Its registered address is Gerbičeva ulica 98, 1000 Ljubljana.

Given below are the unaudited consolidated financial statements of SIJ Group and financial statements of the Company for the period ending as at 30 June 2016. Consolidated financial statements comprise the Company and its subsidiaries and the Group's interests in associates entities.

The consolidated financial statements for a selected group of subsidiaries are compiled by SIJ – Slovenska industrija jekla, d.d. Consolidated financial statements for a wider group of subsidiaries are compiled by DILON Cooperatief U. A. The consolidated report for period ended on 30 June 2016 are not compiled. The consolidated annual report for DILON Cooperatief Group for year 2015 is available at the registered office of DILON Cooperatief U.A., Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam Zuidoost, Amsterdam, the Netherlands.

↳ Basis of preparation

↳ Statement of compliance

The financial statements for period ended on 30 June 2016 have been prepared in accordance with the IFRS as adopted by the European Union. The standards have been applied directly

in the disclosures and valuation of items; the exception is the valuation of items for which the standards allow several methods of valuation.

The financial statements for period ended on 30 June 2016 are prepared based on the same accounting policies used for the preparation of financial statements for the year ended on 31 December 2015. The financial statements have been prepared in accordance with IAS – 34 – Interim financial reporting.

The financial statements in the report are expressed in € thousands. Due to the rounding off of value amounts, there may be insignificant deviations from the sums given in the tables.

↳ Basis of Measurement

The financial statements have been prepared based on historical cost, except for the following assets and liabilities, measured at their fair value:

- financial assets at fair value through profit or loss,
- available-for-sale financial assets.

↳ Functional and Presentation Currency

The financial statements in this report are presented in € thousands; the euro is also the functional currency of the Group's controlling company, which compiles the consolidated financial statements.

↘ Application of Estimates and Judgments

The preparation of the financial statements requires the Management Board to make estimates, judgments and assumptions which influence the disclosed amounts of assets and liabilities, the disclosed contingent assets and liabilities on the day of the preparation of the financial statements, and the disclosed amounts of income and expenses during the reporting period.

Estimates and assumptions are included in at least the following judgments:

- estimate of the useful life of assets subject to depreciation,
- impairment test of assets,
- estimate of the fair value of available-for-sale financial assets,
- estimate of the fair value of financial assets measured at fair value through profit or loss,
- estimate of the net realizable value of inventories,
- estimate of the collectible amount of receivables,
- estimate of the created provisions,
- estimate of the possibility for realization of deferred tax assets.

Since estimates are subject to subjective judgments and a level of uncertainty, the subsequent actual results can differ from those estimated. Estimates are reviewed on an ongoing basis. Amendments to the accounting estimates are recognized during the period in which the estimates were revised if the amendment only applies to this period, or during the period of the amendment and future periods if the amendment applies to future periods.

↘ Composition of the Group of Related Parties

The consolidated financial statements of the SIJ Group include the financial statements of the parent company and the financial statements of the companies of the SIJ Group. The group of companies in which the parent company holds financial investments includes the following:

in € thousand	Activity	% of voting rights	Value of assets as at 30 Jun. 2016	Value of equity as at 30 Jun. 2016	Profit (Loss) for period ended 30 Jun. 2016
Parent company of the Group					
SIJ – Slovenska industrija jekla, d. d., Gerbičeva ulica 98, Ljubljana, Slovenia	Activities of head offices		380,646	184,231	(1,337)
SIJ - subsidiaries					
ACRONI, d.o.o., Cesta Borisa Kidriča 44, Jesenice, Slovenia	Steel production	100	428,052	177,574	4,218
METAL RAVNE d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Steel production	100	241,440	97,838	4,366
NOŽI RAVNE d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Industrial knives production	100	25,482	9,149	410
ELEKTRODE JESENICE d.o.o., Cesta železarjev 8, Jesenice, Slovenia	Welding materials production	100	11,111	5,868	374
SUZ, d.o.o., Cesta Borisa Kidriča 44, Jesenice, Slovenia	Drawn wires production	100	4,552	1,680	267
ZIP CENTER d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Education and training of the disabled	100	1,953	492	103
ODPAD d.o.o. Pivka, Velika Pristava 23, Pivka, Slovenia	Recovery of secondary raw materials from scrap	74.90	29,051	7,125	142
NIRO Wenden GmbH, Glück-Auf-Weg 2, Wenden, Germany	Steel cutting, engineering and trade	85	13,741	321	(903)
RAVNE STEEL CENTER d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Trade	77.28	33,084	15,331	684
GRIFFON & ROMANO S.P.A., Via Dossetti 11, Loc. Casinello de Dosso, Italy	Heat processing and special steel trade	100	30,917	518	(329)
SIJ Asia GmbH, Berger Str. 2, 40213 Düsseldorf, Germany	Trade	100	414	280	91
RAVNE SYSTEMS d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Industrial equipment production	100	25,096	2,335	689
PERUTNINA PTUJ d.d., Potrčeva cesta 10, 2550 Ptuj, Slovenia	Processing and preserving of poultry meat	77.45	193,765	95,493	3,988
HOLDING PMP d.d., Vinarski trg 1, 2250 Ptuj, Slovenia	Financial service activities	100	5,166	4,659	23

