

DARS

Annual
Report
2015

Ljubljana, April 2016







I. Business Report

II. Financial Report

DARS



I. Business Report



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Acronyms and Abbreviations

ABC	Automatic non-cash toll collection
MW	Motorway
TS	Toll station
DARS d. d.	Družba za avtoceste v Republiki Sloveniji d. d. (Motorway Company in the Republic of Slovenia)
NLP	National Location Plan
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ETS	Electronic Tolling System
PD	Preliminary Design
ITS	Intelligent Transportation Systems
Concession Agreement	A concession agreement for motorway management and maintenance in the Republic of Slovenia.
IBCP	International Border Crossing Point
MI	Ministry of Infrastructure
NMCP	National Motorway Construction Programme in the Republic of Slovenia
CC	Control Centre
DBP	Design for Building Permit
TIC	Traffic Information Centre for Public Roads
AADT	Average Annual Daily Traffic
FTF	Free Traffic Flow
ED	Execution Design
R3	Motor vehicles having two or three axles whose maximum permissible weight exceeds 3,500 kg and groups of motor vehicles having two or three axles whose maximum permissible weight exceeds 3,500 kg.
R4	Motor vehicles having more than three axles whose maximum permissible weight exceeds 3,500 kg and groups of motor vehicles having more than three axles whose maximum permissible weight exceeds 3,500 kg.
RS	Republic of Slovenia
RCC	Regional Control Centre
SSH	Slovenian Sovereign Holding
TCMS	Traffic Control and Management System
SAS	Slovenian Accounting Standards 2006
MCRSA	Motorway Company in the Republic of Slovenia Act (ZDARS-UPB 1) (Official Gazette of the Republic of Slovenia, No. 20/2004)
MCRSA-1	Motorway Company in the Republic of Slovenia Act (Official Gazette of the Republic of Slovenia, No. 97/2010-ZDARS-1)
CA-1	Companies Act (Official Gazette of the Republic of Slovenia, Nos. 65/2009 – official consolidated text, 33/11, 91/11, 32/12, 57/12, 44/13 – CC dec. and 82/13)
PPA	Public Procurement Act
FBA	Fiscal Balance Act (Official Gazette of the Republic of Slovenia, No. 40/2012)

I.1. Letter from the Management

The only thing that is constant in life is change. By being aware of this, DARS d. d. is able to implement and successfully manage change.

DARS d. d. is a stable operator of the motorway network that uses income generated from tolls and other revenue to ensure the sustained development of the company, its long-term stable and responsible operation and safe and unobstructed use of the motorway network. As a reliable business partner who swears by excellence, we are one of the central pillars of the Slovenian and European transportation network.

Our goal is to establish a better corporate governance system for capital assets of the state and company business excellence in accordance with the Corporate Governance Code for Joint Stock Companies and the Corporate Governance Code for Companies with Capital Assets of the State and the Recommendations and Expectations of the SSH as the manager of the Republic of Slovenia's capital assets and in compliance with the DARS Code of Ethics representing a set of high moral, ethical and work values that reflect the vision and mission of the company in all areas of operation.

In order to ensure successful growth, development and the achievement of the company's objectives in the future, we introduced some changes across several areas in 2015. These pertain to activities for increasing safety and traffic flow, continued awareness-raising and education of users

on proper motorway driving and the provision of travel comfort, all with the intent of managing the state motorway network as an active operator who is competitive and comparable to similar companies in the neighbouring countries.

April 2015 saw the adoption of the Act Regulating the Guarantee of the Republic of Slovenia for the Obligations of DARS d. d. for Loans and Debt Securities Raised or Issued for Refinancing Existing Debts of DARS d. d. This act enables DARS d. d. to actively manage its existing debt and restructure its loan portfolio as well as ensures it can provide on time the necessary sources of funding to settle the matured liabilities arising from the existing debt. Financial sustainability is ensured through appropriate financial restructuring of the company and through day-to-day debt management.

DARS d. d. is aware of the severity of the consequences that might arise if various types of risks from our operating environment were to be realised, especially since the company is active in a number of different areas. In the increasingly uncertain business environment, risk management represents a significant factor in business performance, which is why the company focuses a lot of attention on the timely detection of risks as well as the management thereof. The risk management process has become a strategic part of our business, so the company is especially proud of its successful management of risk in 2015.

The business performance achieved is the result of the company successfully implementing business activities in various areas. We are increasing revenue from tolls as well as other revenues, we rationalised internal operations and we successfully control costs and actively manage our debt portfolio.

DARS d. d. invests a great deal of financial resources into infrastructural improvements, road equipment and devices, thereby improving traffic safety. We are highly active in traffic safety management and collaborate with all the major participants in this field. We know that investments equal fewer accidents, resulting in less congestion and less economic damage. There are a number of projects underway aimed at improving traffic safety. As the majority of road accidents are still caused by driver error, we are investing a great deal of resources into informing drivers about proper motorway driving and notifying them on traffic conditions. Our efforts are primarily aimed at older and younger drivers.

Through professional work at control centres and at the Traffic Information Centre (the upgrade of the KAŽIPOT system), we provided users with more quality traffic information, minimising queues and speeding up accident resolution. We took measures to increase traffic safety by adjusting road signalisation on motorways and expressways, examining dangerous sections, improving traffic information and travel time estimates, fulfilling the technical requirements for establishing a RDS-TMC



service for navigation devices in Slovenia and upgrading the DarsPromet (DarsTraffic) mobile app, which offers voice notifications on the go, thereby contributing to the safe use of mobile devices in cars. Various events and media announcements contributed to the visibility of the Traffic Information Centre on its tenth anniversary.

In an attempt to modernise the toll collection system for freight vehicles, we are currently managing activities for the establishment and operation of the electronic tolling system in free-flow traffic (ETS in FTF) in accordance with public procurement regulations.

Maintenance and reconstruction work on the motorway system is done continually, as per the annual plan. This is done while paying particular attention to making sure

there are as few interruptions and delays as possible for the users.

In accordance with its business plan, in 2015, DARS d. d. managed projects involving the construction and reconstruction of motorway sections within the scope of available funds. In June, the newly-constructed 5.2 km long expressway section from Koper to Izola (including the Markovec Tunnel) was opened for traffic. The Draženci MW–Gruškovje IBCP project continued along with the construction of noise barriers on five motorway sections. In light of our efforts to improve traffic safety, the driving surfaces on several motorway sections were reconstructed. These were successfully funded through European grant funds.

DARS d. d. also participates in a number of international activities, exchanging good practices and looking for opportunities for cooperation in all areas.

Our future depends on our employees, who are there, day and night, even on holidays, working selflessly, responsibly and conscientiously. We are glad to see how proud they are to be part of the varied activities of our company, which offers them a stable and socially safe working environment. As confirmation of this, we won first place and the prestigious title of Respected Employer in the category of logistics and transport.

Have a pleasant journey and drive safely.

Gašper Marc, MSc
Board Member

Tomaž Vidic, PhD
Chairman of the Management Board

Marjan Sisinger
Labour Manager/Board Member

I.2. Report on the Work of the Supervisory Board for 2015

Pursuant to the provisions of paragraph 2 of Article 282 of CA-1, the Corporate Governance Code for Joint Stock Companies and the Corporate Governance Code for Companies with Capital Assets of the State, the Supervisory Board of DARS d. d. has prepared a written report that is an accurate and credible representation of the Supervisory Board's activities during the year.

1. Composition of the Supervisory Board of DARS d. d.

According to its Articles of Association, the company has six Supervisory Board members, of which two are employee representatives.

In August, the following members handed in their resignations: Gregor Lukan, Gregor Osojnik and Andraž Lipolt. At the general meeting in September 2015, Robert Ličen, MSc, was recalled and the following new members were appointed: Marjan Mačkošek, Miha Juhart, PhD, Tatjana Colnar, MSc, and Igor Pirnat, MSc. Mr Marjan Mačkošek became the new Chairman. Mr Vito Meško and Mr Rožle Podboršek remained the employee representatives.

2. Activities of the Supervisory Board

The Supervisory Board carries out work according to the law, the recommendations of the Slovenian Directors' Association and other good practice recommendations. It also follows the Corporate Governance Code for Joint Stock Companies and the Corporate Governance Code for Companies with Capital Assets of the State as well as the Code of Ethics of the Slovenian Directors' Association and its principles.

The members are active at the sessions and participate in discussions in order to clarify any differing opinions and to reconcile them to an extent where they are professionally, legally and strategically harmonised. The harmonised activity of the Supervisory Board is confirmed by the fact that almost all decisions adopted in 2015 were unanimous. The discussions show that the members of the Supervisory Board thoroughly prepared themselves for the sessions to facilitate active and professional participation in discussions on individual items of the agenda. The members attended these sessions regularly. In 2015, all of the members attended all sessions, with the exception of one whose one-off absence was justified and one who failed to cast their vote at a meeting (by correspondence). The Chairman of the Supervisory Board and of the Management Board work together even outside the official sessions.

In 2015, the Supervisory Board of DARS d. d. met at ten regular sessions, seven by correspondence and at one extraordinary session, at which it discussed the regular reports on company operations and other current matters and important issues.

Among other things, the Supervisory Board of DARS d. d.:

- appointed a Management Board member,
- discussed and confirmed the Annual Report 2014, adopted a report on its activities for the previous year,
- discussed materials and confirmed propositions for adopting resolutions at the general meeting,
- gave consent for the Business Plan for 2015,
- gave consent for transactions in excess of €1.5m as per the Articles of Association,
- gave consent for public procurement announcements as per the Rules of Procedure of the Supervisory Board,
- regularly kept track of the status of the ETS in FTF project,
- regularly monitored the operations of the DELKOM d. o. o. subsidiary,
- acquainted itself with the Annual Plan of the Internal Auditing Department for 2015 and with the Report on the Work of the Internal Auditing Department for 2014,
- acquainted itself with the unaudited Semi-annual Report,
- adopted new Rules on Determining the Content of Employment Contracts for the Management Board Chairman and Members regarding Remuneration and Severance Pay,
- regularly acquainted itself with reports of Supervisory Board committees,
- acquainted itself with the termination of the DELKOM d. o. o. subsidiary.

In making decisions, the Supervisory Board members observed the general rules on corporate governance in relation to conflict of interest. Two members informed the Supervisory Board of the existence of a conflict of interest in a specific case at sessions and removed themselves from discussing and making decisions on the relevant issue.

The Supervisory Board did not perform a self-assessment in 2015 due to the membership changes. The Supervisory Board is going to perform a self-assessment in 2016 in compliance with good practice recommendations and the proposed methodology of the Slovenian Directors' Association.

2.1. Committees of the Supervisory Board of DARS d. d.

Two committees provided their expert support to the Supervisory Board. They report to and advise the Supervisory Board, which has full decision-making power. The two committees did not carry out a self-assessment in 2015.

Audit Committee

In October 2015, the Supervisory Board appointed new members of the Audit Committee. The Committee is comprised of Chairwoman Tatjana Colnar, MSc, who coordinates its work, her deputy Igor Pirnat, MSc and Miha Juhart, PhD. The Committee also includes an

independent external expert, Ms Mojca Lahajner.

In 2015, the Committee held five regular sessions and one meeting by correspondence, where it discussed the Annual Report for 2014, the Work Report of Internal Auditing for 2014, the Work Plan for 2015, the issues of purchasing, management and handling of gritting materials, renovation of office space in Celje and the operation of DELKOM d. o. o.

Supervisory Board Committee for Remuneration and Management Board Assessments

In October 2015, the Supervisory Board appointed new members of the Remuneration Committee. Members of the Committee include Chairman Miha Juhart, PhD, his deputy Mr Vito Meško and Tatjana Colnar, MSc.

In 2015, the Committee met at ten regular sessions, primarily to discuss the appointment of a new Management Board member. It also discussed the reports of the HR Management Service and the Occupational Health and Safety Service. It formulated new Rules on Determining the Content of Employment Contracts for the Management Board Chairman and Members regarding Remuneration and Severance Pay.

2.2. Organisation of Work

In accordance with its Rules of Procedure, the Supervisory Board of DARS d. d. has a Secretary from among the company employees that is responsible exclusively to the Chairman of the Supervisory Board for work performed for the Supervisory Board. The Secretary coordinates the work of the Supervisory Board and its committees, ensures that the company's professional services duly prepare the materials for the sessions of the Supervisory Board and its committees and performs other tasks specified in the Rules of Procedure of the Supervisory Board.

The Supervisory Board generally meets at the DARS d. d. branch office in Ljubljana and occasionally also at the head office in Celje.

This method of work ensures the optimal efficiency of the Supervisory Board's activities.

3. Approval of the Annual Report and Proposed Appropriation of Accumulated Profit for the Year 2015

Company management submitted the Annual Report for 2015 to the Supervisory Board on 13 April 2016. The Supervisory Board of DARS d. d. discussed the Annual Report of DARS d. d. for the year 2015 within the legally prescribed period. It took note of the

Auditor's Report and the submitted opinion of a certified auditor on the examination of financial statements for the 2015 financial year and established that the certified auditor had not discovered any misstatements or irregularities that could have an impact on the financial statements of the company. The Auditor's Report did not contain any remarks or reservations addressed to the Management Board or the Supervisory Board of the company.

Pursuant to the provisions of Articles 64 and 230 of CA-1, on the basis of the audited financial statements of the company and within the context of the comprehensive treatment of the Annual Report, as well as the proposal of the Management Board, the Supervisory Board of DARS d. d. established that net profit for the period from 1 January to 31 December 2015 amounted to €60,456,694. Profit brought forward equals €13,831,556. The established net profit would be allocated as follows:

- €3,022,835 in legal reserves;
- €14,358,465 in statutory reserves;
- €21,537,697 in other revenue reserves according to the decisions of the Management Board and the Supervisory Board of DARS d. d.

The accumulated profits as of 31 December 2015 amounted to €35,369,254.

The appropriation of accumulated profit will be decided by the General Meeting of the company.

The Supervisory Board issued no remarks regarding the report of the auditing firm Deloitte revizija d. o. o. Upon careful examination of the audited Annual Report for the 2015 financial year, the Supervisory Board had no remarks regarding the Report and therefore approved it unanimously at its session on 20 April 2016. Pursuant to Article 282 of CA-1, this means that the Supervisory Board of DARS d. d. agrees with the audited Report and thereby adopts the Annual Report of DARS d. d. for the year 2015.

The Supervisory Board proposes that the General Meeting grant discharge to the Management Board and the Supervisory Board in accordance with Article 293 of CA-1.

Marjan Mačkošek

Chairman of the Supervisory Board



I.3. The Mission, Vision, Values and Strategic Directions, Integrated Management System Policy



Mission

We ensure socially responsible and efficient operation, maintenance and construction of motorways and other infrastructure networks in the Republic of Slovenia and provide the conditions for their safe use. Through the systematic development of new business ideas, we encourage the continued growth and development of DARS d. d. and its employees.

Vision

That each year, DARS d. d. becomes a more successful and market-oriented learning company that develops and manages modern infrastructure networks and operates for the benefit of all stakeholders.

Core Values

Responsibility

With a responsible attitude towards ourselves and society, we fulfil all our assumed work commitments and endeavour to meet our objectives in terms of quality with our users in mind.

Cost-effectiveness

We act with the care and diligence of a good manager and achieve our objectives in a high-quality, timely and cost-effective manner.

Innovation

We promote and continually develop innovative approaches to our work; creative thought is our guide, because we know that this is the only way to develop innovative solutions with high added value for our customers, employees, the company and its owner.



Transparency

Our business and operations are transparent and equitable for all stakeholders and in accordance with the applicable regulations and our Code of Ethics.

Traffic and Safety Concerns

We are constantly looking after the traffic safety of our users and the safety of our employees that conduct field work on the motorways. By investing in traffic control and management systems and prevention projects, which raise awareness about safe driving among users, as well as by cooperating with all intervention groups and regularly training field and control centre workers, we are able to achieve a high traffic-safety standard. We consistently and swiftly inform the Slovenian public about traffic conditions on all state roads and regularly conduct measures aimed at traffic management at the national and international level.

Strategic Directions of DARS d. d.

Strategic Partnerships with Stakeholders

The company systematically endeavours to develop strategic partnerships with all stakeholders to provide us with adequate conditions for optimum performance and long-term growth and development.

Effective Debt Management

The company ensures stable and sustainable servicing of its obligations regarding debt.

Ensuring Traffic Flow and Safety on Motorway Networks

Through a professional approach, and based on objective analyses, we ensure a smooth flow of traffic and safety on motorways and other road infrastructure and improve our organisational and operational excellence in a continuously measurable and financially viable way.



Systematic Development and Implementation of New Ideas

We strive to develop new, market-oriented programmes with high added value in a systematic and sustainable manner.

Effective Company Resource Management

We endeavour to manage all the resources of our business systems as efficiently as possible: staff; material; financial; and information.

Integrated Management System Policy

Through the professional and responsible performance of tasks, the management and all employees of the company devote their best efforts to fulfilling the requirements and expectations of clients, the owner, employees, the environment and society. Our business success is not left to chance but is carefully planned, managed and supervised. We are committed to the continuous improvement of business processes, with an emphasis on preventative action.

Our objective is to provide a high quality ecological and comprehensive service that is safe for employees. This goal is being achieved in the following ways:

- by making responsible decisions based on facts,
- by providing good conditions and relations both inside and outside of the company,
- by encouraging employee innovation,



- through consistent compliance with legislation, other mandatory requirements and development guidelines,
- through the careful selection of qualified partners and other external contractors,
- by supporting the development of the profession and acquiring new knowledge,
- through active communication with the public,
- through the commitment to preventing health risks and injuries of employees,
- by committing ourselves to environmental protection and friendly mutual relations.

Company management undertakes to lead by example and pursue the set objectives to the best of their abilities.

I.4. Information About the Company and Key Business Data

NAME	Družba za avtoceste v Republiki Sloveniji d. d. (Motorway Company in the Republic of Slovenia) DARS d. d.
REGISTERED OFFICE	Ulica XIV. divizije 4, 3000 Celje Tel.: +386 (0)3 426 40 71 Fax: +386 (0)3 544 20 01
BRANCH OFFICE	Dunajska 7, 1000 Ljubljana Tel.: +386 (0)1 300 99 00 Fax: +386 (0)1 300 99 01
WEBSITES	www.dars.si www.promet.si
YEAR OF ESTABLISHMENT	1993
REGISTER ENTRY NUMBER	1/06158/00, District Court of Celje
FOUNDER	Republic of Slovenia
SHAREHOLDER	Republic of Slovenia
REGISTRATION NUMBER	5814251000
VAT NUMBER	SI92473717
SHARE CAPITAL	€2,319,866,345.16
SHARES ISSUED	55,592,292 no par value shares

DARS d. d. was established in 1993 under the MCRSA and began to operate on 1 January 1994. It had the status of a publicly owned company in the form of a public limited company until 31 December 2003. Since 1 January 2004, it has had the status of a public limited company operating as a corporate entity. The sole founder and shareholder of DARS d. d. is the Republic of Slovenia, which, in accordance with the Slovenian Sovereign Holding Act (SSHA-1/Official Gazette of the Republic of Slovenia, No. 25/2014), is represented by the Slovenian Sovereign Holding (SSH). DARS d. d. operates in compliance with both the Corporate Governance Code for Companies with Capital Assets of the State adopted by the SSH and the Recommendations and Expectations of the SSH as the manager of the Republic of Slovenia's capital assets adopted in December 2014, the aim of which is to establish an improved system of corporate governance for capital assets of the state and to achieve better company organisation, thereby improving company operations.

At the end of 2010, the MCRSA-1 entered into force, in accordance with which DARS d. d.:

- Performs special tasks in relation to spatial planning and integrating motorways in the environment as well as tasks in relation to acquiring real property for the requirements of motorway construction in the name of the Republic of Slovenia and for the state's account;
- Constructs motorways in its own name and for its own account;
- Manages and maintains motorway sections based on granted construction concessions.

By enforcing developmental documents, the state maintains the strategic supervision of the development of motorways by determining new sections and deadlines for the opening of newly built sections to traffic.

MCRSA-1 determines the status, tasks and obligations of DARS d. d. and regulates real right relations in connection to motorways. Under this Act, DARS d. d. was transformed into a concessionaire that was awarded the right of superficies for the duration of the concession relating to land where it will build and takes over all financial obligations related to the construction of new motorway sections. MCRSA-1 also stipulates that DARS d. d., in the name of the Republic of Slovenia and for its account, performs individual tasks in relation to

spatial planning and integrating motorways in the environment as well as tasks in relation to acquiring real property for the requirements of motorway construction. The Act also stipulates that DARS d. d. will continue with the construction of motorways and expressways that were initiated prior to the entry into force of MCRSA-1, and that it will continue to manage and maintain the existing motorways and expressways in the Republic of Slovenia.

According to the FBA, which entered into force in 2012, the right of superficies established for the benefit of DARS d. d. is payable.

Table 1: Key Performance Data by Year

Key Performance Data by Year	2011	2012	2013	2014	2015	2015/2014 Index
Revenue	336,538,471	317,316,358	327,666,309	365,358,022	373,067,610	102
Expenses	305,730,681	286,629,433	271,187,458	280,937,651	300,621,245	107
Net sales revenue	310,772,380	305,817,390	315,640,478	354,455,753	360,880,094	102
Operating revenue	331,169,720	312,333,910	323,741,607	361,316,158	370,468,252	103
Operating expenses	228,906,759	216,782,091	220,741,765	222,867,533	250,917,003	113
Operating profit or loss	102,262,961	95,551,818	102,999,842	138,448,626	119,551,249	86
EBITDA	261,146,284	240,989,883	251,088,123	285,679,869	269,429,961	94
Net profit or loss for the accounting period	24,609,552	24,406,263	47,143,874	70,354,171	60,456,694	86
Share capital	2,319,866,345	2,319,866,345	2,319,866,345	2,319,866,345	2,319,866,345	100
Equity as of 31 December	2,411,382,960	2,425,789,223	2,472,933,097	2,531,278,379	2,566,206,940	101
Total value of assets as of 31 December	5,529,053,959	5,626,879,758	5,644,936,606	5,556,644,000	5,479,326,877	99
Balance of debt as of 31 December	2,931,830,772	2,828,280,071	2,795,662,158	2,633,687,915	2,502,668,888	95
Repayment of debt – principal	66,675,925	103,550,701	142,617,913	161,974,243	228,478,238	141
Payment of interest *	79,275,822	74,434,649	51,491,774	54,768,729	46,677,778	85
No. of employees	1,249	1,226	1,237	1,251	1,242	99
Operating margin	32.9%	31.2%	32.6%	39.1%	33.1%	85
EBITDA margin	84.0%	78.8%	79.5%	80.6%	74.7%	93
Net margin	7.9%	8.0%	14.9%	19.8%	16.8%	84
Return on equity (ROE)	1.0%	1.0%	1.9%	2.8%	2.4 %	85

* The data refers to actual outflows for interest on received loans and bonds in the individual year.

Figure 1: Movement in DARS d. d. Total Revenue, Expenses and Net Profit or Loss for 2011–2015

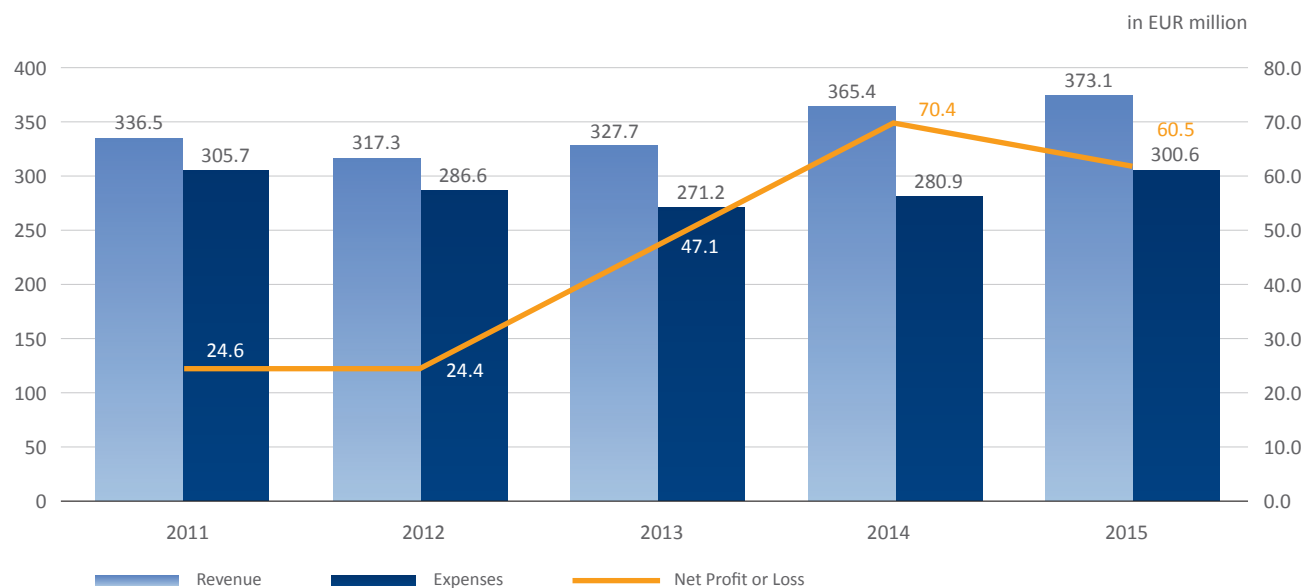


Figure 2: Movement in DARS d. d. Net Sales Revenue and Operating Cash Flow (EBITDA) for 2011–2015

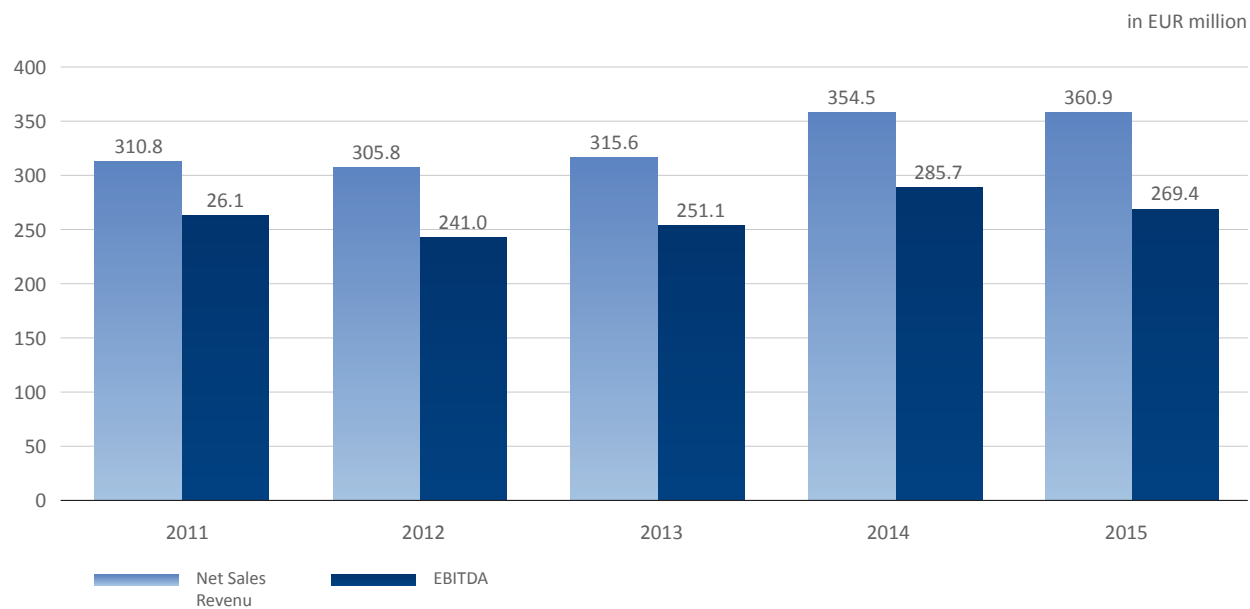


Figure 3: Debt Balance (31 December), Principal Repayment and Interest Payment in the 2011–2015 Period

