

ANNUAL REPORT

2015



Slovenske železnice

ANNUAL REPORT

of Slovenske železnice, d. o. o. and
the Slovenske železnice Group for

2015

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STATEMENT OF THE DIRECTOR GENERAL



DUŠAN MES

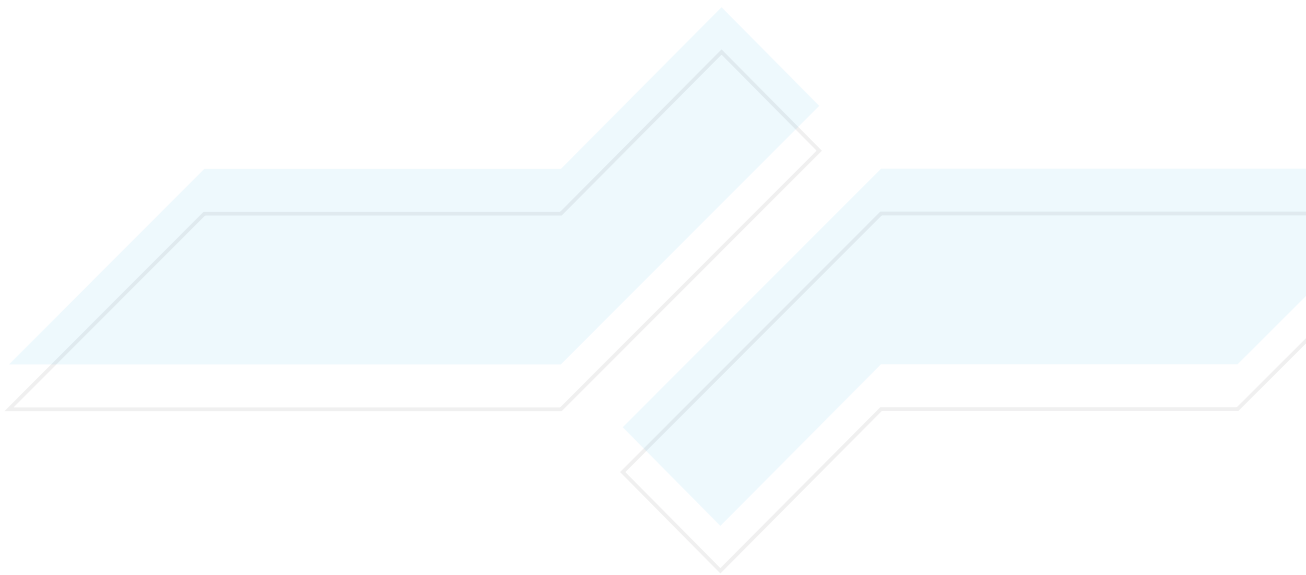
Director General of Slovenske železnice

DEAR SIR/MADAM,

In recent years, Slovenske železnice has considerably improved its operations and again proved to be the backbone of public passenger transport as well as a reliable and competitive freight carrier. For several years in a row it has achieved excellent business results. Particularly successful was last year, as we generated more than EUR 580 million in revenue and net profit equalling a good EUR 23.7 million.

Slovenske železnice has been paving its way with success in a highly competitive international logistics market and further strengthening its role in Slovenia. To achieve this, we first had to successfully eliminate the problems that hindered our development, reduce operating costs and boost revenues by effective measures. Even though we considerably improved operations, the past financial burdens prevented us from securing sufficient funds to finance priority investment projects.

The capital increase in the amount of EUR 110 million, which was implemented in 2015, enabled us to achieve economically sustainable indebtedness and restructure the financial debt of the Slovenske železnice Group. We thus successfully carried out financial restructuring. Net financial liabilities of the Group decreased to EUR 81.5 million, which is three times less than the net financial debt from the year before. This will allow us to continue pursuing the development policies set in the Strategic Business Plan of the Slovenske železnice Group.



SŽ-Tovorni promet (SŽ-Freight Transport) recorded very good business results in a highly competitive international transport market, with 18.6 million tonnes of cargo transported. The company generated operating profit in extremely demanding circumstances, when the operations were still influenced by glaze ice damage – all reconstruction works ended in October – and numerous line closures owing to maintenance and investment projects. By entering the markets of the neighbouring countries, the company has been persistently strengthening its role of a regional carrier in Central and South-Eastern Europe. We will consolidate our position in the future by further developing a network of logistics services, setting up logistics terminals, entering into strategic partnerships and investing in new rolling stock.

By modernising railway lines, revitalising railway stations and boosting complementary activities, the railway passenger transport is becoming the backbone of public passenger transport in Slovenia. Despite intensively eliminating the consequences of the weather disaster in the Primorska region until the end of the summer, we nevertheless transported 14.2 million passengers. Our passengers' satisfaction remains the key objective of passenger transport. Passengers' needs are at the heart of our strategic plans. In the upcoming years we plan to thoroughly overhaul the rolling stock, upgrade information services – including e-ticketing and free Wi-Fi on trains and railway stations – introduce a single ticket for public transport and harmonise train and bus timetables.

The public railway infrastructure operator, SŽ-Infrastruktura, performed all the planned public railway infrastructure maintenance and traffic management tasks. An extremely important task was the elimination of damage on the Ljubljana-Sežana line that was caused by glaze ice, which we successfully carried out. The signing of a long-term agreement for the 2016–2020 period provided the funds for the tasks of the public railway infrastructure operator.

The European transport policy has for some time concentrated on the development of railway infrastructure and there are several large-scale investment projects underway on the Slovenian railway network. Important European transport corridors cross Slovenia and we cannot allow the goods flows to be redirected to foreign railway infrastructure. Therefore, investments in the Slovenian railway network are extremely important and provide the basis for the further development of Slovenian logistics, which is an important driver of the economy.

I would like to take this opportunity to thank business partners for their cooperation and the owners for their support in the financial rehabilitation of the company, and above all to colleagues for a job well done in the year that has been a record year for Slovenske železnice.

Dušan Mes

Director General of Slovenske železnice





REPORT OF THE SUPERVISORY BOARD FOR 2015

COMPOSITION AND FUNCTIONING OF THE SUPERVISORY BOARD AND ITS COMMITTEES

In 2015, the Supervisory Board of Slovenske železnice, d. o. o., performed its work in line with the Rules of Procedure of the Supervisory Board, the Articles of Association of Slovenske železnice, d. o. o., and the applicable regulations. According to the applicable Articles, the major powers of the Supervisory Board include supervising the management of operations, supervising the functioning of the performance of the group of Slovenian railway companies, appointment and dismissal of the management of Slovenske železnice, reviewing and approving the Annual Report and granting approval of the Annual Report of Slovenske železnice and the strategic plan of the Group, the purchase or sale of equity investments exceeding EUR 100 thousand, of real estate worth more than EUR 250 thousand and raising loans and providing guarantees or sureties exceeding EUR 2 million.

According to the applicable Articles of Association, the Supervisory Board has six members, four of whom are appointed and discharged by the founder, and two members who represent the interests of employees and are appointed and dismissed in line with the Workers' Participation in Management Act.

The Supervisory Board, whose four-year term of office started on 10 September 2011, was performing work in the following composition from 1 January 2015 to 10 September 2015: Boris Zupančič, Chairman, members: Lojze Zajc, Viktor Markežič and Dr. Mitja Grbec, all appointed by the founder, and Silvo Berdajs, Deputy Chairman of the Supervisory Board, and Jože Pavšek (member as of 10 June 2014) who was appointed by the Works Council. On 11 September 2015, the new Supervisory Board began its term of office in the composition of: Peter Grašek, Chairman, Bojan Brank, Deputy Chairman, and the members: Aleksander Nagode and Mitja Križaj, all appointed by the founder, and Silvo Berdajs and Jože Pavšek appointed by the Works Council. On 6 October 2015, Peter Grašek handed in his letter of resignation and stepped down from the office of Supervisory Board Chairman and member. The management of the Supervisory Board was taken over by Bojan Brank.

From 1 January 2015 to 10 September 2015 the composition of the Audit Committee of the Supervisory Board was as follows: Lojze Zajc, Chairman, Viktor Markežič, Deputy Chairman, Silvo Berdajs, member, and Tatjana Habjan, external member of the Audit Committee. From 11 September 2015, the Audit Committee operated in the following composition: Mitja Križaj as Chairman, and Aleksander Nagode and Silvo Berdajs as members. Barbara Nose was appointed external member on 19 September 2015.

From 1 January 2015 to 10 September 2015 the composition of the Human Resources Committee of the Supervisory Board was as follows: Boris Zupančič as Chairman and Dr. Mitja Grbec and Jože Pavšek as members. The new Human Resources Committee, in a new composition, consisting of Jože Oberstar as Chairman and Bojan Brank and Jože Pavšek as members was appointed at the meeting in March 2016.

In 2015, the company Slovenske železnice, d. o. o., was managed by Director General Dušan Mes (appointed on 22 March 2012 for a four-year term of office), and members of the management Jelka Šinkovec Funduk (appointed on 29 March 2012 for a four-year term of office; she submitted her resignation on 30 January 2015 whereby her term of office terminated on 30 April 2015), Milan Jelenc (appointed on 14 February 2013 for a four-year term of office), and Workers Director Albert Pavlič (appointed on 14 February 2013 for a four-year term of office). The Supervisory Board exercised its powers and performed its tasks at meetings and through the Audit and Human Resources Committees.

All materials to be discussed by the Supervisory Board, which are in the remit of the Audit Committee according to the Rules of Procedure of the Supervisory Board Committees, were discussed beforehand by the Audit Committee, which regularly reported its conclusions to the Supervisory Board. The Audit Committee prepared a special report on its work in 2015. The Human Resources Committee also reported its conclusions to the Supervisory Board.

MONITORING THE OPERATIONS OF SLOVENSKE ŽELEZNICE, D. O. O., AND THE SLOVENSKE ŽELEZNICE GROUP

In 2015, the Supervisory Board held 12 regular meetings (from 42nd to 48th and from 1st to 5th regular meeting) and voted at five correspondence meetings (from 24th to 27th correspondence meeting and 1st correspondence meeting). The Supervisory Board also held three extraordinary meetings. At each meeting, the Supervisory Board examined the resolutions adopted at the last meeting that had not been implemented, while the realisation of all adopted resolutions in the cumulative period was reviewed by the Supervisory Board quarterly.

The Audit Committee met at eight regular meetings and the Human Resources Committee at five.

All members of the Supervisory Board, which operated until 10 September 2015, were present at all meetings in 2015, except for the 45th regular meeting, from which Supervisory Board member Dr. Mitja Grbec was absent with justification, and the 46th meeting, from which Supervisory Board member Jože Pavšek was absent with justification. At the Supervisory Board meetings, which began on 11 September 2015, Peter Grašek attended only the first one, on 21 September 2016, because he handed in his letter of resignation on 6 October 2015.

The external member Tatjana Habjan was absent from the 38th regular meeting of the Audit Committee with justification, Dr. Mitja Grbec was justifiably absent from the 22nd meeting of the Human Resources Committee and Jože Pavšek from the 23rd meeting.

The Supervisory Board prudently and responsibly monitored the operations of the company and the Group, and supported the implementation of the set business goals through resolutions and decisions. On the basis of monthly information on operations and quarterly reports as well as the information on indebtedness and liquidity prepared by the management, the Supervisory Board was regularly briefed on the performance results and the liquidity situation of the Slovenske železnice Group, the parent company and individual subsidiaries, as well as the implementation of the set business goals. The management also informed the Supervisory Board about other issues relating to operations and prepared the requested additional explanations and reports on any ambiguities and open questions related to operations. Besides resolutions referring to current operations, the Supervisory Board also discussed and adopted position statements on certain important materials as stated below.

FUNCTIONING OF THE SUPERVISORY BOARD FROM 1 JANUARY 2015 TO 10 SEPTEMBER 2015

At the 3rd extraordinary meeting held in January, the Supervisory Board acknowledged the proposal by the management of Slovenske železnice, d. o. o. regarding the resolution of the issue of CHF-denominated debt, past currency risk hedging and measures suggested for hedging against the risk of depreciation of the EUR against the CHF.

At the 42nd regular meeting held in February, the board addressed the proposed Business Plan of the Slovenske železnice Group and the proposed Business Plan of Slovenske železnice, d. o. o. for 2015 including the forecast for 2016–2017, and approved the proposed Business Plan at the 43rd regular meeting, which was held in February. It was also briefed on the assessment of the performance of the Slovenske železnice Group and discussed the comprehensive issue of improving the performance of SŽ-Infrastruktura, d. o. o., and SŽ-ŽGP Ljubljana d. d., as well as the optimisation of business processes at the Slovenske železnice Group. It approved the appointment of Vojka Martinčič as Director of Calidus Sol, d. o. o., for a four-year term of office.

At the 4th extraordinary meeting held in March, it gave a positive opinion on the resolutions proposed by the management of the Slovenske železnice, d. o. o. and issued to Slovenski državni holding, d. d. (Slovenian Sovereign Holding), referring to the increase in capital (recapitalisation) of Slovenske železnice, d. o. o. by way of a cash contribution in the amount of EUR 110.2 million. Moreover, it approved the increase in capital of the subsidiary SŽ-Potniški promet, d. o. o. by EUR 110.2 million, i.e. by way of a non-cash contribution (conversion of the receivable of Slovenske železnice, d. o. o. arising from loans for rolling stock for passenger transport). The Supervisory Board also agreed that procedures be started for raising loans for restructuring the loan of Eurofima, the approval of a short-term revolving line of credit and guarantee facility, and the sale of 5 instalments of the receivable due from the Republic of Slovenia falling due from 2019 to 2023, totalling EUR 67.1 million, as well as the repayment of loans to commercial banks in the total amount of EUR 143.9 million.

At the 44th regular meeting held in April, the Supervisory Board approved the appointment of Boštjan Kovač to the position of Managing Director of SŽ-ŽGP Ljubljana, d. d. for a four-year term of office, and Vojka Martinčič to the position of Director of SŽ-ŽIP, storitve, d. o. o. for a four-year term of office. In addition, it was informed that the member of management – Jelka Šinkovec Funduk, Director, would

cease to occupy the position of Director on 30 April 2015 owing to the letter of resignation submitted on 30 January 2015.

At the 25th correspondence meeting, which was held in May, the Supervisory Board agreed that a short-term revolving loan be raised.

At the 45th regular meeting held in June, it discussed the Annual Report of Slovenske železnice, d. o. o. and of the Slovenske železnice Group for 2014 as well as the unaudited Annual Reports of subsidiaries from the Slovenske železnice Group for 2014, and examined the operations of Slovenske železnice in the I-III 2015 period as well as the Register of Recommendations of Internal Audit from 2012 to 2015.

At the 26th correspondence meeting held in June, it agreed to the sale of five instalments of the receivable due from the Republic of Slovenia and falling due from 2019 to 2023 in the amount of EUR 67.1 million to the consortium of banks composed of NLB, d. d., UniCredit Banka Slovenije, d. d., and Banka Koper, d. d. on 30 June 2015.

At the 46th regular meeting held in July, the Supervisory Board examined the Audited Annual Report of Slovenske železnice, d. o. o. and of the Slovenske železnice Group for 2014 and the proposal by the management of Slovenske železnice, d. o. o. that distributable profit of Slovenske železnice, d. o. o. totalling EUR 2,794,789.33 as at 31 December 2014 remain undistributed. It had no comments as to the Annual Report and it gave a positive opinion on the Auditor's Report. The Supervisory Board and the management of Slovenske železnice, d. o. o. proposed that the founder be briefed on the Report of the Supervisory Board on the review of the Annual Report and Consolidated Annual Report of Slovenske železnice, d. o. o. and the Slovenske železnice Group for the 2014 financial year, saying that the distributable profit of Slovenske železnice, d. o. o. totalling EUR 2,794,789.33 as at 31 December 2014 remain undistributed (part of net profit for the financial year 2014 was used for covering the loss brought forward equalling EUR 6,518,878.31 according to Article 230, paragraph 1 of the ZGD-1), and to grant a discharge from liability to the Supervisory Board and management of the company for the 2014 financial year. It supported the proposal that the management of Slovenske železnice, d. o. o. should after the end of the term of office of the management member Jelka Šinkovec Funduk continue in a composition of three members until the fourth member was appointed by the new Supervisory Board, the term of office of which would commence in September 2015. It agreed with the management's proposal to conclude an out-of-court settlement regarding the title to land in the area of the Moste container terminal and ŽAK real estate. It adopted the performance criteria for setting acceptable remuneration for 2015 and suggested changed remuneration of Supervisory Board members to the Slovenian Sovereign Holding.

At the 27th correspondence meeting, which was held in July, it agreed with the conclusion of an agreement on a long-term loan in the amount of EUR 35 million to repay the liabilities to Eurofima, with the final due date being 31 July 2019.

At the 47th regular meeting in August, it gave approval of the launch of procedure for selling real estate owned by Slovenske železnice, d. o. o. and SŽ-Tovorni promet, d. o. o. in the area of the Moste freight railway station, which is located between Kajuhova and Letališka cesta in Ljubljana and the main railway line.

At its 48th meeting, in September, the Supervisory Board approved the discharge of Tomaž Martin Jamnik from the position of Director of Fersped, mednarodna špedicija, d. o. o. as of 8 September 2015, and gave consent to the appointment of Jožef Petrovič to the position of Director of Fersped, mednarodna špedicija, d. o. o. for a four-year term of office. It was also briefed on the unaudited report on the operations of the Slovenske železnice Group and Slovenske železnice, d. o. o. in the period January–June 2015. The Supervisory Board agreed that a short-term revolving loan be raised and agreements signed on a guarantee facility.

FUNCTIONING OF THE SUPERVISORY BOARD FROM 11 SEPTEMBER 2015 TO 31 DECEMBER 2015

At the 1st meeting in September, Peter Grašek was elected Chairman of the Supervisory Board and Bojan Branko was elected Deputy Chairman. The Audit Committee was appointed in the following composition: Mitja Križaj as Chairman, and Aleksander Nagode and Silvo Berdajs as members.

At the 2nd meeting, which was held in October, the Supervisory Board was briefed on the submission of a binding bid for the purchase of a 97.31% stake in Avrigo, d. o. o. At the 1st extraordinary meeting in October, it acknowledged the submission of an improved binding bid for the acquisition of a 97.31% stake in Avrigo, d. o. o., and approved the purchase of the equity stake in Avrigo, d. o. o.

At the 4th meeting in November, the Supervisory Board proposed to the founder that Deloitte Revizija, d. o. o., Dunajska cesta 165, 1000 Ljubljana be selected to audit the financial statements of Slovenske železnice, d. o. o. and the consolidated financial statements of the Slovenske železnice Group, i.e. for the period from 2015 to 2018. It also familiarised itself with the Information on the operations of Slovenske železnice in the I–IX 2015 period and the explanations of the directors of subsidiaries about the situation in railway infrastructure and the issue of railway freight transport

as well as the activities planned to set up a comprehensive risk management system at the Slovenske železnice Group.

At the 1st correspondence meeting, the Supervisory Board approved the appointment of Boštjan Koren, MSc. to the position of Director of SŽ-Potniški promet, d. o. o. for a four-year term of office.

At its 5th meeting, the Supervisory Board reviewed the material Strategic Business Plan of the Slovenske železnice Group for the 2016–2020 period, and the letter of intent to form a strategic partnership in freight transport.

WORK OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD

In 2015, the Audit Committee discussed various materials, especially on financial reporting, internal controls and the risk management system. With the recommendations arising from its conclusions, the Audit Committee advised and proposed certain solutions to some problems. In 2015, the Audit Committee adopted 90 audit conclusions.

It actively monitored and supervised the operations of Slovenske železnice and the reorganisation and centralisation procedure, and provided expert support to the Supervisory Board. To maximise the success and efficiency of corporate governance, the Audit Committee paid special attention to constructive cooperation with the management, pointing out deficiencies, implementing the internal audit recommendations, illegalities and poor cost-effectiveness.

The Audit Committee devoted most attention to:

- risk management and the efficiency of the internal control system;
- monitoring the work of internal audit;
- monitoring financial reporting;
- monitoring the mandatory external audit of annual and consolidated financial statements;
- monitoring the implementation of internal audit recommendations, the recommendations of the external auditors of financial statements and the recommendations made on the basis of legal and economic reviews of transactions;
- cooperation with the external auditor of financial statements.

The Audit Committee monitored risk management and the efficiency of the internal control system by:

- reviewing the financial and liquidity situation of the Slovenske železnice Group;
- discussing the strategic documents of the Slovenske železnice Group;
- discussing the proposed investment plans of the Slovenske železnice Group;
- monitoring strategic IT policies of the Slovenske železnice Group;
- paying attention to identifying major individual and system irregularities and the related non-functioning of internal controls.

The Audit Committee paid special attention to financial risks and management, and to the true and fair presentation of the financial position of Slovenske železnice.

In 2015, the Audit Committee monitored the efficiency and effectiveness of internal auditing, which included a review of the compliance with the International Standards for the Professional Practice of Internal Auditing. It approved the Internal Audit Department's Action Plan for 2015 and monitored its implementation on a quarterly basis. It familiarised itself with the report on the work of the Internal Audit Department for 2014.

The Audit Committee acknowledged and, within the scope of its powers, gave an opinion on the project for information system redesign, the Accounting Rules, the Transfer Pricing Policy and the Transfer Pricing Rules.

It also discussed the Annual Report of Slovenske železnice and the Consolidated Annual Report of the Slovenske železnice Group for 2014. It proposed to the Supervisory Board that it take a positive stance on the Audited Annual Report of Slovenske železnice and the Slovenske železnice Group for 2014 and to approve the Auditor's Report after discussions with the external auditor of financial statements and some necessary supplements. The Audit Committee proposed to the founder that it acknowledge the Supervisory Board's report on review of the Annual Report and Consolidated Report for 2014 and to adopt them.

In 2015, the Audit Committee examined and discussed the interim financial statements and monitored the implementation of the plan of individual companies and the Slovenske železnice Group as a whole as well as participated in the procedure for selecting the auditor of financial statements.

WORK OF THE HUMAN RESOURCES COMMITTEE OF THE SUPERVISORY BOARD

The Human Resources Committee discussed and proposed to the Supervisory Board that it issue approval for the appointment of Director of Calidus Sol, d. o. o., Savudrija, issue approval of the individual employment contract for the position of project manager to unify the code books of materials and services and establish the MM and Sourcing SAP modules, issue approval of the individual employment contract for the position of project manager to Assistant Secretary General, the individual employment contract for the position of project manager for FI module integration and the establishment of SD in the SAP system, issue approval for the appointment and individual employment contract for the position of Director of SŽ-Tovorni promet, d. o. o., issue approval for the appointment and individual employment contract for the position of Director of SŽ-ŽIP, storitve, d. o. o., issue approval for the appointment and individual employment contract for the position of Managing Director of SŽ-ŽGP Ljubljana, d. d., and that it issue approval for the appointment and individual employment contract for the position of Director of Fersped, d. o. o.

It also discussed the information on employees holding the position of project manager at the Slovenske železnice Group and the basic information about projects, and was informed that the office of a management member had been terminated based on the member's letter of resignation.

It adopted new Rules and elements for the conclusion of individual employment contracts, set the basis for salary payment under individual employment contracts in the Group for 2015, specified the Performance criteria for setting variable earnings for 2015 and discussed the proposed changes to remuneration of Supervisory Board members and the remuneration policy of the management body as well as the harmonisation of other rights of management members at the Slovenske železnice Group.

PRESENTATION OF THE ANNUAL REPORT AND THE CONSOLIDATED ANNUAL REPORT

The Annual Report for 2015 shows that the upward trend in basic performance indicators of the Slovenske železnice Group continued in 2015. EBIT of the Slovenske železnice Group amounted to EUR 38.5 million and was 59.3% higher than the year before and 47.3% above the plan. Net profit stood at EUR 23.7 million, exceeding the plan by EUR 7.4 million.

Operating revenues totalled EUR 580.9 million, which is 9.5% or EUR 50.4 million more than planned and 4.3% or EUR 23.7 million more than the year before. EBIT margin rose from 4.3% to 6.6% and EBITDA margin from 10.6% to 12.5%. Value added per employee was 13.4% higher than in 2014, which was mainly due to the increase in revenues.

Equity grew from EUR 165.0 million to EUR 293.1 million. The Republic of Slovenia increased the capital of Slovenske železnice, d. o. o. and Slovenske železnice, d. o. o. with a cash contribution in the amount of EUR 110.2 million, and it recapitalised SŽ-Potniški promet, d. o. o. by the same amount, while the non-cash contribution was in the form of a conversion of a receivable due from SŽ-Potniški promet, d. o. o. equalling EUR 110.2 million and arising from loans for the rolling stock of SŽ-Potniški promet, d. o. o.

The financial restructuring plan was successfully implemented. All loans of Slovenske železnice, d. o. o. were repaid, i.e. EUR 158.8 million to commercial banks, EUR 110.2 million worth of loans of SŽ Potniški promet were repaid through the use of recapitalisation funds, and EUR 48.6 million of loans of Slovenske železnice, d. o. o. and SŽ Tovorni promet, d. o. o. were repaid through the use of funds from the sale of five instalments of the receivable due from the Republic of Slovenia. Thus, net financial liabilities of the Slovenske železnice Group decreased from EUR 259.4 million at the end of 2014 to EUR 81.5 million at the end of December 2015, and the level of indebtedness, measured as the ratio between net financial liabilities and EBITDA, dropped from 4.4 to 1.1.

Return on equity (ROE) grew from 9.1% to 10.4%, which is below the average target ROE of the state's equity investments.

POSITION ON THE AUDITOR'S REPORT AND PROPOSED RESOLUTIONS FOR THE FOUNDER

Business Report is consistent with the audited financial statements. Positive Auditor's Reports were obtained also for all companies from the Slovenske železnice Group.

The Audited Annual Report of Slovenske železnice, d. o. o. and the Audited Consolidated Annual Report of the Slovenske železnice Group for 2015 were discussed by the management at its meeting held on 29 June 2016, and were submitted along with the independent auditor's opinion on the following day and in accordance with Article 272, paragraph 3 of the Companies Act (ZGD-1) to the Supervisory Board for review and verification.

After reviewing and examining the Business Report and the Financial Report for 2015, the Supervisory Board established that the Audited Annual Report and the Consolidated Annual Report for the 2015 financial year were compiled clearly and transparently as well as in line with the provisions of the Companies Act. The Business Report is consistent with the audited financial statements. After final review of the Audited Annual Report, the Supervisory Board of Slovenske železnice, d. o. o. had no comments thereto and expressed a positive opinion as to the Auditor's Report. Thus, it approved the Annual Report of Slovenske železnice, d. o. o. and of the Slovenske železnice Group for 2015.

The Supervisory Board and the management of Slovenske železnice, d. o. o. propose to the founder of the company that it pass the following resolution:

- to acknowledge the Report of the Supervisory Board on the review of the Annual Report and the Consolidated Annual Report of Slovenske železnice, d. o. o. and of the Slovenske železnice Group for the 2015 financial year;
- to acknowledge that a part of net profit for the 2015 financial year was used according to the ZGD-1 for establishing legal reserves in the amount of EUR 829,108 and that distributable profit for 2015 was EUR 23,673,992;
- to approve the proposal for the appropriation of distributable profit, which equalled EUR 23,673,992 as at 31 December 2015:
 - a part of the distributable profit in the amount of EUR 3,000,000 shall be used for participation in profit;
 - the remaining portion of the distributable profit in the amount of 20,673,992 shall remain undistributed;
- to grant a discharge from liability to the Supervisory Board and the management of the company for the 2015 financial year. Claims for damages may also be filed against persons who have been granted a discharge from liability.

Ljubljana, 13 July 2016

Bojan Brank

Chairman of the Supervisory Board



INTRODUCTION

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PARENT COMPANY PROFILE

COMPANY NAME:

Slovenske železnice, d. o. o.

ADDRESS:

Kolodvorska ulica 11
1506 Ljubljana
Slovenia

Telephone: +386 (01) 291 40 00

E-mail: info@slo-zeleznice.si

Website: www.slo-zeleznice.si

MANAGEMENT:

Director General:	Dušan Mes
Member of management:	Milan Jelenc
Member of management:	Tomaž Kraškovic
Workers Director:	Albert Pavlič

SUPERVISORY BOARD MEMBERS:

Chairman:	Bojan Brank
Deputy Chairman:	Aleksander Nagode
Members:	Silvo Berdajs
	Mitja Križaj
	Jože Oberstar
	Jože Pavšek

OTHER DATA ON THE COMPANY

Main activity: 70.100 (Activities of head offices)

Quality certificate: ISO 9001:2008, December 2015

Environment certificate: ISO 14001:2004, December 2014

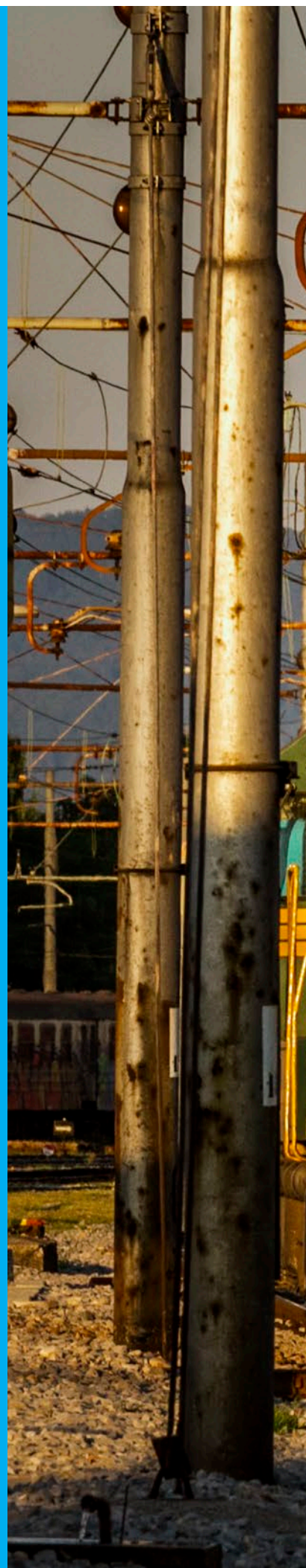
Transaction accounts:

IBAN SI56 1010 0000 0049 950	(T)	BANKA KOPER, d. d.
IBAN SI56 0600 0105 9383 471	(T)	BANKA CELJE, d. d.
IBAN SI56 2420 3900 4106 262	(T)	RAIFFEISEN BANKA, d. d.
IBAN SI56 2900 0000 1861 966	(T)	UNICREDIT BANKA SLOVENIJA, d. d.
IBAN SI56 0292 3001 9346 887	(T)	NOVA LJUBLJANSKA BANKA, d. d.
IBAN SI56 0700 0000 1805 260	(T)	GORENJSKA BANKA, d. d.

Registration number: 10537000

Comp. ID number: 5142733000

VAT ID number: SI18190995





BASIC DATA ON SUBSIDIARIES

	SŽ-Tovorni promet. d. o. o.,	SŽ-Potniški promet. d. o. o.,	SŽ-Infrastruktura. d. o. o.,
Address	Kolodvorska ulica 11 1000 Ljubljana	Kolodvorska ulica 11 1000 Ljubljana	Kolodvorska ulica 11 1000 Ljubljana
Main activity	49,200 (Railway freight transport)	49,100 (Railway freight transport)	68,320 (Management of real estate on a fee or contract basis)
Registration number	/	/	/
Comp. ID number	6017231000	6017274000	6017177000
VAD ID number	SI84667044	SI89393686	SI94995737
Management	Melita Rozman Dacar Drago Savič (Workers Director)	Boštjan Koren Ramzija Cinec (Workers Director)	Matjaž Kranjc Matjaž Skutnik (Workers Director)
Supervisory Board	/	/	/
General Meeting	Founder SŽ. d. o. o.	Founder SŽ. d. o. o.	Founder SŽ. d. o. o.

	SŽ-VIT, d. o. o.	SŽ-ŽIP storitve, d. o. o., Ljubljana	SŽ-Železniško gradbeno podjetje Ljubljana, d. d.
Address	Zaloška cesta 217 1000 Ljubljana	Kolodvorska ulica 11 1000 Ljubljana	Ob zeleni jami 2 1000 Ljubljana
Basic activity	33.170 Repair and maintenance of other transport equipment	80.100 Security	42.120 Construction of railways and underground railways
Registration number	12596100	12501700	10011300
Comp. ID number	5865824000	5824290000	5143004000
VAD ID number	SI99181762	SI61613223	SI46621474
Management	Dušan Žičkar Zdravko Skrbiš (Workers Director)	Vojka Martinčič Vesna Berdajs (Workers Director)	Anton Žagar Robert Rožič Boštjan Kovač
Supervisory Board / Management Board at ŽGP	/	/	Members of the Board of Directors: Gorazd Podbevšek Dušan Mes Anton Žagar Boštjan Kovač Piškur Pavel
General Meeting	Founder SŽ, d. o. o.	Founder SŽ, d. o. o.	General Meeting

Prometni institut Ljubljana,
d. o. o.

SŽ-Železniška tiskarna
Ljubljana, d. d.

Fersped, d. o. o.

Address	Kolodvorska ulica 11 1000 Ljubljana	Hladilniška pot 28 1000 Ljubljana	Parmova ulica 37 1000 Ljubljana
Basic activity	72.200 Research and experimental development in social sciences and humanities	18.120 Other printing	52.290 Other transportation support activities
Registration number	11645100	10004600	10125000
Comp. ID number	5674522000	5142881000	5069084000
VAD ID number	SI34722645	SI41764544	SI76557995
Management	Peter Verlič	Janez Brezovar	Metod Podkrižnik
Supervisory Board / Management Board at ŽGP	/	Boštjan Koren Istok Puš Miran Parkelj	/
General Meeting	Founder SŽ, d. o. o.	General Meeting	Founder SŽ, d. o. o.

Note:

Since on the basis of the requested corrective action of the Court of Audit issued on 31 December 2011, Slovenske železnice, d. o. o., derecognised the long-term investment in the SŽ ŽZD institute (investment in shares or interest) and temporarily disclosed a financial receivable arising therefrom, SŽ ŽZD has been excluded from the consolidated financial statements of the Slovenske železnice Group.

KEY FINANCIAL AND PERFORMANCE FIGURES

Income statement (EUR thousand)	Slovenske železnice Group			Slovenske železnice, d. o. o.		
	2015	2014	Index	2015	2014	Index
Operating revenues	580,884	557,189	104.3	59,278	33,313	177.9
Revenues from transport services	191,975	196,708	97.6			
Revenues under agreements with the Government of RS	154,002	146,332	105.2			
Other operating revenues	234,907	214,149	109.7	59,278	33,313	177.9
Operating expenses	542,389	533,024	101.8	38,405	22,614	169.8
Operating profit/loss - EBIT	38,495	24,165	159.3	20,873	10,699	195.1
EBITDA	72,804	59,110	123.2	21,863	12,372	176.7
Total profit/loss	25,213	15,437	163.3	17,247	9,886	174.5
Net profit/loss	23,707	14,550	162.9	16,582	9,314	178.0
Balance sheet (EUR thousand)	31. 12. 2015	31. 12. 2014	Index	31. 12. 2015	31. 12. 2014	Index
Assets	573,531	607,898	94.3	527,909	583,383	90.5
Equity	293,100	164,971	177.7	283,501	159,948	177.2
Financial liabilities	144,050	293,651	49.1	206,694	337,620	61.2
Non-current liabilities	134,634	117,156	114.9	133,424	116,350	114.7
Current liabilities	9,416	176,495	5.3	73,270	221,270	33.1
Net financial liabilities	81,453	259,374	31.4	22,379	22,002	101.7
Current operating receivables	70,117	93,735	74.8	3,788	4,024	94.1
Current operating liabilities	83,654	81,261	102.9	13,442	4,312	311.7
Investment, performance, and employees	2015	2014	Index	2015	2014	Index
Investment (EUR thousand)	24,191	25,303	95.6	2,128	489	435.1
Goods carried (thousand t)	18,595	18,783	99.0			
Volume sold (million net tkm)	4,363	4,278	102.0			
Passengers (thousand)	14,559	14,837	98.1			
Volume sold (million pkm)	709	697	101.7			
Employees	7,740	8,069	95.9	456	461	98.9
Average number of employees	7,907	8,088	97.8	459	458	100.2
Indicators	2015	2014	Index	2015	2014	Index
EBIT in operating revenues (%)	6.6	4.3	153.5	35.2	32.1	109.7
EBITDA in operating revenues (%)	12.5	10.6	117.9	36.9	37.1	99.5
Value added per employee (EUR)	43,404	38,270	113.4	106,211	42,627	249.2
Labour cost portion in operating revenues (%)	43.0	43.8	98.2	25.0	44.8	55.8
Liability portion in assets (%)	25.1	48.3	52.0	39.2	57.9	67.7
ROE Return on equity (%)	10.4	9.1	114.3	7.5	6.0	125.0
ROA Return on assets (%)	4.0	2.3	173.9	3.0	1.5	200.0
ROCE Return on capital employed (%)	8.6	4.9	175.5	4.2	2.1	200.0
Net debt/EBITDA	1.1	4.4	25.0	1.0	1.8	55.6
Net debt/equity	0.3	1.6	18.8	0.1	0.1	100.0

Note:

¹ The calculation of ROE – Net return on equity for 2014 is matched with the calculation methodology for 2015.

Key:

Total profit/loss = EBIT+Result of financial flows + Result of other flows (pre-tax)

Net profit/loss = Total profit/loss - income tax

Financial liabilities = Current and non-current financial liabilities

EBITDA = EBIT + amortisation

Value added per employee = Operating revenues reduced by the cost of goods, material, services and other operating expenses and divided by the average number of employees based on hours worked.

ROE = net profit/average equity

ROA = net profit/average assets

ROCE: EBIT/average capital + average financial liabilities

Net financial liabilities: financial liabilities - cash and cash equivalents - short-term investments - long-term loans to companies in the Group

EVENTS IN 2015

On 5 January, passenger trains with Siemens Desiro units started running between Sežana and Opčine, after having obtained a security clearance in December 2014.

Between 12 and 15 January Ljubljana hosted the traditional Forum Train Europe (FTE) for the preparation of international timetables in the 2015/2016 season.

On 15 January, the Swiss Central Bank abandoned the cap on the Swiss franc at 1.2 francs per euro set in 2011 and the euro plunged to a record low. The effects (exchange rate differences) are reflected in the income statement, influencing net operating profit and in the balance sheet as an increase or decrease in financial liabilities.

On 1 February, the company SI Cargo Logistics started operating in Belgrade with the aim of expanding to the markets of Serbia and its neighbouring countries.

On 27 February, Annex no. 12 was signed with the Government of the Republic of Slovenia, for the period from 1 January 2015 to 31 May 2015, to the Agreement on the provision of public railway infrastructure operator services for the period from 1 January 2013 to 31 December 2015 and Annex no. 18 was signed, for the period from 1 January 2015 to 30 June 2015, to the Agreement no. 3/2010-2019 on obligatory public utility service of inland and cross-border railway passenger transport for the period 2010-2019.

At its 43rd meeting held on 5 March 2015, the Supervisory Board of Slovenske železnice, d. o. o. approved the proposed Business Plan of Slovenske železnice, d. o. o. for 2015 with the projection for 2016-2017.

In the matter of registration Srg 2015/10921, the Krško District Court decided that the company CE-DINO Projektno tehnični servis, d. o. o., Zavratac 42, Studenec, reg. ID no. 2212056000 be stricken from the Register of Companies.

The Ministry of Infrastructure submitted for interministerial coordination the Partial report on recording, determining and accounting eligible expenses and loss in revenue related to the organisation and operation of railway transport during the reconstruction and re-establishment of electric traction from 30 January 2014 to 31 December 2014 on the Borovnica Pivka railway line section, and the Methodology for recording, determining and accounting eligible expenses and loss in revenue related to the organisation and operation of railway transport during the reconstruction and re-establishment of electric traction on the Borovnica Pivka railway line section.

In early April, the Ministry of Infrastructure and the Ministry of Finance filed in government procedure the materials for capital increase of Slovenske železnice, d. o. o. in the amount of EUR 110.2 million. The Government discussed the materials and decided that it would make a final decision thereon after the adoption of the amendment to the Implementation of the Republic of Slovenia's Budget for 2014 and 2015 Act.

At the end of April, the grace period on the payment of principals to all creditor banks in the total amount of EUR 129.5 million was extended until 30 June 2015.

A member of the management of Slovenske železnice, d. o. o., Jelka Šinkovec Funduk, submitted her letter of resignation from the position of management member, based on which her term of office terminated on 30 April 2015.

To reduce the exposure to currency risk and for hedging purposes, we purchased a foreign exchange option at EUR/CHF exchange rate of 1.02, in the amount of CHF 36.0 million on 29 July 2015, which equals the first tranche of the Eurofima loan.

JANUARY

FEBRUARY

MARCH

APRIL

MAY

The Government of the Republic of Slovenia was briefed on the Partial report on recording, determining and accounting eligible expenses and loss in revenue related to the organisation and operation of railway transport during the reconstruction and re-establishment of electric traction from 30 January 2014 to 31 December 2014 on the Borovnica-Pivka railway line section. The Government of the Republic of Slovenia acknowledged the Methodology for recording, determining and accounting eligible expenses and loss in revenue related to the organisation and operation of railway transport during the reconstruction and re-establishment of electric traction at the Borovnica-Pivka railway line section.

We participated in the largest European transport and logistics trade fair in Munich, where we met all major partners and buyers.

On 28 May, an agreement was signed in Pazin with four Istrian municipalities: Buzet, Pazin, Vodnjan and Pulj, signifying the start of new tourist connections with the Croatian Istria and at the same time of long-term cooperation with the partners in this area.

JUNE

On 18 June 2015, the National Assembly of the Republic of Slovenia adopted the Act Amending the Implementation of the Republic of Slovenia Budget for 2014 and 2015 Act (ZIPRS 1415-E), the new Article 39.a of which defines the provision of funds for acquiring the state's equity investments.

On 24 June, Slovenian Sovereign Holding passed a resolution that the equity of Slovenske železnice, d. o. o. should increase by EUR 110.2 million. The capital was increased by way of a cash contribution made by the Republic of Slovenia upon the entry into effect of ZIPRS 1415-E on 30 June 2015. On the basis of the capital increase under this resolution, the Republic of Slovenia gained an equity stake in Slovenske železnice, d. o. o. in the nominal amount of EUR 110.2 million, which, together with the original equity stake in the nominal amount of EUR 95.1 million, combined into an equity stake in the nominal amount of EUR 205.3 million. The funds provided for capital increase will be used to repay the bank loans raised to perform the obligatory public utility service of passenger transport. The financial debt of the subsidiary SŽ-Potniški promet, d. o. o. to Slovenske železnice, d. o. o. will decrease by the said amount and its capital will increase by delivery of a non-cash contribution (conversion of the receivable of Slovenske železnice, d. o. o. arising from loans for rolling stock for passenger transport).

The Supervisory Board of Slovenske železnice, d. o. o., agreed with the sale of five instalments of the receivable due from the Republic of Slovenia falling due from 2019 to 2023 in the amount of EUR 67.1 million.

The above measures will be carried out to repay all financial liabilities to commercial banks and thus decrease the level of indebtedness of the Slovenske železnice Group, which is measured as a ratio between net financial liabilities and EBITDA, from 4.4 at the end of 2014 to the estimated 2.4 at the end of June 2015.

JULY

On 1 July the management of Slovenske železnice, d. o. o., adopted a resolution to increase the capital of SŽ-Potniški promet, d. o. o. by way of a non-cash contribution (conversion of the receivable of Slovenske železnice, d. o. o. arising from loans for rolling stock for passenger transport) and a resolution to pass the Act Amending and Supplementing the Articles of Association of SŽ-Potniški promet, d. o. o.

On 3 July, Slovenske železnice, d. o. o. sold five instalments of the receivable due from the Republic of Slovenia in the gross amount of EUR 67.1 million, for which it received EUR 54.1 million (net value). At the same time, it repaid all loans to commercial banks amounting to EUR 158.8 million, EUR 110.2 million of which were loans of SŽ Potniški promet, d. o. o. and were repaid through the use of recapitalisation funds, and EUR 48.6 million of loans of SŽ, d. o. o. and SŽ Tovorni promet, d. o. o. that were repaid through the use of funds from the sale of five instalments of the receivable due from the Republic of Slovenia.

At its 46th meeting held on 7 July 2015, the Supervisory Board of Slovenske železnice, d. o. o. compiled a written report of the Supervisory Board on the review of the Annual Report and Consolidated Annual Report for the founder and passed a resolution approving the Audited Annual Report of Slovenske železnice, d. o. o. and of the Slovenske železnice Group for 2014.

On 14 July, proposals for increasing the capital of Slovenske železnice, d. o. o. and SŽ-Potniški promet, d. o. o. were filed in the Register of Companies. The increase in capital of Slovenske železnice, d. o. o. was entered in the Register of Companies on the basis of a court decision dated 14 July 2015 and the increase in capital of SŽ-Potniški promet, d. o. o. was entered on 21 July 2015.

On 22 July, the management and the Supervisory Board approved the long-term borrowing for rescheduling the liabilities to Eurofima in the amount of EUR 35 million, whereby the loan was from the consortium of banks comprising of Sberbank, d. d. and NLB, d. d., and the Ministry of Finance gave its final approval for this on 24 July 2015.

On 29 July, the first tranche of the credit facility from 2008 for financing the purchase of locomotives in the amount of CHF 36 million was repaid to Eurofima, financed by the long-term loan raised from NLB and Sberbank.

JULY

On 31 August, after the restoration of the railway line following the damage caused by glaze ice, passenger trains started running again towards the region of Primorska.

On 11 August, we offered passengers a new combined transport to the express trains from Trieste to Venice, Milan, Turin, Florence and Rome and from Graz to Vienna, Brno and Prague. The new service of Slovenske železnice significantly strengthened the transport connections of Slovenia – especially Ljubljana and the Coast – with Europe.

AUGUST

On 9 September, Jožef Petrovič was appointed Director of Fersped, d. o. o. for a four-year term of office.

On 11 September, new members of the Supervisory Board of Slovenske železnice, d. o. o. were appointed for a four-year term of office: Peter Grašek, Bojan Brank, Aleksander Nagode and Mitja Križaj, by the founder of the company, and Silvo Berdajs and Jože Pavšek by the Works Council of associated companies. The constitutive meeting was held on 21 September 2015. At this meeting, Peter Grašek was elected Chairman of the Supervisory Board and Bojan Brank Deputy Chairman.

SEPTEMBER

On 6 October, Peter Grašek resigned from the Supervisory Board and until a new Chairman was appointed, the Supervisory Board was chaired by the Deputy Chairman Bojan Brank.

On 22 October the Government of the Republic of Slovenia established that, owing to the migration situation, special circumstances had arisen in railway transport in Slovenia, so it made a list of priority transport services in railway transport. At the same time it stipulated that Slovenske železnice should record all funds for reimbursement of expenses arising from the migration flow, namely for the performance of obligatory public utility service, for losses due to suspended international and inland railway transport and for introducing special passenger trains in inland transport.

OCTOBER

NOVEMBER

The Act Amending the Railway Transport Act (ZZelP-J) entered into force on 21 November. The main changes chiefly result from the transposition of Directive 2012/34/EU. The most significant change for the Slovenske železnice Group is the transfer of tasks from the Public Agency for Railway Transport to SŽ-Infrastruktura, d. o. o. as the public railway infrastructure operator. These tasks constitute essential functions for the provision of non-discriminatory access to public railway infrastructure and especially cover the assignment of train slots, the setting and charging of user fees, and the production, adoption, enforcement and publication of the timetable.

At the end of November, the Ministry of the Interior and the companies SŽ-Potniški promet, d. o. o. and SŽ-ŽIP, d. o. o. concluded an agreement on the provision of transport to migrants by trains and buses, whereby the framework contract value was EUR 6 million.

DECEMBER

The lines of Slovenske železnice are overburdened at the end of the year owing to infrastructural works and closures and the increased volume of work.

On 13 December, a new passenger train timetable entered into force, improving connections in inland and cross-border regional transport.

IMPORTANT EVENTS AFTER THE END OF THE 2015 FINANCIAL YEAR

At its 2nd correspondence meeting held on 11 January 2016, the Supervisory Board of Slovenske železnice, d. o. o. approved the Strategic Business Plan of the Slovenske železnice Group for 2016-2020, having previously discussed it at the meeting in December 2015.

At its 6th meeting held on 29 January 2016, the Supervisory Board of Slovenske železnice, d. o. o. approved the proposed Business Plan of the Slovenske železnice Group and of Slovenske železnice, d. o. o. for 2016 with the projection for 2017-2018.

Owing to two 48-hour closures in January, there were severe congestions on the lines. A meeting was convened with Luka Koper and the key buyers to jointly find solutions and improve the situation.

SŽ-Tovorni promet prepared a new product with own haulage in Austria.

The results of the pilot project used for testing internet access on trains and railway stations were presented on 15 January. During testing it was possible to go on-line on the train and at stations between Kranj and Ljubljana. The test of technologies used during the pilot project was successful. The applied technology will be gradually installed in the entire railway network in Slovenia.

At the end of January, Belgrade, specifically the headquarters of Serbian Railways, was the venue of a start-up meeting of the SEESARI initiative, organised by Slovenske železnice, Institute of Traffic and Transport, Serbian Railways and the International Union of Railways (UIC).

Slovenske železnice signed a letter of intent with Austrian Federal Railways (ÖBB) on strengthening cooperation in freight transport. The goal is to form a strategic partnership between SŽ and ÖBB in railway freight transport in the area of Slovenia, Hungary, Italy and South-Eastern Europe and so as to improve service quality for customers and partners from various sectors.

On 11 February, SŽ-Potniški promet, the Radovljica Municipality and the Radovljica Tourism Public Institute signed an agreement on cooperation in developing new possibilities for tourism and the use of public passenger transport.

The Supervisory Board of Slovenske železnice, d. o. o. unanimously re-appointed Dušan Mes to the position of Director General for a four-year term of office. The members of the Supervisory Board established that the operations of Slovenske železnice during this period were successful, which justified his re-appointment.

On 23 February Slovenske železnice, the Pivka Municipality and the Pivka Public Institute for Heritage and Tourism entered into an agreement on cooperation in developing new possibilities for tourism and the use of public passenger transport.

JANUARY

FEBRUARY

MARCH

In early March, international transport was restored after having been closed at border crossings with Croatia, Austria and Hungary due to the refugee crisis.

Owing to the unplanned repair of a furnace at our major customer, the transport of ore and coal shrank.

Dr. Libor Lochman, Executive Director of the Community of European Railway and Infrastructure Companies, visited Slovenske železnice on 18 March. The CER, also referred to as the Voice of European Railways, represents the interests of its members on the EU policy-making scene, and in particular supports an improved business and regulatory environment for European railway operators and railway infrastructure companies.

In spite of the terrorist attack in Brussels, international railway traffic between Slovenia, Austria and Germany ran smoothly. Passengers were informed of the options of railway transport to Brussels, because air traffic at international airports was interrupted.

On 8 March, a long-term agreement was signed with the Government of the Republic of Slovenia on the provision of public railway infrastructure operator services for the period from 1 January 2016 to 31 December 2020.

At its meeting held on 22 March 2016, the management of the Slovenian Sovereign Holding appointed Jože Oberstar member of the Supervisory Board of Slovenske železnice, d. o. o.

On 31 March, the Supervisory Board of Slovenske železnice appointed Tomaž Kraškovic member of management of Slovenske železnice, d. o. o.

Slovenske železnice tightened security measures and reintroduced the preventive campaign warning about the danger of crossing train tracks.

APRIL

Slovenske železnice, d. o. o. signed an agreement with Mercator, d. d. on the purchase of land for the construction of a new Mercator logistics and distribution centre (LDC), which will be located in the area of the Ljubljana-Moste freight railway station (BTC Letališka). The transaction is worth EUR 17 million and the total investment is valued at approximately EUR 100 million. It is one of the biggest investments in recent years in Slovenia. The modern logistics and distribution centre will significantly improve services for customers and open up new jobs.

SŽ-Tovorni promet started transporting containers from the Port of Koper using own haulage over the entire route as well as in Austria. In addition, it started preparing longer trains for car transport through the Celje terminal.

Together with our key customers and in cooperation with the Slovenia Forest Service we planted more than 10,000 trees in the area of Prestranek, which was most severely damaged by glaze ice in 2014.

On 1 April, Metod Podkrižnik took over the running of Fersped, d. o. o. He was appointed for a four-year term of office.

On 20 April, Slovenske železnice opened a modern parking lot for motor homes at the Bohinjska Bistrica railway station. The parking lot is managed by SŽ-ŽIP, storitve, d. o. o. This resulted in new jobs, suitable also for the disabled, and further expanded the company's diverse range of activities. As the parking lot was built and other infrastructure set up, the appearance of the Bohinjska Bistrica railway station was arranged.

At the end of April, Slovenske železnice entered into an agreement with Arriva on cooperation in transport services provided by SŽ-Potniški promet and the Arriva Group in Slovenia, to improve the quality of transport services in the integrated public passenger transport in Slovenia.



BUSINESS REPORT

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MANAGEMENT AND GOVERNANCE SYSTEM

The management and governance system applied in Slovenske železnice Group ensures the transparency of business dealings of Slovenske železnice, d. o. o. and its subsidiaries.

TWO-TIER MANAGEMENT SYSTEM

Slovenske železnice, d. o. o. is managed by the Founder both directly and through the company's own bodies, i.e. the Supervisory Board and Management Board. The powers thereof are laid out in the Companies Act (ZGD-1) and in the Articles of Association of Slovenske železnice, d. o. o., Rules of Procedure of the Supervisory Board, and the Rules of Procedure of the Management Board adopted pursuant thereto.

FOUNDER

The function of the Founder is performed by the Management of the Slovenian Sovereign Holding (SDH).

The Founder acts as a decision-making body in key company matters specified in the Companies Act and in the Articles of Association of Slovenske železnice, d. o. o.

The Founder performs the function of, and has all the powers of, the general meeting. It makes independent decisions on amendments and supplementations of the Articles of Association; on the adoption of the annual report and the consolidated annual report provided such was not confirmed by the company's Supervisory Board or if such was referred thereto by the Management Board and the Supervisory Board; on the appropriation of distributable profit and loss covering; on the granting of discharge to the Supervisory Board and the Management Board or the individual members of the two bodies; on return of additional contributions; on the remuneration policy of Management Board members at the proposal of the Supervisory Board and under prior approval of the Government as the Founder's general meeting; on changes in the business status and winding up of the company; on changes of share capital; on the appointment to and dismissal from office of Supervisory Board members, except for those appointed by the Works Council; on the salaries of Supervisory Board members; on the appointment of the auditor at the proposal of the Supervisory Board; on representing the company in legal proceedings against the management; and on other matters in line with the powers delegated thereto by the applicable legislation and the Articles of Association of Slovenske železnice, d. o. o.

Meetings held by the Founder take place in accordance with the internal regulations thereof.

SUPERVISORY BOARD

Composition of the Supervisory Board

In line with the Articles of Association of Slovenske železnice, d. o. o., the Supervisory Board comprises six members, four of whom are appointed by the Founder and two are appointed by the Works Council. In the year under review, there were some membership changes in the composition of the Supervisory Board.

At the end of 2015, the Supervisory Board comprised the following members:

Name	Term of office		Office
Bojan Brank	from 11. 9. 2015	to 11. 9. 2019	Deputy Chairman
Silvo Berdajs	from 11. 9. 2015	to 11. 9. 2019	Member
Mitja Križaj	from 11. 9. 2015	to 11. 9. 2019	Member
Aleksander Nagode	from 11. 9. 2015	to 11. 9. 2019	Member
Jože Pavšek	from 11. 9. 2015	to 11. 9. 2019	Member

The Chairman of the Supervisory Board of Slovenske železnice, d. o. o., Peter Grašek, who came took office on 11 September 2015, submitted his resignation from the Supervisory Board effective 6 October 2015; Jože Oberstar was appointed his successor on 22 March 2016.

Composition of the Supervisory Board as at 10 September 2015:

Name	Term of office		Office
Boris Zupančič	from 7. 9. 2012	to 10. 9. 2015	Chairman
Silvo Berdajs	from 10. 9. 2011	to 10. 9. 2015	Deputy Chairman
Mitja Grbec	from 10. 9. 2011	to 10. 9. 2015	Member
Viktor Markežič	from 10. 9. 2011	to 10. 9. 2015	Member
Lojze Zajc	from 10. 9. 2011	to 10. 9. 2015	Member
Jože Pavšek	from 10. 6. 2014	to 10. 9. 2015	Member

Work of the Supervisory Board

The duties of the Supervisory Board are based on the Companies Act, the Articles of Association of Slovenske železnice, d. o. o., the Rules of Procedure of the Supervisory Board, the Rules of Procedure and Remuneration of the Supervisory Board Committees, and on the Rules of Procedure of the Audit Committee of the Supervisory Board.

The powers and tasks of the Supervisory Board are exercised and carried out in sessions and through its committees.

The main powers of the Supervisory Board comprise supervising the management of business operations of Slovenske železnice, d.o.o.; supervising and reviewing the books and documentation of the company, its treasury, saved securities, and commodities storage; supervising the operations of the Concern of Slovenian Rail Companies and the implementation of the adopted annual and strategic business plan in line with the reports of the Management Board; reviewing and adopting the annual report and reviewing the proposal on the appropriation of distributable profit; appointing and recalling the Management Board of Slovenske železnice, d. o. o.; appointing the Audit Committee and other Supervisory Board committees; deciding on the conclusion of employment contracts with Management Board members; and supervising the suitability of procedures and the effectiveness of the functioning of internal controls and internal audit.

Moreover, the Supervisory Board grants approval to the business plan of the Concern of Slovenian Rail Companies, to the acquisition or sale of equity investments and real estate with a value that exceeds the amount specified in the Articles of Association, to the investment or disinvestment separate from the annual plan of Slovenske železnice or the strategic business plan of the Concern of Slovenian Railway Companies and which exceed the value specified in the Articles of Association, to taking out credits and loans and issuing guarantees and surety bonds to third parties with a value that exceeds the amount specified in the Articles of Association.

The Supervisory Board also makes decisions and gives approvals in other matters pursuant to Article 15 of the applicable Articles of Association of Slovenske železnice, d. o. o.

Supervisory Board committees

In the year under review, the Supervisory Board formed an Audit Committee, whose powers are defined in Article 280 of the Companies Act (ZGD) and in the Rules of Procedure of the Supervisory Board. The membership of the Audit Committee as at September 2015 comprised Lojze Zajc, Viktor Markežič, Silvo Berdajs, and Tatjana Habjan (external committee member). The appointment of new members to the Supervisory Board in September 2015 also brought about certain membership changes in the Audit Committee, presently comprising Mitja Križaj, Aleksander Nagode, Silvo Berdajs and Barbara Nose (external committee member).

Furthermore, the Supervisory Board also established a Personnel Committee, which comprised Boris Zupančič, Mitja Grbec, and Jože Pavšek. When the terms of office of Supervisory Board members expired on September 2015, no new Personnel Committee was set up under the present Supervisory Board by the end of the year under review.

MANAGEMENT BOARD

In line with the applicable Articles of Association of Slovenske železnice, d. o. o., business dealings of the company are managed by the Management Board, comprising the Director General who acts as an independent representative of the company without limitations, two Managing Directors who represent the company only in relation to the Director General, and a Workers Director who is appointed in line with the Act on Worker Participation in Management and has the power to act as an employee representative in personnel-related and social matters.

In the year under review, the company was managed by:

- Director General Dušan Mes, appointed on 22 March 2012;
- Member of the Management Board and Managing Director Jelka Šinkovec Funduk, appointed on 29 March 2012, who resigned from her office on 30 April 2015;
- Member of the Management Board Milan Jelenc, appointed on 14 February 2013, and
- Workers Director Albert Pavlič, appointed on 14 February 2013.

On 1 April 2016, Tomaž Kraškovic was appointed member of the Management Board and Managing Director of Slovenske železnice, d. o. o.

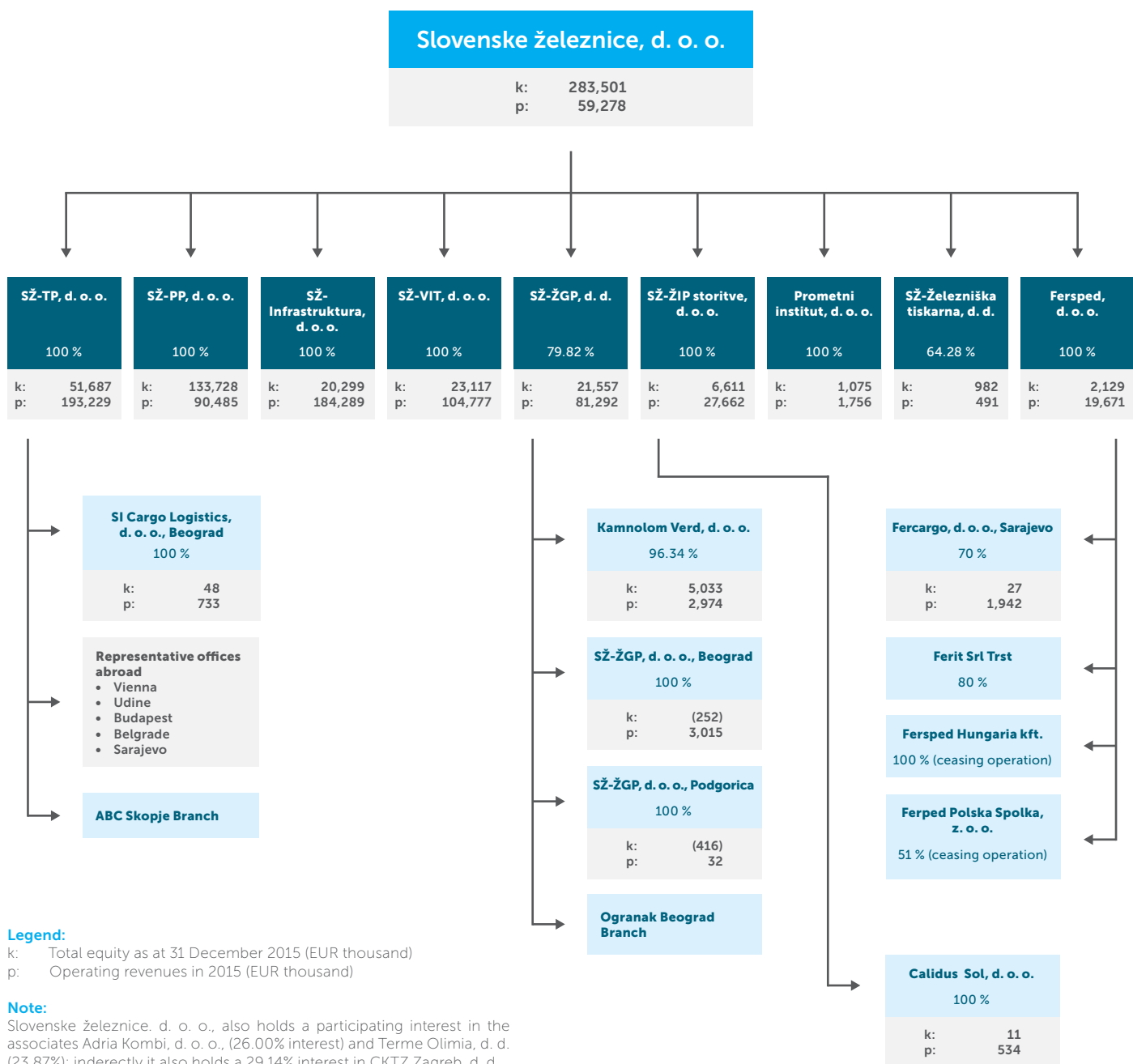
MANAGEMENT OF SUBSIDIARIES

The Slovenske železnice Group consists of the parent Slovenske železnice, d. o. o., and nine subsidiaries, namely SŽ Infrastruktura, d. o. o., SŽ Potniški promet, d. o. o., SŽ Tovorni promet, d. o. o., SŽ VIT, d. o. o., SŽ ŽIP, storitve, d. o. o., Prometni institut, d. o. o., SŽ Železniško gradbeno podjetje, d. d., SŽ Železniška tiskarna, d. d., and Fersped, d. o. o., in which Slovenske železnice, d. o. o. holds a controlling interest in or of which it is the sole owner. The Group also comprises companies wholly owned or majority controlled by the subsidiaries of Slovenske železnice, d. o. o.

The subsidiaries are responsible for the maintenance and management of public rail infrastructure, management of rail traffic, operation of rail passenger and freight services on public rail infrastructure, and provision of traction and technical wagon services. Furthermore, they also carry out supporting, ancillary and other services required to ensure the quality and continuity of the core business activities.

Based on a corrective decision of the Court of Audit, as of 31 September 2011 Slovenske železnice, d. o. o., ceased disclosing long-term investments (investment in shares and interests) in the SŽ-Železniški zdravstveni dom railway health centre, and instead disclosed for a limited period of time the receivables from the centre. The financial statements of SŽ Železniški zdravstveni dom are therefore excluded from the consolidated financial statements of the Slovenske železnice Group.

ORGANISATIONAL CHART OF THE SŽ GROUP



Wholly-owned subsidiaries are managed by the founding company, Slovenske železnice, d. o. o. both directly and indirectly through their respective management boards. In contrast, both management and supervision of the majority controlled SŽ Železniško gradbeno podjetje, d. d. are carried out by the Management Board, while in SŽ Železniška tiskarna, d. d., which is also majority-controlled, these are performed by the Managing Director and the Supervisory Board, respectively.

The founding company performs the function and has the powers of the general meeting, and makes independent decisions in the following matters:

- amendments and supplementations to the Articles of Association;
- appropriation of distributable profit and loss covering;
- granting of discharge to the Management Board or to individual members thereof;
- changes in share capital;
- appointment to and dismissal from office of Management Board members;
- appointment of the auditor.

CONTROLLING CONTRACTS

Business dealings of companies in the contractual concern, as well as other reciprocal rights and responsibilities of the parent Slovenske železnice, d. o. o. and the subsidiaries are set forth in a controlling contract. The contract is used to transfer the governance and management from the subsidiary to Slovenske železnice, d. o. o. as the controlling company. Controlling contracts are concluded with SŽ Infrastruktura, d. o. o., SŽ Potniški promet, d. o. o., SŽ Tovorni promet, d. o. o., SŽ VIT, d. o. o., SŽ ŽIP, storitve, d. o. o., Prometni institut, d. o. o., and with Fersped, d. o. o.

The contract grants the controlling company Slovenske železnice, d. o. o. the right to direct the business operations of the subsidiary and exert control over its day-to-day activities while assuming liability for its losses.

Controlling contracts are concluded with the aim of ensuring effective decision-making for the best possible business results of the Group on one side and of individual subsidiaries on the other, thus establishing a contractual concern between the companies involved.

However, although part of the same contractual concern, the subsidiaries are independent legal entities who are liable to the full extent of their assets for their respective obligations.

In addition to the Articles of Association, the relationships between the parent and subsidiaries as well as between individual subsidiaries are set out in Service Level Agreements (SLA).

CORPORATE GOVERNANCE STATEMENT

The management and the Supervisory Board state that, in its operation and work, with the exception of the deviations disclosed below, Slovenske železnice, d. o. o. complied with the Corporate Governance Code for Companies with Capital Assets of the State, which is available on the website of the Slovenian Sovereign Holding.

Item 3.2.: The Management Policy of the company has not been adopted, but is being drafted.

Item 6.4.: The composition of the Supervisory Board is not gender-balanced.

Item 6.7.: Slovenske železnice, d. o. o. is 100% owned by the Republic of Slovenia, which is why the appointment of the Supervisory Board members falls within the competence of the company's founder.

Item 6.11.: The efficiency evaluation procedure was not carried out due to the replacement of the Supervisory Board members in September 2015.

Item 6.12.2.: In 2015, the Audit Committee held 10 meetings as it was necessary to adopt suitable decisions.

Item 9.2.: A risk management system has been established. The period from 1 April to 15 September 2016 is defined as a test period. After the test period, acts regulating this issue will be approved at the levels of the parent and subsidiaries.

Measures for managing all key risks have been prepared involving a decrease or transfer of the risk to a third party.

Item 9.2.7.: Recommendations given by the Internal Audit Department are in part not implemented within the set time periods. All the recommendations, the implementation deadline of which has expired, are in the phase of resolution. In most cases, the reason for deviation is the harmonisation of activities for redesigning information technology, processes and control activities which will have to be synchronised.

Item 10.2.: Development in the area of establishing a corporate identity system is planned for 2016.

Slovenske železnice, d. o. o., with some exceptions stated below, respects the adopted Slovenian Sovereign Holding's Recommendations and Expectations published on the website of Slovenski državni holding, d. d.

Item 4.2.: On the basis of the agreement with social partners, a performance bonus was paid for 2015 to all Group employees according to the job quotient, except for the employees receiving salary under individual employment contracts.

Item 5.: The attainment of quality and excellence in operation of companies/groups is not measurable because the EFQM excellence model (owing to it being a very demanding project) has not been introduced at the Slovenske železnice Group. Its introduction is planned in 2017.

Item 6.9.: The Annual Report, as is the case with most comparable companies, does not disclose the income from employment of Supervisory Board members who represent employees.

CORE DEVELOPMENT POLICIES

VISION

Our vision is to become an important regional carrier and operator of complete logistics services in Central and South East Europe, as well as the main supplier of complete and user-friendly services in integrated public transport in both Slovenia and across the region. Under the national programme for the development of public rail infrastructure (PRI), it is our aim to provide efficient management and maintenance of the PRI together with the control of rail traffic thereon which are compliant with the legislation and guidelines of the European Union, while delivering the management and maintenance of integrated public transport in the Republic of Slovenia.

MISSION

Next to supplying market-oriented transport and logistics services in rail freight, we are also responsible for the discharge of public service obligations (infrastructure maintenance, traffic control, operation of rail passenger services in inland and cross-border regional transport) and maintenance of the PRI. This allows us to effectively support the economy and contribute to an increase in population mobility in a safe, reliable and environmentally-sound manner.

STRATEGIC ACTIVITIES OF SLOVENSKE ŽELEZNICE GROUP

Logistics and mobility

Freight: Rail freight services (both conventional and combined transport), logistics services (freight-forwarding, freight terminal services, and distribution);

Passenger: Rail passenger services, bus services;

Traction and technical services: Traction, inspection and maintenance of rail vehicles.

Management of PRI (public rail infrastructure) / IJPP (integrated public transport):

Infrastructure maintenance, rail traffic operation, management of IJPP.

Construction:

Civil engineering, rehabilitations, building.

Activities in support of strategic services:

Back office services, property management, facility maintenance, cleaning services, security, printing, research and development.

STRATEGIC POLICIES AND GOALS

Our plans for the target region, which encompasses Slovenia and key rail freight and passenger markets in the Central and South East Europe, involve:

- achieving growth of freight volumes on the European corridors: Mediterranean Corridor (RCF6), Baltic-Adriatic Corridor (RCF5), and Alpine-West Balkan Corridor (Corridor X);
- becoming the largest provider of passenger services in integrated public transport in both Slovenia and the greater region;
- facilitating the mobility of the population through effective and reliable management of an integrated public transport system;
- delivering efficient and reliable maintenance and management of rail infrastructure together with the control of rail traffic thereon;
- becoming a reliable and effective provider of services in rail vehicle maintenance and traction;
- developing effective supporting activities within the Group and other activities relating to sustainable development.

STRATEGIES BY FIELD OF ACTIVITY

Freight: Revenue and profitability growth through expansion of international dealings and diversification of business – fleet renewal, business positioning to reach markets situated up to 500km from the North Adriatic ports and other major freight terminals, development of a logistics and freight forwarding network, development of logistics (rail-road) terminals, and setting up of strategic and capital-based connections in the region.

Passenger: Revenue and profitability growth through diversification of business – fleet renewal, development of international, regional and local regular services based on an optimal combination between rail and bus transport, station renewal and upgrading, taking a proactive approach to marketing and promotion (retail of advertising locations, sale of other products and services), and increasing the range of additional services offered to passengers, such as IJPP integrated travel cards, Wi-Fi network access at various stations and on select trains and a new ticketing system.

Traction and technical services: Revenue and profitability growth through an expansion of international dealings together with an effectiveness and performance boost achieved by modernising production technology and computerising business processes.

Infrastructure management: Ensuring a good level of infrastructure availability, adequate conditions of interoperability and increases in capacity, timely and cost-effective supply of quality services in integrated maintenance through introduction of modern technologies and processes, as well as bringing the technology used in rail traffic control up to the latest standards.

Construction: Revenue and profitability growth through expansion of international dealings and diversification of business – construction and reconstruction of rail infrastructure, civil engineering and building.

Supporting activities: Effective management of real estate, disposal of non-core assets, reliable, quality and cost-effective centralised back office services, development of programmes related to the employment of disabled persons and other services, increasing research and development activities.

PLANNED ACTION TO ACHIEVE THE STRATEGIC GOALS IN THE PERIOD BETWEEN 2016 AND 2018

With a view to implementing the strategic projects by 2020, the action planned in the period between 2016 and 2018 comprises external (systemic) measures to achieve good business conditions and internal measures to facilitate further business growth.

External measures

Description	Planned deadline
Conclusion of long-term agreements with the Government to ensure regular financing of PSO in rail passenger, PRI maintenance, and traffic control.	2016
Design of a systemic financing solution under the new long-term PSO agreement for the procurement of new passenger rolling stock.	2016
Preparation of a harmonised model and the underlying documents to form a strategic partnership in freight transport, and expansion of business operations through acquisitions.	2016-2017
Provision of appropriate infrastructure maintenance and upgrades by the Republic of Slovenia, which is imperative to ensuring transport continuity.	2016-2018

Description	Planned deadline
Overhaul of technological and business processes	2016
Modernisation of the IT system	2016
Investment in rolling stock modernisation and provision of a sustainable financing system	2016-2018
Growth of volumes on domestic and foreign markets	2016-2018
Expansion to foreign markets	2016-2018
Examining possibilities and adopting measures related to business diversification in logistics, rail passenger, and construction.	2016-2018
Facilitating further growth of EBITDA by keeping the growth in operating revenues above that of operating expenses	2016-2018
Creating appropriate conditions of work to improve employee satisfaction.	2016-2018

In 2016, the Slovenske železnice Group expects to achieve the following results: operating revenues in the amount of EUR 502.1, an EBIT of EUR 26.1, an EBITDA of EUR 61.9 million, a ROE of 7.2%, a 47.3% equity-to-assets ratio, and a net debt/EBITDA ratio of 2.4.

ECONOMIC TRENDS AND COMPETITION

ECONOMIC TRENDS

Slovenia completed the year under review with relatively good results, achieving an economic growth of 2.9%, which is the highest since the beginning of the crisis and 1.3 percentage points above the EU average (1.6%).

A rise in foreign demand together with further competitiveness improvements facilitated a rise in exports, which remained the driving force behind the economic recovery despite experiencing some slowdown towards the end of the year. Positive trends were also noted in national consumption owing largely to consumer spending. The growth of investment in 2015 showed slight decline due to a recurring shortage of investment activities in construction following the rise in 2014, which was connected with enhanced efforts to obtain EU funding shortly before the end of the previous financial perspective.

A combination of high domestic productivity and the recovery of consumer spending spurred further growth in the value added of most crucial market services, which in certain fields sprang also from increased foreign market sales (notably in transport, catering and computer programming services).

The economic trends in 2016 will be influenced predominantly by a steady rise of foreign demand and consumer spending, as well as by changes of growth trends in investment due to the closure of the previous EU financial perspective. Moreover, a slowdown in the economic growth compared to 2015 will mostly be attributable to a substantial reduction of public investment.

The economic recovery in the countries of Slovenske železnice's main trade partners is expected to continue, albeit with less favourable prospects, throughout the period of 2016-2018. Projections of international institutions regarding the Euro zone are based on the premise of steady growth in consumer spending spurred by a climb of real disposable income that is associated with improvements of the labour market situation and low oil prices.

COMPETITION

Competitive position of freight transport

The market for land transport services in Slovenia comprises various road and rail operators. Next to competing with road haulage and other rail carriers in Slovenia, SŽ-Tovorni promet is also facing challenges from neighbouring rail freight corridors as well as from rival North Adriatic and North Sea ports.

Compared to the previous year, land freight volumes in Slovenia in 2015 recorded a 3.7% reduction to a total of 90.9 million tonnes, which is attributed solely to a 4.9% decline in road freight, while rail freight increased by 0.4%. The share of road freight in 2015 dropped by 0.9 percentage points to 77.6%, with rail freight rising by 0.9 percentage points to 22.4%.

Following the liberalisation of access to public rail infrastructure in 2009, foreign operators have since been entering the Slovenian rail market, with presently three other rail carriers operating alongside SŽ-Tovorni promet on the Slovenian rail network and several others expected to join in the near future. Compared to the previous year, the rail market share of SŽ-Tovorni promet fell by 1.5 percentage points to 91.0%.

SŽ-Tovorni promet is situated at the crossroads of Corridor V and Corridor X. Recently, new rail freight corridors (RFCs) have been established by the European Union to serve as dedicated rail routes running on the territory of EU Member States. Slovenia features two such corridors, namely RFC 6 (Mediterranean), which connects Spain with Ukraine and is currently operational, and RFC 5 (Baltic-Adriatic) between Poland and North Italy. Moreover, there have been continuous efforts to implement an RFC (Alpine-West Balkan) across the countries on the route of the former Corridor X.

Although South East Europe is connected with the North through RFC 7, the link through the Balkans is crucial because it offers substantially shorter distances between Central European countries and EU periphery. Moreover, the ascension of the remaining Western Balkans countries (in particular Serbia) to the EU should amongst other enhance their economic significance, in turn offering new opportunities to increase transport volumes in the region.

Following the implementation of the new European corridors, Slovenia became situated on the crossing point of two Rail Freight Corridors. Once the planned Alpine-West Balkan Corridor is implemented, it will further increase the opportunities to shift freight from road to rail, in the process also reducing freight transport impact of on the environment.

Competitive position of passenger transport

SŽ Potniški promet is the operator of rail services on the public transport market in Slovenia. The main competitors of rail in inland transport comprise private carriage and public road services, with low-cost airline operators posing the biggest threat in international transport. In 2015, the modal share of rail in public transport fell to 28% owing to an increase in air and public road services and also because of disruptions caused by the severe glaze ice storm in February 2014. Moreover, the fall is also a result of increased delays, cancelled trains and reduced quality of train services associated with the transport of migrants.

Car transport continues to be the most frequent mode of passenger transport in Slovenia. The statistics for 2014 indicate a rise in the number of passenger cars registered per 1000 inhabitants, with the rate of motorisation rising by roughly a tenth over the past 10 years to a total of 518 registered cars per 1000 inhabitants.

Volume-wise, inland ridership totalled 94.7% of all passengers served, and was mostly composed of public service obligations discharged under the PSO agreement with the Ministry of Infrastructure. Almost half of total ridership are commuters, in particular high school and university students who hold a subsidised rail pass. Train services face the biggest competition from car transport; however the efforts to promote rail are largely countered by reductions in oil prices. International services on the whole recorded a higher share in sales (17.7%) than in volume sold (16.3% of total passenger km). By teaming up with foreign passenger operators and tourist agencies, attractive offers are designed to promote rail travel amongst passengers, who are showing a growing preference for low-cost airlines, which pose the biggest competition to rail in international transport.

Competitive position of rail infrastructure

In order to establish a modern society, it is imperative to first develop a sustainable transport system. Mobility has a strong impact on the competitiveness of national economies and on populations' standard of living. Moreover, transport allows the economy to function as a whole, is a major job provider, and ensures everyone's basic right to mobility, therefore becoming an increasingly important economic sector in itself.

The development of pan-European network is set out in the common transport policy, which has been subject to rapid changes over the recent years in order to keep up with the latest trends. Given its importance, the development of transport and logistics infrastructure is defined in every key national development paper, as well as in the documents of larger regional industries and political parties. Globalisation has brought about fundamental changes in the global trade balance and logistics flows, which must be carefully observed when designing transport policies, especially considering the substantial growth of logistics flows from Asia to Europe and North America over the past ten years.

The Republic of Slovenia has a strategic geographic location in the European area. On top of achieving a balanced development, the economic growth of the country is closely related to its transport system. However studies on the state of rail infrastructure and the associated investment indicate a glaring shortage of Government funding in this area, which contributes to the present poor condition of rail infrastructure in Slovenia.