in € thousand	Activity	% of voting rights	Value of assets as at 30 Jun. 2016	Value of equity as at 30 Jun. 2016	Profit (Loss) for period ended 30 Jun. 2016
Perutnina Ptuj - subsidiaries					
Perutnina Ptuj-Topiko d.o.o., Petefi Brigade 2, Bačka Topola, Serbia	Processing and preserving of poultry meat	100	26,742	8,073	379
PP MI ZALOG d.o.o., Hladilniška pot 37, Ljubljana, Slovenia	Processing and preserving of poultry meat	100	19,258	12,442	470
PP NEPREMIČNINE d.o.o., Potrčeva 10, Ptuj, Slovenia	Real estate activities	100	8,922	8,895	(15)
Perutnina Ptuj – Pipo Čakovec d.o.o., Rudolfa Steinerja 7, Čakovec, Croatia	Processing and preserving of poultry meat	99.66	29,631	16,445	(901)
PERUTNINA PTUJ-BH d.o.o., Potkrajaska bb, Breza, Bosnia and Herzegovina	Processing and preserving of poultry meat	55	21,482	7,000	(152)
PTUJSKA KLET d.o.o. , Vinarski trg 1, Ptuj, Slovenia	Growing of grapes	100	5,530	2,634	(83)
PP Romania, Str. 13 decembrie, Brasov, Romania	Trade	100	1,027	(196)	(26)
PP S d.o.o., Povelic b.b., Srbac, Bosnia and Herzegovina	Processing and preserving of poultry meat	100	16,311	2,000	299
PP Gostinstvo d.o.o. , Dravska ulica 9, Ptuj, Slovenia	Restaurants and inns	100	676	(343)	(65)
GRADBENI REMONT d.o.o., Žnidaričevo nabrežje 10, Ptuj, Slovenia	Construction	100	986	539	74
PP BRO ŽIVA d.o.o., Petefi brigade 2, Bačka Topola, Serbia	Processing and preserving of poultry meat	60	889	171	(3)
PERUTNINA PTUJ DOOEL, Ulica Belasica 2, Skopje, Macedonia	Trade	100	2,420	393	119
VETERINARSKA AMBULANTA PP d.o.o. , Potrčeva 6, Ptuj, Slovenia	Veterinary activities	61.94	1,072	314	18
Perutnina Ptuj d.o.o., Cara Dušana b.b., Trn Laktaši, Bosnia and Herzegovina	Processing and preserving of poultry meat	100	1	(383)	(13)
PERUTNINA AUSTRIA GmbH, Haushamerstraße 1, Seiersberg, Austria	Trade	100	1,579	510	128
PP - AGRO d.o.o., Tržaška cesta 41A, Maribor, Slovenia	Agriculture, farming and fruit growing	100	11,155	6,946	516

in € thousand	Activity	% of voting rights	Value of assets as at 30 Jun. 2016	Value of equity as at 30 Jun. 2016	Profit (Loss) for period ended 30 Jun. 2016
Perutnina Ptuj – Pipo Čakovec - subsidiaries					
Eko - energija d.o.o., Rudolfa Teinerja 7, Čakovec , Croatia	Electricity production	100	42	29	(36)
Perutnina Ptuj-Topiko - subsidiaries					
TOP-VETERINA d.o.o., Dušana Popivode b.b., Bačka Topola , Serbia	Veterinary activities	100	276	61	3
HOLDING PMP - subsidiaries					
PP ENERGIJA, d.o.o., Potrčeva cesta 10, Ptuj, Slovenia	Electricity production	76	7,723	1,838	49
ACRONI - subsidiaries					
ŽELEZARNA JESENICE, d.o.o., Cesta železarjev 8, Jesenice, Slovenia	Trading with own real estate	100	10,096	9,519	(28)
METAL RAVNE - subsidiaries					
KOPO International Inc., 100 Village court, US – NJ 07730, Hazlet, New Jersey, USA	Trade	100	20,868	1,777	47
SERPA d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Metallurgic machines production	100	3,474	2,511	403
ODPAD - subsidiaries					
DANKOR, d.o.o., Europske avenije 22, Osijek, Croatia	Recovery of secondary raw materials from scrap	91	1,622	321	25
METAL-EKO SISTEM DOO JAGODINA, Put Kneza Mihaila 107, Jagodina, Serbia	Recovery of secondary raw materials from scrap	70	4,724	2,051	148
"TOPMETAL" d.o.o. Laktaši, Karađorđeva 69, Bosnia and Herzegovina	Recovery of secondary raw materials from scrap	51	1,956	883	11
Ravne Steel Center - subsidiaries					
SIDERTOCE S. p. A., Via XX. Settembre 198, C. P. 34, Gravelona Toce, Italy	Trade	100	13,559	3,225	268
Ravne Steel Deutschland GmbH, Celsiusstrasse 17, Landsberg am Lech, Germany	Trade	100	240	(163)	(57)

in € thousand	Activity	% of voting rights	Value of assets as at 30 Jun. 2016	Value of equity as at 30 Jun. 2016	Profit (Loss) for period ended 30 Jun. 2016
NOŽI RAVNE - subsidiaries					
Ravne Knives (UK) Limited, 12 Conqueror Court, Sittingbourne, Kent, ME10 5BN, United Kingdom	Trade	100	532	(27)	34
Ravne Knives UK (North) Limited, 12 Conqueror Court, Sittingbourne, Kent, ME10 5BN, United Kingdom	Trade	100	6	5	(1)
Ravne Knives USA Inc., 2711 Centerville Road, Suite 400, Wilmington, Country of New Castle, Delaware, USA	Trade	100	247	(143)	(53)
RAVNE SYSTEMS - subsidiaries					
ARMAS d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Trade	100	648	(70)	10
SIJ Asia - subsidiaries					
SIJ Steel (Shanghai) Co., Ltd., Rm.320, 2449 Gonghexin Road, Zhabei District, Shanghai, China	Trade	100	94	34	(64)

To the end of February 2016 SIJ d.d. acquired control of the companies Perutnina Ptuj d.d. and Holding PMP d. d.. Companies are included in consolidated financial statements from 1 March 2016.

On January 2016 SIJ d.d. acquired control of the companies Ravne Systems d. o. o. (changed name from Sistemska tehnika d.o.o.) and of company Armas d. o. o. Companies are included in consolidated financial statements from 1 January 2016.

In June 2016 SIJ d.d. acquired control of the companies ORO MET d. o. o. and MWT Meyer Werkzeugstahl Vertriebs GmbH. Up to the date of the drawing up of the financial statements these companies had no significant influence on consolidated financial statements.

