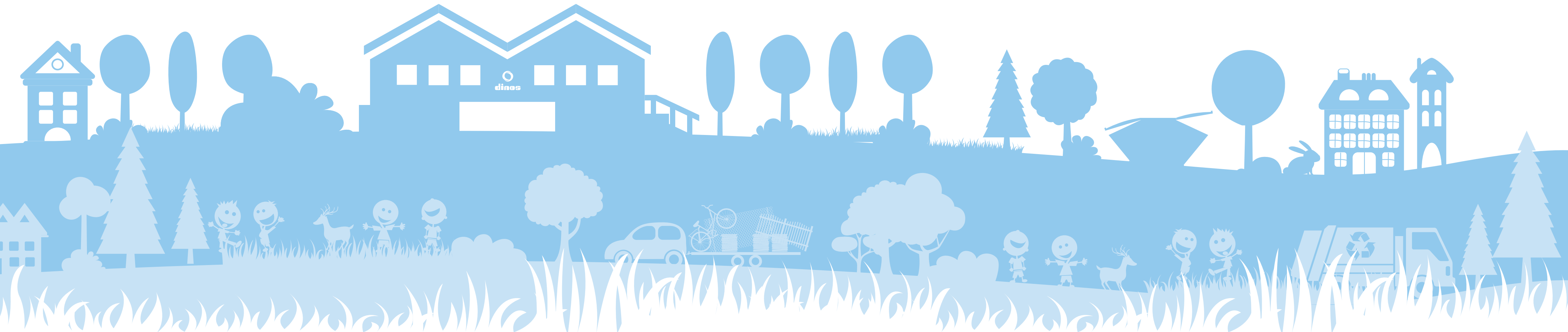
Annual Report 2018



Wise choice for a clean future

Annual Report 2018

Dinos d.d.

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Dinos puts the care for our planet at the heart of all of its practices and endeavours.

1. Business Report

1.1. Business Report

Statement of management's responsibility

The Management Board confirms the financial statements for the year ended 31 December 2018, the applied accounting policies and the notes to financial statements.
The Management Board is responsible for the preparation of the Annual Report so as to give a true and fair view of the financial position of the company and the results of its operations in the year 2018.

The Management Board confirms to have consistently applied the appropriate accounting policies and made the accounting estimates according to the principle of prudence and due diligence. The Management Board further confirms that the financial statements, together with the notes, have been prepared on the basis of the assumptions of going concern and in line with the applicable legislation as well as the Slovenian Accounting Standards.

The Management Board is also responsible for adequately managed accountancy, the adoption of appropriate measures aimed at protecting property as well as preventing and discovering fraud and other irregularities or illegalities.

The tax authorities are entitled to inspect the company's operations at any time within 5 years after the expiry of the year for which tax must be assessed, which could result in additional liability for the payment of tax, default interest and penalty arising from corporate income tax or other taxes and duties. The Management Board is not aware of any circumstances that could result in potential significant liability in relation thereto.

Ljubljana, 28 March 2019

Damijan Zorko	Benjamin Bambič	Marc Breidenbach
(President of the Management Board)	(member of the Management Board)	(member of the Management Board)

1.2. Report of the President of the Management Board

Dear colleagues and business partners,

The 2018 financial year is considered to be a success and we are proud to say that it is a record year in terms of quantity and revenue. The company position is stable and enables the envisaged development. We are guided by our vision, openness, commitment and respect for each other.

Unfortunately, the results have failed to follow the trends. A distinctive feature of our company's operation is its involvement in the strategic decisions of major economic powers, namely we depend on global economic conditions that shape the pricing policy of our basic programmes. China's crackdown on the import of plastics and paper has had a dramatic impact on our non-metal programme.

In the domestic market, we were subject to a vague legislation in the field of packaging. With other packaging companies on one side and the state on the other, we are actively seeking a long-term solution.

Nevertheless, we can boast that 2018 is marked with continuous improvement of our services, position on the market, and search for new business opportunities. We have set up a solid foundation for future operation.

We have set out the strategy and started its implementation with the owners, the Scholz Group. Pursuant with the set goals, we have achieved significant progress in the development of new tailor-made solutions. We are pleased that the owner has recognised our potential and provided support in the set objectives.

In 2018, we successfully introduced the safe, reliable and professional document destruction service for every company and home. We put considerable efforts into the modernisation of technology and the fleet of vehicles, and implemented investments planned several years in advance. We continued with the digitisation process, which leads to business excellence.

We are aware that we will face many new projects on our business path, especially in the field of more efficient use of waste material, which poses specific challenges to our experts. Our plans are great and daring. We are determined to intertwine our experience with new ideas and prove that we can do it.

Environmental consideration is part of all areas of our operation. We consistently fulfil all our environmental obligations, and continuously strive to be innovative and forward-looking in this respect.

As an active partner, we are involved in the local environment - in 2018, we intensified cooperation and strengthened the synergies of our common values.

Our role in awareness-raising is greater and more important every year. We wish to disseminate the message of the importance of recycling and thus the conservation of natural resources. Responses to our awareness-raising projects with a humanitarian note confirm that we are on the right track.

In Dinos, we recognise opportunities where we can actively develop the industry and environment in which we operate, with our advantages, such as knowledge, experience, responsibility and commitment to the future - this is also our commitment for the coming year.

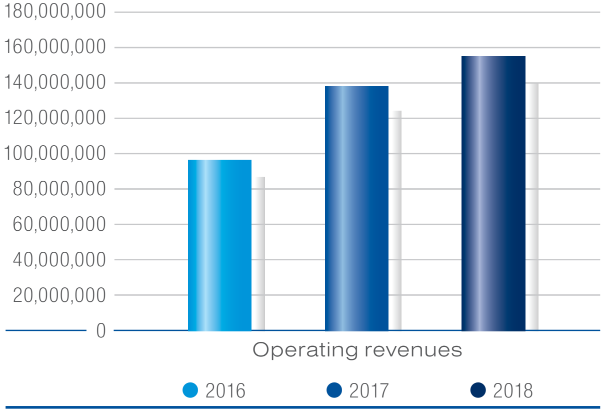
Damijan Zorko
President of the
Management Board

1.3. Operating highlights in 2018

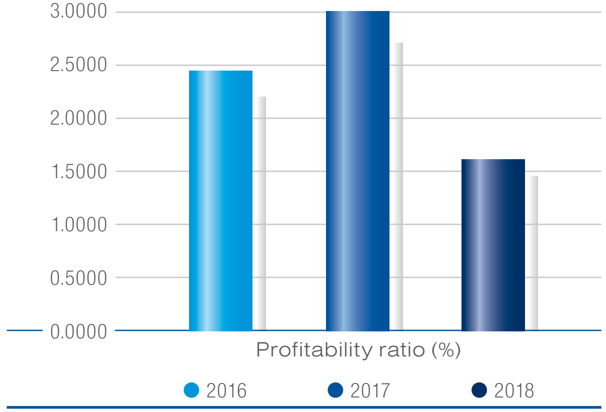
	2018	2017	2016	Indeks 2018/2017
Operating revenue	**153,303,103**	137,743,832	97,903,758	111
Net sales revenue	**152,830,153**	137,370,715	97,744,064	111
Operating profit/EBIT	**1,937,227**	4,663,157	2,932,999	42
EBITDA[1]	**4,875,473**	7,288,002	5,864,538	67
Total profit or loss	**2,507,716**	4,331,164	2,306,174	58
Net profit or loss	**2,335,595**	3,629,279	1,990,685	64
Employees as at the last day of the financial year	**314**	303	307	104
Profitability ratio (%)[2]	**1.64**	3.14	2.35	52
Operating efficiency indicator[3]	**1.01**	1.04	1.03	97
Net profit per employee	**7,438**	11,978	6,484	62
Total company assets	**75,703,969**	72,775,160	65,246,831	104
Equity	**45,143,948**	42,459,459	38,825,210	106
Share of EBIT in sales revenues (%)	**1.3**	3.4	3.0	37
EBITDA margin (%)[4]	**3.2**	5.3	6.0	60
Net debt to equity[5]	**0.27**	0.31	0.33	87
ROE[6]	**5.17**	8.55	5.13	61
Equity to fixed assets ratio[7]	**1.28**	1.24	1.12	103
Equity financing rate[8]	**0.6**	0.58	0.6	103

[1] EBITDA = EBIT + write-offs
[2] Profitability ratio = total profit or loss/ operating revenue
[3] Operating efficiency ratio = operating revenue / operating expenses
[4] EBITDA MARTGIN = EBITDA / operating revenue
[5] Net debt to equity = (current and non-current financial liabilities – cash)/equity
[6] ROE = net profit/equity
[7] Equity to fixed assets ratio = equity/fixed assets
[8] Equity financing rate = equity/liabilities

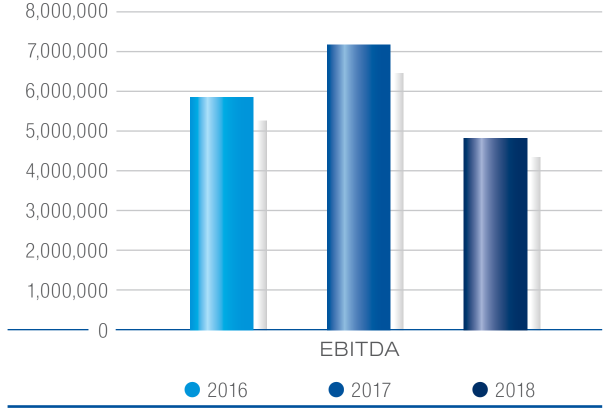
Operating revenues



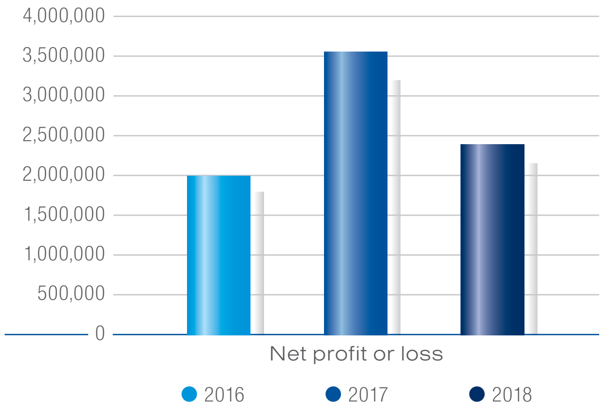
Profitability ratio (%)



