



## LIVAR, D.D. SUPERVISORY BOARD (SB) REPORT

Date: 17 December 2014

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### 1 Introduction

Livar, d.d., Ivančna Gorica (hereinafter also referred to as the Company) had a two-tier management system until 17 December 2014, in accordance with the Companies Act (ZGD-1). Pursuant to the provisions of the ZGD-1, the Company switched to a one-tier management system starting on 17 December 2014.

On 17 December 2014, the SB was composed of the following members:

- Vojko Rovere, Chairman of the SB
- Janko Čevka, Vice-Chairman of the SB
- mag. Mitja Škrbec, member of the SB
- Jože Strmole, member of the SB
- mag. Janko Štehar, member of the SB

In taking their decisions and actions, the SB members were following the goals and interests of the Company and respecting valid relevant legislation and in-house company rules.

### 2 Report on work carried out by the SB from 1 January 2014 to 17 December 2014

In 2014, the SB met at 3 regular meetings (3, 4 and 5) and at two correspondence meetings (1 and 2).

#### Important summaries from the regular meetings

##### During the 3rd meeting on 22 April 2014, the SB:

- looked into business operations for the January–March 2014 period;
- adopted the 2013 Annual Company Report and decided on the convocation of the 21st General Meeting of the Company with decision recommendations;
- recalled Franc Roveret from the post of Chairman of the Management Board, appointing a new three-member Management Board with Alenka Rabuza as Chairwoman and Nina Tušar Markež and Andrej Selan as members of the Management Board; the recall of the Management Board Chairman and the appointment of the new Board became valid on 21 May 2014.

##### During the 4th regular meeting on 23 July 2014, the SB:

- looked into business operations for the January–June 2014 period;
- discussed the financial restructuring project;
- acquainted itself with current events at Jelšingrad Livar a.d. linked to Jelšingrad Livar a.d.'s current business and the problems associated with privatisation investment.

##### During the 5th regular meeting on 5 November 2014, the SB:

- decided on calling the 22nd general meeting and the decision recommendations linked to changes in company management, i.e. switching from a one-tier management system to a two-tier system starting on 17 December 2014;
- decided on terminating Board members' terms, starting on 17 December 2014.

#### Important summaries from correspondence meetings

##### During the 1st meeting on 19 May 2014, the SB:

- acquainted itself with the fact that Janko Čevka stepped down as President of the SB on 29 May 2014;
  - appointed Vojko Roveret as the new President of the SB, starting on 29 May 2014;
  - decided to conclude bonus annexes to Management Board contracts for the 2014 fiscal year.
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**During the 2nd meeting on 28 August 2014, the SB:**

- acquainted itself with the revocation of Franc Roveret's procurator status by the Management Board;
- decided that Franc Roveret should receive compensation and a bonus for the 2014 fiscal year because of the termination of his individual employment contract from 26 November 2013 and the Annex to said contract from 22 May 2014, all in accordance with the contract;
- acquainted itself with the fact that mag. Jože Kaligaro from the SB stepped down, being named the Company's procurator by the Board;
- appointed Janko Čevka as the new President of the SB, starting on 28 August 2014;
- decided on the individual contract of the Company's procurator, mag. Jože Kaligaro.

**3 Conclusion**

This report is intended for the Company's general meeting. The SB has not given its opinion on the 2014 Annual Report and the Auditor's Report in the same document; because of the change to the Company's management system, the SB ceased executing its duties before the date on which these things were discussed pursuant to the ZGD-1.

Yours sincerely,

Vojko Rovere  
Chairman of the Supervisory Board



## **LIVAR, D.D. MANAGEMENT BOARD (MB) REPORT**

Date: 18 June 2015

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### **1 Introduction**

Pursuant to Article 282 of the Companies Act (ZGD-1), in conjunction with Paragraph 3, Article 285 of ZGD-1 and Article 15 of the Livar, d.d., Ivančna Gorica Articles of Association, the MB presents a report on the work carried out by the MB in 2014, the assessment of the 2014 Annual Report and an opinion relating to the Auditor's Report in the 2014 Annual Report.