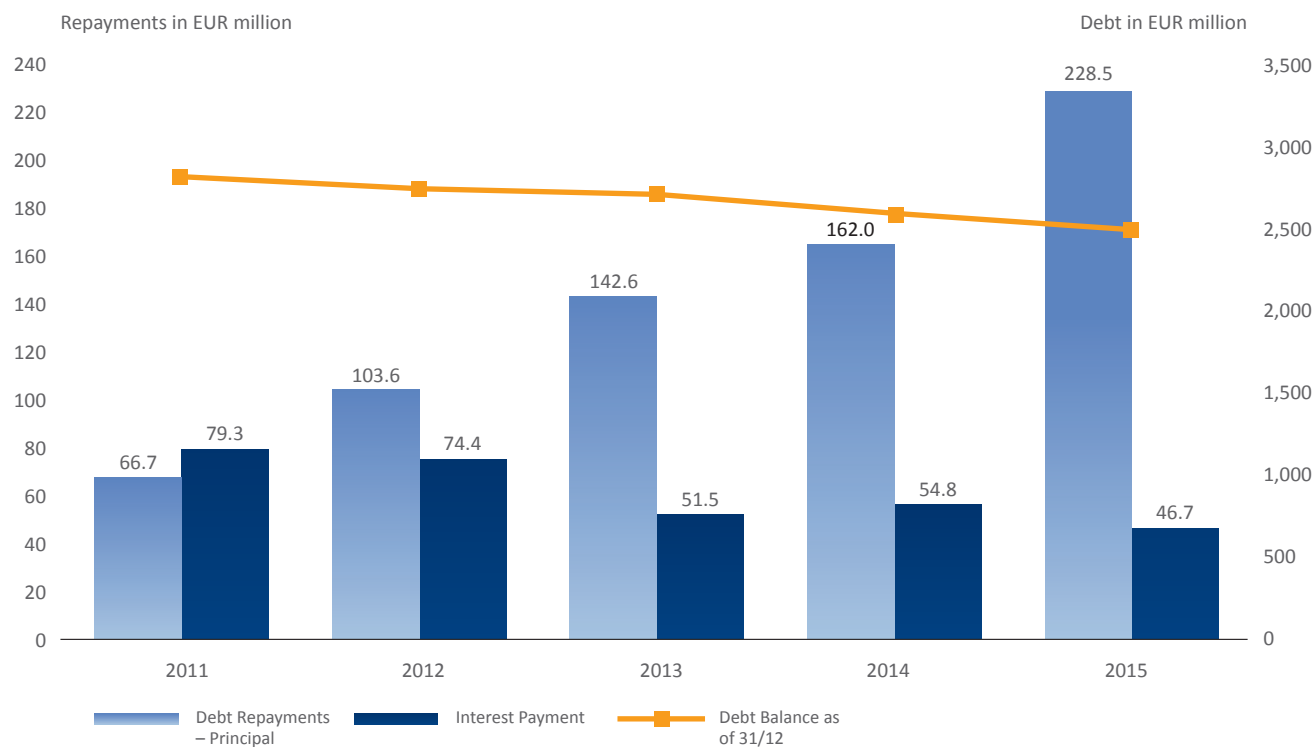


Figure 4: Structure of Revenue of DARS d. d. in 2014

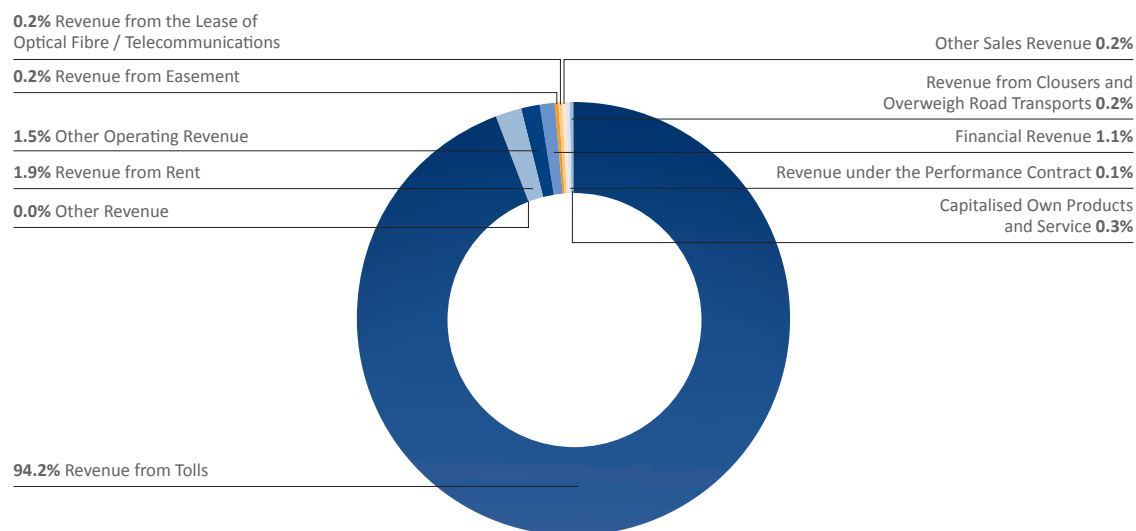


Figure 5: Structure of Revenue of DARS d. d. in 2015

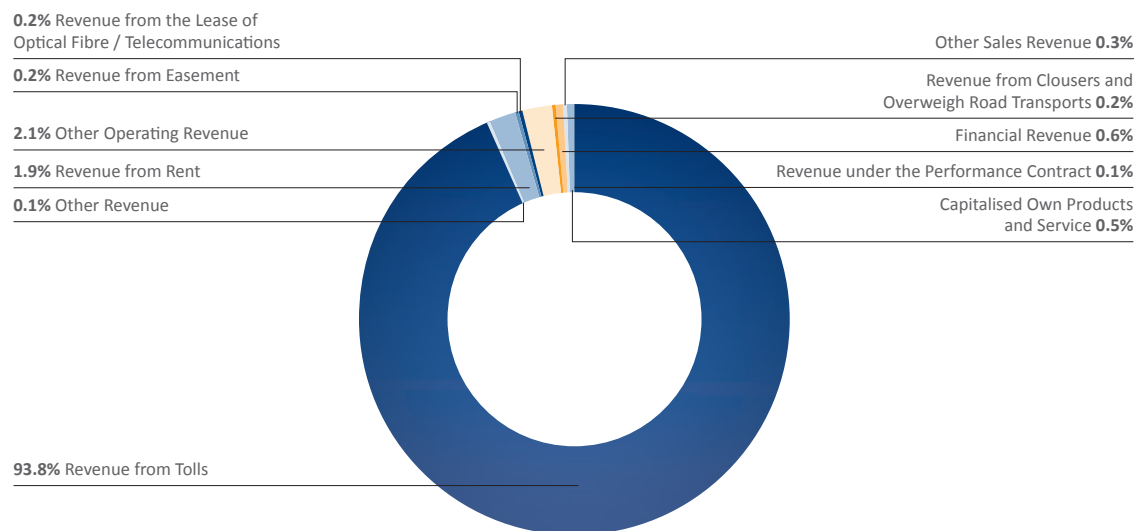


Figure 6: Structure of Revenue of DARS d. d. Without Tolls in 2015

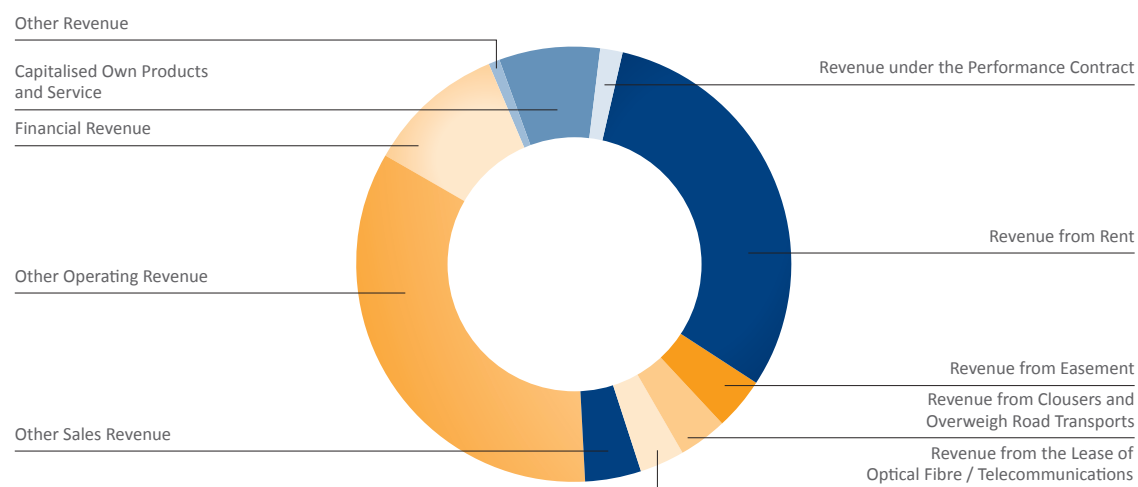


Figure 7: Structure of Expenses of DARS d. d. in 2014

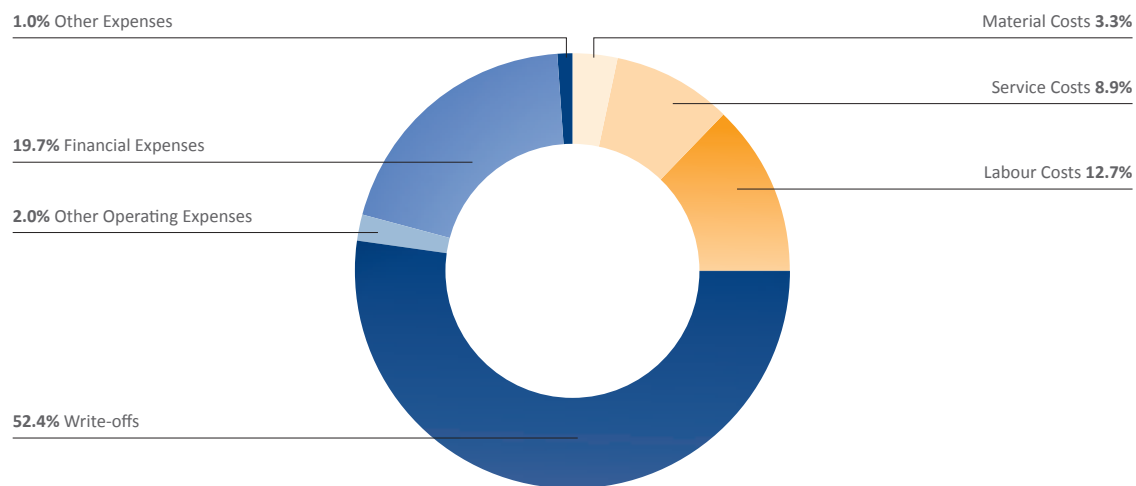
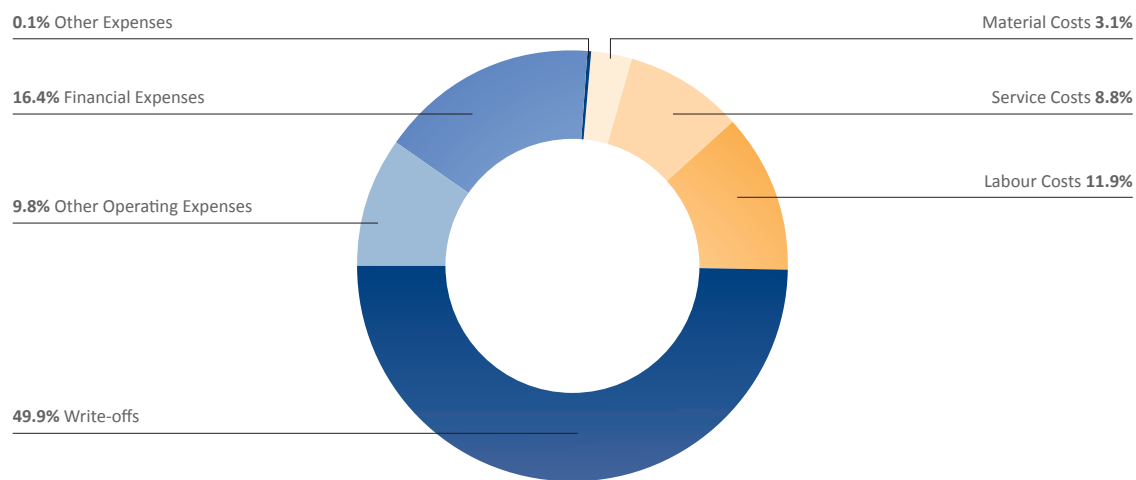


Figure 8: Structure of Expenses of DARS d. d. in 2015



I.5. Analysis of Business Performance

Revenue of DARS d. d.

Table 2: Overview of DARS d. d. Revenue

Type of revenue	2013 (in EUR)	2014 (in EUR)	2015 (in EUR)	2015/2014 Index	Structural share for 2015
Revenue under the performance contract	412,267	418,721	407,016	97	0.1%
Toll revenue	305,296,550	344,163,641	349,925,047	102	93.8%
– Vignettes	138,983,036	155,560,318	161,834,841	104	43.4%
– Freight traffic	166,313,513	188,603,323	188,090,206	100	50.4%
Revenue from leases	7,270,137	6,914,136	7,071,880	102	1.9%
Revenue from closures and overweight load transports	741,471	897,712	908,124	101	0.2%
Revenue from easements	291,588	578,738	856,090	148	0.2%
Revenues from lease of optical fibres/telecommunication lines	955,645	743,165	771,393	104	0.2%
Other sales revenue	672,821	739,639	950,544	127	0.3%
Other operating revenues	7,695,741	5,610,915	7,892,818	141	2.1%
Financial revenues	3,854,688	3,940,611	2,387,815	61	0.6%
Other revenues	70,014	101,252	211,543	209	0.1%
Capitalised own products and services	405,388	1,249,490	1,695,339	136	0.5%
Total Revenues	327,666,309	365,358,022	373,067,610	102	100.0%

In the 2015 financial year, the revenues of DARS d. d. amounted to €373.1 million, which is two percentage points more than in 2014. The 2015 tolling revenue, which represents 94 percent of all revenues generated by the company, was two percent higher than in 2014. The tolling revenue increased due to improved vignette sales (over six percent) and increased freight traffic (nearly five percent), which partially offset the negative impact of the changes in freight traffic structure in terms of the EURO emission standards.

Expenses of DARS d. d.

Table 3: Overview of DARS d. d. Expenses

Type of expense	2013 (in EUR)	2014 (in EUR)	2015 (in EUR)	2015/2014 Index	Structural share for 2015
Costs of materials	11,896,765	9,363,390	9,283,845	99	3.1%
Costs of services	25,078,481	25,085,583	26,588,563	106	8.8%
Labour costs	34,310,284	35,658,179	35,832,067	100	11.9%
Write-offs	148,088,281	147,231,244	149,878,711	102	49.9%
Other operating expenses	1,367,954	5,529,137	29,333,817	531	9.8%
Financial expenses	50,308,752	55,236,102	49,393,456	89	16.4%
Other expenses	136,941	2,834,017	310,786	11	0.1%
Total expenses	271,187,458	280,937,651	300,621,245	107	100.0%

The expenses of DARS d. d. in 2015 amounted to €300.6 million and were up by seven percent in comparison to 2014. The increased expenses are primarily the result of higher other operating expenses, which represent 10 percent of all expenses. With a 50 percent share, write-offs represent the greater part of the expenses.

DARS d. d. Profit or Loss

The net profit of DARS d. d. for the period from 1 January to 31 December 2015 amounted to €60.5 million and was 14 percent lower in comparison to the net profit in 2014.

Table 4: Performance Indicators

		31/12/2013	31/12/2014	31/12/2015
Financing ratios				
Equity financing ratio in %	Equity Liabilities	43.81	45.55	46.83
Long-term financing ratio in %	Equity + provisions + long-term liabilities Liabilities	92.38	93.54	91.27
Short-term financing ratio in %	Short-term liabilities (including short-term AEDR) Liabilities	7.62	6.46	8.73
Investment ratios				
Fixed asset investments ratio in %	Fixed assets (at carrying amount) Assets	95.78	96.11	96.19
Long-term investments ratio in %	Fixed assets + long-term inv. + long-term op. rec. Assets	95.78	96.11	96.19
Horizontal financial structure ratios				
Quick ratio in %	Liquid assets + short-term receivables Short-term liabilities	8.76	11.68	10.89
Current ratio in %	Short-term assets + short-term deferred costs and accrued revenues Short-term assets + short-term accrued costs and deferred revenues	54.33	58.63	42.55
Operating ratios				
Operating efficiency ratio in %	Operating revenue Operating expenses	146.66	162.12	147.65
Operating profit rate in %	Operating profit Operating revenue	31.82	38.32	32.27
Net profit margin in %	Net profit Revenues	14.39	19.26	16.21
Profitability ratio				
Net return on equity	Net profit for the period Average equity (without net profit for the period)	0.02	0.03	0.02

I.6. Key Business Events in the 2015 Financial Year



January

In order to finance the construction of the motorway sections under the National Motorway Construction Programme in the Republic of Slovenia, DARS d. d. has concluded a loan contract on the basis of a “Schuldschein” promissory note for €37.78 million with a pension company for a period of 15 years. The borrowings are secured with a 100% guarantee of the Republic of Slovenia.

March

At its regular session, the Supervisory Board of DARS d. d. appointed Gašper Marc to the Management Board.

April

At its regular session, the Supervisory Board of DARS d. d. approved the audited 2014 Annual Report of DARS d. d.

Pursuant to the provisions of the Ljubljana Stock Exchange Rules and the applicable law, DARS d. d. published the audited 2014 Annual Report of DARS d. d., of which the Corporate Governance Statement forms an integral part, as well as the Annual Document.

The Government adopted the Act Regulating the Guarantee of the Republic of Slovenia for the Obligations of DARS d. d. for Loans and Debt Securities Raised or Issued for Refinancing Existing Debts of DARS d. d. (ZPKROD). This act enables DARS d. d. to actively manage its debt and refinance its loan portfolio as well as ensures it can provide on time the necessary sources of funding to settle the liabilities arising from the existing debt.

June

The 5.2 km long expressway section from Koper to Izola (including the Markovec Tunnel) was opened for traffic.

July

DARS d. d. published a call for tenders for the establishment and operation of a multi-lane electronic toll collection system in free-flow traffic on motorways and expressways.

August

On 31 August 2015, at the 7th session of the DARS d. d. General Meeting, the owner was acquainted with:

- The audited Annual Report of DARS d. d. for 2014, the Auditor’s Report and the Report of the Supervisory Board on reviewing the Annual Report of DARS d. d. for 2014 containing the Auditor’s Report, including the receipts of the Management Board and the Supervisory Board in 2014.



It decided on:

- the appointment of the certified auditor for 2015, i.e. Deloitte revizija d. o. o.,
- the adoption of a clean copy of the DARS d. d. Articles of Association with amendments,
- the adoption of a decision to use €31,000,000 of the 2014 accumulated profit for dividend payments and to leave the remaining amount of €9,457,013 unallocated,
- granting discharge to the Management Board and the Supervisory Board for the 2014 financial year.

Pursuant to Articles 112 and 113 of the Market in Financial Instruments Act, DARS d. d. published an unaudited semi-annual report for the first six months of 2015.

September

In September, at the 8th session of the DARS d. d. General Meeting, the owner was acquainted with:

- the resignations of the following Supervisory Board members: Gregor Lukan, Andraž Lipolt and Gregor Osojnik.

It decided on:

- the recall of a Supervisory Board member and the appointment of new members (Robert Ličen was recalled; Miha Juhart, PhD, Tatjana Colnar, MSc, Marjan Mačkošek and Igor Pirnat, MSc were appointed).
- the adoption of the DARS d. d. Articles of Association with amendments.

At the founding meeting, the Supervisory Board of DARS d. d. elected Marjan Mačkošek Chairman of the Supervisory Board and Miha Juhart, PhD his deputy.

November

At the 9th session of the DARS d. d. General Meeting, consent for the merger of DELKOM d. o. o. and DARS d. d. was achieved.

December

DELKOM d. o. o. merged with DARS d. d.

The opening of the received bids for the establishment and operation of a multi-lane electronic toll collection system in free-flow traffic on motorways and expressways.

To refinance a part of its existing debt, DARS d. d. signed loan contracts for loans equalling €50 million, €50 million and €99 million with Abanka d. d., SKB d. d. as well as UniCredit Bank Slovenia and Banka Koper (each with a 50% share in the loan) respectively. These loans are secured with a 100% guarantee of the Republic of Slovenia.

I.7. Business Activities of the Company



I.7.1. Business Performance and Achievement of Plans

The long-term strategic goal of DARS d. d. is to become a stable operator capable of using income generated from tolls and other revenue to ensure the sustained development of the company, its long-term stable and socially responsible operation and safe use of the motorway network.

To ensure successful growth, development and the fulfilment of the objectives of DARS d. d., the company continued introducing changes in individual areas in order to become an active operator of the state motorway system that is competitive and comparable to similar companies in neighbouring countries.

In order to follow the vision, strategy and objectives set out in the company's Business Plan, we regularly monitor the company's key performance indicators, which are aimed towards the internal rationalisation of operations, continual improvements of operating efficiency, cost control and active management of the debt portfolio. Monitoring achieved objectives forms the basis for preventive and corrective measures so that we can constantly adapt to changes in the business environment and to meet the set objectives.

On the basis of the adopted management system policy and the related strategic objectives and KPIs that are identified in the company's Business Plan, we determine measurable operative objectives. We develop the system in such a way as to make constant improvement and innovation a key characteristic of all employees at all organisational levels. The business performance achieved is the result of the company successfully implementing business activities in various areas, which are presented below in detail.

I.7.2. Tolling

The 2015 tolling revenue, which represents 94 percent of all revenue generated by the company, amounted to €349.9 million, or 1.7 percent more than in 2014. The tolling revenue increased due to improved vignette sales (over six percent) and increased freight traffic (nearly five percent), which partially offset the negative impact of the changes in freight traffic structure in terms of the EURO emission standards.

The tolling of vehicles whose maximum permissible weight exceeds 3,500 kg (freight vehicles) is performed at 28 tolling stations. The company generated €188.1 million from tolling freight vehicles in 2015, which is the same as in 2014. Altering the structure of the vehicle fleet in favour of more eco-friendly vehicles and consequently increasing the number of driven kilometres in higher EURO emissions classes has a long-term constant negative influence on company revenue when pricing policy does not change. After a several years long stagnation in kilometres driven, 2015 saw an almost 5% increase compared to 2014. Compared to 2014, the number of kilometres driven in EURO 0-II classes, which have the highest toll, decreased by 17% in 2015, while the number grew by 14% in the EURO V class, where the toll is the lowest, and by a full 267% in the cleanest vehicle class (EURO VI). In 2015, 58% of all kilometres driven were done by EURO V and EURO VI vehicles.

Revenue from vignette sales in 2015 equalled €161.8 million, or four percent more than in the year before. In 2015, vignette sales increased by over six percent in comparison with 2014. The sales of vignettes for the new toll class for vans, 2B, started in December 2013. In 2015, we thus saw the greatest increase in the sales of these vignettes (the short-term version) compared to 2014. Vignettes are sold at 1,561 outlets in Slovenia and at 1,096 outlets abroad.

In 2015, toll inspectors issued a record number of fines, i.e. 53,788 (of which as many as 53,095 were related to tolls), which is over eight percent more than in 2014. In 2015, we again tried to make these fines a part of DARS revenues. When our attempts failed, we proposed that the state at least compensate our company for the costs of toll supervision services, but we were unsuccessful here as well.

I.7.2.1. Electronic Tolling System

In line with the decision of the Government of 21 May 2015, we prepared tender documentation and published a call for tenders for the establishment and operation of an electronic toll collection system in free-flow traffic on 13 July 2015. The time limit for the submission of tenders was 15 October 2015. We received four bids but did not open them because a request for review was lodged. The bid opening was thus held on 17 December 2015, after the final rejection of this request for review. Prior to the announcement of the call for tenders, we acquired a second amendment to the Investment Programme. For providing engineering services in the implementation of ETS in FTF, we carried out a call for tenders in the second half of 2015 with the reservation that contracts for providing engineering services in individual sets shall not be signed before the signing of a contract for the establishment and operation of ETS in FTF. Along with the announcement of these calls for tenders, we started making organisational preparations for the operational implementation of the ETS in FTF implementation project.

I.7.3. Motorway Maintenance

Motorway Maintenance

In terms of regular maintenance, we invest a great deal of attention every year on reducing traffic jams caused by maintenance work, namely by halting certain maintenance activities in the event of congestion. This primarily includes the restoration of road markings, replacement of damaged crash barriers and grass mowing. Traffic on the A1 motorway keeps increasing and any regular maintenance work immediately causes small traffic jams. When the jam becomes more than two or three kilometres long, we immediately halt maintenance work and resume only after the jam has cleared up. We also take into account the morning and afternoon peak hours by restricting any maintenance work to the opposite side of the traffic congestions. At the same time, we regularly improve our machine equipment so that the work can be done faster. Amendments to the Rules of Closures on Public Roads are expected to allow night work, which will result in less congestion. In 2015, we ordered an additional machine for roughing surfaces and removing road markings, contributing to faster work and delivering improved road friction. To increase the safety of our workers, we purchased nine new truck-mounted crash cushions in 2015 to protect our workers and traffic participants in the case of a collision.

In terms of scope, the maintenance work done in 2015 can be broken down as follows:

- road patching and reconstruction: 35,700 square metres,
- crack filling: 154,700 metres.

Electro-mechanical maintenance in 2015 consisted of:

- repairing the damaged electro-mechanical equipment in tunnels and the MW network (Dekani, Rebrnice and along the route),
- repairing electro-mechanical equipment that was damaged in accidents,
- replacing the lighting at MW bases with LED lamps, for the energy savings they offer,
- maintenance of explosion zones across all areas (education and training of electricians),
- maintenance of traffic counters,
- participation in projects for repairing equipment in tunnels and along motorways.

Restoration of Road Signalisation in Tunnels

In compliance with Directive 2004/54/EC of the European Parliament and of the Council, we replaced the LED indicator lamps in tunnels longer than 500 metres. We also repaired the LED indicator lamps in the Čatež cut-and-cover. We upgraded the software that controls the fire sensors in the Šentvid tunnel and installed a stable diesel generator as a backup power supply in the Pletovarje tunnel. To ensure the smooth functioning of the electro-mechanical equipment and systems, we replaced the UPS systems (or individual parts thereof) in the following tunnels: Golo rebro, Ločica, Trojane/Podmilj, Šentvid, Medvedjek, Debeli hrib/Mali vrh, Tabor Sežana and Kastelec/Dekani. For the purpose of video surveillance of traffic in the Kastelec/Dekani tunnels, we replaced the obsolete video wall at RCC Kozina.

I.7.4. Managing and Ensuring Traffic Safety

Established with the new organisation in 2013, the area of management combines the management of all types of DARS d. d. assets (road infrastructure, devices and real estate) for improved efficiency in managing company assets as well as traffic and traffic safety.

Road Infrastructure

In terms of road infrastructure management, we formulated a draft Plan of Measures to be used in determining the infrastructural reconstruction work necessary in the next three-year period on the basis of infrastructural status reports, analyses and the draft road reconstruction plan for 2016–2018 designed using the PMS-DARS (Pavement Management System).

Following a tender, we concluded a contract in 2015 for geotechnical monitoring that will last eight years and includes the whole motorway network (except for the Rebrnice area, where it is already being implemented). In Autumn 2015, we began making spherical photographs of the whole network of motorways operated by DARS d.d. in order to obtain the data necessary to complete the Database of Road Data (DRD) with data on road signalisation.

Measures for Reducing Electricity Consumption

In November, we replaced the outside lamps at MW bases with energy-saving LED lamps, thereby meeting the company's own orientations for reducing electricity consumption as well as the requirements of the Decree on Limit Values due to Light Pollution of Environment. Within the scope of continued compliance with the Decree, we held the opening of bids within the public procurement for the replacement of lamps with energy-saving LED lamps at the Dolenjska and Primorska motorway slip roads and at the Ljubljana Ring Road in December 2015. In December, we chose a project designer to develop an implementation plan for replacing the lighting at Štajerska and Gorenjska motorway slip roads. Provided the public procurement procedures go as expected, the lamps at these sections will be replaced in the autumn months of 2016.

In order to cut electricity costs, we switched to a different tariff system. We switched 55 measuring points from single-tariff metering to dual-tariff metering of electricity used for lighting.

Rest Stops

Major activities in rest stop/motorway service area management in 2015 included:

- the Rest Stop Management Strategy was developed,
- the Maribor Rogoza sever rest stop was extended (the petrol station was opened on 23 December 2015),
- we carried out a tender to rent out land that could be used to construct service facilities at the Grm rest stop (on the Dolenjska motorway); as we did not receive any bids, we find that there is no market interest and that the number of rest stops on the MW network is sufficient,
- in collaboration with the electricity distribution operator and the two renters of rest stop areas, i.e. Petrol d. d. and OMV Slovenija d. o. o., we established fast charging stations at 25 MW rest stops, which makes Slovenia the first country in the CEGC European project (Central European Green Corridors) to achieve complete coverage of its MW network with fast charging stations.

Real Estate Management

In 2015, we continued processing the received applications/enquiries for the sale of surplus real estate managed or owned by DARS d. d., notifying interested parties, identifying surplus land and other real estate and determining how to manage the real estate located outside the relevant route.

We published two notices inviting applications for the sale of real estate owned by DARS d. d. The overall baseline price for the real estate offered on sale was about €397,000. We concluded sales contracts for the sale of real estate in the overall value of about €95,000 (excluding taxes). Within the scope of the latest tender, we received applications for the sale of real estate in the overall value of about €197,000; the legal transaction based on the received applications is expected to be finalised in 2016.

In collaboration with the maintenance field, we continued carrying out activities to conclude agreements with interested parties on the use and maintenance of land outside MW routes whose status does not yet permit it to be put on sale. We also participated in the processing of inspectors' decisions on the maintenance of land outside MW routes.

Easements

In 2015, we resolved 70 applications for the conclusion of an easement contract (49 in 2014). This increase in the number of applications is due to the construction of fast charging stations for EVs at 14 rest stops along the Slovenian motorway network (the Central European Green Corridors project, 26 charging stations) and due to the increased number of applications of private investors/natural persons (11 applications vs. 3 in 2014).

11 applications dealt with the awarding of free-of-charge easements for interventions on state land in line with Article 474 of the 2014 Energy Act (with an estimated loss of easement compensation of €45,481), while ten dealt with the awarding of free-of-charge easements for interventions on state land in line with Article 23 of the Act Regulating Measures Aimed at the Fiscal Balance of Municipalities adopted in early 2015 (with an estimated loss of easement compensation of €41,626). The two above Acts all but nullify the special stipulation of the Motorway Company in the Republic of Slovenia Act according to which easements granted for interventions on motorway areas are payable.

Subsidiary Companies: DELKOM, d. o. o.

The DELKOM d. o. o. subsidiary merged back with its parent company DARS d. d. at the end of 2015. Its full-time employees and the activities of telecommunications maintenance and marketing were acquired and transferred to the management field within DARS d. d.

Traffic Safety

To increase traffic flow, we created a study on managing MW/EW closures and developed a method for having the A1 MW closures predominantly organised as 2 + 2 or 2 + 1 + 1 closures (in both directions on two lanes).

Through professional work at control centres and at the Traffic Information Centre (the upgrade of the KAŽIPOT system), we provided users with more quality traffic information, minimising queues and speeding up accident resolution. We implemented steps for increased traffic safety by way of adjusting the road signalisation on motorways and expressways as well as by examining dangerous sections and began measuring speed at chosen sections to help improve the control of speed, particularly in tunnels, resulting in greater traffic safety.

In 2015, we successfully realised most of the objectives set out in the traffic safety plan, as seen in the increased safety. Compared to the year before, traffic safety is good (considering the number of incidents and the slight increase in traffic at certain sections). We detected a major surge in the number of problems with freight vehicles from East European countries and noted a lack of police teams on the MW/EW.

In 2016, we will increase our efforts in prevention related to freight vehicle drivers and continue the following preventive campaigns: "REŠI ŽIVLJENJE" (SAVE A LIFE), "NISTE VARNI" (YOU ARE NOT SAFE), "VOZIMO PAMETNO" (DRIVE SMART) and "SIMBIOZA" (SYMBIOSIS), the campaign for informing users, older ones in particular.

I.7.5. Investments

In accordance with its business plan, in 2015, DARS d. d. organised and managed projects involving the construction and reconstruction of motorway sections.

Siting activities were carried out at 11 sections in 2015 in the field of spatial planning and integration of motorways and expressways in the environment. The majority of these were at the following sections: additional construction in the Karavanke motorway tunnel, the Šentrupert–Velenje state road, the Postojna/Divjača–Jelšane motorway and the Koper–Dragonja expressway. In addition, many other tasks related to spatial planning and siting were carried out (e.g. the preparation of guidelines and opinions in cases where the Ministry of Infrastructure is the spatial management provider, participation in the preparation and adoption of spatial planning and siting regulations and related regulations, etc.).

In the processes of integrating motorways and expressways in the environment, the company cooperated with the public and users within the scope of its jurisdiction and strove to implement socially acceptable solutions.

In terms of project documentation, the following main activities were carried out in 2015 (listed according to individual investments):

- In relation to the Jagodje–Lucija section, the DBP/ED projects were developed within the tolerances prescribed in the NLP for the sections where the amendment of the preliminary design did not bring any

- material changes. A public procurement procedure was carried out for the project design for additional facilities on the site included in the adopted Decree on the National Location Plan; the contract was signed in July 2015. DBP projects were reviewed. An environmental impact report was prepared and an environmental protection consent is currently being obtained. An amendment to the Investment Programme was created and submitted for review to the commission of the Ministry of Infrastructure.
- A public procurement procedure was carried out for the Koseze–Kozarje section (expansion to six lanes), i.e. for the provision of professional consultancy services for the DBP/ED stage. The contract was signed in October 2015. The preparation of tender documentation for creating DBP/ED projects was launched. Traffic data and the results of economic evaluations were updated.
 - A public procurement procedure was carried out for the Dragomer Slip Road (previously called the Brezovica Slip Road), i.e. for the provision of professional consultancy services for the DBP/ED stage. The contract was signed in October 2015. A public procurement procedure was also carried out for drawing up DBP/ED projects. The contract was signed in August 2015, once the provider was familiarised with the work. Traffic data and the results of economic evaluations were updated.
 - In relation to additional wind protection, DBP/ED projects were created and reviewed for the entire route from Razdrto to Ajdovščina. The investment project identification document was drawn up.
 - The provider of professional consultancy services for the project design stage was familiarised with the work related to additional construction in the Karavanke Tunnel. Following the first procedure, where no bids were obtained, we carried out a second public procurement procedure for the performance of geological, geotechnical and hydrogeological examinations. A public procurement procedure was also carried out for drawing up DBP/ED projects for constructing a new tunnel tube and reconstructing the old one. Both procedures have been completed and the two contracts were submitted for signing to the two chosen service providers.
 - A public procurement procedure was also carried out for drawing up DBP/ED projects for the Bertoki branch office of the Kozina MW base. The contract was signed in May 2015. DBP project documentation was created and reviewed and the preparation of the ED project documentation started.
 - In line with the baselines for establishing ETS in free-flow traffic in Slovenia, we completed the public procurement procedure for creating DBP/ED projects for demolishing and rearranging toll stations and platforms. The contract was signed in September 2015 as the project design was launched.

In June, the newly-constructed 5.2 km long expressway section from Koper to Izola (including the Markovec Tunnel) was opened for traffic. As part of the H6 expressway, this section connects the Koper–Izola–Piran conurbation to the motorway network of Slovenia and most of all represents a bypass for the transit tourist and commuter traffic.

At the end of the year by the Ptujška–Zrkovska motorway section in the direction of Pesnica, the newly-constructed Vzhod Supply Centre (a motorway rest stop featuring a petrol station) was opened for business; DARS d. d. co-financed the investment.

Activities from the previous year continued at the Draženci MW–Gruškovje IBCP section. The public procurement procedures for obtaining a contractor for the 1st phase (set 1) and preliminary construction works in the 2nd phase (set 2) also continued. Contracts with MW contractors were signed in July (set 1) and August (set 2). The contractor for set 1 (1st phase) was familiarised with the work on 22 July 2015 and the contractor for set 2 (phase 2.b) on 19 August 2015. Construction work began on both sets in line with the contractors' time schedules. Activities under the signed contracts on rescue archaeology procedures were carried out. Work progressed according to plan and was nearly finished by the end of 2015. We launched a public procurement procedure for obtaining a contractor for phase 2.a, however the decision on the selection was not yet final by the end of 2015.

In 2015, we successfully notified the project called “Reconstruction of Individual MW Sections to Increase Traffic Safety”, obtaining co-financing from the European Cohesion Fund in the amount of 85 percent of eligible costs. Within this project, 40 kilometres of roads were reconstructed along with 4.6 kilometres of slip roads, and 54.6 kilometres of new traffic barriers were installed. Overall, we partially restored 27 smaller bridging facilities and completely renewed one overpass. We constructed slip road lanes and emergency niches on the Ljubljana Ring Road, which significantly impact traffic flow and traffic safety of some of the busiest sections on the MW network.

In 2015, as part of the project “Construction of Noise Barriers on Five Motorway Sections in the RS”, works were completed on the sections Brezovica–Vrhnika, Dramlje–Celje and Celje–Arja vas. This year, 14.4 kilometres or 60,610 square metres of new noise barriers were constructed. Overall, 31.4 kilometres or nearly 141,000 square metres of new noise barriers were constructed at five motorway sections within this project. Passive protection for residential buildings on these sections has been completed for the most part.

Electro-Mechanical Works and ITS

In accordance with the Business Plan of DARS d. d., the following reconstruction and investments were carried out in 2015 in order to modernise the existing motorway network’s equipment, increase traffic safety and equip the motorways according to new regulations (directives) and legislation.

The restoration of the ventilation system in the Karavanke Tunnel, which we co-financed, was completed. The emergency niche doors were repaired and the photo-luminescent emergency exit signs were replaced. The road lighting at the platform was restored and upgraded, and a thermal imaging system was installed for security inspections of freight vehicles. This system was integrated into the Tunnel’s existing supervision and control system. The electro-mechanical equipment in the Kastelec and Dekani tunnels was restored and modified. In the Golovec Tunnel, we installed a traffic video surveillance system, restored the traffic equipment, added emergency routes as well as constructed a water reservoir and a hydrant network for supplying water in case of fire. We also constructed a hydrant network and the associated water reservoir in the Ločica Tunnel. In the Pletovarje Tunnel, we upgraded the existing hydrant network with a system that prevents the water for fires from freezing. These tunnel works were implemented in line with the requirements of Directive 2004/54/EC of the European Parliament and of the Council on minimum safety requirements for tunnels longer than 500 metres in the Trans-European Road Network.

The Kozarje turn-off, the Celje center slip road and the vignette outlets at BC Šentlji and TS Tepanje were equipped with digital video surveillance and integrated into the digital traffic video surveillance system (IPK1) on open routes. The sites of QLTC-8 counters were upgraded with a wrong-way driving detection system. The Kažipot system was also upgraded to show alarm events for wrong-way driving.

In 2015, construction of cable ducts and the telecommunications network at the MW from MWB Postojna to TS Nanos was launched as well as the restoration of the existing ones at the MW from MWB Slovenske Konjice to the Cenkova connecting road through MWB Maribor. A new optical fibre cable was laid from RCC Dragomelj to TS Blagovica and the emergency call system (Klic v sili – KVS) was restored at the MW route from Unec to Senožeče; power supply for the KVS system was installed at the Dobruška vas slip road.

