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Each moment is a new opportunity

Business conditions applying to Hit and its Group were adverse before and after August when the new management took the helm.

For the first time in 25 years, unpromising performance trends emerged due to the style of the old management and its focus on short-term objectives combined with capital investments not quite well thought-out, as well as due to the anti-smoking legislation and unfavourable and outdated fiscal legislation. Hit also had to face increased competition in its primary market and the global financial crisis. A thorough and in-depth analysis revealed that the situation was serious: Hit was in its best years, but not in its best condition. Its ten subsidiaries found themselves in similar, yet specific, situations. Six of them were established in Slovenia, three in the area of the former Yugoslavia and one was about to be established.

The parent Hit company saw a further drop in its revenues in 2009, as the economic crisis, the worst in the last 80 years, got even worse in the first half of the year and affected very negatively the number of visitors and their spending. The increased and stronger competition, and to a smaller extent the closure of two gaming and two F&B units, added to this. Hit responded by adopting several measures aimed at increasing revenues on one hand and reducing costs on the other. The measures were successful but the drop in costs was not sufficient to compensate for the drop in revenues, as a large portion of costs was fixed. Performance indicators were thus below the 2009 target figures and the 2008 figures.

Other countries where Group companies operate have more development-oriented fiscal legislation. They also react faster to changes in market conditions to ensure competitiveness of their gaming establishments. Croatia, for example, exempted casinos from the anti-smoking act and thus prevented a significant drop in their revenues. This notwithstanding, the subsidiaries established in Montenegro (Hit Montenegro), Bosnia and Herzegovina (Hit Coloseum) and Croatia (Casino Kristal Umag) did not achieve the 2009 target figures. Slovenian subsidiaries had similar and even worse problems and all but Hit Larix (Kranjska Gora) lagged behind plans.

The new management team had to face reality immediately. Although it did not have much time at its disposal, it defined the way to go and identified the main and urgent objectives, in a clear and transparent manner. The new road avoids completely the temptations typical of transitional countries. We have started on this new road without looking back, armed with optimism and knowledge, ready to grab the opportunities and avoid the threats we will encounter. To be able to cope with the challenges, we have had to revise the 2010-2012 Group strategy.

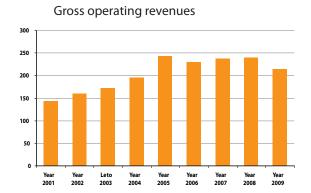
Each moment is a new opportunity is our new slogan that we firmly believe. Hit and its Group now have a new opportunity to regain our old glow. The employees also have a new opportunity to participate in this with their knowledge and experience. We expect the 2010 business conditions to be even worse than in 2009. Economic recovery will be slow and uncertain and we must be clear that market conditions will get worse before they get better. Just how slowly our target markets will recover remains uncertain. Their purchasing power remaining low, while our customers might become more and more rational when making their purchasing decisions.

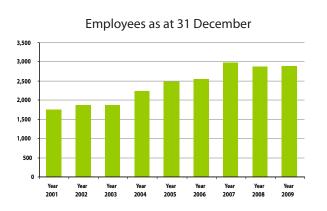
For these reasons we opted for a realistic scenario for the next three years, which provides for stabilisation and normalisation of operations combined with a well thought-out disinvestment strategy. Hit will achieve an appropriate level of profitability within this period. I firmly believe in our success.

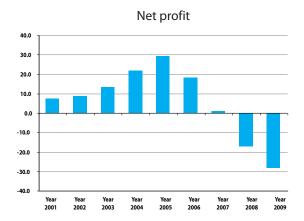
Dr. Drago Podobnik

Hit Group in 2009

- EUR 243.5 million in gross operating revenues including gaming tax
- EUR 213.5 million in gross operating revenues
- EUR 28.3 million in net loss of the Hit Group
- EUR 27.3 million in net loss of the majority owner
- EUR 201.7 million in gross gaming revenues and casino entrance fees (including gaming tax and output VAT respectively)
- 2.1 million casino visitors
- 428.5 thousand overnight stays
- 2,883 employees at year-end 2009
- a negative 15.8 percent return on capital











1.1 Hit company profile

1.1.1 Establishment

Establishment of Hit was recorded in the register kept by the Nova Gorica District Court under no. 1/00224/00 on 9 October 1990.

The limited liability company (d.o.o.) later underwent ownership transformation and became a company limited by shares (d.d.). This transformation was entered into the Nova Gorica District Court register pursuant to the decision Srg 98/00076 on 9 February 1998.

The transformation was carried out in accordance with the Ownership Transformation of Companies with Socially-Owned Capital Organising Special Games of Chance and Capital Structure of Companies Organising Special Games of Chance Act (Official Gazette of the RS, no. 40/97, hereinafter ZLPPOD). Hit prepared an opening balance sheet as at 18 June 1994 in accordance with ZLPPOD, and determined the nominal value of its share capital at SIT 6,788,634,000 (EUR 28,328,467.70). It then issued two classes of shares as follows: 4,073,180 ordinary shares that were not freely transferable and represented 60 percent of its share capital, and 2,715,454 participating preferred shares that were freely transferable and represented 40 percent of its share capital. The nominal value of shares was SIT 1,000 (EUR 4.17).

As its shares are not listed, Hit is not obliged to comply with the Corporate Governance Code applying to companies limited by shares in the Republic of Slovenia, but nevertheless adheres to its provisions as much as possible.

Other company information as entered in the court register:

Company name: HIT hoteli, igralnice, turizem d.d. Nova Gorica

Abbreviated name: HIT d.d. Nova Gorica

Registered office: Delpinova 7a, SI - 5000 Nova Gorica

Company ID no.: 5232058 Share capital: EUR 28,328,467.70

Founders: Republic of Slovenia; entry: 2 September 1997; capital contributed: EUR 28,328,467.70

Management Board composition:

Niko Trošt, President	authorisation start (end) date: 21 March 2006 (31 July 2009)
Drago Podobnik, President	authorisation start date: 1 August 2009
Nevenka Črnko, Member	authorisation start (end) date: 1 October 2007 (6 March 2009)
Marjan Zahar, Member	authorisation start date: 13 June 2006
Stojan Pliberšek, Member	authorisation start date: 1 August 2009
Uroš Kravos, Member	authorisation start date: 1 October 2009
Srdan Tovornik, Procurator	authorisation start (end) date: 14 October 1993 (5 March 2010)

Supervisory Board composition:

Jupan Liber y Bound Composition	
Viktor Baraga, Chairman	mandate start (end) date: 21 February 2006 (24 March 2009)
Marko Jaklič, Chairman	mandate start (end) date: 8 April 2009 (19 May 2009)
Matej Golob Matzele, Chairman	mandate start date: 17 July 2009
Andrej Miška, Deputy Chairman	mandate start (end) date: 8 April 2009 (17 July 2009)
Marko Slivnik, Deputy Chairman	mandate start (end) date: 17 July 2009 (22 June 2010)
Alojz Durn, Member	mandate start (end) date: 26 January 2006 (5 March 2009)
Rajko Harej, Member	mandate start (end) date: 21 February 2006 (24 March 2009)
Marijan Stojko, Member	mandate start (end) date: 22 February 2006 (22 February 2010)
Marko Slivnik, Member	mandate start (end) date: 22 June 2006 (17 July 2009)
Mirko Brulc, Member	mandate start (end) date: 16 March 2007 (24 March 2009)
Tomo Malnarič, Member	mandate start date: 5 March 2009
Marko Jaklič, Member	mandate start (end) date: 25 March 2009 (8 April 2009)
Irena Uršič, Member	mandate start date: 25 March 2009
Andrej Miška, Member	mandate start (end) date: 25 March 2009 (8 April 2009)
Matej Golob Matzele, Member	mandate start (end) date: 4 July 2009 (17 July 2009)
Andrej Miška, Member	mandate start date: 17 July 2009
Žarko Šuligoj, Member	mandate start (end) date: 22 February 2010 (16 June 2010)

The financial statements for the year ended 31 December 2009 were audited by the company BDO Revizija of Ljubljana, which expressed an unqualified opinion on these statements on 6 April 2010.

1.1.2 Share capital and ownership structure

Share capital of Hit (SIT 6,788,634 thousand) was determined based on the opening balance sheet as at 18 June 1994, as explained above. Due to the changeover to the euro, share capital in an amount of EUR 28,328,467.70 was entered in the court register on 6 March 2007. It is divided into 6,788,634 shares, of which:

- 4,073,180 (60 percent) are ordinary registered shares of no par value that are not freely transferable, and
- 2,715,454 (40 percent) are participating preferred shares that are not voting and are freely transferable.

Ownership structure of the Hit company as at 31 December 2009 and 2008.

	31 December	r 2009	
Shareholder	No. of shares	Stake	
Slovenska odškodninska družba, d. d.	1,357,727	20.00%	
Kapitalska družba, d. d.	1,357,727	20.00%	
Nova Gorica municipality	1,022,614	15.06%	
Šempeter-Vrtojba municipality	183,726	2.71%	
Kranjska Gora municipality	131,699	1.94%	
Rogaška Slatina municipality	11,541	0.17%	
Novo mesto municipality	8,146	0.12%	
Total ordinary shares	4,073,180	60.00%	
Various legal persons	2,715,454	40.00%	
Total preferred shares	2,715,454	40.00%	
Total shares	6,788,634	100.00%	

 $Ordinary\, shares\, confer\, the\, following\, rights:$

- · the right to participate in company management,
- the right to participate in company profit,
- the right to participate in company assets remaining after its liquidation or bankruptcy.