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**Financial report
of the SIJ Group
for period ended on
30 JUNE 2016**

Consolidated Financial Statement of the SIJ Group

Consolidated Statement of Comprehensive Income

in € thousand	Note	1-6 2016	1-6 2015
Revenue	1	413,898	364,680
Cost of sales	2	(324,909)	(302,294)
Gross profit		88,989	62,386
Distribution costs	2	(33,920)	(19,065)
General and administrative expenses	2	(37,405)	(27,039)
Other operating income	3	17,161	5,852
Other operating expenses	3	(998)	(403)
Operating profit		33,828	21,731
Finance income	4	686	305
Finance expenses	4	(10,456)	(6,812)
Net finance costs		(9,770)	(6,507)
Share of profit in associates		6	(9)
Profit before taxation		24,065	15,215
Income tax expense		(659)	(508)
Deferred income tax		1,164	811
Profit for the period		24,569	15,518
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Income tax related to components of comprehensive income		5	(4)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change in fair value reserves for available-for-sale financial assets		(22)	23
Exchange rate difference on translating foreign operations		84	145
Other changes in comprehensive income		34	0
Comprehensive income		24,671	15,682
Profit, attributable to:		24,569	15,518
Owners of the parent company		23,530	15,584
Non-controlling interest		1,039	(66)
Basic and diluted earnings per share (in €)	5	24.33	15.98
Comprehensive income, attributable to:		24,671	15,682
Owners of the parent company		23,617	15,746
Non-controlling interest		1,054	(63)

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

Consolidated Statement of Financial Position

in € thousand	Note	30 June 2016	31 December 2015
ASSETS			
Non-current assets		650,465	523,188
Intangible assets	6	31,659	28,075
Property, plant and equipment	7	575,838	424,054
Investment property		4,218	192
Investments in associates		1,107	1,573
Available-for-sale financial assets		8,895	45,219
Financial receivables		644	103
Operating receivables		2,480	2,072
Other assets		4,261	2,932
Deferred tax assets		21,364	18,967
Current assets		468,996	340,506
Assets held for disposal		4,119	4,142
Inventories	8	206,214	171,342
Financial receivables		9,641	3,188
Operating receivables	9	167,022	114,281
Income tax assets		1,175	691
Cash and cash equivalents	10	71,801	44,587
Other assets	11	9,024	2,275
Total assets		1,119,461	863,695
EQUITY AND LIABILITIES			
Equity	12	389,132	348,718
<i>Equity attributed to owners of the parent company</i>		<i>362,945</i>	<i>344,915</i>
Share capital		145,266	145,266
Capital surplus		11,461	11,461
Revenue reserves		129	129
Fair value reserves		(387)	(369)
Translation differences		305	221
Retained earnings		206,171	188,207
Non-controlling interest		26,187	3,802
Non-current liabilities		350,303	236,683
Employee benefits		15,743	12,260
Other provisions		1,463	1,445
Deferred revenues		5,698	927
Financial liabilities	13	326,547	221,198
Operating liabilities		826	818
Deferred tax liabilities		26	35
Current liabilities		380,026	278,294
Financial liabilities	13	146,909	98,231
Operating liabilities	14	227,056	177,722
Income tax liabilities		317	767
Other liabilities		5,744	1,574
Total equity and liabilities		1,119,461	863,695

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

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity for Period Ended on 30 June 2016

in € thousand	Equity attributed to the owners of the parent company							Non-controlling interest	Total
	Share capital	Capital surplus	Revenue reserves	Fair value reserves	Translation differences	Retained earnings	Total		
Balance as at 31 December 2015	145,266	11,461	129	(369)	221	188,207	344,915	3,802	348,718
Acquisition of company	0	0	0	0	0	0	0	21,644	21,644
Decrease in non-controlling interest	0	0	0	(2)	0	225	223	(313)	(90)
Dividends paid	0	0	0	0	0	(5,811)	(5,811)	0	(5,811)
Total transactions with owners	0	0	0	(2)	0	(5,586)	(5,587)	21,331	15,743
Profit for the period	0	0	0	0	0	23,530	23,530	1,039	24,569
Other changes in comprehensive income	0	0	0	(17)	84	19	86	15	101
Total changes in comprehensive income	0	0	0	(17)	84	23,550	23,617	1,054	24,671
Balance as at 30 June 2016	145,266	11,461	129	(387)	305	206,171	362,945	26,187	389,132

Consolidated Statement of Changes in Equity for Period Ended on 31 December 2015

in € thousand	Equity attributed to the owners of the parent company							Non-controlling interest	Total
	Share capital	Capital surplus	Revenue reserves	Fair value reserves	Translation differences	Retained earnings	Total		
Balance as at 31 December 2014	145,266	11,461	(859)	171	33	187,477	343,550	4,586	348,135
Covering loss	0	0	0	0	0	0	0	1	1
Purchase of treasury shares	0	0	(3,752)	0	0	0	(3,752)	0	(3,752)
Dividends paid	0	0	0	0	0	(5,811)	(5,811)	(257)	(6,068)
Creation of legal reserves	0	0	988	0	0	(988)	0	0	0
Decrease in non-controlling interest	0	0	0	0	0	(3)	(3)	2	(1)
Total transactions with owners	0	0	(2,765)	0	0	(6,801)	(9,566)	(254)	(9,820)
Profit for the period	0	0	0	0	0	11,283	11,283	(490)	10,793
Other changes in comprehensive income	0	0	0	(539)	188	0	(351)	(40)	(391)
Total changes in comprehensive income	0	0	0	(539)	188	11,283	10,932	(530)	10,402
Creation of reserves for treasury shares	0	0	3,752	0	0	(3,752)	0	0	0
Total changes in equity	0	0	3,752	0	0	(3,752)	0	0	0
Balance as at 31 December 2015	145,266	11,461	129	(369)	221	188,207	344,915	3,802	348,718

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

Consolidated Cash Flow Statement

in € thousand	Note	1-6 2016	1-6 2015
Cash flow from operating activities			
Profit before tax		24,065	15,215
Adjusted for:			
Depreciation and amortisation	6, 7	26,262	19,571
Share of (profit) loss in associates		(6)	9
Excess of fair value of net assets acquired over cost of investments		(4,160)	0
Interest income	4	(296)	(107)
Interest expenses	4	8,123	5,310
Other adjustments		(6,320)	(754)
Operating cash flows before changes in working capital		47,666	39,243
Changes in working capital			
Change in operating receivables		(25,825)	(29,119)
Change in inventories		1,343	(9,511)
Change in operating payables		1,430	14,430
Change in taxes other than income tax		3,109	1,373
Other direct payments		(1,444)	(4,997)
Changes in working capital		(21,388)	(27,824)
Net cash generated from operating activities		26,278	11,419
Cash flow from investing activities			
Payments for investments in subsidiaries		(15,928)	(282)
Payments for property, plant and equipment		(37,161)	(30,641)
Receipts from property, plant and equipment		593	234
Payments for intangible assets		(973)	(1,648)
Payments for loans issued		(6,001)	(98)
Receipts from loans issued		66	32
Interests received		110	111
Receipts for other assets		17	7
Net cash used in investing activities		(59,277)	(32,285)
Cash flow from financing activities			
Receipts from borrowings		387,327	189,810
Payments for borrowings		(314,436)	(177,258)
Payments for financial lease		(909)	(1,446)
Interest paid		(6,160)	(4,452)
Dividends paid		(5,811)	0
Net cash generated in financing activities		60,012	6,655
Cash and cash equivalents as at 1 January		44,587	38,993
Translation differences		201	(26)
Increase (decrease)		27,013	(14,211)
Cash and cash equivalents as at 30 June		71,801	24,757