The infrastructure currently does not provide access, connectivity, and service quality in public transport throughout the network because certain congested line segments are unable to accommodate regular and high-frequency train services. Capacity restraints and low axle-loads on certain parts of the network are also increasing the risk of triggering a shift of freight to alternative rail connections outside Slovenia, while the Adriatic port of Koper is at danger of losing goods in transit to rival ports in the North Sea. However things are looking up for the line segment between Zidani Most and Šentilj, which is part of the Baltic-Adriatic Corridor, with investment currently on-going to upgrade the track to D4 category (enabling axle-loads of up to 225 kN). The rate of rail electrification is rather low, totalling as little as 41% or 503km of track in total. However the situation shows some improvement following the completion of a project to electrify the line between Pragersko and Hodoš.

To effect corridor-related policies of the EU, national programmes will have to be set to implement EU technical specifications for interoperability (TSIs) and, in particular, to establish the conditions required by Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network. With the first review of the implementation progress planned in 2023, failure to implement the policies in time would risk losing the corridor routes which run across Slovenia, in turn jeopardising the options to obtain EU funds and affecting the business of the Port of Koper, Slovenske železnice, and of the Slovenian logistics industry as a whole.

Given the on-going efforts to establish alternative rail connections which bypass Slovenia, strong consideration needs should be given to the potential impacts thereof on the competitiveness of rail freight in Slovenia. In its strategy, the Republic of Slovenia therefore stresses the need to renew and expand the network sections which are part of RFC 5 and RFC 6 and establish the new priority Rail Freight Corridor (Alpine-West Balkan) in order to ensure long-term competitiveness of the country.

Rail infrastructure in Slovenia is developed under the vision of establishing a high-performance, interoperable, safe, competitive, intermodal, and environmentally-friendly rail network which facilitates and enhances the competitiveness of rail freight and passenger while supporting a sustainable and eco-friendly development of transport through a modal shift from road to rail.

The Multiannual Agreement on the Financing of PSO for the period between January 2013 and December 2015 unfortunately did not provide the funding in the scope required in the discharge of PSO, which in turn necessitated that further annexes be concluded for 2013, 2014 and 2015 comprising the budgetary appropriations for the discharge of PSO in PRI maintenance and rail traffic control.

Such financing scheme in effect hampered the coordination between technical and financial planning which is necessary in achieving a greater level of effectiveness and rationalisation in PSO operators' business operations. Without the required budgetary appropriations, PRI maintenance cannot be planned efficiently. These issues will be addressed in the 2016-2020 Multiannual Agreement concluded for the upcoming five-year period, in line with the amendments and supplementations of the Railway Transport Act.





INTERNATIONAL COOPERATION

Slovenske železnice plays an active role in the international arena. The content of international cooperation is defined by the coordination of contacts with European railways, collaboration with international railway organisations and associations, and putting forward of positions and proposals to co-shape a common European rail transport policy.

For the past few years, the Community of European Railway and Infrastructure Companies – CER has been striving to achieve, through the European rail transport policy, a suitable financial framework for railway transport and infrastructure, integrated policy for environment protection, climate changes, energy and transport, efficient implementation of EU legislation and the development of harmonised European standards and approaches to eliminate regional disparities.

In order to boost the competitiveness of the railway sector over the next five years, the CER intends to focus its efforts on three main areas: promoting changes of modes of transportation in favour of railway transport, increasing investments in railway infrastructure and finally creating the internal market for railway services. For this purpose, the CER needs unanimous support of all its members.

The priority documents include the fourth rail transport legislative package, with finalised text of the technical part of the legislation. The European Commission's White Paper on transport was reviewed and a legislative package for road transport prepared, which will influence the CER members' competitiveness as well as cooperation between rail and road transport. The issues of digitalisation are at the forefront of the new agenda of the European Commission. With the aim of gaining an integral view of the impact of digitalisation on railways and leveraging the relevant initiatives of the European Commission, the CER formed a Digital Task Force. The Digital Task Force will help the sector formulate a common vision of the opportunities and challenges brought about by digitalisation. Besides safety in railway transport, which was one of the main topics, the European Commission and the European Council also discussed the measures that the European Union could take to fight terrorism and improve the safety of railway transport. In cooperation with its members, the CER started preparing a recast position on safety in railway transport.

The Paris-based International Union of Railways (UIC) addressed the issue of railway transport safety, requiring a focus on interoperability and exchange of information about international trains, the organisation of crisis management as well as suitable training of staff and raising the public's awareness.

A strategy was formulated for rail standardisation, the procedure for quality project implementation was improved, the setup of a new task force was planned for coordinating research and innovation, and a digitalisation platform was established.

The International Rail Transport Committee (CIT) helps railway undertakings implement international transport legislation, standardises relations among carriers, infrastructure and customers, represents the carriers' interest vis-à-vis the legislators and provides its members legal advice and training.

International activities were also characterised by visits of foreign delegations to Slovenske železnice.

In January, a Japanese delegation visited us. The visit by the representative of the Japanese Ministry of Transport, Infrastructure and Tourism and of the representatives of the Japanese Research Institute was geared at preparing a study of a transport route to Russia and Eastern Europe across the Adriatic Sea.

In June, Slovenske železnice was visited by Director General of UNIFE, which combines all major and leading rail supply companies and rolling stock suppliers, represents the interest on its members on international and European level, and strives to foster an environment where its members can provide competitive railway systems for the growing demand for rail transport.

In October, Slovenske železnice and the French Embassy organised an event in Ljubljana where French railway industry and transport undertakings presented themselves to the companies from the Slovenske železnice Group.

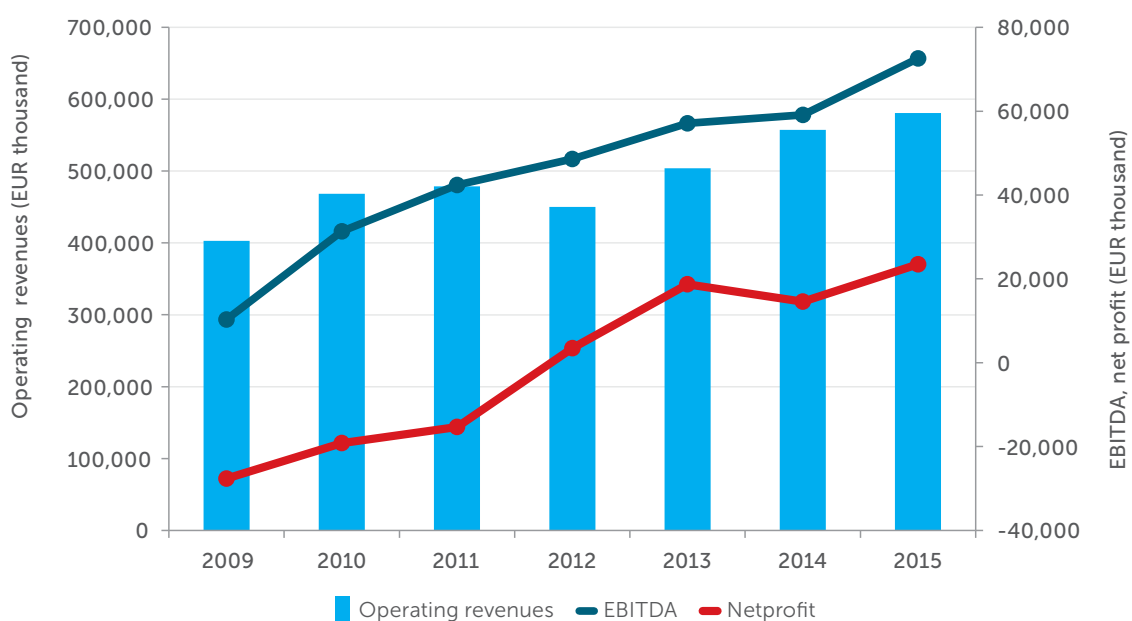
In November, we hosted a high level delegation from Russian Railways to mainly discuss the volume of goods trade between Slovenia and Russia and the opportunities for strengthening cooperation between the two companies.

PERFORMANCE ANALYSIS

A SERIES OF YEARS WITH POSITIVE RESULTS CONTINUED IN 2015

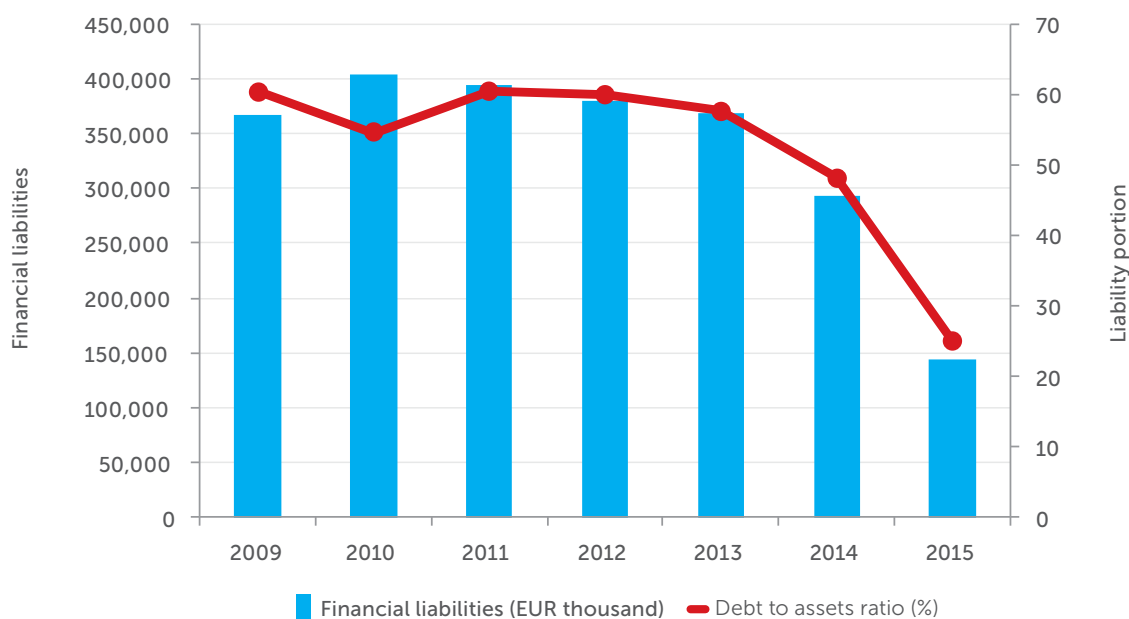
A year-on-year growth has been recorded in EBIT and EBITDA figures generated by the Slovenske železnice Group over the recent years. Compared to 2009, which saw EBIT plunge to a minus of EUR 26.0 m, the situation since had largely improved, with the Group ending the year under review with a positive EBIT of EUR 38.5 million and an EBITDA increase of EUR 62.5 million. A significant improvement was also noted in net profit and net return on equity (ROE).

SŽ Group - Operating revenues, EBITDA, net profit



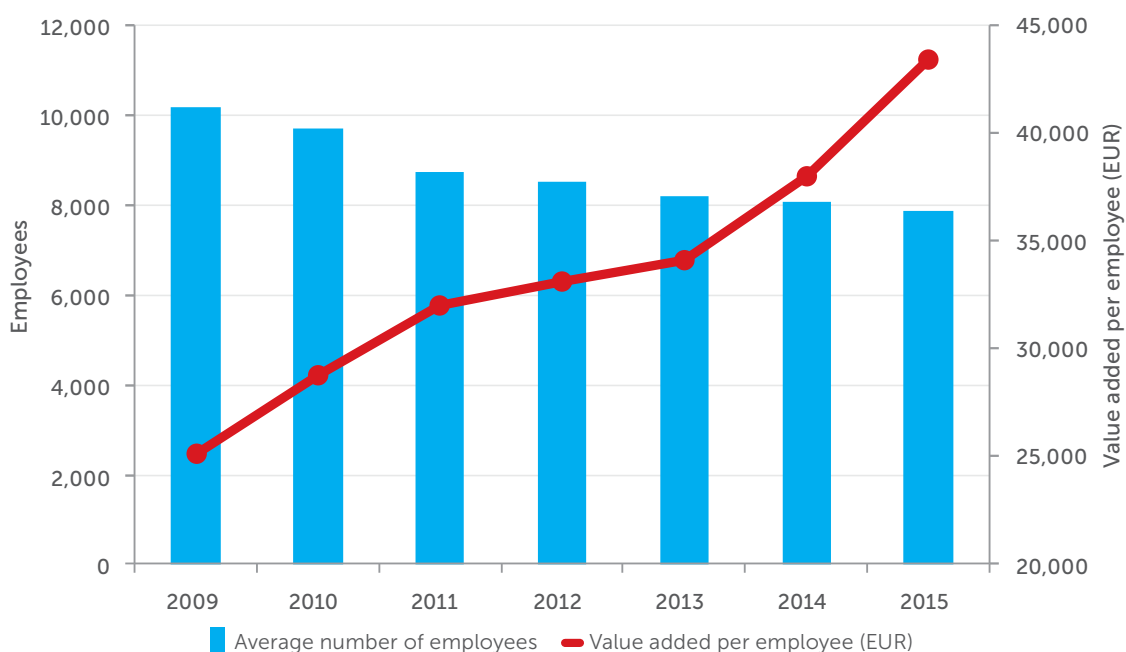
The financial and business restructuring of the Group is proceeding successfully, while market presence is enhanced through effective re-planning of the workforce. A series of effective measures further reduced the level of debt. Over the span of six years, this helped greatly reduce the debt-to-assets ratio from as much as 60.6% in 2009 to 25.1% in 2015.

SŽ Group - Financial liabilities



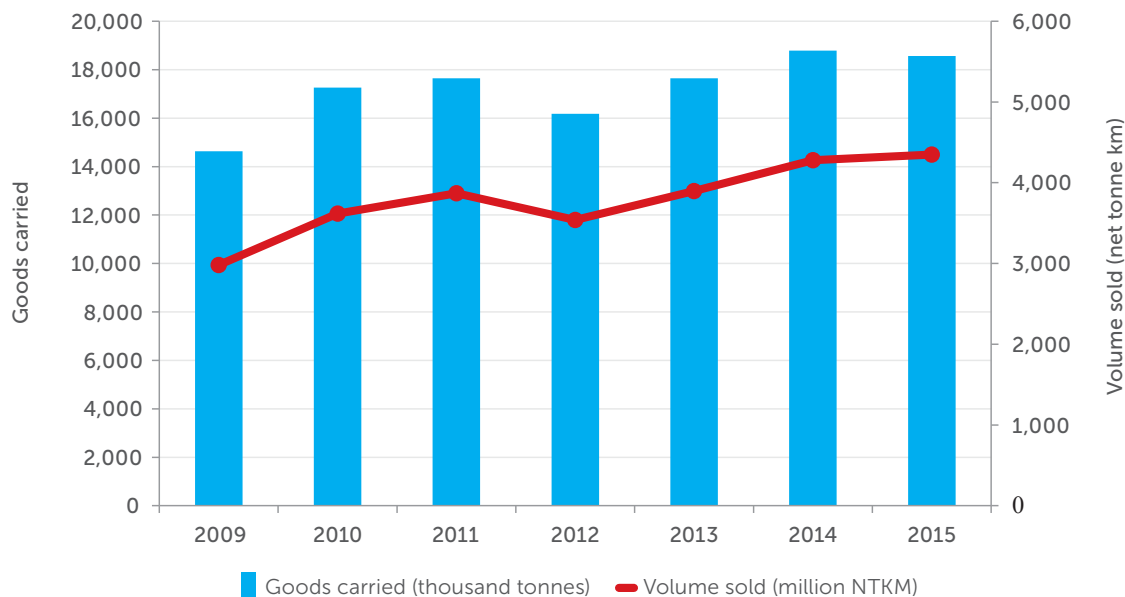
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SŽ Group - Employees and value added per employee



Freight transport recorded a 27.4% increase in goods carried (from 14.6 million tonnes in 2009 to 18.6 million tonnes in 2015). Owing to a rise in the mean distance travelled, similar growth was noted in volume sold, which is a key performance indicator for freight services and is measured in net tonne kilometres (NTKM) – a total of 4,363 million NTKM was reported in 2015, up 46.3% on 2009.

SŽ Tovorni promet - Performance

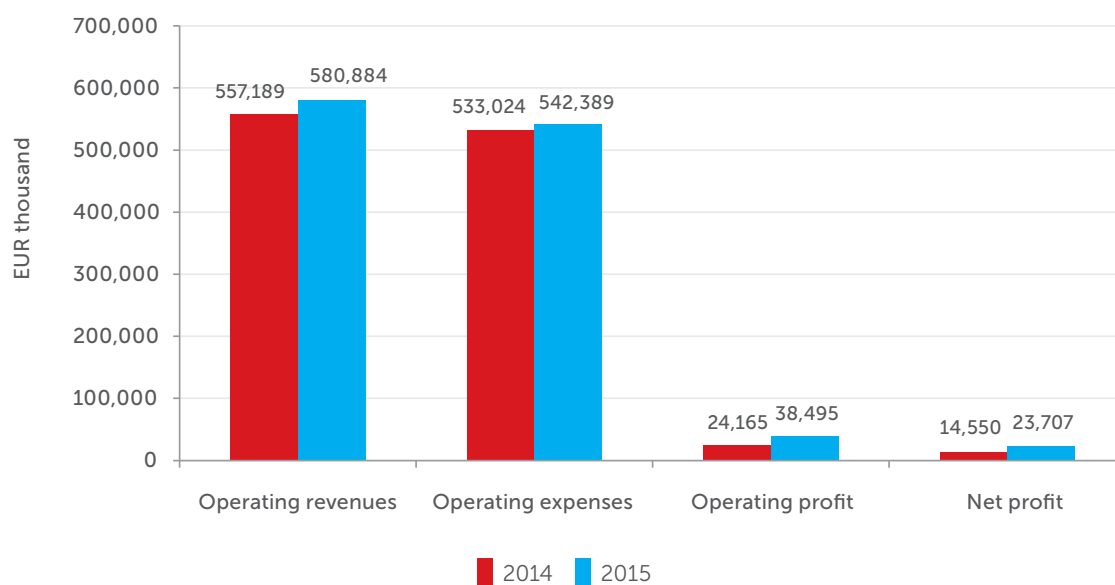


HIGHLIGHTS

- EBIT generated by the Slovenske železnice Group rose by 59.3% to EUR 38.5 million in 2015, and was up 47.3% on the planned target. Net profit totalled EUR 23.7 million and was EUR 7.4 million higher from the target;
- operating revenues were up 9.5% (EUR 50.4 million) on the planned target and grew by 4.3% (23.7 million) compared to the previous period;
- EBIT margin increased from 4.3% to 6.6%, while EBITDA margin rose from 10.6% to 12.5%;
- value added per employee (average number based on hours worked) rose by 13.4% in 2015, which is mostly attributed to an increase in revenue;
- equity grew from EUR 165.0 million to 293.1 million. The Republic of Slovenia made a capital injection in the amount of EUR 110.2 million to recapitalise Slovenske železnice, d. o. o., which in turn recapitalised SŽ-Potniški promet, d. o. o. through an in-kind contribution by carrying out a debt-for-equity swap in the amount of EUR 110.2 million associated with the borrowings of SŽ-Potniški promet, d. o. o. for the acquisition of rolling stock;
- the financial restructuring plan has been successfully completed. The EUR 158.8 million debt of Slovenske železnice, d. o. o. owed to commercial banks has been fully repaid, whereby EUR 110.2 million of said debt is associated with the borrowings of SŽ-Potniški promet, d. o. o. that has been repaid using the capital injection, while the remaining debt of EUR 48.6 million associated with Slovenske železnice, d. o. o. and SŽ Tovorni promet, d. o. o. has been repaid through the sale of five instalments of the receivable owed by the Republic of Slovenia;
- as a result, net financial liabilities of the Slovenske železnice Group decreased from EUR 259.4 million at the end of 2014 to EUR 81.5 million as at end of December 2015, while the borrowing rate, measured as a ratio of net debt to EBITDA, fell from 4.4 to 1.1;
- net return on equity (ROE) grew from 9.1% to 10.4%, and was above the average target return on the capital assets of the state.

REVENUE, EXPENSES, AND PROFIT AND LOSS

Slovenske železnice Group



The performance analysis comprises data for the Slovenske železnice Group and Slovenske železnice, d. o. o., whereas the comments predominantly refer to the Group's operations.

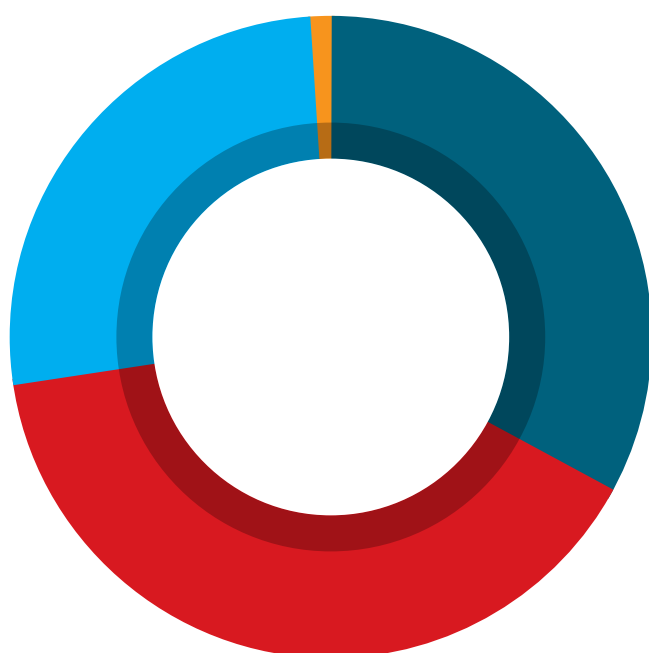
In 2015, operating revenues and expenses of the Slovenske železnice Group reached EUR 580,884 thousand and EUR 542,389 thousand, respectively. Net profit for the period totalled EUR 23,707 thousand, comprising an operating profit of EUR 38,495 thousand, a negative financial result of EUR 12,604 thousand, a negative result of other flows totalling EUR 678 thousand, a corporate income tax of EUR 3,351 thousand, and deferred tax in the amount of EUR 1,845 thousand.

In 2015, the parent company Slovenske železnice, d. o. o. generated EUR 59,278 thousand in operating revenues and recorded EUR 38,405 of operating expenses. EBIT, totalling EUR 20,873 thousand, was influenced by the unexpected one-off net effect of land exchange with the Ljubljana Municipality owing to a court settlement, in the amount of EUR 26,224 thousand, and the net effect of selling five instalments of the receivable due from the state (EUR -1,451 thousand).

Income statement

EUR thousand	Slovenske železnice Group			Slovenske železnice, d. o. o.		
	2015	2014	Index	2015	2014	Index
Operating revenues	580,884	557,189	104.3	59,278	33,313	177.9
Operating expenses	542,389	533,024	101.8	38,405	22,614	169.8
Operating profit	38,495	24,165	159.3	20,873	10,699	195.1
Finance income	5,202	1,793	290.1	18,534	10,131	182.9
Finance expenses	17,806	9,540	186.6	21,714	10,770	201.6
Financial result	(12,604)	(7,747)	162.7	(3,180)	(639)	497.7
Other revenues	221	79	279.7	0	0	
Other expenses	899	1,060	84.8	446	174	256.3
Result of other flows	(678)	(981)	69.1	(446)	(174)	256.3
Corporate income tax	3,351	876	382.5	1,799	572	
Deferred tax	(1,845)	11		(1,134)		
Net profit for the period	23,707	14,550	162.9	16,582	9,314	
Net profit of majority shareholders	22,314	13,877	160.8			
Net profit of minority shareholders	1,393	673	207.0			

Revenues structure of Slovenske železnice Group



Operating revenues of Slovenske železnice Group increased by 4.3% or EUR 23,695 thousand compared to 2014, and were up 9.5% or EUR 50,403 thousand on the planned target owing to an increase in other operating revenues.

Transport revenues made up 33% of operating revenues, followed by a 26.5% portion of revenues from PSO agreements with the Government of the Republic of Slovenia. Transport revenues decreased 2.4% compared to 2014, and were also down 4.6% or EUR 9,171 thousand on the planned target.

Transport revenues (EUR thousand)	2015	2014	Index
SŽ Tovorni promet Group	160,253	167,672	95.6
SŽ-Potniški promet, d. o. o.	39,297	37,239	105.5
Consolidation	7,575	8,203	92.3
Total	191,975	196,708	97.6

Revenues under the agreements with the Government of the Republic of Slovenia comprise income generated in the discharge of public service obligations in transport and through management and maintenance of passenger stations and halts. In the year under review, revenues generated from the discharge of PSO totalled EUR 154,002 thousand, and were ahead of the planned target with a climb of EUR 4,313 thousand in infrastructure-related PSO and a EUR 20 thousand drop in PSO in public transport services.

Revenues under contracts with the Government (EUR thousand)	2015	2014	Index
SŽ Potniški promet, d. o. o.	41,989	41,380	101.5
SŽ Infrastruktura, d. o. o.	112,013	104,952	106.7
Total	154,002	146,332	105.2

Other operating revenues (40.4% portion) rose by EUR 20,758 thousand compared to 2014, and were up EUR 55,281 thousand on the target owing to the operating revenues from revaluation generated by Slovenske železnice, d. o. o. They are made up of contracted and tendered building and engineering work, planning of transport, warehousing and customs brokerage, carrying freight wagons and coaches in international train services, and border crossing services.

Operating revenues by activity (EUR thousand)	2015	2014	Index
Logistics (Tovorni promet and Fersped)	214,403	227,299	94.3
Passenger transport	90,485	85,151	106.3
Traction and technical services	104,777	102,474	102.2
Infrastructure	184,289	164,466	112.1
ŽGP Group	82,135	82,749	99.3
Other activities	89,289	61,350	145.5
Consolidation	184,492	166,300	110.9
Total	580,884	557,189	104.3

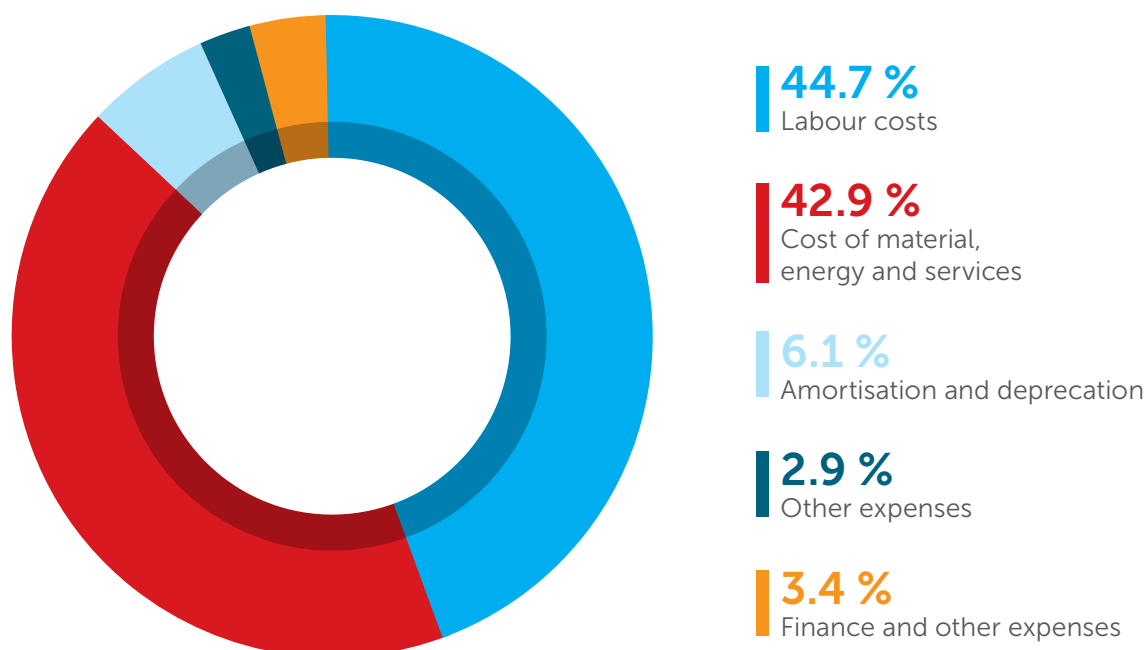
SŽ-Infrastruktura, d. o. o. recorded a rise in revenues owing to income increases under agreements with the Government and to increases in other revenues generated on the domestic market, with positive results also reported in SŽ-Potniški promet which saw a rise in transport revenues. Revenue increases were also recorded by other subsidies including SŽ-ŽIP, storitve, d. o. o., Prometni institut, d. o. o., SŽ-Železniška tiskarna, d. d., and by the parent Slovenske železnice, d. o. o.

Operating revenues generated by Slovenske železnice, d. o. o. totalled EUR 59,278 thousand, or EUR 23,803 thousand if excluding the one-off effects mentioned above. The largest portion (69.7%) was made up of

revenues from corporate services rendered by offices under the Management Board, which amounted to EUR 16,587 thousand (these were invoiced to companies in the Group on the basis of Service Level Agreements). Revenues from property totalled EUR 4,371 thousand and were generated through management, marketing, and real estate sales. The remaining EUR 2,845 thousand comprise revenues from billed bank costs and other costs billed to subsidiaries in Slovenske železnice Group (e.g. international membership organisation fees), from the lease of business premises at Kolodvorska 11, and from other minor revenues.

Operating expenses generated by the Slovenske železnice Group in 2015 grew by 1.8% to EUR 542,389 thousand, and were up 7.5% or EUR 38,035 thousand on the planned target.

Expenses structure of Slovenske železnice Group



The growth rate of operating revenues in 2015 was 2.5 percentage points higher than the rate of growth in operating expenses.

Operating expenses (EUR thousand)	Slovenske železnice Group			Slovenske železnice, d. o. o.		
	2015	2014	Index	2015	2014	Index
Cost of goods and materials sold	2,509	1,763	142.3			
Material costs	42,585	41,605	102.4	133	147	90.5
Energy costs	31,637	36,766	86.0	176	170	103.5
Costs of services	165,451	166,163	99.6	6,769	5,251	128.9
Labour costs	249,511	243,961	102.3	14,804	14,933	99.1
Amortisation/depreciation	34,309	34,945	98.2	990	1,673	59.2
Other operating expenses	16,387	7,821	209.5	15,533	440	
Operating expenses	542,389	533,024	101.8	38,405	22,614	169.8

A notable increase was reported in other operating expenses, which is attributable to a climb in revaluation operating costs (EUR 10,702 thousand relating to the sales of five instalments of debt claims against the State).

Operating revenues were made up 46.0% of labour costs, which totalled EUR 249,511 thousand and are up 2.3% on the previous period. Personnel shrunk by 329 employees in 2015 (situation as at 31 December 2015: 7,740 employees), reaching an average of 7,907 employees, or 181 less relative to 2014. Next to employee turnover, the wage bill was also influenced by adjustments of the gross starting salary of 3% and 0.6% on 1 January 2015 and 1 July 2015, respectively, in line with the agreement concluded with social partners in September 2014, by periodic advancement of employees based on the period of service (about 0.9%), and by remuneration relating to job performance of employees in the amount of EUR 3.5 million. These were done to effect a partial escalation of payments for starting salaries, which were not adjusted to the cost of living index in 2010 and between 2012 and 2014 due to agreements on austerity measures.

The cost of goods, materials and energy fell from EUR 80,134 thousand in 2014 to EUR 76,731 thousand in 2015, and accounted for 14.1% of operating revenues. The cost of materials and spare parts totalled EUR 40,327 thousand, and was mostly associated with the maintenance of rolling and rail infrastructure. The cost of energy recorded a 14.0% drop to EUR 40,327 thousand, and was made up 75% of traction services in rail passenger and freight (down from 77.5% in the previous year), with the split between electric and diesel powered traction systems standing at 40.2% (31.5% in the previous year) and 34.8% (46.0% in the previous year), respectively. Owing to infrastructure damage caused by an ice storm, diesel traction saw an increased use in freight services, with passenger trains replaced by buses in the period between January and August 2015.

The cost of services fell from EUR 166,163 thousand in 2014 to EUR 165,451 thousand in 2015, up 4.1% or EUR 6,590 thousand on the planned target owing largely to an increase in projects carried out by SŽ-ŽGP, vehicle maintenance services (SŽ-VIT), passenger transport services (SŽ-Potniški promet), and costs associated with bank services. In contrast, a drop was recorded in the cost of services rendered by foreign rail operators, which was associated with revenue reductions on the foreign market, and in corrective maintenance of PRI.

Depreciation and amortisation of intangible assets and property, plant and equipment recorded a fall of 1.8% from EUR 34,945 thousand in 2014 to EUR 34,309 thousand.

The Group reported a negative financial result of EUR 12,604 thousand. Financial income totalled EUR 5,202 thousand and was mostly made up of revenues from exchange gains related to borrowings from Eurofima, revenues from shares in associates, and revenues from late payment interests associated with current receivables. Financial expenses amounted to EUR 17,806 thousand, mostly comprising interest-bearing borrowings and exchange losses.

Other flows recorded a negative result of EUR 678 thousand. Other revenues reached EUR 221 thousand and comprised primarily revenue from damages or compensations and penalties separate from trade effects and from revenue relating to the collection of receivables previously written off. Other expenses totalled EUR 899 thousand, and were mostly composed of fines and damages or compensations claimed by legal and natural persons and by employees.

FINANCIAL SITUATION OF SLOVENSKE ŽELEZNICE GROUP

The assets of Slovenske železnice Group recorded a 5.7% drop to EUR 573,531 thousand as at December 2015, which is attributable primarily to the decrease in non-current assets of EUR 44,990 thousand, while current assets climbed by EUR 7,156 thousand.

The comment below refer to the operations of the Slovenske železnice Group.

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(EUR thousand)	Slovenske železnice Group		Slovenske železnice, d. o. o.	
	31. 12. 2015	31. 12. 2014	31. 12. 2015	31. 12. 2014
Assets	573,531	607,898	527,909	583,383
Non-current assets	381,385	426,375	473,086	379,587
Intangible non-current assets	4,773	4,183	1,207	657
Property, plant and equipment	290,618	300,974	14,374	13,978
Investment property	62,310	39,670	51,358	28,735
Non-current financial assets	17,888	18,120	402,680	275,345
Non-current operating receivables	3,419	63,357	3,467	60,872
Deferred tax assets	2,377	71		
Current assets	157,339	150,183	54,685	203,354
Inventories	24,625	22,171	1	0
Current financial assets	398	82	27,762	173,138
Current operating receivables	70,117	93,735	4,313	4,024
Cash	62,199	34,195	22,609	26,192
Short-term deferred costs and accrued revenues	34,807	31,340	138	442
Equity and liabilities	573,531	607,898	527,909	583,383
Liabilities	293,100	164,971	283,501	159,948
Equity	30,668	36,275	2,160	5,244
Provisions for liabilities and charges	136,925	119,115	154,966	190,850
Non-current financial liabilities	134,634	117,156	133,424	116,350
Non-current operating liabilities	408	1,959	19,721	74,500
Deferred tax liabilities	1,883	0	1,821	
Non-current liabilities	93,070	257,756	86,712	225,582
Current financial liabilities	9,416	176,495	73,270	221,270
Current operating liabilities	83,654	81,261	13,442	4,312
Current liabilities	19,768	29,781	570	1,759

The bulk of non-current assets is composed of property, plant and equipment (76.2%); the decrease of the latter was due to the transfers to investment property, investments and other increases, depreciation charge and elimination of assets.

Non-current operating receivables totalling EUR 3,419 thousand dropped by EUR 59,938 thousand due to the sale of five instalments of the receivable arising from the compensation for foregone capital to banks (EUR 57,880 thousand).

Deferred tax assets amounted to EUR 2,377 thousand, having increased by EUR 2,306 thousand compared to the end of 2014 by the calculated amount of deferred taxes.

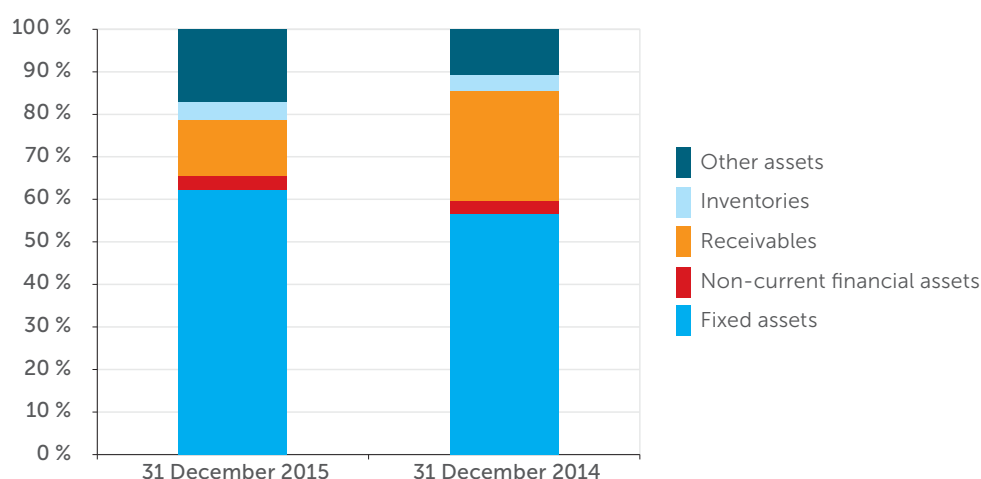
Inventories account for 15.7% of current assets. More than half the inventories is represented by spare parts and 23.4% by material. Nearly all inventories of work-in-progress in the amount of EUR 2,345 thousand are disclosed by SŽ Vleka in tehnika, d. o. o., whereas the major part of inventories of products and merchandise amounting to

EUR 1,975 thousand is posted by the Železniško gradbeno podjetje Group.

Current operating receivables in the amount of EUR 70,117 thousand were EUR 23,618 thousand lower than in 2014. The major portion is accounted for by trade receivables (EUR 44,109 thousand). Other current operating receivables total EUR 26,300 thousand, the largest item of which is receivables due from the state arising from the performance of obligatory public utility service of public railway infrastructure maintenance, transport management and passenger transport, equalling EUR 16,624 thousand.

Deferred costs and accrued revenues of EUR 34,807 thousand primarily comprise accrued revenues under the decision of the Government of the Republic of Slovenia, on the basis of the methodology for covering additional costs and loss of revenue due to glaze ice, accrued revenues from international freight and passenger transport, rent for passenger and freight wagons, border services and other minor accrued revenue from projects.

Composition of assets



The capital of the Slovenske železnice Group amounted to EUR 293,100 thousand at the end of 2015, having increased by EUR 128,129 thousand compared to the end of 2014. The capital of Slovenske železnice, d. o. o., was increased in 2015 with a cash contribution of the Republic of Slovenia in the amount of EUR 110,204 thousand. The capital increased also by the profit for the period and the actuarial gains from the calculation of provisions for severance pay and jubilee benefits, while it is decreased by the costs of unused annual leave in 2014 and deferred taxes for 2014.

Provisions and long-term accrued costs and deferred revenues totalled EUR 30,668 thousand at the end of 2015, which is EUR 5,607 thousand less than at the end of 2014, the drop being chiefly due to derecognition of provisions from the bookkeeping record of facilities of the Ljubljana Šiška Railway Stadium (EUR 3,356 thousand). Provisions for legal matters increased.

Most of non-current liabilities represent *non-current financial liabilities* in the amount of EUR 134,634 thousand. Non-current financial liabilities of the parent company stood at EUR 133,424 thousand, nearly entirely composed of long-term loans, and were EUR 17,074 thousand higher than at the end of 2014 because of the impact of a new loan raised, the transfer of principals to current liabilities falling due by the end of 2016 and exchange rate losses.

Non-current operating liabilities in the amount of EUR 408 thousand were EUR 1,551 thousand lower than in 2014 owing to fewer fixed assets leased and the entry of the obligation under the right of superficies in Nova Gorica until 2036.

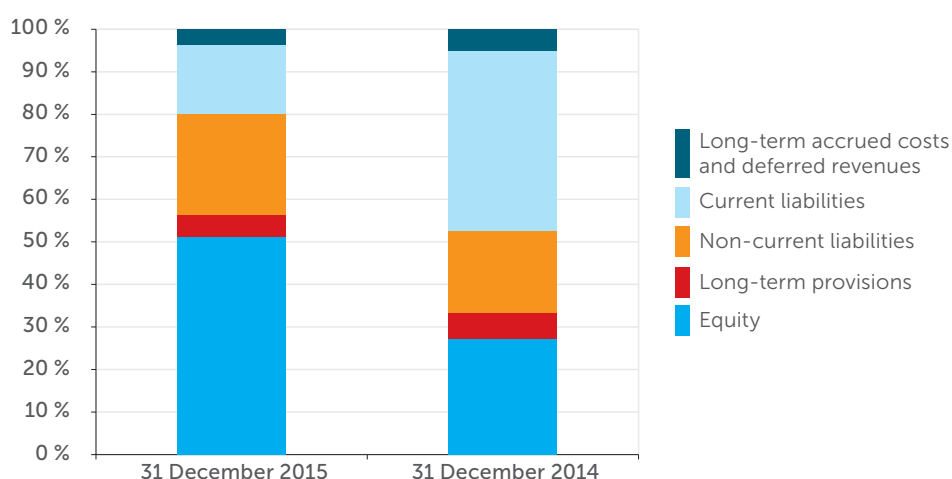
Deferred tax liabilities totalled EUR 1,883 thousand at the end of 2015.

The Group's current financial liabilities decreased by EUR 167,079 thousand in 2015 because all loans of Slovenske železnice, d. o. o. were repaid, EUR 158.8 million to commercial banks, EUR 110.2 million of which were loans of SŽ Potniški promet, d. o. o. that were repaid through the use of recapitalisation funds, and EUR 48.6 million of which were loans of Slovenske železnice, d. o. o. and SŽ Tovorni promet, d. o. o. that were repaid through the use of funds from the sale of five instalments of the receivable due from the Republic of Slovenia.

Current operating liabilities rose by EUR 2,393 thousand in 2015, of which liabilities to employees recorded the highest rise, i.e. by EUR 12,215 thousand, as a result of severance payments under the redundancy programme. Trade payables dropped by EUR 8,684 thousand compared to the year before due to minor delays in payments.

Short-term accrued costs and deferred revenues equalling EUR 19,768 thousand comprise short-term deferred revenues (EUR 2,412 thousand) and accrued costs (EUR 17,356 thousand). Deferred revenues refer to disclosures of deferred revenues from construction services, projects and VAT in passenger transport. Accrued costs are related to accrued costs of unused annual leave, accrued costs for severance pay to employees under the programme for the discharge of redundant workers, accrued costs of glaze ice, accrued costs of border service, accrued costs of rent for freight and passenger wagons and other minor accrued costs.

Composition of liabilities



Cash flows

EUR thousand	2015	2014
Opening balance of cash	34,195	4,296
Cash flow from operating activities	101,751	134,188
Cash flow from investing activities	(19,919)	(18,716)
Cash flow from financing activities	(53,828)	(85,573)
Cash flow for the period	28,004	29,899
Closing balance of cash	62,199	34,195

In 2015, the Slovenske železnice Group recorded cash flow from operating activities in the amount of EUR 101,751 thousand. Cash flow from investing activities was negative, amounting to EUR 19,919 thousand. Cash flow from financing activities totalling EUR 53,828 thousand was negative. Cash rose from EUR 34,195 thousand to EUR 62,199 thousand.

ANALYSIS OF FINANCIAL SITUATION

The financial situation of the Slovenske železnice Group as at 31 December 2015 is analysed on the basis of the balance sheet of the Group.

EUR thousand	31.12.2015	31.12.2014	Absolute change	Index
Current receivables	167,521	159,352	8,169	105.1
Current liabilities	112,838	287,537	(174,699)	39.2
Net short-term debt		128,185	(128,185)	
Net current receivables	54,683		54,683	
Non-current receivables	23,684	81,548	(57,864)	29.0
Non-current liabilities	167,593	155,390	12,203	107.9
Net long-term debt	143,909	73,842	70,067	194.9
Net debt	89,226	202,027	(112,801)	44.2
Total liabilities	280,431	442,927	(162,496)	63.3
Total receivables	191,205	240,900	(49,695)	79.4
Property, plant and equipment	382,326	366,998	15,328	104.2
Capital assets	295,391	305,157	(9,766)	96.8
Investment property	62,310	39,670	22,640	157.1
Inventories	24,625	22,171	2,454	111.1
Equity	293,100	164,971	128,129	177.7

In the year under review, the liabilities and receivables of Slovenske železnice Group recorded a drop of EUR 162,496 thousand and EUR 49,695 thousand, respectively, which is reflected by a net debt reduction of EUR 112,801 thousand compared to the end of 2014.

The Slovenske železnice Group has the status of a net debtor on the long-term basis (EUR 143,909 thousand) and net creditor on the short-term basis (EUR 54,683 thousand). At the end of 2015, the level of debt expressed as a ratio of net debt to property, plant and equipment, stood at 23.3%, and was down on the figure from 2014 (55.0%).

LONG-TERM INVESTMENT FINANCING

EUR thousand	31.12.2015	31.12.2014	Absolute change	Index
Current assets	192,146	181,523	10,623	105.9
Current liabilities	112,838	287,537	(174,699)	39.2
Working capital	79,308	(106,014)	185,322	
Non-current investment	381,385	426,375	(44,990)	89.4
Non-current sources	460,693	320,361	140,332	143.8

At the end of 2015, 120.8% of non-current investment was financed from non-current sources, which is up from 75.1% in the previous period. The ratio of current assets to current liabilities rose from 0.631 as at 31 December 2014 to 1.703 at the end of 2015. Under absolute change, the positive working capital reflects a surplus of non-current sources, which rose by EUR 185,322 thousand to EUR 79,305 thousand at the end of 2015, owing to a drop of EUR 12,874 thousand in the value of capital assets and investment property, a climb of EUR 70,067 thousand in net non-current liabilities, and to an equity increase of EUR 128,129 thousand.

PERFORMANCE INDICATORS

The assessment of performance indicators of Slovenske železnice Group needs to take account, amongst other, of the effects associated with the PSO in inland and cross-border regional public transport by rail and PSO in the maintenance of public rail infrastructure and in traffic control, which are discharged by the Slovenske železnice Group with the aim of ensuring quality and effective transport services of general interest.

After the 2009 economic downturn, when the financial indicators were at an all-time low due to the plunge of revenues, things have been improving steadily. In the year under review, EBIT totalled a plus of EUR 38,495 thousand (negative in 2009, when it plummeted to a minus of EUR 26,014 thousand), with EBITDA recording an absolute increase of EUR 62,516 thousand and the workforce shrinking by 2,221 employees as at the end of the period.

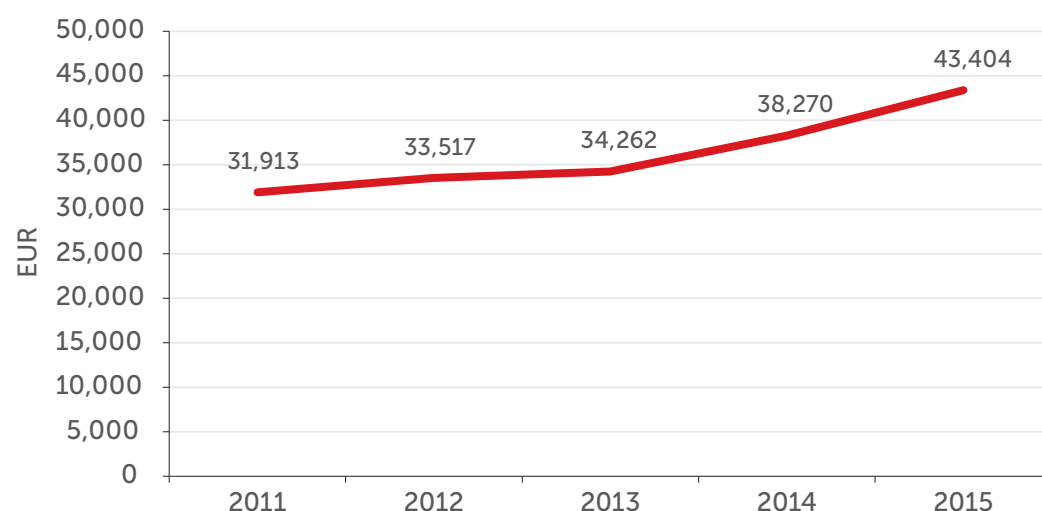
The management of capital assets of the state has the foremost aim of achieving a return on state capital assets of 8% of the carrying amount of equity on 2020. The targets for the return on state capital assets in the upcoming three years involve year-on-year growth of 5.9%, 6.3% and 7.1% in 2015, 2016 and 2017, respectively. The Slovenske železnice Group has set a target ROE of 7.0%, which is in line with the adopted business plan.

Financial indicators	Unit	2011	2012	2013	2014	2015
EBIT – Operating profit/loss	EUR thousand	2,191	12,062	20,022	24,165	38,495
EBITDA	EUR thousand	42,403	52,133	57,129	59,110	72,804
Net profit/loss	EUR thousand	(15,351)	3,479	18,714	14,550	23,707
Operating efficiency	ratio	1.0046	1.0273	1.0414	1.0453	1.0710
Operating margin	ratio	0.0046	0.0266	0.0397	0.0434	0.0663
Share of turnover in operating revenues under agreements with the Government	ratio	0.4032	0.3642	0.3073	0.2626	0.2651
Net return on equity – ROE ¹	%	(9.6 %)	2.5 %	12.7 %	9.1 %	10.4 %
Net return on assets – ROA	%	(2.2 %)	0.5 %	2.9 %	2.3 %	4.0 %
Financial liabilities/equity	ratio	2.9411	2.6730	2.4035	1.7810	0.4915
Value added per employee	EUR	31,913	33,517	34,262	38,270	43,404
Percentage labour costs in operating revenues	ratio	0.4776	0.5011	0.4298	0.4378	0.4295
Number of employees (as at 31 Dec)		8,797	8,279	8,099	8,069	7,740
Average number of employees		8,886	8,543	8,221	8,088	7,907

Note:

¹ The calculation of net return on equity – ROE for the period between 2011 and 2014 is made in line with the methodology applied in 2015.

Value added per employee



Compared to 2014, the value added per employee (the average based on working hours) rose by 13.4%, and was attributable mostly to an increase in revenues. In turn, this spurred growth in cash flows as the sum of amortisation and depreciation and the net profit/loss.





BUSINESS RESULTS OF COMPANIES IN THE SLOVENSKE ŽELEZNICE GROUP

Tovorni promet Group

KEY FINANCIAL AND PERFORMANCE FIGURES

Income statement (EUR thousand)	2015	2014	Index
Operating revenues	193,274	206,194	93.7
Revenues from transport services	160,298	167,672	95.6
Revenues under agreements with the Government of RS			
Other operating revenues	32,976	38,522	85.6
Operating expenses	184,548	196,615	93.9
Operating profit/loss - EBIT	8,726	9,579	91.1
EBITDA	23,767	24,451	97.2
Total profit/loss	505	6,434	7.8
Net profit/loss	565	6,434	8.8
Balance sheet (EUR thousand)	31.12.2015	31.12.2014	Index
Assets	239,843	264,001	90.8
Equity	51,726	50,903	101.6
Financial liabilities	156,413	174,765	89.5
Non-current liabilities	133,419	105,583	126.4
Current liabilities	22,994	69,182	33.2
Net financial liabilities	134,955	174,653	77.3
Current operating receivables	41,498	35,172	118.0
Current operating liabilities	23,891	26,538	90.0
Investment, performance, and employees	2015	2014	Index
Investment (EUR thousand)	10,191	11,711	87.0
Goods carried (thousand t)	18,595	18,783	99.0
Volume sold (million net tkm)	4,363	4,278	102.0
Employees	1,252	1,301	96.2
Average number of employees	1,269	1,301	97.5
Indicators	2015	2014	Index
EBIT in operating revenues (%)	4.5	4.6	97.8
EBITDA in operating revenues (%)	12.3	11.9	103.4
Value added per employee (EUR)	50,704	49,579	102.3
Labour cost portion in operating revenue (%)	20.1	18.8	106.9
Debt to assets ratio (%)	65.2	66.2	98.5
ROE Return on equity ¹ (%)	1.1	13.4	8.2
ROA Return on assets (%)	0.2	2.3	8.7
ROCE Return on capital employed (%)	4.0	3.8	105.3
Net debt/EBITDA	5.7	7.1	80.3
Net debt/equity	2.6	3.4	76.5

Note:

¹ The calculation of ROE – Net return on equity for 2014 is matched with the calculation methodology for 2015.

Key:

Total profit/loss = EBIT+Result of financial flows + Result of other flows (pre-tax)

Net profit/loss = Total profit/loss - income tax

Financial liabilities = Current and non-current financial liabilities

EBITDA = EBIT + amortisation

Value added per employee = Operating revenues reduced by the cost of goods, material, services and other operating expenses and divided by the average number of employees based on hours worked.

ROE = net profit/average equity

ROA = net profit/average assets

ROCE: EBIT/average capital + average financial liabilities

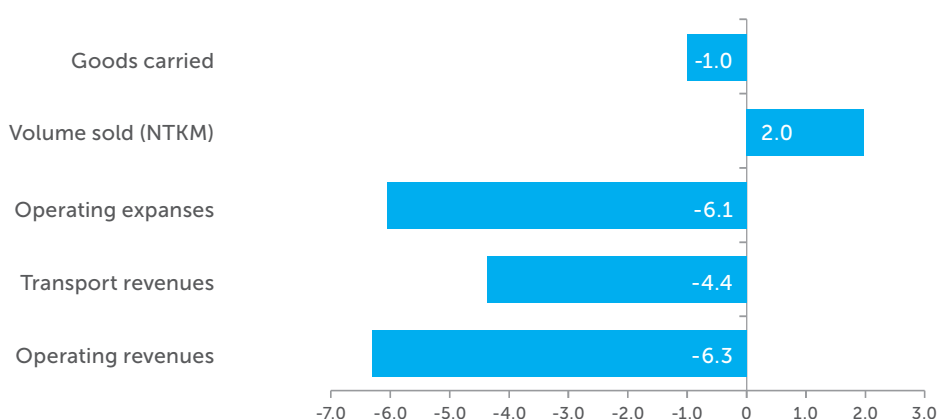
Net financial liabilities: financial liabilities - cash and cash equivalents - short-term investments - long-term loans to companies in the Group

HIGHLIGHTS

- Goods carried in 2015 fell by 1.0% to 18.6 million tonnes, while volume sold recorded an increase of 2.0% to 4,363 million net tkm.
- EBIT totalled a plus of EUR 8.7 million, and was down EUR 0.9 million on 2014 and EUR 2.8 million short of the planned target.
- Operating revenues recorded a 6.3% fall to EUR 193.3 million in 2015, and were 3.9% below the target.

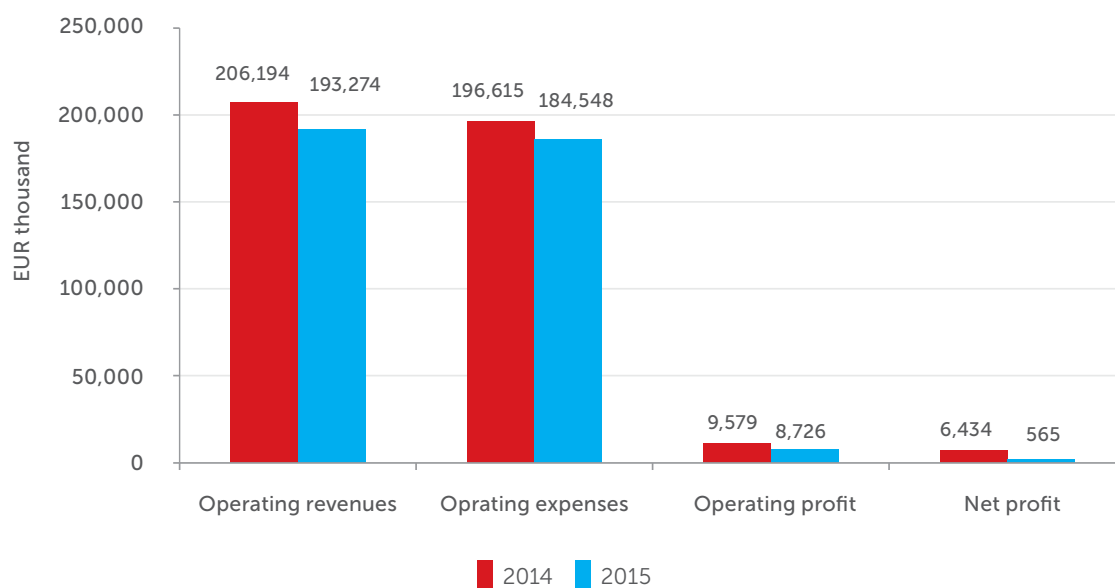
- Gross revenues from transport services dropped 4.4% to 160.3 million, missing the target by 5.5%, while net transport revenues (gross transport revenues minus the cost of services rendered by foreign operators) were at the level recorded in 2014.
- Operating revenues decreased by 6.1% to EUR184.5 million, missing the planned target by 2.7%.
- A net profit of EUR 0.6 million was generated, down on both 2014 and the planned target for 2015 owing to a negative financial result of EUR 7.8 million and a negative balance of exchange gains and losses.

Change in % compared to 2014



REVENUE, EXPENSES, AND PROFIT AND LOSS

SŽ–Tovorni promet Group

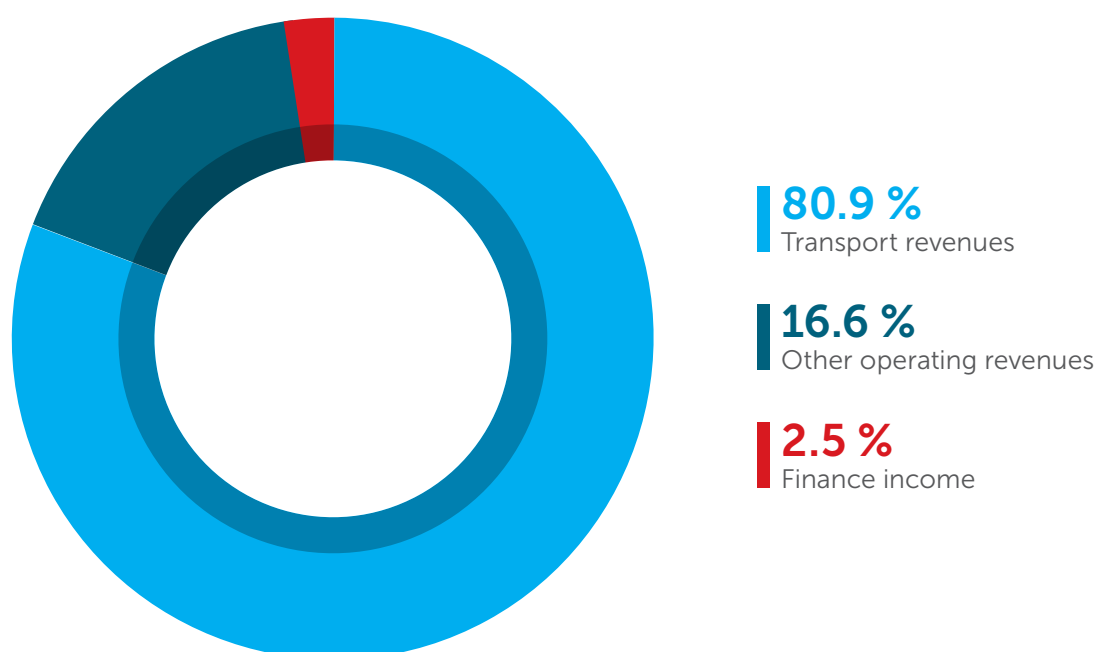


Key business performance categories of the income statement

EUR thousand	2015	2014	Index
Operating revenues	193,274	206,194	93.7
Operating expenses	184,548	196,615	93.9
Operating profit/loss	8,726	9,579	91.1
Finance income	4,907	2,221	220.9
Finance expenses	12,716	4,970	255.9
Financial result	(7,809)	(2,749)	284.1
Other revenues	26	29	89.7
Other expenses	438	425	103.1
Result of other flows	(412)	(396)	104.0
Corporate income tax	7	0	
Deferred tax	(67)	0	
Net profit for the period	565	6,434	8.8
Net profit of majority shareholders	565	6,434	8.8
Net profit of minority shareholders			

A more detailed structure of the income statement is provided in the overview of operating performance by individual company at the end of the Business Report.

Structure of revenues – SŽ-Tovorni promet Group



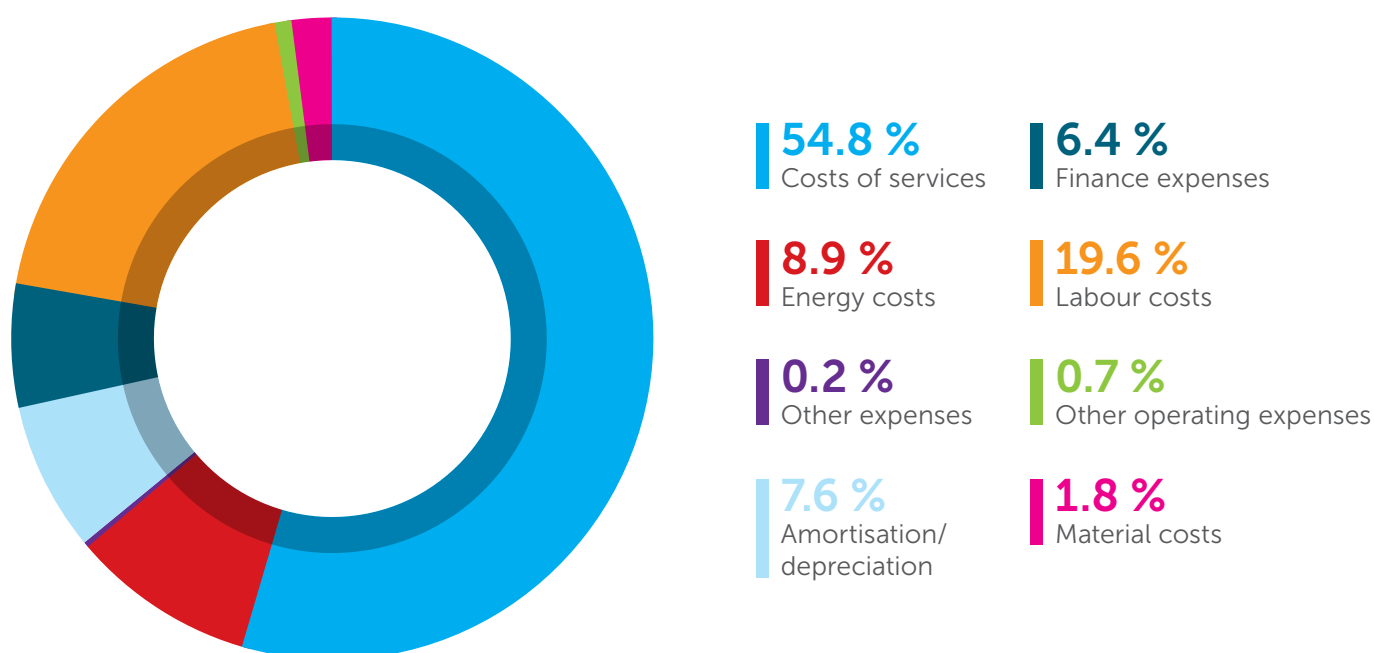
Operating revenues (EUR thousand)	2015	2014	Index
Transport revenues	160,298	167,672	95.6
transport revenues on the domestic market	7,398	8,890	83.2
transport revenues on the international market	152,900	158,782	96.3
Other operating revenues	32,976	38,522	85.6
Operating revenues	193,274	206,194	93.7

Gross transport revenues totalling EUR 160,298 thousand represent 82.9% of total operating revenues and are 4.4% lower than in 2014. Net transport revenues from international transport (the difference between gross transport revenues and the costs of foreign carriers' services) grew by EUR 1,454 thousand. Transport revenues on the domestic market dropped by EUR 1,492 thousand.

Transport revenues lagged behind the plan by 5.5%, i.e. in inland transport by EUR 1,508 thousand and in international transport by EUR 7,909 thousand. Net transport revenues in international transport exceeded the planned figure by EUR 154 thousand.

Other operating revenues were 4.7% above the plan and 14.4% below the respective figure the year before. Operating revenues are 9.1% higher than planned and 13.5% higher compared to 2014 when excluding revenues associated with glaze ice. Revenues from glaze ice are disclosed within the scope of other revenues on the domestic market amounting to EUR 5,956 thousand, which is EUR 781 thousand less than planned and EUR 8,756 thousand less than in 2014.

Structure of expenses – Skupina SŽ-Tovorni promet



Operating expenses (EUR thousand)	2015	2014	Index
Operating expenses	184,548	196,615	93.9
Cost of goods and materials sold	42	56	75.0
Material costs	3,432	3,001	114.4
Energy costs	17,627	22,184	79.5
Costs of services	108,286	117,416	92.2
Labour cost	38,813	38,832	100.0
Amortisation/depreciation	15,041	14,872	101.1
Other operating expenses	1,307	254	514.6

The costs of material rose by 14.4% over 2014, predominantly due to more numerous replacements of traction engines and transmissions on electric locomotives and increased consumption of material for maintenance of diesel locomotives resulting from wheel replacement.

The costs of energy were 20.5% lower than in 2014, especially because of lower prices of diesel fuel and fewer train kilometres travelled by diesel locomotives as a result of the re-establishment of the electric transport network. As train kilometres of electric locomotives increased, the costs of energy for propelling railway rolling stock grew by 8.9%.

The fall in the costs of services was brought about by EUR 8,058 thousand lower costs of railway transport services of foreign railway administrations, resulting from less goods transported for SŽ-Tovorni promet in international transport by foreign carriers. The costs according to the Rules on brakes, safety devices, special devices and equipment of railway vehicles (RIV) decreased by EUR 1,850 thousand because of fewer foreign wagons on the lines of Slovenske železnice and shorter maintenance period.

Labour costs in the Tovorni promet Group represent 21.0% of total operating expenses in 2015 and are at the same level as the year before.

Other operating expenses exceeded the 2014 figure, especially due to impairments of trade receivables owed by domestic and foreign customers (EUR 570 thousand), impairment of inventories (EUR 210 thousand), written-off investments in progress and the elimination of land and facility at Kajuhova 51 in Ljubljana (EUR 213 thousand).

SERVICE RANGE AND THE VOLUME OF WORK PERFORMED

In spite of great infrastructural obstacles, limited resources and fierce competition, Slovenske železnice achieved enviable results together with other companies from the Slovenske železnice Group in 2015. In 2015, the SŽ-Tovorni promet Group transported 18,595 thousand tonnes of cargo in and outside Slovenia (wagon and small

shipments combined) and recorded 4,363 million NTKM. The physical indicators achieved are better than planned, while in comparison to the year before, which was extremely successful for us, we surpassed the volume of work in NTKM by 2.0%.

Through regular sales activities and sales promotion campaigns, we acquired and improved a number of deals. Thus, we boosted the transport of containers, coal, cement, vehicles, chemical products, paper, sand and private wagons. The results achieved are also the consequence of strengthened economic activity in Slovenia and the European Union, which was reflected in the transport industry as well.

Transport in the crisis corridor improved somewhat as electric traction was released on one track in June and on the other track at the end of August 2015. On the other hand, the renovation and reconstruction of the public railway infrastructure continues at other sections, requiring permanent or temporary closures of lines or tracks. The above will strongly influence the operating results in the future years.

The situation was aggravated by the refugee crisis. On the basis of a Government's decision, refugee transport had utmost priority. SŽ Tovorni promet therefore provided locomotives, which were envisaged for the regular transport of freight trains and SŽ Vleka in tehnika provided personnel.

It should be stressed that the result was achieved in an exceptionally difficult situation, with ever fiercer competition and with extremely restricted capacities – both in terms of diminished availability of the public railway infrastructure as well as the reduced availability of wagons, locomotives and personnel in various transport phases.

Wagon consignments

Wagon consignments - SŽ-TP Group	2015	2014	Index
Goods carried (thousand tonnes)¹	18,570	18,759	99.0
SŽ-Tovorni promet, d. o. o.	18,541	18,759	98.8
Inland transport	1,166	1,356	86.0
International transport	17,375	17,403	99.8
Import	4,094	4,200	97.5
Export	2,960	2,813	105.2
Land transit	3,044	3,274	93.0
Port transit	7,277	7,116	102.3
Routes outside Slovenia (The value is not added because the route extends outside Slovenia and is included in international transport)	38	0	
SI CARGO²	30	0	

Note:

¹ Non-consolidated quantities taken into account

² Transport by SI CARGO is not in the territory of the Republic of Slovenia.

Wagon consignments - SŽ-TP Group	2015	2014	Index
Work performed (million NTKM)	4,363	4,279	102.0
Inland transport	199	232	85.8
International transport	4,151	4,047	102.6
Import	631	639	98.7
Export	452	393	115.0
Land transit	865	897	96.4
Port transit	2,203	2,118	104.0
Routes outside Slovenia	13	0	

In some segments transport decreased or there was none, but we succeeded in replacing it by increasing other transport and mainly by new transport. We also acquired some new cargo and transported it with own traction over a longer transport route. We started transporting with own traction also in Austria, across the border to the Czech Břeclav and from Hallein to Koper, namely cellulose pulp.

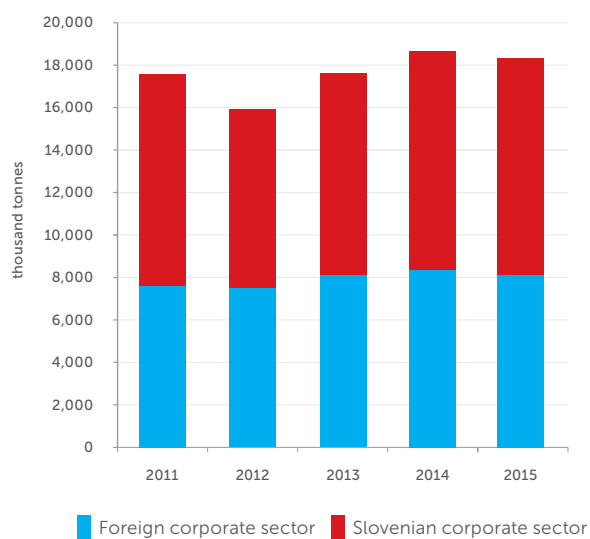
We continued organising the collection of individual wagons and groups of wagons with logs from various Slovenian stations, where we formed full train loads for end customers. Thus we obtained additional logs for transport from Slovenia to Austria, Italy and Germany and, as a novelty, to Romania.

Progress was again noted in transport for the construction industry. In the first months of the year, the situation was favourable for the construction industry, which was reflected in increased cement transport from Anhovo to the cement terminal in Moste and in greater imports from Hungary.

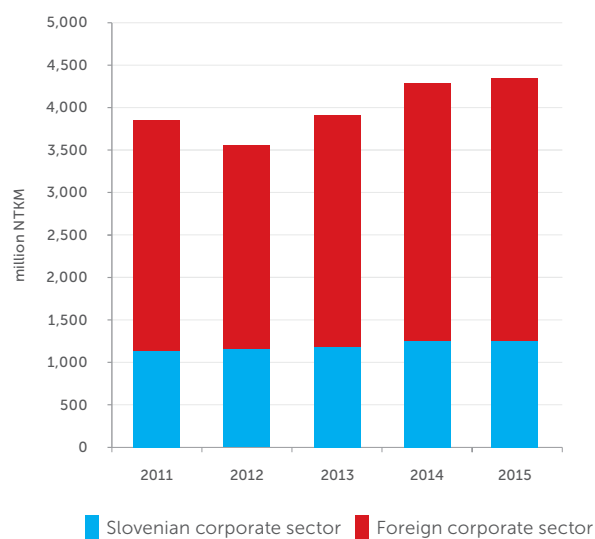
A rise was also observed in the transport of calcium carbonate to Austria, used in the paper industry.

Transport of large containers in port transit towards Hungary and Slovakia and back increased.

Goods carried



Work performed



The share of transport for the Slovenian business sector (inland transport, import and export) remained more or less at the 2014 level and stood at 44.3% (44.6% the year before).

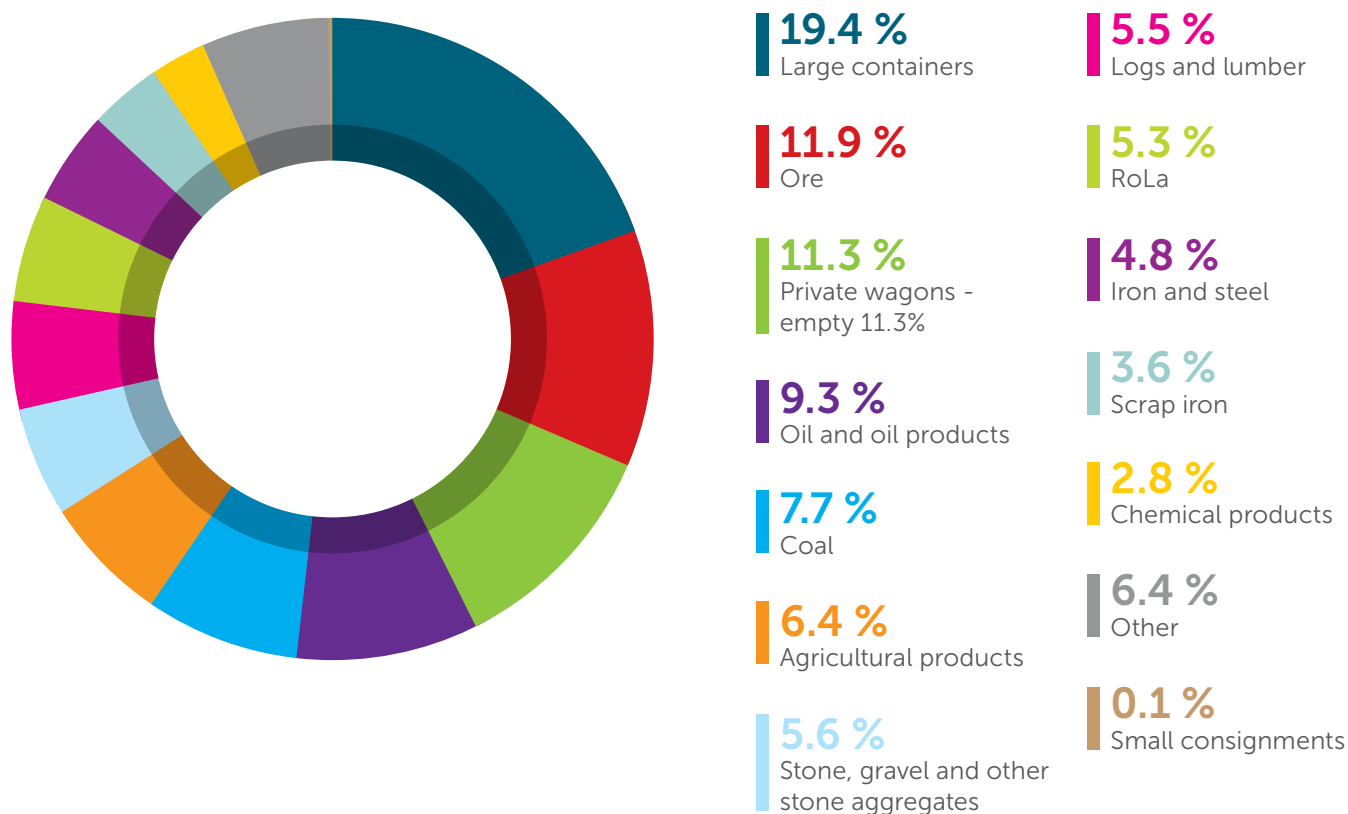
Structure of transport by type of goods carried

Goods carried (thousand tonnes) ¹	2015	2014	Index
Large containers	3,596	3,417	105.2
Ore	2,214	2,443	90.6
Private wagons - empty	2,100	1,879	111.8
Oil and oil products	1,731	1,815	95.4
Coal	1,426	1,322	107.9
Agricultural products	1,183	1,369	86.4
Sand, gravel	1,039	990	104.9
Logs and lumber	1,026	1,074	95.5
RoLa	979	1,227	79.8
Iron and steel	887	935	94.9
Scrap metal	664	744	89.2
Chemical products	512	465	110.1
Other	1,183	1,080	109.6
Small consignments	25	23	108.7
SI-Cargo	30	0	
Total	18,595	18,783	99.0

Note:

¹ Non-consolidated quantities taken into account

In terms of goods carried, the largest share, as thus far, was accounted for by container transport in 2015. Major shares are those of ore, oil and oil products, empty private wagons, coal, agricultural products and wood, together representing 77.1% of total goods carried. The highest rise was recorded in private wagons, chemical products, coal, sand, gravel and other stone aggregates, and small consignments.



Traditional transport of wagon consignments

	2015	2014	Index
Goods carried (thousand tonnes) ¹	13,964.3	14,108.6	99.0
Work performed (million NTKM)	3,161.4	3,207.0	98.6

Note:

¹ Non-consolidated quantities taken into account

The share of traditional transport of wagon consignments comprises 75.2% of all consignments carried in 2015, which is approximately the same as the year before, when the respective figure was 75.1%.

Traditional transport of wagon consignments included 13,964.3 thousand tonnes of goods carried and 3,161.4 million NTKM. Less sand was transported in inland transport (postponed renovation of the Dolga Gora–Poljčane line) and scrap iron transport decreased as well, whereas an increase was noted in the transport of cement, construction material (favourable situation for the construction industry), iron and steel. Import comprised more chemical products, paper and cellulose pulp, empty private wagons, and we gained new transport of cement from Hungary; the transport of coal, ore, oil and oil products dropped. We continued transporting wood within the scope of the export segment after the great felling due to glaze ice. Besides the existing destinations, Austria and Italy, we started transporting wood to Germany and Romania as well. We

carried several empty private wagons, sand, gravel and other stone aggregates and scrap metal into Italy. In land transit we transported less agricultural products from Croatia, Serbia and Romania to Italy, scrap metal from Hungary and Croatia to Italy, fertilizers from Croatia to Italy, wood from Hungary, Romania, Croatia, Serbia and Bosnia to Italy, and from Austria to Croatia. We transported more empty private wagons, iron and steel (from Slovakia and Serbia to Italy) and gained the transport of ethanol from Hungary and Romania to Italy. In port transit we transported less ore, agricultural products, iron and steel, but more coal (unannounced re-routing of a ship to Koper, whereby we compensated for the lag in previous months), paper and cellulose, chemical products and vehicles.

In 2015, as in the previous years, the largest share in the structure of transport was that of the goods groups of ore, oil and oil products, empty private wagons, coal, agricultural products, round wood and sawn wood, sand and stone aggregates, iron and steel.

Combined transport

Combined transport (thousand tonnes)	2015	2014	Index
Containers	3,596	3,417	105.2
Accompanied piggyback transport	979	1,227	79.8
Total	4,576	4,651	98.4

Combined transport accounts for 24.6% of all cargo carried by SŽ-Tovorni promet. In 2015, combined consignments consisted of 4,576 thousand tonnes, which is slightly less than in 2014. The largest share in combined transport is that of containers, i.e. 78.6%, whereas the accompanied piggyback transport of vehicles represents 21.4%. This ratio changed somewhat

in 2015 in favour of large container transport, as its volume rose in comparison to 2014 and the volume of vehicle transport drastically decreased, i.e. by 20.2%.

The highest rise, 10.9%, was achieved in port transit, which accounts for the highest share in combined transport with 58.3%.

SŽ-Express

SŽ-Express (tonnes)	2015	2014	Index
Inland transport	24,185	22,897	105.6
International transport	762	570	133.7
Total	24,947	23,467	106.3

SŽ-Express is a unit specialised in transport of small consignments in inland and international transport. With distribution and transport of small consignments and with customs and warehousing activity, performed in inland and international transport, SŽ-Express complements the wide range of freight transport services.

In 2015 we transported 24,947 tonnes of goods in inland and international transport, which is 1,480 tonnes or 6.3% more than the year before. In comparison to

the year before we also increased the share of international transport from 2.4% to 3.1%, and thus realised the set goal, namely the expansion of services in international transport. We carried 223,127 consignments or 8% more than in 2014.