Ordinary shares are transferable subject to a prior consent of the Ministry of Finance in accordance with Article 56 of the Gaming Act (official consolidated text 1 published in the Official Gazette of the RS, no. 134/03). Transfers take effect only upon entry into the share register of Hit kept by the Central Securities Clearing Corporation in accordance with regulations governing dematerialised securities.

Participating preferred shares do not confer the right to company management. Their owners have the right to participate in company profit (based on a resolution adopted by the general meeting of shareholders) and company assets remaining after its liquidation or bankruptcy, as well as the right to a dividend fixed at 1 percent of company book value per share. Preferred shares are freely transferable.

1.1.3 Governance bodies

The governance bodies of Hit are its management and supervisory boards, and the general meeting of shareholders. The management board, which runs the company, is composed of the president and three members, one of whom is the employee representative. Excepting the last one, all members and the president are appointed and recalled by the supervisory board.

The supervisory board is composed of six members: two are employee representatives elected by the workers' council, one is appointed by the Government, whilst the remaining three are elected by the general meeting of shareholders.

At year-end 2009, Matej Golob Matzele was the Chairman of the Supervisory Board.

1.1.4 Main activities, concessions and concession duties

Hit's main activities are the following:

- · organisation of special games of chance
- hotels
- •restaurants and inns
- •snack bars, sweet shops, coffee houses, canteens, bars
- •activities of travel agents and tour operators, tourist assistance nec
- organisation of exhibitions, fairs and congresses
- operation of sports arenas and stadiums
- · ·other recreational activities nec
- · •wholesale and retail

In accordance with the Gaming Act (official consolidated text 1 published in the Official Gazette of the RS, no. 134/03), games of chance may only be organised on the basis of a concession or licence granted by the competent body. Hit obtained five concessions for organising special games of chance in casinos, and concluded relevant concession contracts for the period from 1 July 1999 to 30 June 2004. On 24 June 2004, the Government adopted a resolution on their extension until 30 June 2009. On 24 June 2009, the Government adopted another resolution on extension until 30 June 2014 of the concessions granted for the following casinos:

- · Casino Park, Nova Gorica
- · Casino Perla, Nova Gorica
- · Casino Korona, Kranjska Gora
- · Casino Fontana, Rogaška Slatina

Hit was also granted two concessions for organising special games of chance in slots halls: Dama Casino (Gornja Radgona) and Casino Drive-in (Vrtojba). Both expire on 5 December 2010.

At its session of 20 November 2008, the Government revoked the concessions for organising special games of chance granted to Hit for Casino Kastel (a casino) and Dama Casino (a slots hall) because Hit as concessionaire ceased to organise special games of chance in the two gaming establishments as of 1 July 2008.

Hit as concessionaire must account for and pay the concession duty as laid down in the Gaming Tax Act (Official Gazette of the RS, no. 57/99) and the Gaming Act, separately for each concession granted. The basis for calculation is the amount paid in by players to participate at a certain special game of chance, as reduced by the winnings paid out to the players and revenues earned by the gaming establishment in the case of games played by players against each other. In the period 2004-2009, Hit accounted for and paid the concession duty at a rate of 5 percent, except for slot machines, in which case a progressive scale applied for casinos and a fixed rate of 20 percent applied for slots halls.



2. Business report

2.1 Introduction

At year-end 2009, the Hit Group comprised the parent Hit company and ten subsidiaries. Six were established in Slovenia, three in the area of the former Yugoslavia and one was about to be established. The subsidiary in the Netherlands Antilles was brought to an end in April 2009, after a liquidation procedure that started in December 2008.

The parent **Hit company** saw a further drop in its revenues in 2009 due to the continuing recession in the tourism and gaming industries. The economic crisis, the worst in the last 80 years, got even worse in the first half of the year and affected very negatively the number of visitors and their spending. The increased and stronger competition, to a smaller extent also the closing up of two gaming and two F&B units mid-year, added to the drop in revenues. Hit responded by adopting several measures aimed at increasing revenues on one hand and reducing costs on the other. These were successful but the drop in costs was not sufficient to compensate for the drop in revenues, as a large portion of the company's costs is fixed. Performance indicators were thus below the 2009 target figures and the 2008 figures. The 2009 results were also affected negatively by the impairment of assets.

Hit Montenegro of Budva, Montenegro made a profit in 2009 but did not achieve the targets, mainly due to the worse last months of the year. Gaming revenues were as planned, while those from F&B lagged behind the target figure. This is mainly attributable to the fact that hotel rooms were offered to casino visitors as a comp (in particular over weekends), but also to the economic crisis and stronger competition. This also reflected on lower occupancy.

Hit Coloseum of Sarajevo, Bosnia and Herzegovina made a loss in 2009 and did not achieve its targets. Revenues were below both the 2009 target figure and the 2008 figure. The number of visitors and their spending decreased due to the economic crisis, increased competition, out-of-date product, etc. In October 2009 a new director was appointed who promptly introduced several activities aimed at improving company performance.

Casino Kristal Umag of Umag, Croatia did not achieve the targets, but its performance improved compared to 2008. According to the company, the main reason for its underachievement was the drop in visitor spending (due to their structure, but also recession, competition, etc.) combined with high costs per visitor. After its management was replaced in October 2009, the company in November 2009 took over the management of the hotel within the Kristal complex.

Casino Kobarid of Most na Soči, Slovenia did not achieve the target revenues and profit. The number of visitors and their spending decreased compared to 2008, as business conditions deteriorated further. The drop in revenues is explainable by the presence of a slots hall in nearby Goriška Brda, which has the advantage of location, as well as by the global economic crisis.

Hit Šentilj of Šentilj v Slovenskih goricah, Slovenia earned a profit that was above the target, and revenues that were below the target, which is explainable by the reduced operating costs. Revenues were above the 2008 figure, despite several negative trends that affected the industry. This is attributable to the innovative marketing approach, the revamped entertainment programme and the enhanced presence in the key market, Austria (Styria), all of which contributed to the increase in the number of foreign visitors and their spending. Throughout the year the company was on the verge of insolvency and capital inadequacy. It therefore carried on with rationalisation and optimisation of business processes and its efforts to increase employee productivity. When its capital became inadequate, Hit Šentilj was forced to reduce share capital.

Hit Larix of Kranjska Gora, Slovenia was successful in 2009, despite the continuing economic crisis. To neutralise its negative impact and to achieve targets, it launched several marketing activities. Strengthening product competitiveness and rewarding customer loyalty were among the most important ones. The number of visitors decreased but investing in visitors paid off as their spending increased. The company managed to maintain revenues at the 2008 level, and made a profit, also due to its continuous cost monitoring and management.

Hit Alpinea of Kranjska Gora, Slovenia did not achieve the targets mainly due to a drop in revenues. They were below the 2008 level as the Špik Hotel was closed in the first half of the year, but also due to bad weather, the departure of the bio-therapist and a decreased number of seminar tourists. Costs increased due to the activation of the renovated Špik Hotel, and due to maintenance of snow-damaged facilities. Recession and climate dependency resulted in a marked seasonal pattern, which eventually affected the final results.

Hit Bovec of Bovec, Slovenia did not achieve the targets and its performance was also worse than in 2008. In the first half of the year the ski lift did not operate due to a damaged support beam, which affected also the restaurant (Prestreljenik) and buffet located near the ski areas. Throughout the year the company had to cope with the consequences of the global economic crisis, mainly in the form of fewer foreign visitors.

ICIT of Šempeter pri Gorici, Slovenia did not meet the targets in 2009 and made a loss. Demand for its products fell because the adverse business conditions forced its customers, i.e. gaming companies, to put their capital investments on hold. ICIT responded promptly by expanding its product and service range, by increasing quality and offering competitive prices, by carefully selecting target markets and by concentrating as much as possible its otherwise scarce resources. It had to face capital inadequacy and in the second half of 2009 also insolvency caused mainly by the economic crisis: the majority of its customers were affected to the extent that they were not able to settle their liabilities when due.

Hit International of Belgrade, Serbia saw a lot of changes in 2009: in June Serbia's Constitutional Court decided to lift the territorial restriction on gaming concessions. New concessions are therefore valid throughout Serbia and not only in the 15- or 25-kilometre radius from the centre of Belgrade. This is not so in the case of the "old" concession of Hit International, which therefore enjoys worse conditions than certain other gaming companies. The company has been trying to convince the Serbian government to lift the territorial restriction also on its concession. If it is not successful, it will ask the Serbian government to terminate the concession contract by mutual consent. Because of these developments the company in 2009 suspended all activities for the construction of a casino in Serbia.

In 2009, the **Hit Group** generated EUR 216.3 million of revenues and incurred EUR 249.4 million of expenses, thus producing a net loss of EUR 28.3 million. At year-end 2009, its assets amounted to EUR 376.4 million, and were financed by its own sources (capital and long-term provisions) in the amount of EUR 159.4 million.

At year-end 2009, the Hit Group employed 2,883 persons, up by 0.5 percent compared to a year ago.

Altogether, the Hit Group casinos and slots halls had 2,095 thousand of visitors or 6.5 percent less than in 2008. Casinos pertaining to the Hit company, but also the Coloseum Club (Sarajevo) and Mond (Šentilj) casinos saw less visitors than a year ago.

The Hit Group hotels recorded 428.5 thousand overnight stays or almost 34 thousand less than in 2008. This is mainly explainable by the worsened economic conditions in Slovenia and abroad, and by reduced hotel capacities due to the renovation of the Špik Hotel in the first half of the year.