Within the framework of electro-mechanical work and ITS, we integrated the variable-message signs into the Traffic Control and Management System (TCMS) of the south Ljubljana Ring Road, restored the traffic signalisation at the Gabrk turn-off and provided UPS devices for the TCMS portals in the area of the Kozarje turn-off. At selected exposed sites near the portals on the Primorska motorway, galvanised platforms with ladders for easy maintenance access were supplied and installed. With the aim of carrying out field work in 2016, an ED project for the Koper–Izola TCMS was developed in 2015, along with ED projects for regulating traffic signalisation with variable-message signs at the Postojna–Senožeče MW and for integrating it into the TCMS.

We also carried out several minor repairs of and investments into electro-mechanical equipment and ITS.

We completed the preparation and/or review of the project technical documentation for the additional planned restoration work and the preparation of studies, analyses, professional bases and algorithms for upgrading the automated tunnel ventilation systems. We also prepared professional opinions and supplemented instructions. These tasks also involved obtaining the remaining documentation and ensuring occupational health and safety.

I.7.6. Debt Repayment

DARS d. d. is at the beginning of a major loan principal repayment period that is going to last until 2021. In this period, the annual debt repayment obligations will consume a majority of the company's operating cash flow. Debt management is defined as one of the company's chief activities to achieve its objective of being able to independently repay or settle all of its financial liabilities that are 100% secured by a guarantee of the Republic of Slovenia. In 2015, the company repaid the principal in the amount of €228.0 million and paid interest of €46.7 million. On 31 December 2015, the total debt of the company equalled €2,502.7 million. In 2016–2020, an additional €1.32bn of loan principal payments will fall due.

April 2015 saw the adoption of the Debt Restructuring Framework Act (Act Regulating the Guarantee of the Republic of Slovenia for the Obligations of DARS d. d. for Loans and Debt Securities Raised or Issued for Refinancing Existing Debts of DARS d. d. (Official Gazette of the RS, No. 30/15)). This act enables DARS d. d. to actively manage its existing debt and restructure its loan portfolio as well as ensures it can provide on time the necessary sources of funding to settle the matured liabilities arising from the existing debt. The issue at hand is primarily the management of maturity and the prices of sources.

On the basis of this act, DARS d. d. carried out a refinancing in 2015 as a combination of a complete replacement of loans and repayments of annual instalments of loan principal. In December, the company signed loan and guarantee contracts with lenders for a total of €199 million.

Additionally, the company concluded an annex to the current loan contract with NLB for loan rescheduling in the amount of €50 million.

By refinancing a part of its existing debt and rescheduling its existing loan, the company has not increased its indebtedness; the price conditions did change, however, and also the debt maturity has been extended. As a result, the company's average weighted debt portfolio interest rate has decreased. Replacing expensive loans with cheaper new ones having longer maturities and a moratorium on principal repayment will significantly contribute to the company's ability to repay its debt, particularly in the most critical period up to 2021.

I.8. Motorways and Expressways in the Republic of Slovenia and Traffic Loads

In 1994, under a special agreement, the Republic of Slovenia transferred to DARS d. d. the management and maintenance of all constructed motorways as well as infrastructural facilities and devices on them. DARS d. d. thus received the 198.8 kilometres of two-lane and four-lane motorways and expressways and 67.5 kilometres of link roads constructed thus far.

Through the implementation of the NMCP, the motorway network managed and maintained by DARS d. d. began to expand. By the end of 2015, DARS d. d. was responsible for the management of 610.4 km of motorways, 140.7 km of link roads, 22.3 km of turn-offs and 34.1 km of other roads.

Table 5: Length of the Network Managed and Maintained by DARS d. d. as of 31 December 2015

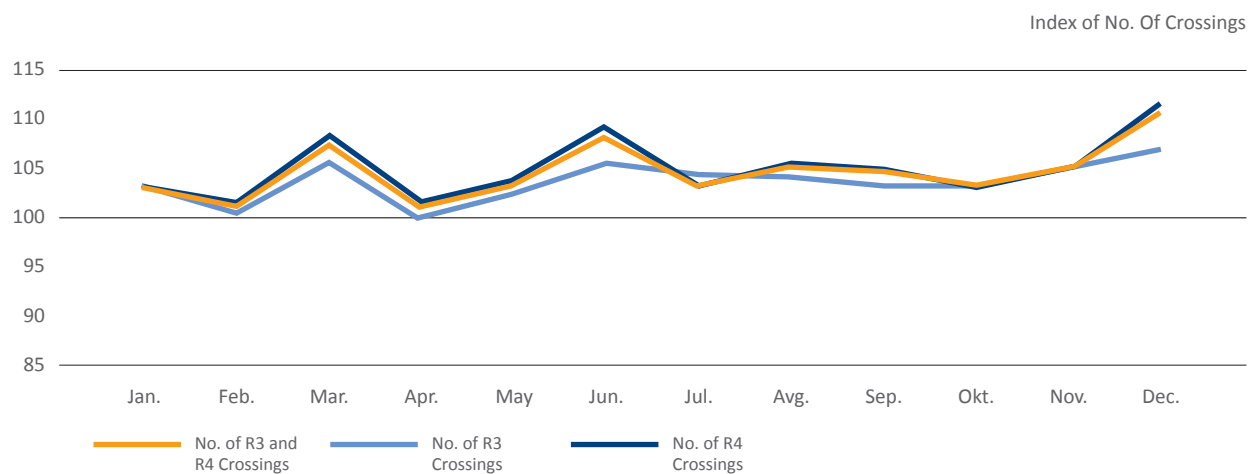
As at 31/12/2015 (in km)	Length of MW and EW (A)	Length of turn-offs	Length of link roads	Length of other roads	Closed system for vehicles over 3,500 kg	Open system for vehicles over 3,500 kg	Toll roads for vehicles over 3,500 kg	Toll-free roads for vehicles over 3,500 kg
A1 Šentilj–Dragučova–Maribor–Slivnica–Celje–Trojane–Ljubljana (Zadobrova–Malence–Kozarje)–Postojna–Razdrto–Divača–Črni Kal–Srmin	245.266	11.782	58.265	12.560	98.442	146.824	245.266	0.000
A2 Predor Karavanke–Lesce–Podtabor–Kranj–Ljubljana (Kozarje)–on the A1–Malence–Ivančna Gorica–Bič–Pluska–Trebneje–Hrastje–Novo mesto–Kronovo–Drnovo–Obrežje	175.472	4.929	40.782	9.622	9.514	140.241	149.755	25.717
A3 Divača (Gabrk)–Sežana East–Fernetiči	12.246	0.000	3.779	4.076	12.246	0.000	12.246	0.000
A4 Slivnica–Draženci–[Gruškovje*]–Croatia	21.671	4.450	4.630	2.496	0.000	20.750	20.750	0.921
A5 Maribor (Dragučova)–Lenart–Senarska–Vučja vas–Murska Sobota–Dolga vas–Lendava–Pince	79.574	1.099	13.005	2.856	0.000	79.574	79.574	0.000
H2 Pesnica–Maribor (Tezno)	7.200	0.000	3.590	0.000	0.000	0.000	0.000	7.200
H3 Ljubljana (Zadobrova–Tomačevo–Koseze)	10.222	0.000	6.849	0.000	0.000	6.330	6.330	3.892
H4 Razdrto (Nanos)–Vipava–Ajdovščina–Selo–Šempeter–Vrtojba	42.127	0.000	3.871	2.511	19.213	22.914	42.117	0.000
H5 Škofije–Koper (Škocjan)–[Dragonja*]	7.833	0.000	2.756	0.000	0.000	0.000	0.000	7.833
H6 Koper (Škocjan)–Izola–[Lucija*]	5.236	0.000	2.257	0.000	0.000	0.000	0.000	5.236
H7 MC A5 – Dolga vas	3.526	0.000	0.955	0.000	0.000	3.526	3.526	0.000
Total MW and EWs	610.373	22.260	140.739	34.121	139.415	420.159	559.574	50.799

Slovenia has a vignette (toll sticker) tolling system for light vehicles and an open and closed tolling system for heavy duty vehicles.

Heavy goods vehicles, whose maximum permissible weight exceeds 3,500 kg, are not tolled on a part of the Ljubljana bypass, the Maribor bypass road, coastal roads or the northern part of the Gorenjska leg, because construction of the tolling stations has been suspended.

In 2015, the total number of vehicle crossings from toll classes R3 and R4 increased by 4.98 percent. The biggest increase was on the Gorenjska leg, by 9.44 percent, followed by 8.96 percent on the Dolenjska leg. On the Primorska and Štajerska legs, vehicle crossings from toll classes R3 and R4 increased by 5.86 and 3.55 percent respectively.

Figure 9: Index of the Number of Crossings in 2014/2015 for Toll Classes R3 and R4 at All Toll Stations



2015 saw decreased use of electronic media to pay toll compared to paying it manually. The share of people using the ABC system equalled 60% in 2015 compared to 63.9% in 2014.

Figure 10: Share of Crossings Paid Manually and via the ABC System from 2014 to 2015

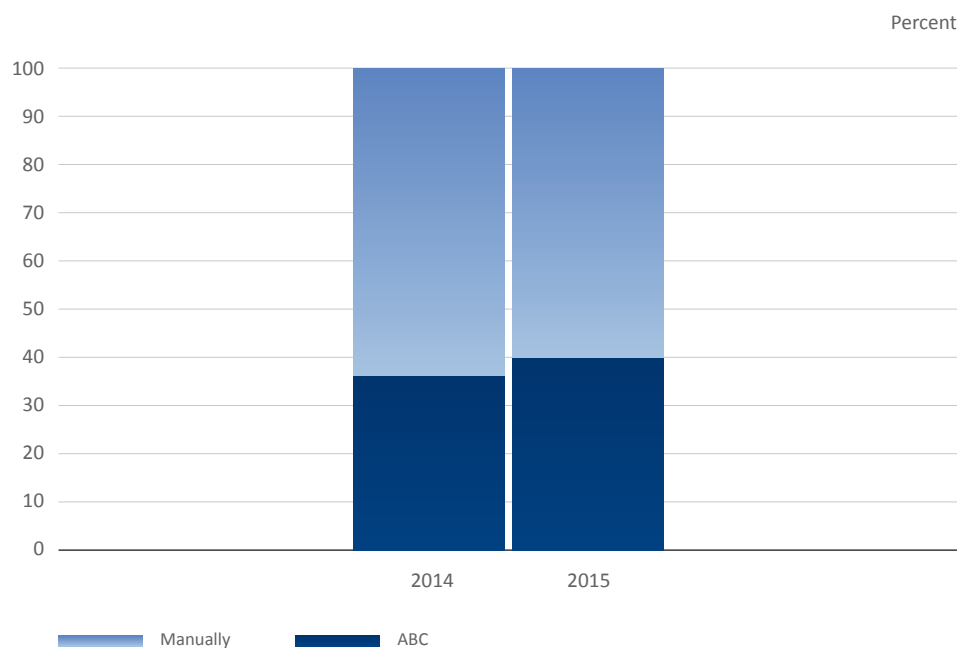
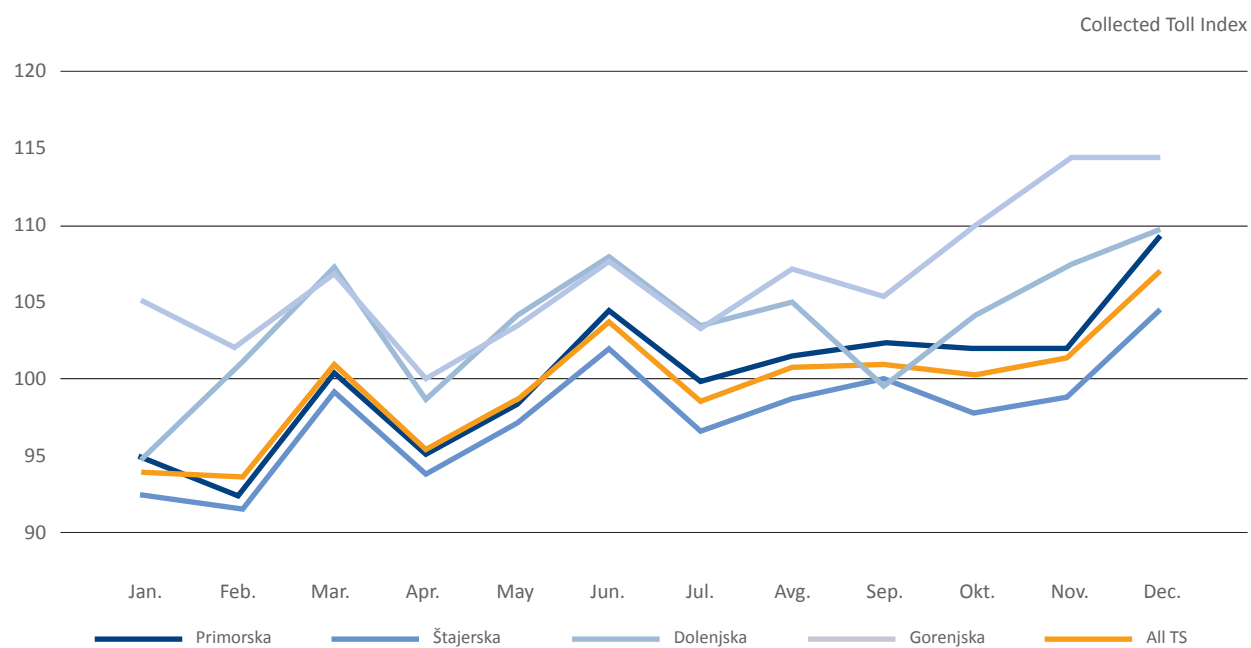


Figure 11: Motorway System in the Republic of Slovenia, December 2015





Figure 12: Collected Toll Index (for Toll Classes R3 and R4) in 2014/2015 by Motorway Sections



I.9. Investments in Motorway Development and Reconstruction

I.9.1. Investments in the Name and on Behalf of the RS

Spatial planning documents and real estate acquisition for motorway construction were implemented by DARS d. d. pursuant to Article 4 of MCRSA-1 and in the name and on behalf of the RS. The aforementioned tasks were realised in the amount of €10.0 million.

Table 6: Realised Value of Tasks Performed in the Name and on Behalf of the RS (in EUR)

Spatial Planning Documents and Real Estate Acquisition	Realisation*
Spatial planning	1,267,994
Real estate acquisition	8,780,791
Total spatial planning documents and real estate acquisition	10,048,785

* Since these are tasks performed by DARS d. d. in the name and on behalf of the RS, the values are shown in gross amounts.

I.9.2. Investments in the Name of DARS d. d. and for its Account

In 2015, investment activities were performed in accordance with the ability to ensure financial sources. The value of motorway section construction and reconstruction in 2015 amounted to €79.6 million.

Table 7: Realised Value of Investments in the Name of DARS d. d. and for its Account

Motorway Development	Realisation
New electronic tolling system	106,899
Project documentation	1,116,632
Start of construction	10,296,598
Construction of sections for which the project documentation was being created in 2015	7,270
Continuing construction	6,983,207
Completion works on motorways opened for traffic up to and including 2014	2,784,007
Other items	13,793,900
Motorway reconstruction (construction works)	29,307,711
Electro-mechanical works and ITS	7,539,228
Improving traffic safety	1,468,785
Non-toll connecting roads	34,962
Investments in management and maintenance	6,209,914
Total development and motorway and connecting road reconstruction	79,649,113

I.10. Risk Management

I.10.1. Business Risks

DARS d.d. is aware of the severity of the consequences that might arise if various types of risks were to be realised. In the increasingly uncertain business environment, risk management represents a significant factor in business performance, which is why the company focuses a lot of attention on the timely detection of risks as well as the management thereof. The risk management process has become a strategic part of our business, so the company is especially proud of its successful management of risk in 2015. Transforming the company into an active operator of the country's motorway system has resulted in changes in the detected business risks to which the company is exposed. We are continually reviewing and supplementing the system so that the key risks to which the company is exposed would be identified, evaluated and managed in good time. We have upgraded our risk management methodology.

Before the overhaul, we assessed risks semi-qualitatively: the likelihood with grades 1 to 3, the consequences of occurrence with grades 1 to 3 and the adequacy of existing checks with grades 1 to 3. Risks were identified using objectives set out in the Business Plan. In 2015, the methodology was changed so that:

- the likelihood is graded using a five-level scale (highly unlikely (10–20 years), very unlikely (5–10 years), likely (1–5 years), very likely (1 month–1 year), highly likely (1 day–1 month)),
- the consequences of risk are expressed either in terms of value using a five-level scale (less than €100,000, €100,000 to €1m, €1m to €10m, €10m to €50m and €50m to €100m) or semi-qualitatively with grades 1 to 5 (low, moderate, medium high, high and very high),
- we have added a new measuring category – the number of events in the period of likelihood, which we graded using a four-level scale (1–5, 5–10, 10–50, 50–100).

After introducing these changes, we identified the risks present at organisational units and evaluated them in line with the supplemented methodology. Based on the identified and evaluated risks, members of the Risk Management Council prepared a selection of 20 risks that we should pay more attention to. We then determined an acceptable level of risk that we as an organisation are still prepared to assume for these 20 risks. The upper risk limit must be consistent with our business strategy and risk appetite. In cases where the level of acceptable risk is lower than the level of calculated risk, the resulting discrepancy between the actual and the acceptable risk must be resolved during the management of identified risks. The management in every organisational unit that bears the risk designed control mechanisms for each identified risk – activities to reduce and manage risks – and we now routinely monitor the adopted control mechanisms.

The company invests a great deal of attention into managing these types of risks:

- the implementation of the ETS (reliability of the technology, compliance with the Directive, implementation in line with the action plan),
- obsolescence of the tolling system,
- the impact of external factors (macroeconomic position, public relations, company reputation),
- risks associated with legislation and regulations,
- risks associated with service provider selection and dependence on external providers,
- failure in the supply of strategic resources (gritting materials, electricity, etc.),
- information support risks,
- risks associated with employees (managerial and other skills),
- environmental protection,
- hacking into systems,
- loss of revenue (legislation drafting, incomplete methodology, toll prices),
- lack of investments into the existing infrastructure,
- complex court decisions in terms of time and space and their implementation.

Obsolescence of the Tolling System and the Implementation of the ETS

The current tolling system for freight traffic needs a major overhaul, primarily due to the obsolescence of its technology and to make it compliant with the Directive on the Interoperability of Electronic Road Toll



Systems in the European Union. In light of this, a project team was formed at the company level consisting of responsible directors who implement measures envisaged in the action plan with the assistance of outside advisers. In July 2015, we published the international call for tenders to select a contractual partner who is going to carry out the project of establishment and operation of a multi-lane electronic toll collection system in free-flow traffic. The time limit for the submission of tenders was in October 2015. We received four bids. The service provider was chosen following a due diligence procedure.

The Impact of External Factors

The company regularly monitors economic flows and actively adjusts its operations to new situations in the economic and political spheres. External risks related to legislation and regulations are managed by monitoring legislation and through consultations as well as by submitting proposals during the drafting of laws. The company also participates in the preparation of price lists and prepares the recommended methodology to determine toll prices, changes in tolls and methods of toll payment using its own data and calculations. Potential loss due to the company's negative public image is difficult to measure and is even harder to repair. The risks to the company's public image that could arise in connection with communication with various segments of the public were managed using appropriate proactive communication strategies. Emphasis was placed on communication with the external and internal public. We strive to improve the company's negative public image by providing timely and complete information to the public.

Risks Associated with Legislation and Regulations

Legal security and the legality of business operations is the domain of the company's Legal Service. It is involved in all areas of work as early as at the decision-making stage, thereby reducing the risk of disputes; where these do arise, Legal Service is in charge of their management and coordination. It regularly monitors changes in legislation, is involved in preparing/reviewing contracts, participates in preparing internal acts and organises and performs land purchases.

Risks Associated with Service Provider Selection and Dependence on External Providers

The company diligently monitors all information related to the operations of its business partners and prepares measures to prevent the impact of events detrimental to the company's operations (modifications

to contractual provisions, consensual terminations of contracts). Already during the contractor selection procedure within the public procurement, the company carefully examines the envisaged implementation deadlines, payment conditions and guarantees; it carefully prepares time schedules for concluding individual phases of construction and ensures quality negotiations. We have appointed custodians of contracts to watch over the fulfilment of contracts throughout their entire life cycle ranging from the preparation of the tender documentation to contract conclusion and from contract work implementation to the expiry of the warranty period, if any. The company regularly supervises the costs of investments, both regular and those that arise due to subsequent changes made to a particular project.

Failure in the Supply of Strategic Resources

When purchasing goods and services as a company liable to the provisions of the Public Procurement Act, all purchasing procedures must be implemented in accordance with public procurement procedures. Timely and quality planning, an analysis of competition in the market, careful drafting of tender documentation and an active role as custodians of contracts are key measures in managing various types of procurement risk (the risk of inadequate planning, risk of an inadequate supply of goods or services, risk of uneconomic procurement, risk of non-performance due to changed circumstances, risk of delays in the delivery or implementation of services). The risk of power failures in tunnels and at toll stations is managed using carefully-maintained generators.

Information Support Risks

The risk of disruptions/errors is managed by regularly monitoring the state of the IT systems and promptly responding to any extraordinary events. The company has set up a system of continuous operation of the IT system (duplicated essential parts of the IT equipment) and introduced security measures aimed to protect and safeguard IT systems against unauthorised tampering and loss of data. Our methods of identifying potential threats include independent IT security inspections. Services for which we are not sufficiently competent or lack HR are rendered by external service providers. The risks associated with IT infrastructure are managed through regular maintenance and backups, upgrades of software and hardware, updates of security policies and increases of information security and by implementing a clear development vision for the company's IT system.

Risks Associated with Employees and Concern for Occupational Health and Safety

In terms of successfully managing work process risks that could be the result of the human factor, the company ensures an adequate degree of human resources required. In addition, it adequately invests in the expertise of the already employed workers and in the development of their competences and skills to ensure they perform their work effectively. The risk of ensuring an adequate and timely supply of HR is managed by monitoring the needs of the work process, implementing the Staff Plan and by strengthening managerial and other skills related to management, work organisation and employee motivation. In terms of preserving employee health, we promote occupational health and carry out preventive and corrective measures at the organisational and the employee levels to ensure a manageable degree of sick leave. The risk of decreases in the organisational climate and employee satisfaction is monitored by measuring employee satisfaction, the results of which are then used in developing the annual activity programme.

As an employer with over 1,200 employees in widely-different working areas on the motorways and facilities in Slovenia, DARS d. d. is obliged to ensure occupational health and safety for all employees, which means that it is exposed to a number of risks. Expert support in meeting the prescribed obligations to the employer is provided by the Occupational Health and Safety Service, which is responsible for familiarising employees with instructions and providing training for safe work, providing medical checkups within the prescribed deadlines and for having the equipment for work inspected within the prescribed deadlines and safe to use. It provides advice when purchasing new work and office equipment, performs internal control of worksites and points out any deficiencies that need to be remedied. An employee from the Occupational Health and Safety Service assumed the duties of a consultant for the transport of dangerous goods that DARS d. d. must ensure in order to transport large quantities of dangerous goods (paints and solvents used in making road markings).

At the end of 2015, we prepared a revision of the assessment of the risks related to occupational health and safety, designing a number of new measures for increased occupational safety. Considering that the safety of staff doing road maintenance also depends on road users and in light of the many collisions of vehicles with worksites resulting in damaged equipment and personal injuries, we proposed that the regulations on work-site protection be amended as early as in 2014. In the following year, we actively participated in the drafting of the new Rules of Closures on Public Roads. DARS d. d. has until July, when these Rules are scheduled to enter into force, to supplement its equipment and thereby ensure greater safety of the staff working on roads as well as of road users.

Environmental Protection

In accordance with its role as a motorway and expressway management and maintenance company, DARS d. d. has in previous years implemented an environmental management system that it uses to consistently implement its environmental protection policy at all levels of its activity. In 2015, the company invested its efforts into maintaining and upgrading this system. The common thread running through the environmental management system is the assessment and analysis of environmental influences and aspects defined within the environmental aspect registry.

In order to reduce environmental influences, we determined approximate and operational targets as well as programmes that will be used to reach these targets. Risks related to environmental protection, including the risk of inappropriate waste disposal with special emphasis on hazardous waste, risk of environmental pollution and risks associated with protecting impact areas are becoming more and more important. We are continuing the previously begun activities for environmental protection. The systematic management of these risks reflects the ecological awareness of employees. Accidents on motorways can have a negative impact on the environment; this is why it is important to reduce the risks that emerge through accidents and react quickly and effectively when they do occur to minimise the negative consequences for the environment. We inform and train all employees in affected workplaces to act quickly and efficiently in terms of environmental protection should the situation arise. The likelihood of emergencies is also reduced through preventive measures. Training and drills aimed at learning quick, appropriate and efficient reactions ensure that the impacts of any extraordinary events on the environment are kept at a minimum. By implementing appropriate activities within the scope of motorway maintenance, such as the cleaning and regular maintenance of retention basins to ensure their flawless functioning, implementing the Annual Programme of Operational Monitoring of rainwater (APOM), etc., collecting, sorting and controlled disposal of waste, implementing measures to reduce light pollution and by constantly controlling carbon monoxide concentrations and visibility in tunnels, we significantly contributed to reducing negative impacts on the environment and controlling the risks emerging in the environment.

I.10.2. Financial Risks

Financial risks are risks that may negatively influence the ability to generate financial revenue, control financial expenses, preserve the value of financial resources and control financial liabilities.

By managing various types of financial risks, the company endeavours to attain maximum stability of operations and reduce the exposure to individual types of risks to an acceptable level. Most importantly, it focuses on maximally stabilising the cash flow for the settlement of liabilities arising from loans for motorway construction.

Risk of Changes in Exchange Rates

A large majority of transactions at DARS d.d. are carried out in euros. Payment at toll stations is possible in foreign currencies; these are then converted to the euro immediately. Despite this, the company regularly monitors the situation on the currency markets.

Table 8: Types of Financial Risks

Ser. No.	Description of risk	Risk assessment		Degree of risk	Risk management (controls)
		Likelihood of risk	Consequences of risk occurrence		
1	2	3	4	5 = 3 x 4	6
1	Risk of changes in exchange rates	1	1	1	Use of natural protection by matching cash flow, regular monitoring of currency markets, hedging with appropriate financial instruments
2	Risk of changes in interest rates	3	3	9	Monitoring interest rate fluctuations, negotiations with credit institutions, hedging with appropriate financial instruments
3	Credit risk	2	3	6	Monitoring and regular analysis of the company's credit portfolio
4	Credit risk of business partners	2	2	4	Monitoring exposure to individual partners
5	Liquidity risk	2	2	4	Planning needs for liquid funds, previously agreed loan facilities and overdrafts

Likelihood of risk: 1 – low, 2 – medium, 3 – high
Consequences: 1 – good, 2 – mediocre, 3 – bad

Risk of Changes in Interest Rates

DARS d. d. continuously monitors its exposure to interest rate risk. At the end of 2015, the company had 31 long-term loans that were partly or entirely linked to the reference interest rate EURIBOR (6-month or 3-month rate). In 2015, DARS d. d. concluded a loan contract on the basis of a “Schuldschein” promissory note for €37.78 million at a fixed interest rate. In order to refinance a part of its existing debt, DARS d. d. concluded three loan contracts for a total of €199 million at a variable interest rate. Additionally, the company rescheduled an existing loan contract for €50 million and signed an annex to an existing loan contract.

Both the average value of EURIBOR in 2015 and at the end of 2015 were lower than at the end of 2014. In 2015, the 6-month EURIBOR rate fluctuated between –0.04 and 0.17 percent. At the end of 2015, the EURIBOR rate even reached negative values. The European Central Bank's key interest rate on 31 December 2015 was 0.05 percent. The overall interest rate for DARS borrowings at the end of December 2015 was lower than at the end of 2014.

Part of the variable interest rate of long-term loans is hedged through the use of adequate derivatives with which the variable interest rate was changed into a fixed interest rate. When considering additional hedging, we take into account interest rate forecasts and decide when to provide additional hedging according to the market situation. We concluded no new interest rate hedging transactions in the period from 1 January to 31 December 2015.

According to the state on 31 December 2015, 36.45 percent of the company's loans were based on a fixed interest rate and 62.28 percent on a variable interest rate, while 1.27 percent comprised interest-free debt. By using derivatives (IRS transactions), the company hedged 46.04 percent of its credit portfolio against interest rate risks. If interest-free debt is also taken into account, a combined 47.31 percent of DARS d. d. 's credit portfolio is protected against interest rate risks, while 52.69 percent of it is exposed to the variable interest rate.

A simulation of the influence of interest rate changes on financial expenses in 2015, considering the debt of DARS d. d. and the interest rate structure on 31 December 2015, shows that an increase or decrease of EURIBOR by 1 percentage point would present an increase or decrease in financial expenses of approximately €13 million annually. This means that a change in the EURIBOR rate has a major impact on the company's net profit or loss.

DARS d. d. Credit Risk

Credit risk for DARS d. d. represents the possibility that the company will not be able to settle obligations arising from loans. Its basic source of funds for the repayment of obligations arising from loans in accordance with MCRSA-1 includes revenue from toll collection, the amount of which also suffices to cover obligations arising from loans. However, the credit portfolio is monitored increasingly diligently, since negative changes in financial markets can rapidly and significantly change the amount of annual obligations arising from loans. Therefore, it is important for DARS d. d. to enforce a tolling system in Slovenia that maximises revenue from tolls and enables the motorway operator to manage these revenues with the lowest possible costs. The risk is managed concurrently with the management of interest rate risk.

It was very important for the company that the Debt Restructuring Framework Act (Act Regulating the Guarantee of the Republic of Slovenia for the Obligations of DARS d. d. for Loans and Debt Securities Raised or Issued for Refinancing Existing Debts of DARS d. d. (Official Gazette of the RS, No. 30/15)) was adopted in 2015. This act enables DARS d. d. to actively manage its existing debt and restructure its loan portfolio as well as ensures it can provide on time the necessary sources of funding to settle the matured liabilities arising from the existing debt. The company can make borrowings for debt refinancing with a 100% guarantee of the Republic of Slovenia. On the basis of this act, the company was able to refinance a part of its existing debt in the amount of €199 million in 2015.

Credit Risk of Business Partners

Credit risk of business partners is the possibility that receivables are repaid only partially or not at all. DARS d. d. regularly monitors outstanding receivables from individual business partners and, if necessary, takes appropriate action. This risk exists in connection with the sale of vignettes through sales agents, the issuers of payment cards that can be used to pay toll at toll stations and the payment of tolls for vehicles over 3,500 kg using electronic media where payment is made for the previous month on the basis of an issued monthly invoice. Hedging instruments are required for a certain segment of business partners. Individual procedures for monitoring the credit ratings of business partners have been instituted (at each extension of contract; regular monitoring of announcements of bankruptcies, liquidations, insolvency proceedings). In the event of unacceptable credit risks, contractually-agreed mechanisms are initiated (e.g. discontinuation of service provision (toll) and goods supply (vignettes), contract termination); in case of payment delays, debt recovery procedures are activated.

Liquidity Risk

In 2015, risks linked to solvency were reduced through effective liquidity management and the formation of a highly liquid investment portfolio. The ability to make borrowings for refinancing existing debt is extremely important as the annual debt repayment obligations will consume a majority of the company's operating cash flow until 2021. April 2015 saw the adoption of the Debt Restructuring Framework Act (Act Regulating the Guarantee of the Republic of Slovenia for the Obligations of DARS d. d. for Loans and Debt Securities Raised or Issued for Refinancing Existing Debts of DARS d. d. (Official Gazette of the RS, No. 30/15)). This act enables DARS d. d. to actively manage its existing debt and restructure its loan portfolio as well as ensures it can provide on time the necessary sources of funding to settle the matured liabilities arising from the existing debt. The company assesses liquidity risk as moderate.

The company has a deficit of working capital in the amount of €274,712,962. This is the result of larger short-term financial liabilities that matured in 2016. The difference, which came about because of the high amount of short-term investments on the one hand and the increase in short-term financial obligations to banks on the other, is manageable by controlling liquidity risk, which is regulated on the basis of the Act Regulating the Guarantee of the Republic of Slovenia for Obligations of DARS d. d. for Loans and Debt Securities Raised or Issued for Refinancing Existing Debts of DARS d. d. (ZPKROD).

I.11. International Cooperation and Acquisition of European Grants



DARS d. d. is also active internationally and in the acquisition of European grants.

With the company being a full member of the European Association of Operators of Toll Road Infrastructures (ASECAP), its representatives participate in the Association's governing board and working groups dealing with toll collection, concessions, traffic safety and intelligent transportation systems. Through the PIARC National Committee, DARS d. d. is involved in the operations of the World Road Association (PIARC) and in the activities of the International Bridge, Tunnel and Turnpike Association (IBTTA). Based on the concluded cooperation agreements, the company is increasingly connecting with the operators from the neighbouring countries.

We were successful in acquiring European grants in 2015. We received €13.62 million from the EU Cohesion Fund for the construction of noise barriers at certain motorway sections and €20.76 million for the reconstruction of individual motorway sections with the aim of increased traffic safety. In 2015, for the Pluska–Ponikve and Ponikve–Hrastje projects, we received payment of withheld amounts totalling €1.40 million. We received a total of €790 thousand (of which €334 thousand were in 2015) from the TEN-T Programme budget for the preparation of the execution design for the Draženci–IBCP Gruškovje motorway section and €1.10 million for the Crocodile project.

Two new projects were approved in 2015. They are going to be co-financed under the Connecting Europe Facility (preparation of DBP/ED for the additional construction in the Karavanke Tunnel and the second stage of the Crocodile project). We also prepared the project application for financing the construction of the Draženci MW–Gruškovje IBCP from the EU Cohesion Fund for 2014–2020.

I.12. Self-Assessment Using the EFQM Excellence Model



In compliance with the Recommendations and Expectations of the SSH, DARS d. d. management have appointed a working group to carry out a self-assessment according to the EFQM 2013 Excellence Model. In line with the requirements of the Model, the group performed a self-assessment and produced a report containing findings, an action plan with 34 measures and short- and medium-term desired objectives for company operations in relation to quality and excellence.