By increasing both the number of tonnes and consignments carried, we increased our market share. We achieved this by adjusting the sales policy to customer demands and pressures from the competition.



KEY FINANCIAL AND PERFORMANCE FIGURES

Income statement (EUR thousand)	2015	2014	Index
Operating revenues	90,485	85,151	106.3
Revenues from transport services	39,297	37,239	105.5
Revenues under agreements with the Government of RS	41,989	41,380	101.5
Other operating revenues	9,199	6,532	140.8
Operating expenses	88,095	82,080	107.3
Operating profit/loss - EBIT	2,390	3,071	77.8
EBITDA	13,690	14,349	95.4
Total profit/loss	545	656	83.1
Net profit/loss	545	656	83.1
Balance sheet (EUR thousand)	31. 12. 2015	31. 12. 2014	Index
Assets	148,832	153,945	96.7
Equity	133,728	23,303	573.9
Financial liabilities	0	113,491	0.0
Non-current liabilities	0	10,705	0.0
Current liabilities	0	102,786	0.0
Net financial liabilities	(32,639)	92,979	
Current operating receivables	12,149	18,485	65.7
Current operating liabilities	11,098	11,031	100.6
Investment, performance, and employees	2015	2014	Index
Investment (EUR thousand)	5,179	6,219	83.3
Passengers (thousand)	14,559	14,837	98.1
Volume sold (million pkm)	709	697	101.8
Employees	574	622	92.3
Average number of employees	598	622	96.1
Indicators	2015	2014	Index
EBIT in operating revenues (%)	2.6	3.6	72.2
EBITDA in operating revenues (%)	15.1	16.9	89.3
Value added per employee (EUR)	53,516	53,263	100.5
Labour cost portion in operating revenue (%)	18.8	20.9	90.0
Debt to assets ratio (%)	0.0	73.7	0.0
ROE Return on equity (%)	0.7	2.9	24.1
ROA Return on assets (%)	0.4	0.4	100.0
ROCE Return on capital employed (%)	1.8	2.1	85.7
Net debt/EBITDA	(2.4)	6.5	
Net debt/equity	(0.2)	4.0	

Note:

¹ The calculation of ROE – Net return on equity for 2014 is matched with the calculation methodology for 2015.

Key:

Total profit/loss = EBIT+Result of financial flows + Result of other flows (pre-tax)

Net profit/loss = Total profit/loss - income tax

Financial liabilities = Current and non-current financial liabilities

EBITDA = EBIT + amortisation

Value added per employee = Operating revenues reduced by the cost of goods, material, services and other operating expenses and divided by the average number of employees based on hours worked.

ROE = net profit/average equity

ROA = net profit/average assets

ROCE: EBIT/average capital + average financial liabilities

Net financial liabilities: financial liabilities - cash and cash equivalents - short-term investments - long-term loans to companies in the Group

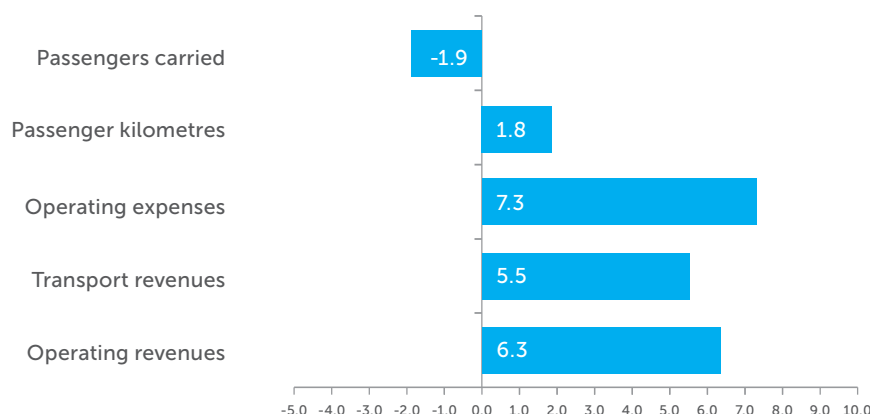
HIGHLIGHTS

- EBIT totalled a plus of EUR 2.4 million, and was down EUR 0.7 million on 2014 and EUR 2.6 million short of the planned target, while net profit dropped by EUR 0.1 million to EUR 0.5 million in 2015, and was EUR 0.2 million below the target.
- Passenger journeys recorded a year-on-year decrease of 1.9% to 14.6 million, with volume sold growing by 1.8% to 709.3 million pkm in 2015.
- The share of rail on the public transport market fell from 29.6% to 28.0% in 2015.
- The drop in ridership and volume sold is attributable to the suspension of train services and the associated operation of rail replacement buses on lines connecting with the coastal areas following the glaze ice event in 2014 (trains were replaced by buses until August 2015 when the infrastructure repair works were completed), which had a negative effect on the quality and frequency of train journeys.
- Volume sold amongst other comprises train journeys made for the purpose of carrying migrants, which typically involved above-average

distances travelled (161.1km), contributing to a 1.7km increase in the average distance travelled to 48.7km in 2015.

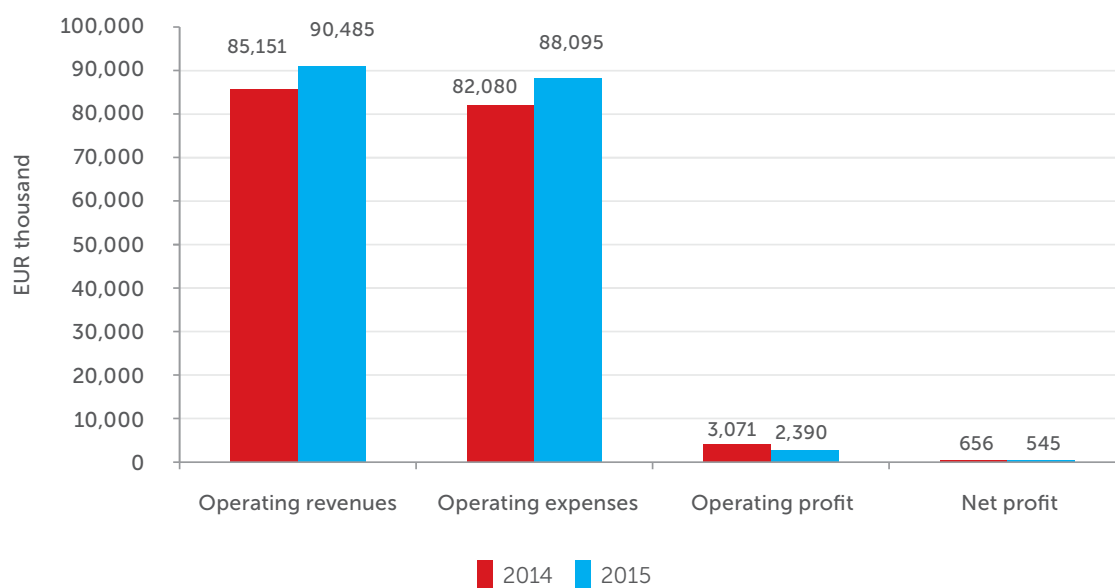
- A fall was recorded in volume sold and transport revenues from international services owing to disruptions and extraordinary events on foreign rail networks, lower numbers of journeys to Slovenia and in transit, overall reduction in international services compared to the previous years, and to train service disruptions associated with migrations.
- The survey of passenger satisfaction in 2015 indicated a lower level of satisfaction compared to the previous year, with the lowest score recorded in journey speeds and the highest satisfaction identified in the helpfulness and appearance of staff.
- Revenues generated under the agreement with the Government of the Republic of Slovenia on the performance of obligatory public utility service in inland and cross-border rail transport rose 1.5% (EUR 0.6 million) compared to 2014 and was at the planned target level.
- Notwithstanding the ice storm impacts on the line to Koper and service disruptions associated with maintenance and engineering work elsewhere on the network, the company successfully concluded the year under review with a positive net profit.

Change in % compared to 2014



REVENUES, EXPENSES, AND PROFIT AND LOSS

SŽ-Potniški promet, d. o. o.

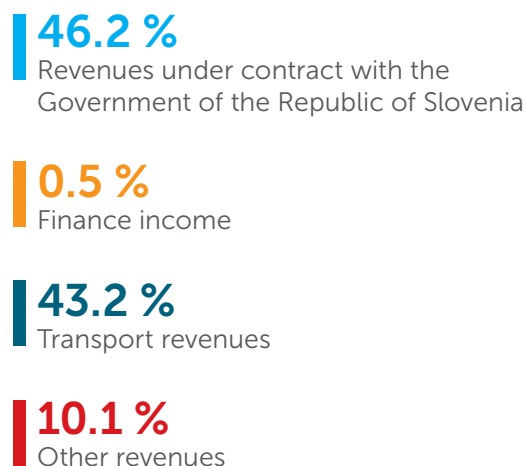
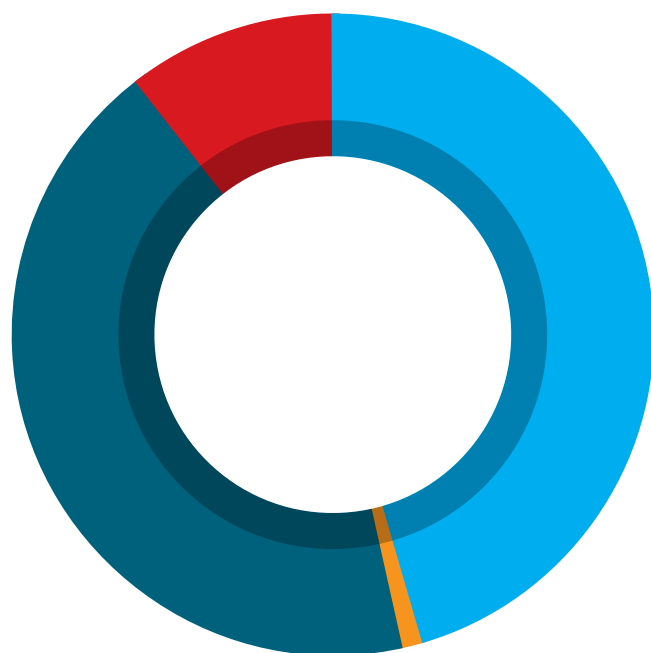


Key business performance categories of the income statement

(EUR thousand)	2015	2014	Index
Operating revenues	90,485	85,151	106.3
Operating expenses	88,095	82,080	107.3
Operating profit/loss	2,390	3,071	77.8
Finance income	468	326	143.6
Finance expenses	2,237	2,650	84.4
Financial result	(1,769)	(2,324)	76.1
Other revenues	5	4	125.0
Other expenses	81	95	85.3
Result of other flows	(76)	(91)	83.5
Net profit/loss for the period	545	656	83.1

A more detailed structure of the income statement is provided in the overview of operating performance by individual company at the end of the Business Report.

Structure of revenues – SŽ-Potniški promet, d. o. o.



Operating revenues (EUR thousand)	2015	2014	Index
Operating revenues	90,485	85,151	106.3
Transport revenues	39,297	37,239	105.5
- inland transport	32,322	29,498	109.6
- international transport	6,975	7,741	90.1
Revenues under agreement with the Government of the Republic of Slovenia	41,989	41,380	101.5
Other revenues	9,199	6,532	140.8

Transport revenues lagged behind the plan by 1.5% or EUR 581 thousand and grew by 5.5% or EUR 2,058 thousand compared to the year before.

Transport revenues in inland transport were EUR 563 thousand higher than expected. The planned revenues considered the 6% price increase on 1 March, which the Government of the Republic of Slovenia did not confirm and the prices remained unchanged. Since the Ministry of Infrastructure changed the methodology for calculating student tickets, the sales structure of these tickets changed in the 2015/2016 school year – more annual and semi-annual tickets were sold – and the subsidy paid according to the provisions of the Rules on the implementation of subsidised transport and the Rules determining prices of subsidised transport in the first months of a school year is lower – from September to December.

Transport revenues in international transport lagged behind the plan by EUR 1,144 thousand and were EUR

766 thousand lower than the year before. The main reasons are delays resulting from obstacles and maintenance works on the line in Austria, the strike at German railways, border closure due to migration flows, fewer passengers from foreign railway administrations, a smaller number of international train connections compared to previous years and more numerous low-cost and favourable offers of other international carriers.

Due to the increasing inflow and pressure of the refugee flow on the Slovenian borders, Slovenske železnice stopped international railway passenger transport from 18 September to 4 October and from 16 October to 31 October 2015, as instructed by national authorities. Because the border controls towards Austria and Germany were heightened, international trains recorded delays from 18 September, and international railway transport towards Germany through Salzburg was suspended until the end of 2015. Slovenske železnice are a part of a system which on the

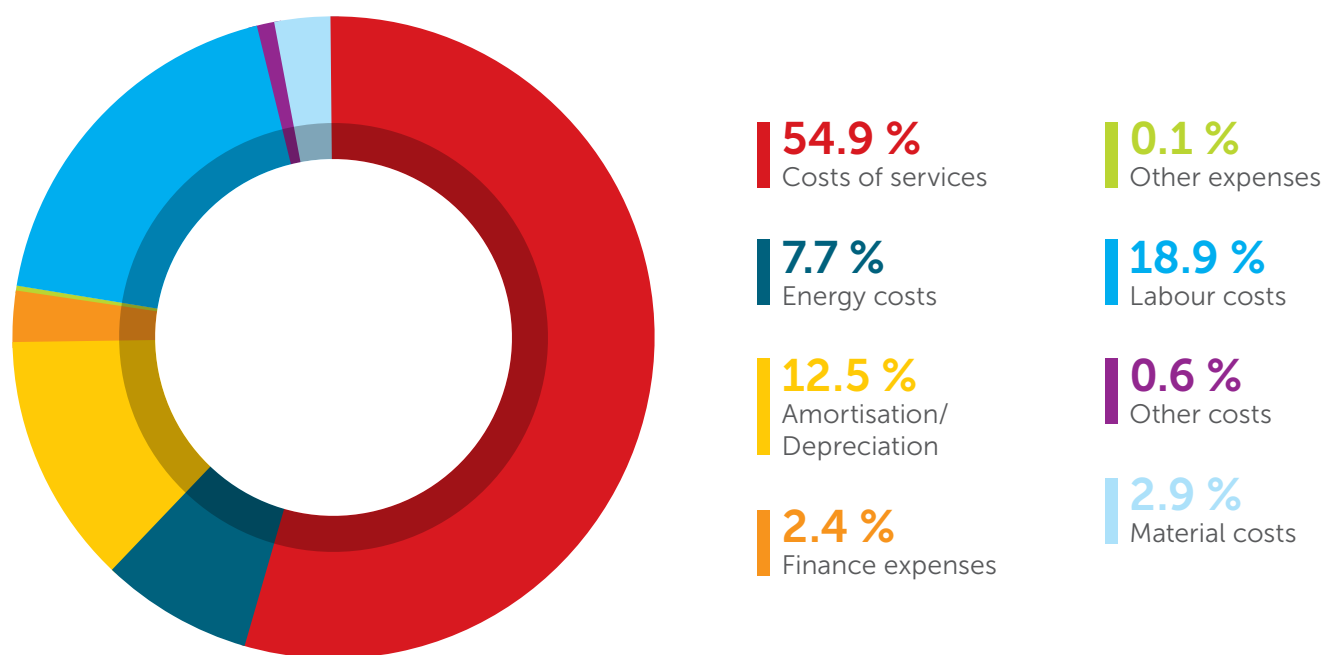
instruction and order of national authorities performs tasks related to transport and migration of refugees at operational level. However, between September and December 2015, the volume of regular passenger transport decreased because of obstacles, delays and interruptions in international railway passenger transport, resulting in a considerably decrease in revenues from international transport, both because of a smaller number of passengers from Slovenia to foreign countries, from abroad to Slovenia or in transit.

In 2015, the revenues from the obligatory public utility service in inland and cross-border regional transport were EUR 20 thousand smaller than planned because of different tax rate on replacement bus transport from January to November 2015. Annex no. 18 on the compensation for the obligatory public utility service for the period from January to June 2015 specified a lower compensation than stated in the offer. Also modified was the method of calculation in situations where only

the actual train kilometres travelled by trains were considered, while for the replacement bus transport only direct costs were paid according to the invoices with one-month deferral and the unit of obligatory public utility service performed was not. Annex no. 19 was signed in July 2015 for the period from July to December 2015, setting a higher compensation amount than Annex no. 18, but the full compensation is still not equal to that stated in the offer. In December 2015, Annex no. 20 was concluded for the difference in compensation between the offer approved by the Ministry of Infrastructure and the submitted offer.

Other revenues associated with products and services include revenues from the project "Introduction of integrated public passenger transport in the Republic of Slovenia" in the amount of EUR 2,205 thousand. The project was commissioned by the Ministry of Infrastructure, and SŽ Potniški promet, d. o. o., is the lead partner.

Structure of expenses – SŽ-Potniški promet, d. o. o.



Operating expenses (EUR thousand)	2015	2014	Index
Operating expenses	88,095	82,080	107.3
Cost of goods and materials sold	11	20	55.0
Material costs	2,666	2,577	103.5
Energy costs	6,934	7,187	96.5
Costs of services	49,602	43,152	114.9
Labour costs	17,055	17,808	95.8
Amortisation/depreciation	11,300	11,278	100.2
Other operating expenses	527	58	908.6

Operating expenses exceeded the plan by 7.3% or EUR 5,816 thousand and were EUR 6,015 thousand higher than in 2014. Expenses arising from relationships with the companies from the Slovenske železnice Group accounted for 52%.

The costs of services, which represent the largest portion of total costs, grew by EUR 6,450 thousand over the year before. The main reasons are the costs of the 1st and 2nd stage of the project "Introduction of integrated public passenger transport in the Republic of Slovenia" totalling EUR 2,189 thousand and higher costs of bank services equalling EUR 1,084 thousand, resulting from the postponed final repayment deadline

of the loans. In addition, the costs of road transport services rose by EUR 606 thousand owing to the introduction of replacement bus transport. In comparison to the year before, the haulage costs increased by EUR 1,748 thousand, as train connections on the Primorska line were re-established in September 2015 after the natural disaster caused by glaze ice.

SERVICE RANGE AND THE VOLUME OF WORK PERFORMED

The number of passenger kilometres travelled in 2015 was 3.7% higher than planned, whereas the number of passengers transported dropped by 1.3%. Compared to 2014, the number of passengers transported fell by 1.9%, whereas passenger kilometres travelled rose by 1.8%. The average inland transport distance travelled was 43.1 kilometres, which is 4.0% more than the year before.

	2015	2014	Index
Number of passengers transported (thousand)	14,558.5	14,837.3	98.1
Obligatory public utility service	13,810.7	14,174.2	97.4
other activities	747.8	663.1	112.8
- inland transport	13,792.4	14,054.1	98.1
Obligatory public utility service	13,082.1	13,424.7	97.4
other activities	710.3	629.4	112.9
- international transport	766.1	783.2	97.8
Obligatory public utility service	728.6	749.5	97.2
other activities	37.5	33.7	111.3
Number of passenger kilometres (million)	709.3	696.7	101.8
Obligatory public utility service	670.4	686.5	97.7
other activities	38.9	10.2	381.4
- inland transport	593.9	582.0	102.0
Obligatory public utility service	562.0	577.9	97.2
other activities	31.9	4.1	778.0
- international transport	115.4	114.7	100.6
Obligatory public utility service	108.4	108.6	99.8
other activities	7.0	6.1	114.8
Number of train kilometres (thousand)	9,562.1	10,402.0	91.9
Obligatory public utility service	9,516.8	10,358.7	91.9
other activities	45.3	43.3	104.6
- inland transport	7,814.0	8,793.4	88.9
Obligatory public utility service	7,795.4	8,773.4	88.9
other activities	18.6	20.0	93.0
- international transport	1,748.1	1,608.6	108.7
Obligatory public utility service	1,721.4	1,585.3	108.6
other activities	26.7	23.3	114.6
Average distance travelled (km)	48.7	47.0	103.6
- inland transport	43.1	41.4	104.0
- international transport	150.6	146.5	102.8

Under the contract on the performance of obligatory public utility service in inland and cross-border regional transport, 13.8 million passengers were transported (94.9% of the total) – they travelled an average distance of 48.5 kilometres. Train kilometres totalled 9.5 million (99.5% of the total). The planned level was achieved in the performance of the obligatory public utility service in inland and cross-border regional passenger transport.

Within the scope of the obligatory public utility service in inland transport, 13.1 million passengers were transported, which equals 94.7% of the total under the contract on the performance of the obligatory public utility service. The largest shares within the obligatory public utility service in cross-border regional transport (5.3% of transported passengers) were that of Slovenia (passengers transported from Slovenia) and Croatia (HŽ), followed by Austria (ÖBB) and Germany (DB).

The contracting authority of the obligatory public utility service provided funds for the performance of the obligatory public utility service of inland and cross-border regional passenger transport in the amount of EUR 46.0 million (inclusive of VAT).

Other activities referred to in the offer involved special trains in inland and international transport in cooperation with local communities, organisers of various events, tourist agencies and other operators, representing 5.1% of all passengers transported.

Fares and tariffs

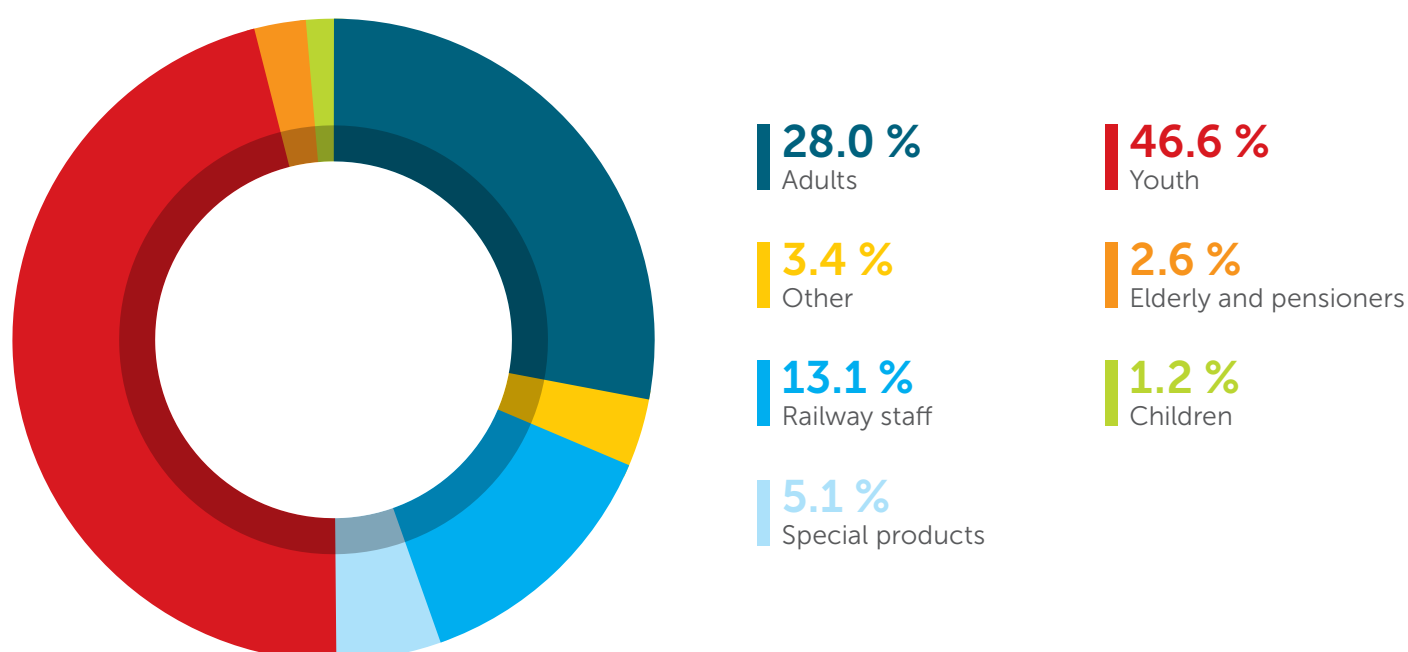
Revenues from inland transport are in line with the plan and at the 2014 level, whereas revenues from international transport are below the plan and the respective 2014 item.

The fares in inland passenger transport that are controlled by the state did not increase in 2015, even though a 6% price increase was projected for 1 March. The fares in international transport remained unchanged. Passengers were able to opt for various discounts and special offers in inland and international transport.

The largest share of passengers in inland transport is that of "youth" and "adults", accounting for 74.6% of all passengers. Among the share of passengers transported, the bulk is represented by youth with pre-paid season tickets (45.7% of all passengers). Due to

extraordinary weather conditions in February 2014 (glaze ice), the sales of tickets dropped especially in the Primorska region. Compared to 2014, the number of adult passengers decreased by 5.9%. There were also fewer passengers in the youth segment, namely in ordinary travel (10.9% fewer passengers) and travel by use of monthly tickets (9.6% fewer passengers). A significantly higher number of secondary-school and faculty students purchased semi-annual and annual tickets compared to the previous school year (up 39.7%). In the category of elderly and pensioners, the number of passengers dropped by 4.4%. More passenger kilometres were travelled than planned, i.e. 3.7% more, or 1.8% more than the year before. The scope of work comprises migrant transport. As the travel distance in migrant transport was longer (161.6 kilometres), the number of passenger kilometres was higher than planned. The average distance travelled in inland transport was 43.1 kilometre in 2015 and 41.4 kilometre in 2014.

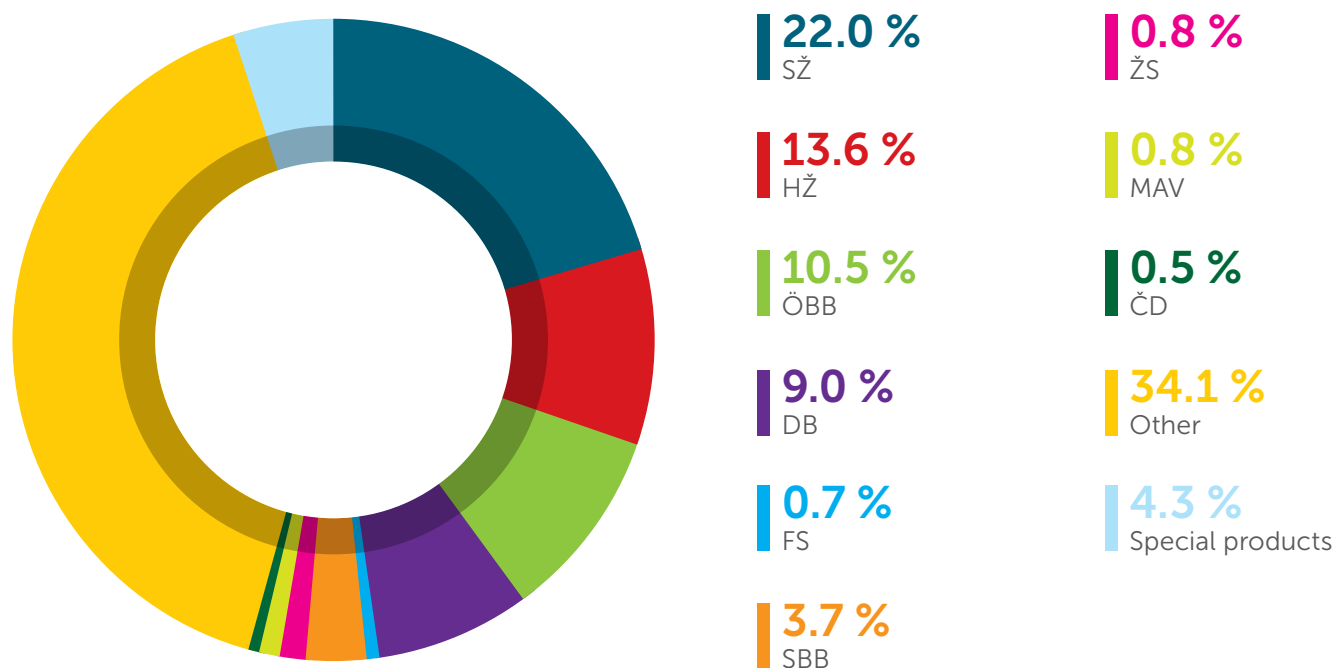
Passengers transported



In 2015 as well, international transport was subject to the offers applying the general international tariff and additional offers based on bilateral and multilateral agreements with other railway administrations and carriers referring to certain routes, schedules, trains and user segments. Thus, groups of young people (youth segment) up to 20 years of age were granted a 70% discount on fares to Austria, Croatia and Serbia, and young people up to 26 years of age, pensioners and the elderly were given a 25% discount on all

international routes in Europe on the basis of the SŽ – benefit card. Especially prominent were the low-cost offers starting at EUR 19, the number of which is limited to certain trains and departure dates/times to Belgrade, Budapest, Vienna, Graz, Salzburg, Zurich, Munich, Frankfurt and Pulj. A significant portion was accounted for by tourist travel by InterRail tickets (European passengers) and EURAIL for passengers outside Europe, chiefly from the USA, Japan, South Korea, China and India.

Passengers transported - share of administrations



SERVICE RANGE AND THE VOLUME OF WORK PERFORMED

Slovenske železnice provides passenger transport with trains of various ratings. InterCity Slovenija (ICS) trains are modern air-conditioned tilting trains, offering greater speed and comfort and are also suitable for transporting people on wheel-chairs. First-class passengers have electrical power supply at their disposal. ICS trains drive on the Ljubljana-Maribor-Ljubljana route and a pair of trains drive to Koper in season. The seat must be booked for the entire route and the booking charge is included in the fare.

EuroCity (EC) trains are high-quality international trains running over some main international lines and connecting important economic and tourist centres in Europe. In national transport they complete the range of inter-city connections. The travel time of EC is shorter, they have fewer stops, the wagons are usually air-conditioned and food and drinks are even served on some EC trains. InterCity (IC) trains run over greater distances in inland and international transport. They connect major cities, economic and tourist centres in Slovenia and in cross-border regional transport. They offer comfortable wagons, have a shorter travel time and fewer stops. International trains (IT) are high-quality trains used in international transport. On night routes, they feature sleeper wagons with sleeping berth and couchettes. EuroNight (EN), international overnight trains, also run in international transport. They mainly comprise sleeping berths and couchettes. Passengers who opt for a sleeping berth or a couchette must also pay an extra charge for the berth or couchette in addition to purchasing the ticket. In national transport, an extra charge must be paid for riding these trains and for EC as well. Regional (RG) and local passenger trains (LP) are the trains that connect Slovenian towns on shorter and longer routes. They are mainly intended for daily commuting to work or school and for weekly commuters. In recent years, the local border trains (LB) have been regaining importance, connecting the regions across national borders at negligible additional cost (Maribor–Špilje, Sežana–Opčine, Rogatec–Đurmanec).

In the timetable period from 14 December 2014 to 12 December 2015, connections were provided in international transport with all major cities in the nearby countries (Graz, Vienna, Salzburg, Innsbruck, Munich, Frankfurt, Zurich, Budapest, Zagreb, Belgrade, and Rijeka). In the extended summer season, seasonal trains were running from Ljubljana to Pulj. Connections were provided – one switch – to European capitals, such as: Brussels, Amsterdam, Geneva, Paris, Hamburg, Berlin, Copenhagen, Prague, Warsaw, Sarajevo, Skopje, Sofia and Istanbul. As there are no train connections between Opčine and Trieste, passengers were presented other possibilities of travelling to Italy, for instance by train to Villach or Koper and from there by bus to Italy. The overnight train travelled twice a week on the Budapest–Koper–Budapest route, whereas the motorail on the Hertogenbosch Ljubljana Koper line was unfortunately cancelled by the client just before the season.

The sales and promotional activities in 2015 focused on popularising public passenger transport by presenting the advantages of such transport and consolidating a positive image of the company in the eyes of the users and the public at large. The passenger transport service range was presented to the existing and potential business partners, such as: agencies, schools, societies and other organisations. The media were presented the service range at press conferences, promotional train rides and through other communication channels. Other members of the general public were informed of the passenger transport service range at high-profile events, trade fairs and over the radio, TV, on-line media, e-news, posters on trains and railway stations, jumbo posters, promotional and information brochures, promotional events, organisers of various events, etc. A special train ride was organised to Jesenice, where a bus connection was provided to Planica within the scope of the widely-covered Planica ski jumping event. We attended the Celje International Trade Fair, the Festival of the Third Age, the Agra Fair, the Student Arena, the Natour Alpe-Adria Fair, which attract numerous visitors every year. Besides presenting current service range at exhibitions, information points and trade fairs, we also sold benefit cards for the youth, the elderly and families.

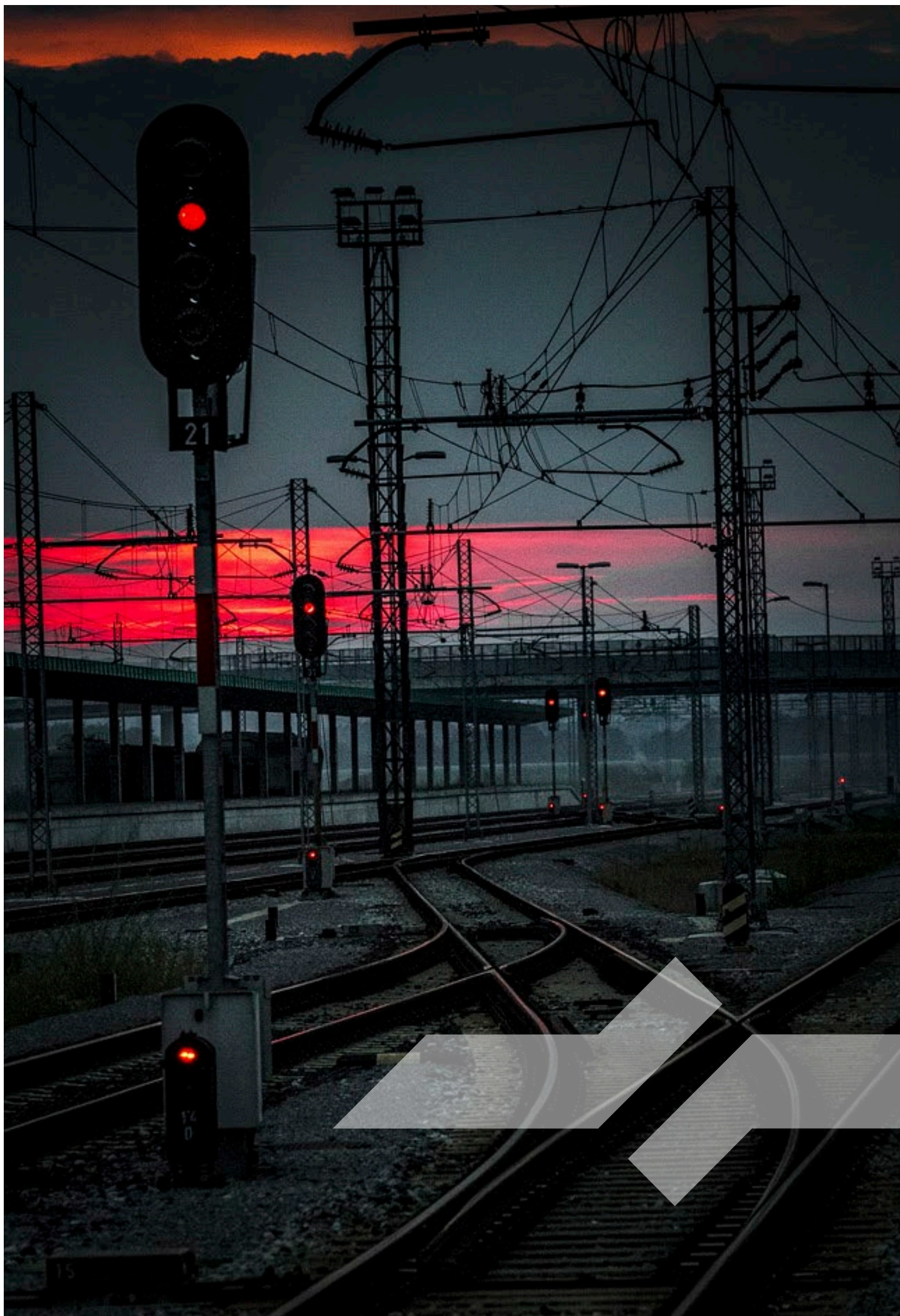
Major promotional campaigns were conducted with the aim of promoting the use of the train in everyday travel and leisure travel. In the first quarter of the year, the emphasis was on the promotion of transport to work and in the second quarter on leisure travel, trips to European capital cities, to airports, the coast, and on

the launch of a new exclusive offer – a museum train ride through the “Land of Celje”, featuring a diverse complementary service range. In the third quarter, the promotion focused on youth’s commuting to schools and faculties, and on the sale of subsidised pre-paid season tickets. In the last quarter, attention was paid to travel service range for the elderly, which in November and December extended to trips to European and Slovenian festive cities and ski centres. In December, we advertised travelling with fairy-tale fairies and trips with the museum train and Santa Claus.

An overnight train was running in the summer season and in December, especially for the visitors of events in Maribor, Celje and Ljubljana. In the winter season, we offered transport to ski slopes in cooperation with ski resorts and lift tickets at favourable prices for all those who travelled to skiing resorts by train. In collaboration with the Vogel ski resort, we offered a favourable combined package at a special price, comprising train transport, bus transport, daily ski lift ticket and lunch. We expanded the offer of contractual partnership cooperation, offering our passengers discounts on partners’ services, such as: bathing and spa services, overnight accommodation in hostels, hotels, etc. In the extended summer season, we offered additional train transport to bathing sites in Koper. A train was running throughout the year to the Thermiana Laško Spa and Wellness Centre and to Terme Olimia in Podčetrtek.

In 2015, the focus in international transport was on the sales and promotional activities, carried out in cooperation with tourist agencies. In April, we organised a three-day trip across Slovenia and Croatia for the English tour operator PTG Tours. From May to July, we provided the MAV-Nosztalgia agency with special trains for the transport of Hungarian tourists who wanted to learn about the heritage of the Soška fronta (Isonzo Front). From April to November, special motorail trains ran from Villach to Edirne, Turkey, for the tour operator Optima Tours. In September, we organised a four-day ride by special trains for the Austrian B&B tour operator and in cooperation with TA Kompas we provided special trains for the European Basketball Championship in Zagreb.

We actively marketed our advertising space, such as the exterior and the interior of trains as well as the advertising space in our promotional publications and on our website. According to market trends, the emphasis was also on web marketing and promotion. Great attention was paid to social networks, the Facebook page Going by Train (Grem z vlakom) and the Twitter page of Slovenske železnice. These two channels both allow for effective communication with users, informing about current offers and popularising train transport. The number of e-news subscribers also increased.



KEY FINANCIAL AND PERFORMANCE FIGURES

Income statement (EUR thousand)	2015	2014	Index
Operating revenues	184,289	164,466	112.1
Revenues from transport services			
Revenues under agreements with the Government of RS	112,013	104,952	106.7
Other operating revenues	72,276	59,514	121.4
Operating expenses	181,999	165,249	110.1
Operating profit/loss - EBIT	2,290	(783)	
EBITDA	4,690	1,627	288.3
Total profit/loss	1,775	(1,196)	
Net profit/loss	2,110	(1,196)	
Balance sheet (EUR thousand)	31. 12. 2015	31. 12. 2014	Index
Assets	102,839	88,229	116.6
Equity	20,299	18,435	110.1
Financial liabilities	1	0	
Non-current liabilities	0	0	
Current liabilities	1	0	
Net financial liabilities	(40,045)	(33,273)	120.4
Current operating receivables	21,988	19,044	115.5
Current operating liabilities	46,219	32,421	142.6
Investment, performance, employees	2015	2014	Index
Investment (EUR thousand)	2,597	2,513	103.4
Employees	2,297	2,385	96.3
Average number of employees	2,344	2,374	98.7
Indicators	2015	2014	Index
EBIT in operating revenues (%)	1.2	(0.5)	
EBITDA in operating revenues (%)	2.5	1.0	250.0
Value added per employee (EUR)	34,208	30,957	110.5
Labour cost portion in operating revenue (%)	40.8	43.2	94.4
Debt to assets ratio (%)	0.0	0.0	
ROE Return on equity (%)	10.9	(5.9)	
ROA Return on assets (%)	2.2	(1.6)	
ROCE Return on capital employed (%)	11.8	(3.6)	
Net debt/EBITDA	(8.5)	(20.5)	41.5
Net debt/equity	(2.0)	(1.8)	111.1

Note:

¹ The calculation of ROE – Net return on equity for 2014 is matched with the calculation methodology for 2015.

Key:

Total profit/loss = EBIT+Result of financial flows + Result of other flows (pre-tax)

Net profit/loss = Total profit/loss - income tax

Financial liabilities = Current and non-current financial liabilities

EBITDA = EBIT + amortisation

Value added per employee = Operating revenues reduced by the cost of goods, material, services and other operating expenses and divided by the average number of employees based on hours worked.

ROE = net profit/average equity

ROA = net profit/average assets

ROCE: EBIT/average capital + average financial liabilities

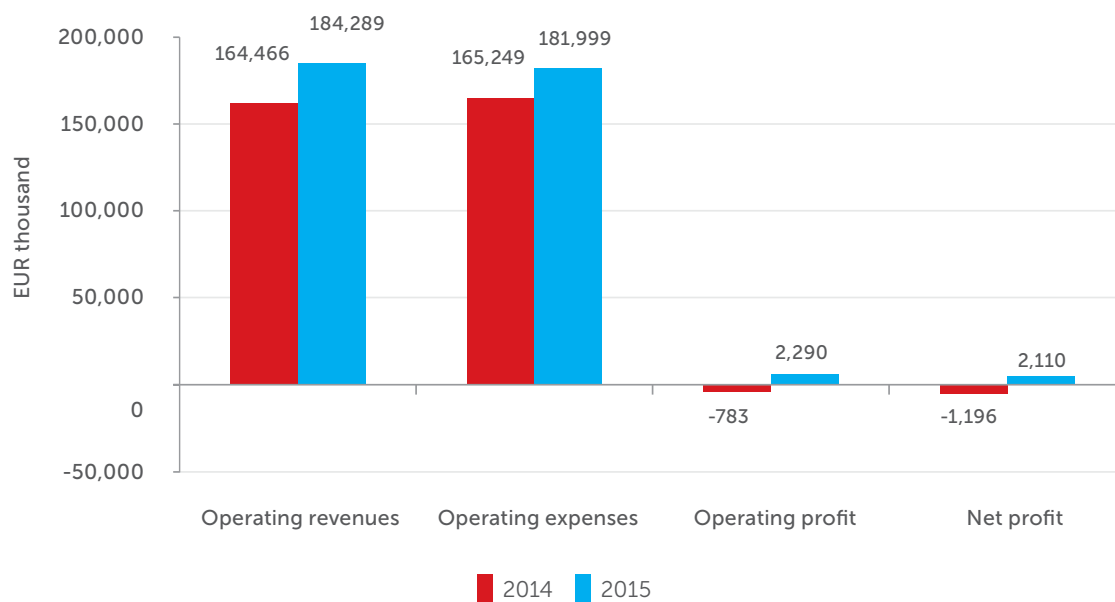
Net financial liabilities: financial liabilities - cash and cash equivalents - short-term investments - long-term loans to companies in the Group

HIGHLIGHTS

- EBIT generated by SŽ-infrastruktura, d. o. o., rose by EUR 3.1 million to EUR 2.3 million and was at the target level for 2015, while the company concluded the year under review with a net profit of EUR 2.1 million.
- EBIT and total profit recorded at the Vzdrževanje infrastrukture division ('Infrastructure Maintenance') totalled EUR 5.9 million and EUR 5.4 million, respectively, comprising total profits generated by other activities (EUR 7.2 million), PRI management (EUR 0.8 million) and by management of train stations and halts (EUR 0.04 million), while the PSO in infrastructure maintenance generated a total loss of EUR 2.6 million.
- The Vodenje prometa division ('Traffic Control') reported a negative EBIT of EUR 3.6 million, which consisted of a EUR 4.8 million total loss in PSO activities and a EUR 1.2 million profit in other activities.
- Revenues generated under the agreement with the Government of the Republic of Slovenia were up EUR 4.8 million on the target in infrastructure maintenance, but fell EUR 0.5 million short of the target in traffic control PSO.
- A total of EUR 16.7 million and EUR 23.5 million were appropriated in 2014 and 2015, respectively, in a decision issued by the Government of the Republic of Slovenia to allocate funds from the Intervention Measures Act, the insurance, and the budget for the repair of infrastructure damage caused by the ice storm.
- The duties associated with the discharge of PSO in PRI maintenance and traffic control were completed in the planned scope in 2015 despite a shortage of financing allocated thereto under the PSO agreement with the Government. In the year under review, a total of three annexes were concluded to the multiannual agreement on the discharge of PSO in the period between 2013 and 2015.

REVENUES, EXPENSES, AND PROFIT AND LOSS

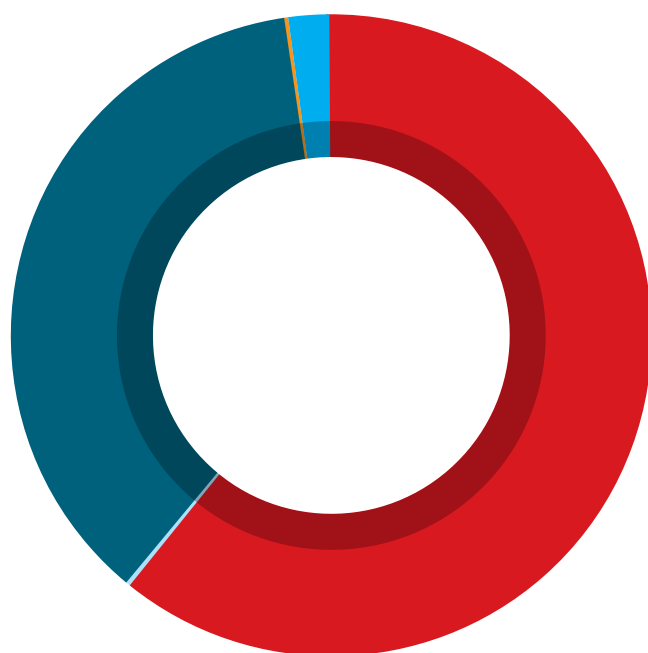
SŽ-Infrastruktura, d. o. o.



Key business performance categories of the income statement

EUR thousand	2015	2014	Index
Operating revenues	184,289	164,466	112.1
Operating expenses	181,999	165,249	110.1
Operating profit/loss	2,290	(783)	
Finance income	164	236	69.5
Finance expenses	436	384	113.5
Financial result	(272)	(148)	183.8
Other revenues	116	34	341.2
Other expenses	359	299	120.1
Corporate income tax	0	0	
Deferred tax	(335)	0	
Net profit/loss for the period	2,110	(1,196)	

Structure of revenues – SŽ-Infrastruktura, d. o. o.



- 60.7 %**
Contracts with the Government of the RS
- 0.1 %**
Finance income
- 37.0 %**
Other revenues on the domestic market
- 0.1 %**
Other revenues
- 2.1 %**
Other operating revenues

EUR thousand	2015	2014	Index
Operating revenues	184,289	164,466	112.1
Revenues under agreement with the Government of the Republic of Slovenia	112,013	104,952	106.7
- maintenance works on the PRI	62,151	60,636	102.5
- replacements in the framework of maintenance works on the PRI	10,683	6,517	163.9
- maintenance works for public benefit	0	0	
- management of PRI	1,730	1,709	101.2
- maintenance of passenger stops and stations	3,689	3,090	119.4
- management of railway traffic at PRI	33,760	33,000	102.3
Other revenues	72,276	59,514	121.4
- other revenues on the domestic market	68,342	53,893	126.8
- other revenues on the foreign market			
- other operating revenues	3,934	5,621	70.0

Operating revenues were 7.9% higher than the target and 12.1% higher than in 2014.

The funds under the contracts on the provision of public railway infrastructure operator services concluded with the Government of the Republic of Slovenia represent 60.8% of the total and are earmarked for covering the costs of regular and investment maintenance of infrastructural facilities, the maintenance of passenger stops and stations, PRI management and traffic management.

Revenues under the agreement with the Government of the Republic of Slovenia arising from the maintenance works on PRI, replacements in the scope of maintenance works on PRI, marketing of PRI and TC lines were higher than planned, whereas revenues from railway traffic management at PRI were short of the target.

Other revenues from the sales on the domestic market amounting to EUR 68,342 thousand comprise revenues from the sale of electricity to railway operators (EUR 13,740 thousand), revenues generated in the scope of the principal activity (EUR 32,713 thousand) and revenues earned by secondary activity (EUR 21,889 thousand).

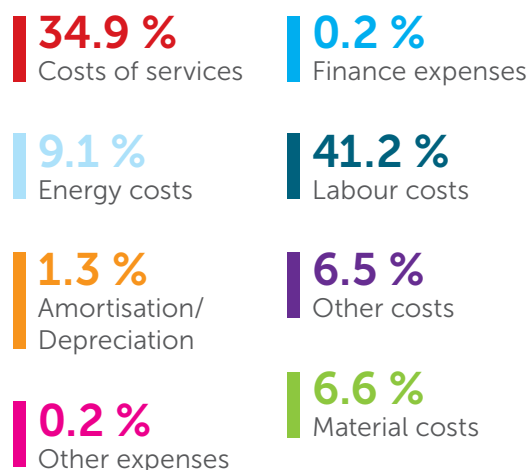
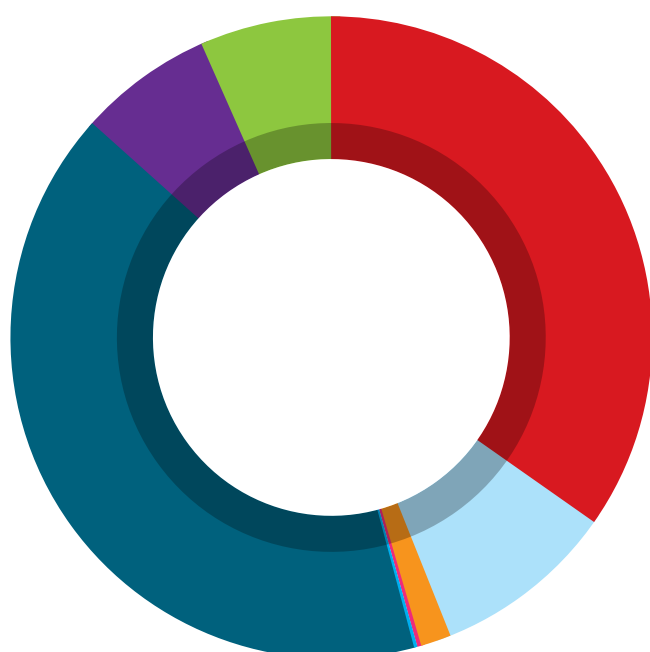
Other revenues derived from the principal activity originated from the removal of the consequences of glaze ice on the Borovnica–Pivka line in the amount of EUR 24,263 thousand, the reimbursement of carriers' costs based on the glaze ice methodology in the amount of EUR 6,769 thousand and extraordinary events equalling EUR 1,681 thousand.

Revenues from secondary activity arose from the projects for the development and establishment of ETCS on corridor D, the setup of GSM-R in the entire network in the Republic of Slovenia in the total amount of EUR 7,231 thousand, the electrification and reconstruction of the line and the installation of conductors and switches on the Pragersko-Hodoš line amounting to EUR 5,579 thousand, the upgrade of the Dolga gora-Poljčane railway section in the amount of EUR 2,108 thousand, the services provided to the companies from the Slovenske železnice Group totalling EUR 4,181 thousand and from other orders in the amount of EUR 1,692 thousand, rent for phone lines (EUR 343 thousand), the maintenance of junction points (EUR 174 thousand), accrued costs (EUR 95 thousand) and other revenues (EUR 486 thousand).

The major buyers of our services are DRI upravljanje investicij, d. o. o., (engineering services in the project for electrification and reconstruction of the Pragersko Hodoš line), GH Holding, d. d., (works on the GSM-R project, development and establishment of ETCS on corridor D), OHL ŽS, A.S. - Ljubljana Branch (upgrade of the Dolga gora-Poljčane railway section), C.E.M.E.S - S.P.A (installation of conductors on the Pragersko-Hodoš line) and Ginex international, d. o. o., (upgrade of the Slovenska Bistrica-Pragersko railway section).

Other operating revenues in the amount of EUR 3,934 thousand comprise revenues from benefits and exempt (accounted, but not paid) contributions for the employment of the disabled, funds received from the Fund of the Republic of Slovenia for the Promotion of Employment of Disabled Persons (EUR 513 thousand), operating revenues from international projects (EUR 850 thousand), revenues from derecognition of provisions (EUR 822 thousand), operating revenues from revaluation (EUR 323 thousand), received compensations and penalties associated with products and services (EUR 1,426 thousand).

Structure of expenses - SŽ-Infrastruktura, d. o. o.



Operating expenses of SŽ Infrastruktura, d. o. o., in the amount of EUR 181,999 thousand were 8.0% higher than the target and 10.1% above the 2014 figure, especially due to higher costs of services.

Operating expenses (EUR thousand)	2015	2014	Index
Operating expenses	181,999	165,249	110.1
Cost of goods and materials sold	0	8	0.0
Material costs	12,091	11,258	107.4
Energy costs	16,622	15,531	107.0
Costs of services	63,718	41,950	151.9
Labour costs	75,251	70,981	106.0
Amortisation/depreciation	2,400	2,410	99.6
Other operating expenses	11,917	23,111	51.6

BUSINESS PERFORMANCE BY DIVISIONS

The income statement of SŽ Infrastruktura, d. o. o., is made up of the income statements of Infrastruktura ('Infrastructure') and Vodenje prometa ('Traffic Control'), which are mainly responsible for the discharge of public service obligations in rail. A detailed income statement disclosing the respective portions of PSO and other activities is provided at the end of this Summary Report.

Income statement – Infrastruktura (EUR thousand)	2015	therof PSO	2014	thereof PSO	Index 15/14
Operating revenue	147,644	107,569	129,314	99,255	114.2
Operating expenses	141,790	109,768	127,499	101,319	111.2
Operating profit/loss	5,854	(2,199)	1,815	(2,064)	322.5
Finance income	144	144	209	209	68.9
Finance expenses	347	347	290	290	119.7
Financial result	(203)	(203)	(81)	(81)	250.6
Other revenue	124	90	20	19	620.0
Other expenses	336	314	272	271	123.5
Result of other flows	(212)	(224)	(252)	(252)	84.1
Corporate income tax	0	0	0	0	
Deferred tax	(335)	0	0	0	
Net profit/loss	5,774	(2,626)	1,482	(2,397)	367.0

Operating profit was achieved in PRI maintenance in the amount of EUR 5,854 thousand and a net profit was recorded equalling EUR 5,774 thousand. Of this, the obligatory public utility service of infrastructure maintenance accounted for a net loss of EUR 2,626 thousand. Net profit generated in the segment of stops and stations amounted to EUR 40 thousand and in PRI management EUR 785 thousand. Net profit was also earned in other activities, totalling EUR 7,575 thousand.

Income statement – Traffic management (EUR thousand)	2015	thereof PSO	2014	thereof PSO	Index 15/14
Operating revenue	37,464	33,760	35,621	33,000	105.2
Operating expenses	41,028	38,550	38,219	35,854	107.3
Operating profit/loss	(3,564)	(4,790)	(2,598)	(2,854)	137.2
Finance income	20	20	27	27	74.1
Finance expenses	89	14	94	94	94.7
Financial result	(69)	6	(67)	(67)	103.0
Other revenue	6	6	14	14	42.9
Other expenses	37	37	27	27	137.0
Result of other flows	(31)	(31)	(13)	(13)	238.5
Corporate income tax	0	0	0	0	136.8
Deferred tax	0	0	0	0	
Net profit/loss	(3,664)	(4,815)	(2,678)	(2,934)	136.8

Operating loss in traffic management amounted to EUR 3,564 thousand and net loss equalled EUR 3,664 thousand. Of this, the obligatory public utility service of traffic management recorded a net loss in the amount of EUR 4,815 thousand, whereas other activities generated a net profit of EUR 1,151 thousand.

THE SCOPE AND TYPE OF WORKS IN INFRASTRUCTURE MAINTENANCE

Maintenance works on the PRI

Public infrastructure maintenance is a public utility service performed on the basis of the Railway Transport Act and the Decree on the method of providing public service obligations, the maintenance and modernisation of public railway infrastructure.

When setting the goals in the field of railway infrastructure for 2015, the technical degree of the lines' functional capacity and of other infrastructural means were considered along with the requirements of the timetable and the fact that railway infrastructure has to be maintained at the level allowing it to be used according to the Railway Traffic Safety Act and the relevant regulations.

The maintenance procedures that have to be consistently performed according to these legal regulations are defined and an annual maintenance plan has been prepared based thereon.

The main annual implementation goals for railway infrastructure maintenance tasks are the following:

- maintenance of the superstructure and substructure of the line with the associated facilities and equipment, with a total length of 1,541 kilometres of tracks;
- management, maintenance and implementation of maintenance works on passenger stops and stations;
- ensuring the condition of signalling and safety systems which enables safe and organised railway traffic;

- ensuring stable operation of electricity devices so as to ensure undisturbed transfer of electricity from the public distribution network to electric traction vehicles and for other purposes;
- ensuring a communication system that enables management of railway traffic; and
- management, maintenance and implementation of maintenance works on buildings.

As an operator performing maintenance works on public railway infrastructure operator (PRI) we maintained normal operating capacity of the PRI elements and ensured traffic safety. In the scope of preventive and corrective maintenance works conducted on a regular basis we replaced individual PRI components with parts having identical function and operating in the same way as the replaced components. In our capacity of an operator during maintenance works, we also carried out the prescribed supervision over individual subsystems, ensured the passability of lines and tracks in case of natural disasters and accidents, kept the prescribed registers and records of individual components of the PRI and performed the stipulated measurements of parameters or PRI components.

Maintenance works on facilities and buildings of public railway infrastructure were carried out on the basis of annual, monthly and weekly plans of work, which comprised all works ensuring a safe and organised railway traffic. The results of inspections provided the basis for planning the scope of maintenance works that needed to be performed in a certain time interval.

In 2015, 9 decisions issued by various inspectorates were submitted for resolution, of which 6 were resolved and 3 transferred to the following year. In total, 39 decisions were resolved in 2015 and the current number of active decisions is 63.

Infrastructural measures taken in 2015 resulted in the elimination of 79 slow rides, however, 67 new slow rides were introduced, so that at the end of 2015 the number of slow rides was 42, covering a total of 50.2 kilometres.

Line maintenance

Within the scope of maintenance works on the superstructure of railway lines, the following was performed in 2015:

- inspections and measurements of facilities according to applicable regulations;
- protection of the line and the line facilities;
- removal and arrangement of vegetation and chemical control of vegetation;
- geometric measurements of the line, establishing defects using an ultrasound;
- levelling tracks by axis and height and track gauge on tracks and switches;
- spreading track ballast, profiling it and complementing it with stone chipping;
- arranging material deposit sites;
- temporarily and permanently restoring damaged tracks, replacing worn-out tracks, decrepit insulated joints, repairing other track components with new and used material, replacing ribbon rails, welded ribbon rails with aluminothermic weld, and grinding tracks manually and by use of machines;
- relocating and replacing worn-out wooden and concrete sleepers, and arranging track joints;
- lubricating tracks, lubricating and cleaning switches, levelling switches manually and by use of machines, preparing switches for the winter/summer season, replacing worn-out metal switch parts, eliminating defects on switches after measurements, cleaning and painting switch weights, insulated joints and performing interventions on switches and tracks;
- lubricating, tightening and checking if the fixing and fastening material is impeccable.

Within the scope of maintenance works on the substructure of railway lines, the following was performed in 2015:

- regular maintenance of facilities to protect them from water flows;
- regular maintenance of cut and cover slopes, embankments, ditches, channels, drainage and environment protection facilities;
- removing snow and ice;
- heating switches in the winter and maintaining snow and bora barriers;
- removing snow and ice from passenger stops and stations; regular maintenance of tunnels, galleries and bridge structures;
- regular maintenance of access ways and surfaces on stations, platforms and ramps;
- removing depressions and mud-holes;

- regular maintenance of water supply, hot-water and steam supply network, facilities and sewage;
- regular maintenance of level crossings.

According to the Rules on railway track superstructure (Official Gazette of the RS, no. 92/2010 dated 19 November 2010, ZU) two mandatory geometric measurements of tracks were carried out in different scope in 2015 on the tracks of the public railway infrastructure network. The measurements were made using the Hungarian measuring car MAV EM 120 (FMK 004), which measures the main geometric parameters of railway tracks and switches. The total measuring scope in 2015 was approximately 2,457 kilometre of tracks. In 2015, the general KT 500 index (1 measurement) for all lines totalled 158.33 and in 2014 (1 measurement) 164.84, which means that on average the quality of geometric track position partly improved (lower KT 500 denotes better track condition).

Ultrasound track control, measurements of the rail cross-section and corrugation were made by a measuring car AB25-SDS-AB35 in October and November 2015 (12 working days), in the entire network (comprising about 1,508 kilometres of lines). The ultrasound control was followed by manual ultrasound measurements of defects that were discovered by the measuring car. The micro location of defects on site was determined by manual ultrasound devices of USK-002 type in two groups, namely in October and November 2015. The ultrasound control of the rails revealed a total of 1,202 defects. The main critical defects are promptly repaired and protected.

In August 2015 we conducted measurements of dynamic parameters on the Slovenske železnice lines on which tilting trains are running, by using the passenger EMU310 in the scope of regular ride. Around 296 kilometres of lines were measured.

The SPENO RR32M-3 rail grinder was used to grind 142.9 kilometres of lines from 1 October to 16 November, in 30 working days, of which 16 were by contract earmarked for SŽ-Infrastruktura, d. o. o. and 14 for SŽ-ŽGP, d. d. Work was carried out during day and night closures; 12 working days were performed over night and 18 during the day.

In the spring and partly in the autumn, we chemically controlled the vegetation in the area of Slovenske železnice.

Maintenance of signalling and safety devices

In 2015, the maintenance of signalling and safety devices included station signalling and safety devices (mechanical, electro-mechanical, electro-relay and electronic), automatic line block system (ALB) and block systems (BS), devices for automatic protection of level crossings (ALP), devices for heating switches, shunting technical devices, remote traffic control devices, rolling stock detectors, electric alarm devices and the associated construction elements, as well as the facilities for the installation of technical equipment. We eliminated irregularities in the functioning of signalling and safety devices and replaced the worn-out equipment.

Maintenance of telecommunication devices

Among telecommunication devices we regularly maintained railway telephone devices and exchanges, lines and cables, video surveillance and alarm devices, radio devices, portable systems, data transfer devices, power supply devices, time devices and devices at stations for servicing passengers. Moreover, we eliminated defects, interruptions and anomalies on telecommunication devices and systems. In the framework of maintenance we replaced worn-out equipment.

Maintenance of electric power facilities

Overhead lines

Funds were used for regular maintenance of overhead lines and electric alarm devices. Excessively worn-out overhead contact line conductors were replaced, as were decrepit overhead contact line cantilevers and insulators.

Substations

Regular maintenance covered medium voltage transmission lines and substations, and the remote control system. Remote control of stable electric traction devices was provided from three control centres.

Electrical installations

Regular maintenance of electrical installations comprises the maintenance of electricity devices and installations, exterior lighting, lightning protection installations, annual inspections of transformer stations, inspections of electrical equipment, performance of prescribed measurements and minor interventions and urgent repairs.

Replacements within the framework of PRI maintenance

As a PRI operator, we made PRI replacements that included repairs and renovations of individual PRI subsystems or parts thereof, while the mode of their operation and intended purpose remained unchanged.

As a PRI operator, we performed PRI replacements according to the annual implementation and financial plan, which was approved by the contracting authority – the Ministry of Infrastructure – and in line with the applicable standards, norms and regulations. Works for which we did not have available capacities were subcontracted in accordance with public contract award regulations. We supervised the performance of works, approved the works performed and carried out other related professional work.

The replacements comprised the following:

Superstructure:

- renovation of the Prešnica-Koper freight station bifurcation from km 17+140 to 19+140;
- replacement of switches at the Maribor, Maribor Tezno, Celje, Hrastnik, Litija and Postojna stations;
- railway ballast spreading at Dobova-Brežice and Brežice-Krško;
- replacement of bridge sleepers on the steel bridge over the Drava river (MB-MB Studenci section) at the Maribor station;
- renovation of station rails 3, 4, 5 and 6 at the Borovnica railway station.

Substructure:

- delivery and installation of rockfall protection barriers – meshes of various dimensions at km 520+680/730 and 520+770/820, at the section of the main railway line no. 10 dr. m.–Dobova–Ljubljana (Zagorje–Sava section) and at the section of the regional railway line no. 70 Jesenice–Sežana at km 54+550/600 50 m, at km 54+640/720 80 m, at km 54+500/750, anchoring debris-source areas with a mesh covering 433 m².

Signalling and safety devices:

- completion of the gas heating replacement with electric heating at the Podnart station;
- renovation of relay groups at the Zidani Most–Šentilj line;
- upgrade of the signalling and safety protective system at the Celje station;
- replacement of rectifiers in power supply systems of the Ljubljana, Jesenice, Zagorje, Anžovo, Nova Gorica, Stranje, Šmartno ob Paki, Polzela and Dravograd stations;
- reconstruction of the switch system at level crossing 507.3 and at level crossing 534.1 (Prožinska vas);
- renovation of batteries at the Ljubljana Rakovnik, Brežice, Šentjur, Postojna and Gornje Ležiče stations;
- replacement of DEA diesel aggregates at the Šentjur station and the Štore stop.

Telecommunication devices:

- replacement of the public announcement system for the provision of information to passengers at the Ljubljana station;
- replacement of most worn-out work stations of the telegram system in the entire area of Slovenske železnice;
- replacement of the disc array and upgrading of servers (project to be continued in 2016);
- renovation of track cables on part of the lines R70, R72, R33 and R34.

Electricity devices:

- replacement of overhead contact line conductors;
- compilation of project documentation for the Pivka-Ilirska Bistrica section;
- repair of the overhead contact lines;
- updating SCADA servers for remote control of stable electric traction device systems;
- restoration of grounding in substations;
- replacement of the battery charger;
- replacement of batteries.

Buildings:

- delivery and installation of air-conditioning units in the work premises at the Dobova railway stations, the Celje central interlocking plant, the Ljubljana maintenance site, the administrative building of the Maribor construction service;
- restoration of the floor at the traffic hall of the Ljubljana railway station;
- renovation of business premises at the Ljubljana maintenance site;
- replacement of the builders' carpentry and joinery at the Ljubljana Šiška traffic office.

Maintenance of stops and stations

The funds provided for in the agreement on maintenance of stops and stations were used for: cleaning stops and stations, protecting passenger stations, arranging the environment at passenger stops and stations, regular and intervention maintenance of passenger stops and stations, and management of passenger stops and stations (operating costs). In addition to passenger stops and stations, the agreement provides for the maintenance of other railway facilities owned by the Republic of Slovenia without the PRI status (especially residential buildings).

Investment maintenance of passenger stops and stations included the following:

- replacement of worn-out wooden windows and doors and builders' carpentry and joinery at Zidani Most, Celje, Rogaška Slatina, Vuzenica, Podvelka;
- renovation of public toilet facilities at Imeno, Šentilj;
- reconstruction of the waiting room at Slovenska Bistrica;
- installation of remote locking of waiting rooms at Trbovlje and Medvode;
- delivery of new information and urban equipment to stops and stations;
- installing connections to the public sewage network at Celje, Podhom, Pivka, Naklo, Vuzenica, Moškanjci;
- replacement of worn-out roofing, tinsmith-roofing and individual decrepit parts of roof structure at Gornje Ležaje;

- renovation of worn-out electrical installations in apartments;
- replacement of worn-out and inadequate light posts;
- renovation of the main low voltage power distribution system for the Škofljica, Litija, Žirovnica station facilities;
- restoration of electrical installations at station facilities;
- renovation of outdoor lighting on the passenger platform of Most na Soči, Vuhred, Nomenj.

Remedying of glaze ice consequences

Summary of works performed during the remediation of glaze ice consequences, 2 February 2014, on the railway network in 2014/2015/2016, according to the Decisions of the Government no. 41008-3/2014/5 and no. 37500-14/2014/3:

Glaze ice caused most damage on the overhead contact lines at the Pivka–Borovnica section.

On 6 February 2014, the Government of the Republic of Slovenia issued a Decision stipulating the method of railway traffic at damaged line sections. By Decision no. 41008-3/2014/5 dated 3 April 2014 it allocated EUR 2 million from the budgetary reserve for remedying the consequences of glaze ice. By Decision no. 37500-14/2014/3 dated 19 June 2014 it earmarked the final amount of EUR 40,243 thousand for eliminating the consequences of glaze ice, including state reserve funds.

The remediation started immediately after the natural disaster. We strived to establish electric traction as soon as possible from Pivka to Borovnica and thus by sections reducing the distance to be travelled by diesel locomotives.

- On 29 March 2014, an overhead contact line was installed to the Pivka railway station (replacement of locomotives at the Borovnica and Pivka stations);
- On 16 June 2014, an overhead contact line was installed to the Prestranek railway station (replacement of locomotives at the Borovnica and Prestranek stations);
- On 28 November 2014, an overhead contact line was installed to the Rakek railway station (replacement of locomotives at the Borovnica and Rakek stations);
- On 19 June 2015, electric traction was set up on the right track of the Borovnica–Verd Logatec section;
- On 10 July 2015, electric traction was set up on the left track of the Verd railway station;
- On 3 August 2015, electric traction was set up on the left track of the Verd Logatec section;
- On 31 August 2015, electric traction was set up on the left track of the Borovnica Verd section.

Moreover, electric traction was restored on the line between Borovnica and Pivka, where only diesel locomotives could run due to the glaze ice consequences.

In the framework of remediation, it is necessary to finalise the establishment of the new overhead contact line at the Postojna railway station and some minor procedures will be required in 2016.

It should be stressed that even though the consequences of glaze ice were eliminated in February, a record number of freight trains ran and the highest ever volume of goods was transported over the damaged section on track 50 and that this was possible thanks to the extensive efforts of the employees. During the remediation, passenger trains were not running on section (Ljubljana)–Borovnica–Sežana/Koper, i.e. until 31 August 2015. Passengers were transported by replacement buses. In the meantime the operator, in cooperation with carriers, constantly adjusted the railway traffic organisation to the works performed at the time and ensured maximum throughput on the lines, using all resources. In technological terms, the greatest hindrance was the replacement of locomotives, electric with diesel ones and vice versa, on both sides of the damaged section. Nevertheless, the operator together with the carrier successfully ensured the planned volume of transport services – with minimum obstacles.

Overview of costs by maintenance activity

EUR thousand	2015	2014	Index
Obligatory public utility service	109,767	101,318	108.3
Line maintenance	54,523	61,742	88.3
Maintenance of SS and TC devices	21,157	20,410	103.7
Maintenance of overhead contact lines and electric power facilities	34,087	19,166	177.9
	3,659	3,564	102.7
Maintenance of stops and stations	977	1,334	73.2
Management of PRI	114,403	106,216	107.7
Total			

Scope of work

	2015		2014	
	Hours	Structure	Hours	Structure
Number of hours spent on maintenance				
- maintenance works on the PRI	1,627,458	86.7	1,739,667	92.5
- replacements in the framework of maintenance works on the PRI	9,767	0.5	6,862	0.4
- other activities	240,054	12.8	134,066	7.1
Total	1,877,279	100.0	1,880,595	100.0
Number of hours spent by service				
- line maintenance	1,043,914	55.6	1,034,933	55.0
- maintenance of SS and TC devices	558,391	29.7	562,725	29.9
- maintenance of EE	274,974	14.6	282,937	15.0
Total	1,877,279	100.0	1,880,595	100.0

MANAGEMENT OF PRI

Within the scope of the tasks under Attachment 3 to Agreement no. 2430-13-371001/2012 on the provision of public railway infrastructure operator services, SŽ Infrastruktura, d. o. o., performed the directly related tasks of PRI operator:

- concluding legal transactions for the operation of public railway infrastructure and station facilities (especially marketing PRI, which includes: marketing of business premises in PRI facilities and station facilities, marketing of land, marketing of advertising space at PRI, marketing apartments in PRI facilities and station facilities, marketing the telecommunication system), arranging easement and selling unusable material;
- managing and arranging records of all real estate owned by the Republic of Slovenia – PRI, records of decisions and decrees of the Surveying and Mapping Authority of the Republic of Slovenia and the Land Register, and entry of all changes, arranging the land registry status, commonhold ownership, inventory, managing procedures for land subdivision, keeping records of land, preparing answers to legal and natural persons about individual real estate items, issuing approval of developments in protected line zone, etc.

THE SCOPE OF SERVICES IN THE ENGINEERING ACTIVITY

Within the scope of its powers, SŽ-Infrastruktura, d. o. o. designs safe railway infrastructure as an operator. The engineering activities that it provides for the client comprise: project coordination and management, preparing offers, drafting and reviewing investment documentation, and supervising investments.

SERVICES IN RAILWAY TRAFFIC MANAGEMENT

Railway traffic management is a public utility service, which is performed by SŽ-Infrastruktura, d. o. o. as the operator on the basis of the agreement with the Government of the Republic of Slovenia.

The performance of the obligatory public utility service of railway traffic management is defined in the Decree on the method of providing public service obligations, the maintenance and modernisation of public railway infrastructure and the operation of control and safety systems, adopted based on the Railway Transport Act.

We carried out all contractual tasks arising from the obligatory public utility service of railway traffic management as well as the tasks directly related to it, namely:

- ensuring safety and organisation of railway traffic;
- providing technical support in the preparation of the timetable;
- preparing and applying the operational timetable of the network of passenger and freight trains according to orders of carriers and technical-technological capacity of the public railway infrastructure;
- formulating regulations governing work organisation at service points;
- ensuring optimal utilisation of infrastructural capacities;
- managing and organising traffic, which includes operational management of train traffic and coordination of technological work processes with carriers;
- producing analyses and reports on the application of timetable;
- professional training of enforcement staff;
- participating in investigations of extraordinary events;
- preparing and harmonising plans of line maintenance works;
- organising the transport of special shipments and coordinating special transport;
- preparing and concluding contracts on access to the PRI and contracts on access by track to facilities with the carriers who perform their services on the PRI in Slovenia, for the 2015-2016 timetable period;
- preparing and publishing the Network Programme for 2017 and publishing interim changes of the 2015 and 2016 Network Programme; also in the English language;
- ensuring efficiency in railway traffic and introducing compensation charge for delays.

These works were performed continuously and in the scope specified in the operational timetable of the network and technological work processes, taking into account the public interest and the principles of carrier non-discrimination, the rational use of resources and market management of available infrastructural capacities.

Scope of services

Based on the approved network timetable for 2014/2015, we coordinated, managed and supervised train traffic on busy tracks and ensured safety on train routes and at level crossings.

Number of performed hours for the OPUS (obligatory public utility service) of railway traffic management:

OPUS - management of railway traffic	Number of hours for improvements		
	2015	2014	Index
Management and coordination of traffic from CVP	1,986	2,520	78.8
Local management of traffic at stations	18,610	21,530	86.4
Safety on train routes	2,264	2,830	80.0
Safety at level crossings	144	168	85.7
Total	23,004	27,048	85.0

OPUS - management of railway traffic	Occupancy of busy areas - number of hours		
	2015	2014	Index
Management and coordination of traffic from CVP	119,784	119,352	100.4
Local management of traffic at stations	935,463	951,169	98.3
Safety on train routes	221,530	218,435	101.4
Safety at level crossings	19,235	19,138	100.5
Total	1,296,012	1,308,094	99.1

In 2015, the management of railway traffic took 1,319,016 hours, which is 21,728 hours (1.6%) less than planned.





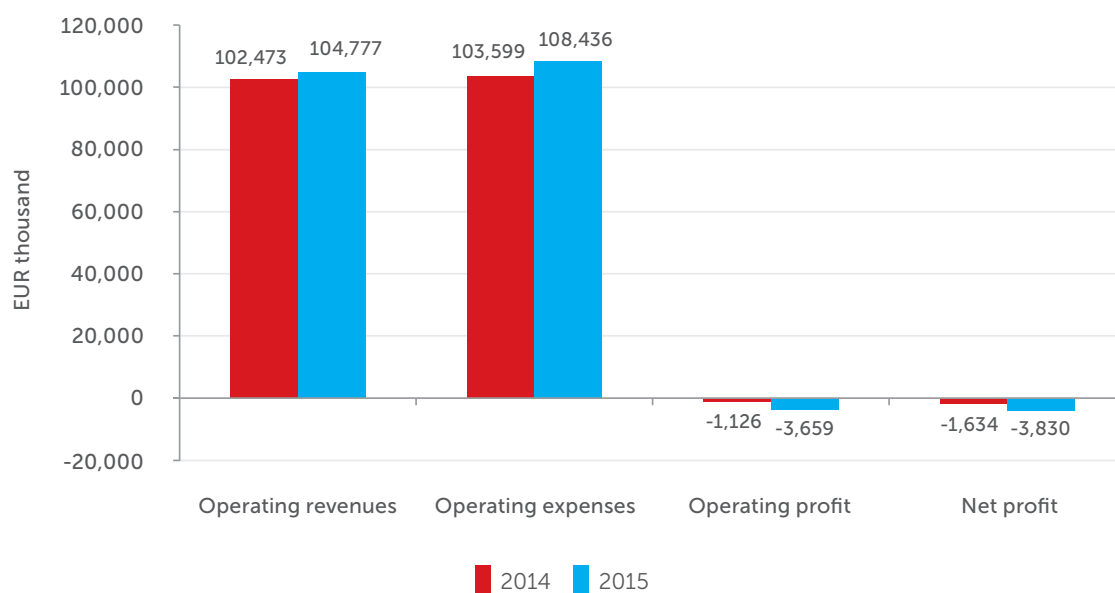
SŽ-Vleka in tehnika, d. o. o.

FIELD OF BUSINESS

- maintenance of all types of rolling stock;
- modifications of rolling stock;
- participation in the assembly of rolling stock;
- manufacture of metal and other products;
- project design, engineering, and technical consultancy;
- traction services in rail passenger and freight;
- technical wagon services in rail passenger and freight.

REVENUES, EXPENSES, AND PROFIT AND LOSS

SŽ-Vleka in tehnika, d. o. o.



Key operating performance categories of the income statement

(EUR thousand)	2015	2014	Index
Operating revenues	104,777	102,473	102.2
Operating expenses	108,436	103,599	104.7
Operating profit/loss	(3,659)	(1,126)	325.0
Finance income	221	235	94.0
Finance expenses	462	425	108.7
Financial result	(241)	(190)	126.8
Other revenues	3	4	75.0
Other expenses	58	322	18.0
Result of other flows	(55)	(318)	17.3
Deferred tax	(125)	0	
Net profit/loss	(3,830)	(1,634)	234.4

A more detailed structure of the income statement is provided in the overview of operating performance by individual company at the end of the Business Report.

In 2015 the company generated an operating loss of EUR 3,659 thousand, with operating revenues and expenses totalling EUR 104,777 thousand and EUR 108,436 thousand, respectively. Financial result were EUR 241 thousand in the negative, while other flows dropped to a minus of EUR 55 thousand. Overall, the company concluded the year with a net loss of EUR 3,830 thousand.

Operating revenues comprised net sales revenues of EUR 102,967 thousand, changes (reductions) in inventories of finished goods and work in progress of EUR 106 thousand, capitalised own products and own services of EUR 104 thousand, and other operating revenues of EUR 1,812 thousand. Operating revenues climbed 2.2% compared to 2014, with operating expenses recording an increase of 4.7%.

Operating expenses amounted to EUR 108,436 thousand in 2015 and EUR 103,599 thousand in 2014. Costs of materials and spare parts amounted to EUR 14,407 thousand and were mostly used for maintaining the rolling stock. Energy costs amounted to EUR 1,393 thousand and were higher by 8.0% compared to last year. Costs of service in 2015 came in at EUR 16,967 thousand or 15.6% of total operating expenses. Compared to 2014 they were higher by 0.4%. The more important costs of services are the costs from the manufacture of products and rendering of services in the amount of EUR 6,413 thousand (37.8% share of total services) and the costs of other services (costs of the Management Board, municipal utility services, cleaning costs, security and safety costs, freight forwarding services costs, job brokerage) which represent 37.6% of the total costs of services.