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

Notes to the Consolidated Financial Statements

1. Revenue

in € thousand	1-6 2016	1-6 2015
In Slovenia	78,763	44,482
In other countries	335,135	320,198
Revenue	413,898	364,680

2. Operating Expenses

in € thousand	1-6 2016	1-6 2015
Costs of goods, materials and services	296,498	280,254
Labour costs	67,283	46,899
Depreciation and amortisation costs	26,262	19,571
Other costs	4,004	3,260
Changes in the value of inventories	2,186	(1,586)
Operating expenses	396,233	348,397

Review of Cost by Type for Period Ended on 30 June 2016

in € thousand	Cost of sales	Distribution costs	General and administrative expenses	Total
Costs of goods, materials and services	257,141	26,626	12,731	296,498
Labour costs	40,069	6,443	20,771	67,283
Depreciation and amortisation costs	23,446	571	2,245	26,262
Other costs	2,066	280	1,658	4,004
Changes in the value of inventories	2,186	0	0	2,186
Operating expenses	324,909	33,920	37,405	396,233

Review of Cost by Type for Period Ended on 30 June 2015

in € thousand	Cost of sales	Distribution costs	General and administrative expenses	Total
Costs of goods, materials and services	255,734	15,574	8,946	280,254
Labour costs	28,508	3,221	15,170	46,899
Depreciation and amortisation costs	17,981	236	1,354	19,571
Other costs	1,657	34	1,569	3,260
Changes in the value of inventories	(1,586)	0	0	(1,586)
Operating expenses	302,294	19,065	27,039	348,397

3. Other Operating Income and Expenses

in € thousand	1-6 2016	1-6 2015
Capitalized own products	2,967	2,258
Revenues from received subsidies	1,421	760
Business combinations revenue	4,160	0
Liabilities write-off	6,726	0
Other income	1,887	2,833
Other operating income	17,161	5,852
Expenses for donations and sponsorships	(343)	(228)
Allowances for obsolete stock provision	(396)	0
Other expenses	(259)	(176)
Other operating expenses	(998)	(403)
Net other operating income	16,163	5,449

Business combinations revenue represents the negative excess of assets acquired and liabilities assumed at the date of acquisition of groups Perutnina Ptuj and Holding PMP. At the date of preparation of the report acquiring company does not have the fair values of assets and liabilities, therefore the surplus is determined temporary. Upon determination of the fair value, the Group will adjust temporary surplus retroactive to the date of acquisition.

4. Net Finance Costs

in € thousand	1-6 2016	1-6 2015
Interest income	296	107
Exchange rate differences	31	152
Other income	359	46
Finance income	686	305
Interest expenses	(9,015)	(5,310)
Exchange rate differences	(47)	(79)
Other expenses	(1,394)	(1,423)
Finance expenses	(10,456)	(6,812)
Net finance costs	(9,770)	(6,507)

5. Net Earnings per Share

in € thousand	1-6 2016	1-6 2015
Profit, attributable to owners of the parent company	23,530	15,584
Weighted number of issued ordinary shares	967,016	974,941
Basic and diluted earnings per share (in €)	24.33	15.98

Net earnings per share are calculated by dividing the net profit or loss of the financial year, allocated to the owners of the controlling company, by the weighted average number of shares, traded during the year, net of the number of treasury shares.

6. Intangible Assets

in € thousand	30 June 2016	31 December 2015
Non-current property rights	15,319	12,700
Goodwill	15,061	15,061
Assets under construction	1,279	314
Present value	31,659	28,075

The useful life of intangible assets is final, except for goodwill, which has an indefinite useful life. The Group reviewed the value of intangible assets, and established that the present value does not exceed the recoverable amount.

7. Property, Plant and Equipment

in € thousand	30 June 2016	31 December 2015
Land	53,873	28,457
Buildings	180,362	95,712
Equipment	287,021	261,706
Other	9,382	9,474
Assets under construction	45,201	28,704
Present value	575,838	424,054

Property, plant and equipment, whose present value on 30 June 2016 amounts to €315,968 thousand, are pledged as security for liabilities.

The Group reviewed the value of property, plant and equipment, and established that the present amount does not exceed the recoverable amount.

8. Inventories

in € thousand	30 June 2016	31 December 2015
Raw material	80,557	68,883
Work in progress	72,442	51,687
Finished products	37,391	36,655
Trade goods	15,823	14,116
Inventories	206,214	171,342

Inventories, whose present value on 30 June 2016 amounts to €12,372 thousand, are pledged as security for liabilities. On 30 June 2016 the Group checked the value of the inventories and found that the net realizable value of finished products is higher than their production value.

9. Operating Receivables

in € thousand	30 June 2016	31 December 2015
Trade receivables	154,456	101,911
VAT receivables	4,654	5,963
Issued advance payments and cautions	4,798	4,812
Other operating receivables	3,114	1,595
Current operating receivables	167,022	114,281

The majority of the Group's trade receivables are insured against commercial risks with our insurance company. Trade receivables, whose present value on 30 June 2016 amounts to €43,137 thousand, are pledged as security for liabilities.

The disclosed value of operating receivables does not exceed their realizable value.

10. Cash and Cash Equivalents

in € thousand	30 June 2016	31 December 2015
Cash in the bank account and petty cash	32,398	44,283
Cash equivalents	39,403	230
Restricted cash	0	74
Cash and cash equivalents	71,801	44,587

Cash and cash equivalents include deposits with maturity of up to three months in the amount of €39,403 thousand. The interest rate for deposits is fixed.

11. Other Assets

in € thousand	30 June 2016	31 December 2015
Other assets	9,024	2,275
Other current assets	9,024	2,275

Current deferred expense relates to the advance payment of costs that will evenly debit against profit and loss. Since most of expenses will debit profit and loss within one business year the assets are higher on 30 June 2016 compared to 31 December 2015.