As required by the Slovenian Sovereign Holding, the report was submitted for consideration to the company's Supervisory Board, which agreed with the proposed measures and will examine the implementation of the measures every six months.

Once the Supervisory Board considered the report, it submitted it to the Slovenian Sovereign holding along with its viewpoints.

I.13. Integrated Management System



The integrated management system includes the quality aspect, in accordance with the requirements of the ISO 9001 standard, the environmental management aspect according to the requirements of ISO 14001 and the occupational health and safety aspect according to the BS OHSAS 18001 standard. Together, these aspects form a unified management system, which is described in the Rules of Procedure for the Management System and related documents.

Continuous improvements using the PDCA approach (plan-do-check-act) form the basis for the integrated management system and the requirements of the standards. This approach is the driving force for the progress and optimisation of business processes in all areas of the company's operation.

In 2015, we launched the project to implement an energy management system according to the requirements of ISO 50001, which is going to be integrated into our current systems of quality management, environmental management and occupational health and safety. At the end of 2016, we are going to confirm whether the requirements have been successfully met through an audit by an independent accredited institution.

The credibility of the quality and of the environmental management systems as well as of the occupational health and safety system is regularly and successfully certified by an outside accredited institution.

I.14. Internal Audit



The internal audit is performed independently and autonomously, applying necessary professional care and following professional regulations. Organisationally, we are subordinate to the management, and functionally to the Audit Committee and the Supervisory Board. Internal auditing is carried out in accordance with International Standards for the Professional Practice of Internal Auditing, the Code of Internal Auditing Principles, the Code of Ethics and the Code of Professional Ethics for Internal Auditors. Internal auditors constantly improve their knowledge and methodology in compliance with international standards of professional practice of internal auditing.

Through independent and objective auditing and consultancy services, Internal Auditing provides objective assurances and advice to the Management Board of DARS d. d. with the aim of meeting the set objectives and improving operational efficiency and performance. Internal Auditing assists the company in accomplishing its objectives by stimulating the well-considered management of different types of risks, meaning that it evaluates the system of internal controls in a systematic and organised manner and provides recommendations for proper risk management. Internal Auditing operates with the authorisation of the Management Board, to which it is directly responsible. The Annual Plan of Internal Auditing is approved by the Management Board and agreed on by the Audit Committee of the Supervisory Board. Internal Auditing reports to the management and the Audit Committee of the Supervisory Board on its findings and recommendations for improving the effectiveness of the internal controls for managing risk.

Internal Auditing operations are based on the Basic Charter on the Operation of the Internal Auditing Department and the Internal Auditing Department Handbook. The work of Internal Auditing is performed in compliance with the Annual Plan, which is based on the audit risk analysis and includes all recognised and assessed types of risks and the opinion of the Management Board and the directors of individual areas.

In 2015, we carried out 17 regular and extraordinary internal audits and actively participated in arranging contract custody and authorisations. We also provided advice in the realisation of recommendations. The Department also allotted a lot of its time to consulting, finishing 13 consulting business transactions. A total of 51 recommendations were issued and adopted on the basis of the audits performed. In addition to regular and extraordinary auditing reviews, Internal Auditing in 2015 regularly monitored the implementation of recommendations from past audits, notifying the management and the Audit Committee as appropriate.

I.15. Sustainable Development

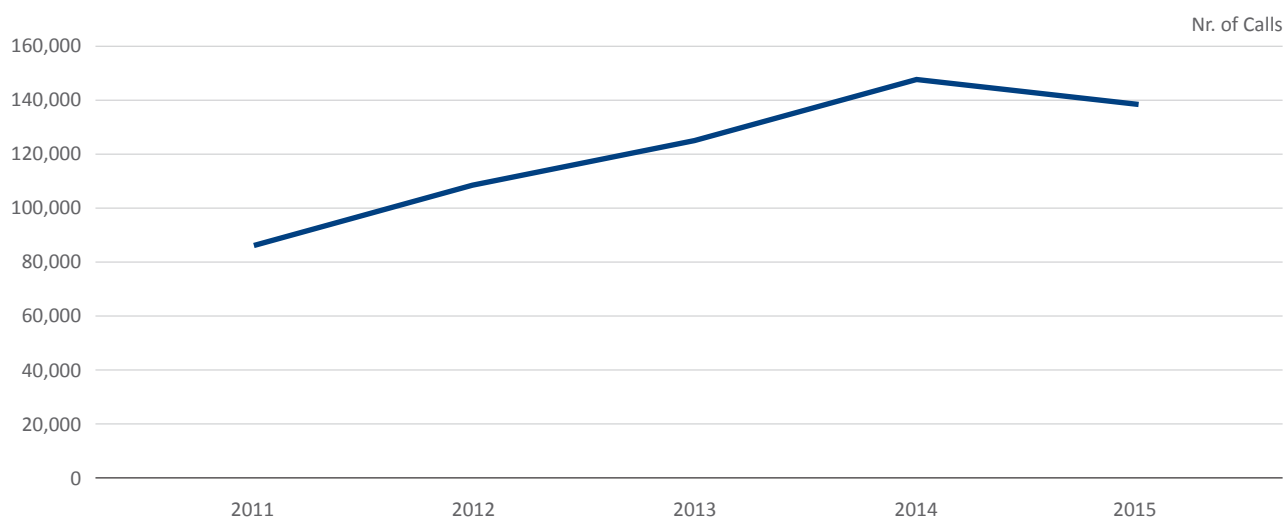
I.15.1. Traffic and Safety Concerns

Traffic safety concerns regarding motorways and expressways are addressed through the coordinated action of everyone involved (DARS, Slovenian Traffic Safety Agency, police, Administration of the Republic of Slovenia for Civil Protection and Disaster Relief, media, etc.) in compliance with the annual traffic safety plan. Furthermore, we specifically address traffic safety of our field workers, where we note a large number of crashes into our maintenance technicians, causing injuries. We will further improve traffic safety through various technologies, such as variable message signs (2016, project design), additional surveillance cameras, counters, weather stations and by upgrading the Kažipot system (2016, implementation).

In 2015, we prepared the professional groundwork for establishing the DARS Main Control Centre (MCC), with which we will ensure the conditions for optimum traffic management and manage road traffic safety in a centralised manner in 2016.

We are constantly looking after the traffic safety of our users and the safety of our employees that conduct field work on the motorways. By investing in traffic control and management systems and prevention projects, which raise awareness about safe driving among users, as well as by cooperating with all intervention groups and regularly training field and control centre workers, we are able to achieve a high traffic-safety standard. We consistently and swiftly inform the Slovenian public about traffic conditions on all State roads through the TIC (Traffic Information Centre) and regularly conduct measures aimed at traffic management at the national and international level. In 2015, we launched automatic measures for informing users (the DARS app) and a navigation system (completed in 2016).

Figure 13: Calls Received by the Traffic Information Centre (TIC)



Traffic Safety on Motorways and Expressways

Table 9: Fatalities on Motorways

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Length in km	303.3	307.1	336.8	417.7	471.6	489.4	521.5	657.6	726.5	761.7	763.5	772.9	772.9	772.9	777
Fatalities	20	22	23	24	26	30	33	11	22	18	19	18	16	16	15

We find that all the fatal accidents were caused by driver error, which is why we are going to continue our preventive campaigns and to raise the awareness of users, especially of the freight vehicle drivers from East European countries.

We will continue our efforts to establish the Main Control Centre, secure an expert for processing traffic data and execute the “DARS intervencija” (DARS Intervention) pilot project on the busiest motorway sections.

Road Tunnel Safety

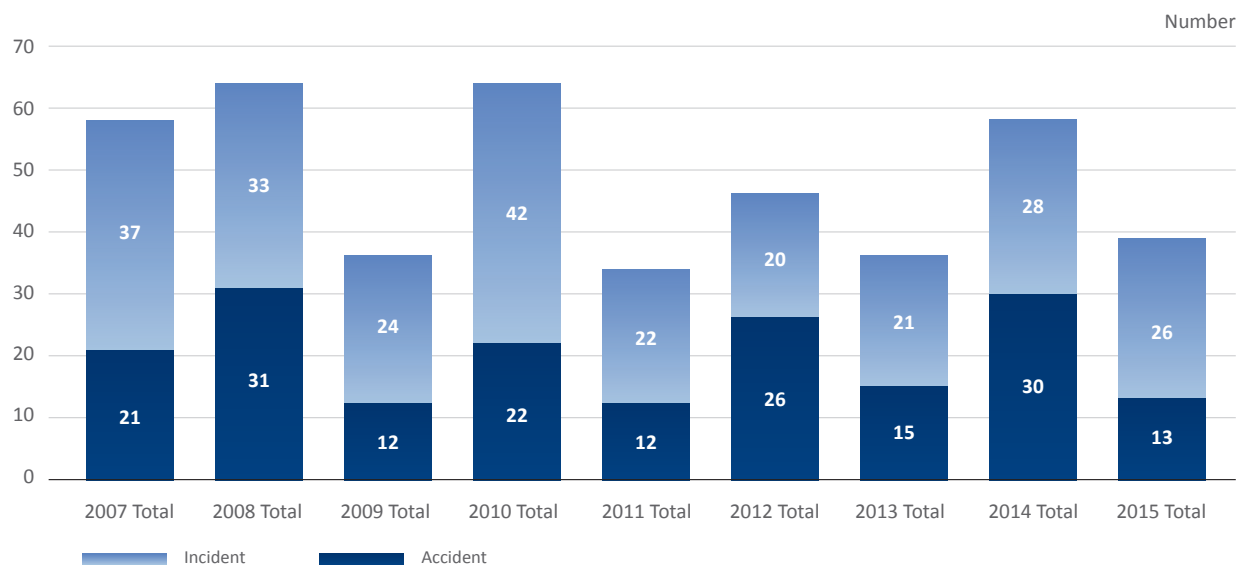
There were a total of 39 accidents and incidents in tunnels longer than 500 metres in 2015, where emergency services were needed along with a temporary closure of the whole tunnel or a part of it. The most common primary causes for the events were category I or II accidents (36%), followed by vehicle breakdowns (23%) and other events, e.g. out-of-fuel vehicles or a cyclist or a pedestrian in the tunnel (18%). The causes also included poor visibility (10%) and four fire events (10%), of which two cases were a car and a van catching fire and two cases of fires on electrical wiring. Two participants received minor injuries in these events.

We find that:

- the number of events is still relatively small and at a level comparable to recent years;
- these events were caused by the actions of users, which is something DARS d. d. has almost no direct influence on;
- the number of events did not increase and installing crash absorbers in tunnel emergency niches has most likely acted as a deterrent, preventing any further intentional crashes with the most severe consequences that we had been witnessing from 2010 to 2014.

In addition to the indicated accidents, we had to preventatively close down some tunnels due to technical malfunctioning of their systems, accidents on the route and due to strong Bora winds (the Kastelec Tunnel). In two cases, the Karavanke Tunnel had to be closed for several hours due to a gas leak resulting from the drilling of a test borehole prior to the implementation of the second tunnel tube.

Figure 14: Accidents and Incidents in Tunnels Longer than 500 m between 2007 and 2015



I.15.2. Environmental Management

Noise

The Noise Action Programme for the First Phase Major Roads and Major Railways (OP HRUP) requires that operators of road and railway infrastructure implement measures to limit excessive environmental noise loads. Within the framework of the Environmental and Road Infrastructure Development Action Programme, DARS initiated the Construction of Noise Barriers on Five Motorway Sections in the Republic of Slovenia project, which is financed with EU cohesion funds in the amount of 85%. By implementing anti-noise measures, the operator will be able to prevent excessive noise pollution of the environment by traffic at the selected sections. In 2015, we continued constructing noise barriers on the motorway sections Brezovica–Vrhnika, Dramlje–Celje and Celje–Arja vas, with passive anti-noise protection being installed at certain motorway sections. Overall, 31.4 kilometres or nearly 141 thousand square metres of new noise barriers were constructed at five motorway sections within this project.

In line with OP HRUP, we produced a study on noise pollution and a proposal for noise protection for the 14 most exposed facilities along the MW sections that were not completely resolved in the past. Based on the confirmed measures, we started obtaining the ED project documentation for these locations.

With the assistance of outside providers (DRI UI d. o. o., STIA NGI d. o. o.), DARS d. d. prepared and adopted the Methodology for Monitoring the Condition of Noise Protection on Motorways and Expressways. Following its adoption, the company began recording the condition of noise protection with the assistance of a contract specialist. Upon analysing the data, a part of noise protection was included in the Plan of Measures on Infrastructure for 2016–2018.

In 2015, we received 33 complaints, one parliamentary question and three requests for public information in connection with excessive noise as a result of traffic on roads managed by DARS d. d. With the assistance of an outside provider (DRI UI d. o. o.), we sent response letters to all of them.

DARS d. d. representatives were included in the Interministerial Working Group for the Preparation of the Operational Programme for Noise Protection in 2018–2022 for the City of Ljubljana and the City of Maribor, which is currently still in preparation.

Waste Management

As part of its environmental protection policy in 2015, DARS d. d. focused on controlled waste management, as dictated by the valid legislation. All activities were aimed at proper waste management with consistent separation of waste already at its source.

In 2015, we carried out public procurement procedures and hired multiple waste disposal contractors for different types of waste. We hired waste disposal contractors for waste paints, varnishes, diluents and waste resulting from accidents, from septic-tank water, from urban waste water treatment plants and from oil separators. We signed an agreement on the disposal of scrap iron and aluminium with the selected contractor. We began preparations for launching the local public utility service of municipal waste water disposal (septic-tank water and sludge from small urban waste water treatment plants) and continued concluding contracts for performing the local public utility service of municipal waste disposal.

Waste can be divided into two groups: non-hazardous and hazardous waste. Among non-hazardous waste collected in 2015, the majority was collected during road cleaning; waste also came from de-sanding, from septic-tank water, from water used for cleaning tunnels and from waste asphalt and waste plastics. The majority of hazardous waste consisted of waste oils, water containing oil, sludge, waste paints and varnishes and absorbent papers (used to clean up roads after accidents). This does not include municipal waste, which

is treated differently. The large amount of waste incited the company to target its efforts at reducing the amount of waste. One of the major steps undertaken was the construction of drip trays for waste sand from de-sanding areas. In addition to the seven installed drip trays in 2014 (MWB Ljubljana, MWB Hrušica, MWB Slovenske Konjice, MWB Maribor, MWB Murska Sobota, MWB Postojna and MWB Kozina), we installed two additional drip trays at MWB Vransko and MWB Novo mesto (Drnovo branch) in 2015.

In relation to managing waste, we kept records on waste management as prescribed by the ministry and prepared a report at the beginning of the year on waste management for the year before last.

Protection of Waters

Rainwater can be removed from motorways using two methods: with dispersed water drainage and controlled water drainage using retention basins. In 2015, we thus performed the regular annual cleaning of all of the most burdened separators of oils (motorway bases and branches) and the basic maintenance of retention basins (grass mowing, repairing damaged parts and railing and cleaning de-sanding areas).

Concerning the operation of retention basins in terms of protecting the natural environment, we performed the Annual Programme of Operational Monitoring (APOM) for waste water from rainfall, which measures the pollutant load of the drainage water from the retention basins. Measurements have shown that the parameters of the drainage water from the retention basins are within the limits prescribed by the Regulation and, as such, can be discharged into nature without further treatment. In Q1 2015, we drew up a report on conducting the APOM in 2014 and later on prepared recommendations for conducting the APOM in 2016, which were confirmed by the Ministry of the Environment and Spatial Planning. We also conducted the controlled collection of tunnel waste water from washing that was handed over to waste disposal contractors as a specific kind of waste and then driven to waste-water treatment plants.

Gas Emissions

Tunnels longer than 500 metres are equipped with ventilation systems, where the automatic control of these systems enables us to monitor the gas emissions and visibility in the tunnels. Measurements are monitored by the control centres in charge of controlling traffic in individual tunnels.

CC Hrušica monitors parameters in the Karavanke Tunnel, the RCC in the Golovec and Šentvid tunnels, CC Kozina in the Kastelec, Dekani, Podnanos and Barnica tunnels and in the Rebernice II cut-and-cover and CC Vransko and Slovenske Konjice in the Cenkova, Golo rebro, Pletovarje, Ločica, Jasovnik, Trojane and Podmilj tunnels.

We reduce the number of traffic congestions by optimising traffic flow, thereby minimising gas emissions. This is achieved by forcing freight vehicles off motorways on time, through road diversions, additional variable message signs and coordination of all closures as well as through the coordinated operation of control centres.

Environmental Impacts of Road Gritting

To prevent slippery roads and ensure safe road conditions in winter, roads are gritted using various gritting materials. These materials have a minimum impact on the ground, quality of surface and groundwater, flora, fauna, humans and animals, facilities (road lanes, bridges, viaducts and buildings) and on vehicles. In 2015, the effect of spreading salt on the environment was also monitored during the implementation of the Annual Programme of Operational Monitoring (APOM) of rainwater from retention basins. Analyses of the individual samples taken showed no excess presence of salting elements; in each analysis, the salting elements were within the prescribed limits. The APOM Final Report for 2015 will be prepared by the end of March 2016 and submitted to the Ministry of the Environment and Spatial Planning.

I.15.3. Human Resources Management

Employees in DARS d. d.

Table 10: Key Data on DARS d. d. Employees for 2014 and 2015

	2014	2015
Status of employees in DARS d. d.		
Number of employees in DARS d. d.	1,251	1,242
Demographic data on employees		
Average age of employees	44.3 years	44.8 years
Percentage of women employed	25.7%	25.8%
Employee education structure		
Percentage of employees with a maximum 4th level education	41.6%	40.3%
Percentage of employees with 5th level education	33.3%	33.3%
Percentage of employees with 6th level education	15.8%	16.5%
Percentage of employees with 7th level education or higher	9.4%	9.9%
Social security of DARS d. d. employees		
Number of solidarity benefits granted	51	47
Number of employees with disability status	38	36
Number of procedures introduced for recognising disabilities	13	12
Number registered in voluntary pension insurance	43	21
Degree of sick leave	4.5%	5.0%
Employee development – education and training		
Scope of education in hours per employee	13.24	17.02
Value of education per employee	92	123
Number of participants in education	2,373	1,846

Employment

In order to achieve the set business objectives for 2015 without any interruptions to its business operations, the company had to employ new people in accordance with the adopted business plan and the revised business plan for 2015. The company announced 26 internal job postings and 41 external job openings, newly employing 34 people. In 2015, 43 employees left DARS d. d., 27 of which retired.

Concern for Employee Social Security

In 2015, DARS d. d. continued its previous efforts to maintain a high level of social security and assistance to employees and paid 47 solidarity benefits to employees on the basis of an agreement on the criteria and the payment of solidarity benefits. In terms of disabilities recognised by the disability committee of the Pension and Disability Insurance Institute of Slovenia in 2015, one employee was given a different job at a different workplace and one employee was provided occupational rehabilitation. An application to determine grounds for termination of the employment contract was submitted to the committee in the case of one employee where the employer was objectively unable to provide a suitable job. Also in 2015, we actively addressed all 85 cases of employees with a changed capacity for work that was determined upon a periodic medical examination at an authorised occupational medicine body.

HR Development

In 2015, the trend of intensive investment in the knowledge and professional competence of employees continued; this trend was recognised as early as in 2014. In line with the needs arising from work processes and the needs of employees for standard and specialist knowledge, the HR Development Department organised and managed appropriate forms of education and training on the basis of the adopted Annual Education and Training Programme for 2015.

Compared to 2014, the education and training in 2015 was more specialised and specific target group oriented, which is why the number of participants dropped by 22%, while the overall scope of education hours in 2015 increased by as much as 28% compared to the year before.

Figure 15: Comparative Overview of Employee Educational Structure for 2014 and 2015 in %

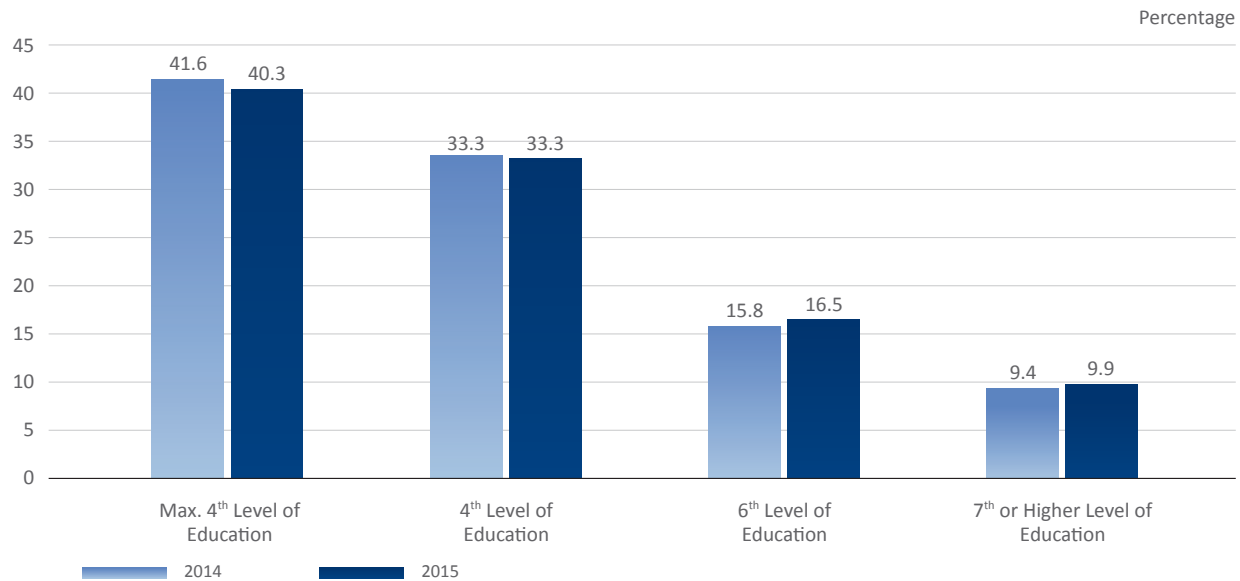
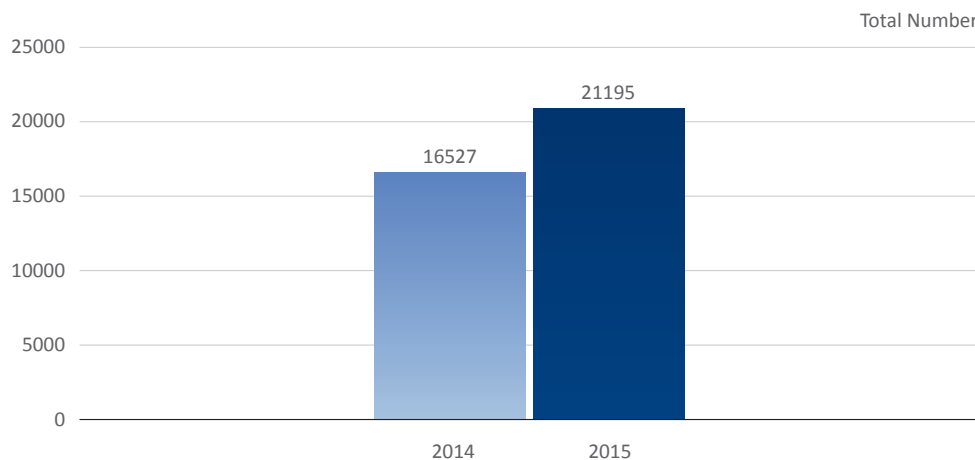


Figure 16: Comparative Overview of Education Hours for 2014 and 2015



Education and training were provided in the form of various seminars and workshops taking place at DARS d. d. as in-house education courses and training. To obtain new and specialist knowledge, employees could attend various professional seminars and meetings outside DARS d. d. as external education and training. Employees were given the chance to obtain various expert and computer skills, to train and develop their business and personal competences and skills as well as learn foreign languages and various other types of knowledge in support of their professional and personal development. DARS d. d. has been increasing the amount of resources invested into education per employee over the last three years. In 2015, the amount invested per employee was 34% higher than in 2014. This shows that DARS d. d. values the professional competence and knowledge of its employees and actually offers them a chance to attend education courses and training. Considering the large scope of organisational, technological and demographic changes both at DARS d. d. and in the broader society, such investments into employees are proof of the employer's social and corporate social responsibility.

HRM Projects

Having joined the KoC LOGINS project as a partner in mid-2014, DARS d. d. also obtained European funds for training employees in maintenance and toll supervision in 2015. In 2011, DARS d. d. obtained the basic Family Friendly Company certificate. After successfully implementing measures enabling employees to coordinate work and family more easily, DARS d. d. obtained the full Family Friendly Company certificate in March 2015.



As a partner in the "Zdravje na poti" (Health on the Road) project co-financed by the Health Insurance Institute of Slovenia on the basis of a public tender, DARS d. d. persistently observes positive practices in promoting health at work, communicating these practices along with its project partners to other target groups related to traffic, including motorway users. Major activities are set to take place in the period from spring to autumn 2016. In 2015, there were intensive activities to establish a competence model. We performed the first competence assessments for executives. The results obtained will be used for the systematic and targeted training of leaders in the next year with the aim of improving the management system at DARS d. d.



Employee Satisfaction

DARS d. d. knows that only a positive organisational climate is conducive to committed and creative work, and that the achievements of the company's objectives depends heavily on the satisfaction and motivation of employees, which is why it carries out regular surveys of organisational climate and employee satisfaction. The findings in 2015 are an incentive for the continued implementation of measures to achieve better internal interpersonal relations, better governance and greater motivation and commitment of employees. The aim is to unlock the internal potential of employees for a more successful achievement of the company's objectives and mission.

Occupational Health and Safety

In 2015, there were 42 workplace accidents resulting in worker injury in the company, which is ten more than in the year before and the most in the last six years. Fortunately, most of the injuries were minor and the victims will suffer no permanent health damage or work limitations. 39 road maintenance technicians and three toll inspectors were injured. Upon analysis of the circumstances, we found that the employer in most cases had nothing to do with the cause of the accident and could not have prevented it. The accidents occurred due to a lack of attention, carelessness and sometimes due to rushing. On average, injured workers in 2015 spent 22.3 days on sick leave, which is a little over the average of the last six years (21.7).

The number of crashes into worksites and road equipment decreased in 2015. 17 collisions were reported (much less than in 2014 (29) and less than the average of the last six years (20.8)) in which two maintenance technicians received minor injuries. We did, however, detect a major rise in the level of aggression of offending car drivers. In toll inspection procedures, offenders acted violently towards our toll inspectors in as many as five cases, though no injuries were recorded. In all these cases, the police had to be called to the scene to intervene.

In 2015, the Occupational Health and Safety Service invested its efforts primarily in the following areas:

- meeting the prescribed employer obligations: ensuring training and medical examinations for employees, work equipment inspections and inspections of fire protection equipment,
- internal supervision including warning and informing employees about the importance of safety measures and the use of personal protective equipment at work,
- meeting the prescribed requirements for deploying road signalisation and equipment when doing road-work,
- analysing the circumstances of accidents, dangerous events and incidents at work,
- reviewing risk assessments and proposing measures for greater worker safety with an emphasis on making adjustments for technical progress and best practices,
- consulting in remedying faults related to explosion protection,
- consulting in purchasing new work equipment.

I.15.4. User Satisfaction and Communication

Satisfaction of Motorway and Expressway Users in Slovenia

The survey on the satisfaction of motorway and expressway users in Slovenia was conducted among Slovenian and foreign car and lorry drivers in 2015 as well. It measures the index of satisfaction of MW and EW users and allows us to determine the factors that influence the level of satisfaction with MWs and EWs. The survey was carried out in April and May 2015 on a sample of 1,542 users. The most important factors of satisfaction remain the same as in 2014: signalisation, safety, toll stations and traffic flow. Compared to the 2014 survey, drivers are somewhat more satisfied with all the factors considered, with foreign drivers being more satisfied than domestic. The most critical factors for car and lorry drivers are traffic flow and parking spaces at rest stops respectively.

The index of satisfaction, which shows to what extent the users' expectations have been achieved, is 77.9 for 2015, which is somewhat higher among foreign car and lorry drivers and among domestic car drivers than in 2014. The index is somewhat lower among domestic lorry drivers.

Communication with Media

DARS d. d. ensures the media receives comprehensive and up-to-date access to information. All media representatives are entitled to have access to DARS communications at the Media Centre on the website (www.dars.si), where general or financial news can be accessed separately via the Press Releases section and which includes a video and photo gallery, presentations of the activities in maintenance and tolling and various publications and instructions released by the company. This year, we continued working on the section "Clarifications", where we publish interviews, clarifications, corrections of incorrect information that we published and the like.

In 2015, we actively communicated on social networks (Twitter, Facebook and YouTube). We mainly use these services to inform people about traffic and different campaigns (media campaigns included) to improve traffic safety awareness.

The company generally replies to most media queries in 24 hours or as soon as possible. In 2015, we issued 874 written statements and replies to questions from journalists and many more answers were provided over the telephone or directly. We organised several events where journalists could join our employees in the field.

Communications with Motorway and Expressway Users

Users most often contact the company with concrete questions, proposals, comments, complaints and even praise relating to the use of motorways and expressways. Questions most frequently refer to reconstruction and maintenance works, traffic safety and toll collection or vignettes. Persons residing in the vicinity of motorways are most interested in measures to reduce or eliminate the negative impacts of motorway traffic on the environment.

We generally reply to most user queries within 24 hours or as soon as possible (last year, we received 733 such queries).

Information on Public Road Conditions

By notifying users, we ensure added safety and a smoother flow of traffic on the motorways. The Traffic Information Centre (TIC) provides complete, quality and up-to-date notifications to users regarding driving conditions on motorways and expressways. TIC operators also tune into various media outlets several times a day with live reports. Users can also obtain information via the toll-free telephone number, website, Twitter, text messages or direct telephone conversations with operators.

We created a free mobile app called DarsPromet (DarsTraffic) whose primary purpose is providing information about road conditions.

In collaboration with Planet TV and Siol.net, we produced short videos and articles on safe driving on the motorway (positioning, speed, emergency lanes, importance of maintenance and reconstruction, etc.). Throughout the year, we produced our own videos and published them online and on social networks. Information about traffic and traffic safety was provided in line with the activities of the Traffic and Traffic Safety Management Service with the aim of achieving uniform multimedia communications with users.

Communications with Experts and Professionals

The professional and business public include all external stakeholders and institutions affiliated with the company or which influence its operations. Special attention is given to content regarding traffic safety, education and preventative actions on the roads the company manages.

As part of our winter service, we actively informed motorway users about safe driving in winter conditions, organised awareness campaigns on proper positioning on the motorway in cases of congestion, vehicle breakdown and stopping in the emergency lane and on how to drive in fog.

Communication with Employees

We pay special attention to the mutual exchange of information among employees, who represent one of the most important segments of our public. Communication with employees is carried out in a variety of ways.

The internal newsletter "Avtoceste" (Motorways) is published periodically along with the monthly bulletin "Preglednik" (Examiner), which informs employees of current events within, and in connection to, the company, while individual pieces of news are communicated via email and the intranet site that contains a number of useful documents, forms, acts, photo documentation and clippings.

The Code of Ethics represents a selection of the company's objectives and values and sets high moral standards of operation for all employees.

Communication with the Environment

The company is well aware of the responsibility it has to people and the environment in which it operates. Through awareness and preventative campaigns in the areas of traffic and traffic safety and environmental protection, it takes an active part in current social events, co-creating them to the best of its abilities.

To the greatest extent possible, the company contributes to humanitarian projects and projects connected to preventative action in traffic through sponsorships and other forms of cooperative support and via professional associations whose activities are associated with road construction and maintenance.

Sponsorship and donor programmes are clearly published on the company's website.

I.15.5. Research and Development Activities

In the future, DARS d. d. is going to keep developing and improving the existing business model as well as systematically developing and implementing new business ideas. These ideas are reflected in innovations created on the basis of employee proposals and in the projects and the improvements in various areas of work that are included in the business plan for the current year. The status of their realisation is reported at the extended management council.

We keep track of new developments in good practices through projects, improvements and innovation and systematically implement them in our management system and work processes.

In 2015, DARS d. d. continued implementing the road management project for the roads it manages. In addition to the current work with the PMS – DARS expert system (PMS: Pavement Management System), which is performed using the dTIMS_CT software tool (Deighton's Total Infrastructure Management System with Concurrent Transformation), we continued our activities to prepare the launch of the pilot project for implementing the Bridge Management System (BMS).

Continual Improvement, Innovation and Projects

DARS d. d. encourages employees to submit proposals for improvements, which is reflected in the positive trend of submitted and realised improvements or innovations compared to 2014. The best innovators received awards at the pre-New Year's event in 2015.

In the coming years, we at DARS d. d. intend to carry out a large number of projects in individual work areas and thus follow the business plan, the strategic goals and the company's vision. On the basis of the adopted management system policy and the related strategic goals, we will determine measurable operative goals using key performance indicators (KPIs) that are identified in the company's business plan. We develop the system in such a way as to make constant improvement and innovation a key characteristic of all employees at all organisational levels.

I.16. Corporate Governance Statement of DARS d. d.



In accordance with the fifth paragraph of Article 70 of CA-1 (Official Gazette of the RS, No. 42/2006 and sub.), the Articles of Association of DARS d. d. adopted on 11 September 2015 and the provisions of the Corporate Governance Code for Joint Stock Companies and the Corporate Governance Code for Companies with Capital Assets of the State, the company hereby presents, as part of its Annual Report, the following

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is an integral part of the Annual Report for 2015 and is accessible on the company's website www.dars.si.