Labour costs represent 66.7% of total operating expenses and amount to EUR 72,362 thousand. Compared to 2014 they were 4.6% higher, especially on account of the costs of severance pay for workers who were included in the programme of solving the issue of redundant workers, i.e. based on the Agreement on the

measures in the area of salaries and other remuneration and HR and other measures at the Slovenske železnice Group, and whose employment relationship was terminated in 2015.

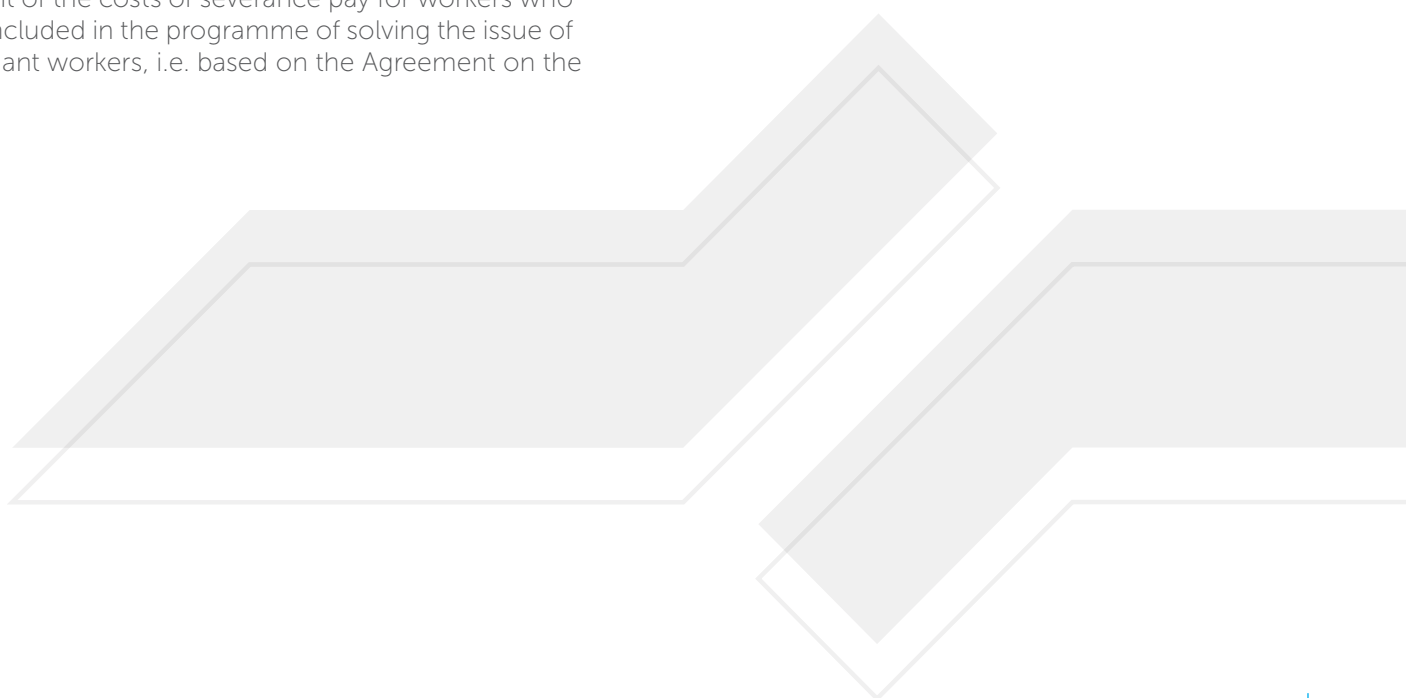
The number of employees was reduced by 83 workers in 2015 (balance as at 31 December 2015: 2,022 employees). The average number of employees in 2015 was 2,067 workers and was lower by 54 workers compared to 2014.

EUR 1,629 thousand was allocated in 2015 for capex investments into buildings and the purchase of new equipment, whereby EUR 760 thousand of which was used for the purchase of new equipment.

The position of SŽ-Vleka in tehnika, d. o. o. on the Slovenian market is dominant, and is largely related to freight and passenger volumes of Slovenske železnice because of their impact on the said operator's demand for vehicle maintenance, traction services, and vehicle inspections.

In addition to maintaining market dominance, the company intends to continue the implementation of its strategy to boost growth and competitiveness on the wider European market, with a focus on wheel-set renewal and freight wagon maintenance. The company expects to further strengthen its presence on the foreign market by adding the certificate for TSI-compliant wheel-set assembly to its existing portfolio of certificates, licences and authorisations in rail vehicle maintenance in 2016.

The realised projects and the results that the company achieved in 2015 show that the partners were satisfied with the company's services, that the company cooperated productively in the cutting of the Group's operating costs and that it is improving its competitiveness and position on the European market.



Skupina SŽ-ŽIP

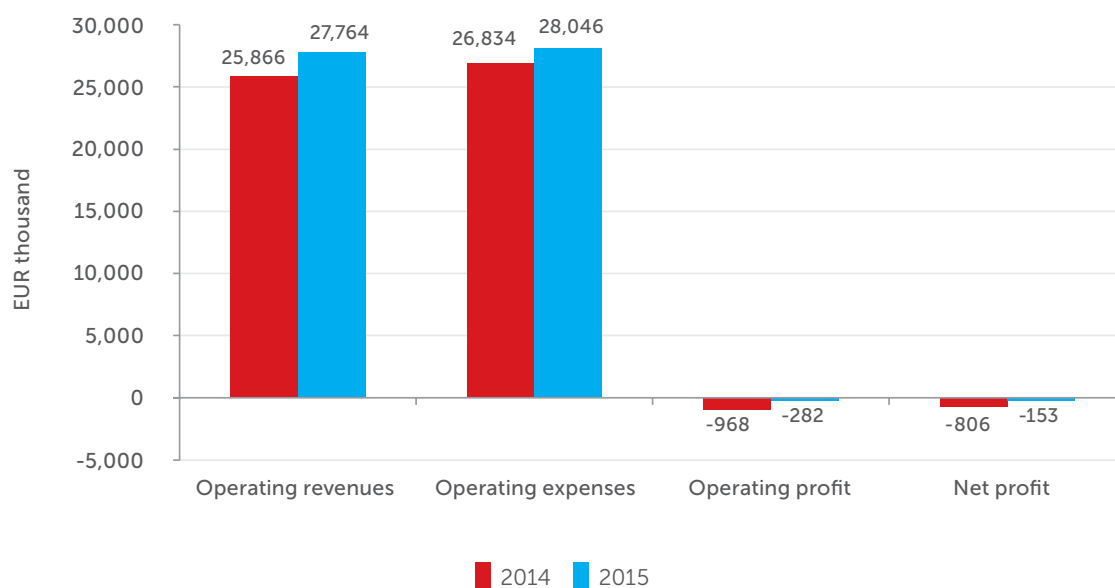
The SŽ-ŽIP Group consists of the parent SŽ-ŽIP, storitve, d. o. o., (Company for rail workers with disabilities) and the subsidiary Calidus sol, d. o. o.

FIELD OF BUSINESS

- facility management;
- indoor and outdoor cleaning services and cleaning of Slovenske železnice rolling stock;
- management and maintenance of SŽ-owned leisure facilities in Croatia;
- security;
- production, sales, and miscellaneous services.

REVENUES, EXPENSES, AND PROFIT AND LOSS

SŽ-ŽIP Group



Key operating performance categories of the income statement

(EUR thousand)	2015	2014	Index
Operating revenues	27,764	25,866	107.3
Operating expenses	28,046	26,834	104.5
Operating profit/loss	(282)	(968)	29.1
Finance income	195	240	81.3
Finance expenses	58	60	96.7
Financial result	137	180	76.1
Other revenues	4	2	200.0
Other expenses	11	19	57.9
Result of other flows	(7)	(17)	41.2
Corporate income tax	1	1	100.0
Net profit/loss	(153)	(806)	19.0

A more detailed structure of the income statement is provided in the overview of operating performance by individual company at the end of the Business Report.

The SŽ-ŽIP Group recorded an operating loss of EUR 282 thousand, with operating revenues and expenses totalling EUR 27,764 thousand and EUR 28,046 thousand, respectively. As far as movements of financial indicators are concerned, we recorded a profit of 137 thousand, whereas the movements of other indicators generated a loss of EUR 7 thousand. The Group therefore operated at a net loss of EUR 153 thousand.

Operating revenues of EUR 27,764 thousand were 7.3% higher than in 2014. They consist mainly of net sales revenues of EUR 22,122 thousand and other operating revenues of EUR 5,623 thousand.

Compared to 2014, net sales revenues were higher by 8.5%, mainly due to the increase of non-scheduled bus transports of migrants.

Other operating revenues represent 20.3% of total operating revenues and are higher by 3.4% compared to 2014. They include mainly the revenues from the reversal of long-term deferrals for the coverage of amortisation and depreciation, revenues from the reversal of long-term deferrals for subsidising the salaries of disabled persons, revenues from the concession for the performance of the public service of scheduled passenger transporting in inland road traffic and other revenues.

Operating expenses fell from EUR 26,834 thousand in 2014 to EUR 28,046 thousand in the year under review, and were made up 54.4% of labour cost, which recorded a fall of 7.0% to EUR 15,268 thousand in 2015.

Costs of goods, materials and energy reached EUR 2,062 thousand (EUR 1,842 thousand in 2014). They account for 7.4% of operating expenses.

Costs of services of EUR 9,883 thousand were 30.3% higher than in 2014. They mainly include the costs of services in the manufacture of products and rendering of services, which also surpassed the values of the year before (the increased scope of work and, consequently, the increase of the costs of bus transports, repair workshops and landscaping services). The service costs account for 35.2% of total operating expenses.

The number of employees was reduced by 43 workers in 2015 (balance as at 31 December 2015: 674 employees, 341 of whom were disabled persons). The average number of employees in 2015 was 689 workers and was lower by 31 workers compared to 2014.

The SŽ-ŽIP Group realised EUR 920 thousand worth of investments into fixed assets in 2015.

The growth of SŽ-ŽIP Group is based on a stable operation of business, further improvement of services, business excellence, and investment in jobs for disabled persons. The company intends to continue providing quality back-office services to the companies in the Slovenske železnice Group and achieving the conditions necessary for further company growth.



SŽ–Železniško gradbeno podjetje Group

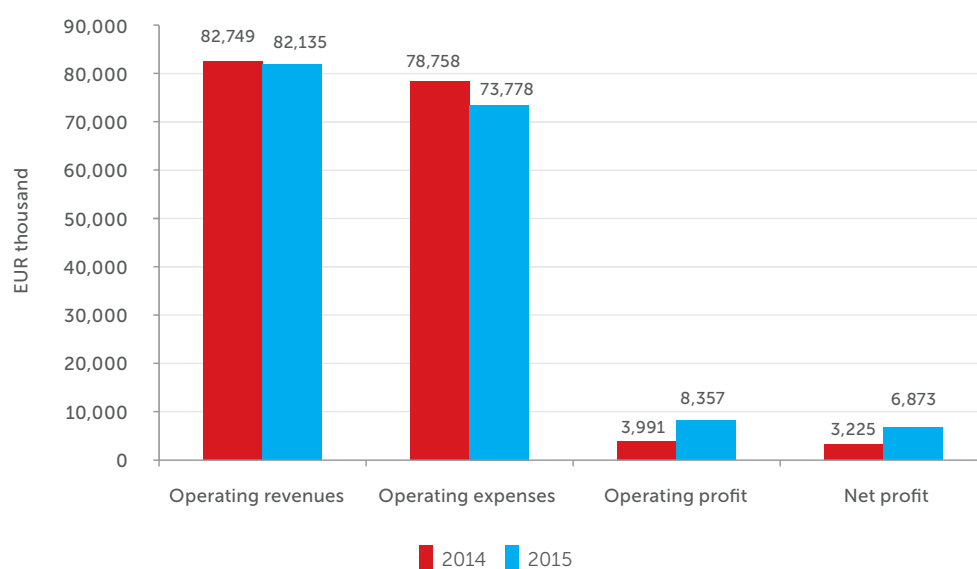
The SŽ ŽGP Group ('Railway Construction Company Group') is made up of the parent SŽ ŽGP Ljubljana, d. d., with its Serbian branch Ogranak Beograd and the subsidiaries Kamnolom Verd, d. o. o., ('Verd Quarry'), SŽ ŽGP, d. o. o., Beograd, and SŽ ŽGP, d. o. o., Podgorica.

FIELD OF BUSINESS

- civil engineering, and overhaul and maintenance of track superstructure and substructure;
- overhaul of private track and other rail infrastructure facilities;
- building.

REVENUES, EXPENSES, AND PROFIT AND LOSS

SŽ–Železniško gradbeno podjetje Group



Key operating performance categories of the income statement

(EUR thousand)	2015	2014	Index
Operating revenues	82,135	82,749	99.3
Operating expenses	73,778	78,758	93.7
Operating profit/loss	8,357	3,991	209.4
Finance income	209	254	82.3
Finance expenses	348	622	55.9
Financial result	(139)	(368)	37.8
Other revenues	23	5	460.0
Other expenses	44	110	40.0
Result of other flows	(21)	(105)	20.0
Corporate income tax	1,475	252	585.3
Deferred tax	(151)	11	
Net profit/loss	6,873	3,255	211.1

A more detailed structure of the income statement is provided in the overview of operating performance by individual company at the end of the Business Report.

The SŽ-ŽGP Group reported an operating profit of EUR 8,357 thousand in 2015, with operating revenues and expenses totalling EUR 82,135 thousand and EUR 73,778 thousand, respectively. The financial result was EUR 139 thousand in the negative, while other flows fell to a minus of EUR 21 thousand. Overall, the Group ended the year under review with a net profit of EUR 6,873 thousand.

Operating revenues dropped 0.7% to EUR 82,135 thousand in 2015, with as much as EUR 51,397 thousand thereof generated as revenues from relations with others on the domestic market.

Operating expenses stood at EUR 73,778 thousand and were 6.3% lower compared to 2014. Service costs accounted for 64.5% (EUR 47,588 thousand) of operating expenses and were mostly comprised of the costs of contractor services. The larger part of operating expenses includes costs of transport services and costs of other services.

Costs of goods, materials and energy reached EUR 10,450 thousand (EUR 12,480 thousand in 2014). They account for 14.2% of operating expenses.

Labour costs stood at EUR 12,358 thousand and were 1.5% lower compared to 2014.

The number of employees was reduced by 8 workers in 2015 (balance as at 31 December 2015: 352 employees). The average number of employees in 2015 was 365 workers and was lower by 7 workers compared to 2014.

EUR 1,295 thousand was allocated in 2015 for investments into the purchase of road vehicles and handling machinery as well as the purchase of new equipment.

The Group had a successful year in 2015 with the companies working at full capacity to continue the implementation of various projects. Projects under the first Financial Perspective were successfully concluded, and so were the infrastructure repairs associated with the effects of the glaze ice event.

Kamnlom Verd, d. o. o. completed the year under review with solid business results mostly attributable to higher volumes at SŽ-ŽGP, d. d. and strategic policies of the SŽ-ŽGP Group which involved the procurement of materials from own quarry, with some additional revenues also generated from new services.

The presently unstable situation on the Slovenian construction market and a recurring shortage of investment in the Slovenian rail system necessitated the expansion of the company's operations to foreign markets. For this purpose, SŽ-ŽGP, d. d. set up a branch and two subsidiaries to operate on the West Balkan markets, notably in the Republic of Serbia and Montenegro.

In doing so, the Group aims to secure contracts relating to the modernisation of rail and tram infrastructure in Serbia, Montenegro and other countries of the former Yugoslavia. Since their inception, the subsidiaries successfully completed various tram and rail infrastructure projects in the Republic of Serbia and Montenegro, either jointly with the parent SŽ-ŽGP, d. d. or as the sole contractor.



Fersped Group

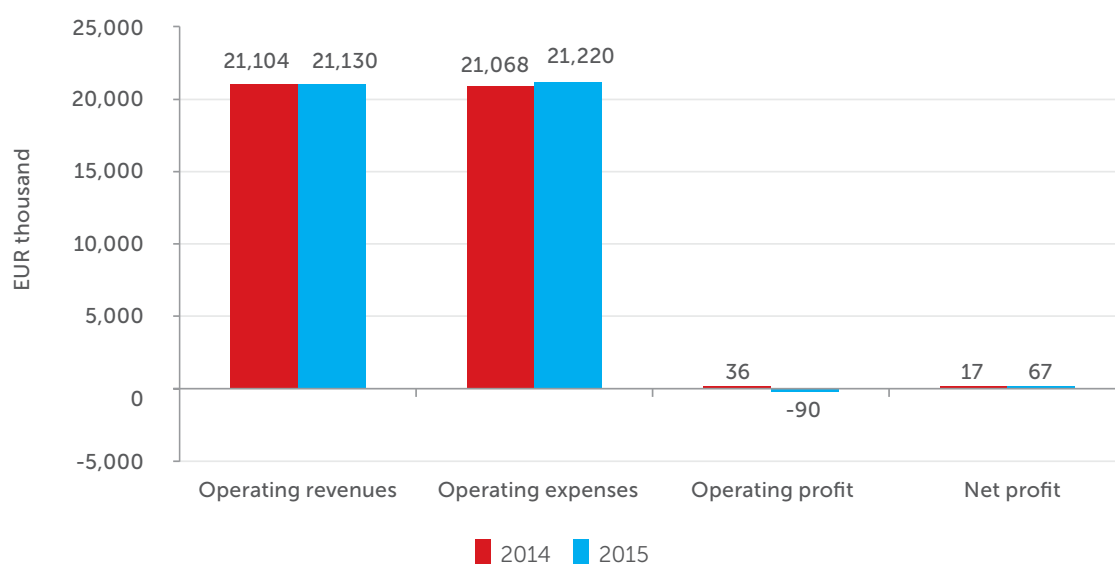
The Fersped Group comprises the parent Fersped, d. o. o., and the subsidiaries Fercargo, d. o. o, Sarajevo (70% interest) and Ferit Srl Trst (80% interest; owing to a low balance sheet total and turnover, the company is not subject to the consolidation of accounts). Fersped, d. o. o., also holds long-term investments in associates, namely in CKTZ Zagreb, d. o. o., (29.14% interest), the currently bankrupt Ferport, d. o. o., (50% interest), and in CER Cargo, d. d., (34% interest).

FIELD OF BUSINESS

- road, rail, maritime, and air logistics;
- freight forwarding and warehousing;
- customs brokerage;
- sale of goods, and other services.

REVENUES, EXPENSES, AND PROFIT AND LOSS

Fersped Group



Key operating performance categories of the income statement

(EUR thousand)	2015	2014	Index
Operating revenues	21,130	21,104	100.1
Operating expenses	21,220	21,068	100.7
Operating profit/loss	(90)	36	
Finance income	198	63	314.3
Finance expenses	109	82	132.9
Financial result	89	(19)	
Other revenues	52	10	520.0
Other expenses	8	10	80.0
Result of other flows	44	0	
Deferred tax	(24)	0	
Net profit/loss	67	17	394.1

A more detailed structure of the income statement is provided in the overview of operating performance by individual company at the end of the Business Report.

The Fersped Group recorded an operating loss of EUR 90 thousand in 2015, with operating revenues and expenses amounting to EUR 21,130 thousand and EUR 21,220 thousand, respectively. The financial result totalled a profit of EUR 89 thousand, with a plus of EUR 44 thousand also generated in other flows. Overall, the year under review concluded with a net profit of EUR 67 thousand.

Operating revenues grew by EUR 26 thousand compared to 2014, and comprised net sales revenues of EUR 21,023 thousand and other operating revenues of EUR 107 thousand.

Net sales revenues, which totalled EUR 21,023 thousand, involved a 13.6% rise in revenues on the domestic market to EUR 9,781 thousand together with a decrease of 9.5% recorded in foreign market revenues relative to 2014.

Operating expenses amounted to EUR 21,220 thousand in 2015 and EUR 21,068 thousand in 2014. Costs of services account for 79.3% of operating expenses and represent their biggest share. They amounted to EUR 16,839 thousand and were 1.1% lower compared to the year before. The highest costs among services are costs relating to the logistics activity and are also lower compared to 2014.

Costs of goods, materials and energy reached EUR 1,596 thousand (EUR 1,603 thousand in 2014). They account for 7.5% of operating expenses. Labour costs represent 11.8% of total operating expenses and amount to EUR 2,500 thousand.

The number of employees was reduced by 3 workers in 2015 (balance as at 31 December 2015: 76 employees). The average number of employees in 2015 was 78 workers and was lower by 3 workers compared to 2014.

We spent EUR 132 thousand for capex investments in 2015.

In 2015, the company retained its operations on the same level as in 2014, while it simultaneously focused on cost effectiveness and the monitoring of operating results according to the product principle. It also focus extensively on payment discipline, recovery and collateralisation of payments.

Under a proactive marketing policy, the Group established three core fields of business, namely maritime logistics, rail and road logistics, and freight terminal services.

The abovementioned subsidiaries and associates together with various international logistics partners enable the Group to serve the logistics markets in Europe and around the globe.

In 2015, the company formulated a business strategy for the 2016-2018 period in which objectives relating to growth and the purchase of a freight forwarding and logistics company were defined and which aim to strengthen the company's role as a logistics company in accordance with the strategy of the Slovenske železnice Group. The company strengthened its sales by specialising in individual products and discontinuing those activities that were not cost effective. The company is also expanding its business partnerships because it has to search for business opportunities in a much broader environment and work globally due to its small size.

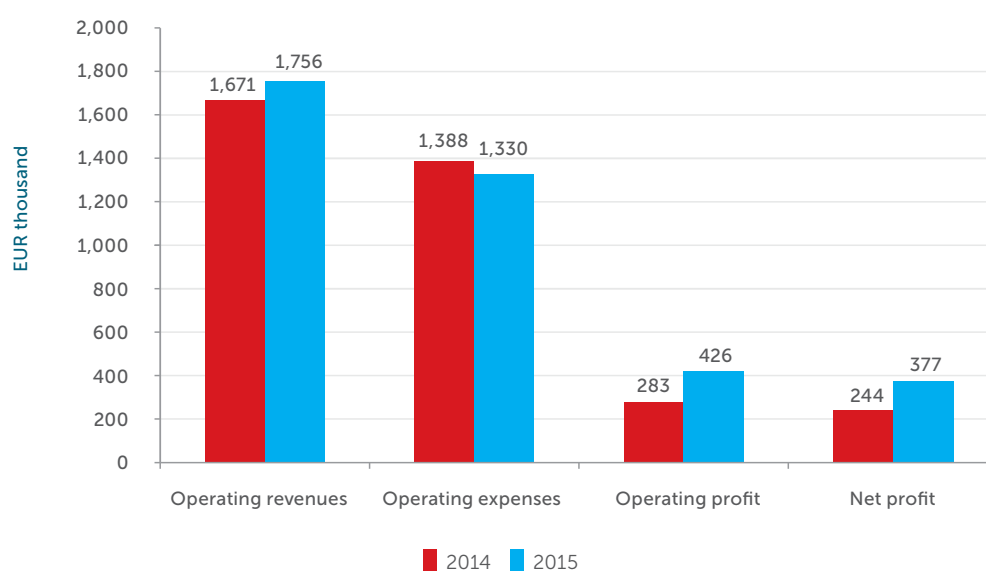


FIELD OF BUSINESS

- research and development in transport technology;
- research and development in transport infrastructure;
- it project support and development of transport system software;
- research in transport economics and law;
- elaboration of investment documentation.

REVENUES, EXPENSES, AND PROFIT AND LOSS

Prometni institut Ljubljana, d. o. o.



Key operating performance categories of the income statement

EUR thousand	2015	2014	Index
Operating revenues	1,756	1,671	105.1
Operating expenses	1,330	1,388	95.8
Operating profit/loss	426	283	150.5
Finance income	15	12	125.0
Finance expenses	3	4	75.0
Financial result	12	8	150.0
Other revenues	0	0	
Other expenses	0	0	
Result of other flows	0	0	
Corporate income tax	70	47	148.9
Deferred tax	(9)	0	
Net profit/loss	377	244	154.5

A more detailed structure of the income statement is provided in the overview of operating performance by individual company at the end of the Business Report. Prometni institut Ljubljana, d. o. o. ('Institute of Traffic and Transport Ljubljana, I.I.c.') had a successful year in 2015 achieving operating revenues of EUR 1,756 thousand, operating expenses of EUR 1,330 thousand, and an operating profit of 426 thousand. Financial result amounted to a surplus of EUR 12 thousand, with net profit totalling EUR 377 thousand.

At EUR 1,756 thousand, operating revenues was 5.1% higher than the previous year, and were made up 86.3% of net sales revenues totalling EUR 1,515 thousand, which was up 27.2% relative to 2014. Net sales revenues comprise revenues on the domestic market amounting to EUR 1,416 thousand (EUR 1,126 thousand in 2014) and revenues on foreign markets in the amount of EUR 99 thousand (EUR 65 thousand in 2014).

The biggest share (89.0%) of net sales revenues was generated within the Slovenske železnice Group.

Other operating revenues of EUR 241 thousand were 49.8% lower than in 2014 and include the work performed on international projects that were co-financed by EU funds.

Operating expenses of EUR 1,330 thousand were 4.2% lower than those in 2014. The biggest share (74.3%) is represented by labour costs amounting to EUR 988 thousand and costs of services amounting to EUR 254 thousand. The latter were 4.9% lower compared to 2014.

The number of employees was reduced by 2 workers in 2015 (balance as at 31 December 2015: 24 employees). The average number of employees in 2015 was 25 workers and was lower by 1 worker compared to 2014.

We spent 109 thousand for capex investments in 2015.

The goal of Prometni institut Ljubljana d.o.o. is to become a globally recognised company and placed on a priority list of R&D institutions that the UIC recommends to its members, as well as to cooperate in projects that are to be formulated on the level of the UIC and European programmes. The company is becoming an increasingly recognised coordinator between the Slovenske železnice Group and the state and European institutions in the field of legislation, guidelines and development trends.

Prometni institut Ljubljana d.o.o. also works with the following foreign institutions: European Commission of the European Union, UIC (Union Internationale Des Chemins De Fer) - International Union of Railways, foreign universities, international R&D institutions in the field of transport and other economic entities in the field of the traffic system focusing on railways.

In the year under review Prometni institut boosted its activities on the international front by participating in new European projects, partnering up with various foreign organisations in Europe, and being the main initiator of South East Europe Alliance for Rail Innovation (SEESARI), which should further improve the recognition of both the institute and Slovenske železnice abroad. In doing so, the company aims to fulfil the needs of the owner, who is the biggest supporter of the development of the Slovenian rail system, while strengthening the international presence of Slovenske železnice. Such and similar efforts are expected to continue throughout 2016, as well.



SŽ-Železniška tiskarna

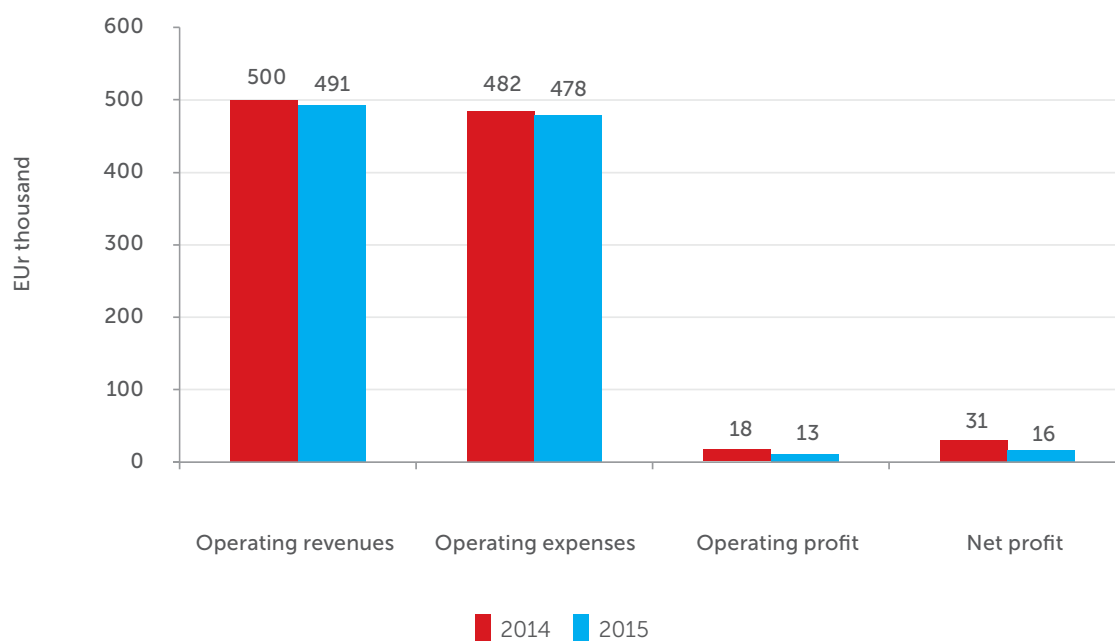
Ljubljana, d. d.

FIELD OF BUSINESS

- printing of rail tickets, train timetables, advertising material, and all types of rail trade forms;
- other printing and bookbinding services.

REVENUES, EXPENSES, AND PROFIT AND LOSS

SŽ-Železniška tiskarna Ljubljana, d. d.



Key operating performance categories of the income statement

EUR thousand	2015	2014	Index
Operating revenues	491	500	98.2
Operating expenses	478	482	99.2
Operating profit/loss	13	18	72.2
Finance income	4	17	23.5
Finance expenses	1	1	100.0
Financial result	3	16	18.8
Other revenues	0	0	
Other expenses	0	0	
Result of other flows	0		
Corporate income tax	0	3	0.0
Net profit/loss	16	31	51.6

A more detailed structure of the income statement is provided in the overview of operating performance by individual company at the end of the Business Report. Železniška tiskarna Ljubljana, d. d. reported an operating profit of EUR 13 thousand in 2015, with operating revenues and expenses amounting to EUR 491 thousand and EUR 478 thousand, respectively. At EUR 3 thousand, the financial result was in the positive, as was net result, at a profit of EUR 16 thousand.

Operating revenues mainly comprise net sales revenues in the amount of 488 thousand. The company generated the most revenues from timetable accessories, paper tickets, publications, brochures, forms, labels, sales forms, books, leaflets and posters. The largest share of these revenues (90.6%) is represented by revenues from sales to the Slovenske železnice Group in the amount of 445 thousand. Compared to 2014, operating revenues were lower by 1.8%.

Operating expenses amounted to EUR 478 thousand in 2015 and EUR 482 thousand in 2014. Labour costs account for 60.5 of operating expenses and represent their biggest share. They amounted to EUR 289 thousand and were 3.2% lower compared to the year before.

Costs of services of EUR 84 thousand represent 17.8% of total operating expenses in 2015. Compared to 2014, they were lower by 3.4%.

Costs of materials and energy reached EUR 63 thousand (EUR 72 thousand in 2014). They account for 13.2% of operating expenses.

At the end of 2015, there were 13 people employed at the Company. The average number of employees in 2015 was 13 workers and was the same as in 2014.

The company realised EUR 12 thousand worth of capex investments in 2015.

The company's business goal is to achieve a positive operating result. The basis for the 2015 business plan and the business plan for future years is its strategic direction in the role of a subsidiary, which was founded solely for the purpose of providing printing and bookbinding services, to provide all printing and bookbinding services to Slovenske železnice in one place (one-stop-shop) regardless of the volume. The company will market its free capacities on the free market in the future as well.



INFORMATION TECHNOLOGY

The Information Systems department performs IT services for the entire Slovenske železnice Group under service agreements (SLA). Users order services through the IT system of the department's Service Centre, i.e. submitting written orders addressed to the department's management or by submitting them to authorised employees in person.

The work is organised into processes and IT services are performed either within the scope of the core process or within the scope of support processes. The core process includes development and maintenance of business processes and applications within the Group. Support processes comprise:

- system support to development, maintenance and usage of business applications in the Group;
- implementation of the Quality and IT Security Policy;
- management of the Service Centre of the Information Systems department;
- statistical processing and analysis of business data.

The central information system of Slovenske železnice (IS SŽ) works around the clock in the data centre, with a 24-hour operator service. It consists of business applications and IT infrastructure.

Development and maintenance of business processes and applications at the Slovenske železnice Group

This set of activities directly supports the implementation of processes at Slovenske železnice with the following business applications:

- specific applications of the technical technological Railway Traffic Monitoring Information System (RTMIS);
- standard applications of the SAP R/3 business information system (finance, accounting, controlling, fixed assets, real estate) and our proprietary business applications (HR, payroll, material management).

The most important activities in 2015 included:

- maintenance and development of the RTMIS information system for the monitoring of railway traffic or support to all fundamental processes in real time (support for managing railway traffic, monitoring freight transport, movement of shipments and traction vehicles and staff, ticketing, timetable, etc.);
- maintenance and development of the PIS business information system (material management, HR IS,

e-purchasing, payroll, e-R230, EV31, SAP FI-CO, SAP RE, SAP AA);

- development and maintenance of the information support for international billing of waybills, central accounts, exchange of data with other railways and service users (TIS, ISR, Hermes, Luka Koper); development of QlikView (BI - business intelligence) and aggregated solutions for the support on the analytical level and the business decision-making level.

System support to development, maintenance and usage of business applications in the Group

This set of activities supports:

- standard system applications (e-mail, intranet/internet, Service Centre, etc.);
- standard user applications for office operations (e.g. Microsoft Office) and hardware.

In 2015, business continuity for the entire information system of Slovenske železnice was ensured through minimal investments into IT infrastructure. The most important activities were:

- expansion of the virtual server cloud of Slovenske železnice involving an increase in capacity and reliability;
- migration of the SAP production environment to a private virtual cloud of Slovenske železnice;
- replacement and upgrade of the central LAN switch - project "Overhaul of Central Hubs of the Database Network of Slovenske železnice";
- continuation of the integration of associated companies of Slovenske železnice into a central IT environment (on the systems and application levels).

Implementation of the Quality and IT Security Policy at the Slovenske železnice Group

The purpose of the Quality and IT Security Policy is to ensure quality, effective and competitive information support to business processes at Slovenske železnice and to protect the IS assets of Slovenske železnice against all types of threats. The IS assets of Slovenske železnice include: the hardware, software and other equipment as well as confidential, personal and business data and information owned by our company, our employees in the Group, and our customers and business partners.

The policy is implemented through continuous improvements of processes and services, which indirectly raises the quality and safety of business processes at the Slovenske železnice Group. In 2015, we introduced the following improvements:

- internal processes and 136 different types of services for the entire Group were standardised, documented and included into the "Process Catalogue, Services Code Table and Instructions for Ordering the IT Services of the Information Systems Department";
- in accordance with the ISO 9001 and CMMI standards, we standardised the performance indicators concerning the implementation of our processes and services, which we have collected and included in our "Indicator Catalogue of the Information Systems Department";
- as part of the ISO 9001 quality management system, we digitised the monitoring of the performance of measures and resolutions of the quality college and quality team of the Information Systems department and successfully implemented 12 measures and 67 corrections;
- in 2015, an external audit of the IS of Slovenske železnice and an internal and external audit of the ISO 9001 quality management system were carried out, and no non-compliances were found.

Management of the Service Centre of the Information Systems department at the Slovenske železnice Group

The Service Centre is responsible for:

- regular maintenance works on the hardware and software;
- support to end users in troubleshooting desktop computer equipment, tablets and mobile phones and software issues, and provide help for work using IT equipment. In 2015, the Service Centre received and handled 10,681 service requests;
- work related to the printing using system printers.

The Service Centre applications have reduced the number of interventions in the field. The operation of the Service Centre is geared towards the reduction of costs relating to the maintenance and management of IT resources in the entire system of Slovenske železnice and towards improved quality of the management of the IT environment.

In Q4 of 2015, we began upgrading our system versions. After the upgrades were implemented and tests carried out, our applications were successfully migrated into the production environment in which they are operating properly.

Statistical processing and analysis of business data at the Slovenske železnice Group

This set of activities encompasses:

- processing, collecting, managing and preparing data for compulsory mandatory reports under:
 - the National Statistics Act (Official Gazette of the RS no. 45/95 and no. 9/01) and the Annual Programme of Statistical Surveys (Official Gazette of the RS no. 92/11);
 - Article 24 of the Railway Transport Safety Act (Official Gazette of the RS no. 56/13 – UPB3);
 - Regulation (EC) No. 91/2003;
 - Rules 910 regarding Statistics at Slovenske železnice;
- care for databases, the creation of new applications and the maintenance of existing applications for uninterrupted production and display of data.

The following strategic IT projects of the Slovenske železnice Group are currently being implemented:

- overhaul of the business information system (SAP ERP);
- implementation of the maintenance IT system;
- overhaul of the IT system for the sale of tickets in passenger transport.

RISK MANAGEMENT

We are aware at the Slovenske železnice Group that sound management of risk, to which the company is exposed, is the basis for uninterrupted operation of the company. In November 2015, we formulated a new concept of risk management and prepared the first comprehensive report on risks in the Group, sorted by individual companies. We completed our work in March 2016 and presented the proposal of the new concept to all key decision-making entities. We then tested the new system in order to eliminate possible deficiencies.

Goals

The goal of risk management is the identification and active monitoring and management of all potential risks that may negatively affect the operations of the entire Group, individual business processes and the goals in the strategic plan. We have set the following objectives in the Slovenske železnice Group:

- reduction of identified risks to an acceptable level;
- implementation of appropriate safeguards so that we may continue our implementation of activities without interruptions in the event of emergency events;

- assurance of a stable environment for uninterrupted business and company growth.

Risk management system

We have set up a registry of risks whereby we first identified the risks and then classified them by area. On the level of the Slovenske železnice Group, we identified 88 elementary risks, which we broke down into 24 groups or 4 areas.

We also made a breakdown of the processes – those that are implemented exclusively on the level of the parent company (centralised processes), those that are implemented exclusively on the level of individual companies (decentralised) and those that are implemented on the level of the parent company in cooperation with subsidiaries or on the level of individual subsidiaries coordinated by professional departments of the parent company (combined). For each elementary risk, we defined whether it originates within the scope of a centralised, decentralised or combined process and then determined who was responsible for the activities related to the risk.

The structure of the risk registry of the Slovenske železnice Group as at 31 December 2015

Risk area (level I.)	Risk group (level II.)
STRATEGIC RISK	Strategy
	Market risk
	Investment risk
	Corporate governance
OPERATIONAL RISK	Risk of the state of infrastructure in the country
	Risk of the infrastructure and tech. equip. owned by the company
	Risk of damage and destruction of property
	Safety risk
	IT risk
	HR risk
	Purchasing risk
	Manufacturing risk
	Sales risk
	Process risk
	Information and communications
	Fraud risk
	Legal risk
FINANCIAL RISK	Credit risk
	Interest rate
	Foreign exchange risk
	Liquidity risk
REGULATORY RISK,	Regulatory risk
COMPLIANCE RISK	Risk of amendments to legislation and regulations
	Compliance risk

Risk was assessed on the basis of the frequency of a certain event and its impact on the company's operations. We used a 4-tier rating scale where events marked with 1 meant a very low probability of occurrence (occurs once in at least 3 years) and events marked with 4 meant a very high probability of occurrence (weekly). The impact was determined based on the average planned EBIT of the Group in the 2016-2020 period. Because an assessment in the form of financial effects is difficult to carry out with some risk types, some qualitative criteria were also added (user satisfaction, company's reputation, endangerment of mission and fundamental activities). The risk levels will be assessed three times a year and acceptability level ratings will be determined once a year.

Reporting system

All companies of the Slovenske železnice Group must compile reports in which they are obliged to determine the action strategy for each key risk (acceptance, reduction, transfer or avoidance) and specific measures for managing the risk, including the deadlines for their realisation and responsible persons.

Group companies must compile risk management reports:

- when compiling business reports for the first quarter;
- when compiling reports on the results in the last 7 months and
- when compiling the annual plan.

Report on risks at the Slovenske železnice Group

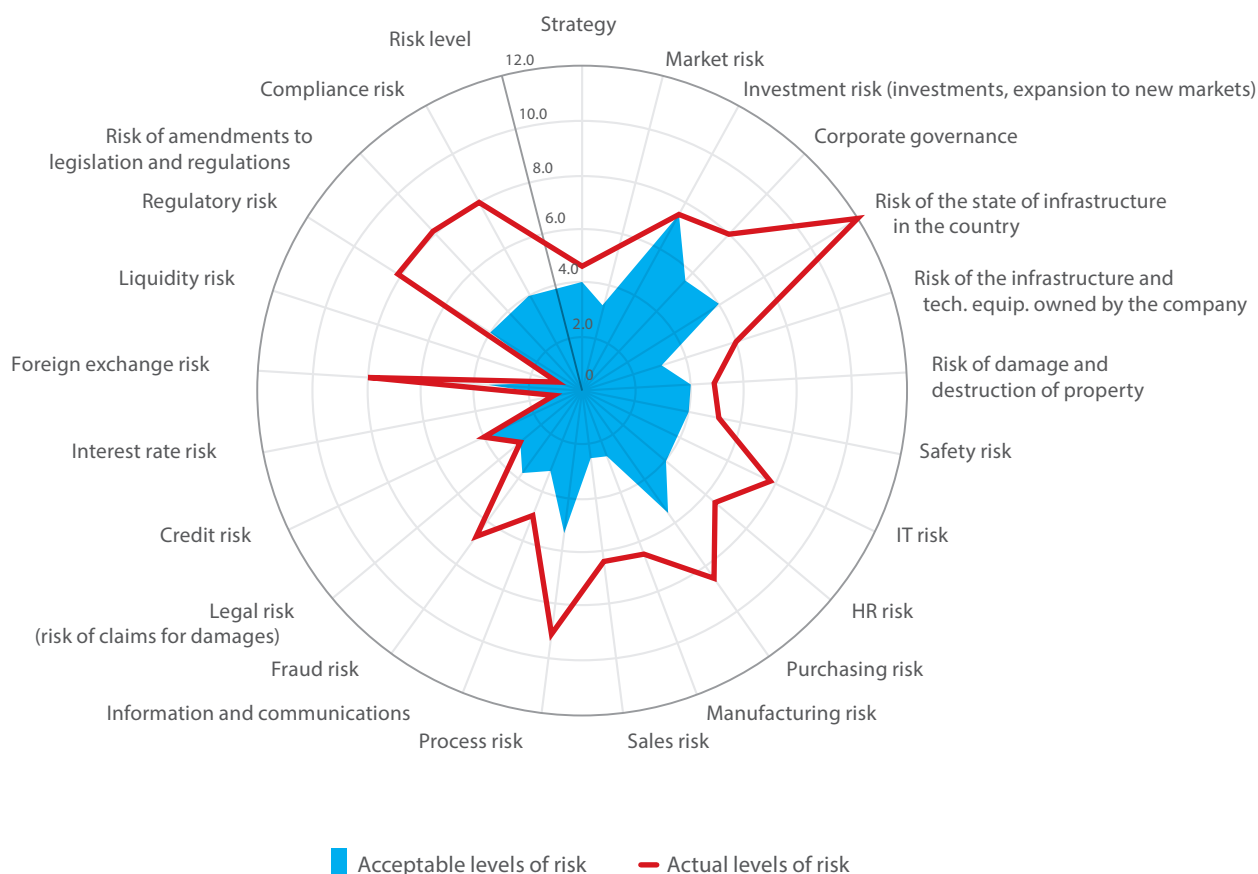
For 2016, we designed the first comprehensive report on the risks at the Group broken down by individual companies. The graph shows actual and acceptable levels of individual risk groups at the level of the Slovenske železnice Group.

Overview of actual and acceptable risk levels as at 31 December 2015 at the Slovenske železnice Group

Note:

¹ Risk level = Impact x probability

Rating of impact or probability:		Risk level:	
• lowest	1	• lowest	1 (1 x 1)
• highest	4	• highest	16 (4 x 4)



Key risks

On the basis of actual and acceptable levels of risk, we prepared a list of key risks and used it as the basis for further work.

All elementary risks that have the risk level of 6 or higher have been defined as key risks. Key risks are presented in detail in the table below. When making risk projections for the following year, we took into account that some measures were already implemented in the previous period and will reduce the exposure to risks.

Overview of key risks

Area	Risk	Description	Level	Assessment of changes 2016/15	Planned activities
STRATEGIC RISKS	Corporate governance	<ul style="list-style-type: none"> unclear delimitation of competences and responsibilities between the controlling company and subsidiaries, and between the associated companies frequent replacements of management and the supervisory board members poorer effectiveness of employees, lack of motivation, discontent among employees, lack of information failure to respect the assumed commitments 	7.9		<ul style="list-style-type: none"> regular communication with the owner regarding expected results continued monitoring of the realisation of goals informing a wider circle of employees about key goals and a quarterly report on the realisation of plans
	Investment risk	<ul style="list-style-type: none"> failure to achieve the expected returns on investments and equity investments^b unfavourable movement of real estate and equipment prices 	7.4		<ul style="list-style-type: none"> new organisational unit for this area audits and, as appropriate, change of the internal regulation that regulates this area regular monitoring of the realisation of the investment plan
	Market risk	<ul style="list-style-type: none"> competition pressure user dissatisfaction risk to company reputation (loss of trust of key stakeholders due to wrong business moves) 	6.3		<ul style="list-style-type: none"> internationalisation of operations active monitoring of the competition ensuring competitive prices through cost control of suppliers and own costs
FINANCIAL RISKS ¹	Foreign exchange risk	<ul style="list-style-type: none"> inadequate movement of exchange rates 	8		<ul style="list-style-type: none"> regular closing of current transactions in foreign currencies with currency derivatives quarterly decision regarding the possible closure of an open position arising from loans received in foreign currencies
REGULATORY RISKS AND COMPLIANCE RISKS	Regulatory risk	<ul style="list-style-type: none"> change of the method of regulating the relationship between the state and SŽ in the OPUS 	8		<ul style="list-style-type: none"> consistent realisation of the provisions in long-term agreements regarding OPUS financing effort to have a larger impact on the investment policy in the public railway infrastructure realisation of the public railway infrastructure maintenance plan
	Risk of amendments to legislation or regulations	<ul style="list-style-type: none"> amendments of acts and other regulations with negative effects in the form of fines, cost increases and necessary new investments 	8		<ul style="list-style-type: none"> formulation of a proposal of comments on all applicable acts and the submission to all competent decision-making bodies cooperation with competent authorities in the phase of formulation and adoption of regulations
	Compliance risk	<ul style="list-style-type: none"> fines, compensation claims, etc., due to the misunderstanding or non-compliance with 	8		<ul style="list-style-type: none"> formation of a new organisational unit for this area
OPERATIONAL RISKS	Risk of state-owned infrastructure	<ul style="list-style-type: none"> infrastructure inadequacy due to deterioration, inappropriate maintenance, etc. 	12		<ul style="list-style-type: none"> implementation of provisions in long-term agreements regarding OPUS financing effort to have a larger impact on the investment policy in the public railway infrastructure realisation of the public railway infrastructure maintenance plan
	Process risk	<ul style="list-style-type: none"> unclear process definitions, inadequate delimitation of responsibilities and duties, inadequate IT support, non-existence of process ownership inefficiency of the risk management system and internal controls system; 	9		<ul style="list-style-type: none"> optimisation and rationalisation of processes in parallel with the project for the overhaul of the business information system formulation and adoption of new Rules on the organisation focus on quality assurance in processes
	Purchasing risk	<ul style="list-style-type: none"> in the planning phase: losses due to inadequately defined needs in the ordering phase: suboptimal range and selection of suppliers in the order execution phase: poor cost management due to the dependence on the supplier, inability to reach an agreement 	8.4		<ul style="list-style-type: none"> adoption of an internal act for the purchasing area implementation of modern IT platforms determination of risks based on the dependence on one supplier and the adoption of appropriate resolutions
	IT risk	<ul style="list-style-type: none"> interruption of key functions and processes and the risk of recovery in case of a catastrophe losses due to inadequate functionality, manual work, loss of data due to inadequate planning and development or security measures 	7.6		<ul style="list-style-type: none"> setup of a backup location for ensuring business continuity creation of a business continuity plan for all key areas creation of an internal act for business continuity intensifying the work of the working group for computerisation
	Fraud risk	<ul style="list-style-type: none"> losses due to fraud, abuse, illegal appropriation of property 	6.5		<ul style="list-style-type: none"> when such an event arises, inspection of the suitability of internal controls and implementation of consistent actions
	Manufacturing risk	<ul style="list-style-type: none"> 36 elementary risks identified at associated companies, 21 of which are key risks 	6.4		<ul style="list-style-type: none"> ongoing monitoring of the realisation of the plan of measures of individual companies
	HR risk	<ul style="list-style-type: none"> risk of losing key staff (continuity and occurrence of additional costs due to the training (onboarding) of new staff) poor effectiveness in the realisation of working processes due to the lack of staff in terms of number and structure inability to optimise the HR structure due to the inappropriateness of the HR structure from the viewpoint of general knowledge and practical qualifications disloyalty, lack of motivation, dishonesty 	6.2		<ul style="list-style-type: none"> creation of an overview of potential departures advanced planning of the distributing of working tasks training of successors (mentorship) overview of internal HR reserves creation of an overview of employee knowledge and competences providing the possibility of education and reassignment training based on the needs of the working processes when disloyalty, lack of motivation or dishonesty are detected, immediate interviews with the employee and appropriate solution to the problem

¹ A more detailed overview of financial risks is presented in the financial report.

Overview of key risks at individual Group companies

RISK DESCRIPTION		SŽ d.o.o.	SŽ-Tovorni promet d.o.o.	SŽ-Potniški promet d.o.o.	SŽ-Infrastruktura d.o.o.	SŽ-Vleka in tehnika d.o.o.	SŽ ŽIP Group	SŽ ŽGP Group	Prometni institut Ljubljana	SŽ-Železniška tiskarna Ljubljana	Fersped Group
STRATEGIC RISK	Corporate governance risk	●						●	●		●
	Investment risk	●	●								
	Market risk	●	●	●				●	●		●
OPERATIONAL RISK	State-owned infrastructure risk		●	●	●						
	Process risk	●	●			●		●	●		●
	Purchasing risk	●				●		●			
	IT risk	●		●				●			●
	Fraud risk	●									
	Manufacturing risk		●	●	●	●	●	●	●	●	●
	HR risk	●	●	●	●	●	●	●	●		●
FINANCIAL RISK	Foreign exchange risk	●									
REGULATORY AND COMPLIANCE RISK	Regulatory risk	●	●								
	Risk of amendments to legislation and regulations	●		●				●			●
	Compliance risk	●				●		●			●

Plans

Tasks that we are planning:

- making assessment uniform;
- detailed analysis of the compliance of acceptable risk level ratings with the adopted long-term business strategy;
- supplementation of the key risk definition with:
 - the difference between the actual and acceptable risk levels and
 - high ratings of impact or probability of the risk³.
- careful monitoring of the realisation of adopted measures.

³ We will focus especially on:

- risks with low probability and extensive financial impacts, where a business continuity plan is needed and
- risks with high probability and low financial impact, which are generally a reflection of inadequate organisation of processes at the company.

EMPLOYEE TURNOVER

The Slovenske železnice Group had a total of 7,740 employees as at 31 December 2015, down 4.1% or 329 employees on the situation reported as at 31 December 2014.

Company	Situation as at 31. 12.		Average number	
	2015	2014	2015	2014
Slovenske železnice d.o.o.	456	461	459	458
Skupina SŽ-Tovorni promet (freight traffic)	1,252	1,301	1,269	1,301
SŽ-Potniški promet d.o.o.	574	622	598	622
SŽ-Infrastruktura d.o.o.	2,297	2,385	2,344	2,374
SŽ-Vleka in tehnika d.o.o.	2,022	2,105	2,067	2,121
ŽGP Group	352	360	364	372
ŽIP Group	674	717	689	720
Fersped Group	76	79	78	81
Prometni institut d.o.o.	24	26	25	26
SŽ-Železniška tiskarna d.d.	13	13	13	13
Total	7,740	8,069	7,907	8,088

EMPLOYMENT AND TERMINATION OF EMPLOYMENT

In 2015 a total of 210 contracts of employment were concluded, two of which were concluded with previously redundant employees, while 539 employments were terminated.

Overview of terminations of employment sorted by type and company:

Reason of termination of employment	SŽ	Gr. TP	PP	INF	VIT	Gr. ŽGP	Gr. ŽIP	Gr. Fer.	PI	ŽTL	Total
Retirement due to age											0
Disability retirement	1	1		5			4				11
Death	2	3	1	4	3	1	2				16
Under the redundant workers programme - contract termination for business reasons	21	83	50	122	102	20	60	4	1		463
Suspension of employment contract				1		1					2
Consensual termination	2	2	1		2	5	3	1			16
Termination of fixed term contract						24		1	1		26
Expiry of fixed term work permit											0
Extraord. termin. of contract - employer (ZDR-1, Art. 109, 110)				2		1	1				4
Reg. termin. of contract - business reasons (ZDR-1, Art. 89)											0
Reg. termin. of contract - at-fault reasons (ZDR-1, Art. 89)											0
Unsuccessful probationary period	1										1
Total	27	89	51	135	107	52	70	6	2	0	539

EMPLOYEE AGE STRUCTURE

Age	SŽ	Gr. TP	PP	INF	VIT	Gr. ŽGP	Gr. ŽIP	Gr. Fer.	PI	ŽTL	Total	%
up to 25yr	2	23	1	30	14	7	8				85	1.1
26-40yr	63	317	125	407	417	163	74	19	10	1	1,596	20.6
41-50yr	145	505	259	963	907	85	228	25	9	5	3,131	40.4
51-55yr	158	279	140	595	540	55	230	18	3	6	2,024	26.2
56-60yr	77	120	48	282	130	31	123	13	1	1	826	10.7
61+	11	8	1	20	14	11	11	1	1		78	1.0
Total	456	1,252	574	2,297	2,022	352	674	76	24	13	7,740	100.0

31. 12. 2015		
Age	Men	Women
up to 25yr	80	5
26-40yr	1,430	166
41-50yr	2,570	561
51-55yr	1,621	403
56-60yr	662	164
61+	72	6
Total	6,435	1,305

The average employee age at the Group level as at December 2015 totalled 46.5 years.

EMPLOYEES BASED ON ACADEMIC LEVEL ATTAINED IN ACCORDANCE WITH THE COLLECTIVE AGREEMENT FOR RAILWAY TRANSPORT OPERATION

Age	SŽ	Gr. TP	PP	INF	VIT	Gr. ŽGP	Gr. ŽIP	Gr. Fer.	PI	ŽTL	Total	%
I.	9	270	38	425	93	39	337	1		4	1,216	15.7
II.		1	1	10	67	1	7				87	1.1
III.		61	9	68	53	4	23				218	2.8
IV.	28	466	185	553	894	166	163	3		6	2,464	31.8
V.	168	293	248	890	729	89	97	34		2	2,550	32.9
VI.	70	79	46	186	101	24	26	11	2	1	546	7.1
VII.	154	77	41	146	77	28	19	25	12		579	7.5
VIII.	26	5	6	19	8	1	2	2	7		76	1.0
IX.	1								3		4	0.1
Total	456	1,252	574	2,297	2,022	352	674	76	24	13	7,740	100.0

The educational structure at the Group level has been improving steadily with a year-on-year increase in the number of employees with level V, level VI and level VII education. Employees with level V education account for the largest portion (32.9% or 2,550) of staff at the Slovenske železnice Group.

EDUCATION OF OPERATIONAL RAILWAY WORKERS

Type of education and training	SŽ	Gr. TP	PP	INF	VIT	Gr. ŽGP	Gr. ŽIP	Gr. Fer.	PI	ŽTL	Total
Professional educ. of oper. railway workers		46	5	55	87	30					223
Professional development		669	377	1,349	1,099	105					3,599
Regular and exceptional testing of professional competence under legal and executive regulations		8	22	33	46	3					112
Total		723	404	1,437	1,232	138					3,934

Training for an operational position	SŽ	Gr. TP	PP	INF	VIT	Gr. ŽGP	Gr. ŽIP	Gr. Fer.	PI	ŽTL	Total
Train policeman				17							17
Switch operator				8							8
Track inspector				5		20					25
Maintainer of railway lines, objects and equipment				3							3
Maintainer of telecommunication equipment				2							2
Maintainer of safety signal equipment				8							8
Train guard		21	1								22
Conductor			4								4
Shunter		25									25
Engine driver					28						28
Engine driver - up-skilled					13						13
Additional worker for driving motorised rail vehicles						10					10
Training for the acquisition of the next certificate				12	46						58
Total		46	5	55	87	30					223

In 2015, the Slovenske železnice, d. o. o. company was awarded (in a public call for tenders) the status of entity in charge of training and competency testing of rail operational staff and operational staff working on commercial rail lines. A total of 223 employees took part in training programmes in 2015, 155 of whom trained 10 different operational positions, 10 employees trained for additional workers on motorised rail vehicles and 58 were included in the training for the acquisition of the next certificate. 3,599 operational workers were included in the professional development; 112 passed the unscheduled competency testing in line with statutory provisions and implementing regulations.

FUNCTIONAL EDUCATION

Company	No. of particip. in funct. educ.	No. of all workers	% of work. in FE
Slovenske železnice d.o.o.	131	456	28.7
Tovorni promet Group	165	1,252	13.2
SŽ-Potniški promet d.o.o.	16	574	2.8
SŽ-Infrastruktura d.o.o.	279	2,297	12.2
SŽ-Vleka in tehnika d.o.o.	199	2,022	9.8
ŽGP Group	34	352	9.7
ŽIP Group	1,356	674	201.2
Fersped Group	9	76	11.8
Prometni institut d.o.o.	14	24	58.3

In 2015, we again prepared functional education for employees of the Slovenske železnice Group, either with internal or external providers. Employees took part in workshops, courses and seminars from various professional areas.

At Slovenske železnice d.o.o., 28.7% of employees took part in functional education. At the Tovorni promet Group, SŽ-Infrastruktura d.o.o. and SŽ-Vleka in tehnika d.o.o., 9.8% to 13.2% of employees took part, most of whom trained in the area of IT. At SŽ-Potniški promet d.o.o., the percentage of those who were sent for education was somewhat lower (2.8%); however, we already prepared education concerning latest IT technology in the previous year. At the ŽGP Group, Fersped Group, Prometni institut d.o.o. and the ŽIP Group, 9.7 to 201.2% of employees took part.

PRACTICAL TRAINING

In 2015, 148 high school and university students who have mandatory practical training in their curriculum underwent practical training. Most of them study logistics, traffic, engineering or electrical sciences. They underwent practical training at Tovorni promet, Infrastruktura and SŽ-VIT. High school and university students studying other sciences underwent their practical training both at the companies and in the departments of Slovenske železnice d.o.o.

Overview of the number of student by company:

Company	Total
Slovenske železnice d.o.o.	18
Skupina SŽ-Tovorni promet (freight traffic)	30
SŽ-Potniški promet d.o.o.	2
SŽ-Infrastruktura d.o.o.	32
SŽ-Vleka in tehnika d.o.o.	60
ŽGP Group	
ŽIP Group	6
Fersped Group	
Prometni institut d.o.o.	
SŽ-Železniška tiskarna d.d.	
Total	148

WAGES

Regulations governing the implementation of the wage policy

The wage policy of the company was implemented in line with the following agreements and legislative documents: Collective Agreement for Railway Transport Operation (Official Gazette of the Republic of Slovenia No 95/07; Official Bulletin No 3/07); Tariff Annex to the Collective Agreement (the Annex entered into force on 18 September 2007; Official Gazette of the Republic of Slovenia No. 95/07; Official Bulletin No 3/07); and Agreement on the Financial Incentives for Better Business Performance of Slovenske železnice and on Implementation of Wage Adjustments of 2009 and 2010, and other agreements concluded with the social partners.

The legislative instruments related to the implementation of the wage policy include Personal Income Tax Act (ZDoh-2; Official Gazette of the Republic of Slovenia No 117/06 with amendments), Social Security Contributions Act (ZPSV; Official Gazette of the Republic of Slovenia No 5/96 with amendments), Pension and Disability Insurance Act (ZPIZ-1-UPB4, Official Gazette of the Republic of Slovenia No 96/12), and the Agreement on the Formation of Pension Scheme regarding Voluntary Supplemental Pension Insurance (Official Bulletin No 6/02).

Gibanje izhodiščne plače

Period	Starting wage (EUR)
I–VI/2015	354.22
VII–XII/2015	356.35

The average starting wage in 2015 was EUR 355.29 gross (EUR 343.91 gross in 2014).

Comparison of the gross and net wage

Wage (EUR)	2015	2014	Index
Gross wage	1,829.14	1,723.47	106.1
Net wage	1,197.35	1,137.83	105.2

Tariff class	SŽ	Gr. TP	PP	INF	VIT	Gr. ŽGP	Gr. ŽIP	Gr. Fer.	PI	ŽTL
I.	0	1,258	0	1,118	0	1,635	1,069	0	0	0
II.	0	1,181	1,854	1,198	1,077	1,240	1,270	0	0	818
III.	0	1,616	1,679	1,465	1,222	1,464	1,394	0	0	958
IV.	1,702	1,692	1,552	1,542	1,448	1,694	1,410	0	0	998
V.	1,513	1,712	1,679	2,101	2,101	2,052	1,528	1,100	0	1,339
VI.	1,684	1,968	1,677	1,934	1,906	2,569	1,530	1,683	1,639	1,452
VII. ¹	2,205	2,113	1,996	2,190	2,187	3,221	2,115	1,941	2,602	0

Note:

¹ The average wage for the VII. tariff class does not include wages under individual employment contracts.

Comparison of average wages at the Slovenske železnice Group with average wages of all employees in the Republic of Slovenia:

Wage	SŽ Group		Republic of Slovenia		Index	Index
	2015	2014	2015	2014	SŽ/RS 2015	SŽ/RS 2014
Gross wage	1,829.14	1,723.47	1,555.89	1,540.25	117.56	111.90
Net wage	1,197.35	1,137.83	1,013.23	1,005.41	118.17	113.17

Comparison of average wages at the Slovenske železnice Group with average wages of all employees in the Transportation and Storage activity:

Wage	SŽ Group		Traffic and storage		Index	Index
	2015	2014	2015	2014	SŽ/PR 2015	SŽ/PR 2014
Gross wage	1,829.14	1,723.47	1,474.38	1,466.73	124.06	117.50
Net wage	1,197.35	1,137.83	963.24	962.66	124.30	118.20

The average wage at the Slovenske železnice Group is higher than the average wage in the Republic of Slovenia and in the Transportation and Storage activity due to the impacts of working conditions.

Bonuses

The total amount of one-off bonuses paid out in 2015 was EUR 331.7 thousand, while it was EUR 1,008.3 thousand in 2014 (index 2015:2014 is 32.9). Bonuses were paid out to workers for the prevention of damage to property or accidents in railway transport.

Holiday pay

The holiday pay for 2015 was paid out in the amount of the minimum wage, which is EUR 790.73 gross per worker, amounting to the total of EUR 6,431.1 thousand.

Working hours and absence from work

Descr. of hours	2015		2014	
	No. of hours	Share in %	No. of hours	Share in %
No. of hours per worker	2,088		2,088	
Total accounted hours	16,713,623	100.0	16,997,973	100.0
Regular working hours	12,929,588	77.4	13,132,435	77.2
Overtime work	374,473	2.2	316,198	1.9
Hours of absence from work:	3,409,562	20.4	3,549,340	20.9
annual leave	2,027,478	12.1	1,940,726	11.4
holiday	355,151	2.1	545,425	3.2
sick leave	784,554	4.7	754,296	4.4
up to 30 days	476,495	2.9	464,514	2.7
beyond 30 days	308,059	1.8	289,782	1.7
other	242,379	1.5	308,893	1.8

In 2015, compared to 2014:

- the share of regular work rose by 0.2pp,
- the share of overtime work rose by 0.3pp,
- the share of absence from work decreased by 0.5pp.

SICK LEAVE

At the level of the Slovenske železnice Group, the sick leave in 2015 stood at 4.7% (the calculation of the share of sick leave takes into account the annual no. of hours per employee, i.e. 2,088 hours, and the average number of employees in 2015), which is 0.3pp more than the year before when the percentage was 4.4%.

Number of sick leave hours in 2015

	SŽ	Gr. TP	PP	INF	VIT	Gr. ŽGP	Gr. ŽIP	Gr. Fer.	PI	ŽTL	Total
Total number of sick leave hours	33,706	108,339	54,343	213,880	198,974	49,838	114,030	5,998	2,758	2,688	784,554
No. of sick leave hours paid for by the company	23,281	69,366	33,384	121,360	67,849	29,484	55,750	3,728	1,787	448	406,437
No. of hours paid for by the Health Insurance Institute of Slovenia	10,425	38,973	20,959	92,520	35,487	20,354	58,280	2,270	971	2,240	282,479
Avg. no. of sick leave hours per worker	73.4	85.5	90.8	91.2	96.2	136.5	165.5	78.9	110.3	206.7	99.2

Index of the no. of sick leave hours compared to 2014

	SŽ	Gr. TP	PP	INF	VIT	Gr. ŽGP	Gr. ŽIP	Gr. Fer.	PI	ŽTL	Total
Total number of sick leave hours	89.6	98.3	121.3	102.3	104.4	97.1	113.7	75.1	168.4	273.2	104.0
No. of sick leave hours paid for by the company	94.7	103.7	111.2	103.9	56.5	104.2	101.6	84.5	120.8	64.4	90.7
No. of hours paid for by the Health Insurance Institute of Slovenia	80.0	89.8	141.7	100.4	50.4	88.4	128.3	63.5	610.7	777.8	92.2
Avg. no. of sick leave per worker	89.6	100.9	121.3	102.3	104.4	97.1	113.7	75.1	168.4	273.2	104.0

The average number of sick leave hours per worker was 99.2 hours in 2015. The number of sick leave hours paid for by the company increased at SŽ-Tovorni promet, SŽ-Potniški promet, d.o.o., SŽ-Infrastruktura d.o.o., ŽGP Group and Prometni institut Ljubljana d.o.o. The number of sick leave hours paid for by the Health Insurance Institute of Slovenia rose at SŽ-Potniški

promet d.o.o., SŽ-Infrastruktura d.o.o., ŽIP Group, Prometni institut Ljubljana d.o.o. and Železniška tiskarna Ljubljana. The average number of sick leave hours per worker rose at SŽ-Potniški promet d.o.o., SŽ-Infrastruktura d.o.o., SŽ VIT d.o.o., ŽIP Group, Prometni institut and Železniška tiskarna Ljubljana.

AREA OF HEALTH AND SOCIAL MATTERS

Preventive healthcare service

The preventive healthcare service was mainly carried out by the Železniški zdravstveni dom Ljubljana d.o.o. healthcare centre. The current organisation of healthcare at the Železniški zdravstveni dom Ljubljana institute provides a complex healthcare programme for railway workers that is implemented at nine GP clinics, fifteen specialised clinics and seven dentist clinics. These clinics provide healthcare services to both active and retired workers. We have also sent our workers to preventive healthcare examinations at the specialised clinic for occupational medicine of Dr. Darja Starc Prelc in Sežana and to healthcare centres in Celje, Maribor, Ptuj and Brežice. SŽ-ŽIP storitve d.o.o. has valid contracts for preventive health examinations with healthcare centres in Novo mesto and Nova Gorica, the Institute of Occupational Safety in Ljubljana, the private clinic of general medicine and occupational medicine of Dr. Nevenka Jadek in Celje and the private specialised clinic for occupational medicine Dr. Beatrix Švent in Postojna.

Preventive health examinations performed in 2015:

	SŽ	Gr. TP	PP	INF	VIT	Gr. ŽGP	ŽIP	Gr. Fer.	PI	ŽTL	Total
Regular preventive periodic health examinations	13	359	150	959	671	105	136	7	0	3	2,403
Non-scheduled health examinations	0	99	21	161	100	8	0	1	0	0	390
Total	13	458	171	1,120	771	113	136	8	0	3	2,793

Index of performed preventive health examinations compared to 2014:

	SŽ	Gr. TP	PP	INF	VIT	Gr. ŽGP	Gr. ŽIP	Gr. Fer.	PI	ŽTL	Total
Regular preventive periodic health examinations	92.9	88.0	102.7	131.9	90.7	210.0	100.0	350.0	0	60.0	107.5
Non-scheduled health examinations	0	90.0	84.0	104.5	76.9	18.2	0	0	0	0	83.9
Total	92.9	88.4	100.0	127.1	88.6	120.2	98.6	400.0	0	60.0	103.4

The number of regular health examinations rose by 7.5% because more workers had to attend the regular health examination due to the deadlines laid down in the Rules on the procedure for the examination of mental and physical abilities of operational railway workers and the Rules concerning preventive medical examinations of workers employed at the Slovenske železnice d.o.o. holding company and other regulations. Based on the deadline set by an authorised physician, there were 16.1% fewer

non-scheduled preventive health examinations compared to 2014.

380 workers working in grassy areas around tracks received vaccinations against tick-borne meningitis. 126 workers who come into contact with migrants and human waste were vaccinated against influenza, 190 against hepatitis A and typhus and 21 against hepatitis A only.

Issue of disabled persons

By the end of 2015, the Slovenske železnice company was employing 761 disabled persons and workers with physical impairments, which is 9.8% of all workers. The most, i.e. 695, were category III disabled persons, 55 were category II disabled persons and 11 had a physical impairment. Compared to 2014, the number of disabled persons fell by 67 or 8.1%.

Number of disabled persons:

Company	2015	2014	Index
Slovenske železnice d.o.o.	23	21	109.5
Skupina SŽ-Tovorni promet (freight traffic)	70	75	93.3
SŽ-Potniški promet d.o.o.	19	23	82.6
SŽ-Infrastruktura d.o.o.	158	169	93.5
SŽ-Vleka in tehnika d.o.o.	132	145	91.0
ŽGP Group	14	18	77.8
ŽIP Group	341	372	91.9
Fersped Group	3	5	60.0
Prometni institut d.o.o.	1	1	100.0
SŽ-Železniška tiskarna d.d.	0	0	0.0
Total	761	829	91.9

The number of disabled persons rose by 9.5% at Slovenske železnice d.o.o. and fell at all other companies, except at Prometni institut d.o.o. The most frequent reason for disability was disease, followed by injury outside the workplace, injury in the workplace, birth defects or occupational disease.

Considering the high number of disabled persons employed, providing appropriate employment to disabled persons is becoming increasingly harder with each passing year. One of the reasons is the very low educational level of disabled persons as well as changes in work processes. The average age of disabled persons is 50.7 years.

HEALTH AND SAFETY AT WORK

	SŽ	Gr. TP	PP	INF	VIT	Gr. ŽGP	Gr. ŽIP	Gr. Fer.	PI	ŽTL	Total
No. of accidents at work	2	22	4	35	52	20	17	0	0	0	152
No. of accidents per 1,000 employees	4	17	11	15	25	58	25	0	0	0	19
No. of lost working days due to work accidents	15	1,017	163	790	929	782	591	0	0	0	4,300
No. of lost working days due to work accidents per accident	15	46	41	23	18	39	35	0	0	0	28

There were 19 accidents per 1,000 employees at the Slovenske železnice Group, where 28 days were lost per accident.

Company	2015	2014
Slovenske železnice d.o.o.	2	1
Tovorni promet Group	22	38
SŽ-Potniški promet, d.o.o.	4	7
SŽ-Infrastruktura, d.o.o.	35	33
SŽ-VIT, d.o.o.	52	64
ŽGP Group	20	18
ŽIP Group	17	13
Fersped Group	0	1
Prometni institut Ljubljana d.o.o.	0	1
SŽ-Železniška tiskarna d.d.	0	0
Slovenske železnice Group	152	176

There were 152 accidents during the performance of work within the Slovenske železnice Group, which is 24 fewer than the year before.



INVESTMENT EXPENDITURE

Investment by company (EUR thousand)	2015	2014	Index
SŽ-Tovorni promet Group	10,191	11,711	87.0
SŽ-Potniški promet, d. o. o.	5,179	6,219	83.3
SŽ-Infrastruktura, d. o. o.	2,597	2,513	103.3
SŽ-Vleka in tehnika, d. o. o.	1,629	1,794	90.8
SŽ-ŽIP, storitve, d. o. o.	920	787	116.9
SŽ-Železniško gradbeno podjetje Group	1,295	1,766	73.3
Prometni institut Ljubljana, d. o. o.	109	3	
SŽ-Železniška tiskarna, d. d.	12	2	600.0
Fersped Group	132	18	733.3
Slovenske železnice, d. o. o.	2,128	489	435.2
Total	24,191	25,303	95.6

Investment by type (EUR thousand)	2015	2014	Index
Rail vehicle maintenance	15,058	17,890	84.2
Facilities and installations	2,424	3,029	80.0
IT	2,728	1,173	232.6
Other	3,981	3,211	124.0
Total	24,191	25,303	95.6

Considering the above, the investment realisation index is 92.2% (realised investments + investments in progress = EUR 33.4 million / plan reduced for unrealised new purchases = EUR 36.2 million).

At the Slovenske železnice Group, investments in the 2015 business plan, including liabilities from previous years, were planned at EUR 48,201 thousand. We realised 50.2% of the planned investments (EUR 24,191 thousand) and we financed all of them with our own assets. The planned investments of Tovorni promet were realised for the purchase of new diesel locomotives in the amount of EUR 8.4 million and the purchase of machinery and manufacturing equipment at Infrastruktura in the amount of EUR 2.0 million. Investments for ŽGP (EUR 0.8 million) and VIT (0.8 million) were not realised. In addition, there were delays in the investment realisation dynamics; investments in the amount of EUR 9.2 million are still in progress. Considering the above, 92.2% of investments were realised (realised investments + investments in progress = EUR 33.4 million / plan reduced by unrealised new purchases = 36.2 million).

The majority of investments at the Slovenske železnice Group in 2015 were aimed at the maintenance of rail vehicles in freight and passenger transport and railway vehicles intended for the maintenance of the public railway infrastructure, i.e. a total of EUR 15,058 thousand or 62.2%. Investments into vehicles is a continuous process and mainly includes regular audits and maintenance of vehicles after the end of their service life.

A total of EUR 2,424 thousand or 10% of the investment expenditure was allocated to facilities and installations, while 11.3% or EUR 2,728 thousand was assigned to the purchase of hardware and software and to updating the Group's IT system, with the remaining 16.5% or EUR 3,981 thousand allotted to other investment in the Group.

IMPORTANT INVESTMENTS IN INDIVIDUAL COMPANIES

Investments into fixed assets of the SŽ-Tovorni promet Group were planned in the amount of EUR 21,712 thousand for the 2015 financial year, including liabilities from previous years. They were realised in the amount of EUR 10,191 thousand or 46.9% of the planned assets. We planned the purchase of vehicles in the amount of EUR 8,365 thousand, which was not realised. All investments were financed with our own assets.

We completed investments on eight Series 363 electric locomotives, six Series 541 electric locomotives, two Series 664 diesel locomotives, two Series 664 diesel locomotives, two Series 643 diesel shunting locomotives and one Series 642 diesel shunting locomotive. We carried out major maintenance on 251 freight wagons and replaced an omar on 10 Eas freight wagons.

As regards buildings and devices, we renovated the most urgent tracks and switch points at the Ljubljana Moste and Maribor Tezno freight stations, the management building of Proizvodnja Ljubljana II was connected to the hot water network and bathrooms and toilettes were renovated as well. The overhaul of pneumatic mail at Proizvodnja Koper was completed.

A container manipulator was purchased for the purposes of Proizvodnja Ljubljana II at the Celje Čret freight station. We also renewed the vehicle fleet of SŽ-Tovorni promet d.o.o. with 12 personal vehicles.

Investments into fixed assets of SŽ-Potniški promet d.o.o. were planned in the amount of EUR 8,813 thousand for the 2015 financial year, including liabilities from previous years, EUR 5,179 thousand of which were realised. Funding was provided in full from our own assets.

Investments in two Series 713 diesel locomotives as well as one Series 711 diesel locomotive, one Series 813 diesel locomotive, one Series 311 electric locomotive, one Series 342 electric locomotive and 15 passenger wagons were completed.

Investments are still under way for six Series 813 diesel trains, one Series 711 diesel train, six bogies for series 310 electric trains, one Series 310 electric train, renovation of the interior of three Series 813 diesel trains and an audit on one of the passenger wagons.

Investment documentation for the overhaul of the ticketing system has been compiled.

Investments into fixed assets of SŽ-Infrastruktura d.o.o. were planned in the amount of EUR 5,144 thousand for the 2015 financial year, EUR 2,597 thousand of which were realised. The activity of infrastructure maintenance realised EUR 2,450 thousand of investments; the activity of transport management realised EUR 147 thousand worth of investments.

The audit for seven heavy motorised trolleys as well as one road-rail vehicle, three wagons, three trailers and a Karavanke wagon was completed.

The upgrade of the stable compressor device for wagon train breaking tests was completed; we also purchased track maintenance machinery and new road vehicles for the manufacturing process.

Investments into fixed assets of SŽ-Vleka in tehnika, d.o.o. were planned in the amount of EUR 2,901 thousand for the 2015 financial year, including liabilities from previous years, EUR 1,629 thousand of which were realised (56.1% of the planned amounts). All investments were carried out with our own assets.

More than a quarter of assets was used for the mitigation of the effects of fire at Center Ptuj where the entire hall B with the canopy and all installations and certain equipment was reconstructed. Other investments were meant for the purchase of smaller machines, devices and tools for the maintenance activity, and a certain amount of assets was meant for the purchase of equipment in order to raise the competitiveness of services regarding the maintenance of rail vehicles and for complying with the inspection authority's decisions.

Investments into fixed assets of SŽ-ŽIP storitve d.o.o. were planned in the amount of EUR 713 thousand for the 2015 financial year, including liabilities from previous years, EUR 920 thousand of which were realised (29.0% more than planned). Funding was provided from exempt (accounted, but not paid) contributions to the Pension and Disability Insurance Institute of Slovenia and the Health Insurance Institute of Slovenia or from our own assets.

A major portion of assets (43.2%) was used for the purchase of a bus and combined vehicles; the remaining portion was used for the purchase of various equipment and machines for the performance of our activities and for the reconstruction of parking spots and the residence hall for single persons in Zalog.

Investments into fixed assets of SŽ-Železniško gradbeno podjetje Group were planned in the amount of EUR 2,546 thousand for the 2015 financial year, including liabilities from previous years, EUR 1,295 thousand of which were realised (50.9% of the planned amounts). All investments were carried out with our own assets.

A major portion of assets (74.2%) was used for the purchase of road vehicles and loading and unloading machinery; other investments were used for the purchase of equipment for the workshop, light machinery, equipment for setting up construction sites, quarry equipment, IT and other investments.

A major portion of the assets at Prometni institut Ljubljana, d.o.o. was used for the purchase of hardware and licensed software.

In SŽ-Železniška tiskarna d.d., an emergency investment into the air conditioner compressor in the manufacturing process was realised; the rest was used for the purchase of software.

Investments into fixed assets of the Fersped Group were planned in the amount of EUR 182 thousand for the 2015 financial year, EUR 132 thousand of which were realised. All investments were carried out with our own assets. Audits on 6 Laags and 3 Laas wagons

(88.6%) were performed; we also purchased computers with the corresponding equipment.

Investments into fixed assets of Slovenske železnice d.o.o. were planned in the amount of EUR 7,104 thousand for the 2015 financial year, including liabilities from previous years, EUR 2,128 thousand of which were realised (29.9% of the planned amounts). All investments were carried out with our own assets.

Most of the invested assets (91.0%) were used for the upgrade of the IT system, while the rest was used for the renovation of holiday accommodation units and equipment.

RESEARCH AND DEVELOPMENT

More attention is placed on the R&D activity because it is tightly related to our successful implementation of the basic development guidelines at the Slovenske železnice Group and the sector policy overall.

We monitored calls for tenders relating to the possible acquisitions of funding from various European funds. We established contacts with potential partners in calls for tenders and analysed the areas in the company that are suitable for such financing.

We wish to attain the common goal of Slovenske železnice, which is to design a cost effective business system and a safe and effective transport activity.

If we want to achieve the required capacities on the railway infrastructure and shorten the ride times, the key is in technological solutions as well as an appropriate technology of transport management and an appropriate adjustment of the operative timetable. The emphasis is on the operative procedures on strategically important transport routes, especially with investments that reduce the cost of infrastructure maintenance and traffic management and increase the safety of railway transport. Railway transport will therefore become competitive to other forms of transport.