At year-end, visitors to casinos or slots halls had the choice of 4,023 slot machines (13 more than in 2008) and 215 gaming tables (the same as a year ago), while hotel guests had at their disposal 2,771 hotel beds or 1,414 rooms (235 and 114 respectively more than a year ago).

2.2 Games of chance

2.2.1 Gross gaming revenues

Gross revenues from games of chance and casino entrance fees (including gaming tax and output VAT respectively) amounted to EUR 201.7 million in 2009. Of this, the parent Hit company earned EUR 153.9 million or 76.3 percent, the subsidiaries established in Slovenia earned EUR 23.5 million or 11.7 percent, and the subsidiaries established abroad earned EUR 24.3 million or 12 percent. The decrease of 10 percent in gross gaming revenues is mainly attributable to the casinos pertaining to the Hit company and to a lesser extent to the Aurora and Coloseum Club casinos, all affected by the economic crisis and increased competition. The decrease would have been even greater but for the Larix slots hall that operated the whole year (and not only six months as in 2008), and the increase in gross gaming revenues of the Maestral, Kristal and Mond casinos.

Gross gaming revenues in 2009 and 2008 (million EUR).

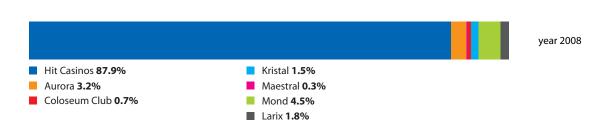
	Year 2009	Share	Year 2008	Index 09/08
Hit casinos	153.9	76.3%	178.3	86
Aurora	6.2	3.1%	6.9	90
Maestral	14.1	7.0%	13.3	106
Coloseum	3.8	1.9%	4.9	77
Kristal	6.4	3.2%	6.1	104
Mond	11.5	5.7%	10.6	109
Larix ¹	5.8	2.9%	2.9	201
Total	201,7	100,0%	223,0	90

¹ Included are only 50 percent of gross gaming revenues generated by the slots hall in 2008, as this became part of the Hit Group only in July 2008, when the parent Hit company became its majority owner.

2.2.2 Gaming tax and other duties

In 2009, all Hit Group casinos and slots halls accounted for EUR 30.1 million of gaming tax and EUR 25.4 million of **concession and other duties**. Gaming tax and other duties together amounted to EUR 55.4 million or more than 10 percent less than in 2008. This amount represented 27.5 percent of gross gaming revenues (0.2 percentage points less than in 2008). Gaming tax and other duties accounted for only by the casinos and slots halls established in Slovenia were EUR 53.9 million or 97.2 percent.

Gaming tax and other duties in 2009 and 2008.





Companies established in Slovenia, i.e. Hit, Casino Kobarid and Hit Šentilj, engage not only in games of chance, an activity that is exempt from VAT under the VAT Act, but also in other activities (of which the most important is F&B). They may deduct input VAT only in a percentage corresponding to the portion that VAT-liable activities contribute to total revenues. In 2009, this portion was 10 percent, 3 percent and 5 percent in Hit, Casino Kobarid and Hit Šentilj respectively. This non-deductible input VAT represents an additional tax burden for casinos and slots halls and thus entire companies, and significantly increases operating costs.

2.2.3 Visits

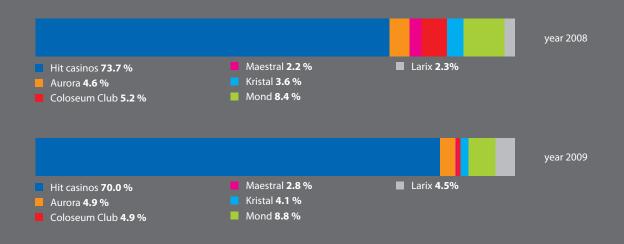
In 2009, the Hit Group casinos recorded 2,095 thousand **visitors**, down 146 thousand or 6.5 percent from 2008. The decrease is mainly attributable to the Hit Group casinos and to a lesser extent to the Coloseum Club (Sarajevo) and Mond (Šentilj) casinos. Other casinos and slots halls saw an increase in the number of visitors, the Larix slots hall mainly because it operated the whole year and not only six months as in 2008. Casinos and slots halls located in Slovenia accounted for 88 percent of the Group's total visits, down 1 percentage point from 2008. Casinos and slots halls located outside Slovenia accounted for the remaining 12 percent.

Visits in 2009 and 2008 (thousands) to Hit Group casinos.

	Year 2009	Share	Year 2008	Index 09/08
Hit casinos	1,466	70.0%	1,652	89
Aurora	103	4.9%	102	100
Maestral	58	2.8%	50	116
Coloseum	103	4.9%	117	88
Kristal	85	4.1%	80	106
Mond	185	8.8%	189	98
Larix ²	95	4.5%	50	188
Total	2,095	100.0%	2,241	93.5

²Included are only visits recorded by the slots hall in the second half of 2008, as this became part of the Hit Group only <u>in July 2008, when the parent Hit company</u> became its majority owner.

Visits to Hit Group casinos in 2009 and 2008.



2.3 Hotels and other tourism services

2.3.1 Revenues

In 2009, **gross operating revenues** from rooms sold and other tourism services provided were EUR 33.6 million, down 11 percent from 2008.

Available rooms and occupancy

At year-end 2009, there were 1,414 **rooms** within the Hit Group available to hotel guests, which is 114 more than a year ago. Their number increased mid-year when the renovated Špik Hotel in Gozd Martuljek opened its doors.

The number of **overnight stays** was 428.5 thousand, down 7 percent from 2008. Hit Alpinea saw the largest decrease, as its Špik Hotel was being renovated in the first six months of 2009. The Maestral Hotel in Montenegro and the Kanin Hotel in Bovec also recorded a smaller number of overnight stays, the first due to the fact that hotel rooms were offered to casino visitors as a comp, and the latter due to the economic crisis. Of the Group's total overnight stays, one-half was realised by the hotels belonging to the Hit Alpinea company, slightly less than one third by those belonging to the parent Hit company, 12.4 percent by the Maestral Hotel (Montenegro) and 6.4 percent by the Kanin Hotel (Bovec). Foreigners predominated and constituted some 58 to 93 percent of all hotel guests.

In 2009, all Group companies saw lower **occupancies** than in 2008: the Hit Alpinea hotels a 50-percent occupancy, the Maestral Hotel a 43-percent occupancy, Hit hotels a 40-percent occupancy, and the Kanin Hotel a 30-percent occupancy.

Performance indicators for Hit Group hotels in 2009 and 2008.

	Ove	Overnight stays			Bed occupancy		
	Number	Share	Index 09/08	Year 2009	Year 2008		
Hit hotels	130,274	30.4%	97	40%	41%		
Hit Alpinea hotels	217,710	50.8%	94	50%	58%		
Maestral Hotel	53,105	12.4%	85	43%	51%		
Kanin Hotel	27.433	6.4%	83	30%	36%		

Overnight stays in Hit Group hotels in 2009 and 2008.



2.4 Other activities

Other activities pursued within the Hit Group (various services, tourist agency, retail, etc.) earned **gross operating revenues** of EUR 7.3 million, down more than 40 percent from 2008.

2.5 Revenue breakdown

The Group's **gross operating revenues** in 2009 were EUR 213.5 and represented 98.7 percent of total revenues. Of this amount, EUR 181.7 million or 85 percent were generated by Group companies established in Slovenia, while the remaining EUR 31.8 million or 15 percent were generated by Group companies established abroad. Gross operating revenues fell by 11 percent compared to 2008.

The share of the Group's gross operating revenues generated by games of chance (gaming tax not considered) was by far the largest at 80.9 percent. The share generated by hotels and other tourism activities was 15.7 percent, while the share generated by other activities was the remaining 3.4 percent. The share of games of chance increased by 1.8 percentage points.

Financial revenues were EUR 2.5 million and **other revenues** were EUR 0.3 million. Together they represented 1.3 percent of the Group's total revenues, down 1.1 percentage points from 2008.

The Group's **total revenues** (operating, financial and other) were EUR 216.3 million in 2009, down 12 percent from 2008.

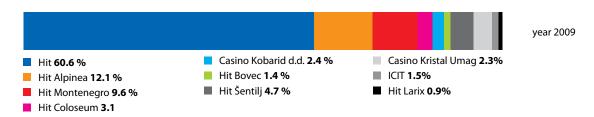
The Group's total expenses were EUR 249.4 million in 2009, down 6 percent from 2008.

Consolidated net loss of the Hit Group was thus EUR 28.3 million or 13.1 percent of total revenues.

2.6 Employees

At year-end 2009, the Hit Group had 2,883 **employees** or 13 (0.5 percent) more than a year ago. The increase is mainly attributable to the subsidiaries: Hit Alpinea, which opened the renovated Špik Hotel; Casino Kristal Umag, which took over in November 2009 the management of the hotel within the Kristal complex; and Hit Montenegro, which had to replace employees on a prolonged sick leave. The number of employees in the parent Hit company decreased, the same as in the subsidiaries Hit Šentilj (Šentilj) and Hit Larix (Kranjska Gora), in line with the rationalising policy. The number of employees in other Group companies remained more or less at the 2008 level. The majority of all employees of the Hit Group (60.6 percent) were employed by the parent Hit Company, down 2.4 percentage points from 2008.

Hit Group employees as at 31 December 2009.



The Hit Group follows a recruitment and HR development policy that is in accordance with its uniform quality standards. This means that Hit as the parent company is responsible for the transfer of knowledge, experience and quality standards to its subsidiaries through its own employees. By doing so, it ensures efficiency and brand recognition.

Hit Group employees as at 31 December 2009 by the highest level of education achieved.