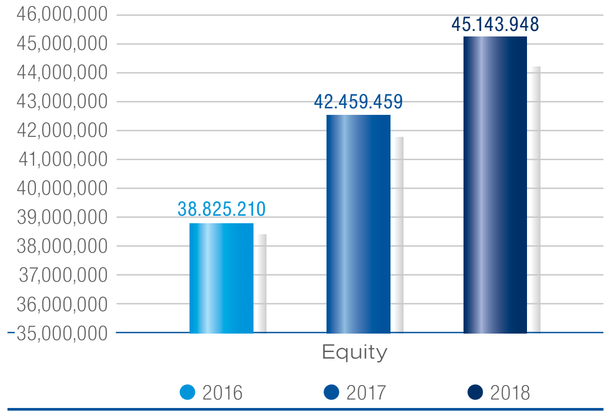
EBITDA



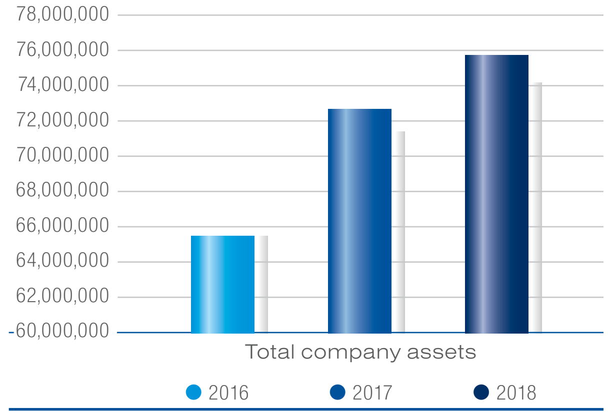
Net profit or loss



Equity



Total company assets



1.4. Presentation of the history of the Dinos d.d. company

The company Dinos was founded in 1946 under the name Odpad; as a state-owned company, it was founded to collect waste for further use.

In 2013, a strategic capital tie with Scholz Holding, one of the largest companies for the collection and processing of waste materials in Europe was realised.

Entering the new millennium, we began a period of intensive investment in the technological modernisation of warehouses since some of them did not comply with the environmental requirements.

2016 ushered in extensive changes to the Scholz Group in terms of the shareholder and management structure. In the second half of the year, a takeover was announced with the entry of the new owner, Chiho-Tainde Group (CTG), whereby the takeover process lasted by the end of the year.

Chiho Tainde was established in 1995 and has its registered office in Hong Kong. As of 2010, the company has been operating as a group under the name Chiho-Tainde Group Ltd or the abbreviation CTG and its shares are quoted on the Hong Kong stock exchange (HKEx code: 00.976). The company has been growing and strengthening its global market share through continuous expansion.

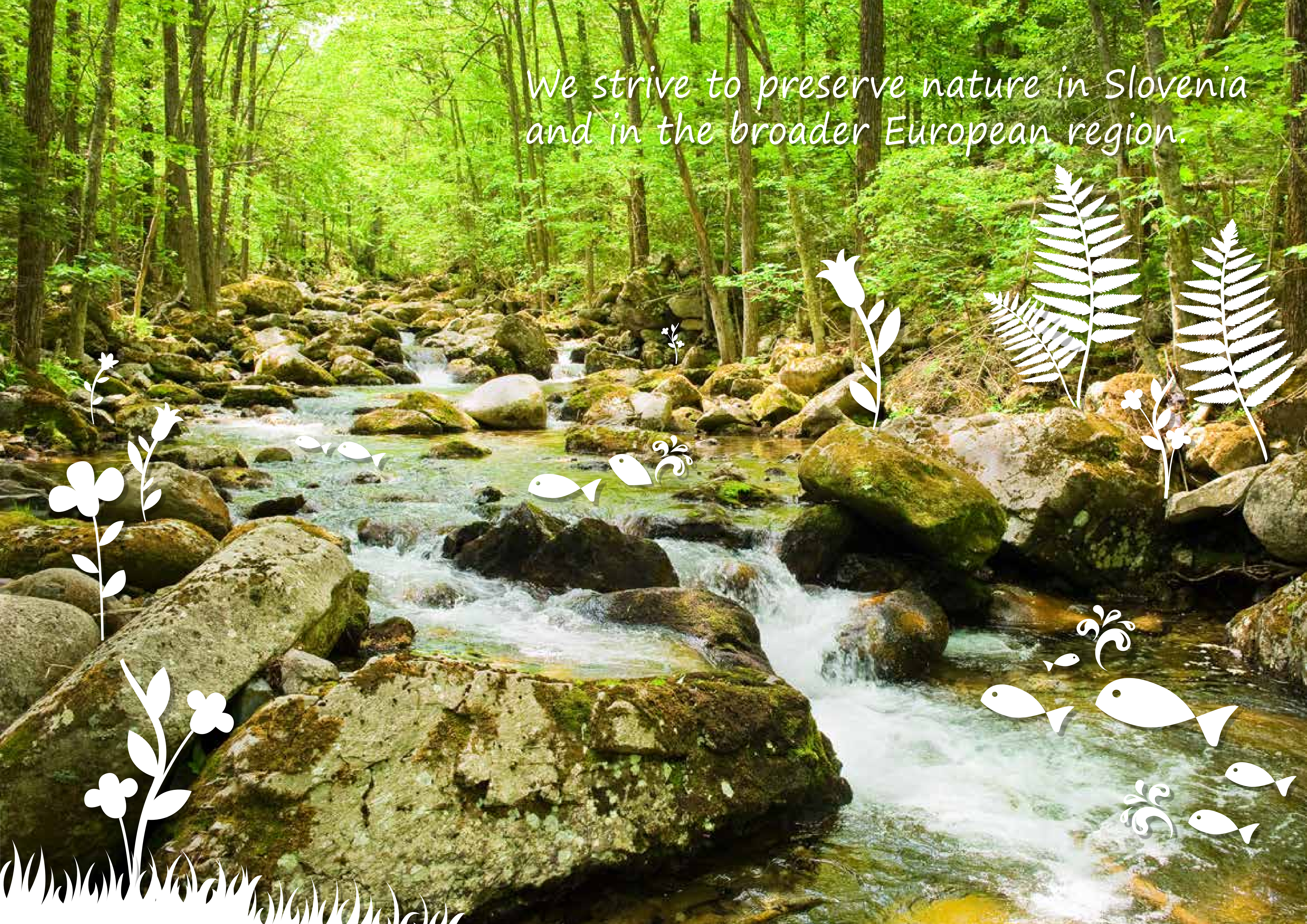
The Scholz Group underwent a restructuring that was successful thanks to the extensive financial and operational support from CTG. In December 2016, the CTG Group met at an extraordinary General Meeting in Hong Kong where the shareholders approved and confirmed the proposed takeover and the Scholz Group became fully owned by CTG. A short, medium and long-term development strategy was drafted.

CTG was renamed in 2017 to Chiho Environmental Group Ltd or CEG.

In December 2018, 100% ownership in Dinos was taken over by Scholz International Holding GmbH being part of the CEG Group.
Below is the ownership structure (beneficial owners in accordance with the Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT) as at 31 December 2018.

Owners	Share in %	Number of shares
Scholz International Holding Gmbh	100.00%	54,629

The largest beneficial owner of Chiho Environmental Group is Mr. Tu Jianhua.


We strive to preserve nature in Slovenia and in the broader European region.

1.5. Corporate governance statement

In accordance with Article 70 of the Companies Act (ZGD1-I), Dinos d.d. hereby declares that it observes the applicable legislation, regulations, other statutes and implementing regulations as well as internal rules and instructions in its operations. The company applies the »Corporate Governance Code for Unlisted Companies« (hereinafter: the Code), which is available on the website of the Slovenian Directors' Association: http://www.zdruzenjens.si/uploads/Kodeks_upravljanja_za_nejavne_druzbe_maj_2016.pdf.

Dinos d.d. is managed to the benefit of the company by the Management Board which does so independently and at their own risk. The Management Board is appointed by the Supervisory Board in accordance with the company's Articles of Association. The Management Board performs its work in accordance with the applicable legislation and the company's Articles of Association. The Management Board of Dinos d.d. is represented by:

- President of the Management Board Damijan Zorko,
- member of the Management Board Benjamin Bambič and
- member of the Management Board Marc Breidenbach.

Supervision is performed by the Supervisory Board which is appointed by the General Meeting of Shareholders in accordance with the company's Articles of Association. As of 7 February 2018, it has been operating in the following composition:

- President of the Supervisory Board Goh Kian Guan,
- Deputy President of the Supervisory Board Greulich Mike Volker and
- member of the Supervisory Board Božo Zeko acting as the workers' representative.

As of December 2018, the General Meeting of Shareholders is represented by the sole shareholder, namely:

- Scholz International Holding GmbH

All of the competences and tasks of the General Meeting of Shareholders, the Supervisory Board and the Management Board are laid down in the company's Articles of Association (hereinafter: Articles of Association) published on the website of the Agency of the Republic of Slovenia for Public Legal Records and Related Services, i.e. the Slovenian Business Register – public database on all business entities having their principal place of business located on the territory of the Republic of Slovenia (www.ajpes.si).

System of internal controls and management related to the risks associated with the financial reporting procedure

The company's Management Board safeguards the company's assets by providing for the following:

- keeping of relevant books of account on a uniform financial reporting and business IT system;
- setup and assurance of the functioning of internal controlling;
- setup and assurance of the functioning of internal financial reporting controls; and
- selection and application of accounting policies.