12. Equity

in € thousand	30 June 2016	31 December 2015
Equity attributed to the owners of the parent company	362,945	344,915
Share capital	145,266	145,266
Capital surplus	11,461	11,461
Revenue reserves	129	129
Fair value reserves	(387)	(369)
Translation differences	305	221
Retained earnings	206,171	188,207
Non-controlling interest	26,187	3,802
Equity	389,132	348,718

The share capital of the parent company is recognized in the amount of €145,266 thousand and is distributed between 994,616 shares. The face value of each share is €146.05. The number of shares did not change to preparation of this report.

Ownership Structure of the Parent Company

Shareholder	Number of shares as at 30 June 2016	Number of shares as at 31 December 2015
DILON, d. o. o., Gerbičeva ulica 98, Ljubljana	718,351	718,351
Republic of Slovenia, Gregorčičeva ulica 20, Ljubljana	248,655	248,655
SIJ d.d., Gerbičeva ulica 98, Ljubljana	27,600	27,600
UNIOR, d. d., Kovaška cesta 10, Zreče	10	10
Total	994,616	994,616

The ownership structure did not change to preparation of this report.

Capital Surplus

Capital surplus in the amount of €11,461 thousand was created during the simplified decrease in the parent company's capital.

Revenue Reserves

in € thousand	30 June 2016	31 December 2015
Legal reserves	2,384	2,384
Treasury shares	(6,009)	(6,009)
Reserves for treasury shares	3,754	3,754
Revenue reserves	129	129

The parent company acquired treasury shares in the amount of €2,255 thousand on the basis of the Act Regulating the Incurrence and Settlement of Liabilities of Slovenske železarne as regards the Restructuring Programme (Official Gazette of the RS, nr. 111/2001) and in line with the Privatization of Slovenske železarne Act (Official Gazette of the RS, nr. 13/1998). Treasury shares were acquired by exchanging interests in subsidiaries for shares of the parent company owned by authorized companies. The shares were acquired ex lege and not in line with the Companies Act, which is why the parent company did not establish a treasury shares fund. Shares are recognized at cost.

The parent company did not acquire new treasury shares to preparation of this report. Shares are recognized at cost.

13. Financial Liabilities

in € thousand	30 June 2016	31 December 2015
Borrowings	228,754	124,296
Liabilities for bonds issued	94,115	94,115
Liabilities arising from finance lease	3,678	2,787
Non-current financial liabilities	326,547	221,198
Borrowings	122,768	77,195
Liabilities for commercial papers issued	17,662	17,662
Interest liabilities	4,683	2,173
Liabilities arising from finance lease	1,796	1,201
Current financial liabilities	146,909	98,231
Total financial liabilities	473,456	319,429

▼ Borrowings

Borrowings include loans from domestic and foreign banks. Borrowings in the amount of €200,719 thousand are secured by properties, receivables and inventories. Other borrowings are not secured. The interest rate for the majority of borrowings and liabilities arising from finance lease is flexible and based on EURIBOR.

▼ Liabilities for bonds issued

Liabilities for bonds issued refer to the bonds issued with the ticker symbol SIJ4. The bonds were issued by the parent company with a total nominal value of €42,897 thousand. The entire bond issue contains 42,897 denominations of €1 thousand. The bond maturity date is 24 November 2019. The interest rate for the bonds is fixed, i.e. 4.50 percent per annum. Interest is accrued annually in arrears. The nominal value of the principal falls due, in full and in a single amount, on the maturity of the bond. The bonds have been traded on the Ljubljana Stock Exchange.

Liabilities for bonds issued refer to the bonds issued with the ticker symbol SIJ5. The bonds were issued by the parent company with a total nominal value of €51,218 thousand. The entire bond issue contains 51,218 denominations of €1 thousand. The bond maturity date is 21 July 2020. The interest rate for the bonds is fixed, i.e. 4.00 percent per annum. Interest is accrued annually in arrears. The nominal value of the principal falls due, in full and in a single amount, on the maturity of the bond. The bonds have been traded on the Ljubljana Stock Exchange.

▼ Liabilities for Commercial Papers Issued

Liabilities for commercial papers amounting to €17,662 thousand refer to 12-month commercial papers with the ticker symbol SIK02, issued by the parent company on 18 December 2015. The total nominal value of the commercial papers is €17,662 thousand, and covers 17,662 denominations of €1 thousand. The interest rate for a commercial paper is 2.20 percent per annum. Commercial papers are a discounted security. Interest is charged in advance and deducted on payment of a commercial paper in the form of a discount from the nominal value of the commercial paper. Liabilities from commercial papers are payable on 16 December 2016. Commercial papers trading takes place at the Ljubljana Stock Exchange.

14. Operating Liabilities

in € thousand	30 June 2016	31 December 2015
Liabilities to suppliers	200,882	166,434
Liabilities to employees	10,871	3,877
Received advance payments	2,717	1,309
Tax liabilities	9,355	4,702
Other liabilities	3,231	1,401
Current operating liabilities	227,056	177,722

15. Segment Reporting

Segment Reporting for Period Ended on 30 June 2016

in € thousand 1-6 2016	Steel Division	Distribution & Processing Division	Scrap Division	Manufacturing Division	Headquarter and other Services	Production of poultry meat	Transaction between segments	Total	Consolidated financial statements
Revenues on the segments	259,961	66,486	35,585	38,369	9,120	84,627	-	494,148	-
Eliminations	(1,267)	(150)	(2,707)	(3,470)	(57)	(5)	(72,593)	(80,250)	-
Revenues	258,695	66,336	32,878	34,898	9,063	84,622	(72,593)	413,898	413,898
Costs on the segments	249,831	66,088	34,789	36,334	8,296	81,100	-	476,438	-
Eliminations	(1,267)	(150)	(2,707)	(3,470)	(57)	(5)	(72,548)	(80,204)	-
Expenses	248,564	65,938	32,082	32,864	8,238	81,095	(72,548)	396,233	396,233
Other operating income (expenses)	2,642	1	(4)	1,141	11,128	1,970	(715)	16,163	16,163
Profit (loss) from operation	12,773	400	792	3,175	11,952	5,497	(760)	33,828	33,828
Net finance income (costs)	(5,318)	(758)	(422)	(49)	(2,352)	(871)	0	(9,770)	(9,770)
Share of profit in associates	6	0	0	0	0	0	0	6	6
Taxes	656	78	(44)	(206)	23	(2)	0	505	505
Profit (loss) for the period	8,118	(280)	326	2,920	9,623	4,624	(760)	24,569	24,569
30 June 2016									
Assets on segments	668,017	109,955	31,924	67,574	386,757	251,720	(396,485)	1,119,461	1,119,461
Liabilities on segments	391,313	92,206	23,776	46,100	192,583	145,499	(161,148)	730,329	730,329