	Primary and vocational (I-IV)	Secondary (V)	Higher (VI)	University or higher (VI)	
Hit	434	841	137	335	1,747
Hit Alpinea	218	99	17	16	350
Hit Montenegro	59	176	26	16	277
Hit Coloseum	22	64	1	2	89
Casino Kobarid	11	42	5	11	69
Hit Bovec	31	6	2	1	40
Hit Šentilj	24	76	18	18	136
Casino Kristal Umag	24	79	2	3	108
ICIT	6	9	2	25	42
Hit Larix	6	14	1	4	25
Total Hit Group	835	1,406	211	431	2,883

2.7 Capital investments and development projects

The year 2009 was one of the least intensive for the Hit Group as regards capital investments and other projects (development, organisational, IT, etc.), one-time tasks, and acquisition of property, plant and equipment. This was due to the restrictive measures taken by the Group in view of the poor results attributable to the adverse business conditions.

The parent **Hit** company completed only one project, the construction of a wellness centre in the Perla Gaming and Entertainment Centre. The most important ongoing project in 2009 (started in 2008 and continued in 2010) was the customer relationship management project. This should improve service quality based on identified customer needs and expectations. Other important ongoing projects in 2009 were: development of entertainment centres with gaming devices in Italy, introduction of electronic invoicing, and use of synergy for marketing the Kranjska Gora destination. The project of development of the Goriška destination was put on hold early in 2009. In the course of the year, there were also no activities connected with the project of construction of a gaming and entertainment centre in Belgrade, otherwise managed by the subsidiary **Hit International** of Belgrade.

Capital investments of **Hit Montenegro** were mainly directed towards completing the expansion of the Maestral Hotel, which resulted in more hotel rooms and two smaller congress rooms.

Hit Coloseum invested in the replacement of 25 slot machines and in a partial renovation of the casino and club interior.

Casino Kristal Umag invested in smoking cabins, hotel construction, computer equipment and video surveillance equipment.

Casino Kobarid invested in game conversion, slot machine replacement and video surveillance equipment.

Hit Šentilj invested mainly in property, plant and equipment, to a smaller extent also in the casino interior and Bluetooth technology for informing customers.

Hit Larix invested in property, plant and equipment to maintain the competitive advantage of its casino. It also invested in the modernisation of technological equipment: slot machines, surveillance and CRM systems, computer equipment (computers, printers, monitors), and other equipment and fittings.

Hit Alpinea completed the renovation and expansion of the Špik Hotel, and carried out all the necessary activities to obtain construction permits for an apartment complex.

Hit Bovec only paid the liabilities arising from the construction of a wellness centre and the renovation of hotel rooms, but otherwise had no investments due to its poor results.

Capital investments of **ICIT** were mainly (98 percent) deferred development costs that relate to several development projects launched based on capital investments made and know-how acquired in the period 2005-2008. The remaining 2 percent of investments related to work equipment.

2.8 Environmental protection

The Hit Group companies comply with environmental regulations and the Group's social responsibility policy. In this, they follow the example of the parent Hit Company.

Group companies know their negative impacts on the environment and try to minimise them by implementing appropriate technological solutions, as well as by raising employee awareness and providing relevant employee training. Environmental care and efficient energy use form an integral part of their organisational culture. In addition to what is required by legislation, Group companies have the following in place: a separate waste collection system as well as a time plan for waste collection and cleaning of utility facilities. They also check if these activities are carried out properly.

In past years, Group companies have introduced natural gas for space heating wherever possible, as well as replaced old, environmentally-unfriendly and energy-inefficient heating devices with modern ones using natural gas. The Hit Group continuously modernises and automates its energy systems to rationalise energy and water consumption. In this, it relies on a computer application developed in-house for energy (natural gas, heating oil, butane-propane and electricity) and water consumption monitoring.

The Group further applies LCCA (life-cycle cost analysis) when planning facility renovation and construction. In 2009, the parent Hit company carried out an energy audit of its largest facility, the Perla Gaming and Entertainment Centre, to get a comprehensive and in-depth insight into the centre's energy characteristics. It will further reduce energy costs based on the results of this audit.

After a severe hail that affected the Goriška region in 2009, the company had to repair its facilities and took the opportunity to replace their asbestos roofing covering an area of more than 25,000 square metres. New roofs also obtained additional heat insulation which resulted in an almost 50-percent decrease in the consumption of natural gas for heating.

2.9 Balance sheet analysis and performance indicators

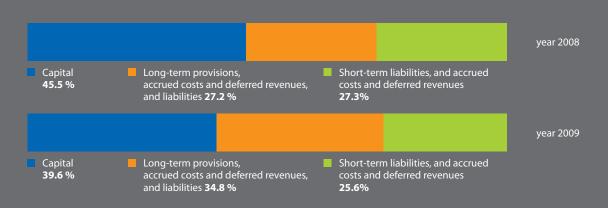
2.9.1 Capital and liabilities

At 31 December 2009, Hit Group's **capital** stood at EUR 149.1 million, down 18 percent from a year ago. Capital represented 39.6 percent of total capital and liabilities, which is 5.9 percentage points less than a year ago when it represented 45.5 percent. **Long-term provisions, accrued costs and deferred revenues, and liabilities** increased by 21 percent to EUR 131.1 million as at year-end 2009 and represented 34.8 percent of total capital and liabilities. **Short-term liabilities, and accrued costs and deferred** revenues decreased by 12 percent to EUR 96.2 million as at year-end 2009 and represented the remaining 25.6 percent of total capital and liabilities (down 1.7 percentage points from a year ago).

Hit Group capital and liabilities items as at 31 December 2009 and 2008 (EUR thousand).

	2009	Share	2008	Indekx 09/08
Capital	149,144	39.6%	181,396	82
Long-term provisions, accrued costs and deferred revenues, and liabilities	131,093	34.8%	108,274	121
Short-term liabilities, and accrued costs and deferred revenues	96,177	25.6%	108,742	88
TOTAL	376,414	100.0%	398,412	94

Hit Group capital and liabilities as at 31 December 2009 and 2008



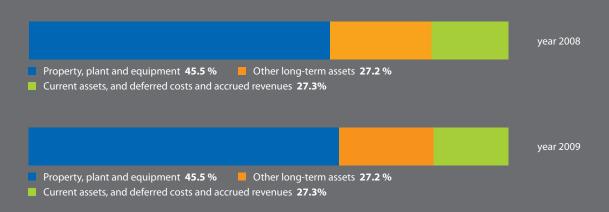
2.9.2 Assets

At year-end 2009, Hit Group's **long-term assets** stood at EUR 318.1 million and represented 84.5 percent of total assets. **Current assets** stood at EUR 58.3 million and represented only 15.5 percent of total assets. The share of long-term assets increased by 0.4 percentage points. At year-end 2009, Hit Group's total assets stood at EUR 376.4 million, down 6 percent from a year ago.

Hit Group assets items as at 31 December 2009 and 2008 (EUR thousand).

	2009	Share	2008	Index 09/08
Property, plant and equipment	243,724	64.7%	249,958	98
Other long-term assets	74,351	19.8%	85,024	87
Current assets, and deferred costs and accrued revenues	58,339	15.5%	63,430	92
TOTAL	376,414	100.0%	398,412	94

Hit Group assets as at 31 December 2009 and 2008



2.10 Performance indicators³

Hit Group profitability and efficiency ratios in 2009 and 2008.

Profitability and efficiency ratios	Year 2009	Year 2008
Return on capital	-15.8%	-8.1%
Return on assets	-7.3%	-4.2%
Revenues profitability	-13.1%	-7.0%
Assets turnover	0.56	0.60
Total efficiency	0.88	0.93

Return on capital, measured as the ratio of net profit / loss to average capital (excluding current year's profit / loss), was minus 15.8 percent in 2009 (2008: minus 8.1 percent).

Return on assets, measured as the ratio of net profit / loss to average assets, was minus 7.3 percent in 2009 (2008: minus 4.2 percent).

Revenues profitability, measured as the ratio of net profit / loss to total revenues (operating revenues plus financial revenues plus other revenues), was minus 13.1 percent (2008: minus 7.0 percent).

Assets turnover, measured as the ratio of total revenues to average assets, was 0.56 in 2009 (2008: 0.60).

Total efficiency, measured as the ratio of total revenues to total costs and expenses, was 0.88 in 2009 (2008: 0.93).

³Profitability indicators were calculated using Hit Group's total net loss (net loss of the majority owner and net loss of minority owners).

3. Mission and strategy

3.1 Mission

The Hit Group **mission** is to satisfy the needs of its stakeholders. This is the main reason for its existence, and at the same time its guidance and inspiration. A clear and well thought-out mission gives its employees the sense that they have a common purpose, direction and opportunity.

From its very beginning the Hit Group has been inseparably connected with hotels, casinos and tourism, and has always contributed to the development of the environment where it operated. The time when merely providing services was sufficient is gone. Now the Group has to put a lot of efforts also in attracting and retaining customers, which requires careful customer relationship management. The new mission, vision and slogan all reflect this.

The Group management is aware of the importance of understanding customer needs, requirements, wishes and expectations, and of meeting these adequately while at the same time meeting also the needs of all other stakeholders. For this reason, it has defined a new mission in the revised 2010-2012 Group strategy: **Co-creating experiences and opportunities**. With new knowledge, a professional approach and the support of all employees the Group will creatively develop the best tourist products and a broad range of accompanying services for the enjoyment, relaxation and entertainment of its customers in their free time.