The aim of the internal controls system is to:

- ensure accuracy, reliability and completeness of accounting records;
- true and fair financial reporting;
- compliance with legislation and other regulations; and
- efficiency and good performance of operations:

The company's Management Board strives to ensure a control system that is most effective in intercepting negative events and is at the same time optimised in terms of costs and organisation. The company's Management Board further strives to continuously verify the system of controls because they are aware of the limitations of every such system. The Management Board uses the system to provide timely warnings and assurances in order to fulfil the purpose of controls.

The company's Management Board believes that the current internal controls system ensures effective and efficient operations in accordance with legislative provisions thus ensuring air and transparent reporting in all material respects.

Diversity of employment

Dinos d.d. strives to implement a policy of diversity when hiring people, which includes the assurance of equal opportunities and equal treatment of all employees irrespective of their circumstances. The company has not adopted any special diversity policy relating to representation in the company's management or supervisory bodies or criteria relating to the aspects such as gender, age or education.

Clarifications regarding the provisions of the Code not observed in their entirety by Dinos d.d.:

The company pursues the Governance Code based on the recommendations at the corporate governance basic level.

Point 2.1.1. The Dinos company does not have objectives defined in the Articles of Association. The company's management pursues the objective defined by the Code, i.e. to maximise the company's value.

Point 2.4. The company's Articles of Association are published on the website of the Agency of the Republic of Slovenia for Public Legal Records and Related Services, i.e. the Slovenian Business Register – public database on all business entities having their principal place of business located on the territory of the Republic of Slovenia (www.ajpes.si).

Point 2.5.3. Supervisory Board members were simultaneously shareholders until the end of November 2017.

Point 2.5.4. The Statement of Independence is not signed. The management as well as the Supervisory Board thus avoid any conflict of interest and act in the spirit of the due skill, care and diligence principle.

Point 4.3.2. The supervisory body has not appointed an independent expert who not associated with the company or the company members.

Point 5.1.1. The supervisory body convenes as appropriate or less as envisaged by the Code.

Člani poslovodnega organa so v razmerju do družbe zavezani odgovorno, strokovno, s skrbnostjo dobrega gospodarstvenika, vestno in marljivo opravljati svoje delo ter stalno uporabljati znanje, potrebno za opravljanje sedanjega in prihodnjega dela.

Ljubljana, 28 March 2019

Damijan Zorko
(President of the
Management Board)

Benjamin Bambič
(member of the
Management Board)

Marc Breidenbach
(member of the
Management Board)

1.5.1. Work of the Supervisory Board

Supervision is performed by the Supervisory Board which is appointed by the General Meeting of Shareholders in accordance with the company's Articles of Association.

On 16 January 2018, the following persons were dismissed:

- President of the Supervisory Board Petar Pripuz and
- Deputy President of the Supervisory Board Kai Lohmann.

The following persons were appointed as replacements for the above:

- member of the Supervisory Board Goh Kian Guan and
- member of the Supervisory Board Greulich Mike Volker.

Following reappointments on 7 February 2018, the Supervisory Board operated in the following composition:

- President of the Supervisory Board Goh Kian Guan,
- Deputy President of the Supervisory Board Greulich Mike Volker and
- member of the Supervisory Board Božo Zeko acting as the workers' representative.

The 53rd meeting of the Supervisory Board was no quorum, therefore the Supervisory Board did not adopt the 2017 audited annual report. On 3 September 2018, the Supervisory Board informed the General Meeting of Shareholders of a proposal in accordance with the second paragraph of Article 35 of the Articles of Association and asked it to adopt and approve the 2017 audited annual report.

On 16 January 2019, a decision on discharge of the Supervisory Board, due to the Company status transformation from a joint stock company to a limited liability company, was published in the business register.

1.5.2. Work of the General Meeting of Shareholders

In 2018 the Annual General Meeting met at **three sessions.**

The extraordinary session of the Annual General Meeting was held on **6 June 2018**, at which the President of the Management Board informed the Annual General Meeting of the Agreement on the merger of Euro Trend d.o.o. with Dinos d.d., which had been concluded with the notary record on 10 May 2018.

The Annual General Meeting gave consent to the merger agreement concluded with the notary record on 10 May 2018.

The Dinos d.d. Annual General Meeting was convened at a regular meeting held on **3 September 2018**. At the meeting, the Annual General Meeting got familiar with the company Audited Annual Report for the 2017 financial year, with the auditor's opinion, and adopted the audited Annual Report in unamended form.

The company distributable profit in the amount of EUR 17,222,721, represented by the profits brought forward in the amount of EUR 13,593,443 and the net profit for the 2017 financial year in the amount of EUR 3,629,279 remains undistributed.

The Annual General Meeting granted discharge to the Supervisory Board for the 2017 financial year.

The Annual General Meeting granted discharge to the Management Board for the 2017 financial year.

The audit firm ERNST & YOUNG Revizija, poslovno svetovanje, d.o.o., Dunajska cesta 111, 1000 Ljubljana, registration number 5716888000 is appointed the company auditor for the 2018 financial year.

At the Annual General Meeting held on **3 December 2018**, the company got familiar with the proposal on the planned status transformation of Dinos d.d. into a limited liability company.

The Annual General Meeting adopted a decision that Dinos d.d. is to be transformed from a joint stock company into a limited liability company as of the date of entry of the company transformation from a joint stock company to a limited liability company in the court register.

The entry of the transformation in the court register was made on 16 January 2019, whereby the deletion of 54 629 shares, which became 100% share of the sole proprietor, was recorded on 17 January 2019.

We are a socially and
environmentally responsible company.

1.6. Vision, mission statement, strategy, and development

The vision reflects the desired future image of the organisation, its achievements, and its position in relation to influential participants and a mission statement that concisely summarises the philosophy and purpose for the existence of the company.

Vision:

"To remain a global leader in the collection and processing of waste using state-of-the-art technologies and in synergy with all the participants in the process of taking care of the environment and sustainable development."

Mission:

"With our ecologically-oriented and socially responsible operations, we help preserve the natural environment in Slovenia and the broader European region. Our task is to collect and recycle waste into marketable and high quality secondary raw materials for our customers. This gives us the possibility of intensive investment in new technological procedures for collecting and recycling waste, and investment in the expertise of our employees, which is our main competitive advantage, providing value for the owners and making the company attractive for business cooperation."

The main objectives we are pursuing are as follows:

- to maintain and consolidate the leading position in the market;
- to achieve stable annual growth;
- to maintain the Dinos trademark as trustworthy and attractive for long-term business relations;
- to increase the automation and flexibility of production, while cutting the costs of processing;
- to establish a lean organisational structure that can rapidly respond and adapt to market changes;
- to invest in the knowledge and expertise of the employees at all levels;
- to introduce activities and processes that prevent or reduce environmental impacts;
- to remain an ecologically and environmentally aware company and to be a reliable, trustworthy business partner.

Basic values:

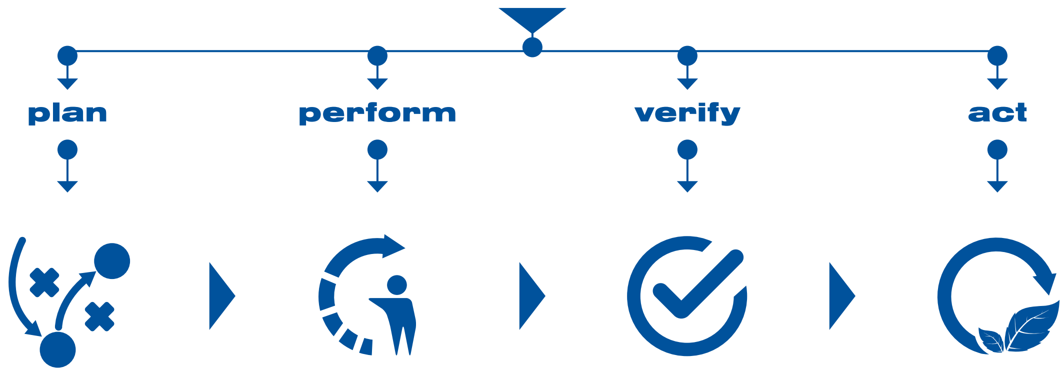
- open-mindedness;
- respect;
- efficiency; and
- team spirit;
- goal focus;
- commitment.

1.7. Quality and environmental management policy of Dinos d.d.

The basic orientation of the company is running its business in accordance with the principles of due diligence with the help of system tools, such as awareness of environmental impacts due to business activity, a focus on home and foreign markets, achieving objectives in order to enhance the stability of the company based on profit-making.

The basic aim of the operation of each business unit is the qualitative performance of the collection, recycling, submission, transportation, and trading of waste with a tendency to achieve better business results than the competition in the area of waste management services and similar materials, and a demonstrable **reduction of environmental risk.**

Through the mechanisms described in the organisational regulations (OR) and work instructions (WI), the company carries out and fulfils the requirements of the quality management and **environmental management** systems according to the principle



The management and employees are committed to the constant improvement of the quality of work and the final products, with the implementation of new technologies for collecting, sorting, recycling and destroying waste raw material and adaptation to new circumstances. The company is involved in a constant **search for new solutions and improvements aimed at reducing environmental pollution, increasing the rate of recycling and processing, and therefore aiming at significantly reducing the amount of waste in landfills.**

These objectives set in the annual plans are reviewed and verified by the management at periodic meetings. The objectives and plans are set and adjusted according to the actual situation and the findings. **The plans and goals include programmes to improve the environmental management system and the introduction of processes to prevent pollution and adverse effects on the environment.**

The basis of successful work is cooperation, horizontal and vertical communication within Dinos, and the cooperation and communication between the management and other organisational levels and interested parties.

We operate in a way that satisfies the owners and employees, and work within the immediate environment in which the business is conducted. **We care about the awareness of employees concerning operation in an environmentally friendly way.**

The company's management provides the necessary conditions for the implementation and achievement of quality objectives and **environmental objectives** at the management level through continuous education, training of employees at all organisational levels and checking the quality management system and the environmental management systems with managerial reviews and audits.

The company's management provides operations based on statutory and industry regulations mostly in the area of waste management and **environmental management** necessary for well-regulated, successful and **environmentally**-oriented business operation. The company takes into account and implements the requirements of the applicable legislation and adapts to international regulations that are necessary for quality operations without impact on the environment.