Livar, d.d., Ivančna Gorica (hereinafter also referred to as Company) has had a one-tier management system since 17 December 2014. The Company's MB has three members. On 31 December 2014, the MB was composed of the following members:

- Vojko Rovere, Chairman of the MB
- mag. Jože Kaligaro, Deputy Chairman of the MB and simultaneously the Company's Executive Director
- Jože Strmole, member of the MB

In taking their decisions and actions, the MB members were following the goals and interests of the Company and respecting valid relevant legislation and in-house company rules.

### **2 Report on the work carried out by the MB in 2014**

In 2014, the MB met at the 1st regular meeting on 17 December 2014. At the meeting, the MB was officially constituted by electing the Chairman, the Deputy Chairman and the MB member with the power of attorney.

During its 1st regular meeting, the MB:

- adopted the Rules of Procedure for its work;
- from among its members, it selected mag. Jože Kaligaro for the post of CEO and Executive Director for the Technical-Production area and the Commercial area;
- provided the bases for individual contracts for executive directors;
- named a three-member Audit Committee;
- empowered the CEO to adopt changes to the rules on the organisation and systematisation of the Company due to changes in company management;
- decided to make a decision concerning the 2015 Business Plan at the start of January 2015.

### **3 MB report on the 2014 Annual Report**

During its 2nd regular meeting on 21 April 2015, the MB acquainted itself with the unaudited Annual Company Report for the 2014 fiscal year. In the framework of the 2nd correspondence meeting, which took place on 18 June 2015, the MB acquainted itself with the Annual Company Report for the 2014 fiscal year, with the Audit Report in the Annual Company Report for the 2014 fiscal year, as well as with the opinion and recommendations of the Audit Committee.

It is the opinion of the MB that the business and accounting section of the audited 2014 Annual Company Report represents a fair statement on the Company's business operations in 2014, offering company shareholders all relevant information on the Company's profitability, financial state and liquidity.

During its 2nd correspondence meeting, which took place on 18 June 2015, the MB took the decision to recommend that the Company's General Meeting adopt the audited Annual Report for the 2014 fiscal year.

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#### **4 The MB's opinion on the Audit Report in the 2014 Annual Report**

During its 2nd correspondence meeting, which took place on 18 June 2015, the MB acquainted itself with the Report prepared by an independent auditor, appointed at the Company's General Meeting for 2014, i.e. KPMG Slovenija, d.o.o. The Audit Report has been prepared in accordance with valid legislation and professional standards, which is why it is the opinion of the MB that it presents a correct assessment of the Company's profitability and its financial status. The MB has no comments on the Audit Report.

#### **5 The MB's decision on the Company's 2014 business operations**

It is the MB's conclusion that in 2014 the Company operated in accordance with planned goals; however, the business circumstances demonstrated a high degree of risk, especially when it comes to the sales segment, which is why the Company's business operations are not yet balanced. When it comes to 2014 sales, we notice that the achieved results are largely not the consequence of systematic and efficient work in the area of sales processes; this means the Company is still, to a significant degree, conducting business according to the principle of survival and not in a long-term balanced way, i.e. based on a clear and sound sales and business strategy. This can also be seen in the business performance development during the first quarter of 2015, showing that 2015 will be a landmark year, not least because of the implementation of a sales module (strategy) and a long-term concept for Company operations (regarding processes, HR and IT support).

Since the Company had an accumulated loss on 31 December 2014, the MB – during its 2nd correspondence meeting on 18 June 2015 – also adopted a decision recommendation for the General Meeting among all the other material discussed, deciding that the accumulated loss, amounting to EUR 8,254,537, should remain uncovered and be transferred over to the next year.

Yours sincerely,

Vojko Rovere  
Chairman of the MB