3.2 Development strategy

To put its stabilisation and normalisation strategy into action, the parent Hit company in the last quarter of 2009 defined a set of short- and medium- term measures and started implementing them. It also revised the 2010-2012 Group strategy, and defined strategic objectives and measures in view of its new values, mission and vision. They form the strategy map created based on the balanced scorecard management system, which is the main management tool.

The key strategic objectives cover four perspectives: financial, customer, business process and learning & growth. They are balanced themselves, which means that improving performance in the objectives found in one perspective may not prevent the company from improving performance in the objectives found in other perspectives. They themselves also balance short- and medium- term objectives and the external and internal measures of success.

The strategy map shows connections between these strategic objectives (within the four perspectives) in the form of a cause-and-effect chain. The financial and customer perspectives contain the basic objectives of Hit, while the business process and learning & growth perspectives contain the objectives that must be achieved if Hit is to create desirable results in the first two perspectives. For each of the strategic objectives, a person responsible was appointed and strategic measures developed. For each measure, target values for the years 2010, 2011 and 2012 were defined, as well as the resources necessary for their achievement, which are set out in the strategic objective implementation programmes.

To achieve profitability in 2012, the following key strategic objectives for the period 2010-2012 were defined:

- increase in productivity,
- · cost-effective operations,
- $\bullet \ \ development \ of comprehensive \ relationships \ with \ target \ customer \ groups, and$
- · development of leadership.

4. Business environment and competition⁴

Games of chance are an activity that would usually be subject to special regulation. This is the case in the majority of countries worldwide, Slovenia included. The main acts governing this area in Slovenia are the **Gaming Act** and the **Gaming Tax Act**. The gaming industry, however, is affected also by other regulations, most adversely by the Value Added Tax, as it makes investments in tourist infrastructure unattractive, which is in great contradiction with the Slovenian tourism strategy. There is also the concession duty that should be used for tourism infrastructure to make destinations more attractive, but is not. In addition to all this came, in August 2007, the so-called **Anti-Smoking Act** that affected negatively gaming establishments. Development of the gaming & entertainment industry was defined in the Strategy of the Development of Gaming in Slovenia of 1997, which, however, has been outdated for quite some time now.

Slovenia's existing legal and fiscal framework applying to the gaming industry uses assumptions from a decade ago and is no longer suitable. During 2009, there were certain activities connected with the preparation of a new gaming strategy. Hit has been advocating a strategy and on its bases amended legislation that would promote gaming industry development. The approach of the Government to the gaming industry has not been development-oriented in the last couple of years. Rigid legislation has not allowed for rapid adaptation of gaming establishments to the changes in the market and industry-specific technological innovations. High taxes have not allowed them to be more distant market-oriented.

Other countries where Group companies operate have more development-oriented fiscal legislation. They also react faster to changes in market conditions to ensure competitiveness of their gaming establishments. Croatia, for example, exempted casinos from the anti-smoking act and thus prevented a significant drop in their revenues.

The global financial crisis that started already in 2008 got even worse in the first months of 2009 and became the first **global economic crisis** since World War II. It reached its peak in the second quarter of 2009, after which the markedly negative developments were moderated in many economies (China, Japan, USA, euro area) due to comprehensive fiscal and monetary measures adopted by their governments and central banks to stabilise financial markets and industries. In the second half of the year industrial production and consumer confidence grew and labour market conditions moderated slightly. The number of unemployed worldwide nevertheless reached a record 212 million in 2009 or 6.6 percent of the global workforce. Worldwide gross domestic product is estimated to have decreased by 2.2 percent in 2009. The year 2009 was one of the most difficult also for the tourism industry worldwide, which was adversely affected not only by the economic crisis, but also by the new influenza. Europe and the Near East were hit particularly hard as the number of tourists dropped by 6 percent. It dropped even more in the countries of Central, Eastern and Northern Europe.

In the euro area, the crisis got even worse in the first months of 2009 but then started to moderate and recovery started as shown by year-end indicators. These also showed, however, that the credit crunch persisted and that labour market conditions deteriorated further.

A deteriorated international economic environment and falling foreign demand deepened the negative export trends in Slovenia in the first half of 2009, while the increased uncertainty and financing difficulties affected adversely investment activities. Figures for the last two quarters show that the economy has started to recover slowly. Economic growth in 2009 was negative though, at 7.5 percent. Consumer price level increased by 1.8 percent, which was among the highest increases in the Euro area and is mainly attributable to the economic policy measures. Inflation averaged 0.9 percent for the year as a whole. Price developments in 2009 were mainly under the influence of oil prices (base effect), weak economic activity and service prices that grew due to the fiscal policy measures. Labour market conditions deteriorated significantly in 2009: active population decreased while the number of registered unemployed increased. By year-end, the number of registered unemployed climbed to 96.7 thousand, up 45.9 percent compared to a year ago. Private consumption and consumer confidence deteriorated throughout the year and remained at a low level at year-end despite the upward movement in indicators.

⁴All figures in this section are the latest figures published by relevant institutions (Institute of Macroeconomic Analysis and Development of the Republic of Slovenia, Statistical Office of the Republic of Slovenia, European Commission, IMF, Confindustria, EBRD and others).

Italy, Hit's most important market, was one of the first countries to be hit by recession. In the first half of 2009 it had to face a falling economy, consumer prices and consumer confidence on the one hand and growing unemployment on the other. In the second half of the year, however, Italy already showed early signs of recovery. After five quarters of negative growth Italy's economy accelerated thanks to industrial production. All in all, GDP dropped by 5 percent in 2009. Y-o-y inflation in December 2009 was 1 percent, while average inflation in 2009 was 0.8 percent, the lowest in the last fifty years. Unemployment increased by 8.5 percent and the number of unemployed reached over 2 million.

Austria saw its GDP drop by 3.4 percent in 2009, which placed it slightly under the average level in the Euro area. Exports of goods, industrial production and investments all decreased significantly, while private consumption proved to be more resilient. Negative trends reversed mid-year: imports and industrial production started to grow as a result of expansive monetary and fiscal policies worldwide. Being strongly integrated with the economies of Central and Eastern Europe, Austria is however expected to feel the consequences of the economic crisis for quite some time. Y-o-y inflation in December 2009 was 1.1 percent, while average inflation in 2009 was 0.4 percent.

In **Montenegro**, inflation measured as the consumer price index was, according to the local statistical office, 3.4 percent, industrial production fell by 32.2 percent and net wages increased by 11.3 percent. The Euro has been the currency in transactions for several years now and the banking system is more or less stable. Macroeconomic developments in 2009 were assessed as relatively positive, despite the significant effects of the global recession. According to the Ministry of Tourism, tourism alone contributed 15.7 percent to gross domestic product. Compared to 2008, Montenegro had 1.6 percent more tourists and 3.1 percent less overnight stays.

The economic and political environment in **Bosnia and Herzegovina** remained under strict international control in 2009. Political conditions were very unstable, as some think that they reached the lowest point since 1991. The criminal underground is still present but less potent than in the past. The economic situation is very worrying as Bosnia and Herzegovina is second only to Albania among poor Balkan countries. There is very little industry and services prevail. The consequence of this is a large current account deficit. Ever since the war, this transitional country has been fighting high unemployment, low purchasing power, illiquidity and financial indiscipline.

Macroeconomic developments in **Croatia** were marked by a significant decline in economic activity in the first two quarters of 2009 mainly due to the decline in private consumption, investments and exports, while the situation improved slightly in the last two quarters. The Croatian economy shrank by 5.8 percent in 2009 and registered a 1.9-percent growth in consumer prices.

All major casinos and casino destinations around the world saw their revenues continue a downward trend that started in the second half of 2008 after the onset of the global financial crisis. On average, their revenues fell between 10 and 15 percent in 2008, also due to less spending by their customers who had less purchasing power.

The **parent Hit company** and the **Casino Kobarid** subsidiary were additionally hit by increased competition. In April 2009 and December 2009 respectively, two new slots hall opened their doors: Fortuna in Rožna Dolina and Admiral in Kozina, both on the border with Italy. Some of the existing slots halls increased the number of slot machines and installed new, more attractive ones, as well as aggressively marketed their product (with billboards, other advertisements, gaming floor promotions, comps, etc.) The casino in Venice, which is Hit's main competitor, continued modernising its gaming devices but did not for the time being drastically increase their number. They too had to face adverse business conditions reflecting the global recession and increased competition. In Italy, the number of slot machines outside casinos increased significantly, the same as online gaming (sports betting, poker tournaments, etc.) According to unofficial information, all Italian casinos earned less revenues than in 2008, and also the majority of Slovenian gaming facilities performed worse than in 2008.

The Korona Gaming and Entertainment Centre and the Hit Larix slots hall in Kranjska Gora, **Gorenjska region**, have as their competitors a casino, Casino Bled, and two slots halls, Vulkan and Casino Tivoli. All were carrying out aggressive marketing activities in Slovenia and Austria throughout the year. Almost all also offered entertainment, F&B and games with rich prizes. On the other side of the border, in Carinthia, Casino Velden, another serious competitor, was carrying out aggressive marketing activities throughout the year, as well as organising a series of attractive tournaments and prize games.

Hit Šentilj and its Mond Casino had as their main competitor Casino Graz that operates in their target market of Styria. The casino liberalised its dress code further, focused even more on its entertainment programme and was carrying out aggressive marketing activities throughout the year. There were some smaller slots halls that operated in Styria, but which should be closed in the next couple of years. At home, in Maribor, their main competitor was the very successful Joker slots hall, which is exclusively resident-oriented. In 2009 it expanded the gaming floor and acquired new slot machines. In Zagreb, Croatia, there were five smaller casinos but none was comparable to the much larger Mond casino. However, slot halls are also very popular in Croatia.