The policy of qualitative environmental management of the company is available to all employees to see by posting on billboards, web pages, and in the Quality Management Manual. The company's management introduces the policy of quality and environmental management to its employees with the intent of understanding and implementing it in the areas of its operation.

The objectives of quality and environmental management support the policy, and are defined in the annual business plan.

1.7.1. The main activities of the company related to the quality policy

The main activity of the Dinos d.d. company is the collection and pre-processing of waste in order to ensure the highest possible proportion of recycling of such waste. The very name of the company suggests its purpose: Let's give back waste raw material to industry. The company can provide this because it has warehouses across Slovenia intended for collecting waste and four Centres for processing waste in Ljubljana, Celje, Maribor and Naklo. For all of its 18 active sites, it has obtained the appropriate administrative acts, building and operating permits, certificate of registration in the register of waste collectors and environmental permits.

With such an organisation and appropriate technical equipment, as well as technically competent and professionally skilled staff and appropriate business connections with other companies dealing with waste, the Dinos d.d. company can provide global waste management services for a variety of production companies where various types of waste are generated.

For many years, the Dinos d.d. company has had in place a documented, operationally implemented and maintained quality and environmental management system constantly carrying out improvements at the level of the divisions and centres for processing. It has obtained the ISO 9001:2015 Quality Management System and the ISO 14001:2015 Environmental Management System certificates.

The basic orientation of the company is running its business in accordance with the principles of due diligence with the help of system tools, such as awareness of environmental impacts due to business activity, a focus on home and foreign markets, achieving objectives in order to enhance the stability of the company based on profit-making. The basic objective of the operations of individual business unit is the quality performance of the company activities with a desire to achieve ever better business results, while not forgetting that we must and are able to carry out this activity in a way that reduces environmental risks. Through mechanisms that are described in the organisational regulations (OR) and work instructions (WI), the company implements and complies with the requirements of the quality management and environmental management systems according to the principle "plan - perform - verify – act".

The Dinos d.d. company provides operations based on legal and industry regulations, preferably regulations in the field of environmental protection that are necessary for legitimate, effective and environmentally oriented operations. The company takes into account and implements the requirements of the applicable legislation and adapts to international regulations that are necessary for quality operations that do not impact the environment.

Management

Environmental risks and fire risks as well as risks arising from extraordinary events are managed by implementing the ISO 14001:2015 system. In accordance with the applicable system and legislation in the field of health and safety at work and fire safety, we prepare assessments of the environmental aspects and impacts of fire and workplace hazards.

The company employees are constantly educated in the field of health and safety at work; and instructions and warning signage are prepared in order to manage those risks to the greatest possible extent.

Wise Dino helps us educate
the youngest members of the public.

1.8. Organisation and HR policy

The company is managed by a three-member Management Board. The implementation of the company activity is organised into four departments:

1. **Marketing Department**
2. **Technical Department**
3. **Financial Department**
4. **General Affairs Department**

The company carries out its activity in 18 units across Slovenia, which are organised into a set of four regions: the regions of Ljubljana, Celje, Maribor and Novo mesto.

Dinos d.d. • ORGANISATIONAL CHART

Management Board ← **Management**

Marketing Department | **Financial Department** | **Technical Department** | **General Affairs Department** ← **Departments**

Ljubljana Region | **Celje Region** | **Maribor Region** | **Novo mesto Region** ← **Regions**

Processing centres, warehouses:

- Ljubljana Region: CP Ljubljana, CP Naklo, Kranj, Jesenice, Nova Gorica, Koper
- Celje Region: CP Celje, Velenje, Slovenske Konjice, Trbovlje
- Maribor Region: Maribor, Murska Sobota, Lendava, Ptuj, Dravograd
- Novo mesto Region: Novo mesto, Kočevje, Brežice

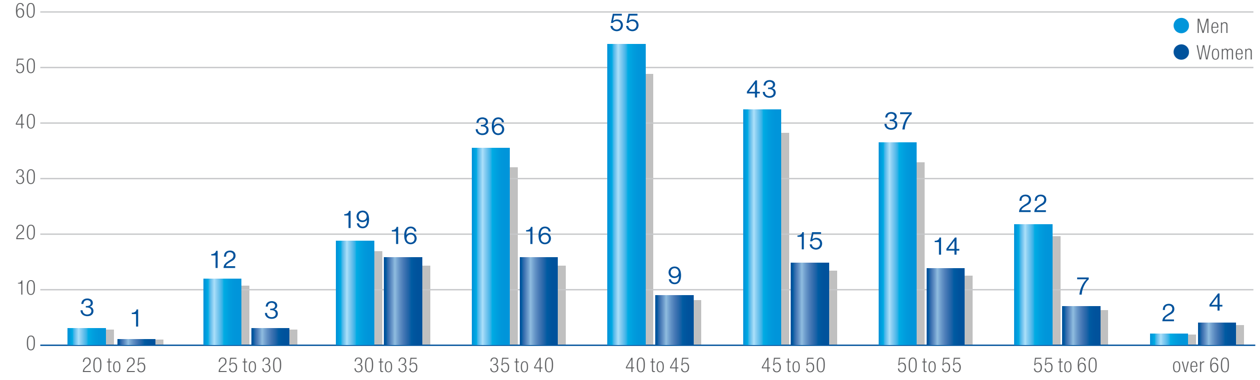
HR policy

As at 31 December 2018, Dinos d.d. employed 314 people, 85 of whom were women and 229 were men. In comparison with 2017, the number of employees increased by 3.6%. At the end of 2018, 26 employees worked under fixed-term contracts, while 30 were posted. As at 31 December 2018, the company employed 19 people with disabilities, 7 of whom were working as part-time employees while the remaining ones worked as full-time employees.

The average number of employees in terms of hours worked in 2018 was 311.14, while this number was 301.05 in 2017.

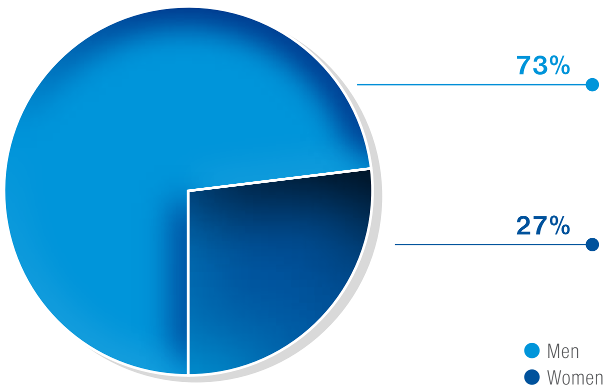
Employee age structure

Employee structure by age and gender



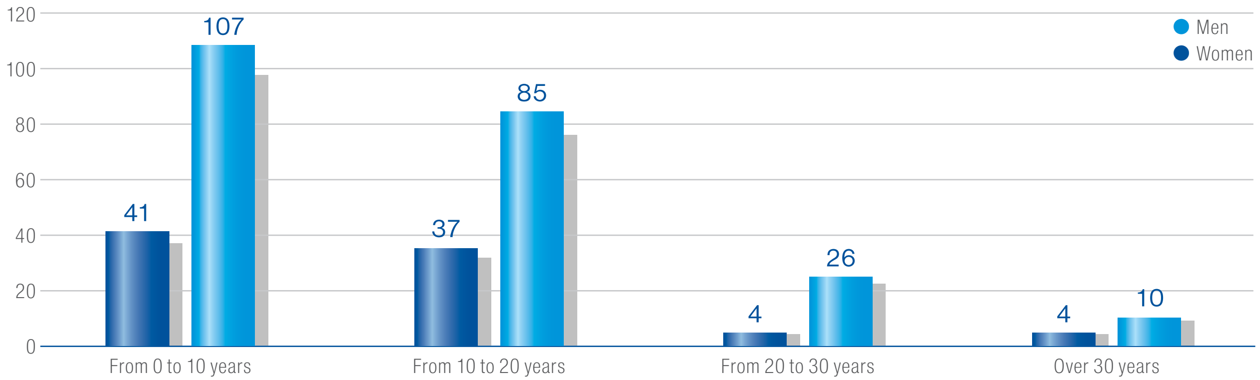
The average wage per employee in 2018 amounted to EUR 1,581.19 gross, which is 8.5% more than in 2017 when it amounted to EUR 1,456.79 gross.

Employee structure by gender



Length of service completed in Dinos d.d. as at 31 December 2018

Lenght of service complered



Responsibility to employees

We endeavour to ensure for our co-workers a stimulating and pleasant working environment, tolerant to diversity and cooperation.

Dinos employs people from different countries and continents; therefore, we are committed to tolerance, mutual respect and the respect for basic human rights.

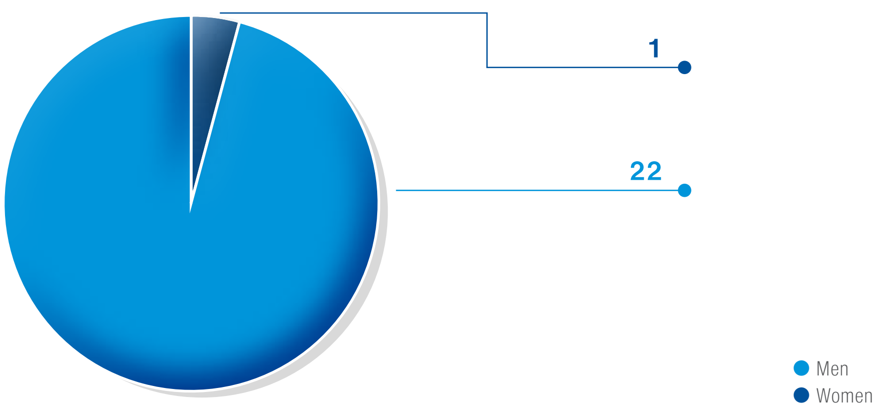
We reject any form of indirect or direct discrimination, which is set out in the Rules on measures to protect workers from exposure to violence, maltreatment, sexual and other harassment and other forms of psychosocial risk at work.