Segment Reporting for Period Ended on 30 June 2015

in € thousand 1-6 2015	Steel Division	Distribution & Processing Division	Scrap Division	Manufacturing Division	Headquarter and other Services	Transaction between segments	Total	Consolidated financial statements
Revenues on the segments	292,667	74,956	46,551	24,204	5,817	-	444,194	-
Eliminations	(152)	(925)	(6,058)	(159)	(47)	(72,174)	(79,515)	-
Revenues	292,514	74,030	40,493	24,045	5,770	(72,174)	364,680	364,680
Costs on the segments	277,552	75,324	46,092	23,131	5,809	-	427,908	-
Eliminations	(152)	(925)	(6,058)	(159)	(47)	(72,169)	(79,510)	-
Expenses	277,400	74,399	40,034	22,972	5,762	(72,169)	348,397	348,397
Other operating income (expenses)	4,631	59	72	359	256	71	5,449	16,163
Profit (loss) from operation	19,745	(309)	532	1,433	264	67	21,731	33,828
Net finance income (costs)	(4,555)	(616)	(253)	(19)	(1,064)	0	(6,507)	(9,770)
Share of profit in associates	(9)	0	0	0	0	0	(9)	6
Taxes	123	361	(62)	(117)	(1)	0	303	505
Profit (loss) for the period	15,304	(565)	217	1,296	(801)	67	15,518	24,569
30 June 2015								
Assets on segments	659,235	98,287	29,025	40,432	356,691	(319,975)	863,695	863,695
Liabilities on segments	391,122	80,268	21,175	22,588	155,419	(155,594)	514,977	514,977

Related Parties

The related parties are the parent company (including its parent companies and the companies in their groups), subsidiaries, associates, other related parties and the management of companies.

Related Party Transactions Excluded from the Consolidated Financial Statements

in € thousand	1-6 2016	1-6 2015
Revenues/expenses	83,168	42,516
	30 June 2016	31 December 2015
Operating receivables/liabilities	78,366	61,831
Financial receivables/liabilities	58,202	101,741
Investments in subsidiaries	265,750	173,096

↘ Carrying Amounts and Fair Values of Financial Instruments

in € thousand		30 June 2016		31 December 2015	
Type of financial instrument	Carrying amount	Fair value	Carrying amount	Fair value	
Available-for-sale financial assets	8,895	8,895	45,219	45,219	
Financial receivables	10,285	10,285	3,291	3,291	
Operating receivables	169,502	169,502	116,353	116,353	
Cash and cash equivalents	71,801	71,801	44,587	44,587	
Financial liabilities	(473,456)	(473,456)	(319,429)	(319,429)	
Operating liabilities	(227,882)	(227,882)	(178,541)	(178,541)	
Total	(440,856)	(440,856)	(288,519)	(288,519)	

↘ Fair Value Measurements

in € thousand	30 June 2016	31 December 2015
Financial assets at fair value of the first level	584	614
Financial assets at fair value of the third level	18,595	47,897
Financial liabilities at fair value of the third level	(473,456)	(319,429)

↘ Events after the Reporting Date

The Company Ravne Steel Center d. o. o. bought 30 percent ownership of the company MWT Meyer Werkzeugstahl Vertriebs GmbH in August and acquired 100 percent ownership. At the same time it also initiated the merger of Ravne Steel Deutschland GmbH to MWT Meyer Werkzeugstahl Vertriebs GmbH.

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**Financial report
of the company SIJ d.d.
for period ended on
30 JUNE 2016**

Financial Statements of the Company SIJ d.d.

Statement of Comprehensive Income

in € thousand	Note	1-6 2016	1-6 2015
Revenue	1	7,615	4,499
Gross profit		7,615	4,499
General and administrative expenses	2	(6,444)	(5,497)
Other operating income	3	115	84
Other operating expenses	3	(186)	(132)
Operating profit (loss)		1,100	(1,046)
Finance income	4	2,200	1,468
Finance expenses	4	(4,637)	(1,317)
Net finance (costs) income		(2,438)	151
Loss for the period		(1,337)	(895)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Income tax related to components of comprehensive income		5	(4)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change in fair value reserves for available-for-sale financial assets		(29)	23
Comprehensive loss		(1,361)	(876)
Loss for the period		(1,337)	(895)
Basic and diluted earnings per share (in €)	5	-	-

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

Statement of Financial Position

in € thousand	Note	30 June 2016	31 December 2015
ASSETS			
Non-current assets		262,033	282,286
Intangible assets		798	812
Property, plant and equipment		5,540	5,627
Investments in subsidiaries		234,144	163,672
Available-for-sale financial assets		876	45,198
Financial receivables	6	18,879	65,302
Operating receivables		29	29
Other assets		734	616
Deferred tax assets		1,033	1,028
Current assets		118,613	68,529
Assets held for disposal		35	35
Financial receivables	6	65,607	25,761
Operating receivables	7	41,520	32,451
Income tax assets		303	0
Cash and cash equivalents	8	8,226	9,217
Other assets	9	2,922	1,065
Total assets		380,646	350,813
EQUITY AND LIABILITIES			
Equity	10	184,231	191,403
Share capital		145,266	145,266
Capital surplus		11,461	11,461
Revenue reserves		129	129
Fair value reserves		133	157
Retained earnings		27,242	34,390
Non-current liabilities		157,838	123,092
Employee benefits		391	391
Financial liabilities	11	157,446	122,700
Operating liabilities		1	1
Current liabilities		38,577	36,318
Financial liabilities	11	29,416	32,907
Operating liabilities	12	8,978	2,689
Income tax liabilities		0	586
Other liabilities		183	136
Total equity and liabilities		380,646	350,813