Competition to **Hit Montenegro** and its Maestral Casino increased in 2009, as a new slots hall appeared in Kotor. Illegally, this establishment also offers live games. The Grand Casino in Belgrade also represented serious competition, but only during the winter. More and more accommodation facilities are being opened in the casino's surroundings offering quality entertainment programmes to their guests. These compete with the Maestral Casino, while the hotels themselves, in Budva and other tourist centres on the Montenegrin and South Adriatic coast, compete with the Maestral Hotel.

The main competitor of **Hit Coloseum**, its Coloseum Club Casino, is the national lottery which has 60 outlets in the Sarajevo municipality alone and which increased the number of gaming devices from 391 to 1,000 in 2009. Market share (measured in terms of the number of slot machines installed) held by the Coloseum Club Casino thus declined from 28 to 15 percent. Strong competitors are also numerous slots halls and sports betting outlets that are very sophisticated and popular in this area. There is also quite a large grey market comprising registered clubs that offer card games. Not only in gaming, but also in F&B and entertainment competition is getting increasingly stronger in Sarajevo. Hit Coloseum has up to now managed to maintain its revenues from F&B, but is aware that this is going to be increasingly harder if its product remains unchanged.

The main competitors of **Casino Kristal Umag** were in 2009 Casino Mulino and Casino Solei, but there were also other smaller casinos and slots clubs. Entertainment available in Umag is mainly intended for the younger population and offered only during the summer season. Of hotels, the main competitors were those pertaining to the Sol Melia chain, and the Kempinski Adriatic Hotel. The Mulino Hotel of all has the latest and most comprehensive and modern product and, being a thematic hotel, represents direct competition to Casino Kristal Umag.

Hit Alpinea and **Hit Bovec** lying near Slovenia's borders with Austria and Italy had as their competitors several tourist destinations. These, to combat the crisis and the downward trend in the number of tourists and overnight stays, adopted an aggressive marketing approach in order to maintain or increase their market shares.

5. Social responsibility policy

"Active social responsibility of the Hit Group"

The Hit Group has always listened to the needs of local environments where it operates, and has actively participated in socially responsible and development projects. In 2009 it continued supporting cultural and sports activities but decreased its financial contributions. This was effectively compensated by its more active approach to organisation and use of different, innovative marketing and communication tools.

In 2009, it allocated the majority of funds earmarked for sponsorships and donations to sports activities. The winter was again marked by Alpine skiing. The Hit Group sponsored the Vitranc Alpine ski world cup event and the accompanying X-Plosion of Fun event. The latter promotes the Kranjska Gora product and draws on synergy between sports and music. The Hit Šentilj subsidiary supported the now famous Zlata Lisica Alpine ski world cup event, while the parent Hit company sponsored well-established and promising skiers, among them Andrej Jerman, Ilka Štuhec, Matic Skube, Andrej Šporn and Rok Perko. It also sponsored the Acroni hockey club of Jesenice.

The parent Hit company actively supported several sports and cultural events in the northern Primorska region. It hosted the 14th international chess tournament in Nova Gorica and continued supporting the modern Solkan Kayak Centre: it helped to organise a canoe sprint race qualifying towards the world cup in May, and the European Junior Championship in July. For the third consecutive year it supported Hit Challenge, an Alpine ski race at the world cup level, and helped organise the jumps off the bridge in Kanal ob Soči qualifying towards the world cup. In Goriška it continued supporting the most prominent sports clubs: the Young Football Player Club of Nova Gorica that has more than 400 members, but also the female volleyball club of Nova Gorica and the cycling club of Nova Gorica. It further helped to achieve many successes of the volleyball club of Prvačina, the chess club of Nova Gorica and the kayak club of Nova Gorica.

As always, special attention was paid to those most in need – children. Hit supported the Sonček association that organises twice a year a basketball festival for schoolchildren from numerous countries and in summer exciting sports activities with kayak courses.

The majority of donations were for socially weak families, but also for the Stara Gora hospital for invalid youth, the Nova Gorica Diabetes Association, the Friends of the Youth Association, and certain other charitable events.



6.1 Auditor's report – individual financial statements



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POROČILO NEODVISNEGA REVIZORJA

Lastnikom družbe:

HIT d.d. Delpinova 7a, Nova Gorica

Revidirali smo priložene računovodske izkaze gospodarske družbe HIT d.d., ki vključujejo bilanco stanja na dan 31. decembra 2009, izkaz poslovnega izida, izkaz gibanja kapitala in izkaz denarnih tokov za tedaj končano leto ter povzetek bistvenih računovodskih usmeritev in druge pojasnjevalne opombe. Pregledali smo tudi poslovno poročilo.

Odgovornost poslovodstva za računovodske izkaze

Poslovodstvo je odgovorno za pripravo in pošteno predstavitev teh računovodskih izkazov v skladu z slovenskimi računovodskimi standardi. Ta odgovornost vključuje: vzpostavitev, delovanje in vzdrževanje notranjega kontroliranja, povezanega s pripravo in pošteno predstavitvijo računovodskih izkazov, ki ne vsebujejo pomembno napačne navedbe zaradi prevare ali napake, izbiro in uporabo ustreznih računovodskih usmeritev ter pripravo računovodskih ocen, ki so utemeljene v danih okoliščinah.

Revizorjeva odgovornost

Naša odgovornost je izraziti mnenje o teh računovodskih izkazih na podlagi revizije. Revizijo smo opravili v skladu z mednarodnimi standardi revidiranja. Ti standardi zahtevajo od nas izpolnjevanje etičnih zahtev ter načrtovanje in izvedbo revizije za pridobitev sprejemljivega zagotovila, da računovodski izkazi ne vsebujejo pomembno napačne navedbe.

Revizija vključuje izvajanje postopkov za pridobitev revizijskih dokazov o zneskih in razkritjih v računovodskih izkazih. Izbrani postopki so odvisni od revizorjeve presoje in vključujejo tudi ocenjevanje tveganj napačne navedbe v računovodskih izkazih zaradi prevare ali napake. Pri ocenjevanju teh tveganj prouči revizor notranje kontroliranje, povezano s pripravljanjem in poštenim predstavljanjem računovodskih izkazov družbe, da bi določil okoliščinam ustrezne revizijske postopke, ne pa, da bi izrazil mnenje o uspešnosti notranjega kontroliranja družbe. Revizija vključuje tudi ovrednotenje ustreznosti uporabljenih računovodskih usmeritev in utemeljenosti računovodskih ocen poslovodstva kot tudi ovrednotenje celotne predstavitve računovodskih izkazov.

Verjamemo, da so pridobljeni revizijski dokazi zadostna in ustrezna podlaga za naše revizijsko mnenje.

Mnenje

Po našem mnenju so računovodski izkazi resničen in pošten prikaz finančnega stanja gospodarske družbe HIT d.d. na dan 31. decembra 2009 ter njenega poslovnega izida, izkaz gibanja kapitala in izkaza denarnih tokov za tedaj končano leto v skladu s slovenskimi računovodskimi standardi.

Ne da bi izrazili pridržek, opozarjamo uporabnike računovodskih izkazov, da je za celovito predstavitev uspešnosti poslovanja družbe in njenega finančnega položaja treba pozorno prebrati tudi razkritja, ki so sestavni del računovodskih izkazov in iz katerih je med drugim razvidno, da je družba HIT d.d. izpostavljena tveganju unovčevanja danih poroštev in garancij odvisnim družbam ter drugim pravnim osebam, za katere ni oblikovala rezervacij (točka 13.4.26). Posebej izpostavljamo dana poroštva odvisni družbi HIT šentilj d.d. v skupnem znesku 28.551 tisoč €, dano poroštvo družbi Punta International d.o.o. Umag v znesku 5.056 tisoč € ter dano poroštvo za odvisno družbo HIT International d.o.o. v znesku 1.500 tisoč €.

Poročilo o zahtevah druge zakonodaje

Poslovodstvo je odgovorno tudi za pripravo poslovnega poročila v skladu z zahtevami Zakona o gospodarskih družbah. Naša odgovornost je preveriti ali je poslovno poročilo skladno z revidiranimi računovodskimi izkazi. Naši postopki so opravljeni v skladu z mednarodnim standardom revidiranja 720 in omejeni na ocenitev skladnosti poslovnega poročila z revidiranimi računovodskimi izkazi in ne vključujejo pregleda ostalih informacij, ki izhajajo iz nerevidiranim računovodskih poročil.
Po našem mnenju je poslovno poročilo skladno z revidiranimi računovodskimi izkazi.

Ljubljana, 6. april 2010



Mag. Nadja Knez Pooblaščena revizorka Direktorica

BDO Revizija d.o.o., slovenska družba z omejeno odgovornostjo, je članica BDO International Limited, britanske družbe "limited by gualantee" in je o mednarodne BDO mreže med seboj neodvisnih družb članic.
Okrožno sodišče v Ljubljani, višt. 17/26892700, osnovni kapital: 8.762,99 EUR, matična št.: 5913691, ID št. za DDV: SI94637920.

MM

INDEPENDENT AUDITOR'S REPORT (translation from Slovenian)

To the shareholders of the company: HIT d.d. Delpinova 7a, Nova Gorica

We audited the accompanying financial statements of HIT d.d., which comprise balance sheet as at 31 December 2009, income statement, statement of changes in equity and cash flow statement for the year then ended, as well as a summary of significant accounting policies and other explanatory notes. We also audited the business report.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements prepared in accordance with Slovenian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of misstatements in the financial statements, whether due to fraud or error. In making those risks assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of HIT d.d. as at 31 December 2009, as well as of the results of its operations and cash flows for the year then ended in accordance with Slovenian Accounting Standards.