Based on European guidelines and directives, the goal of which is to establish an interoperable railway infrastructure in Europe and the conditions to increase railway transport usage when compared to other transport systems, the Slovenian railway system is also included in these processes. As such, projects from this area are being implemented, namely the ERTMS/ETCS project on corridor D and the GSM-R project on the entire railway network in Slovenia.

Based on Regulation (EU) No. 913/2010, we are included in the process of two international railway corridors, namely freight corridor 5, RFC 5 or the Baltic-Adriatic corridor, and freight corridor 6, RFC 6 or the Mediterranean corridor.

The key for R&D is participating in international bodies (UIC, ERA, TER, TEM Master plan, etc.) and their workgroups with time determined products, cooperate in UIC projects, namely for the monitoring of activities performed within the scope of the UIC, under individual projects and the transformation of effects into internal activities. In addition, we also need to be present in the "Shift2Rail" rail R&D framework of the EU – the first European common initiative for railway technology that focuses on research and innovations (R&I) and market-driven solutions, the integration of multimodal systems, accelerated introduction of new and advanced technologies in innovative solutions of the railway product and the boosting of competitiveness of the European railway sector in view of the ever-changing needs of transport in the EU.

For the purposes planning and siting new railway infrastructure, buildings and devices (including upgrades), the key to success of these procedures is cooperation with the Ministry of Infrastructure, local communities and municipalities in the area of state spatial plans for the railway infrastructure, namely with the planning guidelines of all spatial planning acts (DPN – state spatial plans and OPN – municipal spatial plans, OPPN – municipal detailed spatial plans). In addition, the issue of consent for development in a certain area (a 100-metre buffer zone around existing and planned railway tracks) protects corridors for all planned railway tracks, the reconstruction of railway tracks and stations, a new fast track and other spatial elements of the railway infrastructure, all of which are defined in the Ordinance on the Spatial Planning Strategy of Slovenia (Official Gazette RS No. 76/2004).

Expert groundwork for the OPPN is being prepared for the Ljubljana intermodal logistics terminal, which should be designed as a modern land rail-road terminal (RRT) in Central and SE Europe. The Ljubljana RRT is being designed with parameters for the core network terminal on the basis of the Regulation concerning the TEN-T network.

The IJPP project (integrated public passenger transport with a single ticket and a single timetable) as well as the project for accessing the web on trains and at train stations are being implemented and will enable a constant and secure wireless internet connection (Wi-Fi).

For the purposes of comprehensive management of the energy area at the company, namely the assurance of reliable energy supply at competitive prices, appropriate quality and in sufficient quantity, the project of energy management is being carried out by way of which we aim to design a system and procedures for improving energy efficiency or an energy management system under SIST EN 50001.

Companies in the Slovenske železnice Group have introduced a system of paperless transactions - BC (Business Connect).

Based on the undertakings (TSI for the infrastructure subsystem and Regulation (EU) No. 1315/2013 on Union guidelines for the development of the trans-European transport network; TEN-T regulation and Regulation (EU) No. 1316/2013 establishing the Connecting Europe Facility, amendment; CEF regulation), all existing tracks in the Republic of Slovenia are categorised based on the TSI Infrastructure (TSI 2011/275/EU).

We are preparing a timetable of Slovenske železnice in e-form that will replace the current printed form.

SAFETY AND REGULATION OF TRAFFIC

The Railway Traffic Safety Act (Official Gazette RS no. 56/2013) (hereinafter: ZVZelP) defines emergency events as serious accidents, accidents and incidents.

The assessment of safety in rail transport is based on the number of train accidents and their impacts relative to the previous period.

In accordance with the provisions of Directive 2004/49/ES and the ZVZelP, the operator SŽ-Infrastruktura d.o.o. and transporters SŽ-Tovorni promet d.o.o. and SŽ-Potniški promet d.o.o. have their own instructions for taking action in the event of emergency events. The instructions include all procedures and requirements that are in accordance with the European legislation and which determine how to act during an emergency event. In accordance with the changed method of statistical processing of data, where the operator and transporter need to establish the causes of the emergency event and not the responsibility for the same, monthly reports regarding emergency events have also changed as a result.

In 2015 the number of rail emergencies (serious accidents and accidents) fell by 11 cases to 28, of which four were caused by the fault of the railway while the remaining 24 were attributable to causes unrelated to the railway.

Rail emergencies (serious accidents and accidents) comprised one fatality (a decrease of two compared to 2014) and ten injuries (an increase of six relative to 2014). No fatalities or injuries recorded in 2015 were attributable to the fault of the railway.

Level crossing accidents consisted of one fatality and seven injuries, of which none were due to the fault of the railway.

Suicide fatalities fell by two compared to 2014, totalling 16 suicides. There were also three attempts to commit suicide, which resulted in injuries.

The material damage associated with rail emergencies was estimated at EUR 482 thousand, with incident-related damage set at EUR 365 thousand.

The highest damage suffered through no fault of the railway was:

- on 25 April 2015, when a truck's crane damaged the overhead contact line system above the level road crossing 541.2 before the Grobelno station. It was at this time that train no. 41443 passed the damaged electrical conductor and damaged it even more. The combined vehicles on the train were also damaged. The traffic interruption lasted 369 minutes. Property damage of EUR 227 thousand was sustained;
- on 5 August 2015, train no. 4208 hit an excavator on the track at km 58.826 between the stations Most na Soči and Kanal, whereby the excavator belonged to an external contractor. There was a

380 minute interruption of traffic and property damage of EUR 68 thousand;

- on 18 November 2015, the overhead contact line system was damaged at km 620.168 between the stations Lesce Bled and Žirovnica. The traffic interruption lasted 398 minutes. Property damage of EUR 45 thousand was sustained.

There were 689 incidents in 2015, a fall of 109 compared to 2014. Incidents which occurred due to the fault of the railway decreased by 111 to a total of 219, while those attributable to non-rail causes increased by two to 470 cases.

Overall, the assessment of rail safety on the Slovenian rail network in 2015 shows an improvement over the situation in 2014.

QUALITY MANAGEMENT SYSTEM

The development and maintenance of the present Quality Management System (QMS) at Slovenske železnice were continued throughout 2015 with the aim of harmonising the system and improve its performance and effectiveness.

The Quality Management System was implemented in line with ISO 9001:2008, Rules of Procedure and the Quality Manual, and involved internal assessments, reviews of the management system, re-certification audit of the QMS and other. A couple of changes were also made, which resulted in a positive effect.

For the first time, Slovenske železnice became certified at the Group level to ISO 9001:2008 in »Operation of passenger and freight services in inland and international rail transport and management of rail infrastructure«. The quality policy and targets were carried out in proportion to the capabilities and growth of business at Slovenske železnice. Moreover, two new documents were designed, namely Rules of Procedure 970 and Quality Manual 971, which came into effect on 1 January 2015.

Realisation of goals regarding the quality system

Goal

Achieved in 2015

Development of the quality system under ISO 9000 standards

Internal assessment of ISO 9001

In certain companies, departments, secretariats and other organisational units of the companies within the Slovenske železnice Group, 58 internal assessments were carried out and yielded 198 recommendations and one non-compliance with the ISO 9001 demands.

Internal assessments 2015	No. of found non-compliances	No. of proposed improvements
Slovenske železnice d.o.o.	0	29
SŽ–Infrastruktura d.o.o.	0	61
SŽ–Potniški promet d.o.o.	0	12
SŽ–Tovorni promet Group	0	28
Prometni institut Ljubljana d.o.o.	0	3
SŽ–Železniško gradbeno podjetje Group	1	35
Fersped Group	0	30
Total	1	198

External assessments of ISO 9001

In November 2015, a re-certification assessment was performed at Slovenske železnice d.o.o., SŽ–Infrastruktura d.o.o., SŽ–Tovorni promet d.o.o., SŽ–Potniški promet d.o.o. and Prometni institut Ljubljana d.o.o., whereas the second control assessment of the quality management system under ISO 9001 was carried out at SŽ–ŽGP d.d. and Fersped d.o.o. The assessors did not find any non-compliances, but issued a total of 95 observations or recommendations.

Education of employees about the goals and procedures for work and preventive and corrective measures

In 2015, Slovenske železnice d.o.o. was awarded the status of entity in charge of training and competency testing of rail operational staff (hereinafter ROS) and ROS working on commercial rail lines on the basis of a public call for tenders. 223 candidates took part in the professional development, 155 of whom trained for 10 different operational positions, 10 employees trained for the position of additional workers on motorised rail vehicles and 58 were included in the training for the acquisition of the next certificate. 3,599 operational workers were included in professional development; 112 passed the unscheduled competency testing in line with the statutory provisions and implementing regulations.

In 2015, functional education (hereinafter FE) was again organised within the Slovenske železnice Group. FE is organised internally or with external providers. Employees take part in workshops, courses and seminars from various professional areas and other types of training.

At Slovenske železnice d.o.o., 28.7% of employees took part in FE. At the Tovorni promet Group, SŽ-Infrastruktura d.o.o. and SŽ-VIT d.o.o., 9.8 to 13.2% of employees took part in FE. At SŽ-Potniški promet d.o.o., the ŽGP Group and the Fersped Group, 2.8 to 11.8% of employees took part in FE. At Prometni institut Ljubljana, 58.3% of employees took part and 201.2% of the employees from the ŽIP Group.

Maintaining the improved traffic safety trend

Total number of accidents

In 2015, no serious accident occurred.

Total number of emergency events	2012	2013	2014	2015
Serious accidents, accidents	46	35	39	28
Incidents	800	744	798	689

There were 28 accidents, 4 of which (14.3%) were the responsibility of the railway, whereas 24 (85.7%) were caused by an external factor.

2015 was a relatively favourable year in terms of safety compared to the year before because there were 11 fewer accidents than in the previous year, which is a favourable indicator of the safety of rail traffic.

In 2015, there were 689 incidents, which is 13.7% less than in 2014. The number of incidents where the railway caused the incident also decreased by 111 cases or 33.6%.

Emergency events caused by SŽ	2012	2013	2014	2015
Serious accidents, accidents	8	7	7	4
Incidents	447	373	330	219

The material damage that was caused by the railway amounted to EUR 141 thousand in 2015 (EUR 3,067 thousand in 2014).

To achieve the state where 85% of users rate the services as good (3) or better (services are rated from 1 to 5)

services (percentage of rating – good, very good and excellent):

	2012	2013	2014	2015
Passenger traffic	86	87	86	73
Freight traffic	65	62	73	59
Infrastructure	91	100	100	-

Passenger transport:

In 2015, the share of good, very good and excellent ratings was 73.4%, which is much lower than the target of 85%. One of the reasons is the changed methodology of carrying out the surveys, a smaller sample, which is not representative, and the deterioration of transport service quality, mainly due to the increase of maintenance works on tracks, the transport of migrants, etc.

Freight transport:

59 percent of surveyed users were satisfied with the services of SŽ-Tovorni promet in 2015. On a 5-rating satisfaction scale, persons who rated the services with 4 or 5 (the highest mark) were considered as generally satisfied.

Among the critical events that affected the satisfaction of users with transport services negatively, the most common were the state of wagons or issues regarding shipment delivery, the lack of information about problems or changes regarding transports and the work of the railway staff, and late notifications regarding deliveries.

Infrastructure:

No user satisfaction surveys were carried out in 2015 at SŽ-Infrastruktura.

Reduction of complaints, claims and compensation claims

Passenger transport:

	2012	2013	2014	2015
Complaints	331	375	386	441
Praises	202	206	210	192
Claims	1,301	1,397	1,500	1,597
Compensation claims	-	20	22	56

In 2015, the number of complaints in passenger traffic doubled, namely in the element "train" (punctuality, capacities).

The difference in claims is due to the change of sets for ICS trains.

The number of compensation claims increased, which is mostly due to delays and lost connections in foreign railway administrations (FRA) and in our administration, whereby the reason is especially the migration situation of 2015.

Freight transport:

	2012	2013	2014	2015
Complaints	4	0	10	11
Minutes on the actual state	1,835	1,379	948	694
Claims (no. per charged deliveries in%)	2.02	1.52	1.27	1.17
Claims (value per realisation amount in%)	0.62	0.58	0.55	0.44
Compensation claims (number)	123	74	104	39
Compensation claims (value to the amount of transport income ratio in%)	0.010	0.002	0.094	0.013

The number of complaints in freight transport increased due to the residents living near the train tracks because they are bothered by the noise of freight trains.



ENVIRONMENTAL MANAGEMENT SYSTEM

The Management Board of Slovenske železnice undertook in the environmental policy of Slovenske železnice Group to adhere to the highest environment protection standards in the Republic of Slovenia and the EU. The main goals in this regard comprise a reduction of the environmental impacts associated with the activities of the Group members, prevention of pollution, efficient use of energy and other natural resources, together with an adequate management of waste, in particular hazardous materials.

In 2015, the first control assessment of the environmental management system in the certificate period of 2014-2017 was successfully carried out at Slovenske železnice d.o.o. and subsidiaries SŽ-Infrastruktura d.o.o., SŽ-Potniški promet d.o.o. and SŽ-Tovorni promet d.o.o. Based on the received recommendations, we adopted 24 measures at Slovenske železnice for improving the operation of the environmental management system.

At the subsidiaries SŽ-VIT d.o.o., SŽ-ŽIP storitve d.o.o. and SŽ-ŽGP Ljubljana d.d., there is an on-going project, which began in 2014 and relates to the implementation

of the environmental management system. It will presumably be completed by the end of 2017. The project is being implemented as planned and was in its second phase at the end of 2015.

In companies that have introduced the environmental management system, nine internal assessments of the environmental management system were performed whereby the main emphasis was on the inspection of the implementation of the system's requirements in practice.

The rail emergencies and incidents recorded in 2015 had no negative impacts on the environment.

Slovenske železnice d.o.o. and subsidiaries SŽ-Infrastruktura d.o.o., SŽ-Potniški promet d.o.o. and SŽ-Tovorni promet d.o.o. monitor environmental protection indicators in addition to operating performance indicators. Environmental protection indicators that deviated negatively from the provisional environmental objectives in 2015 when compared to 2014 will be analysed by the subsidiaries that will also prepare the measures for improving their effectiveness.

Provisional environmental objectives:

Increasing energy efficiency of railway transport



- 6.7% higher specific consumption of electric energy in railway transport (freight and passenger transport)



- 25% lower specific consumption of motor fuels in freight railway transport (D arch)



- 3.3% higher specific consumption of motor fuels in passenger railway transport (DMG)

Increasing the energy efficiency of buildings and devices



- 7.7% higher costs for electricity in buildings, devices and equipment)

Reducing the cost for municipal waste water



- 15.8% higher costs for municipal waste water

Reducing the cost of waste management and increasing the separation of waste



- 2.0% lower costs of waste management

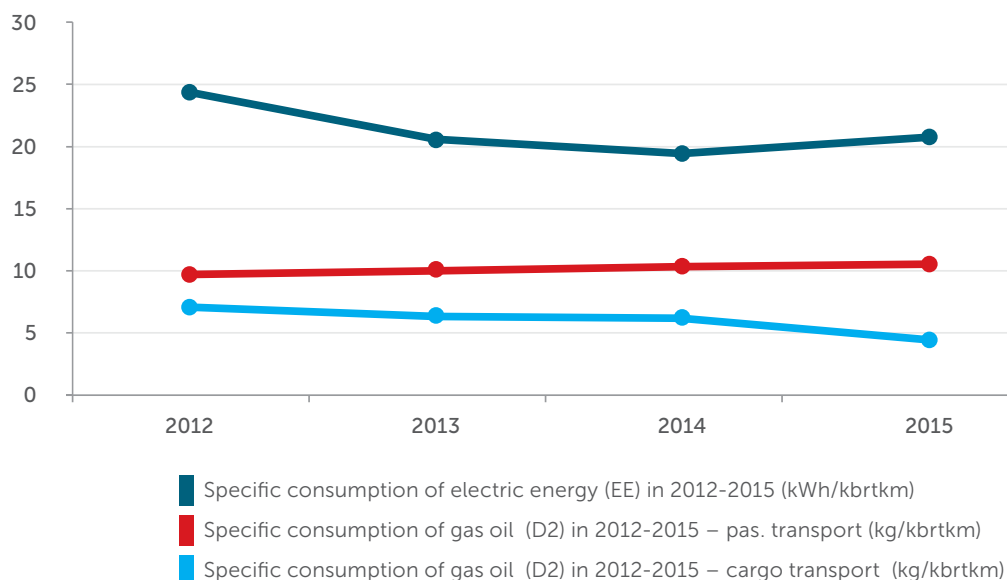
Increasing the transport of hazardous goods on railways



- 2.1% less transported hazardous goods on railways

There are many external factors impacting energy consumption in railway transport such as the state of the public railway infrastructure, emergency events, slower rides, change of timetable, the possibility of returning electrical energy back to the network, weather, changes in vehicle schedules, lease of newer vehicles. The deviation of 6.7% in regard to specific electricity consumption in railway transport in 2015 compared to 2014 is still due to the glaze ice damage on the Ljubljana-Sežana railway track. The lower specific consumption of D-2 in freight transport was mainly due to the lease of newer type Siemens Hercules vehicles, which are undoubtedly much more energy efficient and more economical in their consumption of motor fuels.

The movement of specific consumption of EE in D-2 in railway transport in the 2012–2015 period



The reason for the higher costs of electricity in buildings and devices in 2015 compared to the year before was the inclusion of additional electrical and electronic equipment on the Pragersko-Hodoš line, the activation of base stations (GSM-R) and, to a lesser extent, the installation of air conditioning equipment.

The cost of municipal waste water compared to the year before increased due to the defect on the plumbing network in the area of the Celje freight station. The plumbing network was repaired immediately.

The costs of EE in buildings and devices, the costs of municipal waste water and waste management in 2012–2015

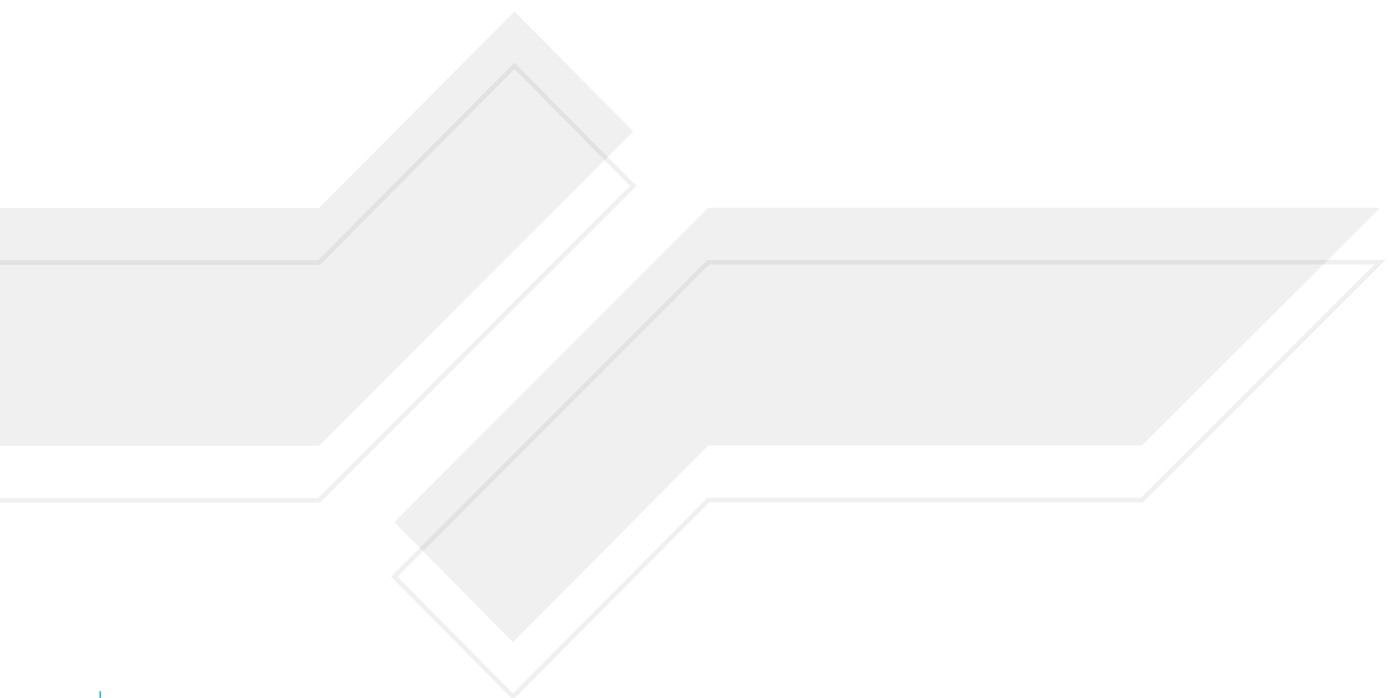
Operating indicators - environmental protection (EUR thousand)	2012	2013	2014	2015
EE costs in buildings, devices and equipment	2,326	2,690	2,133	2,298
Municipal waste water costs	373	345	338	389
Waste management costs	233	244	221	216

The assessment of effectiveness for environmental protection indicators in the 2012–2015 period:

- specific consumption of electrical energy in railway transport decreased by 15%, ✓
- specific consumption of D-2 in passenger transport (DMG) increased by 5.6%, ✗
- specific consumption of D-2 in freight transport (D arch) decreased by 33%, ✓
- EE costs in buildings, devices and equipment decreased by 1.2%, ✓
- municipal waste water costs rose by 4.2%, ✗
- waste management costs fell by 7.3%, ✓

The companies within the Slovenske železnice Group implemented the introduced environmental management system under the SIST EN ISO 14001:2005 standard in accordance with the Environmental Policy of the Slovenske železnice Group.

INCOME STATEMENT BY COMPANY



	Slovenske železnice Group			Slovenske železnice d.o.o.			SŽ-Tovorni promet Group		
	2015	2014	Index	2015	2014	Index	2015	2014	Index
EUR thousand									
Operating revenues	580,884	557,189	104.3	59,278	33,313	177.9	193,274	206,194	93.7
Net sales revenues	463,289	462,834	100.1	21,643	21,094	102.6	185,035	199,671	92.7
Revenues on the domestic market	277,348	273,127	101.5	21,517	20,961	102.7	24,745	33,541	73.8
Transport revenues	37,475	35,323	106.1				7,398	8,890	83.2
Other revenues	127,860	132,852	96.2	21,517	20,961	102.7	17,347	24,651	70.4
Agreements with the Government	112,013	104,952	106.7						
Revenues on foreign markets	185,941	189,707	98.0	126	133	94.7	160,290	166,130	96.5
Transport revenues	154,500	161,385	95.7				152,900	158,782	96.3
Other revenues	31,441	28,322	111.0	126	133	94.7	7,390	7,348	100.6
Change in inventories of finished goods and work in progress	51	453	11.3	0	0		0	0	
Capitalised own products and own services	22,310	22,919	97.3	42	0		0	0	
Other operating revenues	95,234	70,983	134.2	37,593	12,219	307.7	8,239	6,523	126.3
of which: Agreements with the Government	41,989	41,380	101.5						
Operating expenses	542,389	533,024	101.8	38,405	22,614	169.8	184,548	196,615	93.9
Cost of goods and materials sold	2,509	1,763	142.3	0	0		42	56	75.0
Cost of materials	42,585	41,605	102.4	133	147	90.5	3,432	3,001	114.4
Cost of energy	31,637	36,766	86.0	176	170	103.5	17,627	22,184	79.5
Cost of services	165,451	166,163	99.6	6,769	5,251	128.9	108,286	117,416	92.2
Labour cost	249,511	243,961	102.3	14,804	14,933	99.1	38,813	38,832	100.0
Amortisation and depreciation expense	34,309	34,945	98.2	990	1,673	59.2	15,041	14,872	101.1
Other operating expenses	16,387	7,821	209.5	15,533	440		1,307	254	514.6
Operating profit/loss (EBIT)	38,495	24,165	159.3	20,873	10,699	195.1	8,726	9,579	91.1
Finance income	5,202	1,793	290.1	18,534	10,131	182.9	4,907	2,221	220.9
Finance expenses	17,806	9,540	186.6	21,714	10,770	201.6	12,716	4,970	255.9
Financial result	(12,604)	(7,747)	162.7	(3,180)	(639)	497.7	(7,809)	(2,749)	284.1
Other revenues	221	79	279.7	0	0		26	29	89.7
Other expenses	899	1,060	84.8	446	174	256.3	438	425	103.1
Result of other flows	(678)	(981)	69.1	(446)	(174)	256.3	(412)	(396)	104.0
Total profit/loss	25,213	15,437	163.3	17,247	9,886	174.5	505	6,434	7.8
Corporate income tax	3,351	876	382.5	1,799	572	314.5	7	0	
Deferred tax	(1,845)	11		(1,134)			(67)	0	
Net profit/loss	23,707	14,550	162.9	16,582	9,314	178.0	565	6,434	8.8

EUR thousand	SŽ-Potniški promet d.o.o.			SŽ-Potniški promet d.o.o. OPUS			SŽ-Potniški promet d.o.o. Other activities		
	2015	2014	Index	2015	2014	Index	2015	2014	Index
Operating revenues	90,485	85,151	106.3	83,457	84,543	98.7	7,028	608	
Net sales revenues	43,420	41,815	103.8	38,606	41,212	93.7	4,814	603	798.3
Revenues on the domestic market	35,625	33,385	106.7	31,156	33,029	94.3	4,469	356	
Transport revenues	32,322	29,498	109.6	28,194	29,255	96.4	4,128	243	
Other revenues	3,303	3,887	85.0	2,962	3,774	78.5	341	113	301.8
Agreements with the Government									
Revenues on foreign markets	7,795	8,430	92.5	7,450	8,183	91.0	345	247	139.7
Transport revenues	6,975	7,741	90.1	6,630	7,494	88.5	345	247	139.7
Other revenues	820	689	119.0	820	689	119.0	0	0	
Change in inventories of finished goods and work in progress	0	0		0	0		0	0	
Capitalised own products and own services	0	0		0	0		0	0	
Other operating revenues	47,065	43,336	108.6	44,851	43,331	103.5	2,214	5	
of which: Agreements with the Government	41,989	41,380	101.5	41,989	41,380	101.5			
Operating expenses	88,095	82,080	107.3	83,938	80,908	103.7	4,157	1,172	354.7
Cost of goods and materials sold	11	20	55.0	11	20	55.0	0	0	
Cost of materials	2,666	2,577	103.5	2,638	2,556	103.2	28	21	133.3
Cost of energy	6,934	7,187	96.5	6,759	7,119	94.9	175	68	257.4
Cost of services	49,602	43,152	114.9	45,879	42,327	108.4	3,723	825	451.3
Labour cost	17,055	17,808	95.8	16,881	17,596	95.9	174	212	82.1
Amortisation and depreciation expense	11,300	11,278	100.2	11,245	11,232	100.1	55	46	119.6
Other operating expenses	527	58	908.6	525	58	905.2	2	0	
Operating profit/loss (EBIT)	2,390	3,071	77.8	(481)	3,635		2,871	(564)	
Finance income	468	326	143.6	466	324	143.8	2	2	100.0
Finance expenses	2,237	2,650	84.4	2,227	2,639	84.4	10	11	90.9
Financial result	(1,769)	(2,324)	76.1	(1,761)	(2,315)	76.1	(8)	(9)	88.9
Other revenues	5	4	125.0	5	4	125.0	0	0	
Other expenses	81	95	85.3	81	95	85.3	0	0	
Result of other flows	(76)	(91)	83.5	(76)	(91)	83.5	0	0	
Total profit/loss	545	656	83.1	(2,318)	1,229		2,863	(573)	
Corporate income tax									
Deferred tax									
Net profit/loss	545	656	83.1	(2,318)	1,229		2,863	(573)	

EUR thousand	SŽ-Infrastruktura d.o.o.			Maintenance of PRI			Traffic Control		
	2015	2014	Index	2015	2014	Index	2015	2014	Index
Operating revenues	184,289	164,466	112.1	147,644	129,314	114.2	37,464	35,621	105.2
Net sales revenues	180,355	158,845	113.5	144,853	123,959	116.9	36,322	35,355	102.7
Revenues on the domestic market	180,355	158,845	113.5	144,853	123,959	116.9	36,322	35,355	102.7
Transport revenues									
Other revenues	68,342	53,893	126.8	66,600	52,007	128.1	2,562	2,355	108.8
Agreements with the Government	112,013	104,952	106.7	78,253	71,952	108.8	33,760	33,000	102.3
Revenues on foreign markets	0	0		0	0		0	0	
Transport revenues									
Other revenues	0	0		0	0		0	0	
Change in inventories of finished goods and work in progress	0	0		0	0		0	0	
Capitalised own products and own services	0	0		0	0		0	0	
Other operating revenues	3,934	5,621	70.0	2,791	5,355	52.1	1,142	266	429.3
of which: Agreements with the Government									
Operating expenses	181,999	165,249	110.1	141,790	127,499	111.2	41,028	38,219	107.3
Cost of goods and materials sold	0	8	0.0	0	8	0.0	0	0	
Cost of materials	12,091	11,258	107.4	11,847	10,909	108.6	244	349	69.9
Cost of energy	16,622	15,531	107.0	16,243	15,156	107.2	378	375	100.8
Cost of services	63,718	41,950	151.9	60,136	37,948	158.5	4,402	4,471	98.5
Labour cost	75,251	70,981	106.0	39,392	38,118	103.3	35,859	32,863	109.1
Amortisation and depreciation expense	2,400	2,410	99.6	2,265	2,291	98.9	135	119	113.4
Other operating expenses	11,917	23,111	51.6	11,907	23,069	51.6	10	42	23.8
Operating profit/loss (EBIT)	2,290	(783)		5,854	1,815	322.5	(3,564)	(2,598)	137.2
Finance income	164	236	69.5	144	209	68.9	20	27	74.1
Finance expenses	436	384	113.5	347	290	119.7	89	94	94.7
Financial result	(272)	(148)	183.8	(203)	(81)	250.6	(69)	(67)	103.0
Other revenues	116	34	341.2	124	20	620.0	6	14	42.9
Other expenses	359	299	120.1	336	272	123.5	37	27	137.0
Result of other flows	(243)	(265)	91.7	(212)	(252)	84.1	(31)	(13)	238.5
Total profit/loss	1,775	(1,196)		5,439	1,482	367.0	(3,664)	(2,678)	136.8
Corporate income tax									
Deferred tax	(335)	0		(335)	0				
Net profit/loss	2,110	(1,196)		5,774	1,482	389.6	(3,664)	(2,678)	136.8

EUR thousand	SŽ-Infrastruktura d.o.o. Maintenance of PRI - OPUS			SŽ-Infrastruktura d.o.o. Traffic Control - OPUS			SŽ-Infrastruktura d.o.o. Stations and halts		
	2015	2014	Index	2015	2014	Index	2015	2014	Index
Operating revenues	107,569	99,255	108.4	33,760	33,000	102.3	3,697	3,090	119.6
Net sales revenues	104,778	93,900	111.6	33,760	33,000	102.3	3,697	3,090	119.6
Revenues on the domestic market	104,778	93,900	111.6	33,760	33,000	102.3	3,697	3,090	119.6
Transport revenues									
Other revenues	31,944	26,747	119.4				8	0	
Agreements with the Government	72,834	67,153	108.5	33,760	33,000	102.3	3,689	3,090	119.4
Revenues on foreign markets	0	0		0	0		0	0	
Transport revenues									
Other revenues	0	0		0	0		0	0	
Change in inventories of finished goods and work in progress	0	0		0	0		0	0	
Capitalised own products and own services	0	0		0	0		0	0	
Other operating revenues	2,791	5,355	52.1	0	0		0	0	
of which: Agreements with the Government									
Operating expenses	109,768	101,319	108.3	38,550	35,854	107.5	3,659	3,564	102.7
Cost of goods and materials sold	0	8	0.0	0	0		0	0	
Cost of materials	11,507	10,665	107.9	236	334	70.7	129	116	111.2
Cost of energy	2,201	2,337	94.2	357	353	101.1	282	295	95.6
Cost of services	53,061	32,202	164.8	4,147	4,136	100.3	2,576	2,534	101.7
Labour cost	34,011	34,810	97.7	33,674	30,877	109.1	643	599	107.3
Amortisation and depreciation expense	2,059	2,144	96.0	128	114	112.3	8	8	100.0
Other operating expenses	6,929	19,153	36.2	8	40	20.0	21	12	175.0
Operating profit/loss (EBIT)	(2,199)	(2,064)	106.5	(4,790)	(2,854)	167.8	38	(474)	
Finance income	144	209	68.9	20	27	74.1	0	0	
Finance expenses	347	290	119.7	14	94	14.9	0	0	
Financial result	(203)	(81)	250.6	6	(67)		0	0	
Other revenues	90	19	473.7	6	14	42.9	0	0	
Other expenses	314	271	115.9	37	27	137.0	0	0	
Result of other flows	(224)	(252)	88.9	(31)	(13)	238.5	0	0	
Total profit/loss	(2,626)	(2,397)	109.6	(4,815)	(2,934)	164.1	38	(474)	
Corporate income tax									
Deferred tax							(2)	0	
Net profit/loss	(2,626)	(2,397)	109.6	(4,815)	(2,934)	164.1	40	(474)	

EUR thousand	SŽ-Infrastruktura d.o.o. Management of PRI			SŽ-Infrastruktura d.o.o. Maintenance of PRI - Other activities			SŽ-Infrastruktura d.o.o. Trafic control – Other activities		
	2015	2014	Index	2015	2014	Index	2015	2014	Index
Operating revenues	1,730	1,709	101.2	34,648	25,260	137.2	3,704	2,621	141.3
Net sales revenues	1,730	1,709	101.2	34,648	25,260	137.2	2,562	2,355	108.8
Revenues on the domestic market	1,730	1,709	101.2	34,648	25,260	137.2	2,562	2,355	108.8
Transport revenues									
Other revenues				34,648	25,260	137.2	2,562	2,355	108.8
Agreements with the Government	1,730	1,709	101.2						
Revenues on foreign markets	0	0		0	0		0	0	
Transport revenues									
Other revenues	0	0		0	0		0	0	
Change in inventories of finished goods and work in progress	0	0		0	0		0	0	
Capitalised own products and own services	0	0		0	0		0	0	
Other operating revenues	0	0		0	0		1,142	266	429.3
of which: Agreements with the Government									
Operating expenses	976	1,334	73.2	27,387	21,282	128.7	2,478	2,365	104.8
Cost of goods and materials sold	0	0		0	0		0	0	
Cost of materials	0	0		211	128	164.8	8	15	53.3
Cost of energy	0	0		13,760	12,524	109.9	21	22	95.5
Cost of services	976	1,334	73.2	3,523	1,878	187.6	255	335	76.1
Labour cost	0	0		4,738	2,709	174.9	2,185	1,986	110.0
Amortisation and depreciation expense	0	0		198	139	142.4	7	5	140.0
Other operating expenses	0	0		4,957	3,904	127.0	2	2	100.0
Operating profit/loss (EBIT)	754	375	201.1	7,261	3,978	182.5	1,226	256	478.9
Finance income	0	0		0	0		0	0	
Finance expenses	0	0		0	0		75	0	
Financial result	0	0		0	0		(75)	0	
Other revenues	0	0		34	1		0	0	
Other expenses	0	0		22	1		0	0	
Result of other flows	0	0		12	0		0	0	
Total profit/loss	754	375	201.1	7,273	3,978	182.8	1,151	256	449.6
Corporate income tax	(31)	0		(302)	0				
Deferred tax									
Net profit/loss	785	375	209.3	7,575	3,978	190.4	1,151	256	449.6

	SŽ-Vleka in tehnika, d. o. o.				SŽ-Železniško gradbeno podjetje Group				SŽ-ŽIP Group			
	2015	2014	Index		2015	2014	Index		2015	2014	Index	
EUR thousand												
Operating revenues	104,777	102,473	102.2		82,135	82,749	99.3		27,764	25,866	107.3	
Net sales revenues	102,967	98,671	104.4		81,473	82,597	98.6		22,121	20,386	108.5	
Revenues on the domestic market	94,090	92,608	101.6		78,449	80,872	97.0		22,086	20,359	108.5	
Transport revenues												
Other revenues	94,090	92,608	101.6		78,449	80,872	97.0		22,086	20,359	108.5	
Agreements with the Government												
Revenues on foreign markets	8,877	6,063	146.4		3,024	1,725	175.3		35	27	129.6	
Transport revenues												
Other revenues	8,877	6,063	146.4		3,024	1,725	175.3		35	27	129.6	
Change in inventories of finished goods and work in progress	(106)	656			162	(216)			(7)	10		
Capitalised own products and own services	104	55	189.1		89	16	556.3		26	32	81.3	
Other operating revenues	1,812	3,091	58.6		411	352	116.8		5,624	5,438	103.4	
of which: Agreements with the Government												
Operating expenses	108,436	103,599	104.7		73,778	78,758	93.7		28,046	26,834	104.5	
Cost of goods and materials sold	32	44	72.7		924	257	359.5		317	156	203.2	
Cost of materials	15,036	13,135	114.5		8,435	10,794	78.1		1,217	1,076	113.1	
Cost of energy	1,393	1,290	108.0		1,091	1,429	76.3		528	610	86.6	
Cost of services	16,967	16,893	100.4		47,588	51,500	92.4		9,883	7,584	130.3	
Labour cost	72,362	69,200	104.6		12,358	12,540	98.5		15,268	16,410	93.0	
Amortisation and depreciation expense	1,984	2,010	98.7		1,734	1,807	96.0		644	684	94.2	
Other operating expenses	662	1,027	64.5		1,648	431	382.4		189	314	60.2	
Operating profit/loss (EBIT)	(3,659)	(1,126)			8,357	3,991	209.4		(282)	(968)	29.1	
Finance income	221	235	94.0		209	254	82.3		195	240	81.3	
Finance expenses	462	425	108.7		348	622	55.9		58	60	96.7	
Financial result	(241)	(190)	126.8		(139)	(368)	37.8		137	180	76.1	
Other revenues	3	4	75.0		23	5	460.0		4	2	200.0	
Other expenses	58	322			44	110	40.0		11	19	57.9	
Result of other flows	(55)	(318)			(21)	(105)	20.0		(7)	(17)	41.2	
Total profit/loss	(3,955)	(1,634)			8,197	3,518	233.0		(152)	(805)	18.9	
Corporate income tax					1,475	252	585.3		1	1	100.0	
Deferred tax	(125)	0			(151)	11						
Net profit/loss	(3,830)	(1,634)			6,873	3,255	211.2		(153)	(806)	19.0	

EUR thousand	Fersped Group			Prometni institut, d.o.o.			SŽ-Železniška tiskarna, d.d.		
	2015	2014	Index	2015	2014	Index	2015	2014	Index
Operating revenues	21,130	21,104	100.1	1,756	1,671	105.1	491	500	98.2
Net sales revenues	21,023	21,033	99.9	1,515	1,191	127.2	488	497	98.2
Revenues on the domestic market	9,781	8,613	113.6	1,416	1,126	125.8	488	497	98.2
Transport revenues									
Other revenues	9,781	8,613	113.6	1,416	1,126	125.8	488	497	98.2
Agreements with the Government									
Revenues on foreign markets	11,242	12,420	90.5	99	65	152.3	0	0	
Transport revenues									
Other revenues	11,242	12,420	90.5	99	65	152.3	0	0	
Change in inventories of finished goods and work in progress	0	0		0	0		3	3	100.0
Capitalised own products and own services	0	0		0	0		0	0	
Other operating revenues	107	71	150.7	241	480	50.2	0	0	
of which: Agreements with the Government									
Operating expenses	21,220	21,068	100.7	1,330	1,388	95.8	478	482	99.2
Cost of goods and materials sold	1,504	1,394	107.9	0	0		0	0	
Cost of materials	31	151	20.5	5	5	100.0	56	63	88.9
Cost of energy	61	58	105.2	4	4	100.0	7	9	77.8
Cost of services	16,839	17,019	98.9	254	267	95.1	84	87	96.6
Labour cost	2,500	2,001	124.9	988	1,082	91.3	289	280	103.2
Amortisation and depreciation expense	152	148	102.7	27	23	117.4	38	40	95.0
Other operating expenses	133	297	44.8	52	7	742.9	4	3	133.3
Operating profit/loss (EBIT)	(90)	36	36	426	283	150.5	13	18	72.2
Finance income	198	63	314.3	15	12	125.0	4	17	23.5
Finance expenses	109	82	132.9	3	4	75.0	1	1	100.0
Financial result	89	(19)	(19)	12	8	150.0	3	16	18.8
Other revenues	52	10	520.0	0	0		0	0	
Other expenses	8	10	80.0	0	0		0	0	
Result of other flows	44	0	0	0	0		0	0	
Total profit/loss	43	17	252.9	438	291	150.5	16	34	47.1
Corporate income tax	0	0		70	47	148.9	0	3	0.0
Deferred tax	(24)	0		(9)	0				
Net profit/loss	67	17	394.1	377	244	154.5	16	31	51.6

BALANCE SHEET BY COMPANY

AS AT 31 DECEMBER 2015

ITEM	COMPANY IN THE GROUP											
	SŽ Group	SŽ, d.o.o.	SŽ-TP Gr.	SŽ-PP	SŽ-INF	SŽ-VIT	ŽIP Lj Gr.	PI Lj	ŽT Lj	ŽGP Lj Gr.	Fersp Gr.	
ASSETS	573,530,518	527,908,573	239,843,178	148,831,841	102,839,460	58,301,319	17,480,328	1,709,836	1,103,903	41,676,452	9,170,105	
A. Non-current assets	381,385,454	473,085,782	153,047,207	94,229,225	9,045,899	32,727,045	10,399,148	211,320	475,101	14,595,975	3,065,648	
I. Intangible assets and long-term deferred costs and accrued revenues	4,772,640	1,207,131	66,009	69,830	248,361	1,238,501	27,938	93,430	940	26,551	214,576	
II. Property, plant and equipment	290,618,382	14,373,807	130,890,349	86,123,954	7,611,845	31,069,243	10,124,149	26,970	461,014	12,335,044	1,760,429	
III. Investment property	62,310,564	51,358,593	3,872,607	5,735,553	0	48,980	0	49,546	12,810	1,195,282	37,193	
IV. Non-current financial assets	17,888,052	402,679,730	9,408	0	0	2,049	0	0	338	688,849	864,633	
V. Non-current operating receivables	3,418,708	3,466,521	17,447,235	2,299,887	392,133	82,503	247,061	24,451	0	13,574	6,238	
VI. Deferred tax assets	2,377,108	0	761,600	0	793,560	285,770	0	16,923	0	336,675	182,580	
B. Current assets	157,338,424	54,685,238	64,946,465	48,375,495	66,878,165	25,550,495	7,077,327	1,324,187	627,402	26,684,829	5,980,431	
I. Assets (disposal groups) held for sale	0	0	0	0	0	0	0	0	0	0	0	
II. Inventories	24,624,928	671	1,990,111	3,587,821	4,844,992	10,264,348	230,004	0	38,605	3,820,352	0	
III. Current financial assets	397,981	27,761,864	20,916,000	30,613,000	14,643,500	0	680,232	166,000	0	369,648	25,000	
IV. Current operating receivables	70,116,959	3,787,998	41,498,265	12,149,113	21,988,039	15,157,855	5,856,981	1,149,897	359,839	12,431,755	5,599,587	
V. Cash and cash equivalents	62,198,556	23,134,705	542,089	2,025,561	25,401,634	128,291	310,110	8,290	228,957	10,063,075	355,843	
C. Short-term deferred costs and accrued revenues	34,806,640	137,553	21,849,506	6,227,121	26,915,396	23,780	3,853	174,328	1,400	395,648	124,026	
EQUITY AND LIABILITIES	573,530,518	527,908,573	239,843,178	148,831,841	102,839,460	58,301,319	17,480,328	1,709,836	1,103,903	41,676,452	9,170,105	
A. Equity	293,099,775	283,501,249	51,726,371	133,727,976	20,299,472	23,117,250	6,619,013	1,075,209	981,701	24,204,648	2,335,690	
I. Called-up capital	205,274,421	205,274,421	36,860,942	131,684,161	15,828,186	26,068,145	6,072,597	162,328	265,160	3,152,412	3,138,557	
II. Capital surplus	45,002,140	45,002,140	4,719,585	0	0	1,653,146	0	111,861	497,598	46,199	0	
III. Revenues reserves	829,108	829,108	3,686,094	709,207	1,582,819	803,096	1,306,907	16,233	112,198	4,514,907	0	
IV. Revaluation surplus	9,426,408	8,721,588	118,289	353,290	214,530	187,230	(157,047)	443	3,927	(26,115)	6,407	
V. Retained earnings	5,704,380	7,920,942	5,776,503	463,004	563,684	(1,764,413)	(446,662)	407,578	87,252	9,469,731	(884,939)	
VI. Net profit/loss for the period	21,484,936	15,753,050	564,947	518,314	2,110,254	(3,829,953)	(153,153)	376,767	15,566	6,871,745	67,436	
VII. Consolidated equity adjustment	(12,078)	0	10	0	0	0	(3,629)	0	0	(8,459)	0	
VIII. Minority equity interest	5,390,460	0	0	0	0	0	0	0	0	184,227	8,229	
B. Provisions and long-term accrued costs and deferred revenues	30,668,400	2,159,322	4,655,660	1,978,623	7,667,547	7,801,076	5,395,093	96,760	49,889	1,829,358	215,447	
C. Non-current liabilities	136,924,852	154,965,901	133,587,959	103,126	447,265	290,195	175,743	15,807	0	1,123,621	194,928	
I. Non-current financial liabilities	134,633,928	133,424,493	133,418,799	0	0	54,913	133,495	4,078	0	1,016,948	0	
II. Non-current operating liabilities	408,355	19,720,874	169,002	41,249	447,265	235,282	42,248	11,729	0	106,673	194,928	
III. Deferred tax liabilities	1,882,569	1,820,534	157	61,877	0	0	0	0	0	0	0	
Č. Current liabilities	93,069,590	86,711,795	46,885,196	11,098,156	46,219,504	24,630,470	4,636,687	490,123	57,856	10,860,004	6,119,130	
I. Liabilities of disposal groups held for sale	0	0	0	0	0	0	0	0	0	0	0	
II. Current financial liabilities	9,415,411	73,269,822	22,994,585	0	619	6,979,822	33,137	4,616	0	360,229	618,138	
III. Current operating liabilities	83,654,179	13,441,972	23,890,610	11,098,156	46,218,884	17,650,648	4,603,549	485,507	57,856	10,499,775	5,500,992	
D. Short-term accrued costs and deferred revenues	19,767,901	570,306	2,987,992	1,923,961	28,205,672	2,462,328	653,792	31,936	14,458	3,658,820	304,911	



FINANCIAL REPORT

General Notes to
Financial Statements

GENERAL NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION AND ACTIVITY OF THE COMPANY

Slovenske železnice d.o.o. is the controlling company of its associated companies, all of which operate under the rules of a contractual concern.

Organisational changes are listed in the introduction of the business portion of the annual report.

The equity of Slovenske železnice d.o.o. in the amount of EUR 283,501,249 is disclosed as follows:

EUR	31. 12. 2015
Share capital	205,274,421
Capital surplus	45,002,140
Revenue reserves	829,108
Revaluation adjustment surplus	8,721,588
Retained earnings	7,920,942
Net profit or loss for the financial year	15,753,050
Total equity	283,501,249

Activities of Slovenske železnice d.o.o. include:

Activity code	Activity
38.110	Collection and transport of non-hazardous waste
38.120	Collection and transport of hazardous waste
38.210	Non-hazardous waste treatment
38.220	Hazardous waste treatment
45.310	Wholesale of parts and accessories for motor vehicles
45.320	Retail sale of parts and accessories for motor vehicles
46.190	Non-specialised sale of various products
46.690	Wholesale of other machinery and equipment
46.710	Wholesale of solid, liquid and gaseous fuels
46.720	Wholesale of metals and metal ores
46.730	Wholesale of wood, construction materials and sanitary equipment
46.740	Wholesale of metal products, installation material, heating equipment
46.760	Wholesale of other intermediate products
46.770	Wholesale of waste and scrap
46.900	Non-specialized wholesale trade
47.190	Other retail sale in non-specialized stores
58.140	Publishing of journals and periodicals
58.190	Other publishing
62.010	Computer Programming
62.030	Management of computer devices and systems
62.090	Other information technology and computer service related activities
63.110	Data processing and related activities
63.120	Management of web portals
63.990	Other information
64.200	Activities of holding companies
66.120	Agents involved in trading securities and commodities
66.190	Other activities auxiliary to financial services, except insurance and pension funding

Activity code	Activity
68.100	Trade of own real estate
68.200	Renting and operating of own or leased real estate
68.320	Management of real estate on a fee or contract basis
69.200	Accounting, bookkeeping and auditing activities, tax consultancy
70.100	Activities of head offices
70.120	Public relations
70.220	Other business and management consultancy activities
71.111	Architectural design
71.112	Landscape architecture, urban planning and other planning
71.129	Other engineering services and technical consultancy
71.200	Technical testing and analysis
72.190	Research and experimental development on natural sciences and engineering
73.120	Share of advertising space
73.200	Market research and public opinion polling
74.900	Other professional, scientific and technical activities
77.390	Renting of other machinery, equipment and tangible goods rental and leasing
81.100	Combined facilities support activities
82.110	Combined office administrative service
82.190	Photocopying, document preparation and other specialized office support activities
82.300	Organisation of conventions and trade shows
85.590	Other education, further education and training
85.600	Educational support activities
90.010	Performing arts
90.040	Operation of arts facilities
91.011	Libraries
91.012	Activity archives
91.020	Museums activities
91.030	Protection of cultural heritage

The company is the majority owner of the following subsidiary companies that together form the Slovenske železnice Group:

Subsidiary company	% of ownership
SŽ-Tovorni promet, d. o. o.	100.00 %
SŽ-Potniški promet, d. o. o.	100.00 %
SŽ-Infrastruktura, d. o. o.	100.00 %
SŽ-Vleka in tehnika, d. o. o.	100.00 %
SŽ-Železniško gradbeno podjetje Ljubljana, d. d.	79.82 %
Prometni institut Ljubljana, d. o. o.	100.00 %
SŽ-Železniška tiskarna Ljubljana, d. d.	64.28 %
SŽ-ŽIP, storitve, d. o. o.	100.00 %
Fersped d. o. o.	100.00 %

SŽ-ŽIP storitve d.o.o. holds a 100% stake in Calidus SOL d.o.o., Savudrija (Republic of Croatia), whereas SŽ-Železniško gradbeno podjetje Ljubljana d.d. holds a 96.34% stake in Kamnolom Verd d.o.o., a 100% stake in SŽ-ŽGP d.o.o., Belgrade, and a 100% stake in SŽ ŽGP d.o.o., Podgorica. Fersped d.o.o., Ljubljana holds an 80% stake in Ferit s.r.l., Trieste, and a 70% stake in Fercargo d.o.o., Sarajevo. The abovementioned companies are included in the Slovenske železnice Group and are consolidated in the Group's financial statements with the exception of Ferit s.r.l., which is not consolidated as it does not meet the assumptions of materiality and rationality. The CE-DINO, Projektno tehnični servis d.o.o. company, 50% of which was owned by SŽ-VIT d.o.o., was stricken from the register of companies on 9 March 2015.

The subsidiary SŽ-Tovorni promet d.o.o. founded the SI-Cargo Logistics d.o.o. company in Serbia in 2014. The latter began operations on 1 February 2015.

The company's financial year coincides with the calendar year.

2. BASIC ACCOUNTING ASSUMPTIONS

Financial statements are compiled in accordance with the Slovenian Accounting Standards (SAS) and the Companies Act (ZGD-1). Data in financial statements are based on bookkeeping documents and books of account kept in line with the Slovenian Accounting Standards.

The following basic accounting assumptions have been observed during the preparation: accrual basis, going concern and the quality characteristics of the financial statements relating mainly to comprehensibility, suitability, reliability and comparability. The following basic accounting principles have been observed in the accounting policies: prudence, the "content before form" principle and materiality.

Assets and liabilities that are originally denominated in a foreign currency were translated at the middle exchange rate of the Bank of Slovenia. The financial statements in this Report are expressed in euros and rounded to integer. For transparency purposes, financial statements are provided in condensed form in accordance with Article 62 of the Companies Act and also comprise the main groups and sub-groups of assets and liabilities as well as revenues and expenditures. Items that are merged in financial statements are shown separately in the disclosures to financial statements.

Financial statements include the following categories:

a) balance sheet, shown in three columns, i.e.:

- the first column shows the balance of the company's assets and liabilities as at 31 December 2015;
- the second column shows the balance of the company's assets and liabilities as at 1 January 2015 (adjustment of the error for unused annual leave and deferred tax liabilities, note in point 1.2.1);
- the third column shows the comparative balance of the company's assets and liabilities as at 31 December 2014;

b) the income statement that is prepared pursuant to version I of SAS 25 is shown in two columns, i.e.:

- the first column shows the income statement categories for the period from 1 January to 31 December 2015;
- the second column shows the income statement categories for the comparative period from 1 January to 31 December 2014.

Accounting policies and important disclosures in accordance with the ZGD-1 and the SAS are explained below. An important category is one that comprises no less than 10% of the balance sheet assets or liabilities and one that comprises no less than 10% of an individual category. An important item in the income statement is a category that comprises no less than 10% of total revenues or expenditures and one that comprises no less than 10% of an individual category.

In accordance with the provisions of SAS 26 (2006), Slovenske železnice, d. o. o. applies the indirect method when compiling the cash flow statement (version II). The cash flow statement comprises cash flows for the period from 1 January to 31 December 2015 and a comparison with 2014.

The statement of changes in equity comprises the changes in equity in the period from 1 January to 31 December 2015. A special addendum to the statement of changes in equity is the statement of distributable profit and statement of accumulated loss.

Individual accounting policies

Intangible assets

An intangible asset is a non-monetary asset, usually without physical substance. Intangible assets are classified into intangible assets with a finite useful life stated at cost less accumulated amortisation and eventual impairment losses, and intangible assets with an indefinite useful life stated at cost less eventual impairment losses.

Intangible assets comprise long-term deferred development costs, investments in acquired industrial property rights (concessions, patents, licenses, trademarks, etc.) and other rights (e.g. right of superficies) as well as investments in the goodwill of the acquiree. Long-term accrued and deferred items are long-term deferred costs.

An intangible asset is recognised in the books of account and in the balance sheet if it is probable that the expected future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. The recognition of an intangible asset is reversed and eliminated from the books of account and from the balance sheet on disposal or when no future economic benefits are expected from its further use and subsequent disposal. The carrying amount of an intangible asset with a finite useful life is decreased through amortisation. The company uses the straight-line depreciation method.

An intangible asset is carried separately at its cost or revalued cost in the books of account, while any revaluation adjustments as a cumulative write-off that is the result of amortisation and accumulated impairment losses are also recorded separately; in the balance sheet; however, intangible assets are disclosed exclusively at their carrying amount which is the difference between their cost and the revaluation adjustment and accumulated impairment losses. Intangible assets are valued according to the cost model.

Property, plant and equipment

Property, plant and equipment of the company includes land, buildings, equipment and other property, plant and equipment as well as small tools with a useful life that is longer than one year. Small tool items with a useful life of more than one year and an individual value not exceeding EUR 500 according to the supplier's invoice are also recorded under property, plant and equipment provided that the same kind of assets already appear under property, plant and equipment. Otherwise, small tool items are disclosed under materials. Spare parts that are used for investment into property, plant and equipment are recorded under material inventories.

In the books of account items of property, plant and equipment are carried separately at their cost or revalued cost as well as separately as revaluation adjustments that represent their cumulative write-off as a result of depreciation. In the balance sheet, items of property, plant and equipment are disclosed at their carrying amount, i.e. book value, which is the difference between their cost and the write-down amount.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at cost upon initial recognition.

The cost of an item of property, plant or equipment (PPE) comprises its purchase price, including the cost of import duties and non-refundable purchase taxes as well as other directly attributable costs of bringing the asset to the condition necessary for its intended use.

Any trade discounts and rebates are deducted from the purchase price. The cost of the asset also comprises the borrowing costs related to the acquisition of the item of property, plant and equipment, i.e. interest and other costs associated with loans for the acquisition of items of property, plant and equipment; however, only the costs incurred up to the moment the item of property, plant and equipment is brought to a condition necessary for its intended use. The cost of borrowing for the construction or production of an item of property, plant and equipment and bringing it to working condition for its intended use are capitalised provided they make up more than 20% of its cost.

The estimate of the costs of dismantling and removing the item and restoring the site generally does not increase the cost of an item of PPE upon acquisition provided such costs are not material, i.e. they do not exceed 10% of the cost of an item of PPE, or if such costs are covered from the sale of the generated waste in the majority of cases upon the disposal of the item of PPE. The cost of an item of property, plant and equipment constructed or produced in house comprises the cost of constructing or producing the asset and the indirect cost of constructing or producing the asset that may be attributed to it. Upon the acquisition of new items of PPE, e.g. rail vehicles and buildings, their cost is distributed among their components if they have different useful lives and/or patterns of use that are relevant given the total cost of PPE. Each part of PPE is then considered separately. The estimated periodic amounts of expenditure for regular inspections or repairs of rail vehicles are measured as parts of property, plant and equipment.

The company generally applies the straight-line depreciation method. Depreciation is accounted individually, while it is accounted cumulatively only for small tools of the same kind or similar purpose. Depreciation of PPE under a finance lease corresponds to the depreciation of similar PPE owned by the company.

Overview of annual amortisation and depreciation rates applied:

	Lowest	Highest
1. Buildings	1.00 %	15.00 %
2. Manufacturing equipment	2.00 %	25.00 %
3. Computer equipment	20.00 %	20.00 %
4. Motor vehicles	3.30 %	25.00 %
5. Other equipment	3.30 %	33.30 %
6. Intangible non-current assets	20.00 %	50.00 %

Amortisation and depreciation rates did not change in 2015 with respect to 2014.

The revaluation of property, plant and equipment represents a decrease of their carrying amount due to impairment.

Property, plant and equipment must be revalued to account for impairment when their carrying amount exceeds their recoverable amount. The recoverable amount is the higher of either the fair value less the selling price or the value of the asset in use.

If the recoverable amount of an item of property, plant and equipment is lower than its carrying amount, its carrying amount is reduced to its recoverable amount. Such a reduction constitutes an impairment loss which increases operating expenses from revaluation unless the item of PPE had previously been revalued upwards.

Investment property

Investment property is property owned for the purpose of it earning rent and/or increasing the value of a non-current investment. Upon initial recognition an investment property is measured at cost comprising the purchase price and the costs arising upon acquisition (legal services, taxes upon the transfer of real property, other costs of the transaction).

If the property is only partly used for letting and partly for production or office space, the two parts of the property are accounted separately only if they can be sold separately. Otherwise the property is reclassified under investment property or PPE depending on the share of its use for a particular purpose (calculated based on the surface area). If the share of a property's use for letting purposes exceeds 90%, the property is disclosed in its entirety under investment property. If the share of a property's use for letting purposes is lower than 10%, the property is disclosed in its entirety under PPE. In other cases, the property is classified depending on the established share of use partly under investment property and partly under PPE.

If the company (owner of the property) performs ancillary services for the tenant and such services represent an immaterial part of the entire agreement (less than 20% of total income under the entire agreement), such a property is defined as investment property. If such services represent more than 20% of the total income under the agreement, such a property is treated as PPE.

Investment property is measured according to the cost model.

If the carrying amount of the investment property is to be covered principally through sale rather than through continued use, such an investment property is classified as a non-current asset held for sale or as a disposal group held for sale.

Inventories

Inventories comprise inventories of raw materials, materials, spare parts and those small tools that have a useful life shorter than one year.

Spare parts that are used for regular or investment maintenance of property, plant and equipment and those that are used for additional investment into property, plant and equipment are recorded under material inventories.

All types of inventories of materials and goods are valued at cost, which consists of the purchase price, import duties, other non-refundable purchase taxes and direct costs of acquisition. Non-refundable purchase taxes also comprise the non-refundable value added tax.

The moving average price method is applied for the disclosure of the consumption of inventories of materials, spare parts and small tools.

Revaluation of inventories is an adjustment of their carrying amount. It is performed during the financial year or at the end of a financial year at the latest. Inventories are measured at historic cost or net realisable value, i.e. the lower of the two. Inventories are only revalued if impairment is required.

Inventories of spare parts that did not change over several accounting periods are revalued as at the balance sheet date with respect to the most recent date of reception, i.e. according to the following dynamic:

Year	T	t-1	t-2	t-3	t-4	t-5	t-6	t-7	t-8	t-9	t-10
Percentage of impairment	0 %	0 %	0 %	0 %	0 %	3 %	6 %	9 %	12 %	15 %	30 %

Inventories, the last reception date of which is in year t-10 or earlier, require a separate assessment of all of the important materials.

The value of normal inventories of materials that are to be used for the maintenance of fixed assets need not be written down below historic cost if the finished goods or services, in which they are to be incorporated, can be expected to be sold at or above the historic cost. The sales value is deemed to be equal to or higher than the historic cost provided the company was able to generate operating profits in previous accounting periods or if it plans to generate such profits. The value of inventories that can no longer be used in the business process needs to be written down to the net realisable amount or to 0 if the net realisable amount cannot be obtained. Inventories, the use of which is prohibited, or those that cannot be sold need to be written off in their entirety.

Receivables

Receivables are rights arising from financial and other relationships that allow an entity to claim from a certain other entity the repayment of a debt, the supply of an item or the rendering of a service. Receivables from the sale of goods and rendering of services are generally recognised together with revenues. Receivables are initially recognised at amounts arising from relevant documents such as invoices, builder's statements and accounts, i.e. under the assumption that they will be paid.

All subsequent increases or decreases of receivables (subsequent discounts, admitted complaints, defects) generally increase or decrease the relevant operating revenues or finance income. Receivables, the payment of which is partially deferred and depends on the fulfilment of certain conditions (e.g. withheld payments), are disclosed as special receivables. Revaluation of receivables is the recognition of an adjustment to their carrying amounts; contractual increase or decrease of their carrying amount is not considered to represent revaluation. Revaluation is performed once a year, i.e. prior to the compilation of the annual account of operations. It is performed as a revaluation of receivables due to impairment (if the company assesses the recoverable amount as being lower than the carrying amount) or revaluation of receivables due to the reversal of their impairment.

When revaluing receivables due to impairment, the impairment is performed based on past experience and future expectations as follows:

- according to the criterion of an individual receivable's age: revaluation due to impairment in the amount of 100% of the receivable is performed for all receivables that are past due by more than 360 days as at the balance sheet date, whereby payments by the date of performance of necessary impairments and the eventual security for receivables in the form of bank guarantees or pledge of property (mortgage) must be taken into account; exceptionally, such receivables are not impaired based on other justified reasons that are decided on by the company's management;

- individually: revaluation due to impairment of individual receivables with maturity of one year is made at the rate of 100% or less for receivables that are known to be irrecoverable or if the probability of their recovery is very low (in view of the poor financial standing of the buyer, initiation of bankruptcy or compulsory composition proceedings); suitability of the disclosed values of such receivables and the eventually required impairment prior to the compilation of the annual accounts are determined by the finance, accounting and controlling department or the company itself; during the year, receivables are impaired in their entirety when they are registered in bankruptcy proceedings.

Receivables due from Group companies are generally not revalued due to impairment and are impaired individually as appropriate.

If the sum of actual write-downs of individual receivables within the accounting period is greater than the prospective receivable revaluations, the justified shortfall needs to be formulated additionally at the end of the financial year and the difference added to operating expenses from revaluation (additional impairment). If, on the contrary, the sum of actual write-downs of individual receivables within the accounting period is lower than the prospective receivable revaluations, the unjustified surplus needs to be reversed at the end of the financial year and transferred to operating revenue from revaluation (reversal of impairment), meaning that the revalued amount of individual receivables is balanced to the new amount after the coverage of receivable write-downs.

Cash and cash equivalents

In addition to funds on business accounts held at banks and cash, the category of cash and cash equivalents also comprises short-term deposits with maturity of up to three months.

Debts

Current and non-current liabilities are initially valued using amounts arising from relevant documents on their origin.

Non-current liabilities are disclosed as non-current financial liabilities and non-current operating liabilities. Non-current financial liabilities include long-term loans obtained from banks, companies and natural persons and long-term loans from financial lease operations, while non-current operating liabilities include long-term supplier credits for purchased goods or services, long-term advance payments and caution money received as well as deferred tax liabilities. They are increased by accrued interest or decreased by repaid amounts and potential other settlements provided there is an agreement for this with the creditor.

The portion of non-current liabilities that is already past due and the portion of non-current liabilities that will fall due within one year are transferred to current liabilities in the balance sheet. Within the scope of current liabilities, current financial liabilities and current operating liabilities are disclosed separately. Current financial liabilities are the loans obtained. Current operating liabilities are advances and caution money received from buyers, domestic and foreign trade payables, liabilities for goods and services not invoiced, liabilities to workers, liabilities to government institutions, and other liabilities.

Long-term and short-term debts denominated in a foreign currency are translated to the domestic currency as at the balance sheet date. Increasing short-term debts increases regular finance expenses, while decreasing them increases regular finance income.

Short-term deferred costs and accrued revenues

Short-term accruals and deferrals are receivables and other assets and liabilities that will, as may be assumed, occur within a period of one year, whereby their occurrence is probable and their size can be reliably measured.

Financial assets

Financial assets are mainly investments in equity or in financial debts of other companies, the state and other issuers. The company classifies its financial assets into the group of investments into subsidiaries and associates, available for sale assets and loans. Investments into subsidiaries and associates, and other equity instruments that do not have a quoted market price in an active market, the fair value of which cannot be reliably measured, which are not held for trading by the company but rather for the purpose of management, and which the company generally intends to hold over a period longer than one year. These assets are measured at cost, meaning that they are disclosed at cost increased by the costs of the transaction (costs arising from the acquisition of the financial asset such as fees, salaries, fees of agents, intermediaries, consultants, stockbrokers, etc.) in financial statements and later decreased by eventual impairments.

An investment is recognised as a financial asset in the books of account and in the balance sheet if it is probable that the future economic benefits that are associated with it will flow to the entity and if the cost of the investment can be measured reliably. Upon the disposal of a financial asset, finance income is recognised if the net proceeds from the sale of such an asset are greater than its carrying amount, while a finance expense is recognised if the carrying amount is greater than the net proceeds from the sale of the asset.

Revaluation of financial assets is the recognition of an adjustment to their carrying amounts; contractually accrued interest and other adjustments to the investment's principal are not considered to be part of revaluation.

Losses from the impairment of investments into equity instruments of other companies measured at cost (based on objective, unbiased evidence of impairment) are recognised immediately in profit or loss and cannot be reversed subsequently. Dividends and profit sharing receipts are recognised as finance income.

Provisions

Provisions are set aside for the company's current liabilities that arise from binding past events and will, as may be foreseen, occur in a period longer than one year, whereby the size of said provisions can be reliably estimated. The majority of the provisions include provisions for jubilee benefits, severance pay upon retirement, provisions for the coverage of future costs or expenses of reinstatement of the original state and similar provisions, provisions for performance bonds, provisions for warranties and provisions for significant lawsuit amounts.

Provisions are set aside for dedicated purposes and are used directly to pay the costs for which they were initially set aside. Provisions are reversed in books of accounts and the balance sheet when they are used, when the situations for which they were initially set aside have occurred or when there is no longer a need for such provisions.

Deferred revenues that will cover envisaged expenses within a period longer than one year are disclosed among long-term accrued costs and deferred revenues. These include government grants and donations received for the acquisition of property, plant and equipment or the coverage of specific costs. They are used to cover costs (amortisation and depreciation or other specific costs) and are transferred among operating revenues upon use.

Provisions for severance pay and jubilee benefits

In accordance with the regulations and the collective agreement, the company is obliged to pay its employees severance pay upon retirement and jubilee benefits.

For this purpose, non-current provisions are set aside in the amount of the estimated future disbursements for severance pay and jubilee benefits discounted as at the balance sheet date. The calculation is performed for every employee by using individual costs to calculate the cost of severance payments upon retirement and the costs of all projected jubilee benefits until retirement. Provisions are calculated for all companies in the Slovenske železnice Group based on a uniform methodology and assumptions.

Revenues

Revenues are broken down into operating revenues, finance income and other revenues.

Operating revenues comprise sales revenues and other operating revenues associated with products and services. Revenues are derived from the sale of products, goods and materials, the rendering of agreed services within agreed periods as well as from third party use of the company's assets (e.g. interest, dividends, etc.).

Sales revenues comprise the sales value of products, merchandise and materials sold and the sales value of the services rendered, with the exception of rendered services that lead to finance income indicated in invoices and other documents.

Rental income is recognised on a straight-line basis during the rental period irrespective of the payments received.

Subsequent increases in receivables (except advances granted) increase the corresponding operating revenues or finance income. Subsequent decreases in receivables (subsequent discounts, credit notes, except advances granted), excluding payments received or other settlements, decrease the corresponding operating revenues or finance income.

Other operating revenues associated with products and services comprise subsidies, grants, allowances, compensations, premiums and similar revenues.

Operating revenues from revaluation arise upon the disposal of items of property, plant and equipment and intangible assets as the surplus between the lower carrying amount and their sales value and the write-off of debts.

Finance income is revenue generated by investing activities. Finance income occurs in association with financial assets and receivables in the form of charged interest, shares of the profit of other entities and finance income from revaluation.

Finance income from revaluation arises upon the disposal of financial assets.

Expenses

Expenses are recognised if the decrease in economic benefits in the accounting period is associated with a decrease in an asset or an increase of debt, and if such decrease can be measured reliably. Costs are disclosed according to the nature of the costs within the analytic chart of accounts adjusted to the needs of reporting and the compilation of consolidated financial statements.

Finance expenses are recognised upon being charged irrespective of the payments associated with them. Interest is not disclosed under costs, but rather directly in the expenses accounts.

Taxation

Deferred tax is intended for the coverage of the temporary difference arising between the tax base of the assets and liabilities and their carrying amounts using the liabilities method according to the currently applicable tax rates. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences can be utilised. If the company had or will have consecutive or large losses, this represents convincing proof that future taxable profits will not be available. Deferred tax liabilities are recognised based on profits over the course of the next three years, unused tax losses, receivable adjustments that are temporarily not recognised for tax purposes and provisions that are temporarily not recognised for tax purposes. The tax rate applied is 17%.

Slovenske železnice, d. o. o. is a taxable person liable for VAT in respect of all activities that it pursues and therefore accounts and pays the VAT pursuant to legislation governing taxation.

In accordance with the Value Added Tax Act (ZDDPO-2) the company is liable for the payment of the corporate income tax. The company's tax liability assessed in the corporate income tax return for 2015 is EUR 1,798,498.

Expenses in respect of the auditor

Among its costs of services, the company discloses EUR 12,000 worth of accrued costs arising from the auditing of the annual report for 2015. The company does not disclose any other costs of auditing, tax consulting or other services not related to auditing in 2015.

Consolidation

The group (consolidated) financial statements are compiled for the controlling company and subsidiaries as if they were a single company. They show the standing of Group companies in terms of the balance sheet and profit and loss.

When compiling group (consolidated) financial statements, the provisions of the Companies Act (Article 56) and the Slovenian Accounting Standards are applied, whereby theoretical considerations for consolidation are observed in individual chapters.

Slovenske železnice d.o.o., Ljubljana, applies the full consolidation method when compiling group financial statements for the Slovenske železnice Group, which consists of:

- the controlling company Slovenske železnice, d. o. o., Ljubljana,
- subsidiaries:
 - SŽ-Tovorni promet, d. o. o., wholly owned by the controlling company;
 - SŽ-Potniški promet, d. o. o., wholly owned by the controlling company;
 - SŽ-Infrastruktura, d. o. o., wholly owned by the controlling company;
 - SŽ-ŽIP, storitve, d. o. o., wholly owned by the controlling company;
 - Prometni institut Ljubljana, d. o. o., wholly owned by the controlling company;
 - SŽ-Železniška tiskarna Ljubljana, d. d., 64.28% of the company's common stock is owned by the controlling company;
 - SŽ-Vleka in tehnika, d. o. o., wholly owned by the controlling company;
 - SŽ-Železniško gradbeno podjetje Ljubljana, d. d., 79.82% of the company's common stock is owned by the controlling company;
 - Fersped, d. o. o., Ljubljana, wholly owned by the controlling company;
 - Kamnolom Verd, d. o. o., 96.34% of the company's common stock is owned by SŽ-Železniško gradbeno podjetje Ljubljana, d. d.;
 - SŽ-ŽGP, d. o. o., Beograd (Republic of Serbia), wholly owned by SŽ-Železniško gradbeno podjetje Ljubljana, d. d.;
 - SŽ-ŽGP, d. o. o., Podgorica (Republic of Montenegro), wholly owned by SŽ-Železniško gradbeno podjetje Ljubljana, d. d.;
 - Calidus SOL, d. o. o., Savudrija (Republic of Croatia), wholly owned by SŽ-ŽIP, storitve, d. o. o., Ljubljana;
 - Fercargo, d. o. o., Sarajevo (BiH), 70% of the company's common stock is owned by Fersped, d. o. o., Ljubljana;
 - SI Cargo Logistics, d. o. o., wholly owned by the subsidiary SŽ-Tovorni promet, d. o. o.

The consolidated annual report is available at the company's registered office on Kolodvorska 11, Ljubljana.

Ferit, s.r.l., which is 80% owned by Fersped, d. o. o., is not consolidated as it does not meet the assumptions regarding materiality and rationality.

Associated companies Terme Olimia, d. d. and Adria kombi, d. o. o. are also included in consolidation according to the equity method.

3. EMPLOYEES AND GROUPS OF PERSONS

I. Average number of employees by groups in terms of the level of education

	2015		2014	
	Number of workers	Share in%	Number of workers	Share in%
Level I	10	2.3	11	2.4
Level IV	31	6.7	32	7.0
Level V	171	37.3	179	39.1
Level VI	70	15.2	73	15.9
Level VII	151	33.0	142	31.0
Level VIII	25	5.3	20	4.4
Level IX	1	0.2	1	0.2
Total	459	100	458	100

II. Remuneration and other costs of Management Board members, Supervisory Board members and employees on the basis of individual contracts for 2015

(EUR)	Wage	Holiday pay	Reimbursement of expenses	Total	Company car	Memberships	Voluntary supplementary pension insurance
Mes Dušan Director General	99,105	0	3,384	102,489	1,785	270	0
Šinkovec Funduk Jelka Management Board member (Jan-Apr)	31,383	0	382	31,765	0	0	152
Jelenc Milan Management Board member	93,745	0	6,285	100,030	2,458	0	456
Pavlič Albert Workers Director	94,150	0	1,436	95,586	5,795	0	456
Managerial staff total	318,383	0	11,487	329,870	10,038	270	1,064
Others under IC	821,735	11,004	30,720	863,459	8,063	0	2,204

SŽ, d. o. o. (EUR)	Payments for discharging functions in SB or SB committees						Meeting fees		Reimbursement of expenses		Total
	SB member	SB President	SB committee Deputy	SB committee member	Committee President	Committee Deputy	SB meetings	Committee meetings	SB meetings	Committee meetings	
Boris Zupančič President 1.1.-10.9. 2015	7,153	3,576	0	1,788	894	0	3,355	1,320	0	0	18,086
Zajc Lojze member 1.1.-10. 9.2015	7,153	0	0	1,788	894	0	3,355	1,760	0	0	14,950
Markežič Viktor member 1.1.-10. 9.2015	7,153	0	0	1,788	0	179	3,080	1,540	871	544	15,155
Grbec Mitja member 1.1.-10. 9.2015	7,153	0	0	1,788	0	0	3,080	1,100	993	0	14,114
Berdajs Silvo member	10,300	0	715	2,504	0	0	5,225	2,200	0	0	20,944
Pavšek Jože member	10,300	0	0	1,788	0	0	4,675	1,100	0	0	17,863
Brank Bojan member 11.9.-31. 12.2015	3,147	0	286	0	0	0	1,870	0	91	0	5,394
Križaj Mitja member 11.9.-31. 12.2015	3,147	0	0	715	358	0	1,870	440	82	14	6,626
Grašek Peter member 11.9.-31. 12.2015	711	212	0	0	0	0	275	0	122	0	1,320
Nagode Aleksander member 11.9.-31. 12.2015	3,147	0	0	715	0	0	1,870	440	0	0	6,172
Habjan Tatjana Audit Committee	0	0	0	7,153	0	0	0	1,540	20	143	8,856
Nose Barbara AC 1.11.-31. 12.2015	0	0	0	1,661	0	0	0	440	0	0	2,101
Total	59,364	3,788	1,001	21,688	2,146	179	28,655	11,880	2,179	701	131,581

SŽ, d. o. o. has not approved any advances or loans to Management Board or Supervisory Board members or other workers of the company, or employees working on the basis of a contract, for whom the tariff section of the collective agreement applies, and it also did not stand surety for liabilities of the mentioned persons."





FINANCIAL STATEMENTS WITH NOTES FOR SLOVENSKE ŽELEZNICE, d. o. o.

FINANCIAL STATEMENTS

Notes to financial statement are part of financial statements and should be read in conjunction with the latter. For transparency purposes, financial statements are provided in condensed form in accordance with Article 62 of the Companies Act, and the items that are jointly shown in the statements below are presented in detail and disclosed in the disclosures to the assets and liabilities as well as revenues and expenses.

BALANCE SHEET as at 31 December 2015 Slovenske železnice, d. o. o.

Description (EUR)	Note	Balance as at		31. 12. 2014	Index 2015/2014
		31. 12. 2015	1. 1. 2015		
ASSETS	1.1.	527,908,573	583,383,465	583,383,465	90.5
Committee meetings	1.1.1.	473,085,782	379,587,608	379,587,608	124.6
I. Intangible assets and long-term deferred costs and accrued revenues	1.1.1.1.	1,207,131	657,368	657,368	183.6
II. Property, plant and equipment	1.1.1.2.	14,373,807	13,978,188	13,978,188	102.8
III. Investment property	1.1.1.3.	51,358,593	28,734,722	28,734,722	178.7
IV. Non-current financial assets	1.1.1.4.	402,679,730	275,344,978	275,344,978	146.2
V. Non-current operating receivables	1.1.1.5.	3,466,521	60,872,352	60,872,352	5.7
B. Current assets	1.1.2.	54,685,238	203,353,783	203,353,783	26.9
II. Inventories	1.1.2.1.	671	0	0	-
III. Current financial assets	1.1.2.2.	27,761,864	173,138,028	173,138,028	16.0
IV. Current operating receivables	1.1.2.3.	3,787,998	4,024,387	4,024,387	94.1
V. Cash and cash equivalents	1.1.2.4.	23,134,705	26,191,368	26,191,368	88.3
C. Short-term deferred costs and accrued revenues	1.1.3.	137,553	442,074	442,074	31.1
EQUITY AND LIABILITIES	1.2.	527,908,573	583,383,465	583,383,465	90.5
A. Equity	1.2.1.	283,501,249	156,589,127	159,948,190	181.0
I. Called-up capital		205,274,421	95,070,230	95,070,230	215.9
II. Capital surplus		45,002,140	45,002,140	45,002,140	100.0
III. Revenue reserves		829,108	0	0	-
IV. Revaluation surplus		8,721,588	14,126,378	17,081,031	61.7
V. Retained earnings		7,920,942	(404,410)	0	-
VI. Net profit or loss for the financial year		15,753,050	2,794,789	2,794,789	563.7
1. Net profit for the financial year		15,753,050	2,794,789	2,794,789	563.7
B. Provisions and long-term accrued costs and deferred revenues	1.2.2.	2,159,322	5,243,708	5,243,708	41.2
C. Non-current liabilities	1.2.3.	154,965,901	193,805,076	190,850,423	80.0
I. Non-current financial liabilities	1.2.3.1.	133,424,493	116,349,908	116,349,908	114.7
II. Non-current operating liabilities	1.2.3.2.	19,720,874	74,500,515	74,500,515	26.5
III. Deferred tax liabilities	1.2.3.3.	1,820,534	2,954,653	0	61.6
Č. Current liabilities	1.2.4.	86,711,795	225,581,730	225,581,730	38.4
II. Current financial liabilities	1.2.4.1.	73,269,822	221,269,776	221,269,776	33.1
III. Current operating liabilities	1.2.4.2.	13,441,973	4,311,954	4,311,954	311.7
D. Short-term accrued costs and deferred revenues	1.2.5.	570,306	2,163,824	1,759,414	26.4
OFF-BALANCE-SHEET-LIABILITIES	1.3.	409,221,318	277,997,785	277,997,785	147.2

INCOME STATEMENT for the period from 1 January to 31 December 2015
Slovenske železnice, d. o. o.