1. Reference to the Corporate Governance Code and the Recommendations

In its work and business operations, DARS d. d. observes to the greatest extent possible the following codes and recommendations on business practices in governance and management:

- Corporate Governance Code for Joint Stock Companies, 8 December 2009, accessible at <http://www.ljse.si>;
- Corporate Governance Code for Companies with Capital Assets of the State, 19 December 2014, accessible at the website of the Slovenian Sovereign Holding (SSH) <http://www.sdh.si> and
- Recommendations and Expectations of the SSH, 19 December 2014, accessible at the website of the Slovenian Sovereign Holding (SSH) <http://www.sdh.si>.

After the Slovenian Sovereign Holding Act came into force, the Republic of Slovenia, as the sole stockholder, exercises its rights through the Slovenian Sovereign Holding, which in turn exercises its voting rights at the General Meeting, by appearing before courts and other authorities and by assembling the General Meeting.

There were no major discrepancies in the implementation of the above codes and recommendations in 2015. The deviations from specific recommendations are explained below. In its operations, DARS d. d. observes its internal acts and the DARS Code of Ethics and strives to improve its corporate governance practices.

2. In terms of management, DARS d. d. deviates from the following provisions

Individual deviations from the above codes and recommendations are disclosed in the continuation of this Statement along with their causes.

a) Corporate Governance Code for Joint Stock Companies

Corporate governance framework

Point 1: The company operates in line with its key objective – to maximise the company's value – and other objectives as the operator of the motorway network that ensures the sustainable development of the company as well as its long-term stable and socially-responsible business operations. The objectives are not defined in the Articles of Association, because the basic legal act of the state sets out only the characteristics required by corporate law for the general description of the company as a legal entity. The company discloses all objectives in documents published on its website or in publications. DARS d. d. management is based on legal provisions, internal acts and rules. All operational business decisions for achieving the objectives are implemented within the annual business plan.

Point 2 (2.1 and 2.2): The Management Board works together with the Supervisory Board in drawing up and adopting a Corporate Governance Policy.

Relationship between the company and its shareholders

Point 5.7: In defining the amount of remuneration to members of the Management Board, the Supervisory Board acts in accordance with the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-governing Local Communities (Official Gazette of the Republic of Slovenia, No. 21/10 and 8/11). It adopted the Rules on Determining the Content of Employment Contracts for the Management Board Chairman and Members regarding Remuneration and Severance Pay, which prescribe the criteria for evaluating the performance-linked variable component of the remuneration to managers.

Point 5.9: The certified auditor is summoned to the meeting of the Supervisory Board's Audit Committee.

Supervisory Board

Points 6 and 7: One of the owners' key management levers is their right and duty to appoint to the supervisory bodies of companies independent and professional individuals who responsibly and professionally supervise the work of these companies' management boards and cooperate with them in their management activities. The Supervisory Board has a Remuneration Committee that operates as a Nomination Committee. The Remuneration Committee consists of two members of the Supervisory Board representing the shareholders and one member of the Supervisory Board representing the workers. External experts are included as needed.

Point 8.4: To distribute materials and convene meetings, the Supervisory Board partially makes use of information technology due to the high level of confidentiality of some of the information involved. It shall be implemented in full once all members of the Supervisory Board and the committees are equipped with sufficiently secure connections and protocols to prevent any unauthorised access to documents. Following that, they will have secure access to printed materials whenever required or desired.

Point 9 (from 9.1 to 9.3): Self-assessment was not performed in 2015 due to changes in mandates of the members of the Supervisory Board and its committees.

Management Board

Points 14.2 and 14.3: In the future, we shall establish a system for monitoring the membership of members of the Management Board in the supervisory bodies of other companies and legal transactions.

Independence and loyalty

Point 17.2: We shall sign the statements annually in the future.

Transparency of operations

Point 20: The Management Board works together with the Supervisory Board in drawing up and adopting a Corporate Governance Policy.

Points 22.5 and 22.6: In the future, we shall establish a system for monitoring the membership in the supervisory bodies of other companies and legal transactions and disclose them in our Annual Report.

Point 22.7: The company discloses the gross remuneration of each member of the Management Board and of the Supervisory Board in accordance with the legal requirements, with the exception of the net remuneration.

Point 22.8: The financial statements of the company, together with notes and disclosures of the most important categories, have been prepared in accordance with the accounting and reporting requirements of the Slovenian Accounting Standards (SAS) and in accordance with the provisions of CA-1 and MCRSA-1.

Point 23: The Corporate Governance Statement is a part of the Annual Report and the version for the 2015 financial year is also accessible on the company's website.

b) Corporate Governance Code for Companies with Capital Assets of the State

Supervisory Board

Point 6.8.4: Deputy Chairman of the Supervisory Board receives no additional payment for their service.

Point 6.8.10: The company partially deviates from the recommendation in concluding directors and officers liability insurance contracts for Supervisory Board members. The D&O insurance is concluded and bonuses are paid to the persons included.

Management Board

Point 7.3: In defining the amount of remuneration to members of the Management Board, the Supervisory Board acts in accordance with the Act Governing the Remuneration of Managers of Companies with Majority Ownership Held by the Republic of Slovenia or Self-governing Local Communities (Official Gazette of the Republic of Slovenia, No. 21/10 and 8/11). To date, the company's General Meeting did not confirm any special remuneration policies for Management Board members.

Point 7.3.10: The company partially deviates from the recommendation in concluding directors and officers liability insurance contracts for Management Board members. The D&O insurance is concluded and bonuses are paid to the persons included.

Point 7.3.12: To date, the company did not perform this specifically as the Chairman of the Management Board did not give specific assessments on the suitability of remuneration payments to the Management Board members at the General Meeting.

Audit and Internal Control System

Point 9.2.7: This is partially taken into account considering that the set time periods for the recommendations given by internal auditors may exceptionally be extended for objective reasons.

Point 9.2.8: An external assessment of the quality of the internal audit activity shall be carried out in 2016.

c) Recommendations and Expectations of the SSH

Labour cost optimisation in 2015

Points 4.3 and 4.4: The company is not in compliance with the recommendation, because it does not publish pay-outs to employees set out under Point 4.2.2. It plans to conclude suitable written agreements with social partners in 2016 regarding the publication of these pay-outs.

Point 4.5: The company partially deviates from the recommendation. The company publishes the binding collective agreement and the agreements with social partners on its internal website.

General Meeting of companies

Convening a General Meeting – Point 6.2: The sole shareholder of DARS d. d. is the Republic of Slovenia, which in accordance with Article 18 of the Slovenian Sovereign Holding Act (Official Gazette of the Republic of Slovenia, No. 25/2014) is represented by the Slovenian Sovereign Holding (SSH). Since the General Meeting is universal, the provisions of CA-1 on the deadline of convening and publication of the agenda of the General Meeting do not apply.

Annual Report – Point 6.8: The company deviates from the recommendation, as it does not disclose in the Annual Report the membership of the bodies of management or supervision of non-related companies that are taken up by the members of its bodies of management and supervision. In the future, we shall establish a system for monitoring the membership in the supervisory bodies of other companies and legal transactions and disclose them in our Annual Report.

DARS d. d. shall continue following the Corporate Governance Code for Joint Stock Companies, the Corporate Governance Code for Companies with Capital Assets of the State and the Recommendations and Expectations of the SSH and thereby comply with its corporate governance system.

3. The Functioning of the Company's General Meeting and its Key Competences, Description of Shareholder Rights and the Manner of Exercising Such Rights

The company has the status of a public limited company functioning as a commercial company under CA-1.

The functioning of the General Meeting and its key competences as well as the rights of shareholders and the manner of exercising such rights are defined in more detail in the Articles of Association of DARS d. d.

The sole founder and shareholder of DARS d. d. is the Republic of Slovenia. Following the entry into force of the Slovenian Sovereign Holding Act, it exercises its rights through the Slovenian Sovereign Holding. The Republic of Slovenia exercises its shareholder's rights, as defined in CA-1 and the Articles of Association, at general meetings.

General meetings are convened by the Management Board of DARS d. d. using its own initiative, at the request of the Supervisory Board or the company's shareholder.

A General Meeting must be convened in legally-defined cases, however no less than once per year.

4. The Composition and Activities of the Company's Managerial and Supervisory Bodies and their Committees

4.1 Management Board

The composition and activities of the Management Board are defined in more detail in the Articles of Association of DARS d. d.; it may have a maximum of five members. A person can be appointed to the position of board member if they fulfil the conditions of Article 255 of CA-1 and point 7.2.2 of the Articles of Association. All members of the Management Board are appointed by the Supervisory Board for a period of five (5) years. All members of the Management Board are employees of the company.

The DARS d. d. Management Board is composed of the following members: Chairman Tomaž Vidic, PhD, Gašper Marc, MSc, and the Labour Manager/Board Member Marjan Sisinger. Matjaž Knez, MSc and Franc Skok performed their duties as Chairman of the Management Board and as member of the Management Board respectively until 13 January 2016.

The Management Board manages the company in the company's best interests, independently and at its own responsibility. At the same time, it must act as a diligent and honest manager and protect the business secrets of the company. In realising its tasks, the Management Board adopts measures and carries out the procedures defined by law and the Articles of Association of the company.

If the Management Board has more than two members, the company is jointly represented by the Chairman of the Management Board and a member of the Management Board.

The Management Board adopts resolutions within the scope of its competences with a majority vote of all members of the Board. Each member of the Management Board is entitled to one vote. In the case of a tied vote, the vote of the Chairman of the Management Board is decisive. The Labour Manager participates in decision-making whenever the Management Board decides on staff and social issues.

The Management Board adopts rules of procedure on its work, to which the Supervisory Board grants consent.

4.2 Supervisory Board

In accordance with point 7.3.1 of the Articles of Association of DARS d. d., the Supervisory Board consists of six members. Two members of the Supervisory Board are employee representatives.

The Supervisory Board adopts the Rules of Procedure on its work in accordance with the Articles of Association of DARS d. d. The Supervisory Board appoints the Chairman and Deputy Chairman.

The Supervisory Board must be convened at least once every quarter. The Supervisory Board constitutes a quorum if at least two thirds of the members are present at a meeting, including the Chairman or Deputy Chairman of the Supervisory Board.

In accordance with the Articles of Association of DARS d. d., the Supervisory Board supervises the management of transactions; decides on appointments and recalls of the Management Board and their remuneration; convenes general meetings; reviews and examines the ledgers and documentation of the company, its cash in hand, securities and inventory of goods and other items; grants the Management Board prior consent for transactions exceeding a value of €1.5 million (exclusive of VAT); acquaints itself with the Management Board's decision on the establishment and/or termination of subsidiaries; submits proposals to the General

Meeting for the appointment of the auditor; appoints the Audit Committee of the Supervisory Board as well as the other committees under CA-1; acquaints itself with the decision of the Management Board on the purchase and divestment of stakes or shares in other companies; grants consent regarding the planning documents of the company; aligns the text of the Articles of Association with the valid resolutions of the General Meeting; notifies the company's bodies and the shareholder about its positions and proposals; and considers and decides on all other matters within its competence by law, other regulations and under the authority of the General Meeting and the company's Articles of Association.

The Supervisory Board is required to examine the annual report, the auditor's report and the proposed appropriation of accumulated profit submitted by the Management Board. It must compile a written report on the results of its examination for the General Meeting.

The more detailed composition and activities of the Supervisory Board of the company and its committees in 2015 are presented in the Report of the Supervisory Board.

Decisions related to the General Meeting, Management Board and Supervisory Board and company securities are summarised in compliance with the Articles of Association adopted by the General Meeting on 11 September 2015.

Ljubljana, 20 April 2016

Supervisory Board of DARS d. d.

Marjan Mačkošek
Chairman of the Supervisory Board



Management Board of DARS d. d.

Tomaž Vidic, PhD
Chairman of the
Management Board



Gašper Marc, MSc
Board Member



Marjan Sisinger
Labour Manager/
Board Member



DARS



II. Financial Report



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Statement of Management Responsibility

Pursuant to Article 60a of the Companies Act, the Management Board of DARS d. d. certifies herewith that the Annual Report 2015 of DARS d. d., Celje, including the Corporate Governance Statement, has been prepared and published in compliance with the Companies Act, Financial Instruments Market Act, Slovenian Motorway Company Act and Slovenian Accounting Standards.

The members of the DARS d. d. Management Board, which is comprised of Tomaž Vidic, PhD, Chairman, Gašper Marc, Member, and Marjan Sisinger, Labour Manager/Member, in compliance with Article 110 of the Financial Instruments Market Act, hereby state that, to the best of their knowledge:

- The financial report for the company DARS d. d., Celje for 2015 is prepared in compliance with the Slovenian Accounting Standards and provides a true and fair presentation of the assets and liabilities, financial situation and profit or loss for the company DARS d. d., Celje;
- The Business Report of DARS d. d., Celje for 2015 includes a fair presentation of the development and results of the operations of the company as well as its financial position, including the description of key risks to which DARS d. d., Celje is exposed.

Celje, 12 April 2016

Gašper Marc, MSc
Board Member

Tomaž Vidic, PhD
Chairman of the
Management Board

Marjan Sisinger
Labour Manager/
Board Member



II.1. Financial Statements of DARS d. d.

Balance Sheet as of 31 December 2015

in EUR (without cents)	Notes	31/12/2015	31/12/2014
ASSETS		5,479,326,877	5,556,644,000
A. LONG-TERM ASSETS		5,275,857,740	5,346,290,495
I. Intangible assets and long-term deferred costs and accrued revenues	II.4.1.1	177,837,501	181,553,176
1. Long-term property rights		177,837,501	181,553,176
II. Tangible fixed assets	II.4.1.2	5,092,631,502	5,158,962,482
1. Land and buildings		4,932,738,626	4,923,930,480
a) Land		31,785,479	31,827,375
b) Buildings		4,900,953,147	4,892,103,105
3. Other machines and equipment		18,103,221	18,176,288
4. Tangible fixed assets being acquired		141,789,655	216,855,714
a) Tangible fixed assets under construction		141,789,655	216,855,714
IV. Long-term financial investments	II.4.1.3	964	200,964
1. Long-term financial investments, excluding loans		964	200,964
a) Shares and stakes in Group companies		0	200,000
c) Other long-term financial investments		964	964
V. Long-term operating receivables	II.4.1.4	30,768	30,754
2. Long-term operating receivables from customers		30,768	30,754
VI. Deferred tax assets	II.4.1.5	5,357,006	5,543,119
B. CURRENT ASSETS		202,479,910	209,279,428
I. Assets (disposal groups) available for sale	II.4.1.6	188,202	184,615
II. Inventories		3,294,700	3,391,068
1. Material	II.4.1.7	3,291,143	3,386,309
3. Products and merchandise		3,557	4,759
III. Short-term financial assets	II.4.1.8	146,934,390	163,790,817
2. Short-term loans		146,934,390	163,790,817
b) Short-term loans to others		146,934,390	163,790,817
IV. Short-term operating receivables	II.4.1.9	40,347,215	40,318,472
1. Short-term operating receivables from Group companies		0	231,084
2. Short-term operating receivables from customers		14,321,336	11,731,666
3. Short-term operating receivables from others		26,025,879	28,355,722
V. Cash	II.4.1.10	11,715,403	1,594,457
C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUE	II.4.1.11	989,227	1,074,076

in EUR (without cents)	Notes	31/12/2015	31/12/2014
LIABILITIES		5,479,326,877	5,556,644,000
A. EQUITY	II.4.1.12	2,566,206,940	2,531,278,379
I. Called-up capital		2,319,866,345	2,319,866,345
1. Share capital		2,319,866,345	2,319,866,345
II. Capital reserves		26,576,494	26,428,084
III. Revenue reserves		188,454,822	149,535,825
1. Legal reserves		12,838,795	9,815,960
4. Statutory reserves		31,067,581	16,709,116
5. Other revenue reserves		144,548,447	123,010,749
IV. Revaluation surplus		-4,059,975	-5,008,889
V. Retained net profit or loss	II.4.1.13	13,831,556	15,393,340
VI. Net profit or loss for the financial year		21,537,697	25,063,673
B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES	II.4.1.13	166,540,148	115,574,821
1. Provisions for pensions and similar liabilities		2,484,316	2,472,266
2. Other provisions		49,372,892	24,484,479
3. Long-term accrued costs and deferred revenue		114,682,940	88,618,076
C. NON-CURRENT LIABILITIES		2,268,397,691	2,551,001,189
I. Long-term financial liabilities	II.4.1.14	2,131,822,705	2,405,209,677
2. Long-term financial liabilities to banks	II.4.1.15	1,905,013,561	2,212,995,577
3. Long-term financial liabilities from bonds	II.4.1.16	160,364,547	160,364,547
4. Other long-term financial liabilities	II.4.1.17	66,444,597	31,849,553
II. Long-term operating liabilities		136,574,985	145,791,512
2. Long-term operating liabilities to suppliers	II.4.1.18	2,316,654	0
5. Other long-term operating liabilities	II.4.1.19	134,258,331	145,791,512
D. SHORT-TERM LIABILITIES		452,312,229	335,094,087
II. Short-term financial liabilities	II.4.1.20	389,355,921	250,220,064
2. Short-term financial liabilities to banks		375,258,926	233,401,832
3. Short-term financial liabilities from bonds		3,411,653	3,416,071
4. Other short-term financial liabilities		10,685,342	13,402,161
III. Short-term operating liabilities	II.4.1.21	62,956,308	84,874,023
1. Short-term operating liabilities to Group companies		0	2,733
2. Short-term operating liabilities to suppliers		37,966,446	45,551,943
4. Short-term operating liabilities from advances		32,394	5,833
5. Other short-term operating liabilities		24,957,468	39,313,515
E. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	II.4.1.22	25,869,870	23,695,524

The accounting guidelines and explanatory notes are a constituent part of the Financial Statements and should be read in connection thereto.

Income Statement for the Period from 1 January to 31 December 2015

in EUR (without cents)	Notes	01/01–31/12/2015	01/01–31/12/2014
1. Net sales revenue	II.4.2.1	360,880,094	354,455,753
Toll revenue		349,925,047	344,163,641
Revenue from rest stop leases		7,071,880	6,914,136
Revenue from closures and overweight load transports		908,124	897,712
Revenue from easements for base stations and others		856,090	578,738
Revenue from performance contracts		407,016	418,721
Revenues from lease of optical fibres		771,393	743,165
Other sales revenue		940,544	739,639
3. Capitalised own products and services	II.4.2.2	1,695,339	1,249,490
4. Other operating revenue	II.4.2.3	7,892,818	5,610,915
5. Costs of goods, materials and services	II.4.2.4	–35,872,408	–34,448,973
a) Purchase value of goods and material sold and costs of material used		–9,283,845	–9,363,390
b) Costs of services		–26,588,563	–25,085,583
6. Labour costs	II.4.2.5	–35,832,067	–35,658,179
a) Costs of salaries and wages		–26,414,827	–26,222,694
b) Social security and pension insurance costs		–5,213,087	–5,156,447
c) Other labour costs		–4,204,153	–4,279,037
7. Write-offs	II.4.2.6	–149,878,711	–147,231,244
a) Depreciation/amortisation		–149,570,864	–146,885,064
b) Operating expenses from revaluation of intangible assets and tangible fixed assets		–125,189	–26,560
c) Revaluation operating expenses from current assets		–182,658	–319,620
8. Other operating expenses	II.4.2.7	–29,333,817	–5,529,137
10. Financial revenue from loans granted	II.4.2.8	2,359,556	3,843,022
b) Financial revenue from loans to others		2,359,556	3,843,022
11. Financial revenue from operating receivables	II.4.2.9	28,259	97,589
a) Financial revenues from operating receivables due from Group companies		0	88
b) Financial revenue from operating receivables due from others		28,259	97,501
13. Financial expenses from financial liabilities		–49,084,319	–54,220,221
b) Financial expenses from loans received from banks	II.4.2.10	–38,344,890	–44,787,525
c) Financial expenses from issued bonds	II.4.2.11	–7,335,306	–7,339,724
d) Financial expenses from other financial liabilities	II.4.2.12	–3,404,123	–2,092,972
14. Financial expenses from operating liabilities	II.4.2.13	–309,137	–1,015,880
b) Financial expenses from liabilities to suppliers		–277,587	–1,012,904
c) Financial expenses from other operating liabilities		–31,550	–2,977
15. Other revenue	II.4.2.14	211,543	101,252
16. Other expenses	II.4.2.15	–310,786	–2,834,017
17. Tax on profit	II.4.2.16	–12,009,362	–14,102,365
18. Deferred taxes		19,691	36,166
19. Net profit or loss for the period		60,456,694	70,354,171

The accounting guidelines and explanatory notes are a constituent part of the Financial Statements and should be read in connection thereto.

Statement of Other Comprehensive Income for the period from 1 January to 31 December 2015

in EUR (without cents)	2015	2014
19. Net profit or loss for the financial year	60,456,694	70,354,171
Effective part of changes in the fair value of the instrument for hedging against interest rate change risk	1,210,620	–5,904,137
Change in deferred taxes	–205,805	1,003,703
Other comprehensive income to be recognised in the income statement in the future	1,004,814	–4,900,434
Changes in the revaluation surplus for actuarial deficits and surpluses	–55,900	–108,455
Other comprehensive income not to be recognised in the income statement in the future	–55,900	–108,455
23. Other components of comprehensive income	948,914	–5,008,889
24 Total comprehensive income for the financial year	61,405,608	65,345,282

The accounting guidelines and explanatory notes are a constituent part of the Financial Statements and should be read in connection thereto.

Cash Flow Statement for the Period from 1 January to 31 December 2015

in EUR (without cents)		2015	2014
A Operating cash flow			
a)	Income statement items		
	Operating revenues (except from revaluation) and financial revenues from operating receivables	368,696,262	360,057,024
	Operating expenses excluding amortisation and depreciation (except from revaluation) and financial expenses from operating liabilities	-100,145,534	-78,556,316
	Income taxes and other taxes not included in operating expenses	-20,888,562	-20,375,860
		247,662,166	261,124,848
b)	Changes in net current assets (and deferred and accrued items, provisions and deferred tax assets and liabilities) of balance sheet operating items		
	Opening less closing operating receivables	652,777	-3,854,478
	Opening less closing deferred costs and accrued revenues	84,849	3,751
	Opening less closing deferred tax assets	-186,114	-1,039,869
	Opening less closing assets (disposal groups) available for sale	-3,587	76
	Opening less closing inventories	96,367	-644,452
	Closing less opening operating liabilities	-21,326,512	-650,224
	Closing less opening accrued costs and deferred revenues and provisions	57,458,315	16,880,778
		36,776,097	10,695,581
c)	Net operating proceeds or net operating expenses (a + b)	284,438,263	271,820,429
B Cash flows from investment activities			
a)	Receipts from investment activities		
	Inflows from interest received and shares in profit received relating to investment activities	2,647,589	696,384
	Receipts from disposal of tangible fixed assets	316,453	208,486
	Receipts from the disposal of long-term financial investments	348,410	0
	Receipts from the disposal of short-term financial assets	16,856,427	3,146,638
		20,168,879	4,051,508
b)	Disbursements from investing activities		
	Disbursements for the acquisition of intangible assets	-669,402	-480,475
	Disbursements for the acquisition of tangible fixed assets	-78,979,997	-80,375,324
	Disbursements for the acquisition of short-term financial investments	0	28,166,996
		-79,649,398	-52,688,803
c)	Net cash from investing activities (a + b)	-59,480,519	-48,637,295
C Cash flows from financing activities			
a)	Receipts from financing activities		
	Receipts from increase in long-term financial liabilities	97,459,211	0
		97,459,211	0
b)	Disbursements from financing activities		
	Interest paid on financing activities	-49,585,683	-53,668,929
	Disbursements for long-term financial liabilities	-228,478,238	-161,974,243
	Disbursements for short-term financial liabilities	-3,232,087	-144,718
	Disbursements for payment of dividends and other shares in profit	-31,000,000	-7,000,000
		-312,296,009	-222,787,891
c)	Net cash from financing activities (a + b)	-214,836,798	-222,787,891
D Closing balance of cash			
x)	Net cash for the period (sum total of Ac, Bc and Cc)	10,120,946	395,243
y)	Opening balance of cash	1,594,457	1,199,214

The accounting guidelines and explanatory notes are a constituent part of the Financial Statements and should be read in connection thereto.

Statement of Changes in Equity for the Period from 1 January to 31 December 2015

in EUR (without cents)	I. Called-up capital	II. Capital reserves	
	1. Share capital		
A.1 Balance as of 31/12/2014	2,319,866,345	26,428,084	
B.1 Changes in equity capital – transactions with owners			
g) Dividend payment			
B.2 Total comprehensive income for the reporting period			
a) Entry of net profit or loss for the reporting period			
d) Changes in other components of comprehensive income for the reporting period			
B.3 Changes in capital			
a) Allocation of the remainder of net profit of the comparable reporting period to other components of equity			
b) Allocation of a part of net profit of the reporting period to other components of equity under a decision of management and supervisory bodies			
f) Other changes in capital		148,410	
D. Balance as of 31/12/2015	2,319,866,345	26,576,494	
ACCUMULATED PROFIT as of 31/12/2015			

Statement of Changes in Equity for the Period from 1 January to 31 December 2014

in EUR (without cents)	I. Called-up capital	II. Capital reserves	
	1. Share capital		
A.1 Balance as of 31/12/2013	2,319,866,345	26,428,084	
B.1 Changes in equity capital – transactions with owners			
g) Dividend payment			
B.2 Total comprehensive income for the reporting period			
a) Entry of net profit or loss for the reporting period			
d) Other elements of comprehensive income for the reporting period			
B.3 Changes in capital			
a) Allocation of the remainder of net profit of the comparable reporting period to other components of equity			
b) Allocation of a part of net profit of the reporting period to other components of equity under a decision of management and supervisory bodies			
D. Balance as of 31/12/2014	2,319,866,345	26,428,084	

The accounting guidelines and explanatory notes are a constituent part of the Financial Statements and should be read in connection thereto.

	III. Revenue reserves			IV. Revaluation surplus	V. Retained net profit or loss	VI. Net profit or loss for the financial year	Total equity
	1. Legal reserves	4. Statutory reserves	5. Other revenue reserves		1. Retained net profit	1. Net profit for the period	
	9,815,960	16,709,116	123,010,749	-5,008,889	15,393,340	25,063,673	2,531,278,379
					-31,000,000		-31,000,000
						60,456,694	60,456,694
				948,914			948,914
					25,063,673	-25,063,673	0
	3,022,835	14,358,465	21,537,697			-38,918,997	0
					4,374,543		4,522,953
	12,838,795	31,067,581	144,548,447	-4,059,975	13,831,556	21,537,697	2,566,206,940
					13,831,556	21,537,697	35,369,254

	III. Revenue reserves			IV. Revaluation surplus	V. Retained net profit or loss	VI. Net profit or loss for the financial year	Total equity
	1. Legal reserves	4. Statutory reserves	5. Other revenue reserves		1. Retained net profit	1. Net profit for the period	
	6,298,252	0	97,947,076	0	0	22,393,340	2,472,933,097
					-7,000,000		-7,000,000
						70,354,171	70,354,171
				-5,008,889			-5,008,889
					22,393,340	-22,393,340	0
	3,517,709	16,709,116	25,063,673			-45,290,498	0
	9,815,960	16,709,116	123,010,749	-5,008,889	15,393,340	25,063,673	2,531,278,379

Statement of Accumulated Profit and Proposal Regarding its Appropriation

In 2015, the determined accumulated profit consists of the following elements:

in EUR (without cents)	31/12/2015	31/12/2014
A. Net profit or loss for the financial year	60,456,694	70,354,171
B. Profit brought forward	13,831,556	15,393,340
C. Increase in revenue reserves by decision of the Management Board		
– Legal reserves	3,022,835	3,517,709
– Statutory reserves	14,358,465	16,709,116
– Other profit reserves	21,537,697	25,063,673
ACCUMULATED PROFIT as of 31/12/2015	35,369,254	40,457,013

Net profit of DARS d. d. for 2015 will be allocated to legal and statutory reserves and to other profit reserves at the recommendation of the Management Board and in accordance with the Articles of Association of DARS d. d. and Article 230 of CA-1. The accumulated profit of DARS d. d. as of 31 December 2015 amounted to €35,369,254. The General Meeting of DARS d. d. will decide on the allocation of accumulated profit in accordance with CA-1.

II.2. Reporting Company

DARS d. d. is a registered legal entity with its registered office in Slovenia. The address of the registered office of the company is Ulica XIV. divizije 4, 3000 Celje. The company compiles the financial statements and reports defined in the first paragraph of Article 60 of CA-1 in accordance with the Slovenian Accounting Standards (SAS). The Management Board of the company confirmed the financial statements on 23 March 2016.

II.3. Important Accounting Policies

Basis for the Preparation of the Financial Statements

The financial statements of DARS d. d., together with notes and disclosures of the most important categories, have been prepared in accordance with the accounting and reporting requirements of the Slovenian Accounting Standards (SAS) and in accordance with the provisions of CA-1 and MCRSA-1.

When preparing the financial statements, we took into account two essential accounting assumptions: the creation of trade events and the going concern.

The financial statements are compiled in euros. Foreign currency-denominated items have been converted into euros using the reference exchange rate of the European Central Bank, applicable on the last day of the accounting period.

The comparable information is in accordance with the disclosures referring to the current reporting period.

Management must, in the compilation of the financial statements, give an assessment, appraisal and opinions that impact the use of the accounting policies and disclosed value of assets, liabilities, revenues and expenses. Actual results may deviate from these assessments. The assessments and aforementioned presumptions must be evaluated on an ongoing basis. Amendments to accounting assessments are recognised for the period in which the assessment is amended and for all future years for which the amendment applies.

These financial statements are compiled as separate financial statements of the company intended for general requirements. The financial statements were compiled for the reporting period that started on 1 January 2015 and ended on 31 December 2015, i.e. in accordance with the Slovenian Accounting Standards 2006.

The obligatory financial statements are compiled for the requirements of fulfilling legal demands. In the compilation of the financial statements, the company must guarantee an independent audit of the financial statements. The audit is limited to the audit of obligatory financial statements for general requirements, where the legal requirement for the audit of obligatory financial statements is fulfilled. The audit considers obligatory financial statements as a whole and does not provide an assurance on individual items, accounts or trades. Audited financial statements are not intended for the use of any party for the requirements of making decisions in relation to the ownership, financing or any other specific trades referring to the company. Therefore, the users of obligatory financial statements may not rely exclusively on the financial statements and are obliged to implement other appropriate procedures prior to making any decisions.

Intangible Assets and Long-Term Deferred Costs and Accrued Revenues

Intangible assets are investments in the acquired industrial property rights (licences, software) and the right of superficies.

Intangible assets are initially recognised at purchase value. The purchase price comprises of any costs incurred during purchase and in preparing them for their intended use. After initial recognition, intangible assets are presented at purchase value less the amortised value adjustment.

The company independently determines annual amortisation rates based on the useful life of an individual long-term intangible asset with a finite useful life.

Intangible assets are presented in the balance sheet as a collective item at their carrying amount, which is the amount at which an asset is recognised after deducting any accumulated amortisation from its cost.

The right of superficies was established pursuant to MCRSA-1 for the benefit of DARS d. d. on land owned by the Republic of Slovenia, where motorways are considered as buildings that had been constructed or the construction of which had commenced prior to the enforcement of MCRSA-1. The right of superficies is established for a 50-year period (from 4 December 2010 to 4 December 2060) free of charge. The Fiscal Balance Act made the right of superficies payable, therefore an annual compensation is paid for it in accordance with the annual implementation contract for the performance of contracts pursuant to Article 4 of MCRSA-1.

The right of superficies is one of the material rights and as such is categorised under intangible fixed assets and is initially recognised at purchase value. The right of superficies has a definite useful life and is amortised during this period, i.e. the period for which it had been established. The useful life of the right of superficies is the period during which the company has a legal right to utilise it. The company uses the straight-line amortisation method.

Impairments of assets or cash-generating units are recognised whenever their book values exceed their replacement value. Impairments are disclosed in the income statement. If the company operates with an adequate profit and within the scope of business plans, no need for impairment exists.

Tangible Fixed Assets

Property, plant and equipment include land plots, buildings, equipment and property, plant and equipment in the course of construction. Such assets are presented in the balance sheet as a collective item, by type of asset at their carrying amount, which is the amount at which an asset is recognised after deducting any accumulated depreciation from its cost. Fixed assets that can no longer be used because they are defective, obsolete or similar are permanently withdrawn from use.

A tangible fixed asset is, on initial recognition, measured according to its cost. This comprises its purchase price, import duties and non-refundable purchase taxes as well as any directly attributable costs of bringing them into working condition.

Subsequent expenses associated with tangible fixed assets increase their cost, if they increase the future economic benefits generated by such assets in excess of the originally assessed ones or result in an extension of the useful lives of such assets. A motorway section is activated on the day when it is opened to traffic and the costs which arise after this date and which are connected with the construction of the motorway section increase its purchase value once per year, i.e. as the balance on 31 December of the current year.

The cost of fixed assets comprises the borrowing costs connected with the acquisition of property, plant and equipment until it is purposed for use. Borrowing costs include:

- Interest;
- Other company costs connected with borrowing financial assets.

Borrowing costs that can be directly ascribed to the purchase, construction or manufacture of a fixed asset can be capitalised as part of the purchase value of this asset. Other borrowing costs are recognised as an expense in the period when they emerge.

Costs directly connected with borrowing and intended for financing motorway construction increase the purchase value of motorways as long as the motorway sections for which the loans were taken are under construction (until they can be used). The company ceases to capitalise borrowing costs when motorway sections are open to traffic.

The purchase value of an asset produced by the company includes the costs of material, the direct labour costs and other costs that can be directly attributed to the goal of preparing the asset for use.

Repairs or maintenance of tangible fixed assets is intended for restoring or maintaining the future economic benefits expected from the originally estimated level of asset performance. Expenses are recognised as expenses when incurred.

The cost model is applied for the valuation of tangible fixed assets.

The company divides a major cost of a tangible fixed asset into significant parts in accordance with SAS 1 and SAS 13. If the parts have different useful lives and/or usage patterns, which are relevant in relation to the entire cost of the tangible fixed asset, each part is considered separately.