Despite employee diversity, we consider that they work well together since no complaints in connection with discrimination were recorded in 2018.

Work-related accidents

In 2018, 23 work-related accidents occurred, of which all were minor. Of these 23 minor accidents, 4 were so minor that the injured employees did not take any medical leave.

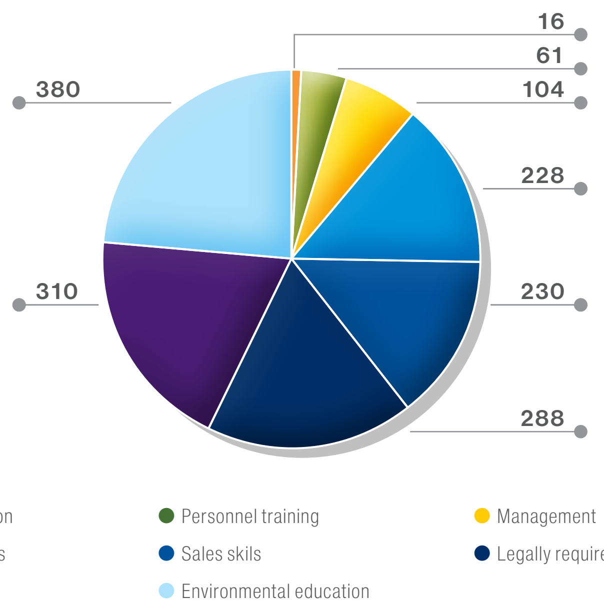
Minor work -related accidents in 2018



Education, training and staff development

In 2018, 1617 pedagogical hours were devoted to various forms of education and training within the Dinos Academy, in which 187 employees participated.

Professional education and training courses 2018



Everyone is expert within one's its field of operation

Having staff that areis well trained is essential for a successful business path; therefore, we annually renew and upgrade knowledge at various levels.

In 2018, the majority of training courses were dedicated to communication training and sales skills, at which colleagues at all levels participatred.

We also involved managers in workshops aimed to motivate employees and set objectives.

Due to a strong involvement of our industry into the circular economy, the emphasis was on environmental education and training, the area in which we actively participate in conferences, seminars and round table discussions.

In 2018, the share of foreign language education increased. We are aware that we need to be well-informed and familiar with the latest developments in the area of protection of personal data, personnel and financial policy, and information technology.

We devoted one third of training courses to compulsory legal technical training. We have updated and upgraded our knowledge in the use of heavy construction machinery, forklifts, blades, and welders. Special attention was paid to fire safety, fire watch, and first aid training.

Colleague for colleague

With the transfer of knowledge, skills and experience, we want to provide internal staff development, and enable our employees to find challenges in new areas within the company; therefore, in 2018, our professionals prepared a number of internal training programmes for their co-workers .

This way, we facilitate the flow of information and the transfer of good practices and contribute to more successful conflict resolution.

Dinos Academy awards

In 2018, employees selected those among themselves who are distinguished by their affiliation, dilligence, collegiality and professionalism and presented them the Dinos awards.

1.9. Marketing communications with social responsibility

We are aware that it is our duty to provide communication at all levels in order to raise the awareness of the circular economy and recycling, and thus the conservation of natural resources.

Communication

With business partners:

- We seek common solutions,
- We tailor our services to the needs of our clients,
- We respect agreements and obligations,
- We provide ongoing information on all legislative and systemic novelties and deadlines for the submission of reports,
- We organise seminars in connection with the proper handling of waste packaging; inform about the possibility of reuse of waste packaging.

The Dinos 5 Stars

★ ★ ★ ★ ★

Your needs are taken care of by our excellent team of trained experts.

Waste material can be delivered to as many as 18 Dinos locations throughout Slovenia.

With our 75 waste collection vehicles and more than 4,000 containers we guarantee you a quick and prompt response.

We are noted for our tradition and expertise based on the experience acquired in 70 years.

We meet goals consistently and do business transparently.

With public authorities:

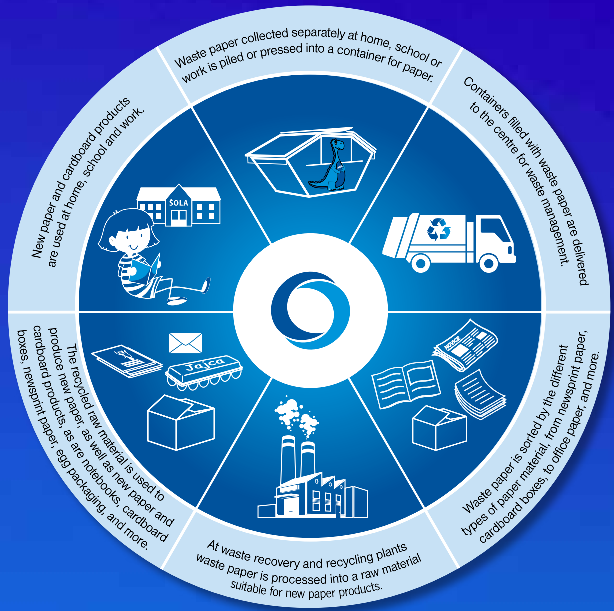
- We strictly follow the regulations and law,
- We provide expert assistance in finding suitable solutions.

With the professional public:

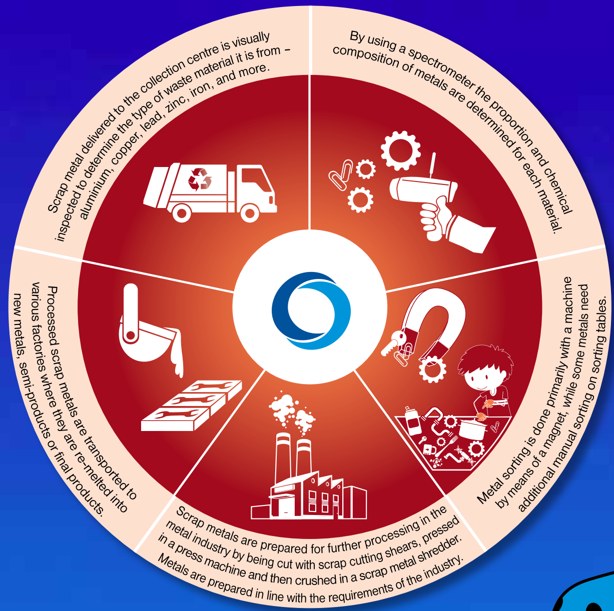
- As lecturers we participate in numerous expert events and conferences,
- We are an active partner of expert environmental publications.

With the local and wider community:

- We cooperate with educational institutions through creative workshops and didactic materials and direct them towards the preservation of natural resources;
- We connect with local educational institutions and gladly show them the processing of waste material at our facility;
- We are an active partner of the Žogarija international children's project;
- We are an active partner of Ekošola;
- We participate in pan-Slovenian humanitarian projects such as Jaz ti mi za Slovenijo, Star papir zbiram, prijatelja podpiram;
- Our collection centres are widely open to local humanitarian campaigns;
- We support the therapeutic programmes for children in the social pedagogical institute, Mirno morje;
- We provide sponsorship funds in the field of sports;
- We cooperate with Maribor junior football academy;
- We take responsibility for the proper handling of waste at various events, such as DM Tek.



The cycle of waste paper



The cycle of scrap metal

The cycle of waste plastic

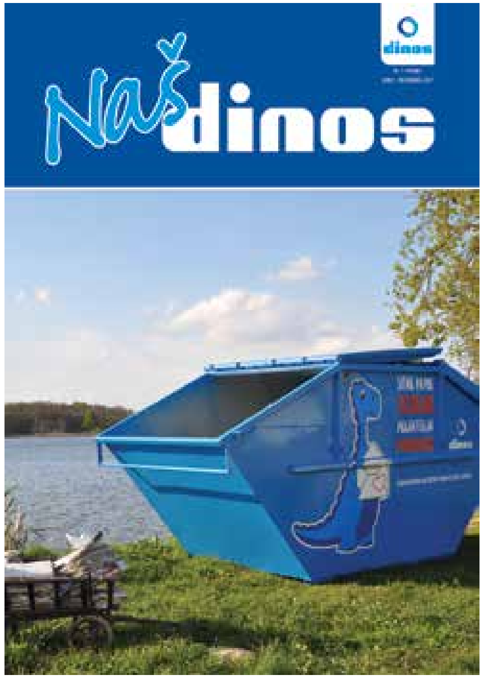
Wise Dino advises and separates waste.

With the media:

- Upon occasional events;
- Regularly and promptly respond to journalists' questions.

With employees:

- We inform employees about the activities and innovations of the company through our internal newspaper,
- We connect employees through internal events and training programmes;
- We enable employees to participate at domestic and international expert meetings and fairs;
- We enable employees to regularly exchange good practices with the owners of our company, Scholz Group.



1.10. Environmental aspects of the company

Ecology

In Slovenia, Dinos d.d. carried out its activity at 18 locations, for which it has obtained the relevant environmental permits for waste management and for the emissions of substances into the air and water. New needs and / or opportunities for additional waste management activities are constantly being created, therefore Dinos d.d. strives to obtain additional relevant certificates and permits. The renewal procedure for the collection certificate issued for all locations is underway, as there is a growing need for additional quantities of waste, which we could take over and provide further management thereof. Furthermore, the environmental permit procedure for installations, which may cause a large-scale environmental nuisance, (i.e., the IED environmental permit) for the Naklo Processing Centreer, where i.e. IDE installation is locattaed - a metal shredder with a 40-60 t / h metal processing capacity, is also being carried out.