Description (EUR)	Note	2015	2014	Index
1. Net sales revenues	2.1.	21,642,470	21,093,637	102.6
a) Revenues on the domestic market		21,516,790	20,960,813	102.7
2. Other revenues on the domestic market		21,516,790	20,960,813	102.7
b) Revenues on foreign markets		125,680	132,824	94.6
2. Other revenues		125,680	132,824	94.6
3. Capitalised own products and own services	2.1.	42,535	0	-
4. Other operating revenue (including operating revenue from revaluation)	2.1.	37,592,858	12,219,739	307.6
5. Cost of Goods, Materials and Services	2.2.	7,078,456	5,568,007	127.1
a) Cost of goods and materials sold and cost of materials used		309,304	317,039	97.6
b) Cost of services		6,769,152	5,250,968	128.9
6. Labour cost	2.2.	14,804,084	14,933,403	99.1
a) Cost of wages and salaries		11,084,136	10,331,675	107.3
b) Cost of social security		1,905,801	1,885,275	101.1
c) Other labour cost		1,814,147	2,716,453	66.8
7. Write-downs	2.2.	11,945,110	1,864,157	640.8
a) Amortisation and depreciation expense		989,666	1,672,599	59.2
b) Operating expenses from revaluation of intangible non-current assets and property, plant and equipment		152,818	173,053	88.3
c) Operating expenses from revaluation of current assets		10,802,626	18,505	58,376.3
8. Other operating expenses	2.2.	4,576,946	248,296	1,843.3
Operating profit/loss (1 ± 2 + 3 + 4 – 5 – 6 – 7 – 8)		20,873,267	10,699,513	195.1
9. Finance income from participating interests	2.4.	380,623	2,398,696	15.9
10. Finance income from loans granted	2.4.	18,061,314	7,661,236	235.7
11. Finance income from operating receivables	2.4.	91,603	71,305	128.5
13. Finance expenses from financial liabilities	2.5.	20,404,628	8,822,754	231.3
14. Finance expenses from operating liabilities	2.5.	1,308,930	1,947,371	67.2
Operating profit/loss from ordinary activities (1 ± 2 + 3 + 4 – 5 – 6 – 7 – 8 + 9 + 10 + 11 – 12 – 13 – 14)		17,693,249	10,060,625	175.9
15. Other revenues	2.6.	73	27	264.1
16. Other expenses	2.7.	446,785	174,450	256.1
17. Corporate income tax	2.8.	1,798,498	572,534	314.1
18. Deferred taxes		(1,134,119)	0	-
19. Net profit of loss for the period (1 ± 2 + 3 + 4 – 5 – 6 – 7 – 8 + 9 + 10 + 11 – 12 – 13 – 14 + 15 – 16 – 17 + 18)	2.9.	16,582,158	9,313,668	178.0

STATEMENT OF OTHER COMPREHENSIVE INCOME in the period from 1 January to 31 December 2015
Slovenske železnice, d. o. o.

Description (EUR)	Note	2015	2014	Index
19. Net profit of loss for the period		16,582,158	9,313,668	178.0
20. Change in the surplus from revaluation of intangible assets and property, plant and equipment		(6,671,286)	(69,513)	9,597.2
23. Other components of comprehensive income		(1,688,156)	(299,282)	564.1
24. Total comprehensive income for the period (19 + 20 + 21 + 22 + 23)	2.8.	8,222,716	8,944,873	91.9

STATEMENT of CASH FLOWS in the period from 1 January to 31 December 2015
Slovenske železnice, d. o. o.

STATEMENT OF CASH FLOWS (version II) (EUR)		2015	2014
A. CASH FLOWS FROM OPERATING ACTIVITIES			
a) Income statement items		(6,371,148)	7,285,660
Operating revenue (excluding revaluation) and finance income from operating receivables		25,264,694	30,726,394
Operating expenses less amortisation and depreciation (excluding revaluation) and financial expenses from operating liabilities		(30,825,808)	(22,890,032)
Corporate income tax and other taxes not included in operating expenses		(810,034)	(550,702)
b) Changes in net current assets (and accruals and deferrals, provisions and deferred tax assets and liabilities) and operating balance sheet items		3,442,025	(4,292,460)
Opening less closing operating receivables		56,093,475	52,752,906
Opening less closing deferred costs and accrued revenues		(308,666)	(115,056)
Opening less closing inventories		(671)	0
Closing less opening operating liabilities		(48,329,394)	(57,535,914)
Closing less opening accrued costs and deferred revenues and provisions		(4,012,719)	605,604
c) Net cash from operating activities (a + b)		(2,929,123)	2,993,200
B. CASH FLOWS FROM INVESTING ACTIVITIES			
a) Receipts from investing activities		274,168,025	286,917,386
Receipts from interest and shares in profit received relating to investing activities		18,441,936	9,139,487
Receipts from the disposal of intangible assets		0	93,453
Receipts from the disposal of property, plant and equipment		1,121,811	3,613,863
Receipts from the disposal of investment property		33,721,557	0
Receipts from the disposal of current financial assets		220,882,721	274,070,583
b) Disbursements from investing activities		(236,116,886)	(196,139,500)
Disbursements for the acquisition of intangible assets		319,963	(303,684)
Disbursements for the acquisition of property, plant and equipment		(364,003)	(231,004)
Disbursements for the acquisition of investment property		(33,231,537)	0
Disbursements for the acquisition of non-current financial assets		(35,000,000)	0
Disbursements for the acquisition of current financial assets		(167,841,309)	(195,604,812)
c) Net cash from (used in) investing activities (a+b)		38,051,139	90,777,886
C. CASH FLOWS FROM FINANCING ACTIVITIES			
a) Receipts from financing activities		409,956,665	339,753,008
Receipts from paid up capital		110,204,191	0
Receipts from the increase in non-current financial liabilities		35,000,000	0
Receipts from the increase in current financial liabilities		264,752,474	339,753,008
b) Disbursements from financing activities		(448,135,344)	(407,348,046)
Disbursements for interest not related to financing activities		(19,932,905)	(9,028,515)
Disbursements for the repayment of non-current financial liabilities		(93,041,201)	0
Disbursements for the repayment of current financial liabilities		(335,161,238)	(398,319,531)
c) Net cash from (used in) financing activities (a+b)		(38,178,679)	(67,595,038)
Č. Closing balance of cash			
x) Net cash for the period (sum of Ac, Bc and Cc)		(3,056,663)	26,176,047
y) Opening balance of cash		26,191,368	15,321
Closing balance of cash (x + y)		23,134,705	26,191,368

STATEMENT OF CHANGES IN EQUITY in the period from 1 January to 31 December 2015
Slovenske železnice, d. o. o.

Description (EUR)	Called-up capital		Capital surplus	Revenue reserves					Revaluation surplus	Retained net profit or loss from previous periods		Net profit or loss for the fin. year		Total
	I		II	III					IV	V		VI	VII	
	Share capital	Uncalled capital		Legal reserves	Treasury share reserves	Own participating interests	Statutory reserves	Other revenue reserves		Retained net profit	Retained net loss	Net profit for the fin. year	Net loss for the fin. year	
	I/1	I/2		III/1	III/2	III/3	III/4	III/5		V/1	V/2	VI/1	VI/2	
A.1. Balance as at the end of the previous reporting period	95,070,230	0	45,002,140	0	0	0	0	0	17,081,030	0	0	2,794,790	0	15,948,190
a) Retrospective restatements (Note 1.2.1.)	0	0	0	0	0	0	0	0	0	(404,410)	0	0	0	(404,410)
A.2. Opening balance of the reporting period	95,070,230	0	45,002,140	0	0	0	0	0	17,081,030	(404,410)	0	2,794,790	0	159,543,780
B.1. Changes in equity – transactions with owners	110,204,191	0	0	0	0	0	0	0	0	0	0	0	0	110,204,191
c) Entry of additional paid-up capital	110,204,191	0	0	0	0	0	0	0	0	0	0	0	0	110,204,191
B.2. Total comprehensive income for the reporting period	0	0	0	0	0	0	0	0	(8,359,442)	5,530,562	0	16,582,158	0	13,753,278
a) Entry of net profit or loss for the reporting period	0	0	0	0	0	0	0	0	0	0	0	16,582,158	0	16,582,158
c) Changes in the surplus from revaluation of property, plant and equipment	0	0	0	0	0	0	0	0	(6,671,286)	6,671,286	0	0	0	0
d) Other items of total comprehensive income in the reporting period	0	0	0	0	0	0	0	0	(1,688,156)	(1,140,724)	0	0	0	(2,828,880)
B.3. Changes in equity	0	0	0	829,108	0	0	0	0	0	2,794,790	0	(3,623,898)	0	0
a) Allocation of the remaining part of net profit of the comparable reporting period among other equity components	0	0	0	0	0	0	0	0	0	2,794,790	0	(2,794,790)	0	0
b) Allocation of a portion of net profit of the reporting period to other equity components based on the resolution of the management and supervisory body	0	0	0	829,108	0	0	0	0	0	0	0	(829,108)	0	0
C. Closing balance of the reporting period	205,174,421	0	45,002,140	829,108	0	0	0	0	8,721,588	7,920,942	0	15,753,050	0	283,501,249
ACCUMULATED PROFIT/LOSS									0	7,920,942		15,753,050	0	23,673,992

STATEMENT OF CHANGES IN EQUITY in the period from 1 January to 31 December 2014
Slovenske železnice, d. o. o.

Description (EUR)	Called-up capital		Capital surplus	Revenue reserves					Revaluation surplus	Retained net profit or loss from previous periods		Net profit or loss for the fin. year		Total
	I		II	III					IV	V		VI	VII	
	Share capital	Uncalled capital		Legal reserves	Treasury share reserves	Own participating interests	Statutory reserves	Other revenue reserves	Retained net profit	Retained net loss	Net profit for the fin. year	Net loss for the fin. year		
	I/1	I/2		III/1	III/2	III/3	III/4	III/5		V/1	V/2	VI/1	VI/2	
A.1, Balance as at the end of the previous reporting	95,070,230	0	45,002,140	0	0	0	0	0	17,449,825	0	(6,586,501)	0	0	150,935,694
a) Retrospective restatements	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b) Retrospective adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A.2, Opening balance of the reporting period	95,070,230	0	45,002,140	0	0	0	0	0	17,449,825	0	(6,586,501)	0	0	150,935,694
B.1, Changes in equity – transactions with owners	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.2, Total comprehensive income for the reporting period	0	0	0	0	0	0	0	0	(368,795)	0	69,513	9,313,668	0	9,014,386
a) Entry of net profit or loss for the reporting period	0	0	0	0	0	0	0	0	0	0	0	9,313,668	0	9,313,668
c) Changes in the surplus from revaluation of property, plant and equipment	0	0	0	0	0	0	0	0	(69,513)	0	69,513	0	0	0
d) Other items of total comprehensive income in the reporting period	0	0	0	0	0	0	0	0	(299,282)	0	0	0	0	(299,282)
B.3, Changes in equity	0	0	0	0	0	0	0	0	0	0	6,516,988	(6,518,878)	0	(1,890)
c) Settlement of loss as a deduction item of equity	0	0	0	0	0	0	0	0	0	0	6,518,878	(6,518,878)	0	0
f) Other changes in equity	0	0	0	0	0	0	0	0	0	0	(1,890)	0	0	(1,890)
C, Closing balance of the reporting period	95,070,230	0	45,002,140	0	0	0	0	0	17,081,030	0	0	2,794,790	0	159,948,190
ACCUMULATED PROFIT/LOSS	0	0	0	0	0	0	0	0	0	0	0	2,794,790	0	2,794,790



DISCLOSURE OF FINANCIAL STATEMENT ITEMS

1. NOTES TO THE BALANCE SHEET

1.1. Assets

Assets (EUR)	31. 12. 2015	Sh.%	31. 12. 2014	Sh.%	Index
A. Non-current assets	473,085,782	89.6	379,587,608	95.0	124.6
B. Current assets	54,685,238	10.4	203,353,783	34.9	26.9
C. Short-term deferred costs and accrued revenues	137,553	0.0	442,074	0.1	31.1
Total	527,908,573	100.0	583,383,465	100.0	90.5

1.1.1. Non-current assets

Non-current assets (EUR)	31. 12. 2015	Sh.%	31. 12. 2014	Sh.%	Index
I. Intangible assets and long-term deferred costs and accrued revenues	1,207,131	0.3	657,368	0.2	183.6
II. Property, plant and equipment	14,373,807	3.0	13,978,188	3.7	102.8
III. Investment property	51,358,593	10.9	28,734,722	7.6	178.7
IV. Non-current financial assets	402,679,730	85.1	275,344,978	72.5	146.2
V. Non-current operating receivables	3,466,521	0.7	60,872,352	16.0	5.7
Total	473,085,782	100.0	379,587,608	100.0	124.6

Non-current assets make up 89.6% of the company's total assets.

1.1.1.1. Intangible assets and long-term deferred costs and accrued revenues

Intangible assets and long-term deferred costs and accrued revenues (EUR)	31. 12. 2015	Sh.%	31. 12. 2014	Sh.%	Index
1. Long-term property rights	339,304	28.1	402,728	61.3	84.3
5. Other long-term deferred costs and accrued revenues	867,827	71.9	254,640	38.7	340.8
Total	1,207,131	100.0	657,368	100.0	183.6

Intangible assets are disclosed in the balance sheet according to their carrying amount (cost less the accumulated amortisation).

Movements in intangible assets and long-term deferred costs and accrued revenues in 2015:

Description (EUR)	Long-term property rights	Advances for intangible assets	Long-term deferred development costs	Other long-term deferred costs and accrued revenues	Total IFA
Cost					
Balance as at 1 January 2015	3,576,857	0	129,683	254,640	3,961,180
Increases	133,799	0	596,509	72,894	803,202
Decreases	(1,736)	0	0	(56,216)	(57,952)
Balance as at 31 December 2015	3,708,920	0	726,192	271,318	4,706,430
Accumulated amortisation					
Balance as at 1 January 2015	3,174,129	0	129,683	0	3,303,812
Decreases	(1,736)	0	0	0	(1,736)
Amortisation	197,223	0	0	0	197,223
Balance as at 31 December 2015	3,369,616	0	129,683	0	3,499,299
Carrying amount	402,728	0	0	254,640	657,368
Balance as at 1 January 2015	339,304	0	596,509	271,318	1,207,131

The company discloses computer software (useful life of 5 years) and licenses (useful life of 2 or 3 years), long-term deferred license maintenance costs and other long-term deferred costs and accrued revenues that constitute the assets of the housing fund as part of its intangible assets with a finite useful life.

1.1.1.2. Property, plant and equipment

Property, plant and equipment (EUR)	31. 12. 2015	Sh. %	31. 12. 2014	Sh. %	Index
1. Land and buildings	12,380,283	86.2	13,033,163	93.3	95.0
a) Land	4,837,402	33.7	4,831,098	34.6	100.1
b) Buildings	7,542,881	52.5	8,202,065	58.7	92.0
2. Production plant and machinery	638,035	4.4	614,950	4.4	103.8
a) Equipment	630,874	4.4	607,045	4.3	103.9
b) Small tools	7,161	0.0	7,905	0.1	90.6
3. Other plant and equipment	212,886	1.5	183,778	1.3	115.8
4. Property, plant and equipment being acquired	1,142,603	7.9	146,297	1.0	781.0
a) Property, plant and equipment under construction or development	1,142,541	7.9	146,297	1.0	781.0
b) Advances for acquisition of property, plant and equipment	62	0.0	0	0.0	-
Total	14,373,807	100.0	13,978,188	100.0	102.8

Items of property, plant and equipment are disclosed in the balance sheet according to their carrying amount (cost less the accumulated depreciation).

Owing to the acquisition of property, plant and equipment, liabilities in the amount of EUR 1,846,912 are disclosed as at 31 December 2015.

Movements in property, plant and equipment in 2015:

Description (EUR)	Land	Buildings	Production plant and machinery	Other plant and equipment	Equipment under finance lease	Property, plant and equipment being acquired	Total PPE
Cost							
Balance as at 1. 1. 2015	4,831,098	17,175,472	11,084,813	347,920	19,348	146,297	33,604,948
Increases	11,300	18,000	272,892	40,158	0	996,306	1,338,656
Decreases	(4,996)	(1,074,963)	(448,040)	(1,316)	0	0	(1,529,315)
Balance as at 31. 12. 2015	4,837,402	16,118,509	10,909,665	386,762	19,348	1,142,603	33,414,289
Accumulated depreciation							
Balance as at 1. 1. 2015	0	8,973,407	10,482,761	164,143	6,449	0	19,626,760
Increases	0	18,000	4,011	308	0	0	22,319
Decreases ¹⁾	0	(625,609)	(422,575)	(1,316)	0	0	(1,049,500)
Depreciation	0	209,830	216,463	10,741	3,869	0	440,903
Balance as at 31. 12. 2015	0	8,575,628	10,280,660	173,876	10,318	0	19,040,482
Carrying amount							
Balance as at 1. 1. 2015	4,831,098	8,202,065	602,052	183,777	23,8999	146,297	13,978,188
Balance as at 31. 12. 2015	4,837,402	7,542,881	629,005	212,886	9,030	1,142,603	14,373,807

Note: ¹ Disposals of property, plant and equipment are shown under reductions of accumulated depreciation.

As at 31 December 2015, the company had real estate worth EUR 39,727 and movable property worth EUR 29,803,415 pledged as collateral for long-term loans.

Larger purchases and investments in property, plant and equipment in 2015 (in EUR):

ERP system	591,885
investments into software upgrades	91,830
construction works in Stara Gavza	65,695
equipment for signal. safety at Vrtojba station	39,849
PURE disk array	19,912
server hardware	19,742
SRVVIRT 13 server	18,991
Total	847,904

The value of items of property, plant and equipment under finance lease are also disclosed under transport equipment:

Date of lease	Date of lease (EUR)	Cost	Accumulated depreciation	Current value
15. 4. 2013	Škoda Yeti Family 2.0 TDI personal vehicle	19,348	10,318	9,030

1.1.1.3. Investment property

Investment property (EUR)	31. 12. 2015	Sh. %	31. 12. 2014	Sh. %	Index
Investment property	51,358,593	100.0	28,734,722	100.0	178.7

Description (EUR)	Land	Buildings	Total
Cost			
Balance as at 1 January 2015	17,323,411	26,217,839	43,541,250
Acquisitions 1)	33,139,428	92,339	33,231,767
Disposals	(6,867,200)	(4,170,965)	(11,038,165)
Balance as at 31 December 2015	43,595,639	22,139,214	65,734,852
Accumulated depreciation			
Balance as at 1 January 2015	0	14,806,528	14,806,528
Depreciation	0	351,539	351,539
Disposals	0	(781,808)	(781,808)
Balance as at 31 December 2015	0	14,376,259	14,376,259
Carrying amount			
Balance as at 1 January 2015	17,323,411	11,411,311	28,734,722
Balance as at 31 December 2015	43,595,639	7,762,954	51,358,593

Note: ¹ Acquisition of land plots in the area of the Moste container terminal in the amount of EUR 32,909,500 after a court settlement.

Investment property mostly includes holiday homes, warehouses, sports facilities, parts of administrative buildings, singles homes and land. Investment properties are valued under the cost model and depreciated according to the straight-line depreciation method at the rates ranging from 1.299% to 7.692% per year.

The company does not have any pledged investment properties. The company did not assess any fair values of investment properties; however, transactions show that carrying amounts do not surpass the fair values.

1.1.1.4. Non-current financial assets

Non-current financial assets (EUR)	31. 12. 2015	Sh. %	31. 12. 2014	Sh. %	Index
1. Non-current financial assets, except loans	266,857,376	66.3	156,653,185	56.9	170.3
a) Shares and interests in Group companies	260,317,431	64.6	150,113,240	54.5	173.4
b) Shares and interests in associated companies	3,079,623	0.8	3,079,623	1.1	100.0
c) Other shares and interests	3,460,322	0.9	3,460,322	1.3	100.0
2. Long-term loans	135,822,354	33.7	118,691,793	43.1	114.4
a) Long-term loans to Group companies	133,418,800	33.1	116,288,137	42.2	114.7
b) Long-term loans to others	2,403,554	0.6	2,403,656	0.9	100.0
Total	402,679,730	100.0	275,344,978	100.0	146.2

Non-current financial assets account for 76.3% of total assets and comprise:

1. Non-current investments in shares and interests

Data for companies, in which the company holds a direct participating interest of no less than 20%:

Name of the company and registered office (EUR)	Equity shareholding	Company's share capital	Company's profit or loss
SŽ-Tovorni promet, d. o. o. Kolodvorska ulica 11, 1000 Ljubljana	100 %	36,860,942	657,381
SŽ-Potniški promet, d. o. o. Kolodvorska ulica 11, 1000 Ljubljana	100 %	131,684,161	610,090
SŽ-Infrastruktura, d. o. o. Kolodvorska ulica 11, 1000 Ljubljana	100 %	15,828,186	2,929,767
SŽ-Vleka in tehnika, d. o. o. Zaloška cesta 217, 1000 Ljubljana	100 %	26,068,145	(3,332,246)
SŽ-ŽIP, storitve, d. o. o. Kolodvorska ulica 11, 1000 Ljubljana	100 %	6,072,597	14,440
Prometni institut Ljubljana, d. o. o. Kolodvorska ulica 11, 1000 Ljubljana	100 %	162,328	376,767
SŽ-Železniško gradbeno podjetje Ljubljana, d. d. Ob zeleni jami 2, 1000 Ljubljana	79.82 %	3,152,412	6,960,023
SŽ-Železniška tiskarna Ljubljana, d. d. Hladilniška pot 28, 1000 Ljubljana	64.28 %	265,160	15,566
Fersped, d. o. o. Parmova ulica 37, 1000 Ljubljana	100 %	3,138,557	129,260
Terme Olimia, d. d. Zdraviliška cesta 24, 3254 Podčetrtek	23.87 %	5,890,494	1,096,480
Adria kombi, d. o. o., Ljubljana Tivolska cesta 50, 1000 Ljubljana	26.00 %	38,832	2,618,295

Table of long-term investments into subsidiary and associated companies as well as other long-term participating interests:

Subsidiaries: (EUR)	Participating interest in%	Value of equity investment		Index 2015/2014
		31. 12. 2015	31. 12. 2014	
SŽ-Tovorni promet, d. o. o.	100	61,615,541	61,615,541	100.0
SŽ-Potniški promet, d. o. o.	100	133,832,158	23,627,967	566.4
SŽ-Infrastruktura, d. o. o.	100	17,411,005	17,411,005	100.0
SŽ-Vleka in tehnika, d. o. o.	100	31,168,678	31,168,678	100.0
Prometni institut Ljubljana, d. o. o.	100	338,846	338,846	100.0
SŽ-ŽIP, storitve, d. o. o.	100	3,094,551	3,094,551	100.0
SŽ-Železniško gradbeno podjetje, d. d.	79.82	3,388,034	3,388,034	100.0
SŽ-Železniška tiskarna Ljubljana, d. d.	64.28	528,618	528,618	100.0
Fersped, d. o. o.	100	8,940,000	8,940,000	100.0
Total participating interests in subsidiaries		260,317,431	150,113,240	100.0

Associated companies: (EUR)	Participating interest in%	Value of equity investment		Index 2015/2014
		31. 12. 2015	31. 12. 2014	
Adria Kombi, d. o. o., Ljubljana	26.00	15,451	15,451	100.0
Terme Olimia, d. d.	23.87	3,064,172	3,064,172	100.0
Total participating interests in associates		3,079,623	3,079,623	100.0

Other shares and interests (EUR)	Participating interest in%	Value of equity investment		Index 2015/2014
		31. 12. 2015	31. 12. 2014	
KRS Tabor, d. d.	0.0088	100	100	100.0
Počitniška skupnost Krško, d. o. o.	0.9193	844	844	100.0
EMONIKA NS, d. o. o.	3.0000	1,953,330	1,953,330	100.0
EMONIKA PS, d. o. o.	3.0000	67,549	67,549	100.0
EMONIKA H&S, d. o. o.	3.0000	5,704	5,704	100.0
EUROFIMA	0.2000	1,376,856	1,376,856	100.0
HIT RAIL		54,439	54,439	100.0
BCC Bruselj		1,500	1,500	100.0
Total other interests		3,460,322	3,460,322	100.0
Total interests		266,857,376	156,653,185	170.3

Based on the draft terms of division, the majority of long-term equity investments into existing subsidiary, associated and other companies are disclosed under non-current financial assets of SŽ d.o.o. They account for 50.5% of total assets.

Long-term investments into shares and interests rose by EUR 110,204,191 as a result of the recapitalisation of SŽ-Potniški promet d.o.o. with an in-kind contribution (conversion of Slovenske železnice d.o.o.'s receivable arising from loans for vehicles of SŽ-Potniški promet d.o.o.). SŽ d.o.o. converted the receivable owed by SŽ-Potniški promet d.o.o. into a non-current financial asset of the company, whereby SŽ-Potniški promet d.o.o.'s financial debt owed to SŽ d.o.o. was reduced by the same amount, and the former's share capital thus increased.

2. Long-term loans

The majority of long-term loans in the amount of EUR 135,822,354 (25.7% of total assets) are loans from intra-group relationships (EUR 133,418,800). All liabilities to banks and other lenders (Eurofima), which were disclosed in the sub-balances of freight and passenger transport as at 31 December 2010, were transferred to SŽ d.o.o. in accordance with the draft terms of division. As a result, SŽ d.o.o. therefore discloses receivables due from SŽ Tovorni promet d.o.o. as at 31 December 2015.

Movement of long-term loans:

(EUR)	Loans in the group	Loans to others	Total
Balance as at 1 January 2015	116,288,137	2,403,656	118,691,793
revaluation (exchange rate differences)	2,947,128	0	2,947,128
new loans	35,000,000	0	35,000,000
transfer to the short-term part	(20,816,465)	(102)	(20,816,567)
Balance as at 31 December 2015	133,418,800	2,403,554	135,822,354

Interest rates are treated as a business secret in accordance with the management's resolution, which is why they are not disclosed in the report.

The required adjustment measure is disclosed under the long-term loans to others item on the basis of the audit report of the Court of Audit of the Republic of Slovenia for the reversal of the disclosure of the value of the investment into the SŽ-Železniški zdravstveni dom Ljubljana institute, namely as a reversal of disclosure of long-term investments into the institute in the amount of EUR 2,401,003 and the simultaneous establishment of a non-current financial receivables due from the institute in the same amount. The receivable relates to the assets that the parent company provides to the institute so that the latter can carry out its activities and represents the assets of the institute's founder in accordance with the Institutes Act. The real estate appraiser therefore assessed the value of real rights in the two properties in respect of the abovementioned receivables, whereby their fair value stood at EUR 2,410,000 as at 31 December 2013.

1.1.1.5. Non-current operating receivables

Non-current operating receivables (EUR)	31. 12. 2015	Sh. %	31. 12. 2014	Sh. %	Index
1. Non-current operating receivables due from Group companies	597,504	17.2	641,162	1.1	93.2
2. Non-current operating receivables due from others	2,869,017	82.8	60,231,190	98.9	4.8
Total	3,466,521	100.0	60,872,352	100.0	5.7

At the end of 2014, receivables due from the state in the amount of EUR 134,261,600 were disclosed under non-current operating receivables. Article 5a of the Act amending the Slovenian Railway Company Act that entered into force on 4 June 2011 was amended with the adoption of the Fiscal Balance Act (Official Gazette of the RS No. 40 dated 30 May 2012) allowing the state to settle the claim in the period from 2014 to 2023. In accordance with the Claim Payment Method Agreement, the Government of the Republic of Slovenia will settle the amount in ten equal instalments.

In 2014, Slovenske železnice d.o.o. sold four instalments of the claim to banks. These claims in the nominal amount of EUR 53,704,640 mature in the period from 2015 to 2018. The other five instalments of the claim in the amount of EUR 67,130,800 that mature in the 2019–2023 period were sold by the company in 2015. It thus repaid a portion of its debt towards the banks.

Receivables for loans provided for the purchase of apartments and other real estate in the amount of EUR 2,869,017 are disclosed under non-current operating receivables due from others.

The company believes that non-current operating receivables, which are not collateralised, are not exposed to risk. The company has no receivables due from Management Board or Supervisory Board members.

1.1.2. Current assets

Current assets (EUR)	31. 12. 2015	Sh.%	31. 12. 2014	Sh.%	Index
I. Inventories	671	0.0	0	0.0	-
III. Current financial assets	27,761,864	50.8	173,138,028	85.1	16.0
IV. Current operating receivables	3,787,998	6.9	4,024,387	2.0	94.1
V. Cash and cash equivalents	23,134,705	42.3	26,191,368	12.9	88.3
Total	54,685,238	100.0	203,353,783	100.0	26.9

1.1.2.1 Inventories

Inventories (EUR)	31. 12. 2015	Sh.%	31. 12. 2014	Sh.%	Index
1. Material	671	100.0	0	-	-
a) Material	671	100.0	0	-	-
Total	671	100.0	0	-	-

Overview of the movements in material in 2015:

(EUR)	
Balance as at 1. 1. 2015	0
New purchases	5,673
Material consumed	(5,002)
Balance as at 31. 12. 2015	671

There are no liens on inventories. The carrying amount of inventories does not exceed their net realisable value.

1.1.2.2. Current financial assets

Current financial assets (EUR)	31. 12. 2015	Sh.%	31. 12. 2014	Sh.%	Index
2. Short-term loans	27,761,864	100.0	173,138,028	100.0	16.0
a) Short-term loans to Group companies	27,761,762	100.0	173,137,926	100.0	16.0
b) Short-term loans to others	102	0.0	102	0.0	100.0
Total	27,761,864	100.0	173,138,028	100.0	16.0

As at 31 December 2010, all liabilities to banks and other creditors were transferred to the transferor company SŽ d.o.o. in accordance with the draft terms of division. At the same time, SŽ d.o.o. disclosed receivables due from SŽ-Tovorni promet d.o.o. and SŽ-Potniški promet d.o.o. The said receivables were settled in 2015 with the sale of five instalments of receivables due from the Republic of Slovenia (EUR 134 million) to the consortium of banks and with the conversion of the financial receivable due from the subsidiary company SŽ-Potniški promet d.o.o. into a long-term financial asset of the company.

Short-term loans to Group companies include receivables that were established on the basis of the agreement on mutual financing, short-term revolving loans provided to Group companies in the amount of EUR 22,097,836, the transfer of a portion of short-term loans that mature in 2016 (EUR 5,384,615) and EUR 279,310 worth of new loans.

The company believes that the current financial assets are not exposed to risk. Interest rates are treated as a business secret in accordance with the management's resolution, which is why they are not disclosed in the report.

Short-term loans to Group companies:

Subsidiaries (EUR)	31. 12. 2015
SŽ-Tovorni promet, d. o. o.	22,992,452
SŽ-VIT, d. o. o.	4,490,000
Fersped, d. o. o.	279,310
Total	27,761,762

1.1.2.3. Current operating receivables

Current operating receivables (EUR)	31. 12. 2015	Sh. %	31. 12. 2014	Sh. %	Index
1. Current operating receivables due from Group companies	2,780,191	73.4	2,756,088	68.5	100.9
2. Current trade receivables	290,764	7.7	388,208	9.6	74.9
a) Current trade receivables due from domestic buyers	279,940	7.4	380,420	9.4	73.6
b) Current trade receivables due from foreign buyers	10,824	0.3	7,788	0.2	139.0
3. Current operating receivables due from others	717,043	18.9	880,091	21.9	81.5
a) Current operating receivables due from the state and other institutions	431,978	11.4	582,449	14.5	74.2
b) Current operating receivables due from employees	235,629	6.2	214,440	5.3	109.9
c) Current receivables related to fin. inc. and due from others	1,565	0.0	2,993	0.1	52.3
č) Current operating receivables based on advances	3,482	0.1	5,504	0.1	63.3
e) Other current operating receivables due from others	44,389	1.2	74,705	1.9	59.4
Total	3,787,998	100.0	4,024,287	100.0	94.1

Current operating receivables comprise:

1. Current operating receivables due from Group companies:

Subsidiaries (EUR)	As buyers	Interest	Total
SŽ-Tovorni promet d.o.o.	484,527	2,767	487,294
SŽ-Potniški promet d.o.o.	192,235	70	192,305
SŽ-Infrastruktura d.o.o.	966,785	2,849	969,634
SŽ-VIT Ljubljana d.o.o.	690,128	60,017	750,145
SŽ-ŽIP, storitve d.o.o.	243,364	7,857	251,221
SŽ-ŽGP Ljubljana d.d.	61,367	10,000	71,367
Prometni institut Ljubljana d.o.o.	6,224	0	6,224
SŽ Železniška tiskarna Ljubljana d.d.	450	0	450
Fersped d.o.o.	7,834	363	8,197
Kamnolom Verd d.o.o.	1,092	0	1,092
Calidus Sol d.o.o., CRO	41,893	369	42,262
Total	2,695,899	84,292	2,780,191

Maturity of receivables due from Group companies:

Maturity date 31. 12. 2015 (EUR)

Non-past due claims	2,164,515
Past-due claims	615,676
up to 30 days	450,760
from 31 to 90 days	147,029
90+ days	17,887
Total	2,780,191

2. Current trade receivables:

(EUR)

Current trade receivables due from domestic or foreign buyers	493,906
Allowances for current trade receivables	(203,142)
Total	290,764

Trade receivable maturities:

Maturity date 31. 12. 2015 (EUR)

Non-past due claims	162,337
Past-due claims	331,569
up to 30 days	64,477
from 31 to 90 days	92,132
90+ days	174,960
Total	493,906

The allowance for trade receivables was formed as follows:

(EUR)

Balance as at 31 December 2014	196,636
Reduction for written-off claims	(3,268)
Formation of the allowance	9,774
Balance as at 31 December 2015	203,142

3. Current operating receivables due from others (EUR 717,043) that comprise:

- receivables due from state and other institutions (EUR 431,978);
- receivables due from employees (EUR 235,629);
- receivables associated with finance income (EUR 1,565);
- receivables on the basis of advances (EUR 3,482);
- other current operating receivables due from others (EUR 44,389), the major part of which is represented by a receivable from a claim against the state under the T.I.P project (partly financed by the EU) in the amount of EUR 33,872.

The company has trade receivables collateralised by two mortgages in the amount of EUR 4,660.

1.1.2.4. Cash and cash equivalents

Cash and cash equivalents (EUR)	31. 12. 2015	Sh.%	31. 12. 2014	Sh.%	Index
1. Cash in hand and readily realisable securities	2,369	0.0	3,123	0.0	75.9
2. Bank balances and balances at other fin. institutions	23,132,336	100.0	26,188,245	100.0	88.3
Total	23,134,705	100.0	26,191,368	100.0	88.3

Cash and cash equivalents include disclosures of bank balances and cash in hand as well as a time deposit (EUR 20,001,963).

1.1.3. Short-term deferred costs and accrued revenues

(EUR)					
Short-term deferred costs and accrued revenues	31. 12. 2015	Sh.%	31. 12. 2014	Sh.%	Index
1. Short-term deferred costs or expenses	94,027	68.4	64,928	14.7	144.8
2. Short-term accrued revenue	43,526	31.6	377,146	85.3	11.5
Total	137,553	100.0	442,074	100.0	31.1

Most of the short-term deferred costs and accrued revenues are made up of interest rate swap income (EUR 38,418), deferred costs of memberships in accordance with the Agreement on the Co-financing of the Slovenian Business and Research Association (EUR 22,916) and deferred costs of annual bus tickets for the Železniška godba Zidani Most cultural society pursuant to the Sponsorship Agreement (EUR 16,090). The most important items under accrued revenues are accrued interest and bank costs (EUR 43,526) arising from current finance liabilities to domestic and foreign banks that were disclosed in sub-balances of freight and passenger transport as at 31 December 2010 and transferred to the transferor company SŽ, d. o. o. as at 1 January 2011.

(EUR)	Balance as at 31. 12. 2014	Formation	Drawdown	Balance as at 31. 12. 2015
Deferred income from derivatives	0	38,418	0	38,418
Accrued interest and bank costs	367,760	1,698,314	2,022,548	43,526

EUR 16,589 worth of deferred costs and EUR 43,526 worth of accrued revenues are disclosed under intra-Group transactions.





1.2. Liabilities

Equity (EUR)	31. 12. 2015	Sh. %	31. 12. 2014	Sh. %	Index
A. Equity	283,501,249	53.7	159,948,190	27.4	177.2
B. Provisions and long-term accrued costs and deferred revenues	2,159,322	0.4	5,243,708	0.9	41.2
C. Non-current liabilities	154,965,901	29.4	190,850,423	32.7	81.2
Č. Current liabilities	86,711,795	16.4	225,581,730	38.7	38.4
D. Short-term accrued costs and deferred revenues	570,306	0.1	1,759,414	0.3	32.4
Total	527,908,573	100.0	583,383,465	100.0	90.5

Slovenske železnice d.o.o. disclosed EUR 527,908,573 worth of liabilities to own and foreign asset sources as at 31 December 2015. Own asset source is represented by the company's equity in the amount of EUR 283,501,249, which is 53.7% of total liabilities.

1.2.1. Equity

Equity (EUR)	31. 12. 2015	Sh. %	31. 12. 2014	Sh. %	Index
I. Called-up capital	205,274,421	72.4	95,070,230	59.5	215.9
II. Capital surplus	45,002,140	15.9	45,002,140	28.1	100.0
III. Revenue reserves	829,108	0.3	0	0.0	-
IV. Surplus from revaluation	8,721,588	3.1	17,081,031	10.7	51.1
V. Retained earnings	7,920,942	2.8	0	0.0	-
VI. Net profit or loss for the financial period	15,753,050	5.5	2,794,789	1.7	563.7
Total	283,501,249	100.0	159,948,190	100.0	177.2

The share capital of Slovenske železnice is EUR 205,274,421 and represents the investment of the Republic of Slovenia as its founder and sole company member.

Equity accounts for 53.7% of total liabilities. Based on the balance as at the end of 2014, the share of equity in the total liabilities structure rose by 26.3 pp.

In nominal terms, equity rose by EUR 123,553,059 in 2015 as a result of:

- an increase of EUR 110,204,191 from the in-cash contribution of the Republic of Slovenia on the basis of the resolution made by the Government of the Republic of Slovenia regarding the recapitalisation of Slovenske železnice d.o.o. The share capital was increased for the purpose of repaying bank loans which were used for the performance of the obligatory public utility service of passenger transport (resolution of the management No. 3093, Ad 3/I);
- the capital increase in the amount of the net profit of the financial year (EUR 16,582,158);
- the capital increase in the amount of the actuarial profit from provisions for severance pay upon retirement (EUR 125,773);
- the capital reduction in the amount of the deferred tax liabilities for 2014 (EUR 2,954,653), which was debited to the profit or loss from previous years;
- the capital reduction in the amount of the calculated unused annual leave in 2014 (EUR 404,410), which was debited to the profit or loss from previous years.

In the past, the company did not recognise any deferred tax liabilities from the revaluation of fixed assets. The recognition of these according to the balance as at 1 January 2015 is disclosed as an adjustment (reduction) of the equity revaluation adjustment and simultaneously as an increase in deferred tax liabilities, whereas the difference (the reduction of deferred tax liabilities in 2015) increased the current profit or loss for 2015.

The company also did not recognise liabilities from unused annual leave in the past. Consequently, the disclosure as at 1 January 2015 features an accounting error in the amount of the unused annual leave for 2014, which affected retained earnings. The company calculated the amount of unused annual leave as at 31 December 2014 and 31 December 2015, and followed the provisions of the Introduction to SAS, item 9, and thus adjusted the errors by restating the comparable debt amounts and all equity components from the previous period presented. The recognition of unused annual leave as at 31 December 2014 is recorded as a reduction of previous retained earnings. The costs of adjusting the financial statements for previous periods would exceed the benefits, which is why the

company recognised these adjustments as at 31 December 2014 by restating balance sheet items, whereas the 2015 recognition of liabilities concerning the unused annual leave also affected the company's profit or loss.

In accordance with ZGD, the 2015 profits were used to set aside revenue reserves in the amount of EUR 829,108 (5% of the net profit).

The distributable profit in 2015 amounts to EUR 23,673,992 (retained earnings increased by the net profit or loss of the current year).

If an equity revaluation were performed on the basis of the consumer price index, the profit would be higher by EUR 982,660 and would amount to EUR 17,564,818.

A more detailed overview of the movement of individual equity items is shown in the statement of changes in equity.

The revaluation surplus as at 31 December 2015 comprises:

(EUR)	
Surplus from the revaluation of land	9,359,227
Surplus from the revaluation of buildings	1,349,799
Actuarial losses	(166,904)
Deferred taxes	(1,820,534)
Total	8,721,588

1.2.2. Provisions and long-term accrued costs and deferred revenues

Provisions and long-term accrued costs and deferred revenues (EUR)	31. 12. 2015	Sh. %	31. 12. 2014	Sh. %	Index
1. Provisions for pensions and similar liabilities	1,628,165	75.4	1,628,515	31.1	100.0
2. Other provisions	300,372	13.9	0	0.0	-
3. Long-term accrued costs and deferred revenues	230,785	10.7	3,615,193	68.9	6.4
Total	2,159,322	100.0	5,243,708	100.0	41.2

Provisions and long-term accrued costs and deferred revenues comprise:

- provisions for severance pay upon retirement (EUR 1,473,788);
- provisions for jubilee benefits (EUR 154,377);
- provisions for litigation cases (EUR 300,372);
- other long-term deferred costs and accrued revenues (EUR 230,785).

Movement in provisions for severance pay and jubilee benefits:

(EUR)	Severance pays	Long-service bonuses	Total
1. Balance as at 1 January 2015	1,480,207	148,308	1,628,515
2. Usage in 2015	(33,075)	(36,962)	(70,037)
3. Costs of running services	128,225	41,981	170,206
4. Interest (expenses)	32,933	2,921	35,854
5. Attribution of provisions (mergers)(expenses)	0	0	0
6. Reduction of provisions (closures, rights)(income)	(8,729)	(1,871)	(10,600)
7. Actuarial gains/losses	(125,773)	0	(125,773)
8. Balance as at 31 December 2015	1,473,788	154,377	1,628,165
9. Impact on the profit or loss for 2015:			
Severance pay (3 + 4 + 5 + 6)	152,429	0	152,429
Long-service bonuses (3 + 4 + 5 + 6 + 7)	0	43,031	43,031
10 Impact on equity (7)	(125,773)	0	(125,773)

The calculation of provisions for severance pay upon retirement and jubilee benefits for 2015 took into account the following important assumptions:

- the amount of EUR 1,565.00 or the average gross wage of employees was used as the value for the average monthly gross wage in the Republic of Slovenia;
- the discount rate selected is 2.25%;
- total wage growth of 1.5% (wage growth in the country: 1.5%, wage growth at the company 1.5%);
- conditions for retirement: men (age 65, employment period 40 years), women (age 65, employment period 40 years) previous period: men (age 60, employment period 40 years), women (age 59, employment period 40 years);
- the calculation of liabilities for severance pay depends on these conditions;
- the assessment of employee turnover in companies relative to their age is considered;
- the mortality (life) table of the population in Slovenia between 2005-2007 is considered.

The balance of necessary provisions for **severance pay upon retirement**, calculated on the basis of the actuarial calculation, decreased by EUR 6,419 compared to the year before. Taking into account the usage of provisions in 2015, the reduction of provisions had a negative impact on the profit or loss, i.e. EUR 152,429, while said reduction also increased equity by the amount of the actuarial gains of EUR 125,773.

The balance of necessary provisions for **jubilee benefits** increased by EUR 6,069 compared to the year before. Taking into account the usage of the above provisions in 2015, the increase of provisions had a negative impact on the profit or loss, i.e. EUR 43,031.

Other provisions include provisions for litigation cases in the amount of EUR 300,372.

Movement of exempt (accounted, but not paid) contributions and donations:

(EUR)	Exempt contributions	Donations	Total
Balance as at 1 January 2015	2,843	3,612,350	3,615,193
Formation	59,833	39,850	99,683
Use	(59,828)	(3,424,263)	(3,484,091)
Balance as at 31 December 2015	2,848	227,937	230,785

The company believes that provisions and long-term accrued costs and deferred revenues are not exposed to risk, which is why they are not hedged using hedging financial instruments.

1.2.3. Non-current liabilities

Non-current liabilities (EUR)	31. 12. 2015	Sh. %	31. 12. 2014	Sh. %	Index
I. Non-current financial liabilities	133,424,493	86.1	116,349,908	61.0	114.7
II. Non-current operating liabilities	19,720,874	12.7	74,500,515	39.0	26.5
III. Deferred tax liabilities	1,820,534	1.2	0	0.0	-
Total	154,965,901	100.0	190,850,423	100.0	81.2

Non-current liabilities account for 29.4% of total liabilities.

1.2.3.1. Non-current financial liabilities

Non-current financial liabilities (EUR)	31. 12. 2015	Sh.%	31. 12. 2014	Sh.%	Index
2. Non-current liabilities to banks	29,615,385	22.2	15,484,309	13.3	191.3
a) Non-current financial liabilities to domestic banks	29,615,385	22.2	15,484,309	13.3	191.3
4. Other non-current financial liabilities	103,809,108	77.8	100,865,299	86.7	102.9
Total	133,424,493	100.0	116,349,908	100.0	114.7

Non-current financial liabilities (25.3% of total liabilities) comprise:

- non-current financial liabilities to domestic banks in the amount of EUR 29,615,385 (rescheduling of liabilities - for the repayment of a loan to a foreign company for the purchase of locomotives);
- other non-current financial liabilities (EUR 103,809,108) that almost entirely consist of loans from a foreign company for the purchase of locomotives (EUR 103,803,415).

Non-current financial liabilities to banks and other creditors, which are disclosed in the sub-balances of freight and passenger transport as at 31 December 2010 and which are related to the property transferred to the two new companies, remained disclosed in the opening balances of the transferor company SŽ d.o.o. as at 1 January 2011. In this regard, SŽ d.o.o. discloses receivables due from SŽ-Tovorni promet d.o.o. as at 31 December 2015.

Non-current financial liabilities to domestic banks (5.6% of total liabilities) comprise long-term loans for:

Purpose (EUR)	Date of contract or annex	Maturity date	Balance as at 31. 12. 2015	Collateral
Rescheduling of liabilities	27. 7. 2015	31. 7. 2019	29.615.385	Bills of exchange

Movement of loans from domestic banks:

(EUR)	
Balance as at 31. 12. 2014	15,484,309
loan drawdown	35,000,000
transfer to the short-term part	(20,868,924)
Balance as at 31. 12. 2015	29,615,385

Other non-current financial liabilities (19.7% of total liabilities) consist almost entirely of loans from a foreign company for the purchase of locomotives:

Purpose (EUR)	Date of contract or annex	Maturity date	Balance as at 31. 12. 2015	Collateral
financing the purchase of locomotives	7.9.2004	10.9.2019	36,900,000	Guarantees
financing the purchase of locomotives	7.9.2004	9.9.2019	37,100,000	Guarantees
financing the purchase of locomotives	19.11.2008	15.12.2020	29,803,415	Guarantees
Total			103,803,415	

Movement of long-term loans from foreign banks:

(EUR)	
Balance as at 31. 12. 2014	100,856,287
exchange rate differences	2,947,128
Balance as at 31. 12. 2015	103,803,415

Interest rates are treated as a business secret in accordance with the Rules on the Safeguarding of Business Secrecy, which is why they are not disclosed in the report.

The company does not disclose non-current financial liabilities with maturity longer than five years. It also does not disclose liabilities to members of the company's Management Board and Supervisory Board.

1.2.3.2. Non-current operating liabilities

Non-current operating liabilities (EUR)	31. 12. 2015	Sh.%	31. 12. 2014	Sh.%	Index
1. Non-current operating liabilities to Group companies	19,709,970	99.9	74,484,918	100.0	26.5
4. Non-current op. liabilities on the basis of advances	0	0.0	3,023	0.0	-
5. Other non-current operating liabilities	10,903	0.1	12,574	0.0	86.7
Total	19,720,874	100.0	74,500,515	100.0	26.5

Non-current operating liabilities (3.7% of total liabilities) consist mostly of non-current operating liabilities to Group companies, which mostly (EUR 19,634,548) include the non-current liability of the transferor company SŽ d.o.o. to the two new companies, SŽ-Tovorni promet d.o.o. (EUR 17,356,082) and SŽ-Potniški promet d.o.o. (EUR 2,278,466). In 2010, a receivable was established due from the Ministry of Infrastructure and Spatial Planning (currently: Ministry of Infrastructure) in accordance with Article 5a of the Act amending the Slovenian Railway Company Act (Official Gazette of the RS No. 43/2011 dated 3 September 2011) as a result of the compensation for foregone capital of EUR 134,261,600, which remained disclosed in the balance sheet under the assets of the transferor company SŽ d.o.o.

With the adoption of the Fiscal Balance Act (Official Gazette of the RS No. 40 of 30 May 2012), the abovementioned act was amended so as to allow the state to settle the claim in the period from 2014 to 2023. In accordance with the Claim Payment Method Agreement, the Government of the Republic of Slovenia will settle the amount in ten equal instalments. It paid the first instalment in 2013. In 2014, Slovenske železnice d.o.o. sold four instalments of the claim to banks. These claims mature in the period from 2015 to 2018. The other five instalments of the claim that mature in the 2019–2023 period were sold by the company in 2015 to the consortium of banks.

The liabilities to SŽ-Tovorni promet d.o.o. and SŽ-Potniški promet d.o.o. thus decreased by EUR 54,762,689 in nominal terms in 2015, i.e.:

- from the sale of the last five instalments of the receivable owed by the state to the consortium of banks - EUR 54,327,789;
- for the part of the liabilities from the discount that matures in 2016 - EUR 1,611,919;
- and increased by interest that was charged on the basis of the Agreement on the Arrangement of Mutual Relationships between SŽ d.o.o. and the aforementioned companies (EUR 1,177,019).

1.2.3.3. Deferred tax liabilities

Deferred tax liabilities (EUR)	31. 12. 2015	1. 1. 2015	31. 12. 2014	Index
III. Deferred tax liabilities	1,820,534	2,954,653	0	61.6

Deferred tax liabilities are recognised for temporary differences that will be subject to taxation in the future. Deferred taxes result from the differentiation between accounting and taxable profit.

The company recognised deferred tax liabilities from the surplus from the revaluation of land and buildings. Liabilities for deferred tax for 2015 are to be recognised in the amount of EUR 1,820,534, and in the amount for EUR 2,954,653 for 2014. The reduction of deferred tax liabilities as a result of the elimination of the properties that have previously been revalued upwards increases the net profit of the current year by EUR 1,134,119.

1.2.4. Current liabilities

Current liabilities (EUR)	31. 12. 2015	Sh.%	31. 12. 2014	Sh.%	Index
II. Current financial liabilities	73,269,822	84.5	221,269,776	98.1	33.1
III. Current operating liabilities	13,441,973	15.5	4,311,954	1.9	311.7
Total	86,711,795	100.0	225,581,730	100.0	38.4

Current liabilities account for 16.4% of total liabilities.

1.2.4.1. Current financial liabilities

Current financial liabilities (EUR)	31. 12. 2015	Sh. %	31. 12. 2014	Sh. %	Index
1. Current fin. liab. to Group companies	67,077,043	91.6	53,514,797	24.2	125.3
2. Current fin. liab. to banks	5,384,615	7.3	137,401,132	62.1	3.9
a) Current fin. liab. to domestic banks	5,384,615	7.3	134,217,489	60.7	4.0
b) Current fin. liab. to foreign banks	0	-	3,183,643	1.4	0.0
4. Other current financial liabilities	808,164	1.1	30,353,847	13.7	2.7
a) Other current fin. liab. to others in the country	808,164	1.1	381,235	0.2	212.0
b) Other current fin. liab. to others abroad	0	0.0	29,972,612	13.5	0.0
Total	73,269,822	100.0	221,269,776	100.0	33.1

Current financial liabilities (13.9% of total liabilities) comprise:

Current financial liabilities Group companies (EUR 67,077,043) comprise liabilities arising under the Mutual Financing Agreement:

SŽ-Potniški promet, d. o. o.	30,613,000 EUR
SŽ-Tovorni promet, d. o. o.	20,916,000 EUR
SŽ-Infrastruktura, d. o. o.	14,643,500 EUR
SŽ-ŽIP, storitve, d. o. o.	677,000 EUR
Prometni institut Ljubljana, d. o. o.	166,000 EUR
interest on loans received	61,543 EUR

Current financial liabilities to domestic and foreign banks, the balance of which decreased in 2015 as a result of the settlement by way of the disposal of five instalments of claims against the Republic of Slovenia (EUR 134m) to the consortium of banks.

In 2015, the first loan was raised for the repayment of the loan to a foreign company for the purchase of locomotives, a part of which matures in 2016:

Purpose (EUR)	Date of contract or annex	Maturity date	Stanje 31. 12. 2015	Collateral
Rescheduling of liabilities	27. 7. 2015	31. 7. 2019	5,384,615	Bills of exchange

Other current financial liabilities include liabilities from the calculated fair value of derivatives (EUR 770,616), interest on loans and derivatives (EUR 33,930), and finance lease liabilities (EUR 3,618).

1.2.4.2. Current operating liabilities

Current operating liabilities (EUR)	31. 12. 2015	Sh. %	31. 12. 2014	Sh. %	Index
1. Current operating liabilities to Group companies	6,356,716	47.3	1,186,195	27.5	535.9
2. Current trade payables	2,376,140	17.7	935,822	21.7	253.9
a) Current domestic trade payables (to domestic suppliers)	2,350,260	17.5	915,004	21.2	256.9
b) Current foreign trade payables (to foreign suppliers)	25,880	0.2	20,818	0.5	124.3
4. Current op. liab. on the basis of advances	999,295	7.4	36,885	0.9	2,709.2
5. Other current operating liabilities	3,709,822	27.6	2,153,052	49.9	172.3
a) Current liabilities to employees	1,533,312	11.4	862,681	20.0	177.7
b) Current liab. to the state and state institutions	1,833,331	13.6	703,394	16.3	260.6
c) Other current op. liab. to others	343,179	2.6	568,977	13.6	58.5
Total	13,441,973	100.0	4,311,954	100.0	311.7

Current operating liabilities account for 2.5% of total liabilities.

Current operating liabilities to Group companies include trade payables for current assets and other liabilities:

Suppliers	Property, plant and equipment	Current assets	Other.	31. 12. 2015
SŽ-ŽIP, storitve, d. o. o.	0	601,101	19	601,120
SŽ-Potniški promet, d. o. o.	0	671,361	187,091	858,452
SŽ-Infrastruktura, d. o. o.	0	1,419,639	6,073	1,425,712
SŽ-Tovorni promet, d. o. o.	0	860,516	1,434,994	2,295,510
SŽ-Železniška tiskarna Ljubljana, d. d.	0	37,531	0	37,531
Prometni institut, d. o. o.	46,848	22,546	0	69,394
SŽ-VIT, d. o. o.	0	1,040,919	0	1,040,919
Fersped, d. o. o.	0	26,710	0	26,710
SŽ-ŽGP Ljubljana, d. d.	803	565	0	1,368
Total	47,651	4,680,888	1,628,177	6,356,716

Maturity of current operating liabilities to Group companies:

Maturity date (EUR)	31. 12. 2015
Non-past due liabilities	3,552,081
Past due liabilities	2,804,635
up to 30 days	2,794,589
from 31 to 90 days	2,657
over 90 days	7,389
Total	6,356,716

Current operating liabilities comprise trade payables to domestic and foreign suppliers.

Current trade payable maturities:

Maturity date (EUR)	31. 12. 2015
Non-past due liabilities	2,205,776
Past due liabilities	170,364
up to 30 days	149,917
from 31 to 90 days	327
over 90 days	20,120
Total	2,376,140

Current liabilities to employees are disclosed mainly as liabilities arising from salaries and wages (charged in December 2015, payment in January 2016) in the amount of EUR 1,533,312.

Current liabilities to the state and other institutions mostly comprise:

- liabilities for contributions towards pension and disability insurance (ZPIZ) from wages (EUR 104,791);
- liabilities for contributions towards health insurance (EUR 85,478);
- liabilities for the charged value added tax (EUR 337,279);
- liabilities for the assessed corporate income tax (EUR 1,273,675).

Other current operating liabilities to others mostly include liabilities for salary withholdings (EUR 88,833) and funds of the solidarity aid fund (EUR 180,163).

The company does not disclose current liabilities to members of the company's Management Board and Supervisory Board.

1.2.5. Short-term accrued costs and deferred revenues

Short-term accrued costs and deferred revenues (EUR)	31. 12. 2015	Sh. %	31. 12. 2014	Sh. %	Index
1. Short-term deferred revenues	11,716	2.1	6,038	0.3	194.0
2. Short-term accrued costs and expenses	558,590	97.9	1,753,376	99.7	31.9
Total	570,306	100.0	1,759,414	100.0	32.4

Short-term accrued costs and expenses mostly comprise interest and banking services from loans (EUR 43,526), which were disclosed in the sub-balances of freight and passenger transport as at 31 December 2010 and subsequently transferred in accordance with the draft terms of division to the SŽ d.o.o. transferor company, accrued costs of scholarships (EUR 157,200) and accrued costs of unused annual leave for 2015 (EUR 343,480).

(EUR)	Balance as at 31. 12. 2014	Formation	Drawdown	Balance as at 31. 12. 2015
accrued interest and bank services	367,760	1,658,464	1,982,698	43,526
accrued costs of scholarships	0	157,200	0	157,200
accrued costs of unused annual leave	0	404,410	60,930	343,480





1.3. Off-balance-sheet assets

Off-balance sheet assets (EUR 409,221,318) comprise:

(EUR)	Total	of which the Group's off-balance sheet assets amount to
Contingent receivables	191,223,173	44,551,435
1. Receivables for mortgages and pledges received	2,261,762	0
2. Assessed value of the right of superficies granted to Emonika, d. o. o.	1,725,000	0
3. Receivables for interest rate swaps (amount of the principal pursuant to the interest rate swap booking note)	109,250,000	0
4. Shares of Eurofima received from the guarantee reserve	629,870	0
5. Guarantees and bills of exchange received as collateral for payments, performance bonds	77,356,541	44,551,435
Contingent liabilities	217,998,145	30,352,223
1. Liens on movable and immovable property as collateral for financial liabilities	29,843,142	29,843,142
2. Guarantees and bills of exchange issued as collateral for liabilities	78,905,003	510,000
3. Liabilities from interest rate swaps (amount of the principal pursuant to the interest rate swap booking note)	109,250,000	0
Total off-balance-sheet assets	409,221,318	74,903,658

2. NOTES TO THE INCOME STATEMENT

2.1. Operating revenues

(EUR)	2015	Sh.%	2014	Sh.%	Index
1. Net sales revenues	21,642,470	100.0	21,093,637	100.0	102.6
a) Revenues on the domestic market	21,516,790	99.4	20,960,813	99.4	102.7
2. Other revenues on the domestic market	21,516,790	99.4	20,960,813	99.4	102.7
a) Other revenues from intra-Group relations	19,856,595	91.7	19,345,566	91.7	102.6
c) Other revenues from relat. with others	1,660,595	7.7	1,615,247	7.7	102.8
b) Revenues on foreign markets	125,680	0.6	132,824	0.6	94.6
2. Other revenues	125,680	0.6	132,824	0.6	94.6
a) Other revenues from intra-Group relations	125,680	0.6	132,824	0.6	94.6

Net sales revenues (27.8% of total revenues) comprise:

(EUR)	
rental income ¹	2,000,312
revenues from imputed costs	526,786
other revenues ²	19,115,372
Total	21,642,470

Notes:

¹ Rental income includes the income from the letting of commercial premises (EUR 606,330), apartment rents (EUR 584,821), rent from the use of demurrage premises and garages (EUR 311,034), rent on land (EUR 235,064), rent from holiday homes (EUR 164,412) and income from other rents (EUR 98,651).

² Other revenues mostly consist of revenues from ancillary services (expert, technical and organisational services) that are performed by the controlling company Slovenske železnice d.o.o. for subsidiary companies pursuant to contracts:

(EUR)	
SŽ-Tovorni promet, d. o. o.	3,988,573
SŽ-Potniški promet, d. o. o.	1,536,300
SŽ-Infrastruktura, d. o. o.	6,607,044
SŽ-VIT, d. o. o.	3,058,924
SŽ-ŽIP, d. o. o.	511,356
SŽ-ŽGP Ljubljana, d. d.	470,292
Fersped, d. o. o.	74,748
Prometni institut Ljubljana, d. o. o.	57,516
SŽ-Železniška tiskarna, d. d.	4,308
Total	16,309,061

(EUR)	2015	Sh.%	2014	Sh.%	Index
3. Capitalised own products and own services	42,535	100.0	0.0	0.0	-

Income from capitalised own products and own services comprises capitalised labour costs from the IT System Overhaul project. Consequently, individual investments in progress include the cost of salaries of two project managers.

(EUR)	2015	Sh.%	2014	Sh.%	Index
4. Other operating revenues (with oper. revenues from revaluation)	37,592,858	100.0	12,219,739	100.0	307.6
a) Other revenues associated with business effects	3,712,172	9.9	545,732	4.5	680.2
b) Operating revenues from revaluation	33,880,686	90.1	11,674,007	95.5	290.2

Well over 90% of other operating revenues, which account for 48.3% of total revenues, include operating revenue from revaluation:

- revenues from profits generated by selling or trading land, apartments and other buildings as well as other property, plant and equipment in the amount of EUR 24,626,805, EUR 22,867,663 of which was received under a court settlement arising from a contract of exchange (acquisition of 25 plots in the territory of the Moste container terminal and the elimination of 12 plots and 13 buildings that are mostly located at ŽAK Šiška), EUR 825,876 in profit from the sale of apartments and EUR 922,229 in profit from the sale of land;
- revenues from the reversal of the discount on the receivable due from the Republic of Slovenia in the amount of EUR 9,250,839 (receivable in the amount of EUR 134m as defined in Article 5. a of the Slovenian Railway Company Act);
- other revenue from revaluation (EUR 3,042).

Effects of sales and other disposals of property, plant and equipment:

(EUR)	Profits from sales or disposals	Losses from sales or disposals	Effect
Land	922,509	75,488	847,021
Apartments	825,876	74,731	751,145
Other buildings	10,714	1,264	9,450
Other	43	1,335	(1,292)
Land trade ¹	22,867,663	0	22,867,663
Total	24,626,805	152,818	22,867,663

Note:

¹ The difference between the net gains on disposal and the carrying amount of a disposed item of property, plant and equipment:

- land 26,223,631 EUR
- buildings (3,355,968 EUR)

2.2. Operating cost

(EUR)	2015	Sh.%	2014	Sh.%	Index
5. Costs of goods, materials and services	7,078,456	100.0	5,568,007	100.0	127.1
a) Cost of goods & mat. sold and costs of mat. Used	309,304	4.4	317,039	5.7	97.6
2. Material costs	251	0.0	153	0.0	163.6
3. Energy costs	175,596	2.5	170,114	3.0	103.2
4. Costs of spare parts	4,045	0.1	3,452	0.1	117.2
5. Small tools write-off	5,554	0.1	5,549	0.1	100.1
6. Costs of office equipment	92,678	1.3	105,879	1.9	87.5
7. Other material costs	31,180	0.4	31,892	0.6	97.8
b) Costs of services	6,769,152	95.6	5,250,698	94.3	128.9
2. Transport services	158,027	2.2	168,093	3.0	94.0
3. Maintenance services	980,215	13.9	996,476	17.9	98.4
4. Reimbursement of expenses to workers	58,828	0.8	57,174	1.0	102.9
5. Payment transaction services, banking services	2,387,594	33.7	748,005	13.4	319.2
6. Intellectual and personal services	917,635	13.0	912,872	16.4	100.5
7. Insurance premiums	86,377	1.2	107,494	1.9	80.4
8. Advertisement, propaganda and entertainment	458,628	6.5	298,500	5.4	153.6
11. Costs of other services	1,721,848	24.3	1,962,354	35.3	87.7

Costs of goods, material and services account for 11.7% of total expenses. 95.6% of the above costs are represented by costs of services.

The most important item among the costs of services is the costs of banking services (35.3% of total costs of service), which increased when compared to the previous year mainly on account of the costs of financial restructuring of existing financial liabilities owed to various banks.

Costs of other services account for 25.4% of total costs of service, which include:

(EUR)	
contributions to and memberships in international organisations and other associations	373,849
court fees, administrative advertisements and administrative fees	228,640
costs of building security	225,482
service costs under work and royalties	184,577
costs of cleaning, arrangement of premises and landscaping	173,317
costs of public utility services	168,688
costs of rent	52,487
costs of other services ¹	314,808
Total	1,721,848

Note:

¹ A large part of these costs consist of courier work, photocopying, translation services, appraisals, creation of energy performance certificates, etc.

Maintenance costs account for 14.5% of total costs of service and include:

(EUR)	
costs of computer system and equipment maintenance	495,731
costs of building maintenance	367,842
costs of maintaining other equipment	90,470
costs of maintaining road vehicles	26,172
Total	980,215

One of the more important items among the costs of services are the costs of intellectual services (13.6% of total service costs). 63.8% of these are attorney's fees (EUR 585,582) and the rest relates to the costs of expert's opinions, consultations, audits and arbitration as well as the costs of research and development that is performed for SŽ d.o.o. by the subsidiary Prometni institut Ljubljana d.o.o.

(EUR)	2015	Sh.%	2014	Sh.%	Index
6. Labour costs	14,804,084	100.0	14,933,403	100.0	99.1
a) Costs of wages and salaries	11,084,136	74.9	10,331,675	69.2	107.3
b) Social security costs	1,905,801	12.9	1,885,275	12.6	101.1
1. Costs of pension insurance	1,093,967	7.4	1,076,285	7.2	101.6
2. Other costs of social security	811,834	5.5	808,990	5.4	100.4
c) Other labour costs	1,814,147	12.2	2,716,453	18.2	66.8

Labour costs account for 24.4% of total expenses. The average gross wage per employee in 2015 was EUR 2,060 (index for 2015/2014 is 106.0%).

The implementation of the wage policy was based on the provisions of the Collective Agreement for the Railway Transport Activity (Official Gazette of the RS No. 95/07; URO No. 3/07), tariff rider that has been in force since 18 September 2007 (Official Gazette of the RS No. 95/07; URO No. 3/07), the Agreement on the Payment of Performance Bonuses for the Attainment of Improved Operating Results at Slovenske železnice and the Method of Implementation of Wage Escalation from 2009 and 2010 as well as other agreements concluded with social partners.

In addition to the above, the Personal Income Tax Act (ZDoh-2) (Official Gazette of the RS No. 117/06 as amended), the Social Security Contributions Act (Official Gazette of the RS No. 5/96 as amended), the Pension and Disability Insurance Act (ZPIZ-2) (Official Gazette of the RS No. 96/12) and the Agreement on the establishment of a pension scheme of voluntary supplementary pension insurance (URO No. 6/02) were also considered as instruments of the wage policy.

The costs of pension insurance include contributions and premiums that Slovenske železnice d.o.o. paid for:

Purpose	Recipient	(EUR)
Contributions for pension and disability insurance	Pension and Disability Insurance Institute	952,379
Premiums for supplementary voluntary pension insurance	Pension group SKUPNA	141,588
Total		1,093,967

Reimbursements of costs to workers, costs relating to the actuarial account and other labour costs are disclosed within the other labour costs item (EUR 1,814,147).

As at 31 December 2015, 456 workers were actually employed at Slovenske železnice d.o.o., which was 5-times less than on 31 December 2014.

(EUR)	2015	Sh.%	2014	Sh.%	Index
7. Write-downs	11,945,110	100.0	1,864,157	100.0	640.8
a) Amortisation and depreciation	989,666	8.3	1,672,599	89.7	59.2
b) Op. expenses from revaluation of intangible non-current assets and property, plant and equipment	152,818	1.3	173,053	9.3	88.3
c) Op. expenses from revaluation of current assets	10,802,626	90.4	18,505	1.0	58,376.3

Write-downs account for 19.7% of total expenses and comprise:

- depreciation and amortisation expense – the table shows the amortisation/depreciation rates, the cost and write-down amount of depreciable assets and the depreciation and amortisation expense by group:

(EUR)	Lowest rate	Highest rate	Cost of depreciable assets	Accumulated amortisation/ depreciation of depreciable assets	Amortisation/ depreciation amount
buildings	1.00	15.00	38,235,171	22,390,518	561,369
production equipment	2.00	25.00	1,070,891	1,045,278	8,761
computer equipment	20.00	20.00	4,862,728	4,382,679	113,719
motor vehicles	3.30	25.00	165,569	151,713	3,987
other equipment	3.30	33.30	4,982,729	4,596,056	104,607
intangible non-current assets	20.00	20.00	3,838,603	3,302,075	197,223
Total			53,155,691	35,868,319	989,666

- operating expenses from revaluation of property, plant and equipment (EUR 152,818), which include losses from sales or disposals of fixed assets; an overview of the effects of sale and other disposals of property, plant and equipment are included under other operating expenses;
- operating expenses from revaluation of current assets (EUR 10,802,626); the majority or EUR 10,701,545 represents the discount from the sale of five claim instalments due from the Republic of Slovenia to the consortium of banks (in the amount of EUR 134 million defined in Article 5a of the Slovenian Railway Company Act).

(EUR)	2015	Sh.%	2014	Sh.%	Index
8. Other operating expenses	4,576,946	100.0	248,296	100.0	1,843.3

84.4% of other operating expenses comprise refunds for paid performance based bonuses for 2015 (EUR 3,865,188) paid on under the Performance Based Bonuses Agreement concluded between the management bodies of subsidiary companies, the signatories to the agreement, the representative unions and the Works' Council of companies with capital ties.

2.3. Operating profit or loss

(EUR)	2015	Sh.%	2014	Sh.%	Index
Operating profit or loss	20,873,267	100.0	10,699,513	100.0	195.1

The operating profit or loss for 2015 is profit (operating revenues of EUR 59,277,863 less operating expenses of EUR 38,404,596).

2.4. Finance income

(EUR)	2015	Sh.%	2014	Sh.%	Index
9. Finance income from interests	380,623	100.0	2,398,696	100.0	15.9
a) Finance income from interests in Group companies	339,509	89.2	2,394,648	99.8	14.2
b) Finance income from interests in associated companies	37,066	9.7	0	0.0	0.0
c) Finance income from interests in other companies	4,048	1.1	4,048	0.2	100.0

Finance income from interests (0.5% of total revenues) comprises income from acquired shares in the profit of Group companies (Prometni institut Ljubljana d.o.o. - EUR 237,000, SŽ-ŽGP Ljubljana d.d - EUR 102,509), associated companies (Terme Olimia d.d - EUR 37,066) and income from other investments (Hit Rail - EUR 4,048).

(EUR)	2015	Sh.%	2014	Sh.%	Index
10. Finance income from loans	18,061,314	100.0	7,661,236	100.0	235.7
a) Finance income from loans to Group companies	14,576,870	80.7	7,216,730	94.2	202.0
b) Finance income from loans to others	3,484,444	19.3	444,506	5.8	783.9

Finance income from provided loans (23.2% of total income) includes:

- income from intra-Group relationships (EUR 14,576,870). As at 1 January 2011 all current and non-current financial liabilities to domestic and foreign banks and other creditors, which were disclosed in the sub-balances for freight and passenger transport as at 31 December 2010 and related to the property transferred to the two new companies, remained disclosed at the SŽ, d.o.o. transferor company. SŽ d.o.o. therefore has ties to the new companies. In terms of substances, these are represented by interest on loans (EUR 3,927,054) and income from the revaluation of financial liabilities - exchange rate differences (EUR 10,649,816);
- income from relationships with others (EUR 3,484,444), the most important item of which is the positive exchange rate difference from loans received from Eurofima (EUR 3,409,220).

(EUR)	2015	Sh.%	2014	Sh.%	Index
11. Finance income from operating receivables	91,603	100.0	71,305	100.0	128.5
a) Finance income from op. receivables due from Group companies	44,775	48.9	35,115	49.2	127.5
b) Finance income from receivables due from others	46,828	51.1	36,190	50.8	129.4

Finance income from operating receivables includes income from default interest on current receivables (EUR 67,587), income from the write-off of default interest from suppliers (EUR 14,560) and income from the revaluation of liabilities and receivables - exchange rate differences (EUR 9,456).

2.5. Finance expenses

(EUR)	2015	Sh.%	2014	Sh.%	Index
13. Finance expenses from financial liabilities	20,404,628	100.0	8,822,754	100.0	231.1
a) Fin. exp. from loans from Group companies	3,916,068	19.2	570,238	6.5	686.7
b) Fin. exp. from bank loans	3,228,117	15.8	4,801,608	54.4	67.2
c) Fin. exp. from other financial liabilities	13,260,443	65.0	3,450,908	39.1	384.3

Finance expenses from financial liabilities (33.7% of total expenses) comprise:

- expenses from relationships with banks and others (EUR 16,488,560); in terms of substance, these are expenses from the revaluation of financial liabilities - exchange rate differences (EUR 10,649,816), interest on loans (EUR 4,248,824 (banks EUR 3,228,117, Eurofima 1,020,707), expenses from derivatives (EUR 1,554,067) and interest on liabilities arising from provisions for jubilee benefits and severance pay upon retirement (EUR 35,853);
- expenses from relationships within the Group (EUR 3,916,068). They relate to expenses from the revaluation of loans - exchange rate differences (EUR 3,407,886) and interest on loans (EUR 508,182). As at 1 January 2011 all current and non-current financial liabilities to domestic and foreign banks and other creditors, which were disclosed in the sub-balances for freight and passenger transport as at 31 December 2010 and related to the property transferred to the two new companies, remained disclosed at the SŽ, d.o.o. transferor company. SŽ d.o.o. therefore has ties to the new companies.

(EUR)	2015	Sh.%	2014	Sh.%	Index
14. Finance expenses from operating liabilities	1,308,930	100.0	1,947,371	100.0	67.2
a) Fin. exp. from op. liab. to Group companies	1,179,125	90.1	1,935,132	99.4	60.9
b) Fin. exp. from trade payables and bill of exch. liabilities	119,524	9.1	6,756	0.3	1,769.1
c) Fin. exp. from other op. liabilities	10,281	0.8	5,483	0.3	187.5

Finance expenses from operating liabilities mostly consist of expenses from operating liabilities to Group companies, which mostly include interest from non-current operating liabilities (EUR 1,177,019) charged under the Agreement on Mutual Relations between SŽ-Tovorni promet d.o.o., SŽ-Potniški promet d.o.o. and SŽ d.o.o. and arising from claims against the Ministry of Infrastructure (group of claims in the amount of EUR 134 million).

2.6. Other revenues

(EUR)	2015	Sh.%	2014	Sh.%	Index
15. Other revenues	73	100.0	27	100.0	264.1

2.7. Other expenses

(EUR)	2015	Sh.%	2014	Sh.%	Index
16. Other expenses	446,785	100.0	174,450	100.0	256.1

Other expenses mostly comprise of compensations for damages to legal entities, natural persons and workers (EUR 207,558), donations for cultural and humanitarian activities (EUR 156,400) and expenses from the payment of contributions to the Pension and Disability Insurance Institute of the Republic of Slovenia (ZPIZ) for the assurance of the rights of workers at Slovenske železnice who performed their work in the organisational units of the company in the territory of the Republic of Croatia (EUR 79,847).

2.8. Corporate income tax

In 2015, SŽ d.o.o. disclosed a tax base from the corporate income tax return of EUR 23,719,022, which was reduced on account of the following:

- the coverage of tax losses from the previous periods (EUR 11,859,511);
- investment allowances (EUR 774,501);
- allowances from the employment of disabled persons (EUR 230,322);
- allowances for supplementary voluntary pension insurance (EUR 141,588) and
- allowances for donations (EUR 133,702).

The tax base was EUR 10,579,398; the tax was accounted at the rate of 17% of the tax base (EUR 1,798,498).

2.9. Net profit of loss and total comprehensive income for the period

In 2015, SŽ d.o.o. generated a total of EUR 77,811,476 in revenues and had EUR 60,564,939 of expenses. The profit or loss before taxes was profit of EUR 17,246,537, which is reduced by the corporate income tax (EUR 1,798,498) and increased by deferred taxes in the amount of EUR 1,134,119 (which are the result of the reduction of deferred tax liabilities: the difference between 2014 – deferred tax liabilities of EUR 2,954,653 and 2015 – deferred tax liabilities of EUR 1,820,534), which means that the company made a net profit of EUR 16,582,158. Said profit is the result of the difference established between:

(EUR)	Profit or loss	
1. Operating revenues and operating expenses	Profit	20,873,267
2. Finance income and finance expenses	Loss	(3,180,018)
3. Other income and other expenses	Loss	(446,712)
4. Corporate income tax		(1,798,498)
5. Deferred taxes		1,134,119
Total net profit or loss	Profit	16,582,158

(EUR)	2015	Sh.%	2014	Sh.%	Index
19. Net profit or loss for the period	16,582,158	201.7	9,313,668	104.1	178.0
20. Changes in the surplus from reval. of intangible assets and property, plant and equipment	(6,671,286)	(81.1)	(69,513)	(0.8)	9,597.2
23. Other items of total comprehensive income	(1,688,156)	(20.5)	(299,282)	(3.3)	564.1
24. Total comprehensive income for the period	8,222,716	100.0	8,944,873	100.0	91.9

Net profit in the accounting period is reduced by other comprehensive income from the reduction of the surplus from the revaluation of land and buildings (EUR 6,671,286) and liabilities from deferred taxes for 2015 (EUR 1,820,534), and increased by the actuarial gains from provisions for severance pay upon retirement (EUR 132,378). The reduction of the surplus from the revaluation of land and buildings is mostly (EUR 6,633,929) related to the elimination of land that has been revalued upwards.

The total comprehensive income is positive and amounts to EUR 8,222,716.

If an equity revaluation were performed on the basis of the consumer price index, the profit would be higher by EUR 982,660 and would amount to EUR 17,564,818.

2.10. Company's costs by functional groups in 2015

Breakdown of costs by functional group and with imputed amortisation costs (EUR)	2015	Sh.%	2014	Sh.%	Index
Selling costs	397,736	1.4	224,175	1.0	177.4
Costs of general activities	27,051,416	98.6	22,198,130	99.0	121.9
Total costs	27,449,152	100.0	22,422,305	100.0	122.4





FINANCIAL ANALYSIS

The terminology used in this chapter refers to categories and terms that correspond to business and financial standards as well as principles and is not always identical or comparable to categories of accounting standards.

1. Cash flows

Cash flows are disclosed by individual activities in such a way as to enable identification of net flows by individual activities, i.e.:

- **business activity** - main activities that generate profits and activities other than investing or financing activities;
- **investing activity** - this is the exchange of cash assets over the course of the accounting period into non-cash assets, which involves the acquisition of non-current assets and financial assets (not included under cash equivalents);
- **financing activity** - it increases assets over the course of the accounting period through an increase in equity or company debts, i.e. activity that affects the scope and structure of the company's equity and debts.