If the cost of the tangible fixed asset is significant, then it can be divided into parts. If the parts have different useful lives and/or usage patterns that are relevant in relation to the entire cost of the tangible fixed asset, each part is considered separately.

The difference between the net proceeds on disposal and the carrying amount of an item of company-owned tangible fixed asset disposed of shall be recognised as operating revenue from revaluation if the first exceeds the latter, or as operating expenses from revaluation if the latter exceeds the first.

The company annually verifies the carrying amount of tangible fixed assets in order to ascertain whether there are any signs of impairment. Should such signs exist, the recoverable amount of the asset is assessed. The recoverable amount is considered as the net sales value or its value in use, whichever is greater. The impairment of an asset is recognised when its carrying amount exceeds the recoverable amount. Impairments are disclosed in the income statement.

If a tangible fixed asset is sold, it is re-categorised under non-short-term assets for sale.

Depreciation and Amortisation

The carrying amount of tangible fixed assets and intangible assets is decreased by depreciation or amortisation. The basis for the assessment of the depreciation of tangible fixed assets and the amortisation of intangible assets is the complete cost of fixed assets. Following activation, all subsequent investments that increase the future benefits of the fixed asset or enable a longer fixed asset service period (e.g. investment maintenance, reconstruction of roads and facilities) are included in the basis.

The company independently determines annual amortisation rates with regards to the useful life of an individual tangible fixed asset and intangible long-term asset.

The useful life depends on:

- The expected physical use;
- The expected technical ageing;
- The expected economic ageing;
- The expected legal or other use restrictions.

The useful life of an individual asset is the shortest useful life of one of the mentioned factors.

A tangible fixed asset starts to be amortised on the first day of the month following its availability for use. Tangible fixed assets – motorways – begin use on the day the motorway opens for road users, whereby it is not necessary that the investment be concluded or all deficiencies remedied.

The carrying amount of an intangible asset with a finite useful life decreases with amortisation. Amortisation starts when an intangible asset is available for use.

Amortisation of a tangible or intangible fixed asset is calculated for each asset separately, using the straight line method. Land, substructures of motorways and assets under acquisition are not depreciated.

The company divides the cost of a major tangible fixed asset into significant parts in accordance with SAS 1 and SAS 13. If the parts have different useful lives and/or usage patterns, which are relevant in relation to the entire cost of the tangible asset, each part is considered separately.

The Amortisation Rate for Tangible Fixed Assets and Intangible Assets

Fixed asset	Key components	Amortisation rate 2015
Land	Land used for motorway maintenance bases, business and residential buildings, rest stops and surplus alongside motorways	0%
Motorway substructures	Construction works (preparatory works, ground works), landscaping costs, archaeological excavation costs, costs of building demolition, etc.	0%
Motorway superstructures	a) Superstructure (road surface of the motorway route, buffer, etc.)	3%
	b) Project costs, costs of motorway construction financing, costs of motorway construction supervision and costs of services necessary for the construction of individual motorway sections, plus other costs	3%
	c) Drainage facilities (sewerage, oil collectors, retention basins, water protection facilities)	6%
	d) Fences (safety fences and crash barriers, anti-noise protection)	6%
	e) Traffic signalisation and traffic equipment (vertical and horizontal signalisation, road illumination, emergency call system, CVP, cable ducts, etc.)	6%
	f) Traffic control and management system – electromechanical equipment	12.5%
	g) Traffic control and management system – building-construction works	6%
Motorway facilities (viaducts, bridges, tunnels, overpasses, underpasses, retaining walls, etc.)	a) Construction elements	3%
	b) Tunnel equipment and electromechanical installations	6%
Road infrastructure – other operators	State or municipal roads that are not motorways and were built by DARS d.d. in accordance with NMCP.	0%
Buildings	Motorway maintenance bases, toll stations with cabins and overhangs, other constructed facilities alongside motorways (sanitary facilities at rest stops, etc.), the administration building in Celje, holiday facilities and apartments	3%
Equipment	Equipment (office furniture, workshop equipment, maintenance equipment, office supplies, etc.)	20%
Equipment and ABS-system devices		20%
Personal vehicles		20%
Machinery		20%
Small tools		20%
Computers and computer equipment		50%
Software		50%
Easement		10%
Right of superficies		2%

The annual amortisation and depreciation of tangible fixed assets and intangible assets of the company represent an operating expense.

Amortisation and depreciation needs to be accounted, even if the asset is no longer in use or has been removed from use, until it is fully amortised.

The costs of amortisation of assets acquired by donations are compensated in favour of business revenue and according to an appropriate decrease in long-term deferred revenue.

Such assets are presented in the balance sheet as a collective item, by type of asset, at their carrying amount, which is the amount at which an asset is recognised after deducting any accumulated depreciation from its cost.

Non-Current Assets Available for Sale

Non-current assets available for sale:

- Tangible fixed assets,
- Investment property, valued at cost model,
- Other non-current assets.

It is reasonably anticipated for the carrying amount of non-current assets available for sale that it will be settled mostly due to the sale in the following 12 months (after the date of the balance sheet) and not by further use. The amortisation of an asset is terminated when it is determined as a non-current asset available for sale. Such a non-current asset available for sale is assessed at the carrying amount and at fair value, decreased by the costs of sale.

Long-Term Financial Investments

Long-term financial investments are investments that the company plans to own for a period longer than one year and which it does not intend to trade. Long-term financial investments are held by the company to earn returns and thus increase its financial revenue.

Long-term financial investments are initially recognised at cost, i.e. the amount of money or its equivalents invested.

In the financial statements, long-term financial investments into subsidiaries are evaluated at cost less impairment.

Deferred Tax Assets

Deferred tax receivables are recognised for the amounts of profit tax that will be returned in future periods. Deferred tax receivables are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Insignificant amounts of deferred tax assets are not recognised.

Deferred tax is charged or credited directly to equity, if it relates to items that are credited or charged directly to equity in the same or some other period.

Inventories

The quantity unit of material inventories are valued at purchase price after initial recognition, and the cost comprises the purchase price including all discounts, import duties and direct purchase costs. The purchase price is reduced by any discounts received.

The company implements write-offs of inventories if the sale thereof is completely terminated or if they are unmarketable.

If the carrying amount exceeds the historical cost of an item of inventories, a revaluation of inventories is carried out at year-end.

Short-Term Financial Investments

A short-term financial investment is a financial investment owned by the company for less than one year or an investment purposed for trading.

Derivative financial instruments can be one of the short-term financial investments owned by the company in order to be insured against risks.

Short-term financial investments are initially recognised at cost, i.e. the amount of money invested. A revaluation of short-term financial investments to fair value is carried out during and at the end of the financial year with the established difference posted under financial revenue or financial expenses. Foreign currency-denominated short-term financial investments are converted into the national currency on the date they are incurred using the reference exchange rate of the European Central Bank.

Short-Term Operating Receivables

Short-term operating receivables comprise short-term trade receivables due from domestic and foreign customers, trade receivables from operations in foreign markets, interest receivable on short-term sight deposits and financial investments, advances receivable, input VAT receivable, short-term receivables in connection to European funds and other receivables.

Short-term operating receivables are initially recognised at the amounts indicated in relevant documents provided their collection can be assumed. Interest is calculated in accordance with the contract on the maturity dates of the short-term receivables and on the balance sheet date. Foreign currency-denominated receivables are converted into the national currency using the reference exchange rate of the European Central Bank.

At the balance sheet date, the adequacy of the recorded amount of individual receivables is reassessed by the company on the basis of objective evidence of their recoverability. Allowances are set up for doubtful receivables that we believe will not be settled by their due date or in their full amount. Value adjustments of receivables are reported to the benefit of special correction accounts of receivables and charged to operating expenses from revaluation.

The company performs a complete write-off of receivables for which all actions were taken with due diligence to achieve the repayments of receivables or for which it has established that further legal procedures are not economically justified or where a bankruptcy procedure or compulsory settlement has been executed. In order for the company to perform a write-off, it needs to obtain adequate documentary evidence: the rejection of the confirmation of balance of the receivables; the court decision; the decision on compulsory settlement; the decision on bankruptcy proceedings; and others.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, cash in banks, cash in transit and call deposits. Cash in transit is cash transferred from the register to an adequate bank account and not entered as a credit on the same day.

Domestic and foreign currency denominated cash is presented separately. Cash and cash equivalents expressed in the domestic currency are disclosed at their nominal values. Cash denominated in a foreign currency is converted into the national currency using the reference exchange rate of the European Central Bank applicable on the date of receipt. The balance of cash denominated in a foreign currency is converted into the national currency on the last day of the financial year using the reference exchange rate of the European Central Bank. Exchange rate differences arising due to the conversion increase either financial revenue or financial expenses.

Equity

Capital is the company's liability to its owners that prior to the company ceasing to operate matures into payment. The company's capital comprises of called-up capital, capital reserves, reserves from profit (legal reserves, statutory reserves and other reserves from profit), fair value reserves and undistributed net profit for the financial year.

Capital reserves of the company comprise the value of real assets transferred by the Republic of Slovenia to the company upon its transformation for the purpose of motorway operation and maintenance and the general capital revaluation adjustment, which was transferred to capital reserves on 1 January 2006 (at the transition to SAS 2006), as well as a surplus of assets that represents the difference between the in-kind contribution of the Republic of Slovenia and the value of newly-issued shares of the company and the difference in the merger of the DELKOM, d.o.o. subsidiary.

Legal reserves are set up in accordance with the Companies Act. The company must form legal reserves in the amount of legal and capital reserves defined in points 1 through 3 of Article 64 of CA-1 that must amount to at least 10 percent of the company's share capital. If the total of the legal and capital reserves defined in points 1 through 3 of Article 64 of the Companies Act do not attain a 10 percent share of the company's share capital in the financial year, five percent of the net profit must be allocated to legal reserves, reduced by the amount used for covering losses from previous periods in the balance sheet.

The company forms statutory reserves of up to 25 percent of its share capital. Statutory reserves are formed by using 25 percent of the net profit remaining after settling any losses brought forward, forming legal reserves and forming reserves for own shares to form statutory reserves until these reach 25 percent of the share capital. These reserves are not distributable.

Pursuant to the third paragraph of Article 230 of CA-1, managing and supervisory bodies may at the adoption of the annual report form other reserves from profit from the amount of net profit remaining after the utilisation of net profit for the purposes as defined in the first paragraph of Article 230 of CA-1, however they may not utilise for this purpose more than one half of the net profit amount that remains after the utilisation of the profit for the purposes defined in the first paragraph of the indicated Article. Other revenue reserves comprise non-nominal capital and are increased annually through the appropriation of net profit.

Capital components and changes in equity are disclosed in the Statement of Changes in Equity.

Provisions and Long-Term Accrued Costs and Deferred Revenues

Provisions are created for present obligations that arise from binding past events and are expected to be settled in a period that cannot be determined with certainty but a reliable estimate can be made of the amount of obligations. Long-term provisions are set up for accrued costs or expenses and are decreased by the amounts of costs or expenses for which they were formed in accordance with the plan.

In compliance with the law, the collective agreement and the internal rules, the company is obligated to pay jubilee benefits and retirement severance to employees for which it forms long-term provisions equalling the amount of the estimated future payments for jubilee benefits and severances, discounted at the date of the balance sheet. Provisions are formed on the basis of a calculation by a certified actuary.

The company forms long-term provisions due to long-term costs calculated in advance for severance pay due to redundancy of employees working at toll stations that would arise at the introduction of the new tolling system (explained under II.4.1.13) and long-term costs calculated in advance for payments at retirement to employees who are not included in the collective voluntary supplementary pension insurance plan in accordance with the agreement between the unions and the company.

Long-term provisions for long-term accrued costs are also set up with regards to the possible unfavourable outcome of lawsuits related to motorway construction, reconstruction, operation and maintenance as well as labour disputes. Provisions for lawsuits are formed on the basis of an estimate as to the likely outcome of these disputes at the time when the likelihood of a negative outcome for the company exceeds 50 percent.

Long-term accrued costs and deferred revenue comprise deferred revenue expected to cover estimated expenses in a period of more than one year.

Long-term deferred revenue also includes earmarked state financial support for the acquisition of fixed assets. This support is earmarked to cover amortisation charges of fixed assets thus acquired and are utilised by transferring to operating revenue.

Government grants are recognised in financial statements as deferred revenue once they are received or when acceptable assurance exists that the company will receive the grants and fulfil relevant requirements. Deferred revenue received for covering costs is consistently recognised as revenue in periods when the costs arise, and which the revenue should compensate. Asset-related deferred revenues are recognised in the income statement among other operating revenues in the period of useful life of a particular asset.

Long-term deferred revenue is formed for assets received from realised guarantees for the rectification of defects, performance guarantees and tender bonds. Realised guarantees are used for covering the costs of realisation purpose or in the case of the realisation of performance guarantees also for the purpose of the guarantee for the rectification of defects during the warranty period.

Long-term deferred revenues have also been shown in the amount co-financed by users of the ABC system, namely third and fourth toll class vehicles. Deferred revenues relate to warranties granted on the sale of electronic tags. At the end of each accounting period, long-term deferred revenues are restated to the present value of expenditure required to settle the liability. The warranty granted on an ABC system tag is one year from the date of its acceptance. Its useful life is seven years. If an electronic tag is purchased, used and then returned undamaged within its useful life, the user is entitled to the refund of the proportionate share of the co-financed amount, taking into account the undepreciated amount of the electronic tag. The annual amortisation rate is 14.29%. The claim of refund of a proportionate share of the co-financed amount, taking into account the undepreciated amount of the electronic tag, and the return of the unused net credit actually paid are possible only on the basis of a written claim with the obligatory statement of the identification number (ID) and the return of the electronic tag and receipt of purchase (or payment of the co-financed amount).

Long-Term Financial Liabilities to Banks

Long-term financial liabilities to banks also include long-term loans taken out for the acquisition of fixed assets.

Long-term financial liabilities that will mature within a year of the balance sheet date are shown as short-term financial liabilities.

Long-term financial liabilities are initially recognised at the amounts indicated in relevant documents evidencing the receipt of cash. Foreign currency-denominated debts are converted into the national currency on the date they are incurred using the reference exchange rate of the European Central Bank.

On the basis of foreign loans granted, long-term financial liabilities denominated in a foreign currency are restated on the last day of the financial year using the reference exchange rate of the European Central Bank.

The payment of interest from long-term loans taken out for the purchase of fixed assets increases the acquisition value of fixed assets until the fixed asset for which the loan was taken out is acquired. Following the fixed asset being commissioned, the payment of interest on loans represents a financial expense.

The company incurs debt in its name and for its account. The liabilities arising from loans taken out are secured by a guarantee of the Republic of Slovenia.

Long-Term Liabilities from Bonds

Long-term financial investments incurred from issued bonds are initially recognised at cost indicated in relevant documents proving the receipt of funds.

The payment of coupons from issued bonds increases the acquisition value of fixed assets until the fixed asset for which the loan was taken out is acquired. Following the fixed asset being commissioned, the payment of coupons from issued bonds represents a financial expense.

The company incurs debt in its name and for its account. The liabilities arising from the issued bonds are secured by a guarantee of the Republic of Slovenia.

Long-Term Operating Liabilities

Long-term operating liabilities include the liability for the right of superficies compensation. Based on the annual implementation contract on the execution of contracts on the basis of Article 4 of MCRSA-1, the short-term part of a long-term liability is transferred to short-term liabilities.

Long-term operating liabilities are recorded in the amount of co-financing of motorway construction by local communities and public utility companies for the purposes of such co-financing parties and following the construction of such buildings are transferred by DARS d.d. to individual co-financing parties.

Short-Term Financial Liabilities

Short-term financial liabilities for loans for the acquisition of tangible fixed assets comprise:

- The short-term portion of long-term liabilities maturing in the following year;
- Weighted interest on 31 December 2015 and accounted interest on 31 December 2015 for loans and bonds issued for motorway construction and reconstruction and weighted interest for derivative financial instruments that were concluded to insure bank loans against changing interest rate risks;
- Liabilities from derivative financial instruments.

The company uses derivative financial instruments for protecting cash flow against exposure to interest rate risks.

Since it implemented hedging against risk, the company keeps official documents on the relationship of hedging against risk, the purpose of the company's risk management, the strategy underpinning the project of hedging against risk and on the methods used in assessing the effectiveness of the relationship of hedging against risk. The company assesses hedging against risk using the conventional method and at its implementation when highly successful hedging against risk is expected in achieving offset changes in fair value or cash flows that are attributed to a hedged risk, and when the actual performance of each hedged item is from 80 to 125 percent. In hedging against risks arising from cash flows, the expected transaction being hedged must be very likely as well as exposed to cash flow changes that can have a decisive impact on the profit or loss.

Derivative financial instruments are initially recognised at fair value, while the costs arising from the transaction are recognised in the profit or loss upon their occurrence. Following initial recognition, derivative financial instruments are measured at fair value, with the associated changes being evaluated as described below.

Hedging the Cash Flow against Risk

When a derivative financial instrument is set as a hedge against risk in case of exposure to changeable cash flows that can be attributed to individual risks associated with a recognised asset, liability or a very likely expected transaction that can impact the profit or loss, the successful part of changes in the fair value of a derivative financial instrument is recognised within other comprehensive income for the period and disclosed under reserves for hedging against risk or the equity item. The unsuccessful part of changes in the fair value of a derivative financial instrument is recognised directly within the profit or loss.

The amount recognised in equity is transferred to the profit or loss for the same period in which the item hedged against risk influences the profit or loss. It is expected that the company will stop hedge accounting if the hedging instrument no longer meets the criteria for hedge accounting, if the hedging instrument is sold, cancelled or exhausted or if the company revokes the designation. If the anticipated transaction can no longer be expected, the amount under other comprehensive income must be recognised directly within the profit or loss.

Short-Term Operating Liabilities

Short-term operating liabilities include short-term liabilities to suppliers, construction contractors (including contractually retained amounts) and third parties; liabilities arising from purchase prices and indemnifications in the acquisition of land; liabilities to employees; and liabilities to state institutions for taxes and contributions. A special type of short-term operating debt is the liability to buyers for acquired advance payments and also for received short-term securities.

Short-term operating liabilities are initially recognised at amounts indicated in relevant documents provided that creditors require their settlement. Foreign currency-denominated liabilities are converted into the national currency at the date they are incurred using the applicable reference exchange rate of the European Central Bank.

Short-Term Accrued and Deferred Items

Accruals and prepaid expenditure include short-term accrued revenues and short-term deferred costs that have been incurred but not yet charged against an entity's activities and they do not yet affect its profit or loss. Deferred costs and accrued revenue comprise deferred costs of commission to vignette sales agents and deferred costs of vignette printing, which are recognised in the amount equal to the proportionate share of each allowed amount of revenue from the sold vignettes.

Accrued expenses and deferred revenues comprise accrued costs and short-term deferred revenues. Accrued costs are costs that affect the company's profit or loss for the period. The payment obligation is envisaged in the next accounting period. The company also recognises costs associated with rewards for business performance of the Management Board and executives as accrued costs.

Short-term deferred revenue arises when services to be rendered in the future have already been invoiced or even paid. Short-term deferred revenue was formed for revenue from tolls collected in the form of top-ups on electronic toll media (ABC tags, DARS cards and DARS Transporter cards) invoiced and paid in 2015 but not used in the same year. Revenues will be deferred until the service users make toll crossings. Short-term deferred revenue also included revenue from annual vignettes charged in 2015 that will be valid in 2016 and from one-track half-year vignettes that will be partly or entirely valid in 2016 (a half-year vignette is valid six months from the date of purchase, and the annual vignette for 2016 is valid from 1 December 2015 until 31 January 2017).

Revenues

Revenue is recognised if increases in economic benefits during the accounting period are associated with an increase in assets or decrease in liabilities, provided the increases can be reliably measured. Revenue is recognised when it can be reliably expected that cash receipts will flow from them to the entity, unless such receipts were realised on the incurrence of revenue. Revenue is divided into operating, financial and other revenue.

Operating revenue comprises:

- Tolls collected;
- Rentals paid by various service providers to use motorway service areas;
- Revenue from motorway closures and extraordinary freight transports;
- Revenue from easements for the installation of facilities and devices of public importance alongside motorways;
- Revenue from telecommunications;
- Revenue pursuant to performance contracts;
- Other operating revenue;
- Capitalised own products and services.

Capitalised own products and services apply to capitalised own services rendered on motorways (various investments and investments in increasing motorway traffic safety). The purchase value of an asset produced by the company includes the costs of material, the direct labour costs and other costs that can be directly attributed to the goal of preparing the asset for use.

Financial revenue comprises interest revenue and foreign exchange gains. Financial revenue is recognised unless there is justified doubt as to its amount and collectability. Interest is recognised on a time proportion basis, taking into account the outstanding principal amount and the applicable interest rate.

Other revenue comprises unusual items increasing profit or loss for the period (damages received, remuneration for the employment of disabled persons above the quota, etc.).

Expenses

Expenses are recognised if the decrease in economic benefits in the accounting period is connected with a decrease in assets or an increase in debt and if this decrease can be reliably measured. Expenses are classified as operating expenses, financial expenses and other expenses.

Operating expenses are recognised once the materials are consumed or the service is rendered, for the period to which they relate. The company's operating expenses include expenses associated with motorway construction, reconstruction, management and maintenance and consist of the following:

- Costs of materials and cost of goods sold;
- Costs of services;
- Labour costs;
- Write-offs (disclosures connected to calculated amortisation are shown among disclosures of intangible assets and tangible fixed assets);
- Other operating expenses.

Financial expenses comprise interest expenses from received loans and issued bonds, expenses from derivatives used to insure against financial risks, foreign exchange losses, default interest and impairment of financial investments. Financial expenses are recognised when accrued, regardless of related payments.

Other expenses comprise unusual items that decrease the profit or loss for the period. Other operating expenses comprise of:

- Payment of court-ordered indemnifications,
- Reimbursement of auditing costs,
- Other cash penalties.

Corporate Income Tax and Deferred Tax

Corporate income tax is calculated in accordance with the Corporate Income Tax Act. Corporate income tax is payable on the taxable profit generated during the tax period and for 2015 comprised 17 percent.

Deferred tax is intended to cover temporary differences arising between the tax base of an asset and liability and its carrying amount using the balance sheet liability method in accordance with the valid tax rates at the time.

Cash Flow Statement

The Cash Flow Statement was prepared using the indirect method (Version II) on the basis of data from the Balance Sheets as of 31 December 2014 and 31 December 2015, Income Statement for 2015 and additional information required for adjustment of inflows and outflows.

The Cash Flow Statement comprises cash flow from operating, investing and financing activities.

II.4. Notes to Financial Statements

II.4.1. Notes to the Balance Sheet

II.4.1.1. Intangible Assets and Long-Term Deferred Costs and Accrued Revenues

The company's intangible assets comprise of computer software, the right of superficies and easements.

Overview of Intangible Asset Movement in 2015

in EUR (without cents)	Intangible fixed assets under construction	Software	Right of superficies	Total
Purchase value				
Balance as of 31/12/2014	23,070	7,884,636	190,810,787	198,718,493
Purchases	667,022	0	0	667,022
Activation	-674,492	674,492	0	0
Increase upon the merger of DELKOM d.o.o.	0	2,400	0	2,400
Eliminations (divestments, write-offs)	0	-31,945	0	-31,945
Balance as of 31/12/2015	15,600	8,529,583	190,810,787	199,355,970
Value adjustment				
Balance as of 31/12/2014	0	7,019,289	10,146,029	17,165,318
Increase upon the merger of DELKOM d.o.o.	0	20	0	20
Depreciation/amortisation	0	457,582	3,927,495	4,385,077
Eliminations (divestments, write-offs)	0	-31,945	0	-31,945
Balance as of 31/12/2015	0	7,444,946	14,073,524	21,518,470
Present value				
Balance as of 31/12/2014	23,070	865,347	180,664,758	181,553,175
Balance as of 31/12/2015	15,600	1,084,637	176,737,263	177,837,500

Overview of Intangible Asset Movement in 2014

in EUR (without cents)	Intangible fixed assets under construction	Software	Right of superficies	Total
Purchase value				
Balance as of 31/12/2013	15,600	7,411,631	190,810,787	198,238,018
Purchases	480,475	0	0	480,475
Activation	-473,005	473,005	0	0
Balance as of 31/12/2014	23,070	7,884,636	190,810,787	198,718,493
Value adjustment				
Balance as of 31/12/2013	0	6,538,225	6,218,534	12,756,759
Depreciation/amortisation	0	481,064	3,927,495	4,408,559
Balance as of 31/12/2014	0	7,019,289	10,146,029	17,165,318
Present value				
Balance as of 31/12/2013	15,600	873,406	184,592,253	185,481,259
Balance as of 31/12/2014	23,070	865,347	180,664,758	181,553,175

Major additions to intangible assets in 2015:

- Upgrade of the DARS d. d. Project Information System in the amount of €110,236;
- Upgrade of the software for the toll collection system in the amount of €114,605;
- Upgrade of software for the supervision and sale of vignettes in the amount of €46,502;
- Upgrade of the system support software for the TIS infrastructure in the amount of €28,525;
- Upgrade of the software for the road database in the amount of €49,510;
- Upgrade of the system for electronic management and archiving of documents in the amount of €25,158;
- Upgrade of information support for KAŽIPOT II for informing and monitoring the traffic situation in the amount of €185,195;
- Upgrade of the NAVISION software in the amount of €61,830;
- Upgrade of the GIS application in the amount of €55,330.

As of 31 December 2015, no intangible assets were pledged as security for liabilities and no signs of impairment were observed for intangible assets predominantly comprising newly-acquired intangible assets.

The right of superficies was established pursuant to MCRSA-1 for the benefit of DARS d. d. on land owned by the Republic of Slovenia, where motorways are considered as buildings that had been constructed or the construction of which had commenced prior to the enforcement of MCRSA-1. The right of superficies is established for a 50-year period (from 4 December 2010 to 4 December 2060) free of charge. The Fiscal Balance Act made the right of superficies payable, therefore an annual compensation is paid for it in accordance with the annual implementation contract for the performance of contracts pursuant to Article 4 of MCRSA-1.

The right of superficies has a definite useful life and is amortised during this period for which it had been established. The useful life of the right of superficies is the period during which the company has a legal right to utilise it.

II.4.1.2. Tangible Fixed Assets

Tangible fixed assets comprise land, buildings and equipment as well as tangible fixed assets being constructed or manufactured.

Land applies to the land used for motorway maintenance bases, business and residential buildings, rest stops and surplus alongside motorways.

Buildings comprise motorways (substructure, superstructure, buildings, road infrastructure – other operators) and other facilities (motorway bases, toll stations, business premises in Celje, vacation accommodation units and apartments).

The Slovenian Accounting Standards do not specifically determine which costs represent the purchase value of the motorway substructure, therefore the company adopted this determination itself. The categorisation of costs representing the purchase value of the motorway substructure and superstructure is presented in the amortisation rate table.

Equipment refers to movable equipment intended for management, maintenance and toll collection activities.

The company divides a major cost of tangible fixed assets into the significant parts of such tangible fixed assets in accordance with SAS 1 and SAS 13. If the parts have different useful lives and/or usage patterns, which are relevant in relation to the entire cost of the tangible asset, each part is considered separately.

Under MCRSA-1, the company owns the building in Dragomelj, where the Ljubljana Regional Traffic Control and Management Centre and the Traffic Information Centre operate. Under the Roads Act (Official Gazette

of the RS, No. 48/12 of 26 June 2012), the Dragomelj building is also going to house the National Traffic Management Centre (NTMC). Pursuant to the Roads Act and based on the contract between DARS d.d. and the Republic of Slovenia, all equipment and real estate necessary for the performance of the tasks under Article 104 of this Act shall be transferred to the NTMC. The contract that will regulate the mutual relationships is not yet finalised, which is why there is still some ambiguity regarding the transfer and ownership of the relevant equipment and real estate. The company is in negotiations regarding these relationships with the Ministry of Infrastructure.

Major acquisitions and activation of tangible fixed assets in 2015 comprised:

- Investments into motorways and other buildings in the amount of €149,036,026;
- Purchase of machinery, devices and connectors in the amount of €1,632,851;
- Purchase of work, cargo and trailer vehicles in the amount of €1,993,841;
- Upgrade of the toll collection system in the amount of €1,633;
- Purchase of office and other supplies in the amount of €51,488;
- Purchase of computer equipment in the amount of €369,317;
- Purchase of personal and combined vehicles in the amount of €797,709;
- Upgrade of the electro-mechanical equipment of the traffic control and management system in the amount of €90,705;
- Upgrade of video surveillance in the amount of €25,889.

No tangible fixed assets of DARS d. d. were pledged as security for liabilities as of 31 December 2015. Loans and bonds issued for the financing of tangible fixed assets belonging to DARS d. d. are secured by a guarantee of the Republic of Slovenia.

Movement of Tangible Fixed Assets in 2015

in EUR (without cents)	Land	Motorways (substructures, superstructures, facilities, road infrastructure – other operators)	Buildings (bases, TS, administration building in Celje, holiday units, apartments, etc.)	Equipment and small tools	Tangible fixed assets under construction	Total
Purchase value						
Balance as of 31/12/2014	31,827,375	5,357,190,756	76,102,230	117,277,156	216,855,714	5,799,253,231
Purchases in 2015	0	0	0	0	78,985,639	78,985,639
Activation	0	148,142,019	871,689	4,936,120	–153,949,828	0
Increase upon the merger of DELKOM d.o.o.		22,318	0	27,314	0	49,632
Eliminations in 2015 (divestments, write-offs)	–41,896	0	0	–4,062,722	–101,870	–4,206,488
Balance as of 31/12/2015	31,785,479	5,505,355,093	76,973,919	118,177,868	141,789,655	5,874,082,014
Value adjustment						
Balance as of 31/12/2014	0	531,504,499	9,685,383	99,100,868	0	640,290,750
Increase upon the merger of DELKOM d.o.o.	0	1,727	0	8,865	0	10,592
Amortisation in 2015	0	137,863,783	2,320,472	5,001,531	0	145,185,786
Eliminations in 2015 (divestments, write-offs)	0	0	0	–4,036,616	0	–4,036,616
Balance as of 31/12/2015	0	669,370,009	12,005,855	100,074,648	0	781,450,512
Present value						
Balance as of 31/12/2014	31,827,375	4,825,686,257	66,416,848	18,176,288	216,855,714	5,158,962,481
Balance as of 31/12/2015	31,785,479	4,835,985,084	64,968,064	18,103,220	141,789,655	5,092,631,502

Movement of Tangible Fixed Assets in 2014

in EUR (without cents)	Land	Motorways (substructures, superstructures, facilities, road infrastructure – other operators)	Buildings (bases, TS, administration building in Celje, holiday units, apartments, etc.)	Equipment and small tools	Tangible fixed assets under construction	Total
Purchase value						
Balance as of 31/12/2013	31,827,375	5,332,406,179	75,604,146	115,328,952	166,679,380	5,721,846,032
Purchases in 2014	0	0	0	0	80,392,265	80,392,265
Transfer between items	0	0	0	0	0	0
Activation	0	24,784,577	498,084	4,912,920	–30,195,582	0
Eliminations in 2014 (divestments, write-offs)	0	0	0	–2,964,717	–20,350	–2,985,067
Balance as of 31/12/2014	31,827,375	5,357,190,756	76,102,230	117,277,156	216,855,714	5,799,253,231
Value adjustment						
Balance as of 31/12/2013	0	396,720,804	7,399,412	96,635,593	0	500,755,809
Transfer between items	0	0	0	0	0	0
Amortisation in 2014	0	134,783,695	2,285,971	5,406,839	0	142,476,505
Eliminations in 2014 (divestments, write-offs)	0	0	0	–2,941,565	0	–2,941,565
Balance as of 31/12/2014	0	531,504,499	9,685,383	99,100,868	0	640,290,750
Present value						
Balance as of 31/12/2013	31,827,375	4,935,685,375	68,204,734	18,693,359	166,679,380	5,221,090,223
Balance as of 31/12/2014	31,827,375	4,825,686,257	66,416,848	18,176,288	216,855,714	5,158,962,481

II.4.1.3. Long-Term Financial Investments

The long-term financial investments of DARS d. d. include a 0.04 percent stake in Slovenska cestna podjetja d. o. o. in the amount of €964, the value of which did not change in 2015. In 2015, the company merged with DELKOM, d. o. o., Ulica XIV. divizije 4, 3000 Celje, its wholly-owned subsidiary founded in 2013; the financial investment was worth €200,000.

II.4.1.4 Other Long-Term Operating Receivables

€30,754 of other long-term operating receivables in the overall amount of €30,768 refer to the transfer of the confirmed share of receivables to long-term receivables due to the confirmation of the compulsory settlement of T-2 d. o. o.

II.4.1.5. Deferred Tax Assets

Movement of Deferred Tax Assets in 2015

in EUR (without cents)	31/12/2015	Recognised in the Income Statement	Recognised in other comprehensive income	31/12/2014
Provisions for severance pay and jubilee benefits	229,542	–14,971	0	244,512
Provisions for redundancies	36,464	–11,203	0	47,668
Provisions for civil claims	1,432,056	–8,972	0	1,441,028
Provisions for electronic tags	9,928	–6,501	0	16,429
Cash flow hedging related to interest swaps	797,898	0	–205,805	1,003,703
Revaluation of receivables	2,700,592	–10,299	0	2,710,890
Fixed assets	150,525	71,636	0	78,889
Total	5,357,006	19,691	–205,805	5,543,119

Deferred tax assets are recognised for the amounts of profit tax that will be returned in future periods and that are directly recognised in capital. The formed receivables for deferred tax assets increase the company's tax base in 2015 via the profit or loss.

II.4.1.6. Assets Held for Sale

Short-term assets include tangible fixed assets in the amount of €188,202 that are available for sale. These assets refer solely to real estate.