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

Statement of Changes in Equity

Statement of Changes in Equity for Period Ended on 30 June 2016

in € thousand	Share capital	Capital surplus	Revenue reserves	Fair value reserves	Retained earnings	Total
Balance as at 31 Dec. 2015	145,266	11,461	129	157	34,390	191,403
Dividends paid	0	0	0	0	(5,811)	(5,811)
Total transactions with owners	0	0	0	0	(5,811)	(5,811)
Profit for the period	0	0	0	0	(1,337)	(1,337)
Other changes in comprehensive income	0	0	0	(24)	0	(24)
Total changes in comprehensive income	0	0	0	(24)	(1,337)	(1,361)
Balance as at 30 Jun. 2016	145,266	11,461	129	133	27,242	184,231

Statement of Changes in Equity for Period Ended on 31 December 2015

in € thousand	Share capital	Capital surplus	Revenue reserves	Fair value reserves	Retained earnings	Total
Balance as at 31 Dec. 2014	145,266	11,461	(859)	171	25,188	181,228
Purchase of treasury shares	0	0	(3,752)	0	0	(3,752)
Dividends paid	0	0	0	0	(5,811)	(5,811)
Creation of legal reserves	0	0	988	0	(988)	0
Total transactions with owners	0	0	(2,765)	0	(6,798)	(9,563)
Profit for the year	0	0	0	0	19,752	19,752
Other changes in comprehensive income	0	0	0	(14)	0	(14)
Total changes in comprehensive income	0	0	0	(14)	19,752	19,738
Creation of reserves for treasury shares	0	0	3,752	0	(3,752)	0
Total changes in equity	0	0	3,752	0	(3,752)	0
Balance as at 31 Dec. 2015	145,266	11,461	129	157	34,390	191,403

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

↘ Cash Flow Statement

in € thousand	Note	1-6 2016	1-6 2015
Cash flow from operating activities			
Profit before taxation		(1,338)	(895)
Adjusted for:			
Depreciation and amortisation		204	166
Interest income	4	(1,559)	(709)
Interest expenses	4	3,726	1,281
Other adjustments		(398)	(783)
Operating cash flows before changes in working capital		635	(939)
Changes in working capital			
Change in operating receivables		(10,862)	(1,864)
Change operating payables		6,398	(866)
Change in taxes other than income tax		(200)	(476)
Income tax paid		(888)	(126)
Other direct payments		0	(3,752)
Changes in working capital		(5,552)	(7,084)
Net cash used from operating activities		(4,917)	(8,023)
Cash flow from investing activities			
Payments for investments in subsidiaries		(26,179)	(75)
Payments for property, plant and equipment		(44)	(70)
Receipts from property, plant and equipment		38	6
Payments for intangible assets		(47)	(231)
Receipts from other assets		0	4
Payments for loans issued		(64,650)	(63,890)
Receipts from loans issued		71,302	40,236
Interests received		1,434	756
Net cash used in investing activities		(18,147)	(23,264)
Cash flow from financing activities			
Receipts from borrowings		123,800	20,600
Payments for borrowings		(94,670)	(150)
Payments for financial lease		(14)	(86)
Receipts from finance services		365	1,019
Interests paid		(1,598)	(360)
Dividends paid		(5,811)	0
Net cash generated in financing activities		22,073	21,024
Cash and cash equivalents as at 1 Jan.		9,217	17,517
Decrease		(992)	(10,264)
Cash and cash equivalents as at 30 Jun.		8,226	7,255

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

Notes to the Financial Statements

1. Revenue

in € thousand	1-6 2016	1-6 2015
In Slovenia	7,611	4,496
In other countries	4	4
Revenue	7,615	4,499

2. Operating Expenses

in € thousand	1-6 2016	1-6 2015
Costs of goods, materials and services	1,687	1,396
Labour costs	4,519	3,911
Depreciation and amortisation costs	204	166
Other costs	33	24
Operating expenses	6,444	5,497

3. Other Operating Income and Expenses

in € thousand	1-6 2016	1-6 2015
Dividends	65	65
Other income	50	19
Other operating income	115	84
Expenses for donations and sponsorships	(183)	(131)
Other expenses	(3)	(1)
Other operating expenses	(186)	(132)
Net other operating expenses	(71)	(48)

4. Net Finance Costs

in € thousand	1-6 2016	1-6 2015
Interest income	1,559	709
Guarantee fees	639	745
Exchange rate differences	1	14
Finance income	2,200	1,468
Interest expenses	(3,726)	(1,281)
Other expenses	(911)	(36)
Finance expenses	(4,637)	(1,317)
Net finance (expenses) income	(2,438)	151

5. Net Earnings per Share

in € thousand	1-6 2016	1-6 2015
Profit for the period	(1,337)	(895)
Weighted number of issued ordinary shares	967,016	974,941
Basic and diluted earnings per share (in €)	-	-

Net earnings per share are calculated by dividing the net profit or loss of the financial year, allocated to the owners of the controlling company, by the weighted average number of shares, traded during the year, net of the number of treasury shares.

6. Financial Receivables

in € thousand	30 June 2016	31 December 2015
Loans issued	18,866	65,249
Receivables arising from financial lease	14	54
Non-current financial receivables	18,879	65,302
Loans issued	64,668	24,937
Receivables arising from finance lease	80	89
Interest receivables	421	296
Receivables arising from financial services	438	439
Current financial receivables	65,607	25,760

The interest rate for loans issued and receivables arising from finance lease is fixed. The disclosed value of loans issued and receivables from finance lease does not exceed their realizable value. The loans issued fall due in 2020. The receivables arising from finance lease fall due in 2017. The loans issued and receivables arising from finance lease are not pledged as security for liabilities and are secured with bills.

7. Operating Receivables

in € thousand	30 June 2016	31 December 2015
Trade receivables	16,356	13,772
VAT receivables	10	7
Issued advance payments and cautions	87	167
Other operating receivables	25,067	18,505
Current operating receivables	41,520	32,451

The operating receivables are not secured nor pledged as security for liabilities. The disclosed value of operating receivables does not exceed their realizable value.

8. Cash and Cash Equivalents

in € thousand	30 June 2016	31 December 2015
Cash in national currency	8,141	9,058
Cash in foreign currency	85	86
Restricted cash	0	74
Cash and cash equivalents	8,226	9,217

Deposits in the amount of €8,018 thousand are in the national currency and have a maturity of up to three months. The interest rate for deposits is fixed.