Without expressing a qualified opinion, the users of these financial statements are advised that, in order to obtain a comprehensive presentation of the results of operations and the financial position of the company, they read carefully also the disclosures that form part of the financial statements and, among other things, show the risk exposure of the HIT d.d. company due to the guarantees issued to its subsidiaries and other legal persons, for which there are no provisions established (section 13.4.26). We draw attention in particular to the guarantees in favour of the subsidiary HIT Šentilj d.d. in the amount of EUR 28,551 thousand, the company Punta international d.o.o. Umag in the amount of EUR 5,056 thousand and the subsidiary HIT International d.o.o. in the amount of EUR 1.500 thousand.

Report on other legal and regulatory requirements

Management is also responsible for the preparation of a business report in accordance with the Companies Act. Our responsibility is to verify whether the business report is consistent with the audited financial statements. Our procedures were conducted in accordance with International Standard on Auditing 720 and limited to assessing compliance of the business report with the audited financial statements, and did not cover other information arising from the unaudited financial reports.

In our opinion, the business report is consistent with the audited financial statements.

Ljubljana, 6 April 2010

Mag. Nadja Knez Certified Auditor Director (signature and seal) Mag. Nadja Knez Certified Auditor Director (signature and seal)

6.2 Auditor's report – consolidated financial statements



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POROČILO NEODVISNEGA REVIZORJA

Lastnikom skupine: HIT d.d. Delpinova 7a 5000 Nova Gorica

Revidirali smo priložene konsolidirane računovodske izkaze gospodarske družbe HIT d.d., ki vključujejo konsolidirano bilanco stanja na dan 31. decembra 2009, konsolidiran izkaz poslovnega izida, konsolidiran izkaz gibanja kapitala in konsolidiran izkaz denarnih tokov za tedaj končano leto ter povzetek bistvenih računovodskih usmeritev in druge pojasnjevalne opombe. Pregledali smo tudi poslovno poročilo.

Odgovornost poslovodstva za računovodske izkaze

Poslovodstvo je odgovorno za pripravo in pošteno predstavitev teh računovodskih izkazov v skladu z slovenskimi računovodskimi standardi. Ta odgovornost vključuje: vzpostavitev, delovanje in vzdrževanje notranjega kontroliranja, povezanega s pripravo in pošteno predstavitvijo računovodskih izkazov, ki ne vsebujejo pomembno napačne navedbe zaradi prevare ali napake, izbiro in uporabo ustreznih računovodskih usmeritev ter pripravo računovodskih ocen, ki so utemeljene v danih okoliščinah.

Revizorjeva odgovornost

Naša odgovornost je izraziti mnenje o teh računovodskih izkazih na podlagi revizije. Revizijo smo opravili v skladu z mednarodnimi standardi revidiranja. Ti standardi zahtevajo od nas izpolnjevanje etičnih zahtev ter načrtovanje in izvedbo revizije za pridobitev sprejemljivega zagotovila, da računovodski izkazi ne vsebujejo pomembno napačne navedbe.

Revizija vključuje izvajanje postopkov za pridobitev revizijskih dokazov o zneskih in razkritjih v računovodskih izkazih. Izbrani postopki so odvisni od revizorjeve presoje in vključujejo tudi ocenjevanje tveganj napačne navedbe v računovodskih izkazih zaradi prevare ali napake. Pri ocenjevanju teh tveganj prouči revizor notranje kontroliranje, povezano s pripravljanjem in poštenim predstavljanjem računovodskih izkazov družbe, da bi določil okoliščinam ustrezne revizijske postopke, ne pa, da bi izrazil mnenje o uspešnosti notranjega kontroliranja družbe. Revizija vključuje tudi ovrednotenje ustreznosti uporabljenih računovodskih usmeritev in utemeljenosti računovodskih ocen poslovodstva kot tudi ovrednotenje celotne predstavitve računovodskih izkazov.

Verjamemo, da so pridobljeni revizijski dokazi zadostna in ustrezna podlaga za naše revizijsko mnenje.

Mnenie

Po našem mnenju so konsolidirani računovodski izkazi resničen in pošten prikaz finančnega stanja skupine HIT d.d. na dan 31. decembra 2009 ter njenega poslovnega izida in denarnih tokov za tedaj končano leto v skladu s slovenskimi računovodskimi standardi.

Ne da bi izrazili pridržek, opozarjamo uporabnike računovodskih izkazov, da je za celovito predstavitev uspešnosti poslovanja družbe in njenega finančnega položaja treba pozorno prebrati tudi razkritja, ki so sestavni del računovodskih izkazov in iz katerih je med drugim razvidno, da je družba HIT d.d. izpostavljena tveganju unovčevanja danih poroštev drugim pravnim osebam, za katere ni oblikovala rezervacij (točka 13.1.47). Posebej izpostavljamo dano poroštvo družbi Punta International d.o.o. Umag v znesku 5.056 tisoč €.

Poročilo o zahtevah druge zakonodaje

Poslovodstvo je odgovorno tudi za pripravo poslovnega poročila v skladu z zahtevami Zakona o gospodarskih družbah. Naša odgovornost je preveriti ali je poslovno poročilo skladno z revidiranimi računovodskimi izkazi. Naši postopki so opravljeni v skladu z mednarodnim standardom revidiranja 720 in omejeni na ocenitev skladnosti poslovnega poročila z revidiranimi računovodskimi izkazi in ne vključujejo pregleda ostalih informacij, ki izhajajo iz nerevidiranih računovodskih poročil.

Po našem mnenju je poslovno poročilo skladno z revidiranimi računovodskimi izkazi.

Ljubljana, 15. april 2010



Mag. Nadja Knez Pooblaščena revizorka Direktorica

BDO Revizija d.o.o., slovenska družba z omejeno odgovornostjo, je članica BDO International Limited, britanske družbe "tim ted by guarantee" in je del mednarodne BDO mreže med seboj neodvisnih družb članic.
Okrežno sodišče v Ljubljani, viš. 1 1/26892/00, osnovni kapital: 8.762,99 EUR, matična št.: 5913691, ID št. za DDV: S194637920.

INDEPENDENT AUDITOR'S REPORT (translation from Slovenian)

To the shareholders of the Group: HIT d.d. Delpinova 7a 5000 Nova Gorica

We audited the accompanying consolidated financial statements of the HIT d.d. Group, which comprise consolidated balance sheet as at 31 December 2009, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, as well as a summary of significant accounting policies and other explanatory notes. We also audited the business report.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements prepared in accordance with Slovenian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of misstatements in the financial statements, whether due to fraud or error. In making those risks assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the HIT d.d. Group as at 31 December 2009, as well as of the results of its operations and cash flows for the year then ended in accordance with Slovenian Accounting Standards.

Without expressing a qualified opinion, the users of these financial statements are advised that, in order to obtain a comprehensive presentation of the results of operations and the financial position of the company, they read carefully also the disclosures that form part of the financial statements and, among other things, show the risk exposure of the HIT d.d. company due to the guarantees issued to other legal persons, for which there are no provisions established (section 13.1.47). We draw attention in particular to the guarantee in favour of Punta international d.o.o. Umag in the amount of EUR 5,056 thousand.

Report on other legal and regulatory requirements

Management is also responsible for the preparation of a business report in accordance with the Companies Act. Our responsibility is to verify whether the business report is consistent with the audited financial statements. Our procedures were conducted in accordance with International Standard on Auditing 720 and limited to assessing compliance of the business report with the audited financial statements, and did not cover other information arising from the unaudited financial reports.

In our opinion, the business report is consistent with the audited financial statements.

Ljubljana, 15 April 2010

Mag. Nadja Knez Certified Auditor Director (signature and seal)

7. Consolidated financial statements

7.1 Consolidated income statement for the year ended 31 December

	2009 (v EUR)	2008 (v EUR)
Net sales revenues	210,310,120	233,492,168
Change in inventories of products and work in progress	(366,072)	134,905
Capitalised own products and services Revaluation and other operating revenues	1,680,362 1,844,960	1,795,517 4,520,958
Gross operating revenues	213,469,370	239,943.548
Operating expenses	(232,910,106)	(249,360,859)
Cost of goods, materials and services	(77,525,379)	(88,259,240)
Cost of goods sold and materials used Cost of services	(23,181,248) (54,344,131)	(24,963,440)
Labour costs	(81,436,363)	(63,295,800) (91,245,772)
Wages and salaries	(59,532,154)	(63,136,712)
Social insurance costs	(13,369,412)	(14,421,423)
Pension insurance costs Other social insurance costs	(9,059,393) (4,310,019)	(10,138,096) (4,283,327)
Other labour costs	(8,534,797)	(13,687,637)
Write-downs in value	(38,223,926)	(36,502,459)
Depreciation and amortisation expense, and revaluation operating expenses		
associated with property, plant and equipment, and intangible assets	(37,288,521)	(36,502,459)
Revaluation operating expenses associated with operating current assets Other operating expenses	(935,405) (35,724,438)	(33,353,388)
Operating profit	(19,440,736)	(9,417,311)
Financial revenues	2,528,836	3,229,931
Financial revenues from shares and interests	1,631,254	1,330,222
Financial revenues from other investments	1,631,254	1,330,222
Financial revenues from loans and operating receivables Financial revenues from loans to and operating receivables due	897,582	1,899,709
from associates	37,074	36,188
Financial revenues from loans to and operating receivables due from others	860,508	1,863,521
Financial expenses	(16,285,536)	(16,236,921)
Financial expenses from impairment and write-offs of investments	(4,770,640)	(6,300,728)
Revaluation financial expenses associated with investments in associates	(4,005,798)	(5,806,383)
Other revaluation financial expenses	(4,003,798)	(3,800,383)
Financial expenses for operating and financial liabilities	(11,514,896)	(9,936,193)
	(==/-=://	(=,===,===,
Financial expenses for other operating and financial liabilities to associates	(1,835,626)	(2.22.22.)
Financial expenses for other operating and financial liabilities Financial expenses for trade payables and bills payable	(9,475,940) (203,330)	(9,909,991)
Other revenues	(203,330) 272.447	(26,202) 2.571.525
Other expenses	(167,108)	(479,085)
Pre-tax profit or loss for the period	(33,092,097)	(20,331,861)
Income tax	(485,500)	(600,793)
Deferred taxes	5,229,246	3,725,522
Net profit or loss of minority shareholders	1,074,128	(934,338)
NET PROFIT OR LOSS FOR THE PERIOD	(27,274,223)	(18,141,470)