II.4.1.7. Inventories of Materials

Material inventories include inventories of material, spare parts, small tools and packaging. In comparison with the balance as at 31 December 2014, the material inventories decreased by 3%. Inventories of materials with a 63% share represent the major share in the structure of inventories, whereas inventories of gritting materials account for 41% and inventories of vignettes for 2015 for 11% of the total inventories of materials.

in EUR (without cents)	31/12/2015	Share	31/12/2014	Index
Material	2,755,783	84%	2,899,994	95
Spare parts	266,484	8%	175,591	152
Small tools and packaging	268,876	8%	310,724	87
Non-invoiced material	0	0%	0	–
Total	3,291,143	100%	3,386,309	97

The sale of vignettes for 2015 for personal and motor vehicles concluded on 30 November 2015. In accordance with SAS 4.41, the inventory of vignettes for 2015 was written-off and charged against the revaluation from operating expenses in the amount of €89,692, which represents the purchase value of vignettes.

During the annual material stocktaking and the stocktaking of small tools, the company discovered deficits amounting to €8,249 and surpluses amounting to €130,280.

No inventories of DARS d.d. were pledged as security for liabilities as of 31 December 2015. The carrying amount of inventories does not exceed their recoverable value. The inventories of the company represent current inventories.

The inventories did not show signs of impairment, therefore no impairment was implemented.

II.4.1.8. Short-Term Financial Investments in Others

As of 31 December 2015, short-term financial investments in others equalled €146,934,390, which includes:

- Short-term deposits with banks in the amount of €128,950,000, with an average maturity of 92 days and average 0.08% weighted interest rate;
- Two short-term overnight deposits with two banks in the amount of €17,424,390, with interest rates of 0.30% and 0.01%;
- A short-term deposit with banks in the amount of €560,000 as a guarantee for the payment of security in relation to IRS transactions.

Short-term financial investments are not exposed to credit risk or there is only a minimum risk that the counterparty would not fulfil its obligations, since the company invests its liquidity surpluses of assets in bank deposits in the Republic of Slovenia. The carrying amount of the short-term financial investments in others corresponds to their fair value.

II.4.1.9. Short-term Operating Receivables

in EUR (without cents)	31/12/2015	Share in %	31/12/2014	Index
Short-term trade receivables:	14,321,336	35%	11,962,750	120
– toll receivables	12,298,275	30%	11,376,475	108
– receivables from the use of motorway service areas	471,334	1%	206,789	228
– receivables from motorway closures	251,469	1%	370,192	68
– short-term receivables from the DELKOM d.o.o. subsidiary	0	0%	231,084	0
– other short-term receivables	2,729,674	7%	1,267,375	215
– revaluation of short-term trade receivables	–1,429,417	–4%	–1,489,165	0
Short-term operating receivables due from others:	26,025,879	65%	28,355,722	92
– for advances given for working capital	2,846	0%	120,781	2
– short-term receivables from operations for foreign accounts	36,801,604	91%	37,694,860	98
– short-term receivables adjustment for foreign accounts	–14,434,530	–36%	–14,434,530	100
– short-term receivables from financial revenue	63,708	0%	365,198	17
– value adjustment of short-term receivables from financial revenue	–21,887	0%	–22,718	96
– input VAT receivables	1,121,068	3%	403,975	278
– other short-term receivables due from state institutions	2,256,987	6%	3,820,943	59
– other short-term receivables	236,083	1%	407,214	58
Total	40,347,215	100%	40,318,472	100

The majority share of short-term operating receivables represents receivables from the Republic of Slovenia totalling €17,955,700, which are related to operations for foreign accounts for transactions from Article 4 of MCRSA-1 equalling €17,025,541 and fees from performance contracts in the amount of €930,158, and receivables due from domestic commission agents and foreign sales agents in the amount of €19,724,446. Twenty-four percent of all short-term operating receivables represent trade receivables for tolls, while the remainder comprises other short-term receivables.

DARS d. d. performs business operations on behalf of, and for the account of, the state on the basis of Article 4 of MCRSA-1. These transactions are recorded in accounting ledgers as transactions for foreign accounts. This refers to tasks connected to spatial planning and the siting of motorways and the acquisition of real estate required for the construction of motorways that the company performs in accordance with performance contracts. DARS d. d. records receivables due from the Republic of Slovenia for implemented transactions. The funds for such transactions are guaranteed from the budget of the Republic of Slovenia in accordance with Article 10 of MCRSA-1.

Breakdown of Short-Term Operating Receivables by Maturity

in EUR (without cents)	Undue	Up to 60 days	Over 60 days	Total
Short-term operating receivables trading for third party accounts	18,253,726	4,113,347	14,434,530	36,801,604
Formed adjustments of value of receivables from operations for foreign accounts	0	0	-14,434,530	-14,434,530
Short-term operating receivables from customers	14,095,858	100,665	1,554,229	15,750,752
Formed adjustments of value of trade receivables	0	0	-1,429,417	-1,429,417

No receivables of DARS d.d. were pledged as security for liabilities as of 31 December 2015. Short-term operating receivables of the company are not secured and represent the company's current receivables.

In 2015, the company formed an adjustment of value of short-term operating receivables in the amount of €46,696.

On 31 December 2015, the company had a formed adjustment of value of short-term receivables from the Republic of Slovenia in the following amounts:

- €14,434,530 from receivables from the Republic of Slovenia and linked to operations for foreign accounts described in Article 4 of MCRSA-1 and conducted in 2010;
- €801,718 from receivables for compensation according to the performance contract for 2010.

For these receivables from 2010, the company filed legal action against the Republic of Slovenia.

As of 31 December 2015, the company still believes that it is entitled to those receivables, but because the State did not acknowledge these receivables and based on their maturity, the company nevertheless made, as a precaution, an adjustment to the value of the total amount of receivables in 2011.

II.4.1.10. Cash and Cash Equivalents

in EUR (without cents)	31/12/2015	Share	31/12/2014	Index
Cash in banks	10,906,665	93%	611,182	1,785
Cash on hand and cheques received	2,635	0%	1,730	152
Cash in toll booths	354,500	3%	350,750	101
Cash in transit	451,603	4%	630,796	72
Total cash and cash equivalents	11,715,403	100%	1,594,457	735

The item "cash in transit" comprises tolls not yet put into the company's transaction account. Upon taking the annual inventory of cash in transit from collected tolls on 30 November 2015, the company reconciled the balance in the books of account with the actual balance.

II.4.1.11. Short-Term Deferred Costs and Accrued Revenues

Deferred costs and accrued revenue amounting to €989,227 comprises short-term deferred costs that will be charged against profit or loss in future accounting periods as well as short-term accrued revenues.

IN EUR (without cents)	31/12/2015	Share	31/12/2014	Index
Short-term deferred costs	702,388	71%	678,876	103
Short-term accrued revenues	286,839	29%	395,200	73
Total	989,227	100%	1,074,076	92

Short-term deferred costs in the total amount of €702,388 include short-term deferred costs of commission fees to sales agents based on the value of vignettes sold in the amount of €344,596 and short-term deferred costs for the lease of Microsoft licensed software in the amount of €220,124.

II.4.1.12. Equity

The movement in equity is shown in the Statement of Changes in Equity for the period from 1 January 2015 to 31 December 2015 in which the reasons for changes in equity items are evident.

Equity reflects owner financing of the company and represents the company's liabilities to its owners. It is determined by both the amounts invested in the company by owners and by the amounts generated during the company's operation.

The company's share capital amounts to €2,319,866,345 and is distributed to 55,592,292 ordinary registered shares owned by the Republic of Slovenia. The book value of a share on 31 December 2015 was €46.16. It is calculated as a ratio between the total value of capital and the number of shares.

The shares give the owner the full right to participate in the management of the company, the right to a profit share (dividend) and the right to an adequate part of the remainder of assets upon liquidation or bankruptcy of the company.

Legal reserves in the amount of €3,022,835 were formed in accordance with CA-1, statutory reserves in the amount of €14,358,465 and on the basis of the company's management's decision other reserves from profit were formed in the amount of €21,537,697.

Capital reserves of the company in the amount of €26,576,494 comprise the value of real assets transferred by the Republic of Slovenia to the company upon its transformation for the purpose of motorway operation and maintenance (equalling €26,202,240) and the general capital revaluation adjustment, which was transferred to capital reserves (€225,817) on 1 January 2006 (at the transition to SAS 2006), as well as a surplus of assets which represents the difference between the in-kind contribution of the Republic of Slovenia and the value of newly-issued shares of the company (€27) and the difference in the merger of the DELKOM, d.o.o. subsidiary in 2015 in the amount of €148,410.

The revaluation surplus of €4,059,975 refers to:

- The revaluation surplus for actuarial deficits and surpluses;

Actuarial deficits and surpluses include changes in the present value of liabilities to employees due to changes in actuarial assumptions. At the end of 2015, revaluation surplus was €164,355.

- The revaluation surplus for derivative financial instruments.

The revaluation surplus for derivative financial instruments includes changes in the value of derivative financial instruments used as cash flow protection that are shown in the statement of comprehensive income; at the end of 2015, these (less deferred tax assets) equalled €3,895,620. Derivative financial instruments are disclosed in detail under the guidelines and explanatory notes on short-term financial liabilities.

In 2015, the revaluation surplus decreased by €948,914. Movements in individual components of the surplus in 2015 are shown in the Statement of Other Comprehensive Income for 2015.

At the 7th session of the DARS d. d. General Meeting, shareholders adopted a resolution on the use of accumulated profit in 2014 in the amount of €40,457,013:

- €31,000,000 shall be used for dividend payments,
- the remaining part of the accumulated profit in the amount of €9,457,013 shall remain undistributed.

Other changes of the retained net profit of €4,374,543 include the decrease in the retained net profit of €12,014, which is linked to the transfer of the proportionate share of actuarial losses tied to the consumption of provisions for retirement benefits, and the increase in retained net profit of €4,386,557, which is the result of correcting a mistake from previous years. The company corrected the mistake of having transferred an insufficient amount of long-term accrued costs and deferred revenue arising from received Cohesion and municipal funds to the operating revenue for the relevant financial year in which the costs (for which the long-term deferred revenues were formed) were incurred.

Net Profit or Loss Restated using the Consumer Price Index

in EUR (without cents)	Growth in %	Amount of equity	Effect of restatement	Decreased profit or loss
Capital – all items except profit in the current year	–0.50%	2,505,750,245	–12,528,751	72,985,446

II.4.1.13. Provisions and Long-Term Accrued Costs and Deferred Revenue

Movement of Provisions and Long-Term Accrued Costs and Deferred Revenue in 2015

in EUR (without cents)	Balance as of 31/12/2014	Implementation in 2015	Reversal in 2015	Additional creation in 2015	Balance as of 31/12/2015
Provisions for retirement benefits	1,652,278	183,028	0	242,843	1,712,092
Provisions for employee jubilee premiums	752,618	90,538	0	72,887	734,967
Provisions for voluntary supplementary pension insurance	67,370	31,595	4,294	5,776	37,257
Provisions for claims related to motorway operation and maintenance	11,054	6,799	4,255	0	0
Provisions for employment-related claims	203,791	66,843	0	359,153	496,101
Provisions for claims related to construction and reconstruction	23,736,294	1,986,428	2,017,079	28,715,011	48,447,799
Provisions for severance pay related to toll-system change	533,341	0	104,349	0	428,992
Amortisation of holiday facilities and apartments	179,225	6,661	0	0	172,564
Equipment – free acquisition	654	5,433	0	5,300	521
Return of ETC tags	193,285	1,900	74,580	0	116,805
Lease of optical fibres	391,921	57,111	0	89,000	423,810
Cashed-in guarantees	9,770,724	695,412	0	108,104	9,183,415
State subsidies received	78,082,267	7,749,213	0	34,452,771	104,785,825
Total	115,574,823	10,880,962	2,204,557	64,050,845	166,540,148

Provisions for jubilee benefits and retirement severances are formed in compliance with the law, the collective agreement and the internal rules that bind the company to pay its employees jubilee benefits and severances upon their retirement. These provisions are formed on the basis of an actuarial calculation made by a certified actuary. At the conclusion of each financial year, the amount of these provisions is examined to see whether they need to be increased or decreased. The actuarial calculation of 31 December 2015 was performed for each employee so that it took into account the costs of retirement benefits and the cost of all expected jubilee premiums until retirement. Provisions are formed in the amount of the estimated future payments for severances and jubilee benefits, discounted at the end of the reporting period. The actuarial calculation took into account the following assumptions:

- The nominal long-term interest rate is evaluated at 1.7 percent in accordance with the IAS 19 standard considering the average maturity in the company, i.e. 16.2 years;
- The currently valid amount of retirement benefits and jubilee premiums as set out in the internal rules;
- The expected long-term growth of jubilee premiums and non-taxable amounts in the calculation amounts to one percent annually;
- Employee fluctuation, which depends mostly on their age;
- The expected employee mortality rate in accordance with the mortality rate for Slovenia for the 2000–2002 period, determined by sex;
- Future long-term nominal increase of salaries – 1.5 percent annually.

Based on an actuarial calculation, provisions were set up on 31 December 2015 for jubilee premiums in the amount of €734,967 along with provisions for retirement benefits in the amount of €1,712,092.

The company joined the collective voluntary supplementary pension insurance scheme in 2006. In accordance with an agreement concluded with trade unions, all of the company's employees were entitled to join this scheme, except those being of retirement age on 31 December 2006, i.e. 50 years (women) and 55 years (men). The employer will pay to these employees a lump sum equal to the interest-free premiums it would have to pay on their behalf had they been included in the pension scheme. The company formed long-term provisions for this reason, which equal €37,257 on 31 December 2015.

The company presented provisions in the amount of €48,447,799 for lawsuits in connection with claims relating to construction and reconstruction and €496,101 for claims arising from employment relationships.

In previous years, the company set up long-term provisions for long-term accrued costs related to employment relationships that would arise upon the transition to electronic toll collection in the free-flow traffic system. The electronic toll collection system, where motorway users pay fees for the use of motorways according to the distance travelled, is the final vision and objective of the toll collection system in the Republic of Slovenia. The Government of the Republic of Slovenia adopted the Action Plan for the Introduction of ETS in FTF on 26 November 2009. In June 2012, the Ministry of Infrastructure and Spatial Planning engaged DARS d.d. to implement all necessary activities on the basis of which Slovenia would transition in the upcoming years to ETS in FTF for vehicles with a maximum permissible weight over 3,500 kg. A reassessment of the required long-term provisions for restructuring the toll division was carried out on 31 December 2015, and based on the Restructuring Plan, the company adopted a resolution on the reconciliation of long-term provisions formed for severance payments for redundant employees with an assessment of envisaged costs. A reassessment of the required long-term provisions for anticipated costs of restructuring the toll division was carried out on 31 December 2015, and based on the Restructuring Plan, the company formed provisions for severances for redundant employees in the amount of €428,992.

In previous years, long-term accrued costs and deferred revenue were set up from grant funds in the amount of the acquisition values of holiday facilities and apartments that serve to cover the costs of depreciation of the holiday facilities with furnishings and apartments throughout their service lives. On 31 December 2015, these provisions equalled €172,564.

Long-term deferred revenues have also been shown in the amount co-financed by users of the ABC system, namely third and fourth toll class vehicles. Deferred revenues relate to warranties granted on the sale of electronic tags. At the end of each accounting period, long-term deferred revenues are restated to the present value of expenditure required to settle the liability. The warranty granted on an ABC system tag is one year from the date of its acceptance. Its useful life is 7 years. If an electronic tag is purchased, used and then returned undamaged within its useful life, the user is entitled to the refund of the proportionate share of the co-financed amount taking into account the undepreciated amount of the electronic tag. The annual amortisation rate is 14.29%. The claim of refund of a proportionate share of the co-financed amount taking into account the undepreciated amount of the electronic tag and the return of the unused net credit actually paid are only possible on the basis of a written claim with the obligatory statement of the identification number (ID) and the return of the electronic tag and receipt of purchase (or payment of the co-financed amount). On 31 December 2015, long-term deferred revenues in the amount of €116,805 (the buyers of ETC tags are entitled to return them within seven years from the date of purchase) were formed for the settlement of contingent liabilities arising from the return of purchase money upon a possible return.

The company also shows long-term deferred revenue from advance payments for optic fibre leases by users in the amount of €423,810 among long-term accrued costs and deferred revenue.

In 2015, the company formed long-term deferred revenues for assets received from realised guarantees for the rectification of defects, performance guarantees and tender bonds. Realised guarantees are used for covering the costs of realisation or in the case of the realisation of performance guarantees also for the guarantee for the rectification of defects during the warranty period. On 31 December 2015, the realised guarantees equalled €9,183,415.

The company formed long-term deferred revenue for funds from the EU and other co-financing providers received for the preparation of spatial and project documentation and motorway construction or tasks related to them (improving traffic safety – construction of traffic control and management systems). The company received funds within the framework of the EU Cohesion Fund, the TEN-T and CROCODILE projects and the EasyWay and TEMPO-CONNECT programmes. On 31 December 2015, the company presented long-term accrued costs and deferred revenues for acquired state grants for the purchase of fixed assets in the total amount of €104,785,825. The increase in 2015 is associated with the funds received from:

- the EU Cohesion Fund for the project entitled Construction of Noise Barriers on Individual Motorway Sections in the amount of €10,189,889,
- the EU Cohesion Fund for the project of constructing the Pluska–Ponikve motorway section (€712,349) and for the project of constructing the Ponikve–Hrastje motorway section (€691,240),
- the EU Cohesion Fund for the project of reconstructing motorway sections in the amount of €20,761,117,
- for the TEN-T project entitled Completion of the Execution Design (ED) for the Draženci–IBCP Gruškovje Motorway Section equalling €78,642,
- for the CROCODILE I project in the amount of €1,099,973,
- for financing the construction of a cable link at the Koper–Izola expressway by ELES d. o. o. in the amount of €919,562.

The amount of the long-term deferred revenues is reduced by the amount of depreciation of fixed assets and by the amount of any other types of costs for which funds have been received.

In 2015, the company corrected the mistake from previous years of having transferred an insufficient amount of long-term accrued costs and deferred revenue arising from received Cohesion and municipal funds to the operating revenue for the relevant financial year in which the costs (for which the long-term deferred revenues of €4,753,367 were formed) were incurred. The mistake was remedied in favour of the retained net profit equalling €4,386,557 and the corporate income tax equalling €366,810.

II.4.1.14. Long-Term Financial Liabilities

The company obtains loans on the international and domestic financial markets for its operational needs. The aim of the loans is to finance motorway construction and reconstruction. All loans are secured by means of a guarantee of the Republic of Slovenia. In January 2015, the company completed a new borrowing procedure on the basis of a Schuldschein promissory note for €37.78 million. DARS d. d. carried out a refinancing in 2015 as a combination of a complete replacement of loans and repayments of annual instalments of loan principal. In December, the company signed loan and guarantee contracts with lenders for a total of €199 million. Additionally, the company concluded an annex to the current loan contract with NLB for loan re-scheduling in the amount of €50 million.

The interest rates and manner of calculating interest for received loans are contractually defined and represent a business secret. The weighted annual interest rate for the total loan amount of DARS d. d. amounted to 1.77 percent on 31 December 2015. The interest rate for the total debt of DARS d. d. on 31 December 2015 amounted from 0 to 4.96 percent.

Long-term financial liabilities refer in their total amount to motorway construction and reconstruction.

in EUR (without cents)	31/12/2015	Share
Long-term loans acquired from domestic banks	730,287,556	34%
Long-term loans acquired from foreign banks	1,174,726,005	55%
Long-term loans acquired from foreign entities	28,664,597	1%
Loan on the basis of a Schuldschein promissory note	37,780,000	2%
Long-term bonds issued	160,364,547	8%
Total	2,131,822,705	100%

Long-term financial liabilities by maturity

in EUR (without cents)	31/12/2015	Share
Long-term financial liabilities with a maturity of up to 5 years	923,534,922	45%
Long-term financial liabilities with a maturity longer than 5 years	1,208,287,784	55%
Total	2,131,822,705	100%

Movement of Long-Term Financial Liabilities in 2015

Long-Term Financial Liabilities	Balance as of 31/12/2014	Increase in 2015	Decrease in 2015*	Balance as of 31/12/2015
European Investment Bank	788,456,838	0	71,619,970	716,836,868
Nova Ljubljanska banka	367,596,154	0	26,466,347	341,129,807
Kreditanstalt für Wiederaufbau	309,703,125	0	37,718,750	271,984,375
Consortium of Slovenian banks	268,338,440	0	39,940,420	228,398,020
Depfa Bank	160,714,286	0	23,809,524	136,904,762
UniCredit Banka Slovenija	90,953,363	0	45,935,837	45,017,526
Kommunalkredit	63,000,000	0	14,000,000	49,000,000
Hypo Alpe Adria Bank	48,566,704	0	4,170,379	44,396,325
Avtovie Venete S.p.A.	31,849,553	0	3,184,956	28,664,597
Banka Koper	55,666,667	0	44,000,000	11,666,667
Sberbank Slovenija	60,000,000	0	60,000,000	0
Schuldschein	0	37,780,000	0	37,780,000
Abanka	0	50,000,000	0	50,000,000
SKB banka	0	9,679,211	0	9,679,211
Bonds	160,364,547	0	0	160,364,547
Total	2,405,209,677	97,459,211	370,846,183	2,131,822,705

*The decreases in 2015 are associated with the transfers from long-term financial liabilities to short-term financial liabilities.

DARS d. d. carried out a refinancing in 2015 as a combination of a complete replacement of loans and repayments of annual instalments of loan principal. In December, the company signed loan and guarantee contracts with lenders for a total of €199 million. At the end of 2015, the long-term liabilities for the indicated amount were lower in terms of the loans that DARS repaid early at the start of 2016 due to refinancing, while

the short-term liabilities up to the time of the repayment increased by the same amount. At the start of 2016, three loans in the total amount of €139.2 million are going to be repaid early, specifically the loans of Sberbank, Banka Koper and UniCredit Banka Slovenije.

II.4.1.15. Long-Term Financial Liabilities to Banks

Long-Term Share of the Principal Amount of Bank Borrowings by Lenders

Lender	Balance as of 31/12/2015 in EUR (without cents)	Share
Consortium of Slovenian banks	228,398,020	12%
Hypo Alpe Adria Bank	44,396,325	2%
UniCredit Banka Slovenija	45,017,526	2%
Banka Koper	11,666,667	1%
NLB	341,129,807	18%
Abanka	50,000,000	3%
SKB banka	9,679,211	1%
European Investment Bank	716,836,868	38%
Kreditanstalt für Wiederaufbau	271,984,375	14%
Depfa Bank	136,904,762	7%
Kommunalkredit Austria AG	49,000,000	3%
Total	1,905,013,562	100%

a) Loans from the Consortium of Slovenian Banks

DARS d. d. obtained seven loans from the Consortium of Slovenian Banks in the period from 1996 to 2004. These loans were paid off in 2015 in the total amount of €32,018,064.

Long-Term Liabilities to the Consortium of Slovenian Banks and Maturity Dates

Type	Repayment period	in EUR (without cents)
II	from 2004 to 2019	31,521,083
III	from 2007 to 2019	63,084,746
IV	from 2008 to 2020	31,341,883
V	from 2007 to 2020	35,730,970
VI	from 2009 to 2021	28,345,644
VII	from 2012 to 2024	38,373,694
Total		228,398,020

b) Loans from Hypo Alpe Adria Bank

The company took out three loans from Hypo Alpe Adria Bank, in 2003, 2004 and 2005. These loans were paid off in 2015 in the total amount of €4,170,379.

Long-Term Liabilities to Hypo Alpe Adria Bank and Maturity Dates

Type	Repayment period	in EUR (without cents)
I	from 2011 to 2023	20,409,527
II	from 2012 to 2024	9,381,557
III	from 2014 to 2023	14,605,241
Total		44,396,325

c) Loans from UniCredit Banka Slovenija

The company took out three loans from UniCredit Banka Slovenija, in 2005, 2006 and 2009. The loan from 2006 was intended for refinancing and the early repayment of loans from the bank Kreditanstalt für Wiederaufbau. The loans from UniCredit Banka Slovenija were paid off in 2015 in the total amount of €17,735,837.

Long-Term Liabilities to UniCredit Banka Slovenija and Maturity Dates

Type	Repayment period	in EUR (without cents)
I	from 2011 to 2023	11,684,193
II	from 2007 to 2021	33,333,333
Total		45,017,526

d) Loan from Banka Koper

The company took out a loan with Banka Koper in 2006 that was intended for the refinancing and early repayment of loans taken out with the bank Kreditanstalt für Wiederaufbau.

On 1 January 2014, the receivable of the BIIS bank for a €50m loan, whose maturity was extended to 2020, was assigned to Banka Koper. As of 31 December 2015, the liability is shown as being short-term because the loan is going to be repaid early at the start of 2016.

The two Banka Koper loans were repaid in 2015 in the amount of €10,666,667.

Long-Term Liability to Banka Koper and Maturity Dates

Type	Repayment period	in EUR (without cents)
I	from 2007 to 2021	11,666,667
Total		11,666,667

e) Loans from NLB

In 2007, 2008 and 2013, DARS d. d. raised three loans with NLB, which were completely drawn-up for financing motorway construction.

The loans from NLB were paid off in 2015 in the amount of €26,466,346.

Long-Term Liabilities to NLB and Maturity Dates

Type	Repayment period	in EUR (without cents)
I	from 2012 to 2027	168,437,500
II	from 2015 to 2027	122,692,307
III	2028	50,000,000
Total		341,129,807

f) Loan from Abanka

The company took out a €50m loan with Abanka in 2015 that was intended for the refinancing and early repayment of loans.

Long-Term Liability to Abanka and Maturity Dates

Type	Repayment period	in EUR (without cents)
I	from 2021 to 2029	50,000,000
Total		50,000,000

g) Loan from SKB

The company took out a €50m loan with SKB in 2015 that was intended for the refinancing and early repayment of loans. In 2015, the company made a €9,679,211 drawdown. The rest of the loan will be drawn in early 2016.

Long-Term Liability to SKB and Maturity Dates

Type	Repayment period	in EUR (without cents)
I	from 2021 to 2028	9,679,211
Total		9,679,211

h) Loans from the European Investment Bank (EIB)

The loans from the European Investment Bank were taken out during the period from 1994 to 2006 with €65,707,715 of the amount repaid in 2015. In 2015, the last instalment of the principal of the EIB B loan matured. The remainder of the loans are due between 2016 and 2037.

Long-Term Liabilities to the European Investment Bank and Maturity Dates

Type	Repayment period	in EUR (without cents)
II	from 2003 to 2018	13,000,000
III	from 2004 to 2019	29,166,666
IV	from 2005 to 2019	32,000,000
V	from 2007 to 2027	63,000,000
VI	from 2012 to 2029	78,650,000
VII	from 2014 to 2037	228,409,091
VIII	from 2015 to 2034	272,611,111
Total		716,836,868

i) Loans from Kreditanstalt für Wiederaufbau (KfW)

DARS d. d. took out three loans from Kreditanstalt für Wiederaufbau in 2008 and 2009 that were earmarked for financing motorway construction. These loans were paid off in 2015 in the amount of €21,000,000.

Long-Term Liabilities to Kreditanstalt für Wiederaufbau and Maturity Dates

Type	Repayment period	in EUR (without cents)
II	from 2013 to 2029	208,984,375
III	from 2014 to 2019	33,000,000
IV	from 2014 to 2019	30,000,000
Total		271,984,375

j) Loans from Pfandbriefsbank (DEPFA)

In 2006, DARS d. d. obtained two loans from Depfa Bank totalling €225,000,000. These loans were repaid in 2015 in the amount of €23,809,523.

Long-Term Liabilities to Depfa Bank and Maturity Dates

Type	Repayment period	in EUR (without cents)
I	from 2014 to 2024	53,571,429
II	from 2013 to 2021	83,333,333
Total		136,904,762

k) Loan from Kommunalkredit Austria AG (Kommunalkredit)

In 2010, DARS d. d. obtained a loan from Kommunalkredit Austria AG in the amount of €70,000,000. The loan was obtained at a fixed interest rate. The principal of this loan was paid off in 2015 in the amount of €7,000,000.

Long-Term Liabilities to Kommunalkredit and Maturity Dates

Type	Repayment period	in EUR (without cents)
I	from 2015 to 2020	49,000,000
Total		49,000,000

II.4.1.16. Long-Term Financial Liabilities from Bonds

DARS d.d. issued three series of bonds in 2004 and 2005 for the financing of motorway construction and reconstruction. The liabilities arising from the issued bonds are secured by means of a guarantee of the Republic of Slovenia.

Issue	Maturity	Size of issue in EUR (without cents)
DRS1	2024	56,042,047
DRS2	2025	61,758,920
DRS3	2020	42,563,580
Total		160,364,547

a) DARS 1st Issue Bonds (DRS1)

In 2004, the bonds of first issue, designated DRS1, were issued in the aggregate nominal amount of €56,042,047. The principal is due in its total amount in 2024. The annual coupon rate is 5.1 percent. The bonds are traded on the Ljubljana Stock Exchange.

b) DARS 2nd Issue Bonds (DRS2)

In 2005, the bonds of second issue, designated DRS2, were issued in the aggregate nominal amount of €61,758,920. The principal is due in its total amount in 2025. The annual coupon rate is 4.5 percent. The bonds are traded on the Ljubljana Stock Exchange.

c) DARS 3rd Issue Bonds (DRS3)

In 2005, the bonds of third issue, designated DRS3, were issued in the aggregate nominal amount of €42,563,580. The principal is due in its total amount in 2020. The annual coupon rate is 4 percent. The bonds are traded on the Ljubljana Stock Exchange.

II.4.1.17. Other Long-Term Financial Liabilities

a) Loan from Autovie Venete (AVV)

The loan from Autovie Venete was obtained on the basis of a memorandum of consent between the Government of the Republic of Slovenia and the Government of the Republic of Italy for the construction of motorway facilities required for connecting the Slovenian motorway network with the Italian network. The loan was obtained in 2000. In 2015, the loan from Autovie Venete was paid off in the amount of €3,184,955.

Long-Term Liabilities to AVV and Maturity Dates

Type	Repayment period	in EUR (without cents)
I	from 2011 to 2025	28,664,597
Total		28,664,597

b) Loan on the Basis of a Schuldschein Promissory Note

In 2015, DARS d. d. hired a loan on the basis of a "Schuldschein" promissory note for €37.78 million. The loan was hired for a period of 15 years.

Long-Term Liabilities from the Schuldschein Promissory Note and Maturity Dates

Type	Repayment period	in EUR (without cents)
I	2030	37,780,000
Total		37,780,000

II.4.1.18. Long-Term Operating Liabilities to Suppliers

As of 31 December 2015, the company has long-term operating liabilities to suppliers in the amount of €2,316,654, which are mostly comprised of:

- retained funds for motorway construction contractors due to having received claims from subcontractors in the amount of €2,204,799 and
- retained funds for motorway construction contractors for the purpose of eliminating any faults within the warranty period in the amount of €111,802.

II.4.1.19. Other Long-Term Operating Liabilities

Other long-term operating liabilities include the liability for the right of superficies compensation in the amount of €130,230,529. Based on the annual implementation contract (on the execution of contracts on the basis of Article 4 of MCRSA-1 for 2016), the short-term part of the long-term liability is transferred to short-term liabilities.

The right of superficies was established pursuant to MCRSA-1 for the benefit of DARS d. d. on land owned by the Republic of Slovenia, where motorways are considered as buildings that had been constructed or the construction of which had commenced prior to the enforcement of MCRSA-1. The right of superficies is established for a 50-year period (from 4 December 2010 to 4 December 2060) free of charge. Compensation is paid for the right of superficies in accordance with the Fiscal Balance Act.

The value of compensation for the right of superficies was determined on the basis of the authorised real property appraiser's opinion provided on 7 June 2012, i.e. in the amount of €190,810,787 without VAT.

On 31 December 2015, the company paid €34,877,620 compensation for the right of superficies more than the compensation value of the right of superficies as an intangible fixed asset.

Other long-term operating liabilities include liabilities in the amount of €4,027,802 from the co-financing of accompanying infrastructure (predominantly municipal) constructed within the scope of the motorway infrastructure that does not include motorways and that the company, following their construction, must hand over to the co-financers.

II.4.1.20. Short-Term Financial Liabilities

Short-term financial liabilities totalling €389,355,921 represent the short-term portion of long-term financial liabilities maturing in the following year and interest due from bank loans, bonds issued and liabilities from derivative financial instruments.

Short-term financial liabilities to banks in the total amount of €375,958,926 represent:

a. A part of the principal of the short-term bank loans for purchasing tangible fixed assets that mature in 2016;

Lender	31/12/2015	in EUR (without cents) 31/12/2014
European Investment Bank A, B, C	2,028,000	4,161,200
European Investment Bank II	8,666,667	8,666,667
European Investment Bank III	11,666,667	11,666,667
European Investment Bank IV	10,666,667	10,666,667
European Investment Bank V	6,000,000	6,000,000
European Investment Bank VI	6,270,000	6,270,000
European Investment Bank VII	11,363,636	6,818,182
European Investment Bank VIII	14,958,333	11,458,333
Kreditanstalt für Wiederaufbau 267.5	16,718,750	16,718,750
Kreditanstalt für Wiederaufbau 55	11,000,000	11,000,000
Kreditanstalt für Wiederaufbau 50	10,000,000	10,000,000
Kommunalkredit	14,000,000	7,000,000
Pfandbriefsbank (DEPFA) I	7,142,857	7,142,857
Pfandbriefsbank (DEPFA) II	16,666,667	16,666,667
IntesaSanpaolo (BIIS) – Banka Koper II	41,666,667	8,333,333
Banka Koper I	2,333,333	2,333,333
Consortium of banks I	24,456,810	24,127,749
Consortium of banks II	8,067,043	672,254
Consortium of banks III	700,942	700,942
Consortium of banks IV	344,416	344,416
Consortium of banks V	595,516	397,011
Consortium of banks VI	659,201	659,201
Consortium of banks VII	5,116,493	5,116,492
Hypo Alpe Adria I	833,042	833,042
Hypo Alpe Adria II	1,250,874	1,250,874
Hypo Alpe Adria III	2,086,463	2,086,463
Unicredit bank I	1,669,170	1,669,170
Unicredit bank II	6,666,667	6,666,667
Unicredit bank III	37,600,000	9,400,000
Sberbank	60,000,000	0
Nova Ljubljanska banka I	15,312,500	15,312,500
Nova Ljubljanska banka II	11,153,846	11,153,846
Total principal	367,661,227	225,293,283

b. On 31 December 2015, interest accrued from long-term bank loans equalled €7,597,699. Short-term financial liabilities for interest are related to interest accrued up to 31 December 2015 and to interest calculated up to 31 December 2015. Interest rates and the interest calculation method for concluded transactions are contractually determined and on 31 December 2015 amounted between 0 and 4.81 percent annually.