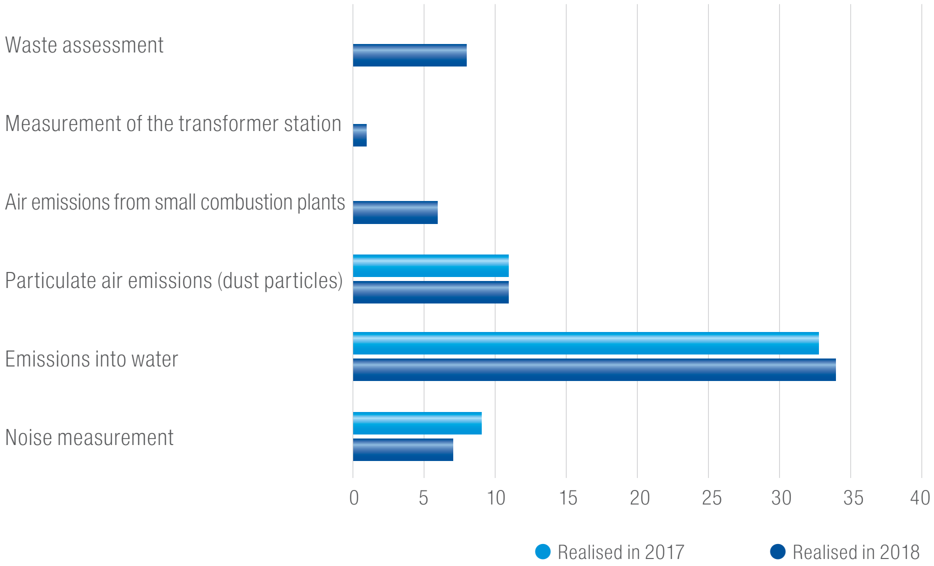
Dinos also operates as a packaging waste management company, Dinos d.d., DROE Unirec.

Environmental impact monitoring

Every year we prepare a measurement and monitoring plan for the current year, both to carry out measurements of noise, water and air pollutant emissions and to assess waste and analyse the waste created. In 2018, we planned for 31 waste water monitoring campaigns (in 2017: 31) and then went on to carry out 34 (in 2017: 33). We also planned for 7 noise monitoring campaigns (in 2017: 9), which were all carried out (in 2017, nine were carried out) and also carried out 11 measurements of particulate air emissions (dust particles). There were also 8 waste assessments, one measurement of the transformer station and 6 measurements of air emissions from small combustion plants carried out. All of the planned measurements were carried out and demonstrated that the activity of the company in all locations has no negative impact on the environment and that activities are carried out within the prescribed emission limits.

Monitoring	2018		2017	
	Planned	Realised	Planned	Realised
Noise measurement	7	7	9	9
Emissions into water	31	34	31	33
Particulate air emissions (dust particles)	-	11	-	11
Air emissions from small combustion plants	-	6	-	-
Measurement of the transformer station	-	1	-	-
Waste assessment	-	8	-	-

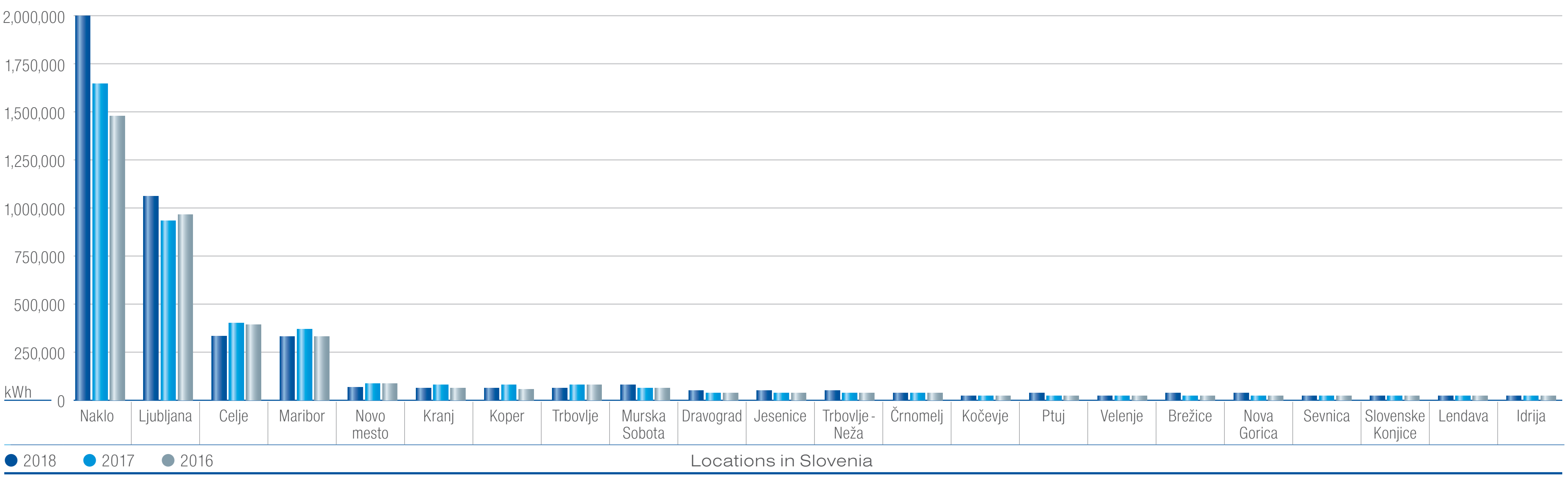
Monitoring



Electricity

Electricity represents one of the major individual environmental costs of the company, which differs greatly from one location to the next. The consumption of electricity depends strongly on the types of machines an individual location uses. The biggest consumer of electricity is the Naklo location which also processes the most waste. Despite the increase in processed quantities of waste at this location, the consumption of electricity is constant.

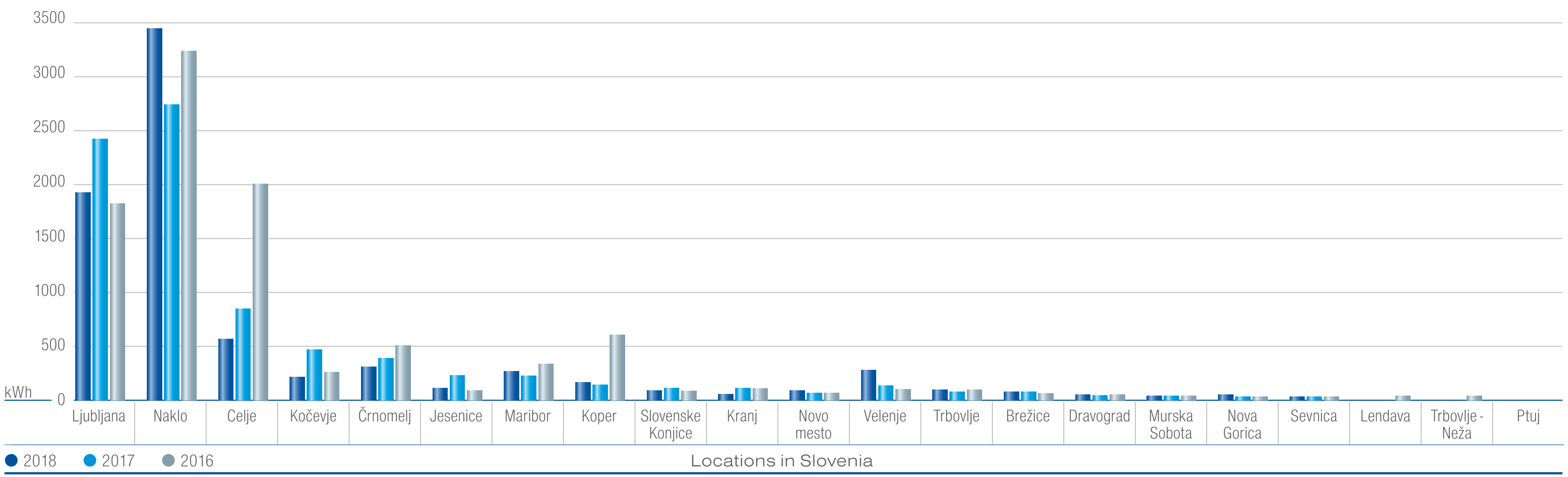
Electricity consumption (kWh)



Water consumption

Water consumption at Dinos is tied to consumption associated with hot water needs and the washing of vehicles and warehousing premises. Water consumption in this regard is highest at the Ljubljana and Naklo location, which is also the largest location of Dinos d.d.

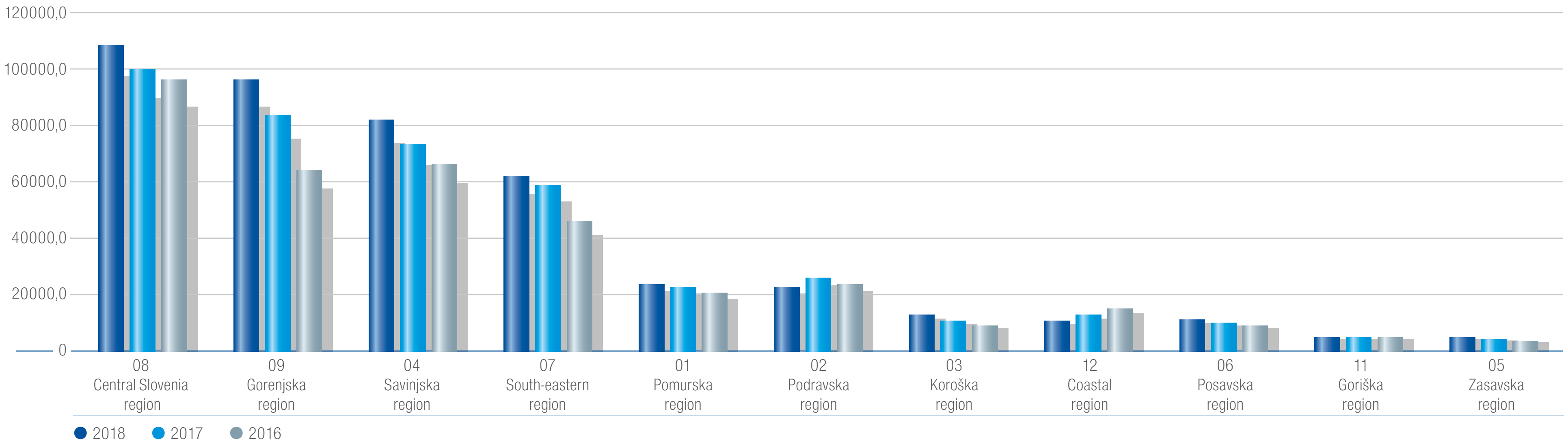
Water consumption in m^3



Waste acceptance and management in 2018

The quantity of waste accepted by statistical region in 2018 increased by 3.7 percentage points compared to 2017. The highest increase in waste acceptance was recorded in the Gorenjska and Savinjska regions, while the biggest decrease was recorded in the Podravska region. The quantity of waste accepted by individual region in 2018 is as follows compared to 2017:

Waste acceptance and management in 2018/2017/2016



1.11. Risk management at Dinos d.d.

Dinos d.d. company, like all economic entities, face risks and opportunities on a daily basis. These could potentially have a negative or positive impact on the financial position and profit or loss of the company, business continuity, employees and the realisation of objectives and strategies. The biggest impact on the business in recent years was the economic crisis. We are aware of the exposure to various risks, both internal and external factors that are constant in conducting business. Therefore, a comprehensive approach is required for effective regular monitoring and risk management. Thus, risk management is integrated into all areas of activity.