Breakdown of the company's cash flows in 2015:

(EUR)

1. Flows from income statement items	(6,371,148)	-
2. Changes in net current assets of balance sheet operating items	3,442,025	-
3. Net cash from (used in) operating activities (a + b)	-	(2,929,123)
4. Receipts from investing activities	274,168,025	-
5. Disbursements from investing activities	(236,116,886)	-
6. Net cash from (used in) investing activities (a + b)	-	38,051,139
7. Cash flows from operating and investing activities (3 + 6)	-	35,122,016
8. Opening balance of cash	-	26,191,368
9. Surplus from financing activities (7 + 8)	-	61,313,384
10. Receipts from financing activities	409,956,665	-
11. Disbursements from financing activities	(448,135,344)	-
12. Net cash from (used in) financing activities (a + b)	-	(38,178,679)
13. Closing balance of cash (9 + 12)	-	23,134,705

2. Working Capital Position

The company's working capital position shows the quantity and quality of the balances of receivables and debts as at 31 December 2015. The economic content of the working capital position of Slovenske železnice, d. o. o. as at 31 December 2015 in the form of information on the company's financial strength is evident from the figure below:

(EUR)

ASSETS		LIABILITIES	
Financial assets 460,968,371		Debts 244,407,324	Working capital balance
		Net receivables 216,561,047	
Net receivables 216,561,047	Investments in physical capital 66,940,202	Equity 283,501,249	Balance of the financing of investments in physical capital

3. Analysis of financial position

Item (EUR)	Balance		Difference 2015 - 2014	Index 2015/2014
	31. 12. 2015	31. 12. 2014		
1. Current receivables*	54,822,120	203,795,857	(148,973,737)	26.9
2. Short-term debts**	87,282,101	227,341,144	(140,059,043)	38.4
3. Net short-term debt (2 - 1)	32,459,981	23,545,287	8,914,694	137.9
4. Net current receivables (1 - 2)	-	-	-	-
5. Non-current receivables	406,146,251	336,217,330	69,928,921	120.8
6. Long-term debts***	157,125,223	196,094,131	(38,968,908)	80.1
7. Net long-term debt (6 - 5)	-	-	-	-
8. Net non-current receivables (5 - 6)	249,021,028	140,123,199	108,897,829	177.7
9. Net debt (2 + 6 - 1 - 5)	-	-	-	-
10. Net receivable (1 + 5 - 2 - 6)	216,561,047	116,577,911	99,983,135	185.8
11. Total debts (2+6)	244,407,324	423,435,275	(179,027,951)	57.7
12. Total receivables (1 + 5)	460,968,371	540,013,187	(79,044,816)	85.4
13. Investments into physical capital (14 + 15 + 16 + 17)	66,940,203	43,370,279	23,569,924	154.3
14. Fixed assets	15,580,939	14,635,557	945,382	106.5
15. Investment property	51,358,593	28,734,722	22,623,871	178.7
16. Assets held for sale	-	-	-	-
17. Inventories	671	0	671	-
18. Total equity	283,501,249	159,948,190	123,553,059	177.2
19. Non-current provisions	2,159,322	5,243,708	(3,084,386)	41.2
20. Total equity + non-current provisions (18+19)	285,660,571	165,191,898	120,468,673	172.9
21. Current assets (1 + 16 + 17)	54,822,791	203,795,857	(148,973,066)	26.9
22. Current liabilities (2)	87,282,101	227,341,144	(140,059,043)	38.4
23. Working capital (21 - 22; 25 - 24)	(32,459,310)	(23,545,287)	(8,914,022)	137.9
24. Non-current investments (5 + 14 + 15)	473,085,782	379,587,608	93,498,174	124.6
25. Non-current funding (6 + 18)	440,626,472	356,042,321	84,584,151	123.8
	-	-	-	-
Working capital / current assets	-	-	-	-
Working capital / non-current investments	-	-	-	-
Working capital / inventories	-	-	-	-
Share of capital invested in other companies (net receivable / equity capital)	0.764	0.729		104.8
Current ratio	1.217	1.023		118.9
Quick ratio	0.628	0.896		70.1
Cash ratio	0.265	0.115		230.1
Inventories to short-term investments ratio	48.37 %	12.36 %		391.4
Receivables to short-term investments ratio	29.84 %	76.38 %		39.1
Cash to short-term investments ratio	21.79 %	11.26 %		193.4
Days of current operating receivables outstanding	24	115		20.9
Days of current operating liabilities outstanding	148	181		81.8

Notes:

* current receivables comprise current assets and short-term deferred costs and accrued revenues less inventories

** short-term debts include current liabilities and short-term accrued costs and deferred revenues

*** long-term debts include non-current liabilities, provisions and long-term accrued costs and deferred revenues

4. Financial Risk Management

In accordance with the adopted financial risk management policy, financial risk management is centralised on the level of the controlling company for all Group companies. Relations between the controlling company and subsidiary companies are regulated by way of special agreements (mutual financing agreements), especially in the area of liquidity risk and regulations as well as the assurance of cash flows in individual companies. An exception to this is credit risk which is managed by individual subsidiary companies in addition to the controlling company.

A comprehensive financial risk management system is defined at the level of the Slovenske železnice Group and includes the definition of the method for the measurement of risks, thresholds, range of measures for risk management and a reporting system. The exposure of the entire group to financial risks is presented in detail in the Financial Analysis chapter, item 4 of the accounting portion of the Consolidated Annual Report of the Slovenske železnice Group.



CONTINGENT LIABILITIES

The company's contingent liabilities are disclosed under item 1.3 (Off-Balance-Sheet Assets).

Contingent liabilities from lawsuits

The company is the defendant in 17 disputes (in the total amount of EUR 1,179,214), which were in different procedural stages as at 31 December 2015.

In six cases with the total value of claims of EUR 784,470, the Slovenske železnice d.o.o. company is the defendant; however, contextually, the legal successors of contingent liabilities are subsidiary companies SŽ-Potniški promet d.o.o. and SŽ Infrastruktura d.o.o. which set aside provisions for these cases in 2015 in the amount of EUR 548,163.

Taking into account the known facts of individual cases, the size and expected amount of claims and the proceedings to date, and based on the acquired legal opinions, the company's management reviewed four lawsuit cases and determined that provisions need to be set aside for them in the amount of EUR 300,372.

Events after the balance sheet date

Pursuant to the resolution of 26 March 2015, the Court of Audit of the Republic of Slovenia carried out an audit of the efficiency of the operations of companies in the SŽ Group in the period from 1 January 2013 to 31 December 2014. The subjects of the audit were revenues and expenses arising from intra-Group relationships in the SŽ group. The audit was not completed by the time of the compilation of the 2015 Annual Report.

In the 2016 financial year, the SŽ Group will transition to the reporting method under the International Financial Reporting Standards (IFRS). General Meetings of all Group companies will decide in 2016 on whether to transition from the Slovenian Accounting Standards to the International Financial Reporting Standards. If the General Meetings confirm the change of the reporting framework, all companies in the Group will compile financial statements for 2016 in accordance with the IFRS.

STATEMENT ON MANAGEMENT'S RESPONSIBILITY

The management of Slovenske železnice d.o.o. hereby approves the financial statements for the 2015 financial year, the notes to the financial statements and the accounting policies applied as well as the business report.

The financial statements with notes were compiled on the going concern basis of the company in accordance with applicable legislation and the Slovenian Accounting Standards.

Ljubljana 29 June 2016



Dušan Mes
generalni direktor

Milan Jelenc
direktor

Tomaž Krašković
direktor

Albert Pavlič
delavski direktor

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

to the owners of SLOVENSKE ŽELEZNICE, d.o.o.

Report on the Financial Statements

We have audited the accompanying financial statements of the SLOVENSKE ŽELEZNICE, d.o.o. company comprising the balance sheet as at 31 December 2015, the related income statement, the statement of comprehensive income and the statement of cash flows for the year then ended including the summary of the material accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation of these financial statements in accordance with the Slovenian Accounting Standards as well as for such internal controls as are necessary, in line with the management's decision to enable the preparation of financial statements that are free from material misstatement arising from fraud or errors.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence of the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. When assessing these risks, the auditor reviews the internal controls related to the preparation of the financial statements in order to determine the appropriate procedures, depending on the circumstances, and not to express an opinion on the efficiency of the company's internal controls. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of financial statements.

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

Opinion

In our opinion, the financial statements of the SLOVENSKE ŽELEZNICE, d.o.o. company for the year ended 31 December 2015 as well as the income statement and the statement of cash flows for the year then ended have been prepared, in all material respects, in accordance with the Slovenian Accounting Standards and present fairly the company's financial position.

Other Matter Paragraph

The company's financial statements for the year ended 31 December 2014 were audited by a different auditor that expressed an unqualified opinion on the statements as at 30 June 2015.

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 our assessment on whether or not the business report corresponds to the audited financial statements. Our procedures are performed in accordance with the International Standard on Auditing 720 and limited only to the assessment of correspondence between the business report and the audited financial statements. We believe that the business report corresponds to the audited financial statements.

DELOITTE REVIZIJA d.o.o.

Katarina Kadunc
Certified auditor



Ljubljana, 12 July 2016





CONSOLIDATED FINANCIAL STATEMENTS FOR THE SLOVENSKE ŽELEZNICE GROUP

DESCRIPTION AND ACTIVITY OF THE SLOVENSKE ŽELEZNICE GROUP

As at 31 December 2015, the Slovenske železnice Group (hereinafter: Group) comprised the controlling company Slovenske železnice d.o.o., Ljubljana (hereinafter: Controlling Company) and subsidiary companies:

- Ž-Tovorni promet, d. o. o., wholly owned by the Controlling Company;
- SŽ-Potniški promet, d. o. o., wholly owned by the Controlling Company;
- SŽ-Infrastruktura, d. o. o., wholly owned by the Controlling Company;
- SŽ-Potniški promet, d. o. o., wholly owned by the Controlling Company;
- Prometni institut Ljubljana, d. o. o., wholly owned by the Controlling Company;
- SŽ-Železniška tiskarna Ljubljana, d. d., 64.28% of the company's common stock is owned by the Controlling Company;
- SŽ-Vleka in tehnika, d. o. o., wholly owned by the Controlling Company;
- SŽ-Železniško gradbeno podjetje Ljubljana, d. d., 79.82% of the company's common stock is owned by the Controlling Company;
- Fersped, d. o. o., wholly owned by the controlling company;
- Kamnolom Verd, d. o. o., 96.34% of the company's common stock is owned by SŽ-Železniško gradbeno podjetje Ljubljana, d. d.;
- SŽ-ŽGP, d. o. o., Beograd (Republic of Serbia), wholly owned by SŽ-Železniško gradbeno podjetje Ljubljana, d. d.;
- SŽ-ŽGP, d. o. o., Podgorica (Republic of Montenegro), wholly owned by SŽ-Železniško gradbeno podjetje Ljubljana, d. d.;
- Calidus SOL, d. o. o., Savudrija (Republic of Croatia), wholly owned by SŽ-ŽIP, storitve, d. o. o., Ljubljana;
- Ferit, s. r. l., Trieste (Italy), 80% of the company's common stock is owned by Fersped, d. o. o., Ljubljana;
- Fercargo, d. o. o., Sarajevo (BiH), 70% of the company's common stock is owned by Fersped, d. o. o., Ljubljana;
- SI Cargo Logistics, d. o. o., wholly owned by SŽ-ŽIP-Tovorni promet, d. o. o.

Ferit, s.r. l., which is 80% owned by Fersped, d. o. o., is not consolidated as it does not meet the assumptions regarding materiality and rationality.

All of the abovementioned subsidiaries, which are included in consolidation, are consolidated based on the majority of voting rights of the Controlling Company. If the total assets of an individual subsidiary were low (if consolidated, they would account for less than 5% of consolidated assets) and if the subsidiary's scope of operations were small (if consolidated, the revenues would account for less than 5% of total consolidated revenues), the company would not be important from the viewpoint of the entire Group and its consolidation would be uneconomical, which would mean that the company could be excluded from consolidation. This is decided on by the company's management.

Associated companies Terme Olimia, d. d. (23.87% participating interest) and Adria kombi, d. o. o. (26% participating interest) are also included in consolidation according to the equity method.

The CKTZ Zagreb d.o.o. company, which is 29.14% owned by Fersped d.o.o., is also included in consolidation according to the equity method.

On the basis of the audit report of the Court of Audit of the Republic of Slovenia dated 9 February 2012 regarding the efficiency of the company's (Slovenske železnice d.o.o., Ljubljana) real estate operations, the company took into account the imposed adjustment measure involving the reversal of the disclosure of the value of the financial investment into SŽ-Železniški zdravstveni dom Ljubljana as at 31 December 2011 as a reversal of the disclosure of the long-term financial investment into the institute in the amount of EUR 2,401,002.56 and simultaneously established a non-current financial receivable due from the institute in the same amount. The financial statements of the institute are no longer part of the Group's financial statements.

Slovenske železnice d.o.o. is the Controlling Company within the business system of Slovenian railway companies which operates under the rules of a contractual concern or the rules of an actual concern in companies in which it holds a majority participating interest (but not a 100% interest).

The main activities of the Group include the provision of passenger and goods transport services in inland and international railway transport, the maintenance and development of the railway infrastructure and the management of the public railway infrastructure (SŽ d.o.o. - defined in detail in item A.1. of this report), new constructions, overhauling of substructures and superstructures of railway tracks and overhauling industrial tracks (SŽ-ŽGP Ljubljana d.d.), all printing and bookbinding services (SŽ-Železniška tiskarna Ljubljana d.d.), maintenance of all types of rail vehicles (SŽ-VIT d.o.o.) and the activity of sheltered workshops (SŽ-ŽIP, storitve d.o.o.).

The Group's annual report should be read in conjunction with the annual report of Slovenske železnice d.o.o. and the annual reports of other companies that form the Group.

The Company's financial year coincides with the calendar year.

As at 31 December 2015, the Group discloses the following equity items:

(EUR)	31. 12. 2015
Share capital	205,274,421
Capital surplus	45,002,140
Revenue reserves	829,108
Revaluation adjustment surplus	9,426,408
Retained earnings	5,704,380
Net profit or loss for the financial year	21,484,936
Consolidated equity adjustment	(12,078)
Minority equity interest	5,390,460
Total equity	293,099,775

Basic accounting assumptions for consolidation purposes

When compiling group (consolidated) financial statements, the provisions of the Companies Act and the Slovenian Accounting Standards (2006 and 2010) are applied, whereby theoretical considerations for consolidation are observed in individual chapters.

The group (consolidated) financial statements are compiled for the Controlling Company and subsidiaries as if they were a single company. They show the standing of Group companies in terms of the balance sheet and profit and loss.

When compiling consolidated financial statements, the full consolidation method is applied and the basic consolidation accounting assumptions are observed, i.e.:

- assumption of a single company in consolidation;
- assumption of the true presentation of the company's assets and liabilities, financial standing and its profit or loss;
- assumption of the completeness of the group in consolidation;
- assumption of the completeness of the contents of financial statements and uniform inclusion in said statements;
- assumption of uniform valuation;
- same date assumption;
- assumption of consistency in the application of consolidation methods;

- assumption of economy;
- assumption of materiality.

An important category is one that comprises no less than 10% of the balance sheet assets or liabilities and one that comprises no less than 10% of an individual category. An important item in the income statement is a category that comprises no less than 10% of total revenues or expenditures and one that comprises no less than 10% of an individual category.

The consolidated balance sheet is one that is compiled for the Controlling Company and subsidiaries as if they were a single company. Data is shown in three columns in the consolidated balance sheet, i.e.:

- the first column shows the balance of assets and liabilities as at 31 December 2015;
- the second column shows the balance of assets and liabilities as at 1 January 2015 (adjustment of the error for unused annual leave and deferred tax liabilities, note in point 1.2.1 of the Controlling Company's annual report);
- the third column shows comparative data as at 31 December 2014.

The consolidated income statement is one that is compiled for the Controlling Company and subsidiaries as if they were a single company. Data is shown in two columns in the consolidated income statement, i.e.:

- the first column shows the profit or loss items for 2015;
- the second column shows comparative data for 2014.

The consolidated statement of cash flows is one that is compiled for the Controlling Company and subsidiaries as if they were a single company, i.e. by applying the indirect method (version II). The statement of cash flows comprises cash flows for the period from 1 January to 31 December 2015 and a comparison with 2014.

The consolidated statement of changes in equity is one that is compiled for the Controlling Company and subsidiaries as if they were a single company. The consolidated statement of changes in equity comprises the changes in equity in the period from 1 January to 31 December 2015 whereby the opening balance is disclosed by amounts recalculated as at 1 January 2015.

The original financial statements of the companies SŽ ŽGP d.o.o., Belgrade (Republic of Serbia), Calidus Sol d.o.o., Savudrija (Republic of Croatia), Fercargo d.o.o., Sarajevo (BiH) and SI Cargo Logistics d.o.o. (Serbia), were translated into the domestic currency in accordance with the provisions of the SAS, namely assets and liabilities at the ECB's reference rate as at 31 December 2015 and the revenues and expenditures at the ECB's reference rate in the month, to which revenues and expenditures relate. The difference, which is the result of the translation at the abovementioned rate and not the rate at the end of the financial year, was transferred into the Group's consolidation equity adjustment.

The Group uses **general and individual accounting policies** for consolidation, i.e. policies that apply to the Controlling Company Slovenske železnice d.o.o. and are provided in the chapter entitled "General Notes to Financial Statements" in the accounting portion of the company's report within the framework of this uniform annual report.

Expenses in respect of the auditor

The contract value of the audit of financial statements for 2015 for all companies in the Group is EUR 86,000, the costs of auditing criteria and the usage of exempt (accounted, but not paid) contributions stand at EUR 3,000 and the costs of other auditing services stand at EUR 45,200, whereas there were no costs of other services of tax consulting or non-auditing services in 2015.

Employees and groups of persons

I. Average number of employees by groups in terms of the level of education

	SŽ d.o.o.	SŽ-TP d.o.o.	SŽ-PP d.o.o.	SŽ-Infra d.o.o.	SŽ-VIT	gr. SŽ-ŽIP	PI d.o.o.	SŽ-ŽT d.d.	Sk. ŽGP	Fersped d.o.o.	Total	Structure
Level I	10	287	51	443	95	347	0	4	48	2	1,288	16.3
Level II	0	1	2	9	69	8	0	0	1	0	89	1.1
Level III	0	62	9	68	53	25	0	0	4	0	221	2.8
Level IV	31	467	190	568	936	168	0	6	167	4	2,538	32.1
Level V	171	289	251	902	729	95	0	2	93	34	2,566	32.5
Level VI	70	82	46	193	101	26	2	1	22	11	554	7.0
Level VII	151	76	43	141	76	19	11	0	28	25	570	7.2
Level VIII	25	5	6	19	8	2	9	0	1	2	77	1.0
Level IX	1	0	0	0	0	0	3	0	0	0	4	0.1
Total	459	1,269	598	2,344	2,067	689	25	13	365	78	7,907	100.0

II. Remuneration and other costs of Management Board members of the Controlling Company, Management Board members of individual subsidiary companies and employees working on the basis of individual contracts at these companies:

SŽ d.o.o. (EUR)	Wage	Holiday pay	Reimbursement of expenses	Long-service bonuses	Total	Company car	Member ships	Voluntary supplementary pension insurance	Other	Total remuneration
Mes Dušan Director General	99,105	0	3,384	0	102,489	1,785	270	0	0	104,544
Šinkovec Funduk Jelka Management Board member (Jan-Apr)	31,383	0	382	0	31,765	0	0	152	0	31,917
Jelenc Milan Management Board member	93,745	0	6,285	0	100,030	2,458	0	456	0	102,944
Pavlič Albert Workers Director	94,150	0	1,436	0	95,586	5,795	0	456	0	101,837
Managerial staff total	318,383	0	11,487	0	329,870	10,038	270	1,064	0	341,242
Others under IC	821,735	11,004	30,720	0	863,459	8,063	0	2,204	0	873,726

SŽ-Tovorni promet (EUR)	Wage	Holiday pay	Reimbursement of expenses	Long-service bonuses	Total	Company car	Member ships	Voluntary supplementary pension insurance	Other	Total remuneration
Rozman Dacar Melita Director	89,195	0	5,183	0	94,378	5,934	315	456	925	102,008
Savić Drago Workers Director	71,356	0	3,724	0	75,080	0	0	456	0	75,536
Managerial staff total	160,551	0	8,907	0	169,458	5,934	315	912	925	177,544
Others under IC	480,692	8,500	27,352	0	516,544	2,167	0	4,256	0	522,967

SŽ-Potniški promet (EUR)	Wage	Holiday pay	Reimbursement of expenses	Long-service bonuses	Total	Company car	Member ships	Voluntary supplementary pension insurance	Other	Total remuneration
Koren Boštjan Director	84,239	0	1,414	1,076	86,729	0	0	456	890	88,075
Cinac Remzija Workers Director	67,392	0	1,352	0	68,744	0	0	456	0	69,200
Managerial staff total	151,631	0	2,766	1,076	155,473	0	0	912	890	157,275
Others under IC	267,468	3,954	12,515	0	283,937	0	0	1,824	0	285,761

SŽ-Infrastruktura (EUR)	Wage	Holiday pay	Reimbursement of expenses	Long-service bonuses	Total	Company car	Member ships	Voluntary supplementary pension insurance	Other	Total remuneration
Kranjc Matjaž Director	89,195	0	1,991	1,105	92,291	6,420	0	456	0	99,167
Kristan Silva Workers Director	71,296	0	3,550	0	74,846	0	0	456	0	75,302
Managerial staff total	160,491	0	5,541	1,105	167,137	6,420	0	912	0	174,469
Others under IC	628,388	10,279	34,426	0	673,093	2,074	0	3,648	0	678,815

Prometni institut (EUR)	Wage	Holiday pay	Reimbursement of expenses	Long-service bonuses	Total	Company car	Memberships	Voluntary supplementary pension insurance	Other	Total remuneration
Verlič Peter Director	62,045	0	3,276	0	65,321	3,311	0	456	0	69,088
SŽ-ŽIP (EUR)	Wage	Management*	Holiday pay	Reimbursement of expenses	Other	Total	Company car	Voluntary supplementary pension insurance	Other	Total remuneration
Martinčič Vojka Director	78,553	12,000	0	1,260	0	91,813	3,632	456	0	95,901
Berdajs Vesna Workers Director	63,283	0	0	2,165	1,070	66,518	351	456	0	67,325
Managerial staff total	141,836	12,000	0	3,425	1,070	158,331	3,983	912	0	163,226
Others under IC	329,458	0	5,535	13,698	0	348,691	0	2,194	0	350,885

*The amount relates to the management of the subsidiary company Calidus Sol d.o.o., Savudrija

Fersped (EUR)	Wage	Compens.	Jubilee benefits	Holiday pay	Reimbursement of expenses	Total	Company car	Insur.	Voluntary supplementary pension insurance	Total remuneration
Jamnik Tomaž Director (1.1.-8.9.2015)	54,658	19,821	0	0	1,688	76,167	915	1,500	1,189	79,771
Petrovič Jožef Director (9.9.-31.12.2015)	0	0	0	0	149	149	0	0	0	149
Managerial staff total	54,658	19,821	0	0	1,837	76,316	915	1,500	1,189	79,920
Others under IC	131,803	0	1,839	2,504	6,767	142,913	0	0	836	143,749

SŽ-VIT (EUR)	Wage	Holiday pay	Reimbursement of expenses	Jubilee benefits	Other	Total	Company car	Membersh.	Voluntary supplementary pension insurance	Total remuneration
Žičkar Dušan Director	89,195	0	1,448	0	1,079	91,722	5,484	270	456	97,932
Skrbiš Zdravko Workers Director	71,356	0	1,345	0	0	72,701	1,954	0	456	75,111
Managerial staff total	160,551	0	2,793	0	1,079	164,423	7,438	270	912	173,043
Others under IC	326,709	4,744	16,024	0	1,076	348,553	0	52	2,090	350,695

Železniška tiskarna (EUR)	Wage	Holiday pay	Reimbursement of expenses	Jubilee benefits	Total	Company car	Membersh.	Voluntary supplementary pension insurance	Other	Total remuneration
Brezovar Janez direktor	62,045	0	1,710	0	63,755	0	0	30	50	63,805

Skupina ŽGP (EUR)	Wage	Compens.	Work contract	Holiday pay	Reimbursement of expenses	Other	Total	Company car	Voluntary supplementary pension insurance	Total remuneration
Žagar Anton CEO	89,234	0	0	0	1,979	0	91,213	0	30	91,243
Kovač Boštjan Executive Director (1.6.-31 December 2015)	47,824	0	0	0	936	0	48,760	3,304	18	52,082
Marc Gašper Executive Director (1.1.-14.5.2015)	31,616	0	0	0	704	0	32,320	977	10	33,307
Rožič Robert Executive Director	39,965	0	0	0	916	0	40,881	3,818	30	44,729
Komprej Matjaž Director Kamnolom Verd d.o.o.	61,688	0	0	0	1,362	0	63,050	3,839	486	67,375
Kostiov Leon Director SŽ-ŽGP Belgrade	66,835	0	4,324	791	2,852	2,751	77,553	4,592	486	82,631
Flis Veljko Director SŽ-ŽGP Podgorica	46,268	0	0	791	2,746	2,863	52,668	0	486	53,154
Managerial staff total	383,430	0	4,324	1,582	11,495	5,614	406,445	16,530	1,546	424,521
Others under IC	341,349	62,495	13,834	4,151	10,315	9,839	441,983	16,047	1,528	459,558

Remuneration of management bodies in the Slovenske železnice Group (in EUR)

	Wage	Holiday pay	Reimb. of expenses	Jubilee benefits	Management/compensation/severance pay	Total	Company car	Membersh.	Voluntary supp. pension insurance	Medical examination	Insurance	Total gross remuneration
M. Board members of the controlling company	318,383	0	11,487	0	0	329,870	10,038	270	1,064	0	0	341,242
M. Board members of the controlling company	1,337,239	1,581	41,750	5,406	40,682	1,426,659	44,531	585	7,573	1,815	1,728	1,482,890
Total for management bodies of Group companies	1,655,622	1,581	53,237	5,406	40,682	1,756,529	54,569	855	8,637	1,815	1,728	1,824,132
Remuneration of employees for whom the tariff section of the collective agreement does not apply - controlling company	821,735	11,004	30,720	0	0	863,459	8,063		2,204	0	0	873,726
Remuneration of employees for whom the tariff section of the collective agreement does not apply - subsidiaries	2,505,867	39,668	121,097	2,915	86,168	2,755,714	20,288	52	16,216	0	160	2,792,430
Remuneration of Group employees for whom the tariff section of the collective agreement does not apply-i	3,327,602	50,672	151,817	2,915	86,168	3,619,173	28,351	52	18,420	0	160	3,666,156

The remuneration of the Controlling Company's Management Board members and subsidiary companies' Management Board members include gross remuneration of all types of labour costs, including reimbursements of expenses (net remuneration), bonuses, paid memberships, health examinations, insurance and voluntary supplementary pension insurance.

III. Remuneration and other costs of the members of supervisory boards or other supervisory bodies:

SŽ d.o.o. (EUR)	Payments for discharging functions in SB or SB committees						Meeting fees		Reimbursement of expenses		Total
	SB member	SB President	Deputy	SB committee member	Committee President	Deputy	SB meetings	Committee meetings	SB meetings	Committee meetings	
Boris Zupančič President 1.1.-10.9.2015	7,153	3,576	0	1,788	894	0	3,355	1,320	0	0	18,086
Zajc Lojze member 1.1.-10.9.2015	7,153	0	0	1,788	894	0	3,355	1,760	0	0	14,950
Markežič Viktor member 1.1.-10.9.2015	7,153	0	0	1,788	0	179	3,080	1,540	871	544	15,155
Grbec Mitja member 1.1.-10.9.2015	7,153	0	0	1,788	0	0	3,080	1,100	993	0	14,114
Berdajs Silvo member	10,300	0	715	2,504	0	0	5,225	2,200	0	0	20,944
Pavšek Jože member	10,300	0	0	1,788	0	0	4,675	1,100	0	0	17,863
Brank Bojan member 11.9.-31.12.2015	3,147	0	286	0	0	0	1,870	0	0	0	5,394
Križaj Mitja member 11.9.-31.12.2015	3,147	0	0	715	358	0	1,870	440	82	14	6,626
Grašek Peter member 11.9.-31.12.2015	711	212	0	0	0	0	275	0	122	0	1,320
Nagode Aleksander member 11.9.-31.12.2015	3,147	0	0	715	0	0	1,870	440	0	0	6,172
Habjan Tatjana audit committee	0	0	0	7,153	0	0	0	1,540	20	143	8,856
Nose Barbara AC 1.11.-31.12.2015	0	0	0	1,661	0	0	0	440	0	0	2,101
Total	59,364	3,788	1,001	21,688	2,146	179	28,655	11,880	2,179	701	131,581

SŽ-ŽGP Group (EUR)	Payments for discharging functions in SB or SB committees						Meeting fees		Reimbursement of expenses		Total
	SB member	SB President	Deputy	SB committee member	Committee President	Deputy	SB meetings	Committee meetings	SB meetings	Committee meetings	
Podbevšek Gorazd President MB/member AC MB	0	19,500	0	2,293	0	0	2,475	1,760	0	0	26,028
Mes Dušan dep. pres. MB/pres. AC MB	0	0	13,000	0	4,586	0	2,475	1,760	0	0	21,821
Piškur Pavel memb. MB/memb. AC MB/memb. SB KV	13,000	0	0	2,293	0	0	2,625	1,540	0	0	19,458
Mlinar Mateja exter. memb. AC MB	0	0	0	4,586	0	0	0	220	0	0	4,806
Žagar Anton president SB in KV	0	0	0	0	0	0	780	0	0	0	780
Žičkar Dušan member SB in KV	0	0	0	0	0	0	600	0	0	0	600
Total	13,000	19,500	13,000	9,172	4,586	0	8,955	5,280	0	0	73,493

SŽ-Železniška tiskarna (EUR)	Meet. fees gross	Profit sharing	Bonuses and other remun.	Total remuneration
Koren Boštjan President	431	0	0	431
Puš Istok member	323	0	0	323
Parkelj Miran member	323	0	0	323
Total	1,077	0	0	1,077

Remuneration of the members of supervisory bodies in the Slovenske železnice Group (in EUR)

(EUR)	Payment for discharging the function		Meeting fees		Reimbursement of expenses		Total
	SB	Committees	SB	Committees	SB	Committees	
SB members of control. comp.	64,153	15,199	28,655	9,900	2,159	558	120,624
Members SB/MB of sub. comp.	45,500	9,172	10,032	5,060	0	0	69,764
External committee memb. SB-control. comp.	0	8,814	0	1,980	20	143	10,957
External committee memb. SB-sub. comp.	0	4,586	0	220	0	0	4,806
Total for superv. bodies in Group	109,653	37,771	38,687	17,160	2,179	701	206,151

Remuneration of the members of supervisory bodies in the companies Slovenske železnice d.o.o., SŽ ŽGP Ljubljana d.d. and SŽ Tiskarna d.d. include gross remuneration from wages for discharging functions in supervisory boards or the management board and the committees of the boards, meeting fees and reimbursement of expenses. Gross remuneration of external members of supervisory boards or the management board are presented separately.



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12 Scheitelhöhe
Länge 10,00 m
1500 mm
B-40000000
C-40000000
Höhenabstände

Pufferstand
max. 1025 mm



CONSOLIDATED FINANCIAL STATEMENTS

Notes to financial statement are part of the financial statements and should be read in conjunction with the latter. For transparency purposes, financial statements are provided in condensed form in accordance with Article 62 of the Companies Act, and the items that are jointly shown in the statements below are presented in detail and disclosed in the disclosures to the assets and liabilities as well as revenues and expenses.

BALANCE SHEET as at 31 December 2015 Slovenske železnice Group

Item (EUR)	Note	31. 12. 2015	Balance as at 1. 1. 2015	31. 12. 2014	Index 2015/2014
ASSETS	1.1.	573,530,518	609,583,798	607,897,795	94.3
A. Non-current assets	1.1.1.	381,385,454	427,996,106	426,375,353	89.4
I. Intangible assets and long-term deferred costs and accrued revenues	1.1.1.1.	4,772,640	4,182,903	4,182,903	114.1
II. Property, plant and equipment	1.1.1.2.	290,618,382	300,974,691	300,974,691	96.6
III. Investment property	1.1.1.3.	62,310,564	39,695,028	39,669,884	157.1
IV. Non-current financial assets	1.1.1.4.	17,888,052	18,119,873	18,119,873	98.7
V. Non-current operating receivables	1.1.1.5.	3,418,708	63,357,313	63,357,313	5.4
VI. Deferred tax assets	1.1.1.6.	2,377,108	1,666,298	70,689	3,362.8
B. Current assets	1.1.2.	157,338,424	150,247,418	150,182,168	104.8
II. Inventories	1.1.2.1.	24,624,928	22,170,820	22,170,820	111.1
III. Current financial assets	1.1.2.2.	397,981	81,594	81,594	487.8
IV. Current operating receivables	1.1.2.3.	70,116,959	93,800,277	93,735,027	74.8
V. Cash	1.1.2.4.	62,198,556	34,194,727	34,194,727	181.9
C. Current deferred costs and accrued revenues	1.1.3.	34,806,640	31,340,274	31,340,274	111.1
EQUITY AND LIABILITIES	1.2.	573,530,518	609,583,798	607,897,795	94.3
A. Equity	1.2.1.	293,099,775	157,536,485	164,971,274	177.7
I. Called-up capital		205,274,421	95,070,230	95,070,230	215.9
II. Capital surplus		45,002,140	45,002,140	45,002,140	100.0
III. Revenue reserves		829,108	0	0	-
IV. Revaluation surplus		9,426,408	12,274,041	15,291,055	61.6
V. Retained earnings		5,704,380	(12,753,464)	(8,335,689)	-
VI. Net profit/loss for the year		21,484,936	13,876,912	13,876,912	154.8
1. Net profit/loss for the period		21,484,936	13,876,912	13,876,912	154.8
VII. Consolidated equity adjustment		(12,078)	(4,222)	(4,222)	286.1
VIII. Minority equity interest		5,390,460	4,070,848	4,070,848	132.4
B. Provisions and long-term accrued costs and deferred revenues	1.2.2.	30,668,400	36,274,493	36,274,493	84.5
C. Non-current liabilities	1.2.3.	136,924,852	122,132,456	119,115,442	115.0
I. Non-current financial liabilities	1.2.3.1.	134,633,928	117,156,450	117,156,450	114.9
II. Non-current operating liabilities	1.2.3.2.	408,355	1,958,992	1,958,992	20.8
III. Deferred tax liabilities	1.2.3.3.	1,882,569	3,017,014	0	-
Č. Current liabilities	1.2.4.	93,069,590	257,755,566	257,755,566	36.1
II. Current financial liabilities	1.2.4.1.	9,415,411	176,494,888	176,494,888	5.3
III. Current operating liabilities	1.2.4.2.	83,654,179	81,260,678	81,260,678	102.9
D. Short-term accrued costs and deferred revenues	1.2.5.	19,767,901	35,884,798	29,781,020	66.4
OFF-BALANCE LIABILITIES	1.3.	884,561,104	800,800,182	800,800,182	110.3

INCOME STATEMENT for the period 1 January – 31 December 2015
Slovenske železnice Group

Item (EUR)	Note	2015	2014	Index
1. Net sales revenues	2.1.	463,289,248	462,834,432	100.1
a) Revenue on the domestic market		277,348,408	273,127,241	101.5
1. Transport revenue		37,475,546	35,322,980	106.1
2. Other revenue		239,872,862	237,804,261	100.9
b) Revenue on foreign markets		185,940,840	189,707,191	98.0
1. Transport revenue		154,500,002	161,385,049	95.7
2. Other revenue		31,440,838	28,322,142	111.0
2. Change in inventories of finished goods and work in progress	2.1.	51,232	453,170	11.3
3. Capitalised own products and own services	2.1.	22,310,484	22,918,964	97.3
4. Other operating revenue (including oper. revenue from revaluation)	2.1.	95,233,687	70,982,475	134.2
5. Cost of goods, materials and services	2.2.	242,182,045	246,296,781	98.3
a) Cost of goods and materials sold and cost of materials used		76,731,296	80,133,852	95.8
b) Cost of services		165,450,749	166,162,929	99.6
6. Labour cost	2.2.	249,511,237	243,961,015	102.3
a) Cost of wages and salaries		170,582,620	164,672,829	103.6
b) Cost of social security		36,022,147	35,133,254	102.5
c) Other labour cost		42,906,470	44,154,932	97.2
7. Write-downs	2.2.	48,183,900	36,835,513	130.8
a) Amortisation and depreciation expense		34,309,239	34,944,993	98.2
b) Operating expenses from revaluation of intangible non-current assets and property, plants and equipment		440,350	608,889	72.3
c) Operating expenses from revaluation of current assets		13,434,311	1,281,631	1,048.2
8. Other operating expenses	2.2.	2,512,048	5,930,430	42.4
Operating profit/loss (1 ± 2 + 3 + 4 - 5 - 6 - 7 - 8)		38,495,421	24,165,302	159.3
9. Finance income from interest	2.4.	1,015,340	895,978	113.3
10. Finance income from loans	2.4.	3,547,409	529,749	669.6
11. Finance income from operating receivables	2.4.	638,966	367,554	173.8
12. Finance expenses from impairment and write-offs of investments	2.5.	8,651	4,992	173.3
		17,377,807	9,377,266	185.3
13. Finance expenses from financial liabilities	2.5.	419,307	158,233	265.0
14. Finance expenses from operating liabilities	2.5.			
Operating profit/loss from ordinary activities (1±2+3+4-5-6-7-8+9+10+11-12-13-14)		25,891,371	16,418,092	157.7
15. Other revenues	2.6.	220,594	79,204	278.5
16. Other expenses	2.7.	898,952	1,060,641	84.8
17. Corporate income tax		3,350,953	876,223	382.4
18. Deferred taxes		(1,845,255)	10,873	-
19. Net profit/loss for the period (1±2+3+4-5-6-7-8+9+10+11-12-13-14+15-16-17±18)	2.8.	23,707,315	14,549,559	162.9
a) majority shareholders		22,314,044	13,876,912	160.8
b) minority shareholders		1,393,271	672,647	207.1

CONSOLIDATED STATEMENT of comprehensive income for the period 1 January – 31 December 2015
Slovenske železnice Group

Item (EUR)	Note	2015	2014	Index
19. Net profit/loss for the period		23,707,315	14,549,559	162.9
a) majority shareholders		22,314,044	13,876,912	160.8
b) minority shareholders		1,393,271	672,647	207.1
20. Change in the surplus from revaluation of intangible assets and property, plant and equipment		(6,674,133)	(72,359)	9,223.6
a) majority shareholders		(6,674,133)	(72,359)	9,223.6
21. Change in the surplus from revaluation of available for sale financial assets		(23,779)	8,751	-
a) majority shareholders		(23,779)	8,751	-
22. Profits and losses from translation of financial statements of companies abroad (effects of exchange rate differences)		2,293	8,625	26.6
a) majority shareholders		2,293	6,885	33.3
b) minority shareholders		0	1,740	-
23. Other components of the comprehensive income		832,085	(2,489,362)	-
a) majority shareholders		833,223	(2,488,066)	-
b) minority shareholders		(1,138)	(1,296)	87.8
24. Total comprehensive income for the period				
(19 + 20 + 21 + 22 + 23)	2.8.	17,843,781	12,005,214	148.6
a) majority shareholders		16,451,648	11,332,123	145.2
b) minority shareholders		1,392,133	673,091	206.8

STATEMENT OF CASH FLOWS (Version II) (EUR)		2015	2014
A. CASH FLOWS FROM OPERATING ACTIVITIES			
a) Income statement items		42,676,252	55,719,314
Operating revenue (excluding revaluation) and finance income from operating receivables		521,562,021	531,463,073
Operating expenses less amortisation and depreciation (excluding revaluation) and finance expenses from operating liabilities		(475,611,794)	(475,316,597)
Corporate income tax and other tax not included in operating expenses		(3,273,975)	(427,162)
b) Changes in net current assets (and accruals and deferrals, provisions, deferred tax assets and liabilities) and operating balance sheet items		59,075,216	78,469,221
Opening less closing operating receivables		80,953,757	70,073,704
Opening less closing deferred costs and accrued revenues		(3,641,363)	(26,687,368)
Opening less closing assets (disposal groups) held for sale		0	141,375
Opening less closing inventories		(3,610,293)	1,541,268
Closing less opening operating liabilities		(2,399,959)	16,094,647
Closing less opening provisions and accrued costs and deferred revenues		(12,226,926)	17,305,595
c) Net cash from operating activities (a+b)		101,751,468	134,188,535
B. CASH FLOWS FROM INVESTING ACTIVITIES			
a) Receipts from investing activities		38,031,740	8,625,773
Receipts from Interest and shares in the profit relating to investing activities		4,503,464	1,768,974
Receipts from disposal of intangible assets		0	1,192,057
Receipts from disposal of property, plant and equipment		1,428,836	3,765,991
Receipts from disposal of investment property		31,232,170	0
Receipts from disposal of non-current financial assets		699,212	1,001,728
Receipts from disposal of current financial assets		168,058	897,023
b) Disbursements from investing activities		(57,950,891)	(27,342,098)
Disbursements for the acquisition of intangible assets		(103,051)	(377,890)
Disbursements for the acquisition of property, plant and equipment		(23,431,979)	(26,052,376)
Disbursements for the acquisition of investment property		(33,514,659)	0
Disbursements for the acquisition of non-current financial assets		(416,757)	0
Disbursements for the acquisition of current financial assets		(484,445)	(911,832)
c) Net cash from (used in) investing activities (a+b)		(19,919,151)	(18,716,325)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
a) Receipts from financing activities		188,334,296	136,026,545
Receipts from paid-up capital		110,204,191	0
Receipts from increase in non-current borrowings		36,740,872	0
Receipts from increase in current borrowings		41,389,233	136,026,545
b) Disbursements for financing activities		(242,162,784)	(221,599,787)
Disbursements for interest not related to financing activities		(16,970,911)	(9,680,806)
Disbursements for non-current financial liabilities		(94,379,180)	0
Disbursements for current financial liabilities		(130,812,693)	(211,918,981)
c) Net cash from (used in) financing activities (a+b)		(53,828,488)	(85,573,242)
Č. Closing balance of cash			
x) Net cash for the period (sum of Ac, Bc and Cc)		28,003,829	29,898,968
y) Opening balance of cash		34,194,727	4,295,759
Closing balance of cash (x + y)		62,198,556	34,194,727

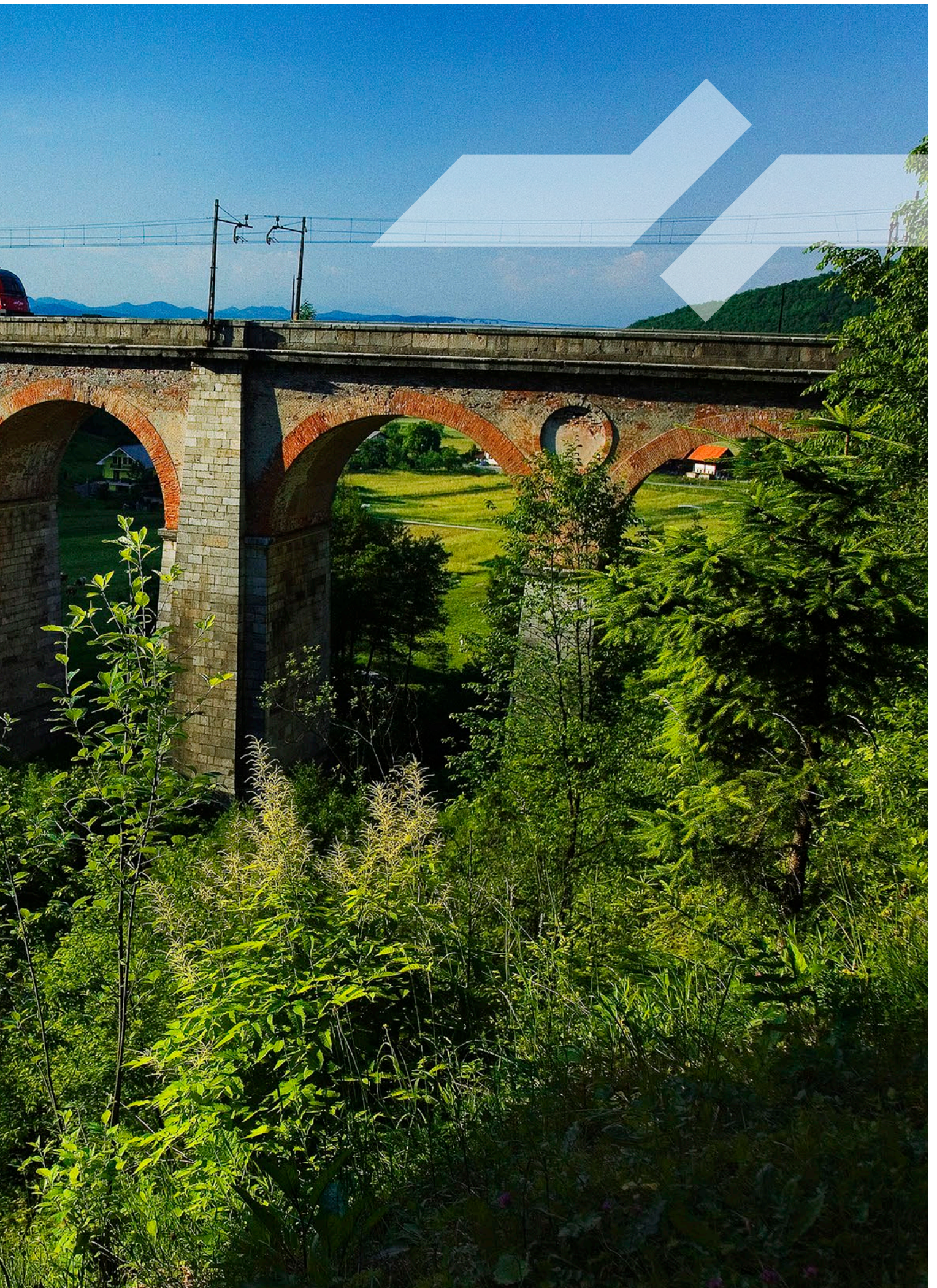
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF SLOVENSKE ŽELEZNICE in the period from 1 January to 31 December 2015

Description (EUR)	Called-up capital		Capital surplus	Revenue reserves					Revaluation surplus	Retained net profit or loss from previous periods		Net profit or loss for the fin. year		Equity translation adjustment	Minority equity interests	Total
	I		II	III					IV	V		VI	VII	VIII	IX	
	Share capital	Uncalled capital		Legal reserves	Treasury share reserves	Own participating interests	Statutory reserves	Other revenue reserves		Retained net profit	Retained net loss	Net profit for the fin. year	Net loss for the fin. year			
	I/1	I/2		III/1	III/2	III/3	III/4	III/5		V/1	V/2	VI/1	VI/2			
A.1. Balance as at the end of the previous reporting period	95,070,230	0	45,002,140	0	0	0	0	0	15,291,055	(8,335,689)	13,876,912	0	(4,222)	4,070,848	164,971,274	
a) Retrospective restatements									(4,382,398)					(34,958)	(4,417,356)	
A.2. Opening balance of the reporting period	95,070,230	0	45,002,140	0	0	0	0	0	15,291,055	(4,382,398)	(8,335,689)	13,876,912	0	(4,222)	4,035,890	160,553,918
B.1. Changes in equity – transactions with owners	110,204,191	0	0	0	0	0	0	0	0	(952,657)	0	0	0	0	(38,701)	109,212,833
c) Entry of additional paid-up capital	110,204,191															110,204,191
d) Acquisition of treasury shares and own participating interests									(13,464)					(7,482)	(20,946)	(20,946)
g) Dividend distribution														(31,219)	(31,219)	(939,193)
i) Other changes in equity									(939,193)							(939,193)
B.2. Total comprehensive income for the reporting period	0	0	0	0	0	0	0	0	(5,864,647)	(5,498,212)	0	22,314,044	0	(7,856)	1,393,271	23,333,024
a) Entry of net profit or loss for the reporting period												22,314,044				23,333,024
c) Changes in the surplus from revaluation of property, plant and equipment								(6,674,132)	6,674,132							0
c) Changes in the surplus from revaluation of financial assets								(15,339)								(15,339)
d) Other items of total comprehensive income in the reporting period								824,824	(1,175,689)							(350,865)
e) Gains and losses arising from the translation of financial statements of companies abroad									(231)					(7,856)		(8,087)
B.3. Changes in equity	0	0	0	829,108	0	0	0	0	0	13,876,912	0	(14,706,020)	0	0	0	0
a) Allocation of the remaining part of net profit for the comparative reporting period to other equity items										13,876,912		(13,876,912)				0
b) Allocation of a part of net profit for the comparative to other equity items pursuant to the resolution of management and sup. bodies				829,108								(829,108)				0
C. Closing balance of the reporting period	205,174,421	0	45,002,140	829,108	0	0	0	0	9,426,408	5,704,380	21,484,936	0	(12,078)	5,390,460	293,099,775	
ACCUMULATED PROFIT/LOSS									5,704,380		21,484,936	0				27,189,316

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF SLOVENSKE ŽELEZNICE in the period from 1 January to 31 December 2014

Description (EUR)	Called-up capital		Capital surplus		Revenue reserves			Revaluation surplus	Retained net profit or loss from previous periods		Net profit or loss for the fin. year		Equity translation adjustment	Minority equity interests	Total
	I		II		III	Treasury share reserves	Own participating interests	Statutory reserves	Other revenue reserves	IV	V	VI	VII	VIII	IX
	Share capital	Uncalled capital													
	I/1	I/2			III/1	III/2	III/3	III/4	III/5		V/1	V/2	VI/1	VI/2	
A.1. Balance as at the end of the previous reporting period	95,070,230	0	45,002,140	0	0	0	0	0	0	17,841,328	(25,997,654)	17,933,356	0	(7,748)	3,424,432
A.2. Opening balance of the reporting period	95,070,230	0	45,002,140	0	0	0	0	0	0	17,841,328	0	(25,997,654)	17,933,356	0	3,424,432
B.1. Changes in equity – transactions with owners	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.2. Total comprehensive income for the reporting period	0	0	0	0	0	0	0	0	0	(2,550,273)	0	72,360	13,876,912	0	675,188
a) Entry of net profit or loss for the reporting period												13,876,912			14,549,559
b) Changes in the surplus from revaluation of property, plant and equipment										(72,360)		72,360			0
c) Changes in the surplus from revaluation of financial assets										8,750					8,750
d) Other items of total comprehensive income in the reporting period										(2,486,663)					(2,486,663)
e) Gains and losses arising from the translation of financial statements of companies abroad													3,526		3,526
B.3. Changes in equity	0	0	0	0	0	0	0	0	0	0	0	17,589,605	(17,933,356)	0	(343,751)
a) Allocation of the remaining part of net profit for the comparative reporting period to other equity items												17,933,356	(17,933,356)		0
f) Other changes in equity															(28,772)
C. Closing balance of the reporting period	95,070,230	0	45,002,140	0	0	0	0	0	0	15,291,055	(8,335,689)	13,876,912	0	(4,222)	4,070,848
ACCUMULATED PROFIT/LOSS											(8,335,689)	13,876,912	0		5,541,223





DISCLOSURE OF CONSOLIDATED FINANCIAL STATEMENT ITEMS

1. NOTES TO THE CONSOLIDATED BALANCE SHEET

1.1. Assets

Assets (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
A. Non-current assets	381,385,454	426,375,353
B. Current assets	157,338,424	150,182,168
C. Short-term deferred costs and accrued revenues	34,806,640	31,340,274
Total	573,530,518	607,897,795

1.1.1. Non-Current Assets

LONG-TERM ASSETS (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
I. Intangible assets and long-term deferred costs and accrued revenues	4,772,640	4,182,903
II. Property, plant and equipment	290,618,382	300,974,691
III. Investment property	62,310,564	39,669,884
IV. Non-current financial assets	17,888,052	18,119,873
V. Non-current operating receivables	3,418,708	63,357,313
VI. Deferred tax receivables	2,377,108	70,689
Total	381,385,454	426,375,353

Non-current assets account for 66.5% of the total assets of companies in the SŽ Group.

1.1.1.1. Intangible assets and long-term deferred costs and accrued revenues

INTANGIBLE ASSETS AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
1. Long-term property rights	1,161,266	746,525
2. Goodwill	1,579,373	1,579,374
5. Other long-term deferred costs and accrued revenues	2,032,001	1,857,004
Total	4,772,640	4,182,903

Intangible assets are disclosed in the consolidated balance sheet according to their carrying amount (cost less the accumulated amortisation).

As at 31 December 2012, the subsidiary Fersped d.o.o. was consolidated for the first time. The difference between the fair value of the assets, debts and contingent liabilities of the subsidiary and the transferred compensation for the equity interest in the subsidiary increased by the amount of the non-controlling interest is disclosed as goodwill in the amount of EUR 1,579,374.

Statement of changes in intangible assets and long-term deferred costs and accrued revenues in 2015 – Slovenske železnice Group companies:

Description (EUR)	Long-term property rights	Goodwill	Advances for intangible assets	Long-term deferred development costs	Other long-term deferred costs and accrued revenues	Total intangible non-current assets
Cost						
Balance as at 1. 1. 2015	6,450,888	1,579,373	0	141,066	1,857,004	10,028,331
Increases	778,873	0	0		1,594,430	2,373,303
Decreases	(30,628)	0	0	(1,728)	(1,419,433)	(1,451,789)
Balance as at 31. 12. 2015	7,199,134	1,579,373	0	139,338	2,032,001	10,949,846
Accumulated amortisation						
Balance as at 1. 1. 2015	5,704,363	0	0	141,066	0	5,845,429
Decreases	(30,628)	0	0	(1,728)	0	(32,356)
Amortisation	364,133	0	0		0	364,133
Balance as at 31. 12. 2015	6,037,868	0	0	139,338	0	6,177,206
Carrying amount						
Balance as at 1. 1. 2015	746,525	1,579,374	0	0	1,857,004	4,182,902
Balance as at 31. 12. 2015	1,161,266	1,579,373	0	0	2,032,001	4,772,640

Long-term property rights are assets with a finite useful life.

1.1.1.2. Property, plant and equipment

In order to measure the Group's property, plant and equipment after recognition, the cost model was chosen for all Group companies.

PROPERTY, PLANT AND EQUIPMENT (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
1. Land and buildings	60,628,932	61,725,869
a) Land	13,503,303	13,509,491
b) Buildings	47,125,629	48,216,378
2. Production plant and machinery	220,071,411	232,328,311
a) Equipment	219,887,367	232,153,181
b) Small tools	184,044	175,130
3. Other plant and equipment	1,803,736	1,767,724
4. Property, plant and equipment being acquired	8,114,303	5,152,787
a) Property, plant and equipment under construction or development	7,386,424	5,125,479
b) Advances for acquisition of property, plant and equipment	727,879	27,308
Total	290,618,382	300,974,691

Items of property, plant and equipment are disclosed in the consolidated balance sheet according to their carrying amount (cost less the accumulated depreciation).

The Group has the following pledged as collateral for its long-term debt as at 31 December 2015:

- SŽ-Tovorni promet, d. o. o. – movable property worth EUR 103,803,415;
- SŽ-VIT, d. o. o. – immovable property worth EUR 70,603.

Owing to the acquisition of property, plant and equipment, the Group discloses financial liabilities in the amount of EUR 143,709,764 as at 31 December 2015.

Statement of changes in property, plant and equipment
in 2015 – Slovenske železnice Group companies:

Description (EUR)	Land	Buildings	Production plant and machinery	Other plant and equipment	Equipment under finance lease	Property, plant and equipment being acquired and investments into the property, plant and equipment of others	Total PPE
Cost							
Balance as at 1.1.2015	13,509,491	113,385,426	817,237,949	4,157,164	1,946,221	5,454,056	955,690,307
Increases	11,300	2,187,022	17,378,419	240,877	1,147,731	2,515,582	23,480,931
Transfer to investment property	0	(1,216,054)	1,090,813	0	(466,122)	460,276	(131,087)
Decreases	(17,488)	(1,599,809)	(17,382,636)	(115,225)	(17,550)	0	(19,132,708)
Balance as at 31.12.2015	13,503,303	112,756,585	818,324,545	4,282,816	2,610,280	8,429,914	959,907,443
Accumulated depreciation							
Balance as at 1.1.2015	0	65,169,048	586,615,603	2,389,440	240,256	301,269	654,715,616
Increases	0	18,000	435,353	308	(145,470)	0	308,191
Decreases	0	(1,777,434)	(17,234,763)	(113,724)	0	0	(19,125,921)
Depreciation	0	2,221,342	30,741,490	203,056	210,945	14,342	33,391,175
Balance as at 31.12.2015	0	65,630,956	600,557,683	2,479,080	305,731	315,611	669,289,061
Carrying amount							
Balance as at 1.1.2015	13,509,491	48,216,378	230,622,346	1,767,724	1,705,965	5,152,787	300,974,691
Balance as at 31.12.2015	13,503,303	47,125,629	217,766,862	1,803,736	2,304,549	8,114,303	290,618,382

Equipment under finance lease (EUR)	31. 12. 2015
Skupina ŽGP	2,075,753
Skupina ŽIP	211,700
Slovenske železnice, d. o. o.	9,029
Prometni institut, d. o. o.	8,067
Total	2,304,549

The Group leases personal vehicles, transport and communications equipment and equipment for loading and unloading.

The property, plant and equipment being acquired item in the statement of changes in property, plant and equipment discloses advances for the acquisition of property, plant and equipment worth EUR 727,879, the majority of which were provided to SŽ-ŽGP, d. d. (EUR 726,238).

1.1.1.3. Investment property

INVESTMENT PROPERTY (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
1. Investment property	62,310,564	39,669,884
Total	62,310,564	39,669,884

(EUR)	31. 12. 2015
Slovenske železnice, d. o. o.	51,358,593
SŽ-Potniški promet, d. o. o.	5,735,553
Skupina Tovorni promet	3,872,607
Skupina ŽGP	1,195,282
Skupina Fersped	37,193
SŽ-Železniška tiskarna Ljubljana, d. d.	12,810
SŽ-VIT, d. o. o.	48,980
Prometni institut, d. o. o.	49,546
Total	62,310,564

Description (EUR)	SŽ d. o. o.	TP Group	SŽ-PP d. o. o.	SŽ-VIT d. o. o.	SŽ-PI d. o. o.	SŽ-ŽT d. d.	ŽGP Group	Fersped Group
Cost								
Balance as at 1. 1. 2015	43,541,250	9,860,192	8,090,206	645,499	128,893	40,462	1,032,139	295,516
Acquisitions	33,231,767	36,102	0	0	0	0	0	0
Disposals	(11,038,165)	(237,705)	(20,404)	0	0	0	0	0
Reclassifications – increases	0	0	0	0	0	0	616,507	0
Balance as at 31. 12. 2015	65,734,852	9,658,589	8,069,802	645,499	128,893	40,462	1,648,646	295,516
Accumulated depreciation								
Balance as at 1. 1. 2015	14,806,528	5,808,182	2,313,171	594,768	77,045	27,024	84,504	253,051
Disposals	(781,808)	(179,000)	(20,404)	0	0	0	0	0
Depreciation	351,539	156,800	41,482	1,751	2,302	628	0	2,112
Reclassifications – increases	0	0	0	0	0	0	368,859	0
Consolidation differences	0	0	0	0	0	0	0	3,161
Balance as at 31. 12. 2015	14,376,259	5,785,982	2,334,249	596,519	79,347	27,652	453,363	258,324
Consolidation differences								
Balance as at 1. 1. 2015	28,734,722	4,052,010	5,777,035	50,731	51,848	13,438	947,635	42,465
Balance as at 31. 12. 2015	51,358,593	3,872,607	5,735,553	48,980	49,546	12,810	1,195,283	37,192

Fersped d.o.o. values its investment properties according to the fair value model. In consolidated statements, properties are valued according to the cost model, which is why the table states the relevant accumulated depreciation as consolidation differences.

1.1.1.4. Non-current financial assets

LONG-TERM FINANCIAL INVESTMENTS (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
1. Non-current financial assets, except loans	15,474,753	15,705,188
a) Shares and interests in Group companies	8,000	20,486
b) Shares and interests in associated companies	11,285,831	11,391,120
c) Other shares and interests	3,492,073	3,515,852
č) Other non-current financial assets	688,849	777,730
2. Long-term loans	2,413,299	2,414,685
b) Long-term loans to others	2,413,299	2,414,685
Total	17,888,052	18,119,873

The shares and interests in Group companies item (EUR 8,000) states the investment of the subsidiary Fersped d.o.o. into the Ferit s.r.l. company (EUR 8,000). The company's statements are not included in consolidated statements as they do not impact the true and fair presentation of the company's financial position, operating profit or loss, cash flows and changes in equity.

Table of the Group's long-term investments into associated companies and other long-term participating interests:

Associated companies (EUR)	Ownership share	Value of equity investment			
		Investment	Reconciliation of investment	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
Terme Olimia, d. d.	23.87 %	3,064,172	4,460,030	7,524,202	7,289,035
Adria Kombi, d. o. o.	26.00 %	15,451	2,919,247	2,934,698	3,208,661
CKTZ Zagreb, d. d.	29.14 %	826,931	0	826,931	884,924
CER Cargo, d. d.	34.00 %	0	0	0	8,500
Total		3,906,554	7,379,277	11,285,831	11,391,120

Other long-term interests (EUR)	Participating interest in%	Value of equity investment	
		31. 12. 2015	31. 12. 2014
KRS Tabor, d. d.	0.0088	100	100
Počitniška skupnost Krško, d. o. o.	3.1512	2,893	2,893
Emonika NS, d. o. o.	3.0000	1,953,330	1,953,330
Emonika PS, d. o. o.	3.0000	67,549	67,549
Emonika H&S, d. o. o.	3.0000	5,704	5,704
EUROFIMA	0.2000	1,376,856	1,376,856
HIT – RAIL	4.3000	54,439	54,439
BCC Bruselj	1.3600	1,500	1,500
Cimos Koper, d. d.		439	439
Telekom, d. d.		24,093	47,850
Delnice Zavarovalnice Triglav		5,170	5,192
Total other interests		3,492,073	3,515,852

The shares of the Telekom d.d. and Zavarovalnica Triglav companies are listed on the stock exchange, which is why the above investments are valued at fair value as at 31 December 2015.

Other non-current financial assets include long-term term deposits of the ŽGP Group in the amount of EUR 688,849 that are intended for use as collateral for guarantees.

The major portion of long-term loans (EUR 2,413,299) relates to the Controlling Company (EUR 2,403,554). The imposed adjustment measure on the basis of the audit report of the Court of Audit of the Republic of Slovenia for the reversal of the disclosure of the financial asset into the SŽ-Železniški zdravstveni dom Ljubljana institute is disclosed as a reversal of the disclosure of long-term investments into the institute in the amount of EUR 2,401,003 and simultaneously as the establishment of a non-current financial receivable due from the institute in the same amount. The receivable relates to the assets that the parent company provides to the institute so that it can carry out its activities and represents the assets of the institute's founder in accordance with the Institutes Act. For financial reporting purposes, the real estate appraiser therefore assessed the value of real rights in the two properties in respect of the abovementioned receivable, whereby their fair value stood at EUR 2,410,000 as at 31 December 2014.

1.1.1.5. Non-current operating receivables

NON-CURRENT OPERATING RECEIVABLES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
2. Non-current trade receivables	77,152	2,699,123
3. Non-current operating receivables due from others	3,341,556	60,658,190
Total	3,418,708	63,357,313

The majority of non-current trade receivables consist of receivables following the approved compulsory settlement (EUR 76,987).

The majority of non-current operating receivables due from others consist of long-term loans for the purchase of apartments and other properties in the amount of EUR 2,958,783.

The company believes that non-current operating receivables, which are not collateralised, are not exposed to risk. The company does not disclose any receivables due from Management Board or Supervisory Board members.

At the end of 2014, receivables due from the state in the amount of EUR 134,261,600 were disclosed under non-current operating receivables. Article 5a of the Act amending the Slovenian Railway Company Act that entered into force on 4 June 2011 was amended with the adoption of the Fiscal Balance Act (Official Gazette of the RS No. 40 dated 30 May 2012) allowing the state to settle the claim in the period from 2014 to 2023. In accordance with the Claim Payment Method Agreement, the Government of the Republic of Slovenia will settle the amount in ten equal instalments.

In 2014, Slovenske železnice d.o.o. sold four instalments of the claim to banks. These instalments in the nominal amount of EUR 53,704,640 mature in the period from 2015 to 2018. The other five instalments of the claim in the amount of EUR 67,130,800 that mature in the 2019–2023 period were sold by the company in 2015. It thus repaid a portion of its debt towards the banks.

1.1.1.6. Deferred tax assets

DEFERRED TAX ASSETS (EUR)	Consolidated 31. 12. 2015	Consolidated 1. 1. 2015	Consolidated 31. 12. 2014
VI. Deferred tax assets	2,377,108	1,666,298	70,689

Deferred tax assets are recognised in the amount of the adjusted tax base.

Company (EUR)	Consolidated 31. 12. 2015	Consolidated 1. 1. 2015	Consolidated 31. 12. 2014
SŽ-Infrastruktura d.o.o.	793,560	458,830	0
Tovorni promet Group	761,600	694,620	0
SŽ-ŽGP Group	336,675	185,494	62,765
SŽ-VIT d.o.o.	285,770	160,650	0
Fersped Group	182,580	158,780	0
Prometni institut d.o.o.	16,923	7,924	7,924
Total	2,377,108	1,666,298	70,689

Deferred tax assets are recognised in the Group for the expenses not recognised for tax purposes (non-deductible), i.e. from provisions, tax losses and valuation adjustments of receivables, but only up to the amount of future positive tax bases for the following three years. Based on the planned operating results, there is a higher possibility of reducing the tax bases from non-deductible expenses, which is why deferred tax assets increased compared to 2014.

Movement of deferred tax assets at the Slovenske železnice Group in 2015:

(EUR)	
Assets arising from provisions 31 December 2014	70,689
Assets arising from valuation adjustments of receivables 1 January 2015	122,729
Assets arising from tax losses 1 January 2015	1,472,880
2015 drawdown from provisions	0
2015 drawdown from valuation adjustments of receivables	0
2015 drawdown from tax losses	0
2015 formation from provisions	336,782
2015 formation from valuation adjustments of receivables	158,128
2015 formation from tax losses	215,900
Deferred tax assets 31 December 2015	2,377,108

1.1.2. Current assets

CURRENT ASSETS (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
I. Assets (disposal group) held for sale	0	0
II. Inventories	24,624,928	22,170,820
III. Current financial assets	397,981	81,594
IV. Current operating receivables	70,116,959	93,735,027
V. Cash and cash equivalents	62,198,556	34,194,727
Total	157,338,424	150,182,168

1.1.2.1. Inventories

INVENTORIES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
1. Material	20,235,231	17,468,519
a) Material	5,754,037	4,440,482
b) Spare parts	14,057,686	12,580,366
c) Small tools and packaging	423,508	447,671
2. Unfinished production	2,345,306	2,488,089
3. Products and merchandise	1,974,738	1,844,843
4. Advances for inventories	69,653	369,369
Total	24,624,928	22,170,820

Inventories of materials, spare parts and small tools are disclosed in their own financial statements by the following companies:

Overview of movements in inventories of material (EUR)	TP Group	SŽ-PP	SŽ-Infra	SŽ	ŽIP Group	SŽ-VIT	SŽ-ŽT	ŽGP Group	Total
Balance as at 31. 12. 2014	2,248,876	3,975,608	2,776,194	0	176,439	6,416,482	12,614	2,003,353	17,609,566
+ New purchases	4,333,223	2,949,439	12,273,086	5,673	556,370	16,271,406	47,153	7,697,113	44,133,463
+ Acquisition upon elimination of PPE	15,077	4,649	133	0	0	56,073	0	0	75,932
- Material consumption	3,214,244	2,449,317	10,146,872	5,002	509,830	14,799,972	48,585	6,995,598	38,169,420
- Usage for investments	1,160,298	492,276	0	0	0	0	0	1,843	1,654,417
- Write-offs of non-moving inv.	255,179	476,273	56,570	0	8,541	35,689	0	135,820	968,072
- Donorship	0	0	686	0	0	0	0	0	686
- Impairment of inventories	0	0	0	0	0	123,127	0	0	123,127
- Sale	42,062	11,267	294		64,867	33,092		509,196	660,778
- Inv. shortfall	0	0	0	0	139	8,831	0	0	8,970
- Theft	0	0	0	0	0	676	0	0	676
+ Inv. surplus	0	0	0	0	0	2,416	0	0	2,416
Balance as at 31. 12. 2015	1,925,393	3,500,563	4,844,991	671	149,432	7,744,990	11,182	2,058,009	20,235,231

Overview of the write-offs of non-moving inventories (EUR)	TO. Group	SŽ-PP, d. o. o.	SŽ-Infra., d. o. o.	SŽ-VIT, d. o. o.	ŽIP Group	ŽGP Group	Total
material	12,665	14,559	12,716	1,905	8,541	133,696	184,082
spare parts	242,334	459,988	42,106	33,784	0	2,124	780,336
small tools and packaging	180	1,726	1,748	0	0	0	3,654
Total	255,179	476,273	56,570	35,689	8,541	135,820	968,072

Shortfalls established during the stocktaking of materials and theft (EUR)	SŽ-VIT, d. o. o.	ŽIP Group	Total
material	3,297	0	3,297
spare parts	5,517	0	5,517
small tools	693	139	832
Total	9,507	139	9,646

Surpluses established during the stocktaking of materials (EUR)	SŽ-VIT, d. o. o.
material	1,501
spare parts	915
Total	2,416

Impairment of inventories (EUR)	SŽ-VIT, d. o. o.
material	122,885
spare parts	228
small tools	14
Total	123,127

SŽ-VIT, d. o. o. discloses 97.5% of unfinished production in its financial statements.

Unfinished production (EUR)	31. 12. 2015
SŽ-VIT d.o.o.	2,286,878
SŽ-ŽIP Group	22,391
SŽ Železniška tiskarna Ljubljana d.d.	4,037
ŽGP Group	32,000
Total	2,345,306

There are no liens on inventories. The carrying amount of inventories does not exceed their net realisable value.

1.1.2.2. Current financial assets

CURRENT FINANCIAL ASSETS (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
1. Current financial assets, except loans	369,648	0
c) Other current financial assets	369,648	0
2. Short-term loans	28,333	81,594
b) Short-term loans to others	28,333	81,594
Total	397,981	81,594

Current financial assets include short-term term deposits of SŽ-ŽGP d.d. (EUR 369,648) and deposits provided as collateral for the acquired bank guarantees (EUR 25,000) and a loan for the purchase of additional years of service.

1.1.2.3. Kratkoročne poslovne terjatve

	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
CURRENT OPERATING RECEIVABLES (EUR)		
1. Current operating receivables due from Group companies	44,109,199	65,700,604
2. Current trade receivables	26,300,040	47,437,408
a) Current trade receivables due from domestic buyers	17,809,159	18,263,196
b) Current trade receivables due from foreign buyers	26,007,760	28,034,423
3. Current operating receivables due from others	7,121,326	8,521,991
a) Current operating receivables due from the state and other institutions	277,226	256,464
b) Current operating receivables due from employees	18,241	5,775
c) Current receivables related to fin. inc. and due from others	263,613	321,457
d) Short-term caution money	31,370	30,583
e) Other current operating receivables due from others	18,295,984	18,898,153
Total	70,116,959	93,735,027

Current trade receivables from domestic buyers are disclosed at the following companies:

Current trade receivables (EUR)	At home	Abroad	31. 12. 2015	31. 12. 2014
SŽ-ŽGP Group	1,905,223	615,700	2,520,923	16,472,254
Tovorni promet Group	11,645,079	13,618,887	25,263,966	26,546,576
SŽ-Potniški promet d.o.o.	4,473,766	67,220	4,540,986	12,058,206
Fersped Group	2,938,214	2,115,138	5,053,352	5,411,339
SŽ-Infrastruktura d.o.o.	3,629,844	13,686	3,643,530	3,032,797
SŽ-ŽIP Group	1,319,246	988	1,320,234	204,311
Slovenske železnice d.o.o.	279,940	10,824	290,764	388,207
SŽ-VIT d.o.o.	98,463	1,309,380	1,407,843	1,528,284
Prometni institut Ljubljana d.o.o.	7,285	57,336	64,621	55,366
SŽ Železniška tiskarna Ljubljana d.d.	2,980	0	2,980	3,264
Total	26,300,040	17,809,159	44,109,199	65,700,604

The allowance for current trade receivables was formed as follows:

(EUR)	SŽ d.o.o.	Gr. TP	SŽ-PP d.o.o.	SŽ-INFRA d.o.o.	SŽ-VIT d.o.o.	ŽIP Group	ŽGP Group	Fersped Group	Total
Balance as at 31. 12. 2014	196,636	2,315,319	28,457	739,488	195,495	184,160	2,037,196	1,886,319	7,583,070
Additional formation	0	0	0	0	32,578	0	578,254	0	610,832
Reduction for written-off claims	(3,268)	(50,733)	0	(55,601)	(50,831)	(47,857)	(25,443)	(570,822)	(804,555)
Reversal of val. adj.	0	(64,220)	(130)	0	(3,593)	(27,324)	(8,160)	(64,005)	(167,432)
Formation of valuation adjustment	9,774	402,825	9,006	50,195	19,437	0	0	41,631	532,868
Change due to exch. rate diff.	0	0	0	0	0	0	(553)	0	(553)
Balance as at 31. 12. 2015	203,142	2,603,191	37,333	734,082	193,086	108,979	2,581,294	1,293,123	7,754,230

Prometni institut Ljubljana, d. o. o., in SŽ-Železniška tiskarna, d. d. did not disclose any revaluation adjustments of trade receivables as at 31 December 2015.

Table of trade receivable maturities:

Maturity date (EUR)	SŽ d.o.o.	TP Group	SŽ-PP d.o.o.	SŽ-INFRA d.o.o.	SŽ-VIT d.o.o.	ŽIP Group	PI, d. o. o.	ŽT, d. d.	ŽGP Group	Fersped Group
Non-past due receivables	162,337	23,955,495	4,425,643	3,179,622	554,311	1,227,545	55,213	2,174	1,936,261	3,622,464
Past due receivables	331,569	3,911,662	152,676	1,197,990	1,046,618	201,668	9,409	807	3,165,956	2,724,011
up to 30 days	64,477	584,890	57,903	290,489	545,049	60,429	9,409	807	106,930	846,953
from 31 to 90 days	92,132	491,955	54,032	97,558	180,373	13,520	0	0	439,598	397,993
90+ days	174,960	2,834,817	40,741	809,943	321,196	127,719	0	0	2,619,428	1,479,065
Total*	493,906	27,867,157	4,578,319	4,377,612	1,600,929	1,429,213	64,622	2,981	5,102,217	6,346,475

* The information for Tovorni promet, d. o. o. and Potniški promet, d. o. o. contains current account receivables worth EUR 5,712,883.

Other current operating receivables due from others (EUR 18,295,984) mostly comprise:

- receivables of SŽ-Infrastruktura d.o.o. due from the Ministry of Infrastructure in the amount of EUR 13,272,432 for:
 - the performance of the obligatory public utility service of maintaining the public railway infrastructure EUR 9,487,675,
 - the performance of the obligatory public utility service of managing railway transport EUR 2,941,215,
 - the performance of maintenance services (stations and stops) and managing the public railway infrastructure EUR 578,340;
- receivables of SŽ-Potniški promet, d.o.o. due from the Ministry of Infrastructure for the performance of the obligatory public utility service of railway passenger transport in the amount of EUR 3,817,497.

SŽ-Infrastruktura d.o.o. has trade receivables due from two buyers collateralised by mortgages in the total amount of EUR 1,039, while the Slovenske železnice d.o.o. company has trade receivables due from two buyers collateralised by mortgages in the total amount of EUR 4,660, and SŽ-Tovorni promet d.o.o. has trade receivables due from two buyers collateralised by bills of exchange in the total value of EUR 48,000.

1.1.2.4. Cash and cash equivalents

BANK BALANCES, CHEQUES AND CASH (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
1. Cash in hand and readily realisable securities	346,429	335,649
2. Bank balances and balances in other financial institutions	61,852,127	33,859,078
Total	62,198,556	34,194,727

Euro and foreign currency bank balances, cash in hand, cash in passenger station registers and cash from card payments not yet received as well as short-term deposits are disclosed under the cash and cash equivalents item.

1.1.3. Short-term deferred costs and accrued revenues

SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
1. Short-term deferred costs or expenses	155,400	536,532
2. Short-term accrued revenues	34,651,240	30,803,742
Total	34,806,640	31,340,274

The majority of all deferred costs and accrued revenues consist of short-term accrued revenues, which are disclosed in financial statements by the following:

- at SŽ-Infrastruktura d.o.o., namely accrued revenues on the basis of the Methodology for recording, assessing and charging eligible costs and lost revenues due to glaze ice and concerning the organisation and implementation of railway transport during the reconstruction and re-establishment of electric traction between Borovnica and Pivka (EUR 25,406,913);
- at SŽ-Tovorni promet d.o.o. (EUR 5,363,753), the majority of accrued revenues comprise accrued VAT from revenues relating to the organisation and implementation of railway transport due to a natural disaster – glaze ice (EUR 3,625,095), the accrued rent for freight wagons for December 2015 (EUR 366,021) and accrued transport revenue due from foreign railway administrations in international transport for December 2015 (EUR 880,054);
- at SŽ-Potniški promet d.o.o., where the majority of accrued revenues comprise accrued revenue from accrued rent for passenger wagons for 2015 (EUR 813,160), accrued transport revenue from international passenger transport owed by foreign railway administrations for December 2015 (EUR 137,000), accrued tickets for railway transportation to and from work used by workers and set off against the December wage (EUR 289,023), accrued lost revenues pursuant to the resolutions of the Government of the Republic of Slovenia (RS) as a result of the migrant flow into the RS in 2015 (EUR 415,525) and the accrued revenues for loss events affecting a diesel train and an electric train (EUR 322,374).

1.2. Liabilities

LIABILITIES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
A. Equity	293,099,775	164,971,274
B. Provisions and long-term accrued costs and deferred revenues	30,668,400	36,274,493
C. Non-current liabilities	136,924,852	119,115,442
Č. Current liabilities	93,069,590	257,755,566
D. Short-term accrued costs and deferred revenues	19,767,901	29,781,020
Total	573,530,518	607,897,795

The Slovenske železnice Group discloses EUR 573,530,518 worth of liabilities to own and foreign asset sources as at 31 December 2015.

Own asset sources are represented by equity worth EUR 293,099,775, which accounts for 51.1% of total liabilities.

EQUITY (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
I. Called-up capital	205,274,421	95,070,230
II. Capital surplus	45,002,140	45,002,140
III. Revenue reserves	829,108	0
IV. Surplus from revaluation	9,426,408	15,291,055
V. Retained earnings	5,704,380	(8,335,689)
VI. Net profit or loss for the financial period	21,484,936	13,876,912
VII. Consolidated equity revaluation adjustment	(12,078)	(4,222)
VIII. Minority equity interest	5,390,460	4,070,848
Total	293,099,775	164,971,274

The Group's equity items and changes in equity are shown in the consolidated statement of changes in equity.

1.2.2. Provisions and long-term accrued costs and deferred revenues

PROVISIONS AND LONG-TERM ACCR. COSTS AND DEFERRED REVENUES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
1. Provisions for pensions and similar liabilities	23,833,025	26,484,797
2. Other provisions	1,828,099	104,230
3. Long-term accrued costs and deferred revenues	5,007,276	9,685,466
Total	30,668,400	36,274,493

Provisions and long-term accrued costs and deferred revenues account for 5.3% of total liabilities of the Group and comprise:

Company (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
SŽ-Infrastruktura d.o.o.	7,667,547	8,389,807
SŽ-VIT d.o.o.	6,620,701	7,374,976
Tovorni promet Group	4,655,660	6,237,704
SŽ-ŽIP Group	5,395,093	5,854,645
Slovenske železnice d.o.o.	2,159,322	5,243,708
SŽ-Potniški promet d.o.o.	1,978,623	1,905,328
SŽ-ŽGP Group	1,829,358	913,292
Fersped Group	215,447	207,782
Prometni institut Ljubljana d.o.o.	96,760	93,222
SŽ Železniška tiskarna Ljubljana d.d.	49,889	54,029
Total	30,668,400	36,274,493

Provisions and long-term accrued costs and deferred revenues mostly comprise:

- provisions for severance pay and jubilee benefits (EUR 23,833,025);
- long-term accrued costs and deferred revenues mainly include exempt (accounted, but not paid) contributions for the Health Insurance Institute and the Pension and Disability Insurance Institute of the subsidiary company SŽ-ŽIP, storitve d.o.o., which are drawn in accordance with the provisions of the Vocational Rehabilitation and Employment of Disabled Persons Act (EUR 3,367,103), and assets that are disclosed by the subsidiary SŽ-Tovorni promet d.o.o. (EUR 1,050,000) and which were received for the project for the implementation of the ERTMS on the infrastructure and vehicles on corridor D (two agreements with EEIG). For the part of received and unused assets under the resolution of 2009 (EUR 1,162,500), the validity of the resolution expired in 2015 and the assets had to be returned after the discussion on the final report on the project;
- other provisions include provisions for litigation cases (EUR 1,043,363) and provisions for provided guarantees and the rehabilitation of the quarry after its closure (EUR 583,209).