Short-term financial liabilities from bonds equalling €3,411,653 are related to interest accrued up to 31 December 2015.

Other short-term financial liabilities in the amount of €10,685,342 refer to:

IN EUR (without cents)	31/12/2015	31/12/2014
Short-term portion of the Autovie Venete loan principal	3,184,955	3,184,955
Interest payable on derivative financial instruments	113,241	99,336
Liabilities from derivative financial instruments	7,387,146	10,117,869
Total	10,685,342	13,402,160

In previous years, the company, in accordance with its active risk management policy in the financial area, decided to decrease its exposure to the risk of changed interest rates on the market to protect itself against interest rate risk. On 31 December 2015, 53% of the company's debt portfolio value was exposed to a variable interest rate, while 46% was exposed to a fixed interest rate. Interest-free loans make up the remaining percentage.

Liabilities from derivative financial instruments in the amount of €7,387,146 refer to liabilities arising from the valuation of derivative financial instruments on 31 December 2015.

Detailed description of derivative financial instruments, concluded as of 31 December 2015:

Interest Risk Insurance in the Amount of €40 Million

In 2007, DARS d. d. concluded interest risk insurance in the amount of €40,000,000 with three-year maturity. With this transaction, DARS d. d. partially insured the loan contracted with UniCredit Banka Slovenija. The loan was secured for a period of three years with a fixed interest rate and the option of extension for a further seven years. In 2010, the extension option was implemented for another seven years.

Interest Risk Insurance in the Total Amount of €150 Million

In the second half of 2014, DARS d. d. concluded three interest risk insurance transactions in the total amount of €150,000,000 with ten-year maturity. With the individual €50 million transactions, DARS d. d. partially insured the loans contracted with KfW (the KfW 267.5 loan) and with NLB (the €245 million and the €145 million loans). The loans were insured for ten years and with a fixed interest rate.

II.4.1.21. Short-Term Operating Liabilities

in EUR (without cents)	31/12/2015	Share in %	31/12/2014	Index
Short-term liabilities to suppliers	37,966,446	60%	45,554,676	83
Short-term receivables for advances	32,394	0%	5,833	555
Short-term liabilities to employees	3,361,550	5%	3,524,811	95
Short-term liabilities to the state	20,772,127	33%	30,937,766	67
– corporate income tax liability	1,181,805	2%	8,095,747	15
– VAT liability	7,286,574	12%	6,236,092	117
– liabilities for contributions of the payer	359,654	1%	350,295	103
– short-term liability for the right of superficies	11,629,115	18%	15,780,319	74
– other liabilities to the state	314,979	1%	475,314	66
Short-term liabilities to others	823,792	1%	4,850,938	17
Total	62,956,308	100%	84,874,023	74

The largest share (60 percent) represents liabilities to suppliers. These liabilities comprise unpaid liabilities for performed and charged works in the construction of motorways, performed by local and foreign suppliers (including contractually retained amounts), liabilities from indemnifications in the acquisition of land for transactions for the benefit and for the account of the Republic of Slovenia, operating liabilities from the management and maintenance of motorways and other short-term operating liabilities.

Contractually retained funds represents funds retained as a performance guarantee and until the fulfilment of all contractual obligations by the contractor (work acceptance, remedying of all deficiencies and hand-over of guarantees for the remedy of defects during the warranty period) are retained in the amount of a maximum of five percent of the contractual value. The funds retained pursuant to contracts concluded with contractors belong to the said contractors and are remitted once they fulfil their contractual obligations and furnish the investor with the required documents. As of 31 December 2015, liabilities on the basis of retained funds amounted to –€22,769,284 and represented a 60 percent share of total trade payables.

Short-term operating liabilities also include the short-term part of the long-term liability for the compensation for the right of superficies, which for 2016 amounts to €11,629,115 in accordance with the annual implementation contract for the performance of contracts on the basis of Article 4 of MCRSA-1.

Overview of Short-Term Operating Liabilities by Maturity

in EUR (without cents)	Undue	up to 60 days	over 60 days	Total
Short-term operating liabilities to suppliers (current liabilities)	14,685,983	502,242	8,937	15,197,162
Short-term operating liabilities to suppliers (retained amounts)	22,769,284	0	0	22,769,284

Liabilities to Suppliers as of 31 December 2015

in EUR (without cents)	31/12/2015	Share
SCT, d. d., Ljubljana, Slovenia – in bankruptcy	6,656,042	18%
ALPINE BAU GMBH, Salzburg – Celje subsidiary	3,434,063	9%
SGP POMGRAD d. d.	2,815,717	7%
NGR d. d. – in bankruptcy	1,956,020	5%
ASFINAG	1,861,428	5%
CPM, d. d. – in bankruptcy	1,236,705	3%
CP PTUJ d. d.	1,024,266	3%
GORENJSKA GRADBENA DRUŽBA d. d.	875,203	2%
EURO – ASFALT d. o. o. Sarajevo – subsidiary	861,627	2%
CGP, d. d.	855,028	2%
Other suppliers	16,390,347	43%
Total	37,966,446	100%

The company's liabilities to employees predominantly represent calculated December salaries and compensation for salaries and reimbursement of costs to employees in connection to work, paid out in January 2016.

II.4.1.22. Short-Term Accrued Costs and Deferred Revenues

in EUR (without cents)	31/12/2015	Share	31/12/2014	Index
Short-term accrued costs	610,713	2%	492,136	124
Short-term deferred revenues	25,259,157	98%	23,203,388	109
Total	25,869,870	100%	23,695,524	109

The company's liabilities comprise costs or expenses calculated in advance, and these refer mostly to expenses for the auditing of financial statements for 2015 calculated in advance in the amount of €17,606, the costs of an extraordinary audit of the operations of the merged subsidiary DELKOM d. o. o. in the amount of €6,800, the costs for the implementation of the actuarial calculation of provisions for jubilee premiums and severance pay on 31 December 2015 in the amount of €495, expenses for the variable income of the Management Board calculated in advance in the amount of €297,925 and the variable part of the salaries paid to employees according to individual contracts in the amount of €287,887.

Short-term deferred revenue arises when services to be rendered in the future have already been invoiced or even paid. Short-term deferred revenue was formed for revenue from tolls collected in the form of top-ups on electronic toll media (ABC tags, DARS cards and DARS Transporter cards) invoiced and paid in 2015 but not used in the same year. These will be recognised as deferred revenue until they have actually been used by road users. Short-term deferred revenue also included revenue from annual vignettes charged in 2015 that will be valid in 2016 and from one-track half-year vignettes that will be partly or entirely valid in 2016 (a half-year vignette is valid six months from the date of purchase, and the annual vignette for 2016 is valid from 1 December 2015 until 31 January 2017).

Short-term deferred revenue comprises:

- Revenue from annual vignettes charged that will be valid in 2016 and from half-year vignettes that will be partly or entirely valid in 2016 in the total amount of €13,669,475 (a half-year vignette is valid six months from the date of purchase, and the annual vignette for 2016 is valid from 1 December 2015 until 31 January 2017);

- Revenue from the credit on electronic prepaid toll media (DARS cards, ABC tags) that was charged and paid in 2015 but not used in the same year, in the amount of €11,523,230. These will be recognised as deferred revenue until they have actually been used by road users.
- Other short-term deferred revenue in the amount of €66,452.

Off-Balance-Sheet Items

The company recorded a total of €150,733,578 in off-balance-sheet items. The amount of €149,835,409 refers to potential cash or receivables from obtained guarantees or other security instruments, e.g. performance guarantees or guarantees for the rectification of defects within the warranty period.

€274,283 represents contingent liabilities towards municipalities based on unjustified calculations and collection of fees for the use of building land, together with default interest.

The value of inventories of vignettes for the use of toll roads in the Republic of Austria that are sold by DARS d. d. amounts to €623,886.

The company is currently in multiple litigations that it believes will not burden it, because the estimated probability of winning them is high; this is why any potentially related liabilities were not recognised.

II.4.2. Notes to the Income Statement

II.4.2.1. Net Sales Revenue

in EUR (without cents)	2015	Share	2014	2015/2014 Index
Toll revenue	349,925,047	97%	344,163,641	102
– revenues from vignette sales	161,834,841	45%	155,560,318	104
– revenues from freight traffic tolls	188,090,206	52%	188,603,323	100
Revenue from rest stop leases	7,071,880	2%	6,914,136	102
Revenue from closures and overweight load transports	908,124	0%	897,712	101
Revenue from easements for base stations and others	856,090	0%	578,738	148
Revenues from lease of optical fibres	771,393	0%	743,165	104
Revenue from performance contracts	407,016	0%	418,721	97
Other sales revenue	940,544	0%	739,639	127
Total net sales revenue	360,880,094	100%	354,455,753	102

Revenue from tolls in 2015 amounted to €349,925,047 and represented 97 percent of total sales revenue, which is two percent higher than in 2014. Revenue from the tolling of vehicles with a maximum weight under 3.5 tonnes (vignette system) amounted to €161,834,841 and represented 46 percent of the revenue, while revenue from the tolling of vehicles with a maximum weight exceeding 3.5 tonnes amounted to €188,090,206 or 54 percent.

Revenue from tolls is followed by revenue from leases for rest stops, which amounted to €7,071,880 in 2015. Revenue is earned from the leasing of land alongside motorways for the provision of catering services and the construction of petrol service stations. Revenue from leases increased by two percent compared to 2014. Sales revenues also include revenues from road closures and overweight road transports in the amount of €908,124, revenues from optical fibre leases in the amount of €771,393 and revenues from easements in the amount of €856,090.

Revenue from performance contracts in 2015 amounted to €407,016. This revenue refers to the implementation of tasks performed by DARS d. d. under the annual implementation contract for the Republic of Slovenia pursuant to Article 4 of MCRSA-1. These tasks include spatial planning and integrating motorways in the environment as well as the acquisition of real property for necessary motorway construction.

Other sales revenue in the amount of €940,544 includes revenue from the commission from the sale of Austrian vignettes, revenue from the sale of ETC tags, revenue from towing, snow ploughing and clearing road accidents, revenue from rentals for holiday facilities and apartments, revenue from the sale of waste material and other sales revenue.

Net sales revenue was earned entirely in the domestic market.

II.4.2.2. Capitalised Own Products and Services

In 2015, the company capitalised its own investment services in relation to motorways, which it did not charge to external contractors who provide motorway reconstruction services. In 2015, revenues arising from capitalised own services amounted to €1,695,339.

II.4.2.3. Other Operating Revenues

in EUR (without cents)	2015	Share	2014	Index
Revenue from the reversal of long-term provisions	2,386,104	30%	525,481	454
Revenues from insurance benefits	2,048,259	26%	2,232,461	92
Revenues from the consumption of long-term deferred revenues	3,013,606	38%	2,582,910	117
Profit from equipment and real estate sales	316,453	4%	208,486	152
Other operating revenues	128,396	2%	61,578	209
Total other operating revenues	7,892,818	100%	5,610,915	141

The revenue from the reversal of long-term provisions in the amount of €2,386,104 also includes the reversal of provisions for lawsuits, the reversal of provisions for unused annual leave in 2014, the reversal of provisions for severance pay for redundant employees on the implementation of electronic toll collection in the free-flow traffic system and the reversal of long-term deferred revenue for electronic tag sales.

Revenue from insurance benefits includes revenue from received insurance benefits for the repair of damage on motorway sections and facilities along motorways. In 2015, this revenue amounted to €2,048,259.

Revenues from the consumption of long-term deferred revenues in the amount of €3,013,606 refer to the consumption of funds from the EU and other co-financing providers received for the preparation of spatial and project documentation and motorway construction or tasks related to them (improving traffic safety – construction of traffic control and management systems) as well as other projects. The amount of the long-term deferred revenues is reduced in line with the occurrence of costs (by the calculated amount of depreciation of fixed assets and by the amount of any other types of costs for which funds have been received) and transferred to revenue. In 2015, the company transferred to revenue €2,367,767 of the long-term deferred revenues it received within the framework of the EU Cohesion Fund, the TEN-T and CROCODILE projects and the EasyWay and TEMPO-CONNECT programmes. The company transferred to revenue €645,840 of long-term deferred revenues it received from the municipalities (City of Ljubljana), ELES and other project co-financing providers.

Other operating revenues (€107,745) refer to resolved or paid receivables for which a value adjustment was formed in previous years.

II.4.2.4. Costs and Operating Expenses

Overview of Costs and Expenses

in EUR (without cents)	2015	Share	2014	Index
Costs of materials	9,283,845	4%	9,363,390	99
Costs of services	26,588,563	10%	25,085,583	106
Labour costs	35,832,067	14%	35,658,179	100
Depreciation/amortisation	149,570,864	60%	146,885,064	102
Operating expenses for revaluation of intangible assets and property, plant and equipment	125,189	0%	26,560	471
Revaluation operating expenses from current assets	182,658	0%	319,620	57
Other operating expenses	29,333,817	12%	5,529,137	531
Total operating expenses	250,917,003	100%	222,867,533	113

Breakdown of Costs of Materials

in EUR (without cents)	2015	Share	2014	Index
Costs of materials	3,476,088	37%	3,375,705	103
Energy costs	4,128,627	44%	4,227,125	98
Costs of spare parts	445,707	5%	497,407	90
Write-offs of small tools	1,065,348	12%	1,096,009	97
Other costs of material	168,075	2%	167,144	101
Total	9,283,845	100%	9,363,390	99

The cost of materials represents a four percent share of all operating expenses and is lower by one percent in comparison with 2014.

Breakdown of Costs of Services

in EUR (without cents)	2015	Share	2014	Index
Costs of the supervising engineer	644,191	2%	627,200	103
Costs of maintaining fixed assets	6,505,736	24%	5,951,137	109
Rents	1,121,846	4%	1,012,230	111
Cost of payment transactions and insurance premiums	2,783,646	10%	2,568,894	108
Commissions for sold vignettes	6,301,440	24%	6,270,916	100
Costs of other services	9,231,704	35%	8,655,207	107
Total	26,588,563	100%	25,085,583	106

The costs of services represent an 11 percent share of all the operating expenses. Other major services in 2015 included commissions for sold vignettes (24 percent share), the cost of maintenance of fixed assets (24 percent share) and the cost of payment transactions and insurance premiums (10 percent share).

II.4.2.5. Labour Costs

Labour costs represent a 14 percent share in total operating expenses of DARS d. d. In 2015, they were 0.5 percent higher than in 2014.

Type of Labour Costs	2015	Share	2014	Index
Costs of salaries and wages	26,414,827	74%	26,222,694	101
Pension insurance costs	2,987,171	8%	2,863,936	104
Other social security costs	2,225,916	6%	2,292,512	97
Other labour costs	4,204,153	12%	4,279,037	98
Total	35,832,067	100%	35,658,179	100

Labour costs include the cost of supplementary pension insurance premiums in the amount of €819,586.

As of 31 December 2015, there were 1,242 workers employed by the company. The average staff count in 2015 was 1,200 (computed on the basis of working hours).

In 2015, wages and salaries were paid in line with the General Collective Agreement for Economic Activities and the Corporate Collective Agreement of DARS d. d., while the salaries of the Management Board of DARS d. d. were also paid in accordance with the Act Regulating the Incomes of Managers of Companies owned by the Republic of Slovenia and Municipalities (ZPPOGD – Official Gazette of the Republic of Slovenia, No. 21/2010).

The Average Salary at DARS d. d. in 2015 (in Euros)

Average Gross Salary	2015	2014
DARS d. d.	1,827	1,797
Republic of Slovenia	1,556	1,540

The number of employees and the employee educational structure as of 31 December 2015 are presented in the Business Report of the Annual Report, under the chapter Human Resources Management (Section I.15.3).

The total gross earnings of the members of the Management Board of DARS d. d. in 2015 amounted to €453,037. The table below presents the earnings of the members of the Management Board of DARS d. d. by individual members.

in EUR (without cents)	Matjaž Knez, Chairman of the Management Board	Tine Svoljšak, Management Board member until 09/01/2015	Franc Skok, Management Board member	Gašper Marc, Management Board member from 15/05/2015	Marjan Sisinger Management Board member/ Labour Manager	TOTAL
Gross salary	104,917	8,086	96,590	60,694	85,503	355,791
Payment of variable income	22,995	20,680	18,536	0	8,040	70,251
Benefits	5,091	601	6,546	4,051	6,023	22,312
Reimbursement of costs	735	0	1,066	639	901	3,341
Supplementary pension insurance	0	0	456	304	581	1,341
Total	133,738	29,367	123,194	65,688	101,049	453,037

The gross earnings of staff employed under employment contracts not subject to the Tariff Section of the Collective Agreement amounted to €803,610 in 2015.

The earnings of the Supervisory Board members in 2015 are shown below.

in EUR (without cents)	Remuneration for being a member of the Supervisory Board	Supervisory Board meeting fees	Remuneration for being a member of the Audit Committee	Audit Committee meeting fees	Remuneration for being a member of the Remuneration Committee	Remuneration Committee meeting fees	Travel expenses	Benefits	Total
Robert Ličen, MSc	13,596	2,970	0	0	3,399	1,760	96	7	21,827
Andraž Lipolt	8,527	2,255	0	0	2,132	1,760	17	7	14,698
Gregor Osojnik	8,527	2,530	2,132	836	0	0	183	7	14,215
Gregor Lukan	8,527	2,970	3,198	836	0	0	83	7	15,620
Vito Meško	13,000	4,565	0	0	3,044	1,760	0	16	22,384
Rožle Podboršek	13,000	4,565	2,790	660	0	0	75	16	21,105
Marjan Mačkošek	5,850	1,595	0	0	0	0	218	9	7,671
Miha Juhart, PhD	3,972	1,595	778	440	1,166	440	162	9	8,562
Tatjana Colnar, MSc	3,972	1,595	1,166	440	778	440	110	9	8,510
Igor Pirnat, MSc	3,972	1,595	778	440	0	0	288	9	7,082
Andreja Cedilnik	0	0	0	1,520	0	0	60	0	1,580
Mojca Lahajner	0	0	0	440	460	0	32	0	933
Total	82,943	26,235	10,840	5,612	10,978	6,160	1,324	95	144,188

Other earnings of the Supervisory Board members were not recorded.

The claims of employees under labour disputes contested by the Management Board of DARS d. d. are disclosed in the notes to long-term provisions.

II.4.2.6. Write-offs

in EUR (without cents)	2015	Share	2014	Index
Amortisation of intangible long-term assets	4,385,077	3%	4,408,559	99
Amortisation of tangible fixed assets	145,185,787	97%	142,476,505	102
Operating expenses for revaluation of intangible and tangible fixed assets	125,189	0%	26,560	471
Revaluation operating expenses from current assets	182,658	0%	319,620	57
Total	149,878,711	100%	147,231,244	102

The amortisation of intangible fixed assets in 2015, which includes the amortisation of software and the right of superficies, amounted to €4,385,077. The right of superficies was established pursuant to MCRSA-1 for the benefit of DARS d. d. on land owned by the Republic of Slovenia, where motorways are considered as buildings that had been constructed or the construction of which had commenced prior to the enforcement of MCRSA-1. The right of superficies was established for the period of 50 years.

Operating expenses from revaluation of current assets comprise mostly of the adjustments of the value of trade receivables in the amount of €46,696, write-offs of receivables in the amount of €44,892 and the revaluation of inventories of vignettes for 2015, the sales of which ended on 30 November 2015, i.e. in the amount of €89,692.

II.4.2.7. Other Operating Expenses

Other operating expenses of €29,333,817 include:

- long-term accrued costs of contingent losses on claims for damages related to motorway construction and reconstruction in the amount of €28,715,011 and for lawsuits related to labour disputes in the amount of €359,153,
- provisions in the amount of €5,776 formed for retirement benefits to employees who are not included in the pension scheme of collective voluntary supplementary pension insurance, based on an agreement between the trade unions and the company,
- other operating expenses in the amount of €253,877.

II.4.2.8. Financial Revenue from Loans to Others

Financial revenue from loans to others in the amount of €2,359,556 includes revenue from short-term surplus liquid funds deposited with banks, investments in securities and revenue from revaluation of financial investments held for sale.

II.4.2.9. Financial Revenue from Operating Receivables Due from Others

Financial revenue from operating receivables due from others in the amount of €28,259 refers to financial revenue from operating receivables and includes calculated default interest and positive exchange rate differences.

II.4.2.10. Financial Expenses from Loans Received from Banks

Financial expenses in the amount of €38,344,890 represent interest calculated for long-term loans. The average weighted interest rate of long-term loans as of 31 December 2015 was 1.77 percent.

II.4.2.11. Financial Expenses from Issued Bonds

Financial expenses in the amount of €7,335,306 represent interest calculated for long-term securities issued. The average weighted interest rate of long-term securities as of 31 December 2015 was 4.35 percent.

II.4.2.12. Financial Expenses from Other Financial Liabilities

Financial expenses from other financial liabilities in the amount of €3,404,123 include, among other things, negative interest on derivative financial instruments (97 percent), which represents the difference between the variable interest rate of an insured loan and the fixed interest rate on the derivative instrument.

II.4.2.13. Financial Expenses from Operating Liabilities

Financial expenses from operating liabilities in the amount of €309,137 include, among other things, charged default interest arising from late-settled liabilities.

II.4.2.14. Other Revenue

Other revenue in the amount of €211,543 represents revenue from indemnities received under court decisions, revenue from invoiced contract penalties, revenue from bonuses for exceeding the quota of disabled employees and fees obtained by DARS d. d. within the scope of implementing supervision of violations of toll collection and similar.

II.4.2.15. Other Expenses

Other expenses in the amount of €310,786 primarily comprise the payment of damages arising from court decisions, reimbursed costs in audit procedures according to the Public Procurement Act donations given and similar.

II.4.2.16. Corporate Income Tax

Corporate income tax is calculated in accordance with the Corporate Income Tax Act (ZDDPO-2). Corporate income tax is payable on the taxable profit generated during the tax period and for 2015 comprised 17 per cent.

in EUR (without cents)	2015	2014
1 Revenue	373,067,610	365,358,022
2 Expenses	300,621,245	280,937,651
3 Total profit (1 – 2)	72,446,365	84,420,370
4 Decrease in revenue	265,812	117,364
5 Increase in revenue	0	0
6 Decrease in expenses for forming provisions and revaluation of receivables	174,907	376,662
7 Decrease in expenses, other non-deductible expenses	1,663,894	1,459,095
8 Increase in deductible expenses	68,401	196,744
9 Difference between revenue and expenses recognised for tax purposes (1 – 2 – 4 + 5 + 6 + 7 – 8)	73,950,953	85,942,019
10 Tax base (9)	73,950,953	85,942,019
11 Change in tax base due to a change in accounting policies and error correction	–216,985	–131,276
12 Increase in tax base by the amount of tax relief used	3,770	3,362
13 Tax relief for investments	1,895,726	1,658,412
14 Relief for employment of disabled persons	278,241	301,308
15 Relief for implementation of the practical part of professional training	0	0
16 Tax relief for supplementary pension insurance	819,586	808,175
17 Tax relief for donations	100,878	91,120
18 Tax base (10 + 11 + 12 – 13 – 14 – 15 – 16 – 17)	70,643,306	82,955,090
19 Corporate income tax	12,009,362	14,102,365

Net profit for the period is the amount of total profit determined in the income statement decreased by the income tax liability in the accounting period and decreased by deferred taxes.

in EUR (without cents)	2015	2014
Operating profit	119,551,249	138,448,626
Profit from financing activities	–47,005,641	–51,295,490
Profit from extraordinary activities	–99,243	–2,732,765
TOTAL PROFIT	72,446,365	84,420,370
Tax on profit	–12,009,362	–14,102,365
Deferred taxes	19,691	36,166
Net profit or loss for the period	60,456,694	70,354,171

Deferred tax receivables are the amounts of income tax recoverable in future periods. The effective tax rate for 2015 calculated as a quotient of total paid tax and total profit for 2014 amounted to 16.58 percent.

II.5. Operating and Financial Risks

Operating and financial risks are presented in the Business Report of the Annual Report under Section I.10.

II.6. Events after the Balance Sheet Date

A list of key business events that occurred after the Balance Sheet was compiled:

January

The Supervisory Board recalled Matjaž Knez, MSc, Chairman of the Management Board, and Mr Franc Skok, a member of the Management Board, by reason of a serious breach of obligations.

On 13 January 2016, the Supervisory Board of DARS d. d., appointed Tomaž Vidic, PhD Chairman of the Management Board for a period of three months.

March

In accordance with the Articles of Association of DARS d. d., the Supervisory Board granted prior consent for the conclusion of a transaction for the public contract entitled "Establishment and Operation of a Multi-Lane Electronic Toll Collection System in Free-Flow Traffic on Motorways and Expressways".

The public contract "Establishment and Operation of a Multi-Lane Electronic Toll Collection System in Free-Flow Traffic on Motorways and Expressways" was awarded to the consortium of Telekom Slovenije d. d. and Q-FREE ASA.

April

At its 7th session, the Supervisory Board appointed Tomaž Vidic, PhD Chairman of the Management Board with a five-year mandate. The public tender for the position of Management Board member shall be repeated.

Events that emerged after the balance sheet date did not impact the financial statements of DARS d. d. for 2015.

II.7. Auditing the Annual Report for 2015

The contractual price of the audit of the 2015 Annual Report of DARS d. d. amounted to €22,007 (exclusive of VAT). The audit was carried out by the audit firm Deloitte revizija d. o. o., Ljubljana. In 2015, Deloitte revizija d. o. o. also audited the operations of the merged subsidiary DELKOM d. o. o. The audit cost €6,800 (exclusive of VAT).

II.8. Auditor's Report



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INDEPENDENT AUDITORS REPORT to the owners of Družba za avtoceste v Republiki Sloveniji d.d.

Report on the Financial Statements

We have audited the accompanying financial statements of Družba za avtoceste v Republiki Sloveniji d.d., which comprise the balance sheet as at 31.12.2015, the income statement, the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Deloitte se nanaša na Deloitte Touche Tohmatsu Limited, pravno osebo, ustanovljeno v skladu z zakonodajo Združenega kraljevstva Velike Britanije in Severne Irske in izvirno -UK- private company limited by guarantee, in imenu njenih članov, od katerih je vsaka tožba in samostojna pravna oseba. Podoben opis pravne organiziranosti združenja Deloitte Touche Tohmatsu Limited in njenih družb članov je na voljo na www.deloitte.com/vrhovna-druzba.

Member of Deloitte Touche Tohmatsu Limited

Opinion

In our opinion, the financial statements in all material respects give a true and fair view of the financial position of Družba za avtoceste v Republiki Sloveniji d.d. as of 31.12.2015, and its financial performance and its cash flows for the year then ended in accordance with Slovenian Accounting Standards.

Report on Other Legal and Regulatory Requirements

The management is also responsible for the preparation of the business report in accordance with the requirements of the Companies Act (ZGD-1). Our responsibility is to provide an estimate whether the business report is consistent with the audited financial statements. Our procedures have been conducted in accordance with the International Standard on Auditing 720 and limited solely to the estimate of business report's consistency with the audited financial statements. In our opinion the business report is compliant with the audited financial statements.

DELOITTE REVIZIJA d.o.o.

Yuri Sidorchuk
President of the Board
Certified auditor

Deloitte.
DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

*For signature please refer to the original
Slovenian version.*

Ljubljana, 12 April 2016

FOR TRANSLATION PURPOSES ONLY – SLOVENE ORIGINAL PREVAILS

Annex 1: Transparency of Financial Relations and Maintenance of Separate Accounts for Different Activities

In accordance with the Transparency of Financial Relations and Maintenance of Separate Accounts for Different Activities Act (ZPFOLERD, Official Gazette of the Republic of Slovenia, No. 33/2011), DARS d. d. discloses items regarding transactions it performs on behalf and for the account of the Republic of Slovenia pursuant to Article 4 of MCRSA-1 separately from transactions performed in its name and for its account, namely motorway construction and reconstruction, operation and management thereof and toll collection.

Pursuant to Article 4 of MCRSA-1 and the Performance Contract, DARS d. d. performs tasks related to the spatial planning and arrangement of motorways in space and acquisition of real estate for the needs of motorway construction. These transactions are managed as transactions for foreign accounts. DARS d. d. records receivables towards the Republic of Slovenia for services performed. The funds for such transactions are guaranteed from the budget of the Republic of Slovenia in accordance with Article 10 of MCRSA-1. In 2012, the Republic of Slovenia and DARS d. d. concluded the Agreement on the Performance of Contracts on the basis of Article 4 of MCRSA-1 and on its basis an annual implementation contract for 2015 that regulated mutual relations in 2015. The implementation contract for 2015 defined the contents and the planned value of performed works, the company's compensation for performed tasks and the dynamics of calculating and paying for services included in the contract.

On the basis of the annual implementation contract for 2015, DARS d. d. is entitled to compensation that is harmonised with the actual implemented number of hours. The costs of the performed tasks arising in relation to third parties are charged in full to the Republic of Slovenia with DARS d. d. re-invoicing the Republic of Slovenia for such costs.

DARS d. d. shows fees from the Performance Contract that the Republic of Slovenia recognises to DARS d. d. for implemented orders as revenue from the costs of activities for the spatial planning and arrangement of motorways in space and acquisition of real estate required for the needs of motorway construction. Under costs of activities for the spatial planning and arrangement of motorways in space and the acquisition of real estate required for the needs of motorway construction, the company shows the costs of the Spatial Planning Department, Legal Service, Finance and Accounting Service, Investments Division (general), Controlling and International Relations that are related to activities for the spatial planning and arrangement of motorways in space and the acquisition of real estate required for motorway construction.

In 2015, the company posted a profit of €16,766 from operations connected to the activities defined under Article 4 of MCRSA-1.

The company implements the construction and reconstruction of motorways that it operates and manages, maintains and implements toll collection within the scope of concession activities that the company performs in its name and for its account. Under revenue from concession activities, the company includes all revenue except revenue under performance contracts, while costs include all costs except costs of the Spatial Planning Department, Legal Service, Finance and Accounting Service, Investments Division (general), Controlling and International Relations that are related to activities for the spatial planning and arrangement of motorways in space and the acquisition of real estate required for motorway construction.

Individual items are explained in detail in the Notes to the Financial Statements.

The company does not prepare a separate balance sheet due to the negligible significance of individual items. Tangible fixed assets and the associated amortisation costs are allocated among activities in accordance to the aforementioned division.

Income Statement by Activities for the Period from 1 January to 31 December 2015

in EUR (without cents)	Performance Contract	Concession Agreement	Total
1. Net sales revenue	407,016	360,473,078	360,880,094
Toll revenue	0	349,925,047	349,925,047
Revenue from rest stop leases	0	7,071,880	7,071,880
Revenue from closures and overweight load transports	0	908,124	908,124
Revenue from easements for base stations and others	0	856,090	856,090
Revenue from performance contracts	407,016	0	407,016
Revenues from lease of optical fibres	0	771,393	771,393
Other sales revenue	0	940,544	940,544
3. Capitalised own products and services	0	1,695,339	1,695,339
4. Other operating revenue	0	7,892,818	7,892,818
5. Costs of goods, materials and services	-36,095	-35,836,313	-35,872,408
a) Purchase value of goods and material sold and costs of material used	-3,882	-9,279,963	-9,283,845
b) Costs of services	-32,213	-26,556,349	-26,588,563
6. Labour costs	-352,343	-35,479,723	-35,832,067
a) Costs of salaries and wages	-281,909	-26,132,917	-26,414,827
b) Social security and pension insurance costs	-52,636	-5,160,451	-5,213,087
c) Other labour costs	-17,797	-4,186,355	-4,204,153
7. Write-offs	-653	-149,878,058	-149,878,711
a) Depreciation/amortisation	-653	-149,570,211	-149,570,864
b) Operating expenses from revaluation of intangible assets and tangible fixed assets	0	-125,189	-125,189
c) Revaluation operating expenses from current assets	0	-182,658	-182,658
8. Other operating expenses	-1,159	-29,332,658	-29,333,817
9. Financial revenue from shares	0	0	0
d) Financial revenue from other investments	0	0	0
10. Financial revenue from loans granted	0	2,359,556	2,359,556
b) Financial revenue from loans to others	0	2,359,556	2,359,556
11. Financial revenue from operating receivables	0	28,259	28,259
a) Financial revenue from operating receivables due from Group companies	0	0	0
b) Financial revenue from operating receivables due from others	0	28,259	28,259
12. Financial expenses from impairment and write-off of financial assets	0	0	0
13. Financial expenses from financial liabilities	0	-49,084,319	-49,084,319
b) Financial expenses from loans received from banks	0	-38,344,890	-38,344,890
c) Financial expenses from issued bonds	0	-7,335,306	-7,335,306
d) Financial expenses from other financial liabilities	0	-3,404,123	-3,404,123
14. Financial expenses from operating liabilities	0	-309,137	-309,137
b) Financial expenses from liabilities to suppliers	0	-277,587	-277,587
c) Financial expenses from other operating liabilities	0	-31,550	-31,550
15. Other revenue	0	211,543	211,543
16. Other expenses	0	-310,786	-310,786
17. Tax on profit	0	-12,009,362	-12,009,362
18. Deferred taxes	0	19,691	19,691
19. Net profit or loss for the period	16,766	60,439,928	60,456,694





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