In 2018, the company identified the key risks, which were categorised into three main groups, namely business risks, financial risks and IT risks.

Business risks

RISK	DESCRIPTION OF RISK	METHOD OF MANAGEMENT	EXPOSURE	
Business risks	Purchasing risks	Instability of raw material prices, unsuitability of input material, unreliable service	Multiple supplier policy, long-term collaboration, minimum stock, purchasing price hedging	Moderate
	Sales risks	Instability of raw material prices, competition, buyer's negotiating power	Search for new sales opportunities, expansion to the global market, sales price hedging, FX forwards	Moderate
	Environmental risk	Risk of incidents, unsuitable substance handling	Regular preventative inspections of functioning, implementation of improvements, employee training	Moderate
	Personnel area	Replaceability of essential staff, professional qualifications, social dialogue with employees	Systematic work with personnel, regular education and training	Moderate
	Risks related to health and safety at work	Accidents at work, unplanned extended absences	Defined in the Risk Assessment and Risk Statement	Moderate
	Fire safety risk	Fire hazards	Compiled fire safety order for an individual location, defined in the Fire Hazard Assessment	Moderate
Financial risks	Solvency (liquidity) risk	Decrease in liquidity reserves for the coverage of operating and financial liabilities	Supervision of the matching of maturities, revolving loan	Moderate
	Credit risk	Irregular inflows	Active supervision of the changes in receivables and liabilities, regular buyer and supplier rating monitoring, security for receivables, recovery of receivables	Moderate
	Price and currency risk	Volatility of prices and the EUR/USD exchange rates	Price hedging using derivatives	Moderate
	Interest rate risk	Sudden rise in the variable part of interest rates	Hiring loans in the domestic currency (EUR) and the interest rates are linked to the EURIBOR	Low
IT risk	IT risk	Malfunctioning of IT	Data archiving, regular upgrades and updates, regular maintenance	Moderate

Purchasing risks

Definition
The industry in which the company operates is exposed to the volatility of raw material prices, as these are influenced solely by the law of supply and demand. This risk level is assessed as moderate.

Management
As far as possible the company uses the appropriate instruments to mitigate risk, whereby it reduces its exposure to volatility in the raw materials market. The purchasing department manages risk by conducting a multiple supplier policy in order to limit the dependency on a single supplier and target building long-term stable relationships. The company enters into contracts with different maturities and thus controls purchase-related risks. We strive to pursue a policy of minimum stock and short inventory turnover. We operate globally while continuously searching for alternative sources in Europe and the markets of the former Yugoslavia. Price volatility is managed by forward purchases of quantities and prices of purchases as well as sales on the stock market through the Scholz Group.

The management estimates that the exposure to purchase risks is moderate.

Sales risks

Definition
These are the risks associated with the possibility of successful sales of raw materials to the target market and price volatility. They relate to the growing power of competitors, the negotiating power of customers and substantial dependence on a particular market or customer. This risk level is assessed as moderate.

Management
We were able to establish new sales channels, which allows the diversification of a risk of exposure to individual customers or regions. The company Dinos is both more flexible and can focus its sales to different markets in relation to the movement of prices. For a consistent supply, we use the synergies with strategic partners in the Scholz Group.

Environmental risks, risks relating to health and safety at work and fire safety risks

Environmental risk

Definition
Since the company Dinos performed its activity at 18 locations in 2018, the environmental risks, risks involving health and safety at work and fire safety risks are defined and identified for each location separately. We are aware that the implementation of the company‘s activities may have negative effects on all segments of the environment either due to the implementation of the activity itself or to environmental or other disaster (fire, floods, extreme wind conditions, etc.). Furthermore, the implementation of the company's activity may itself also have negative impacts on human health. This risk level is assessed as moderate.

Management
Environmental risks and fire risks and risks arising from extraordinary events are managed by implementing the ISO 14001:2015 system. In accordance with the applicable system and legislation in the field of health and safety at work and fire safety, we prepare assessments of the environmental aspects and impacts of fire and workplace hazards.

The company employees are constantly educated in the field of health and safety at work, instructions and warning signage are prepared in order to manage those risks to the greatest possible extent.

Risks related to health and safety at work

We are committed to ensuring that each individual acts responsibly and to thus creating safe working conditions and doing everything to prevent accidents at work. Over the decades of our operations, we have been setting up mechanisms and implementing activities in this area. We are aware at the company that health and safety in the workplace and in the working environment, in addition to their basic purpose, ensure employee satisfaction. Therefore we constantly strive to reduce the level of risk that results from the implementation of work processes and procedures. Due to the development and introduction of new work processes, the work environment is changing and we follow all changes successfully. We are looking for solutions that are healthy and safe for the employees. A Risk Assessment has been produces for all our locations and a Safety Statement was adopted, of which all employees are informed. In accordance with the above-mentioned document and legal framework, we also carried out inspections of the working environment, work equipment, periodical medical examinations of employees, introductory and periodical training of employees – theoretically and practically, in the field of health and safety at work. Employees conducting first aid training courses are specified for individual locations. The company strives for additional training of employees in handling individual means of work.

The new processes and projects include the latest developments in the field of health and safety at work and monitor the risk of accidents and health problems. Risks are assessed periodically and are kept at acceptable levels using safety precautions. Priority in the development of health and safety at work is to reduce the risk in exposed positions of employment and linking that with other areas of safety, especially in the field of fire protection, environmental protection and chemical safety. In accordance with the applicable legislation, the company drafted and adopted the statutorily prescribed regulations on internal control.

Fire safety risk

We are aware at the company that fire safety is an important segment for the successful and safe operation of the company. Fire safety is managed in accordance with the applicable legislation in this area. The area is supported by the Fire Hazard Assessment, the Fire Safety Order and an extract of the Fire Safety Order for an individual location about which employees have been familiarised. Periodic inspections of the status of fire safety, prescribed measurements for lightning protection devices, electrical installations, hydrant networks, smoke detectors, emergency lighting and fire extinguishers are performed in accordance with these documents and legislation. Employees are involved in recurrent training in fire protection, fire drills are carried out, and certain employees are also trained to carry out initial firefighting and safe evacuation training.

Financial risks

The company identified four risks, namely:

- Solvency risk
- Credit risk
- Currency risk
- Interest rate risk

Solvency (liquidity) risk

Definition

Solvency – liquidity risk comprises the risks related to a deficit in available financial sources and the resulting inability of the company to fulfil financial and operating liabilities within the agreed deadlines. The responsibility for managing solvency risk lies with the Management Board.
This risk level is assessed as moderate.

Management

The risk of short-term solvency is well under control owing to effective cash management, adequate available credit lines for short-term matching of cash flows (revolving loan), a high level of financial flexibility and good access to financial markets.

We ensure long-term solvency with an adequate financial balance of equity and debt capital and sustainable ability to generate cash flows from operations, improve the structure of maturities of financial liabilities as well as the appropriate capital structure. This risk level is assessed as moderately managed.

Credit risk

Definition

Credit risk refers to the risk of default of the counter party, which is reflected in the loss from operations and financing. This risk level is assessed as moderate.

Management

The company has formulated a policy of active credit risk management, which includes the concurrent monitoring of outstanding receivables, limiting the exposure to individual customers through a limit system, charging default interest and using a debt collection policy.

The following procedures are performed in credit risk management:

- definition of significant receivables and insuring material credit exposure through an insurance company;
- obtaining appropriate security (in terms of granted loans usually securities, mortgage, etc.) for the remaining customers, defining limits for customers depending on the customer's credit rating and estimated annual turnover);
- limits of customers are checked at least once a year;
- checking the creditworthiness of new and existing customers (at least once a year);
- the credit rating department obtains collateral in the form of bank guarantees or letters of credit for customer receivables in classes with high risk, weekly monitoring of outstanding and overdue receivables and the anticipated repayment and recovery;
- sales to a buyer are suspended when one of the following conditions is met: exceeded limit, overdue receivables by more than 90 days, the customer's bank account is frozen or other external information is obtained indicating significant financial difficulties on the part of the debtor.

Price and currency risk

Definition

It represents a risk if the company performs sales and purchases in the global market. This risk level is assessed as moderate.

Management

The exposure to EUR/USD exchange rate risk arose with the expansion of operations to the global market and is tied to the growth of the group of which Dinos is a part. The company hedges currency risk through the FX forwards through the Scholz Group. As at 31 December 2018, the company recorded no currency risks. Furthermore, it has no other foreign currency assets and liabilities. We use derivatives primarily to hedge price and currency risks and not for speculative purposes.

Interest rate risk

Definition

Despite the continuation of the process of reducing financial indebtedness to banks, the company is still exposed to the risk of rising interest rates on the money market. The company is exposed to interest rate risk due to variable interest rates. This risk level is assessed as low.

Management

All the liabilities arising from borrowings are EUR-denominated and the interest rates are linked to the EURIBOR. The interest rates remain at a low level and no rapid increase is expected in the short term. The balance of liabilities arising from borrowings continues to fall in line with amortisation plans. The fixed interest rate as a hedging instrument is currently much higher than the expected interest rates. In order to manage major investments and in the event of consequent raising of long-term loans, we use suitable derivatives.