9. Other Assets

in € thousand	30 June 2016	31 December 2015
Deferred expenses	2,922	1,065
Other current assets	2,922	1,065

Current deferred expense relates to the advance payment of costs that will evenly debit against profit and loss. Since most of expenses will debit within one business year the assets are higher on 30 June 2016 compared to 31 December 2015.

10. Equity

in € thousand	30 June 2016	31 December 2015
Share capital	145,266	145,266
Capital surplus	11,461	11,461
Revenue reserves	129	129
Fair value reserves	133	157
Retained earnings	27,242	34,390
Equity	184,231	191,403

The share capital of the parent company is recognized in the amount of €145,266 thousand and is distributed between 994,616 shares. The face value of each share is €146.05. The number of shares did not change to preparation of this report.

Ownership Structure of the Parent Company

Shareholder	Number of shares as at as at 30 June 2016	Number of shares as at as at 31 December 2015
DILON, d. o. o., Gerbičeva ulica 98, Ljubljana	718,351	718,351
Republic of Slovenia, Gregorčičeva ulica 20, Ljubljana	248,655	248,655
SIJ d.d., Gerbičeva ulica 98, Ljubljana	27,600	27,600
UNIOR, d. d., Kovaška cesta 10, Zreče	10	10
Total	994,616	994,616

The ownership structure did not change to preparation of this report.

Capital Surplus

Capital surplus in the amount of €11,461 thousand was created during the simplified decrease in the parent company's capital.

Revenue Reserves

in € thousand	30 June 2016	31 December 2015
Legal reserves	2,384	2,384
Treasury shares	(6,009)	(6,009)
Reserves for treasury shares	3,754	3,754
Revenue reserves	129	129

The company acquired treasury shares in the amount of €2,255 thousand on the basis of the Act Regulating the Incurrence and Settlement of Liabilities of Slovenske železarne as regards the Restructuring Programme (Official Gazette of the RS, nr. 111/2001) and in line with the Privatization of Slovenske železarne Act (Official Gazette of the RS, nr. 13/1998). Treasury shares were acquired by exchanging interests in subsidiaries for shares of the parent company owned by authorized companies. The shares were acquired ex lege and not in line with the Companies Act, which is why the parent company did not establish a treasury shares fund.

Shares are recognized at cost.

11. Financial Liabilities

in € thousand	30 June 2016	31 December 2015
Borrowings	63,300	28,500
Liabilities for bonds issued	94,115	94,115
Liabilities arising from finance lease	31	85
Non-current financial liabilities	157,446	122,700
Borrowings	7,836	13,506
Liabilities for commercial papers issued	17,662	17,662
Interest liabilities	3,615	1,487
Liabilities arising from finance lease	106	116
Other current financial liabilities	197	137
Current financial liabilities	29,416	32,907
Total financial liabilities	186,862	155,607

Borrowings

Borrowings include loans from companies in the Group and from banks. Loans from companies are secured with bills, loans from banks are secured with guarantee from companies in the Group. The interest rate is fixed.

Liabilities for bonds issued

Liabilities for bonds issued refer to the bonds issued with the ticker symbol SIJ4. The bonds were issued by the parent company with a total nominal value of €42,897 thousand. The entire bond issue contains 42,897 denominations of €1 thousand. The bond maturity date is 24 November 2019. The interest rate for the bonds is fixed, i.e. 4.50 percent per annum. Interest is accrued annually in arrears. The nominal value of the principal falls due, in full and in a single amount, on the maturity of the bond. The bonds have been traded on the Ljubljana Stock Exchange.

Liabilities for bonds issued refer to the bonds issued with the ticker symbol SIJ5. The bonds were issued by the parent company with a total nominal value of €51,218 thousand. The entire bond issue contains 51,218 denominations of €1 thousand. The bond maturity date is 21 July 2020. The interest rate for the bonds is fixed, i.e. 4.00 percent per annum. Interest is accrued annually in arrears. The nominal value of the principal falls due, in full and in a single amount, on the maturity of the bond. The bonds have been traded on the Ljubljana Stock Exchange.

Liabilities for Commercial Papers Issued

Liabilities for commercial papers amounting to €17,662 thousand refer to 12-month commercial papers with the ticker symbol SIK02, issued by the parent company on 18 December 2015. The total nominal value of the commercial papers is €17,662 thousand, and covers 17,662 denominations of €1 thousand. The interest rate for a commercial paper is 2.20 percent per annum. Commercial papers are a discounted security. Interest is charged in advance and deducted on payment of a commercial paper in the form of a discount from the nominal value of the commercial paper. Liabilities from commercial papers are payable on 16 December 2016. Commercial papers trading takes place at the Ljubljana Stock Exchange.

12. Operating Liabilities

in € thousand	30 June 2016	31 December 2015
Liabilities to suppliers	1,422	1,408
Liabilities to employees	254	278
Received advance payments	5	5
Tax liabilities	722	922
Other liabilities	6,575	75
Current operating liabilities	8,978	2,689

Related Parties

The related parties are the parent company (including its parent companies and the companies in their groups), subsidiaries, associates, other related parties and the management of companies.

Transactions with the Parent Company

in € thousand	1-6 2016	1-6 2015
Revenues	187	1

	30 June 2016	31 December 2015
Receivables	9,203	3,022

Transactions with Subsidiaries

	in € thousand	1-6 2016	1-6 2015
Revenues		9,673	5,952
Expenses		772	439

	30 June 2016	31 December 2015
Receivables	116,616	120,230
Liabilities	13,489	11,719

↘ Carrying Amounts and Fair Values of Financial Instruments

in € thousand	30 June 2016		31 Dec. 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Available-for-sale financial assets	876	876	45,198	45,198
Financial receivables	84,487	84,487	91,063	91,063
Operating receivables	41,549	41,549	32,481	32,481
Cash and cash equivalents	8,226	8,226	9,217	9,217
Financial liabilities	(186,862)	(186,862)	(155,607)	(155,607)
Operating liabilities	(8,979)	(8,979)	(2,690)	(2,690)
Total	(60,703)	(60,703)	19,661	19,661

↘ Fair Value Measurements

in € thousand	30 June 2016	31 December 2015
Financial assets at fair value of the first level	584	614
Financial assets at fair value of the third level	84,778	135,646
Financial liabilities at fair value of the third level	(186,862)	(155,607)

↘ Events after the Reporting Date

There were no events after the reporting date that would significantly affect the financial statements for the period ended on 30 June 2016.