7.2 Consolidated balance sheet as at 31 December

	31.12.2009 (EUR)	31.12.2008 (EUR)
ASSETS	376,414,044	398,411,783
Long-term assets	318,074,733	334,982,065
Intangible assets, and long-term deferred costs and accrued revenues Long-term deferred development costs Long-term property rights Consolidated goodwill Advances for intangible assets Other long-term deferred costs and accrued revenues	15,912,394 1,551,994 11,345,810 3,013,156	21,944,387 1,747,637 13,238,566 6,913,630 25 44,529
Property, plant and equipment Land and buildings - Land - Buildings Other plant and equipment Property, plant and equipment under acquisition - Advances for property, plant and equipment - Property, plant and equipment under construction	243,724,020 201,062,889 20,861,781 180,201,108 33,333,728 9,327,403 124,900 9,202,503	249,957,589 192,866,341 23,160,517 169,705,824 45,280,700 11,810,548 448,295 11,362,253
Investment property	13,465,639	13,799,710
Long-term investments	36,196,386	45,229,209
Long-term investments, excluding loans Shares and interests in associates Other shares and interests Other long-term investments	35,374,654 2,377,620 30,303,008 2,694,026	44,383,814 7,183,280 32,172,944 5,027,590
Long-term loans	821,732	845,395
Long-term loans to others	821,732	845,395
Long-term operating liabilities Long-term operating liabilities to others	1,489,590 1,489,590	1,653,613 1,653,613
Deferred tax assets	7,286,704	2,397,557
Deletted tax assets	7,200,704	2,357,337
Current assets	46,890,223	52,893,890
Inventories	4,216,587	4.917,457
Materials	2,505,172	2.905,415
Work in progress	412,159	778,230
Products and merchandise	1,241,046	1.182,727
Advances	58,210	51,085
Short-term investments	14,206,775	11,869,290
Short-term investments, excluding loans Other short-term investments Short-term loans Short-term loans to associates	12.168.116 12.168.116 2.038.659 657.664	10,048,609 10,048,609 1,820,681 625,736
Short-term loans to others	1.380.995	1,194,945
Short-term operating receivables	9.705.988	13,213,055
Short-term trade receivables Short-term operating receivables due from associates Short-term operating receivables due from others	5,116,524 21,717 4,567,747	3,839,119 16,642 9,357,294
Cash	18,760,873	22,894,088
Deferred costs and accrued revenues	11,449,088	10,535,828

7.2 Consolidated balance sheet as at 31 December (continued)

	31.12.2009 (EUR)	31.12.2008 (EUR)
CAPITAL AND LIABILITIES	376,414,044	398,411,783
Parent-only shareholders' capital	128,460,261	158,957,419
Called-up capital	28,328,468	28,328,468
Share capital	28,328,468	28,328,468
Capital surplus	29,618,361	29,618,361
Revenue reserves	55,494,377	84,166,764
Legal reserves	5,303,159	5,303,159
Other revenue reserves	50,191,218	78,863,605
Net profit or loss from previous periods		10,174,161
Unappropriated net profit or loss for the year		(9,967,736)
Revaluation surplus	15,276,412	16,793,587
Capital consolidation adjustment	(257,357)	(156,186)
Capital of minority shareholders	20,683,549	22,438,309
Other items of capital of minority shareholders	20,683,549	22,438,309
	40.004.545	5 000 400
Provisions, and long-term accrued costs and deferred revenues Provisions for termination benefits and similar liabilities	10,281,715 4,649,622	6,999,190 4,520,513
Other provisions	2,500,000	1,500,000
Long-term accrued costs and deferred revenues	3,132,093	978,677
Long-term actived costs and deferred revenues	3,132,093	376,077
Long-term liabilities	120,811,546	101,274,464
Long-term financial liabilities	120,772,609	100,439,821
Long-term financial liabilities to banks	112,656,804	93,051,509
Long-term financial liabilities to others	8,115,805	7,388,312
Long-term operating liabilities	23	52,328
Long-term operating liabilities to others	23	52,328
Deferred tax liabilities	38,914	782,315
Short-term liabilities	92,130,409	105,268,081
Short-term financial liabilities	57,767,009	62,038,114
Other short-term financial liabilities to associates	1,896.283	
Short-term financial liabilities to banks	53,792,634	61,338,849
Other short-term financial liabilities	2,078,092	699,265
Short-term operating liabilities	34,363,400	43,229,967
Short-term operating liabilities from advances	1,167,096	1,107,503
Short-term operating liabilities to associates	15,857	32,588
Short-term trade payables	18,295,502	19,115,437
Other short-term operating liabilities	14,884,945	22,974,439
Accrued costs and deferred revenues	4,046,564	3,474,320
Off-balance sheet items	19,430,534	22,080,681

7.3 Consolidated cash flow statement for the year ended 31 December (version II)

	2009	2008			
	(EUR)	(EUR)			
A. CASH FLOWS FROM OPERATING ACTIVITIES					
a) Items of income statement	13,696,600	28,565,277			
Operating revenue (except from revaluation) and financial revenues from operating received Operating expenses excluding depreciation or amortisation (except from	ables 211,247,831	243,537,262			
revaluation) and financial expenses from operating liabilities	(202,329,670)	(215,757,107)			
Income taxes and other taxes not included in operating expenses	4,778,439	785,122			
b) Changes in net operating assets in balance sheet items (including accruals					
and deferrals, provisions and deferred tax assets and liabilities)	1,317,263	9.405.367			
Opening less closing operating receivables Opening less closing deferred costs and accrued revenue	(713,257) (793,160)	2,761,334 2,691,087			
Opening less closing deferred tax assets	(4,312,271)	(106,464)			
Opening less closing inventories	747,516	106,481			
Closing less opening operating liabilities	(3,168,586)	3,570,430			
Closing less opening accrued costs and deferred revenue, and provisions	10,277,336	1,195,888			
Closing less opening deferred tax liabilities	(720,315)	(813,389)			
c) Prebitek prejemkov pri poslovanju ali prebitek izdatkov pri poslovanju (a +b)	15,013,863	37,970,644			
B. CASH FLOWS FROM INVESTING ACTIVITIES					
	45 422 525	10 411 545			
a) Cash receipts from investing activities	15,133,525	10,411,545			
Interest and dividends received from investing activities	1,774,674	8,167			
Dividends received from investing activities	2,530,681				
Cash receipts from disposal of intangible assets	295,735	976,477			
Cash receipts from disposal of property, plant and equipment	652,806	6,501,103			
Cash receipts from disposal of investment property	653,165	181,180			
Cash receipts from disposal of long-term investments	8,735,106	2,016,780			
Cash receipts from disposal of short-term of investments	491,358	727,838			
b) Cash payments from investing activities	(30,176,990)	(52,797,556)			
Cash payments to acquire intangible assets	(1,383,275)	(2,641,170)			
Cash payments to acquire property, plant and equipment	(21,712,106)	(30,682,891)			
Cash payments to acquire investment property	(364,476)	(70,000)			
Cash payments to acquire long-term investments Cash payments to acquire short-term investments	(6,297,133) (420,000)	(15,833,398) (3,570,097)			
c) Net cash from investing activities (a + b)	(15,043,465)	(42,386,011)			
c) Net cash from investing activities (a + b)	(13,043,463)	(42,360,011)			
C. CASH FLOWS FROM FINANCING ACTIVITIES					
a) Cash receipts from financing activities	169,566,079	146,748,134			
Cash proceeds from paid-in capital	22 245 652	12.046.106			
Cash proceeds from increase in long-term financial liabilities Cash proceeds from increase in short-term financial liabilities	33,345,653 136,220,426	12,846,196 133,901,938			
b) Cash payments from financing activities	(173,673,047)	(146,638,369)			
Interest paid on financing activities	(6,962,252)	(8,372,782)			
Cash repayments of long-term financial liabilities	(18,046,566)	(5,890,617)			
Cash repayments of short-term financial liabilities	(145,289,429)	(129,101,541)			
Dividends and other profit shares paid	(3,374,800)	(3,273,429)			
c) Net cash from financing activities (a + b)	(4,106,968)	109,765			
Č CLOSING BALANCE OF CASH	18,760,873	22.894.088			
x) Net cash inflow or outflow for the period (sum total of net cash Ac, Bc and Cc)	(4,136,570)	(4,305,602)			
Exchange rate translation effects	(4,136,370) 3,355	3,030			
y) Opening balance of cash	22,894,088	27,196,660			
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