Movement in provisions for severance pay and jubilee benefits:

(EUR)	Severance pay	Jubilee benefits	Total
1. Balance as at 1. 1. 2015	23,078,470	3,406,327	26,484,797
2. Usage in 2015	(316,088)	(633,577)	(949,665)
3. Cost of running services	844,032	792,854	1,636,886
4. Interest (expenses)	515,709	69,515	585,224
5. Attribution of provisions (mergers)(expenses)	0	0	0
6. Reduction of provisions (closures, rights)(income)	(1,250,575)	(233)	(1,250,808)
7. Actuarial gains/losses	(2,673,409)	0	(2,673,409)
8. Balance as at 31. 12. 2015	20,198,139	3,634,886	23,833,025
9. Impact on the profit or loss for 2015:			
Severance pay (3 + 4 + 5 + 6)	109,166	0	109,166
Jubilee benefits (3 + 4 + 5 + 6 + 7)	0	862,136	862,136
10. Impact on equity (7)	(2,673,409)	0	(2,673,409)

The calculation of provisions for severance pay upon retirement and jubilee benefits for 2015 took into account the following important assumptions:

- the amount of EUR 1,565.00 or the average gross wage of employees was used as the value for the average monthly gross wage in the Republic of Slovenia;
- the discount rate selected is 2.25%;
- total wage growth of 1.5% (wage growth in the country: 1.5%, wage growth at the company 1.5%);
- conditions for retirement: men (age 65, employment period 40 years), women (age 65, employment period 40 years) previous period: men (age 60, employment period 40 years), women (age 59, employment period 40 years);
- the calculation of liabilities for severance pay depends on these conditions;
- the assessment of employee turnover in companies relative to their age is considered;
- the mortality (life) table of the population in Slovenia between 2005-2007 is considered.

The balance of necessary provisions for severance pay upon retirement, calculated on the basis of the actuarial calculation, decreased by EUR 2,880,331 compared to the year before. Taking into account the usage of provisions in 2015, the reduction of provisions had a negative impact on the profit or loss, i.e. EUR 109,166, while said reduction also increased equity by the amount of the actuarial gains and losses of EUR 2,673,409.

The balance of necessary provisions for jubilee benefits increased by EUR 228,559 compared to the year before. Taking into account the usage of the above provisions in 2015, the increase of provisions had a negative impact on the profit or loss, i.e. EUR 862,136.

Movement of provisions for exempt (accounted, but not paid) contributions at SŽ-ŽIP, storitve d.o.o:

(EUR)	
Balance as at 1. 1. 2015	3,663,032
Formation	4,184,692
Use	(4,480,621)
Balance as at 31. 12. 2015	3,367,103

1.2.3. Non-current liabilities

NON-CURRENT LIABILITIES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
I. Non-current financial liabilities	134,633,928	117,156,450
II. Non-current operating liabilities	408,355	1,958,992
III. Deferred tax liabilities	1,882,569	0
Total	136,924,852	119,115,442

Non-current liabilities and operating liabilities account for 23.9% of total liabilities.

1.2.3.1. Non-current financial liabilities

NON-CURRENT FINANCIAL LIABILITIES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
2. Non-current liabilities to banks	29,615,385	15,484,309
a) Non-current financial liabilities to domestic banks	29,615,385	15,484,309
4. Other non-current financial liabilities	105,018,543	101,672,141
Total	134,633,928	117,156,450

Non-current financial liabilities account for 23.5% of total liabilities and comprise:

Company (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
Slovenske železnice d.o.o.	133,424,493	116,349,908
SŽ-ŽGP Group	1,016,948	719,525
SŽ-VIT d.o.o.	54,914	70,602
Fersped Group	0	7,721
Prometni institut d.o.o.	4,078	8,694
SŽ-ŽIP Group	133,495	0
Total	134,633,928	117,156,450

Non-current financial liabilities to domestic banks in the amount of EUR 29,615,385 (5.1% of total liabilities) relate to the Controlling Company and include long-term loans for the rescheduling of liabilities for the repayment of a loan to a foreign company for the purchase of locomotives.

Purpose (EUR)	Date: of contract or annex	Maturity date	Balance as at 31. 12. 2015	Collateral
Rescheduling of liabilities	27. 7. 2015	31. 7. 2019	29,615,385	Bills of exchange

Movement of the Controlling Company's loans from domestic banks:

(EUR)	
Balance as at 31. 12. 2014	15,484,309
loan drawdown	35,000,000
transfer to the short-term part	(20,868,924)
Balance as at 31. 12. 2015	29,615,385

Other non-current financial liabilities (EUR 105,018,543, EUR 103,809,109 of which are the Controlling Company's liabilities) consist almost entirely of loans from a foreign company for the purchase of locomotives:

Purpose (EUR)	Date of contract or annex	Maturity date	Balance as at 31. 12. 2015	Collateral
financing the purchase of locomotives	7. 9. 2004	10. 9. 2019	36,900,000	Guarantees
financing the purchase of locomotives	7. 9. 2004	9. 9. 2019	37,100,000	Guarantees
financing the purchase of locomotives	19. 11. 2008	15. 12. 2020	29,803,415	Guarantees
Total			103,803,415	

Movement of the Controlling Company's long-term loans from foreign banks:

(EUR)	
Balance as at 31. 12. 2014	100,856,287
exchange rate differences	2,947,128
Balance as at 31. 12. 2015	103,803,415

Interest rates are treated as a business secret in accordance with the Rules on the Safeguarding of Business Secrecy, which is why they are not disclosed in the report.

The company does not disclose non-current financial liabilities with maturity longer than five years. It also does not disclose liabilities to members of the company's Management Board and Supervisory Board.

Finance lease liabilities of the SŽ-ŽGP Group in the amount of EUR 1,016,948 collateralised by bills of exchange are also disclosed among other non-current financial liabilities.

1.2.3.2. Non-current operating liabilities

NON-CURRENT OPERATING LIABILITIES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
2. Non-current trade payables	0	1,926,896
a) Non-current trade payables to domestic suppliers	0	1,926,896
4. Non-current operating liabilities on the basis of advances	16,500	19,522
5. Other non-current operating liabilities	391,855	12,574
Total	408,355	1,958,992

Non-current trade payables to domestic suppliers in 2014 (EUR 1,926,896) consisted of the trade payables of SŽ-ŽGP d.d. for retained assets with maturity of more than one year, which were transferred to current liabilities in 2015.

Most of the other non-current operating liabilities (EUR 380,952) are disclosed in their respective financial statements by SŽ-Infrastruktura d.o.o. and Fersped d.o.o., i.e. liabilities from the right of superficies granted for a 30-year period (until 30 June 2036).

Group companies do not disclose non-current liabilities to members of the company's Management Board and Supervisory Board.

1.2.3.3. Deferred tax liabilities

NON-CURRENT TAX LIABILITIES (EUR)	Consolidated 31. 12. 2015	Consolidated 1. 1. 2015	Consolidated 31. 12. 2014
VI. Deferred tax liabilities	1,882,569	3,017,014	0

Company (EUR)	Consolidated 31. 12. 2015	Consolidated 1. 1. 2015	Consolidated 31. 12. 2014
Slovenske železnice d.o.o.	1,820,535	2,954,653	0
Tovorni promet Group	157	0	0
SŽ-Potniški promet d.o.o.	61,877	62,361	0
Total	1,882,569	3,017,014	0

1.2.4. Current liabilities

CURRENT LIABILITIES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
II. Current financial liabilities	9,415,411	176,494,888
III. Current operating liabilities	83,654,179	81,260,678
Total	93,069,590	257,755,566

Current liabilities account for 16.2% of total liabilities.

1.2.4.1. Current financial liabilities

CURRENT FINANCIAL LIABILITIES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
2. Current financial liabilities to banks	8,179,289	145,739,946
a) Current liabilities to domestic banks	8,179,289	142,556,303
b) Current financial liabilities to foreign banks	0	3,183,643
4. Other current financial liabilities	1,236,122	30,754,942
a) Other current fin. liabilities to others in the state	1,233,066	782,331
b) Other current fin. liabilities to others abroad	3,056	29,972,611
Total	9,415,411	176,494,888

Current financial liabilities comprise:

Company (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
Slovenske železnice d.o.o.	6,192,780	167,754,979
SŽ-ŽGP Group	360,229	5,510,609
SŽ-VIT d.o.o.	2,485,821	2,515,723
Fersped Group	338,828	704,511
SŽ-ŽIP Group	33,137	4,736
Prometni institut Ljubljana d.o.o.	4,616	4,330
Total	9,415,411	176,494,888

The majority of current term financial liabilities to banks as at 31 December 2015 relate to the Controlling Company (EUR 5,384,615), the Fersped Group (EUR 330,000) and SŽ-VIT d.o.o. (EUR 2,463,533), namely:

- the Controlling Company's current financial liabilities to banks decreased in 2015 as a result of the settlement through the sale of five instalments of the claim against the Republic of Slovenia (134 million) to the consortium of banks. In 2015, a new loan was raised for the repayment of the loan obtained from a foreign company for the purchase of locomotives in the amount of EUR 5,384,615, a part of which matures in 2016 and is collateralised with bills of exchange;
- the Fersped Group mostly discloses a short-term loan for current assets (EUR 330,000), which is collateralised with bills of exchange and a pledge;
- SŽ-VIT d.o.o. discloses a short-term loan of EUR 1,000,000, a revolving loan of EUR 995,000 and a negative balance on the transaction account of EUR 468,333.

Other current financial liabilities (EUR 1,236,122) mostly consist of liabilities from the calculated fair value of derivatives (EUR 770,616), interest on received loans and derivatives (EUR 33,930), and the non-current portion of liabilities from the finance lease that matures in 2016 (EUR 409,038). Current financial liabilities at the ŽGP Group are collateralised with bills of exchange.

1.2.4.2. Current operating liabilities

CURRENT OPERATING LIABILITIES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
1. Current operating liabilities to Group companies	0	0
2. Current trade payables	38,983,685	47,668,126
a) Current domestic trade payables (to domestic suppliers)	29,994,780	37,875,913
b) Current foreign trade payables (to foreign suppliers)	8,988,905	9,792,213
4. Current op. liab. on the basis of advances	2,307,169	1,790,204
5. Other current operating liabilities	42,363,325	31,802,348
a) Current liabilities to employees	26,342,758	14,127,462
b) Current liab. to the state and state institutions	10,807,056	9,556,577
c) Other current op. liab. to others	5,213,511	8,118,309
Total	83,654,179	81,260,678

Current trade payables comprise trade payables to domestic and foreign suppliers.

(EUR)	at home	abroad	31. 12. 2015	31. 12. 2014
SŽ-ŽGP Group	5,080,548	983,989	6,064,537	15,482,914
SŽ-Infrastruktura d.o.o.	9,759,499	484,996	10,244,495	10,474,599
SŽ-VIT d.o.o.	3,165,582	1,447,900	4,613,482	5,927,915
Tovorni promet Group	3,603,590	4,523,458	8,127,048	8,070,607
Fersped Group	2,312,097	1,286,795	3,598,892	3,583,647
SŽ-Potniški promet d.o.o.	1,159,649	205,715	1,365,364	1,650,379
SŽ-ŽIP Group	2,459,683	3,039	2,462,722	1,518,771
Slovenske železnice d.o.o.	2,350,260	25,880	2,376,140	935,823
SŽ Železniška tiskarna Ljubljana d.d.	12,150	0	12,150	15,350
Prometni institut Ljubljana d.o.o.	91,722	27,133	118,855	8,121
Total	29,994,780	8,988,905	38,983,685	47,668,126

Current trade payable maturities:

Maturity date (EUR)	SŽ d.o.o.	TP Group	SŽ-PP d.o.o.	SŽ-INFRA d.o.o.	SŽ-VIT, d. o. o.	ŽIP Group	PI, d. o. o.	ŽT, d. d.	ŽGP Group	Fersped Group
Non-past due liabilities	2,205,776	7,523,020	1,137,206	8,051,420	3,321,228	2,071,215	116,724	12,149	5,232,572	2,720,720
Past due liabilities	170,364	604,028	228,159	2,193,076	1,292,254	391,506	2,131	0	831,965	878,172
up to 30 days	149,917	550,614	137,574	2,093,778	1,219,196	381,774	1,734	0	147,807	656,865
from 31 to 90 days	327	4,653	15,459	217	711	5,592	397	0	321,119	218,556
90+ days	20,120	48,761	75,126	99,081	72,347	4,140	0	0	363,039	2,751
Total	2,376,140	8,127,048	1,365,365	10,244,496	4,613,482	2,462,721	118,855	12,149	6,064,537	3,598,892

Other current operating liabilities are disclosed in their respective financial statements as at 31 December 2015 by the following companies:

Company (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
Slovenske železnice d.o.o.	3,709,822	2,161,377
SŽ-VIT d.o.o.	11,306,543	7,063,936
SŽ-Infrastruktura d.o.o.	13,915,642	9,311,772
SŽ-Potniški promet d.o.o.	2,188,457	1,477,057
Tovorni promet Group	6,027,907	6,870,837
Prometni institut Ljubljana d.o.o.	187,229	159,657
Fersped Group	496,826	322,395
SŽ Železniška tiskarna Ljubljana d.d.	41,918	39,688
SŽ-ŽGP Group	2,717,837	3,270,512
ŽIP Group	1,771,144	1,125,117
Total	42,363,325	31,802,348

Most of the total current liabilities to employees are disclosed by SŽ-Infrastruktura d.o.o. (EUR 8,914,532), SŽ-VIT d.o.o. (EUR 7,873,415), Tovorni promet Group (EUR 3,599,978), SŽ-Potniški promet d.o.o. (EUR 1,759,572), the Controlling Company (EUR 1,533,312), ŽIP Group (EUR 1,294,000) and the ŽGP Group (EUR 1,069,028). The financial statement item discloses liabilities from employee wages and severance pay upon retirement (accounted for December 2015, paid out in January 2016).

Current liabilities to the state and other institutions mostly comprise liabilities for taxes and contributions from wages, liabilities from value added tax, and liabilities from the insurance period with a bonus and the supplementary pension insurance.

Most of the other current operating liabilities to others (EUR 5,213,511) comprise liabilities of SŽ-Infrastruktura d.o.o. (EUR 3,071,195) and predominantly include the current liability to the Ministry of Infrastructure from the marketing of the public railway infrastructure in the amount of EUR 2,471,678.

1.2.5. Short-term accrued costs and deferred revenues

SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES (EUR)	Consolidated 31. 12. 2015	Consolidated 31. 12. 2014
1. Short-term deferred revenues	2,411,988	4,702,061
2. Short-term accrued costs and expenses	17,355,913	25,078,959
Total	19,767,901	29,781,020

The major part of short-term accrued costs and expenses consists of:

- accrued costs and VAT on the basis of the Methodology for recording, assessing and charging eligible costs and lost revenues due to glaze ice and concerning the organisation and implementation of railway transport during the reconstruction and re-establishment of electric traction between Borovnica and Pivka (EUR 4,777,339);
- positional costs for individual work tasks (transit accounts) from performed and non-invoiced supplier services (EUR 246,405);
- accrued costs from the use of freight wagons for November and December 2015 (EUR 1,275,592);
- accrued cost of unused annual leave (EUR 5,862,550);
- accrued costs for severance pay to employees under the programme for the discharge of redundant workers (EUR 2,306,795);
- accrued costs from the use of passenger and luggage wagons for 2015 (EUR 943,406).

Short-term deferred revenues (EUR 2,411,988) mostly include disclosures of deferred revenues from construction services and deferred revenues for future costs of fees for collateral instruments within the warranty period at the ŽGP Group (EUR 1,844,976).

1.3. Off-balance-sheet assets

(EUR)	Total	of which the Group's off-balance sheet assets amount to	Consolidated balance as at 31. 12. 2015
Contingent receivables	252,957,692	79,184,796	173,772,896
1. Receivables for mortgages and pledges received	32,105,942	29,843,142	2,262,800
2. Assessed value of the right of superficies granted to Emonika, d. o. o.	3,955,500	0	3,955,500
3. Receivables from interest rate swaps (amount of the principal pursuant to the interest rate swap booking note)	109,250,000	0	109,250,000
4. Shares of Eurofima received from the guarantee reserve	629,871	0	629,871
5. Guarantees and bills of exchange received as collateral for payments, performance bonds	79,467,504	48,831,654	30,635,850
6. Unused limits, loans	27,452,192	510,000	26,942,192
7. Goods under consignment sale	5,597	0	5,597
8. Received enforcement drafts	91,086	0	91,086
Contingent liabilities	789,973,004	79,184,796	710,788,208
1. Liens on movable and immovable property as collateral for financial liabilities	133,742,159	29,843,142	103,899,017
2. Guarantees and bills of exchange issued as collateral for liabilities	129,864,837	48,831,654	81,033,183
3. Liabilities from interest rate swaps (amount of the principal pursuant to the interest rate swap booking note)	109,250,000	0	109,250,000
4. Liabilities for goods under consignment sale	5,597	0	5,597
5. Public railway infrastructure under management	393,549,465	0	393,549,465
6. Approved revolving loan	20,510,000	510,000	20,000,000
7. Pledged receivables	3,050,946	0	3,050,946
Total off-balance-sheet assets	1,042,930,696	158,369,592	884,561,104



Slovenske železnice

2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

2.1. Operating revenues

(EUR)	Consolidated 2015	Consolidated 2014
Net sales revenues	463,289,248	462,834,432
a) Revenues on the domestic market	277,348,408	273,127,241
1. Transport revenues on the domestic market	37,475,546	35,322,980
b) Transport revenues from relat. with associated comp.	94,159	91,325 3
c) Transport revenues from relat. with others	37,381,387	35,231,655
2. Other revenues on the domestic market	239,872,862	237,804,261
b) Other revenues from relat. with associated companies	212,371	192,074
c) Other revenues from relat. with others	239,660,491	237,612,187
b) Revenues on foreign markets	185,940,840	189,707,191
1. Transport revenues	154,500,002	161,385,049
2. Other revenues	31,440,838	28,322,142
b) Other revenues from relat. with others	31,440,838	28,322,142

Net sales revenues (79.0% of total revenues) comprise:

(EUR)	Consolidated 2015	Consolidated 2014
Slovenske železnice d.o.o.	1,660,196	1,615,248
SŽ-Tovorni promet Group	167,711,447	174,963,321
SŽ-Potniški promet d.o.o.	40,599,771	38,089,901
SŽ-Infrastruktura d.o.o.	163,461,364	143,574,981
SŽ-VIT d.o.o.	9,993,713	7,334,242
SŽ-ŽIP Group	5,028,628	3,668,652
Prometni institut Ljubljana d.o.o.	171,957	190,363
SŽ Železniška tiskarna Ljubljana d.d.	42,841	43,112
SŽ-ŽGP Group	54,414,662	72,662,856
Fersped Group	20,204,669	20,691,756
Total	463,289,248	462,834,432

Net sales revenues include revenues on the domestic (59.9% of net sales revenues) and foreign markets (40.1% of net sales revenues).

Revenues from transport on the domestic and foreign markets account for 32.7% of total Group revenues (SŽ-Tovorni promet d.o.o. - EUR 153,238,250, SŽ-Potniški promet d.o.o. - EUR 38,737,298).

Other revenues on the domestic and foreign markets (46.3% of total Group revenues) comprise:

(EUR)	Consolidated 2015	Consolidated 2014
Slovenske železnice d.o.o.	1,660,196	1,615,248
SŽ-Tovorni promet Group	14,473,197	14,979,361
SŽ-Potniški promet d.o.o.	1,862,473	1,365,833
SŽ-Infrastruktura d.o.o.	163,461,364	143,574,981
SŽ-VIT d.o.o.	9,993,713	7,334,242
SŽ-ŽIP Group	5,028,628	3,668,652
Prometni institut Ljubljana d.o.o.	171,957	190,363
SŽ Železniška tiskarna Ljubljana d.d.	42,841	43,112
SŽ-ŽGP Group	54,414,662	72,662,855
Fersped Group	20,204,669	20,691,756
Total	271,313,700	266,126,403

Well over 80% of all other revenues in the Group were earned by:

- SŽ-Infrastruktura, d. o. o. (EUR 163,461,364):

under agreements with the Government of the RS (EUR 112,013,284):

- the performance of the obligatory public utility service of public railway infrastructure maintenance (EUR 72,834,658) and management of transport (EUR 33,759,812);
- management and maintenance of passenger stations (EUR 3,688,524);
- management of the public railway infrastructure (EUR 1,730,290 – revenues from compensations for the management of real estate and passenger station buildings of the public railway infrastructure – EUR 1,636,761 and compensations for the marketing of the TK system – EUR 93,529 are included).

from relations with others (EUR 51,448,080):

- revenues from the primary activity – EUR 32,712,983; under the resolution of the Government of the RS and the Ministry of Infrastructure, the revenue is calculated on the basis of reports of transport companies in the period from 1 February 2014 to 31 October 2015 relating to the organisation and performance of railway transport during the

reconstruction and re-establishment of electric traction on the Borovnica-Pivka railway section (EUR 6,769,129), on the basis of the resolution of the Government of the RS and the Agreement on the Insurance of Public Railway Infrastructure Property and Other Railway Passenger Buildings of the RS, the revenue for the repair of glaze ice damage (EUR 24,263,363) and revenue from the elimination of the consequences of incidents (EUR 1,680,491);

- revenues from sold ancillary activity services (EUR 18,112,954 – of which the revenues from the modernisation and reconstruction of tracks, the establishment of the global mobile radio communications system (GSM-R) and the European Train Control System (ETCS) in the Slovenian railway network account for EUR 11,484,544 and revenues from electricity consumed for the operation of trains account for EUR 1,026,758;
- revenues from imputed costs (EUR 69,835);
- revenues from the leasing of telephone and telecommunications lines (EUR 341,585);
- other revenues (EUR 210,723 – EUR 112,148 of which resulted from accrued revenues under the resolution of the Government of the RS as a result of the migration flow);
- the SŽ-ŽGP Group (EUR 54,414,662), mostly from the performance of its primary activity, i.e. the overhaul of railway tracks.

(EUR)	Consolidated 2015	Consolidated 2014
2. Change in the value of inventories of products and work in progress	51,232	453,170

In addition to net sales revenues, operating revenues are also affected by changes in inventories of work in progress and finished products. Inventories of work in progress and finished products increased compared to 2014. The increase of retained costs in inventories is disclosed in the income statement as an increase of operating revenues.

(EUR)	Consolidated 2015	Consolidated 2014
3. Capitalised own products and own services	22,310,484	22,918,964

Capitalised own products and own services account for 3.8% of total Group revenues. These are the products and services that were manufactured by Group companies and are included under property, plant and equipment or intangible non-current assets.

(EUR)	Consolidated 2015	Consolidated 2014
4. Other operating revenues	95,233,687	70,982,475
a) Other revenues associated with products and services	60,136,131	58,504,085
b) Operating revenues from revaluation	35,097,556	12,478,390

Other operating revenues (16.2% of total revenues of the Group) comprise:

(EUR)	Consolidated 2015	Consolidated 2014
Slovenske železnice d.o.o.	37,590,070	12,208,942
SŽ-Tovorni promet Group	2,665,894	2,682,851
SŽ-Potniški promet d.o.o.	45,812,790	43,040,289
SŽ-Infrastruktura d.o.o.	2,540,237	3,628,586
SŽ-VIT d.o.o.	767,139	3,085,305
SŽ-ŽIP Group	5,135,358	5,433,752
Prometni institut Ljubljana d.o.o.	234,841	480,344
SŽ Železniška tiskarna Ljubljana d.d.	233	0
SŽ-ŽGP Group	409,939	351,562
Fersped Group	77,186	70,844
Total	95,233,687	70,982,475

The majority of other operating revenues comprise the revenues of the following companies:

- SŽ-Potniški promet d.o.o. (EUR 45,812,790), the majority of which comprise revenues from the performance of the obligatory public utility service of transporting passengers in railway transport (EUR 41,988,951);
- SŽ d.o.o. (EUR 37,590,070), the majority of which comprise revenues from the profit from the sale or trade of land, apartments and other buildings and other property, plant and equipment in the amount of EUR 24,626,805 (EUR 22,867,663 of which were received under a court settlement arising from a contract of exchange, EUR 825.876 from the profit from the sale of apartments and EUR 922,229 from the profit from the sale of land) and revenues from the reversal of the discount of the receivable due from the Republic of Slovenia in the amount of EUR 9,250,839 (receivable in the amount of EUR 134 million defined in Article 5a of the Slovenian Railway Company Act).

2.2. Operating cost

(EUR)	Consolidated 2015	Consolidated 2014
5. Costs of goods, materials and services	242,182,045	246,296,781
a) Cost of goods & mat. sold and cost of mat. used	76,731,296	80,133,852
1. Costs of goods, materials and services	2,508,875	1,763,375
2. Material costs	34,213,728	33,222,924
3. Energy costs	31,637,098	36,765,992
4. Costs of spare parts	6,112,559	5,764,595
5. Small tools write-off	1,384,826	1,624,141
6. Costs of office equipment	477,656	497,742
7. Other material costs	396,554	495,083
b) Costs of services	165,450,749	166,162,929
1. Costs of services in the manufacture of products and rendering of services	62,029,931	59,555,636
2. Transport services	31,841,180	41,560,266
3. Maintenance services	21,079,026	14,970,112
4. Reimbursement of expenses to workers	3,230,309	3,195,112
5. Payment transaction services, banking services	3,096,288	1,471,560
6. Intellectual and personal services	4,699,996	2,437,571
7. Insurance premiums	4,164,693	3,719,029
8. Advertisement, propaganda and entertainment	666,493	561,632
9. Costs under the RIV rules	6,174,096	8,023,692
10. Costs under the RIC rules	943,406	862,051
11. Costs of other services	27,525,331	29,806,268

Costs of goods, material and services account for 43.2% of total expenses.

Cost of goods and materials sold and cost of materials used (13.7% of total expenses of the Group) comprise:

(EUR)	Consolidated 2015	Consolidated 2014
Slovenske železnice d.o.o.	281,407	292,781
SŽ-Tovorni promet Group	11,678,645	16,503,581
SŽ-Potniški promet d.o.o.	6,144,509	6,700,630
SŽ-Infrastruktura d.o.o.	28,563,722	26,645,839
SŽ-VIT d.o.o.	16,343,155	14,316,443
SŽ-ŽIP Group	1,860,224	1,801,263
Prometni institut Ljubljana d.o.o.	8,462	8,517
SŽ Železniška tiskarna Ljubljana d.d.	62,619	71,828
SŽ-ŽGP Group	10,364,316	12,342,029
Fersped Group	1,424,237	1,450,941
Total	76,731,296	80,133,852

More important costs of materials include the costs of electricity and other types of fuel for running rail and road vehicles and other construction machinery, costs of materials and costs of spare parts for the maintenance of fixed assets and the costs of production material for the overhaul of railway tracks.

Costs of services (29.5% of total expenses of the Group) comprise:

(EUR)	Consolidated 2015	Consolidated 2014
Slovenske železnice d.o.o.	5,566,640	4,153,626
SŽ-Tovorni promet Group	55,358,263	66,419,759
SŽ-Potniški promet d.o.o.	7,306,059	5,321,195
SŽ-Infrastruktura d.o.o.	24,294,549	17,860,029
SŽ-VIT d.o.o.	10,677,433	10,570,741
SŽ-ŽIP Group	9,073,738	6,692,880
Prometni institut Ljubljana d.o.o.	142,384	179,577
SŽ Železniška tiskarna Ljubljana d.d.	56,956	60,623
SŽ-ŽGP Group	41,953,252	43,391,869
Fersped Group	11,021,475	11,512,630
Total	165,450,749	166,162,929

The largest item under the **costs of service is the costs of services in the manufacture of products and rendering of services** (11.1% of total expenses of the Group), which are almost entirely generated at SŽ-ŽGP (EUR 37,954,598), Fersped (EUR 10,492,120), SŽ-ŽIP (EUR 7,237,517) and SŽ-VIT d.o.o. (EUR 6,310,717); these also include the costs of services of others (external providers) in the companies' performance of activities.

The more important item under costs of services is **costs of maintenance services** in the amount of EUR 21,079,026 (3.8% of total expenses of the Group). 86.2% of total maintenance services costs consist of maintenance services of SŽ-Infrastruktura d.o.o. (EUR 18,180,656). Maintenance costs include the costs of services for maintaining buildings, traction and pulled

vehicles, computer systems and equipment, road vehicles and other equipment.

Costs under the RIV and RIC rules (EUR 7,117,502) mostly comprise the usage of freight (SŽ-Tovorni promet d.o.o. - EUR 6,174,096) and passenger wagons (SŽ-Potniški promet d.o.o. - EUR 943,406) in international transport.

One of the more important items under the costs of services is **costs of other services** (4.9% of total expenses of the Group), mostly comprised of the costs of service of others (external providers) in the performance of activities, the public railway infrastructure charge, rental costs, public utility service costs, service costs of Luka Koper (weighting, taring) and the costs of other services.

(EUR)	Consolidated 2015	Consolidated 2014
6. Labour costs	249,511,237	243,961,015
a) Wage costs	170,582,620	164,672,829
b) Costs of social security	36,022,147	35,133,254
1. Costs of pension insurance	23,051,253	22,408,232
2. Other costs of social security	12,970,894	12,725,022
c) Other labour costs	42,906,470	44,154,932

Labour costs account for 44.5% of total expenses of the Group:

(EUR)	Consolidated 2015	Consolidated 2014
Slovenske železnice d.o.o.	14,791,718	14,932,104
SŽ-Tovorni promet Group	38,800,334	38,830,582
SŽ-Potniški promet d.o.o.	17,045,874	17,807,355
SŽ-Infrastruktura d.o.o.	75,233,235	70,978,540
SŽ-VIT d.o.o.	72,250,409	69,107,552
SŽ-ŽIP Group	15,256,225	16,402,285
Prometni institut Ljubljana d.o.o.	987,853	1,082,194
SŽ Železniška tiskarna Ljubljana d.d.	289,238	279,736
SŽ-ŽGP Group	12,357,403	12,539,470
Fersped Group	2,498,948	2,001,197
Total	249,511,237	243,961,015

Costs of pension insurance comprise:

(EUR)	Consolidated 2015	Consolidated 2014
Slovenske železnice d.o.o.	1,093,967	1,076,285
SŽ-Tovorni promet Group	3,973,500	3,922,653
SŽ-Potniški promet d.o.o.	1,294,447	1,309,536
SŽ-Infrastruktura d.o.o.	6,560,584	6,248,448
SŽ-VIT d.o.o.	7,767,324	7,470,127
SŽ-ŽIP Group	1,137,418	1,175,421
Prometni institut Ljubljana d.o.o.	77,412	107,919
SŽ Železniška tiskarna Ljubljana d.d.	23,728	19,929
SŽ-ŽGP Group	934,185	922,538
Fersped Group	188,688	155,376
Total	23,051,253	22,408,232

Costs of pension insurance of the Group comprise contributions and premiums paid by the companies in 2015 for pension and disability insurance, for the insurance period with a bonus and for supplementary voluntary pension insurance.

The average gross wage per employee at the Slovenske železnice Group:

(EUR)	2015	2014	Index
Slovenske železnice d.o.o.	2,060	1,943	106.0
SŽ-Tovorni promet d.o.o.	1,752	1,663	105.4
SŽ-Potniški promet d.o.o.	1,695	1,608	105.4
SŽ-Infrastruktura d.o.o.	1,815	1,728	105.0
SŽ-VIT d.o.o.	1,963	1,876	104.6
SŽ-ŽIP d.o.o.	1,377	1,327	103.8
Prometni institut Ljubljana d.o.o.	2,677	2,569	104.2
SŽ Železniška tiskarna Ljubljana d.d.	1,469	1,360	108.0
SŽ-ŽGP Ljubljana d.d.	1,699	1,657	102.5
Kamnolom Verd d.o.o.	1,747	1,691	103.3
Fersped d.o.o.	1,976	1,582	124.9
Total	1,829	1,723	106.2

The other labour costs item (EUR 42,906,470) discloses the reimbursement of expenses to workers, holiday pay, costs of jubilee benefits, costs relating to the actuarial charge and severance pay for those workers who are included in the programme of redundant workers and other labour costs.

As at 31 December 2015, the Slovenske železnice Group actually employed 7,740 workers, which is 329 less than on the same day the year before.

(EUR)	Consolidated 2015	Consolidated 2014
7. Write-downs	48,183,900	36,835,513
a) Amortisation and depreciation	34,309,239	34,944,993
b) Op. expenses from revaluation of intangible non-current assets and property, plant and equipment	440,350	608,889
c) Op. expenses from revaluation of current assets	13,434,311	1,281,631

Write-downs account for 8.6% of total expenses and comprise:

- amortisation/depreciation expense:

(EUR)	SŽ d.o.o.	SŽ-TP Group	SŽ-PP, d. o. o.	SŽ-INFRA, d. o. o.	SŽ-VIT, d. o. o.	SŽ ŽIP	PI	SŽ- ŽT d.d.	SŽ ŽGP	Fersped	Total
Intang. non-current assets	197,223	6,348	16,120	94,220	20,879	4,289	5,662	808	15,025	3,559	364,133
Buildings	209,830	212,278	81,984	6,454	1,238,189	197,759	0	0	113,070	72,258	2,131,822
Equip. & spare parts	214,888	14,648,566	11,158,607	2,280,060	680,225	273,573	18,500	22,500	1,486,124	65,355	30,836,674
Small tools	5,445	2,350	2,268	18,921	33,008	3,559	130	0	30,333	108	96,122
Other PPE	10,741	14,608	0	0	10,004	164,399	0	14,341	89,520	8,537	323,874
	351,539	156,800	41,482	0	1,751	0	2,302	628	0	2,112	556,614
Total	989,666	15,040,950	11,300,461	2,399,655	1,984,056	643,579	2,302	14,969	1,734,072	151,929	34,309,239

- operating expenses from revaluation of property, plant and equipment (EUR 440,350), which mostly include losses from sales or eliminations of land, buildings and equipment;
- operating expenses from revaluation of current assets (EUR 13,434,311) comprising expenses from the valuation adjustments of doubtful or disputable operating receivables and inventories due to their impairment and the write-off of receivables/sale of receivables at a discount.

(EUR)	Consolidated 2015	Consolidated 2014
8. Other operating expenses	2,512,048	5,930,430

Other operating expenses consist of accrued costs of transport companies and relate to the organisation and performance of railway transport during the reconstruction and re-establishment of electric traction on the Borovnica-Pivka track section (SŽ-Infrastruktura d.o.o. - EUR 409,048), compensations for transport companies due to obstructions in transport as a result of track closures for the purpose of overhauls and upgrades on the public railway infrastructure network (SŽ-Infrastruktura - EUR 121,105), provisions for provided guarantees (SŽ-ŽGP Ljubljana d.d. - EUR 615,542), compensations for the use of building land and other duties (EUR 950,995), and other operating expenses.

2.3. Operating profit or loss

(EUR)	Consolidated 2015	Consolidated 2014
Operating profit or loss	38,495,421	24,165,302

The operating profit or loss for 2015 was profit in the amount of EUR 38,495,421 (operating revenues of EUR 580,884,651 less operating expenses of EUR 542,389,230).

2.4. Finance income

(EUR)	Consolidated 2015	Consolidated 2014
9. Finance income from interests	1,015,340	895,978
a) Finance income from interests in associated companies	980,217	882,517
b) Finance income from interests in other companies	31,898	13,461
c) Finance income from other investments	3,225	0

Finance income from interests comprises income of:

- Slovenske železnice d.o.o. (EUR 41,113), which is finance income from interests in associated and other companies;
- Fersped, d.o.o. (EUR 65,572), which is finance income from interests in associated and other companies;
- SŽ-ŽIP d.o.o. (EUR 3,225), which is entirely disclosed by the subsidiary company Calidus Sol d.o.o., Croatia and consists of exchange rate differences;
- income from the reconciliation of non-current financial assets with the balance of the equity of associated companies as at 31 December 2015 according to the equity investment valuation method (EUR 905,430).

(EUR)	Consolidated 2015	Consolidated 2014
10. Finance income from loans	3,547,409	529,749
b) Finance income from loans to others	3,547,409	529,749

Finance income from provided loans is almost entirely comprised of the income of SŽ d.o.o. in the amount of EUR 3,484,444. The most important item is exchange rate differences from loans received from Eurofima – EUR 3,409,220.

(EUR)	Consolidated 2015	Consolidated 2014
11. Finance income from operating receivables	638,966	367,555
b) Finance income from operating receivables due from others	638,966	367,555

Finance income from operating receivables includes income from default interest on current receivables (EUR 67,587), income from the revaluation of operating liabilities and receivables, write-off of default interest from suppliers and other finance income.

2.5. Finance expenses

(EUR)	Consolidated 2015	Consolidated 2014
12. Fin. exp. from impairments and write-offs of fin. assets	8,651	4,992
b) Fin. exp. from impair. and write-offs of fin. inv. in other comp.	8,651	4,992

Finance expenses from impairments and write-offs of financial assets consist of expenses of subsidiary companies Fersped d.o.o. (EUR 8,500 - impairment of the investment in Cer Cargo) and SŽ-VIT d.o.o. (EUR 151 - striking of the CE-DINO company from the register of companies under summary proceedings).

(EUR)	Consolidated 2015	Consolidated 2014
13. Finance expenses from financial liabilities	17,377,807	9,377,266
b) Finance expenses from bank loans	3,500,706	5,290,285
c) Finance expenses from other financial liabilities	13,877,101	4,086,981

Finance expenses from financial liabilities (3.1% of total expenses) mostly comprise of expenses of the Controlling Company SŽ d.o.o. in the amount of EUR 16,488,560 (94.9% of total finance expenses from financial liabilities). These are expenses from the revaluation of financial liabilities - exchange rate differences (EUR 10,649,816), interest on loans (EUR 4,248,824; banks EUR 3,228,117, Eurofima 1,020,707), expenses from derivatives (EUR 1,554,067) and interest from liabilities arising from provisions for jubilee benefits and severance pay upon retirement (EUR 35,853).

(EUR)	Consolidated 2015	Consolidated 2014
14. Finance expenses from operating liabilities	419,307	158,233
b) Fin. exp. from trade payables and bills of exchange	341,572	116,925
c) Finance expenses from other operating liabilities	77,735	41,308

Finance expenses from operating liabilities comprise default interest for current assets and other current liabilities, expenses from the revaluation of trade payables and other operating liabilities (exchange rate differences), and other finance expenses.

2.6. Other revenues

(EUR)	Consolidated 2015	Consolidated 2014
15. Other revenues	220,594	79,204

Other revenues of the Group mostly consist of revenues from received compensations and penalties not associated with products and services as well as revenues from recovered written-off receivables.

2.7. Other expenses

(EUR)	Consolidated 2015	Consolidated 2014
16. Other expenses	898,952	1,060,641

Other expenses mostly comprise monetary penalties and damages for the damage or loss caused to legal entities, natural persons and workers (EUR 632,433), and expenses for sports, cultural and humanitarian activities (EUR 151,119).

2.8. Corporate income tax

In 2015, the Slovenske železnice Group accounted the corporate income tax of EUR 3,350,953 (effective tax rate of 13.3%).

2.9. Net profit or loss and total comprehensive income for the period

(EUR)	Consolidated 2015	Consolidated 2014
17. Corporate income tax	3,350,953	876,223
18. Deferred tax	(1,845,255)	10,873
19. Net profit or loss for the period	23,707,315	14,549,559
a) majority owners	22,314,044	13,876,912
b) minority owners	1,393,271	672,647

In 2015, the Group generated total revenues of EUR 586,306,960 and incurred expenses of EUR 561,093,947. The positive difference is reduced by the corporate income tax (EUR 3,350,953) and increased by deferred taxes (EUR 1,845,255), which means that the Group operated at a profit of EUR 23,707,315. This is the result of the established difference between:

	Profit or loss	(EUR)
6. Operating revenues and operating expenses	Profit	38,495,421
7. Finance income and finance expenses	Loss	(12,604,050)
8. Other income and other expenses	Loss	(678,358)
9. Corporate income tax		(3,350,953)
10. Deferred taxes		1,845,255
Total net profit or loss	Profit	23,707,315

(EUR)	Consolidated 2015	Consolidated 2014
19. Net profit of loss for the period	23,707,315	14,549,559
a) majority owners	22,314,044	13,876,912
b) minority owners	1,393,271	672,647.00
20. Change in the surplus from revaluation of intangible assets and property, plant and equipment	(6,674,133)	(72,359)
a) majority owners	(6,674,133)	(72,359)
21. Change of the surplus from revaluation of available for sale financial assets	(23,779)	8,751
a) majority owners	(23,779)	8,751
22. Profits and losses from currency translation of the financial statements of companies abroad (effects of exchange rate differences)	2,293	8,625
a) majority owners	2,293	6,885
b) minority owners	0	1,740
23. Other components of comprehensive income	832,085	(2,489,362)
a) majority owners	833,223	(2,488,066)
b) minority owners	(1,138)	(1,296)
24. Total comprehensive income for the period (19 + 20 + 21 + 22 + 23)	17,843,781	12,005,214
a) majority owners	16,451,648	11,332,123
b) minority owners	1,392,133	673,091

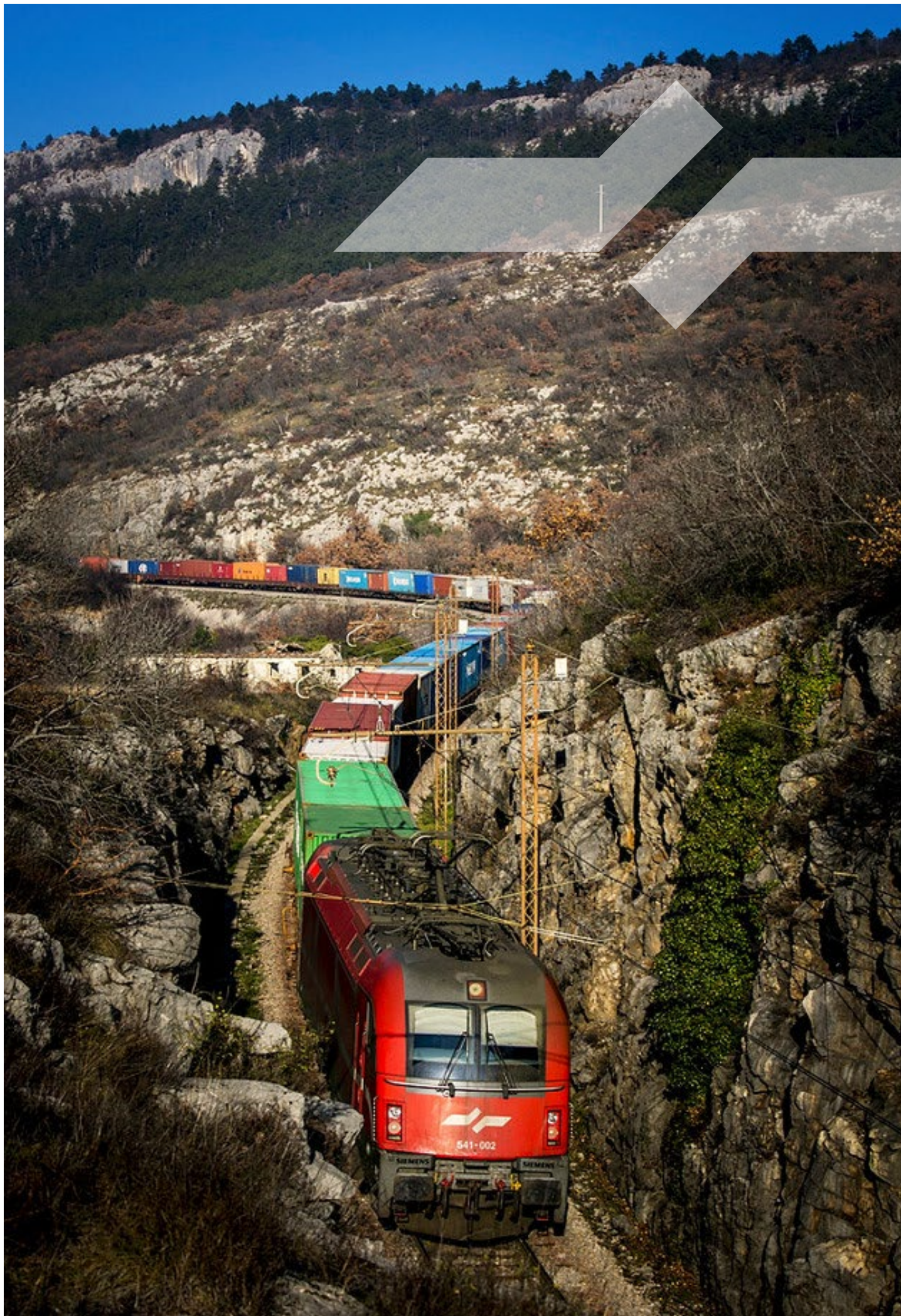
Net profit for the period (EUR 23,707,315)

- is reduced by other comprehensive income from the reduction of surplus from revaluation of land and buildings (EUR 6,674,133) and the reduction of surplus from revaluation of financial assets - listed shares (EUR 23,779) and
- increased by profit from the translation of financial statements of companies abroad (EUR 2,293) and other components of comprehensive income (EUR 832,085).

The reduction of the surplus from the revaluation of land and buildings is mostly (EUR 6,633,929) related to the elimination of land that has been revalued upwards.

Other components of comprehensive income (EUR 832,085) include the transfers of actuarial gains or losses to retained earnings (increase by EUR 41,087), actuarial gains and losses accounted as at 31 December 2015 (increase by EUR 2,673,409) and deferred tax liabilities as at 1 January 2015 (reduction by EUR 3,017,014) and as at 31 December 2015 (increase by EUR 1,134,603).

The total comprehensive income for the period is positive and amounts to EUR 17,843,781.



3. OFFSET ELIMINATIONS OF INTRA-GROUP RELATIONS AS AT 31 DECEMBER 2015

3.1. Consolidated Balance Sheet

3.1.1. Offset of non-current financial assets with equity

Within the Slovenske železnice Group (aggregated of balance sheets), non-current financial assets of controlling companies on the assets side need to be set off against the equity of subsidiary companies on the liabilities side. Non-current financial assets (shares and interests in Group companies) in the amount of EUR 260,317,431 increased by EUR 2,978,046 from the revaluation adjustment of land and buildings, by way of which SŽ-ŽIP, storitve d.o.o. was recapitalised, and reduced by the value of goodwill arising from the goodwill of Fersped d.o.o. in the amount of EUR 1,579,374 on the assets side are to be set off against the equity in subsidiary companies in the amount of EUR 261,716,103 or with the following equity components of subsidiary companies:

- share capital in the amount of EUR 223,232,488;
- capital surplus in the amount of EUR 7,028,388;
- revenue reserves in the amount of EUR 12,731,460;
- surplus from revaluation EUR 3,867;
- retained earnings in the amount of EUR 22,560,610;
- net profit or loss for the financial year in the amount of EUR 1,365,028;
- minority equity interest in the amount of EUR 5,198,004.

The aggregated balance sheet as at 31 December 2015 discloses the equity of all subsidiaries in the amount of EUR 264,087,329. Individual subsidiary companies disclosed the following equity at the end of 2015:

(EUR)		
SŽ-Tovorni promet Group	51,726,371	100 % v lasti obvladujočega podjetja
SŽ-Potniški promet d.o.o.	133,727,976	100 % v lasti obvladujočega podjetja
SŽ-Infrastruktura d.o.o.	20,299,472	100 % v lasti obvladujočega podjetja
SŽ-VIT d.o.o.	23,117,250	100 % v lasti obvladujočega podjetja
SŽ-ŽIP Group	6,619,013	100 % v lasti obvladujočega podjetja
Prometni institut Ljubljana d.o.o.	1,075,209	100 % v lasti obvladujočega podjetja
SŽ Železniška tiskarna Ljubljana d.d.	981,701	64.28 % v lasti obvladujočega podjetja
SŽ-ŽGP Group	24,204,648	79.82 % v lasti obvladujočega podjetja
Fersped Group	2,335,689	100% v lasti obvladujočega podjetja
Total	264,087,329	

The equity of subsidiaries in the total amount of EUR 2,371,226 (difference between EUR 261,716,103 and EUR 264,087,329) relates to the following items of the companies' equity:

Description (EUR)	SŽ-TP Group	SŽ-PP	SŽ-INFRA	SŽ-VIT	ŽIP Group	PI LJ	SŽ-ŽT	ŽGP Group	Fsp Group	Total
Revaluation adjustment surplus	118,289	353,290	214,530	187,230	(157,047)	443	2,524	(20,845)	6,407	704,820
Retained earnings	(10,572,416)	(1,003,040)	563,684	(4,408,704)	860,245	359,154	89,882	10,329,333	(5,107,009)	(8,888,871)
Net profit or loss for the financial year	564,947	545,568	2,110,254	(3,829,953)	(153,153)	376,767	10,006	5,485,023	67,436	5,176,895
Consolidated equity adjustment	10	0	0	0	(3,629)	0	0	(8,459)	0	(12,078)
Minority equity interest	0	0	0	0	0	0	350,670	5,031,561	8,229	5,390,460
Total	(9,889,170)	(104,182)	2,888,468	(8,051,428)	546,417	736,363	453,082	20,816,614	(5,024,937)	2,371,226

3.1.2. Consolidation of long-term financial investments in the equity of associated companies

In accordance with SAS (2006 and 2010), long-term financial investments into the equity of associated companies are valued according to the equity method. Long-term financial investments into the equity of associated companies are therefore reconciled in Group statements with a pro rata share in the equity of associated companies, by which the investments and equity were increased, i.e.:

Description (EUR)	Financial assets of the parent company	Share in capital of associated companies	Difference
Long-term financial investments into associated companies	3,453,286	11,285,831	(7,832,545)
Reconciliation of investments with equity participation	7,832,545	0	0
Retained earnings	0	0	6,852,167
Net profit or loss for the financial year	0	0	980,378
Total	11,285,831	11,285,831	0

3.1.3. Offsetting of mutual receivables and liabilities

Aggregated balance sheets of Group companies disclose mutual non-current and current receivables and liabilities between Group companies in the total amount of EUR 320,845,673, which are mutually offset.

Individual companies within the Group disclose the following amounts of receivables due from the other companies within the Group:

Companies (EUR)	31. 12. 2015
SŽ d.o.o.	164,618,069
SŽ-Tovorni promet Group	68,329,717
SŽ-Potniški promet d.o.o.	38,896,828
SŽ-Infrastruktura d.o.o.	19,160,385
SŽ-VIT d.o.o.	13,232,532
SŽ-ŽIP Group	5,189,296
Prometni institut Ljubljana d.o.o.	984,600
SŽ Železniška tiskarna Ljubljana d.d.	350,624
SŽ-ŽGP Group	9,741,587
Fersped Group	342,035
Total	320,845,673

Individual companies within the Group disclose the following amounts of liabilities owed to the other companies within the Group:

Companies (EUR)	31. 12. 2015
SŽ d.o.o.	93,150,278
SŽ-Tovorni promet Group	166,234,810
SŽ-Potniški promet d.o.o.	7,589,077
SŽ-Infrastruktura d.o.o.	42,333,470
SŽ-VIT d.o.o.	7,637,781
SŽ-ŽIP Group	395,856
Prometni institut Ljubljana d.o.o.	20,497
SŽ Železniška tiskarna Ljubljana d.d.	3,788
SŽ-ŽGP Group	1,823,736
Fersped Group	1,656,380
Total	320,845,673

Overview of transactions on the assets and liabilities sides of the balance sheets of companies in the SŽ Group as at 31 December 2015

Company or (sub)group (EUR)	Total assets or liabilities	Eliminated mutual transactions on the assets or liabilities sides of a company or (sub)group								(sub)group Fersped	Total eliminations	Consolidated assets or liabilities
		SŽ, d. o. o.	(sub)group SŽ-TP	SŽ-PP	SŽ - INF	SŽ - VIT	ŽIP Group	PI-LJ	SŽ - ŽT	(sub)group ŽGP		
SŽ, d. o. o.												
Assets (receivables)	527,908,573	-	218,640,093	134,067,355	18,573,063	36,616,262	6,382,469	356,799	529,068	3,516,477	7,652,585	426,334,172
Liabilities	527,908,573	-	40,592,129	33,784,058	16,085,161	1,040,919	1,319,375	259,992	37,675	4,259	26,710	93,150,278
SŽ - Tovarni promet, d. o. o.												
Assets (receivables)	239,843,178	40,592,129	-	591,780	24,241,675	1,238,537	5,426	5	0	298,114	1,362,051	171,513,461
Liabilities	239,843,178	218,640,093	-	67,075	1,286,757	6,896,776	493,204	25,391	13,174	234,585	193,295	227,850,351
SŽ - Potniški promet, d. o. o.												
Assets (receivables)	148,831,841	33,784,058	67,075	-	4,988,242	24,825	27,750	242	69	4,154	414	109,935,013
Liabilities	148,831,841	134,067,355	591,780	-	600,489	4,406,160	1,115,098	482,614	157,715	0	25	7,410,606
SŽ - infrastruktura, d. o. o.												
Assets (receivables)	102,839,460	16,085,161	1,286,757	600,489	-	48,061	27,255	1,274	95	1,110,725	569	83,679,074
Liabilities	102,839,460	18,573,063	24,241,675	4,988,242	-	828,988	1,354,016	193,071	69,507	9,492,822	3,090	59,744,474
SŽ - Vleka in tehnika, d. o. o.												
Assets (receivables)	58,301,319	1,040,919	6,896,776	4,406,160	828,988	-	10,306	0	0	48,780	603	13,232,533
Liabilities	58,301,319	36,616,262	1,238,537	24,825	48,061	-	707,850	21,068	69,284	0	80,571	19,494,860
SŽ - ŽIP Group												
Assets (receivables)	17,480,328	1,319,375	493,204	1,115,098	1,354,016	707,850	-	1,023	3,175	194,772	784	12,291,032
Liabilities	17,480,328	6,382,469	5,426	27,750	27,255	10,306	-	2,464	2,861	9,921	0	6,468,453
Prometni institut, d.o.o.												
Assets (receivables)	1,709,836	259,992	25,391	482,614	193,071	21,068	2,464	-	0	0	0	984,600
Liabilities	1,709,836	356,799	5	242	1,274	0	1,023	-	1	0	0	359,343
SŽ - Železniška tiskarna, d- d.												
Assets (receivables)	1,103,903	37,675	13,174	157,715	69,507	69,284	2,861	1	-	406	1	753,279
Liabilities	1,103,903	529,068	0	69	95	0	3,175	0	-	0	0	571,497
SŽ - ŽGP Group												
Assets (receivables)	41,676,452	4,259	234,585	0	9,492,822	0	9,921	0	0	-	0	31,934,865
Liabilities	41,676,452	3,516,477	298,114	4,154	1,110,725	48,780	194,772	0	406	-	38,343	36,464,682
Fersped Group												
Assets (receivables)	9,170,105	26,710	193,295	25	3,090	80,571	0	0	0	38,343	-	8,828,071
Liabilities	9,170,105	7,652,585	1,362,051	414	569	603	784	0	1	0	-	153,099
Total												
Assets (receivables)	1,148,864,994	93,150,278	227,850,351	141,421,235	59,744,474	38,806,459	6,468,453	359,343	532,406	5,211,770	9,017,006	566,303,219
Liabilities	1,148,864,994	426,334,172	68,329,717	38,896,828	19,160,385	13,232,533	5,189,296	984,600	350,624	9,741,587	342,035	566,303,219
Difference:	0	(333,183,893)	159,520,633	102,524,407	40,584,089	25,573,926	1,279,157	(625,256)	181,782	(4,529,816)	8,674,972	0

3.1.4 Elimination of interim profits or losses in inventories manufactured or finished by another company within the Group

The Slovenian Accounting Standard 4.27 (SAS 4.27) states that the consolidated balance sheets may not include profit in respect of inventories purchased from another Group company that has not yet been externally confirmed. The value of inventories needs to be reduced by the book profit and net profit needs to be retained (the same applies for losses).

Owing to the strict observance of the accrual principle (occurrence of a business event), only interim profits or losses generated in the relevant financial year affect the profit or loss of the Group in an individual financial year. This means that only the change in interim profits or losses compared to the balance as at the end of the previous financial year is accounted through the consolidated income statement. Profits and losses determined at the end of the previous financial year affected the Group's profit or loss in previous years, which is why they are neutrally set off against provisions or retained earnings.

Eliminations of interim profits in inventories of materials (spare parts)

1. Inventories of SŽ-Tovorni promet d.o.o. and SŽ-Potniški promet d.o.o. produced and finished by a Group company (SŽ-VIT d.o.o.) – balance as at 1 January 2015

(EUR)

1. Carrying amount	1,343,305
2. Production costs	89.50 %
3. Value of inventories according to production costs	1,202,258
4. Interim profit	141,047

2. Inventories of SŽ-Tovorni promet d.o.o. and SŽ-Potniški promet d.o.o. produced and finished by a Group company (SŽ-VIT d.o.o.) – balance as at 31 December 2015

(EUR)

1. Carrying amount	1,651,927
2. Production costs	90.80 %
3. Value of inventories according to production costs	1,499,949
4. Interim profit	151,977

The balance of interim losses in inventories established as at 1 January 2015 in the amount of EUR 141,047 is accounted neutrally through retained earnings, whereas the value of inventories is decreased by the balance of interim profit in inventories as at 31 December 2015 in the amount of EUR 151,977. The change (increase) of interim profit in inventories in the amount of EUR 10,930 affected the profit or loss for 2015.

Interim profit was eliminated under the inventories of spare parts that were produced or finished by SŽ-VIT d.o.o. The calculation of interim profits was performed in accordance with SAS 4 and the Accounting Rules.

3.2. Consolidated Income Statement

3.2.1. Offsetting of revenues and expenses arising from intra-Group relationships

Considering that the consolidated income statement needs to show the assets and liabilities and financial standing of Group companies as if they were one single company, the process of consolidation needed to eliminate all revenues and expenses that were recorded from intra-Group transactions.

Group companies generated EUR 205,107,796 worth of such revenues in 2015. Individual Group companies disclosed revenues from intra-Group relationships in the following amounts:

(EUR)	
SŽ d.o.o.	34,869,136
SŽ-Tovorni promet Group	27,478,582
SŽ-Potniški promet d.o.o.	4,512,276
SŽ-Infrastruktura d.o.o.	18,314,345
SŽ-VIT d.o.o.	75,186,269
SŽ-ŽIP Group	17,329,110
Prometni institut Ljubljana d.o.o.	1,201,772
SŽ Železniška tiskarna Ljubljana d.d.	351,230
SŽ-ŽGP Group	25,029,955
Fersped Group	835,121
Total	205,107,796

At the same time, Group companies disclosed EUR 204,768,287 worth of operating expenses from intra-Group relationships. Individual Group companies disclosed expenses from intra-Group relationships in the following amounts:

(EUR)	
SŽ d.o.o.	10,602,822
SŽ-Tovorni promet Group	75,198,583
SŽ-Potniški promet d.o.o.	47,909,635
SŽ-Infrastruktura d.o.o.	51,298,926
SŽ-VIT d.o.o.	6,715,423
SŽ-ŽIP Group	1,043,128
Prometni institut Ljubljana d.o.o.	112,636
SŽ Železniška tiskarna Ljubljana d.d.	30,523
SŽ-ŽGP Group	5,841,172
Fersped Group	6,015,439
Total	204,768,287

After mutual reconciliation at all Group companies, EUR 204,768,287 worth of all expenses were eliminated as was the same amount of revenues, finance income and other revenues, including finance income from dividends paid within the Group in the amount of EUR 339,509.

Overview of revenue and expense transactions of the companies in the SŽ Group

Company or subgroup (EUR)	Joint transactions	Eliminated mutual transactions for a company or subgroup								Total eliminations		Consolidated transactions
		SŽ. d. o. o.	SŽ-TP Group	SŽ-PP	SŽ-INF	SŽ-VIT	ŽIP Group	PI-LJ	SŽ-ŽT			
SŽ. d. o. o.												
Revenues	77,811,476	-	17,060,645	4,820,247	7,629,459	3,426,320	776,501	313,433	4,323	741,807	96,402	42,942,339
Expenses	61,229,318	-	5,473,620	1,158,586	1,592,863	1,054,640	1,193,890	62,075	37,789	2,651	26,710	50,626,496
SŽ- Tovorni promet d. o. o.												
Revenues	198,207,262	5,473,620	-	3,657,611	9,691,101	410,312	17,323	4	0	2,321,485	5,907,126	170,728,680
Expenses	197,642,315	17,060,645	-	467,307	10,365,593	44,548,567	1,954,679	112,614	12,314	17,337	659,527	122,443,733
SŽ-Potniški promet d.o.o.												
Revenues	90,957,916	1,158,586	467,307	-	2,609,498	164,368	84,804	725	63	26,547	378	86,445,641
Expenses	90,412,348	4,820,247	3,657,611	-	4,433,874	28,184,321	6,210,733	430,994	171,854	0	0	42,502,713
SŽ--Infrastruktura d. o. o.												
Revenues	184,568,444	1,592,863	10,365,593	4,433,874	-	222,951	56,415	7,678	1,208	1,631,308	2,454	166,254,099
Expenses	182,458,190	7,629,459	9,691,101	2,609,498	-	1,087,141	4,738,481	531,875	22,689	24,988,682	0	131,159,264
SŽ Vleka in tehnika d. o. o.												
Revenues	105,000,518	1,054,640	44,548,567	28,184,321	1,087,141	-	78,638	0	0	232,359	603	29,814,249
Expenses	108,830,472	3,426,320	410,312	164,368	222,951	-	2,289,815	61,913	93,558	575	45,612	102,115,049
SŽŽIP Group												
Revenues	27,961,983	1,193,890	1,954,679	6,210,733	4,738,481	2,289,815	-	27,689	24,929	881,155	7,739	10,632,873
Expenses	28,115,136	776,501	17,323	84,804	56,415	78,638	-	2,302	4,209	20,711	2,225	27,072,008
Prometni institut. d.o.o.												
Revenues	1,770,465	62,075	112,614	430,994	531,875	61,913	2,302	-	0	0	0	568,693
Expenses	1,393,699	76,433	4	725	7,678	0	27,689	-	108	0	0	1,281,062
SŽ-Železniška tiskarnah d.												
Revenues	495,215	37,789	12,314	171,854	22,689	93,558	4,209	108	-	7,972	737	143,985
Expenses	479,649	4,323	0	63	1,208	0	24,929	0	-	0	0	449,126
SŽŽGP Group												
Revenues	82,367,180	2,651	17,337	0	24,988,682	575	20,711	0	0	-	0	57,337,224
Expenses	75,494,109	639,298	2,321,485	26,547	1,631,308	232,359	881,155	0	7,972	-	101,047	69,652,937
Ferspedit Group												
Revenues	21,379,796	26,710	659,527	0	0	45,612	2,225	0	0	101,047	-	20,544,675
Expenses	21,312,696	96,402	5,907,126	378	2,454	603	7,739	0	737	0	-	15,297,257
Total												
Revenues	790,520,256	10,602,822	75,198,583	47,909,635	51,298,926	6,715,423	1,043,128	349,636	30,523	5,943,681	6,015,439	585,412,460
Expenses	767,367,931	34,529,627	27,478,582	4,512,276	18,314,345	75,186,269	17,329,110	1,201,772	351,230	25,029,956	835,121	562,599,645
Difference:	23,152,325	(23,926,805)	47,720,001	43,397,359	32,984,581	(68,470,846)	(16,285,982)	(852,136)	(320,707)	(19,086,274)	5,180,319	22,812,815

3.2.2. Elimination of interim profits or losses in the inventories of spare parts

The net profit or loss for 2015 was affected by the change of the balance of interim profit in inventories produced within the Group between 1 January and 31 December 2015 in the amount of EUR 10,930, which caused the reduction of the Group's profit or loss for 2015.

The method of calculating the profit or loss in the inventories produced within the Group is described in detail in item 3.1.4 of this chapter.

3.3. Consolidation of interim profits or losses in property, plant and equipment

Within the scope of the consolidation process for 2015, the interim profits or losses in property, plant and equipment and intangible non-current assets were not eliminated.

Slovenian Accounting Standards lay down the method of disclosing property, plant and equipment and intangible non-current assets (hereinafter: fixed assets) in the consolidated balance sheet. Fixed assets purchased from Group companies must not include the profit that has not yet been externally confirmed. Consolidated financial statements need to reduce the carrying amount of these assets by the amount of the book profit and retain the profit, which is then reduced from year to year in accordance with the carrying amount of the fixed asset in question.

Consolidated financial statements may exclude the eliminations of interim profits or losses if transactions are concluded under normal market conditions, if the elimination demands a disproportionately high cost and if the elimination does not have materially affect the presentation of the actual financial standing and assets and liabilities.

Companies within the Slovenske železnice Group generally purchase/sell only a small amount of fixed assets from other Group companies. On the basis of maintenance and investment activity of Group companies, their services are imputed and increase the cost of fixed assets or enable the extension of the useful life of fixed assets and reduce the valuation adjustment of fixed assets of other Group companies which has been accounted by that time.

It was found from the analysis of the data of companies which carry out maintenance and investment activities within the Group that these companies have made the difference up to the cost price, which represents only around $\pm 0.5\%$ of the investment value into fixed assets of the Group.

For the purposes of elimination of interim profits or losses in fixed assets, a parallel record of fixed assets would have to be introduced specifically for consolidation purposes. Considering that the database of fixed assets of the Group has around 134 thousand registration numbers, the organisation of additional records would represent a disproportionately high cost considering the impacts of the slightly changed information on the presentation of the assets and liabilities of the companies within the Group.

The appropriate pricing policy and adequate business decisions in subsidiary companies will ensure that there are no internal profits or losses in the future.



FINANCIAL ANALYSIS

The terminology used in this chapter refers to categories and terms that correspond to business and financial standards as well as principles and is not always identical or comparable to categories of accounting standards.

2. Cash flows

Cash flows are disclosed by individual activities in such a way as to enable identification of net flows by individual activities, i.e.:

- **business activity** - main activities that generate profits and activities other than investing or financing activities;
- **investing activity** - this is the exchange of cash assets over the course of the accounting period into non-cash assets, which involves the acquisition of non-current assets and financial assets (not included under cash equivalents);
- **financing activity** - it increases assets over the course of the accounting period through an increase in equity or company debts, i.e. activity that affects the scope and structure of the company's equity and debts.

Breakdown of SŽ Group's cash flows in 2015:

(EUR)

1. Flows from income statement items	42,676,252	-
2. Changes in net current assets of balance sheet operating items	59,075,216	-
3. Net cash from (used in) operating activities (1 + 2)	-	101,751,468
4. Receipts from investing activities	38,031,740	-
5. Disbursements from investing activities	(57,950,891)	-
6. Net cash from (used in) investing activities (4 + 5)	-	(19,919,151)
7. Cash flows from operating and investing activities (3 + 6)	-	81,832,317
8. Opening balance of cash	-	34,194,727
9. Surplus from financing activities (7 + 8)	-	116,027,044
10. Receipts from financing activities	188,334,296	-
11. Disbursements from financing activities	(242,162,784)	-
12. Net cash from (used in) financing activities (10 + 11)	-	(53,828,488)
13. Closing balance of cash (9 + 12)	-	62,198,556

2. Working Capital Position

The Group's working capital position shows the quantity and quality of the balances of receivables and debts as at 31 December 2015. The economic content of the working capital position of Slovenske železnice, d. o. o. as at 31 December 2015 in the form of information on the Group's financial strength is evident from the figure below:

(EUR)

ASSETS		LIABILITIES	
Financial assets 191,204,004		Debts 280,430,743	
Financial assets 191,204,004			
		Net debt 89,226,739	
Investments in physical capital 382,326,514		Equity 293,099,775	

Working
capital
balance

Balance of the
financing of
investments in
physical capital

3. Analysis of financial position

Item (EUR)	31. 12. 2015	Balance 31. 12. 2014	Difference 2015 - 2014	Index 2015/2014
1. Current receivables	167,520,136	159,351,622	8,168,514	105.1
2. Short-term debt	112,837,491	287,536,586	(174,699,095)	39.2
3. Net short-term debt (2 - 1)	0	128,184,964	(128,184,964)	-
4. Net current receivables (1 - 2)	54,682,645	0	54,682,645	-
5. Non-current receivables	23,683,868	81,547,875	(57,864,007)	29.0
6. Long-term debts	167,593,252	155,389,935	12,203,317	107.9
7. Net long-term debt (6 - 5)	143,909,384	73,842,060	70,067,324	194.9
8. Net non-current receivables (5 - 6)	-	-	-	-
9. Net debt (2 + 6 - 1 - 5)	89,226,739	202,027,024	(112,800,285)	44.2
10. Net receivable (1 + 5 - 2 - 6)	-	-	-	-
11. Total debts (2+6)	280,430,743	442,926,521	(162,495,778)	63.3
12. Total receivables (1 + 5)	191,204,004	240,899,497	(49,695,493)	79.4
13. Investments into physical capital (14 + 15 + 16 + 17)	382,326,514	366,998,298	15,328,216	104.2
14. Fixed assets	295,391,022	305,157,594	(9,766,572)	157.1
15. Investment property	62,310,564	39,669,884	22,640,680	-
16. Assets held for sale	-	-	-	-
17. Inventories	24,624,928	22,170,820	2,454,108	111.1
18. Total equity	293,099,775	164,971,274	128,128,501	177.7
19. Non-current provisions	30,668,400	36,274,493	(5,606,093)	84.5
20. Total equity + non-current provisions (18+19)	323,768,175	201,245,767	122,522,408	160.9
21. Current assets (1 + 16 + 17)	192,145,064	181,522,442	10,622,622	105.9
22. Current liabilities (2)	112,837,491	287,536,586	(174,699,095)	39.2
23. Working capital (21 - 22; 25 - 24)	79,307,573	(106,014,144)	185,321,717	(74.8)
24. Non-current investments (5 + 14 + 15)	381,385,454	426,375,353	(44,989,899)	89.4
25. Non-current funding (6 + 18)	460,693,027	320,361,209	140,331,818	143.8
Working capital / current assets	0.413	-	-	-
Working capital / non-current investments	0.208	-	-	-
Working capital / inventories	3.22	-	-	-
Debt-to-assets ratio (net debt/investments into physical capital)	23.3 %	55.0 %		42.4
Current ratio	2.037	0.692		294.3
Quick ratio	1.485	0.554		267.9
Cash ratio	0.551	0.119		463.5
Inventories to short-term investments ratio	27.1 %	19.9 %		136.0
Receivables to short-term investments ratio	45.8 %	62.9 %		72.9
Cash to current investments ratio	27.1 %	17.2 %		157.5
Days of current operating receivables outstanding	54	71		75.4
Days of current operating liabilities outstanding	61	55		111.3

4. Financial Risk Management

In the area of financial risk, the following risks have been identified to be present at the SŽ Group:

- credit risk,
- liquidity risk:
 - operational liquidity,
 - structural liquidity,
 - risks from the acquisition of sources of financing;
- interest rate risk and
- foreign exchange risk.

Financial risks for the entire Group are managed by the Controlling Company, whereas certain subsidiary companies in the Group are included in credit risk management.

The Slovenske železnice Group has a financial risk management policy that defines the methods for their measurement, measures for their management, limits and the reporting system.

When we compared the exposure to financial risks at the Slovenske železnice Group between 31 December 2015 and 31 December 2014, we established the following:

- **credit risk,**
 - the volume of past due (gross and net) outstanding receivables decreased,
 - the volume of past due receivables from top ten debtors increased somewhat, while the net value of said receivables fell somewhat as a result of certain additional revaluation adjustments,
 - the volume of intra-Group lending increased.

The disclosures of current operating receivables in annual reports of individual Group companies disclose the maturities of receivables, the movement of the valuation adjustment of receivables and potential collateral for receivables.

- **liquidity risk:**
 - operational liquidity as at 31 December 2015 in the form of available free cash and undrawn credit lines was very high and significantly exceeded the set limit of EUR 20 million,
 - the structural liquidity improved considerably on account of the recapitalisation by the state in 2015; all selected indicators confirm a healthy financial structure,
 - the Group has adequately diversified sources of financing and it is not significantly exposed to risk arising from the acquisition of new sources of funding or the risk of their refinancing.

Cash is managed for all companies within the Slovenske železnice Group by the Controlling Company.

On the basis of cash flow plans for individual subsidiary companies, the availability of cash of the entire Group is identified as is the availability of cash at individual subsidiary companies.

For the purpose of optimum management of cash and effective balancing of the Group's liquidity, agreements on mutual financing between the Controlling Company and subsidiary companies were signed in 2015.

- **Interest rate risk:**
 - 78% of the company's financing was raised at the fixed interest rate under a framework agreement or through hedging with derivatives,
 - the annual effect on profit before tax from a change in EURIBOR as the reference interest rate by 1 percentage point equals EUR 0.3 million if EURIBOR decreases or EUR -0.3 million if it increases,
- **foreign exchange risk:**
 - 79% of the Controlling Company's financing was raised in the domestic currency (limit: at least 50%), 21% is represented by a loan in CHF,
 - the annual effect on profit before tax from a change in the CHF exchange rate by 1 percentage point equals EUR 0.3 million if the CHF exchange rate decreases or EUR -0.3 million if it increases,
 - based on the assessment of the future movement of the CHF exchange rate, the company decides no less than once every quarter about a potential closure of the open currency position.

The Controlling Company assesses the exposure of the Group to financial risks in 2015 to have decreased significantly.

Contingent liabilities

Contingent liabilities of the SŽ Group are disclosed under item 1.3. (Off-Balance-Sheet Assets).

Individual companies within the Group have set aside provisions for important pending lawsuits, i.e. in the amount of liabilities expected as a result of lawsuits that are currently underway and on the basis of opinions of law firms for cases where no collateral is provided as well as where liabilities for these companies are expected. This is disclosed in the annual reports of individual companies.

The total costs imputed for lawsuits at companies within the SŽ Group include:

(EUR)	No. of lawsuits	Value of claim	Provisions set aside
SŽ d.o.o.	11	394,744	300,372
SŽ-Tovorni promet d.o.o.	3	28,781	0
SŽ-Potniški promet d.o.o.	3	209,372	200,753
SŽ-Infrastruktura d.o.o.	8	597,064	353,910
SŽ-ŽIP Storitve d.o.o.	4	76,000	3,545
SŽ-VIT d.o.o.	10	209,643	188,328
SŽ-ŽGP d.d.	6	379,576	57,500
Fersped d.o.o.	4	87,837	0
Total	49	1,983,017	1,104,408

Events after the balance sheet date

Pursuant to the resolution of 26 March 2015, the Court of Audit of the Republic of Slovenia carried out an audit of the efficiency of the operations of companies in the SŽ Group in the period from 1 January 2013 to 31 December 2014. The subjects of the audit were revenues and expenses arising from mutual relations between companies in the SŽ group. The audit was not completed by the time of the compilation of the 2015 Annual Report.

In relation to the organisation and performance of railway transport during the reconstruction and re-establishment of electric traction from 1 February 2014 to 31 October 2015 on the Borovnica-Pivka section, the subsidiary companies in the Slovenske železnice Group (SŽ-Tovorni promet d.o.o., SŽ-Potniški promet d.o.o., SŽ-Infrastruktura d.o.o.) disclosed the accrued (previously non-invoiced) revenue (transport company) or accrued costs and accrued (previously non-invoiced) revenue (operator of the public railway infrastructure) in their 2015 statements. The final report about the recording, establishment and charging of eligible costs and lost revenues of transport companies in relation to the glaze ice event was submitted by the SŽ-Infrastruktura d.o.o. company as the operator of the public railway infrastructure to the Ministry of Infrastructure for approval.

A tax inspection began in the beginning of May 2015 at the subsidiary company SŽ Infrastruktura d.o.o. concerning the corporate income tax for the period from 1 January 2014 to 31 December 2014. The inspection will not be completed by the adoption of the 2015 annual report.

In the 2016 financial year, the SŽ Group will transition to the reporting method under the International Financial Reporting Standards (IFRS). General Meetings of all Group companies will decide in 2016 on whether to transition from the Slovenian Accounting Standards to the International Financial Reporting Standards. If the General Meetings confirm the change of the reporting framework, all companies in the Group will compile financial statements for 2016 in accordance with the IFRS.



STATEMENT ON MANAGEMENT'S RESPONSIBILITY

The management of the Controlling Company Slovenske železnice d.o.o. hereby approves the financial statements for the 2015 financial year, the notes to the financial statements and the accounting policies applied as well as the business report.

The financial statements with notes were compiled on the going concern basis of Group companies in accordance with applicable legislation and the Slovenian Accounting Standards.

Ljubljana 29 June 2016



Dušan Mes
generalni direktor

Milan Jelenc
direktor

Tomaž Krašković
direktor

Albert Pavlič
delavski direktor

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

to the owners of SLOVENSKE ŽELEZNICE, d.o.o.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the SLOVENSKE ŽELEZNICE, d.o.o. company and its subsidiaries (hereinafter: the Group) comprising the balance sheet as at 31 December 2015, the related income statement, the statement of comprehensive income and the statement of cash flows for the year then ended including the summary of the material accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation of these financial statements in accordance with the Slovenian Accounting Standards as well as for such internal controls that are necessary in line with the management's decision to enable the preparation of financial statements that are free from material misstatement arising from fraud or errors.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence of the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. When assessing these risks, the auditor reviews the internal controls related to the preparation of the financial statements in order to determine the appropriate procedures, depending on the circumstances, and not to express an opinion on the efficiency of the Group's internal controls. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Slovenske železnice Group as at 31 December 2015 as well as the income statement and the statement of cash flows for the year then ended have been prepared, in all material respects, in accordance with the Slovenian Accounting Standards and present fairly the company's financial position.

Other Matter Paragraph

The Group's financial statements for the year ended 31 December 2014 were audited by a different auditor that expressed an unqualified opinion on the statements as at 30 June 2015.

Report on Other Legal and Regulatory Requirements

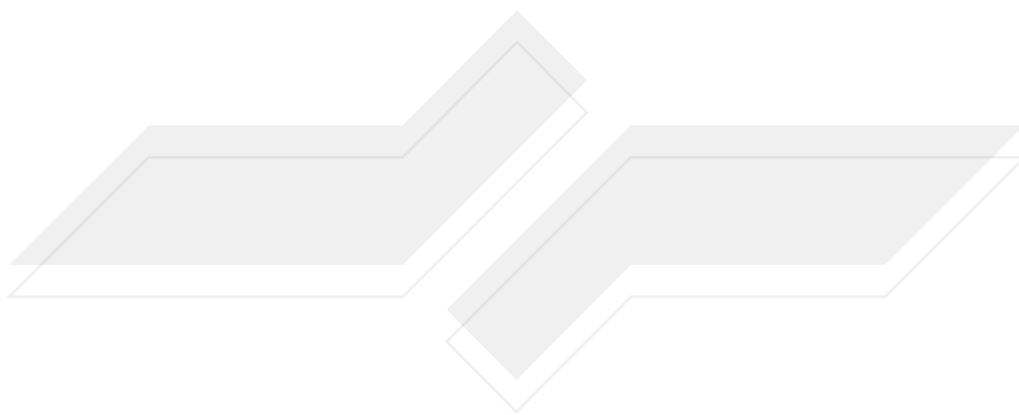
The management is also responsible for the preparation of the business report in accordance with the requirements of the Companies Act (ZGD-1). Our responsibility is to provide our assessment on whether or not the business report corresponds to the audited financial statements. Our procedures are performed in accordance with the International Standard on Auditing 720 and limited only to the assessment of correspondence between the business report and the audited financial statements. We believe that the business report corresponds to the audited financial statements.

DELOITTE REVIZIJA d.o.o.

Katarina Kadunc
Certified auditor



Ljubljana, 12 July 2016



Annual Report for 2015

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