IT risk

Definition

The risks of uninterrupted functioning of hardware and software are associated with the uninterrupted functioning of said equipment. The requirement is for the continuity of operations.

Current risks relating to IT are risk of intrusion into the secured IT system via different access points.

This risk level is assessed as moderate.

Management

System architecture and the relevant system equipment were regularly upgraded and updated. The entire system is stable and smoothly running, without emergency halts, both at the central location and dislocated units. The activities carried out in 2018 are as follows:

- We upgraded the system architecture in accordance with the plan;
- We provided 99.98% operation of the entire system without interruptions;
- We managed to prevent the shutdown of work processes, with updated tools for system protection against intrusion and other security risks;
- We ensured the protection and archiving of data according to current standards.


We analyse and perfect our technologies.

1.12. Analiza poslovanja

1.12.1. Performance analysis 2018

	31 Dec 2018	in EUR 31 Dec 2017	2018/2017 index
Total net sales revenue	**152,830,153**	**137,370,715**	111
Total operating revenue	**153,303,103**	**137,743,832**	111
Total costs of goods, material, and services	**-137,592,259**	**-120,472,586**	114
Total labour costs	**-8,127,765**	**-8,011,799**	101
Write-downs	**-2,938,246**	**-2,624,845**	112
a) Depreciation and amortisation	-2,631,788	-2,527,740	104
Total costs	**-151,365,876**	**-133,080,675**	114
Operating profit/EBIT	**1,937,227**	**4,663,157**	42
Total finance income from loans	**136,530**	**34,414**	397
Total finance income	**990,876**	**394,238**	251
Total finance expenses from financial liabilities	**-224,063**	**-299,668**	75
Total finance expenses	**-518,402**	**-844,505**	61
Profit from ordinary activity	**2,409,702**	**4,212,890**	57
Total profit	**2,507,716**	**4,331,164**	58
Corporate income tax	-186,260	-700,776	27
Net profit or loss for the period	**2,335,595**	**3,629,279**	64

Dinos d.d. generated **sales revenues** worth EUR 152.8 million in 2018, up 11% on 2017. The amount of operating revenues is affected by the higher sales volumes, which in turn affects the entire structure of operating profit or loss.

The price effect in revenue was stable in the iron industry programme, while the non-ferrous metal programme showed a significant drop in aluminium prices in the last quarter of 2018. In 2018, prices in non-metals - paper, plastic, recorded a sharp fall due to the global problem upon the shutdown of the export of waste materials to the Chinese market.

EBIT came in at EUR 1.9 million, down 58% on 2017. The biggest impact on the EBIT in 2018 was due to the low level of prices and increased operating costs.

Of the financial indicators of operating performance, it was interest that had the biggest impact on the amount of interest expenses which dropped 39% because of the deleveraging in 2018. Finance expenses and finance income from derivatives were recognised in 2018; we used these instruments as a hedge against price swings in the world market. Finance expenses came in at EUR 270 thousand, while income amounted to EUR 274 thousand.

Operating costs

Operating costs	31 Dec 2018	in EUR 31 Dec 2017	2018/2017 index
Cost of goods and materials sold	118,573,371	104,469,842	114
Cost of material	3,221,780	2,969,369	109
Cost of services	15,797,107	13,033,375	121
Labour costs	8,127,765	8,011,799	101
Write-downs	2,938,246	2,624,845	112
Other operating expenses	2,707,607	1,971,446	137
Total costs	**151.365.876**	**133.080.675**	**114**

Operating costs in 2018 came in at EUR 151.4 million, up 14% on 2017. The cost of goods and materials sold had the biggest impact on costs as they were up 14% on 2017. The reason was the higher sales volumes.

Labour cost in 2018 came in at EUR 8.1 million, up EUR 0.1 million or 1% on 2017. The reason for the increase was in line with legislative changes and the agreement with trade unions to eliminate jobs mismatch.

The biggest increase in percentage terms in 2018 was recorded by other operating costs that came in at EUR 2.7 million, up EUR 0.7 million on 2017. The increase of 37% was the result of the increase in the costs of further management of waste generated after processing what we collected from the companies to which we provide a global waste management service, which on the other hand, reflects in the increase in revenue from the collection of waste intended for further processing.

1.12.2. Balance of assets and liabilities as at 31 December 2018

	31 Dec 2018	v EUR 31 Dec 2017	2018/2017 index
ASSETS			
A. Non-current assets	**41,547,021**	**37,847,749**	110
I. Intangible assets and deferred costs and accrued income	140,597	137,274	102
II. Tangible fixed assets	35,055,400	34,093,893	103
III. Long-term financial investments	6,235,367	3,515,063	177
IV. Deferred tax assets	115,657	101,519	114
B. Current assets	**33,805,688**	**34,814,241**	97
I. Inventories	7,107,540	8,574,017	83
II. Current financial assets	35,536	1,943,223	2
III. Current operating receivables	25,097,410	23,901,226	105
IV. Cash	1,565,203	395,776	395
C. Short-term deferred costs and accrued revenues	**351,260**	**113,169**	310
Total assets	**75,703,969**	**72,775,160**	
	31.12.2018	**31.12.2017**	
EQUITY AND LIABILITIES			
A. Equity	**45,143,948**	**42,459,459**	106
I. Called-up capital	2,279,668	2,279,668	100
II. Capital surplus	9,740,278	9,410,703	104
III. Revenue reserves	13,530,308	13,530,308	100
IV. Reserves from valuation at fair value	33,995	16,058	212
V. Net profit or loss brought forward	17,224,104	13,593,443	127
VI. Net profit or loss for the year	2,335,595	3,629,279	64
B. Provisions and long-term accrued costs and deferred revenues	**666,979**	**518,149**	129
C. Non-current liabilities	**6,993,674**	**6,264,638**	112
I. Non-current financial liabilities	6,993,674	6,264,638	112
D. Current liabilities	**22,413,057**	**23,036,902**	97
I. Current financial liabilities	6,768,777	7,474,468	91
II. Current operating liabilities	15,644,280	15,562,434	101
E. Short-term accrued costs and deferred revenues	**486,312**	**496,012**	98
Total equity and liabilities	**75,703,969**	**72,775,160**	

Non-current assets

The most important part of long-term assets is tangible fixed assets of EUR 35,055 million, i.e. buildings worth EUR 16 million, land worth EUR 9.2 million and equipment worth EUR 9.8 million. Other major items among non-current assets are financial investments worth EUR 6.2 million, which include financial investments worth EUR 3.5 million and long-term loans to companies in the group of EUR 2.7 million.

Current assets

Current assets represent 45% of total assets. The biggest share of current assets is represented by trade receivables, and the borrowing from suppliers and banks depends on the volume of these receivables. At the end of 2018, current assets came in at EUR 33.8 million while they stood at EUR 34.8 million at the end of 2017, meaning that they dropped by 3%. The biggest decrease among these was posted by inventories, which were worth EUR 7.1 million at the end of 2018, and are 17% lower than at the end of 2017.

Liabilities

As at the last day of the period under consideration, net current assets[1] of Dinos d.d. amounted to EUR 18 million, up 6% on the end of 2017 when they stood at EUR 17 million.

Net debt at the end of 2018 was EUR 12.2 million, down 9% on 2017 when it stood at EUR 13.3 million.

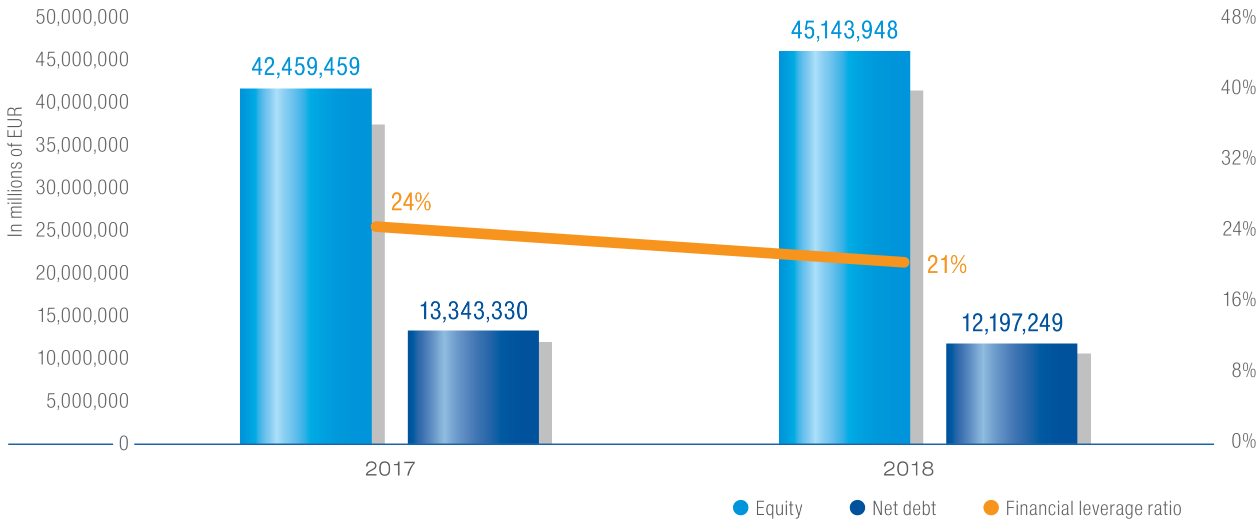
Equity

The equity of Dinos d.d. as at the last day of 2018 was EUR 45.1 million while it was EUR 42.5 million at the end of 2017. The biggest impact on the 6% increase in equity was that of the annual operating result. In addition to net profit for the financial year, the changes in equity in 2018 were most affected by the provisions from actuarial recalculations and the increase in capital reserves due to the merger of Euro Trend d.o.o.

	2018	2017	index 2018/2017
Equity	45,143,948	42,459,459	106
Net debt[2]	12,197,249	13,343,330	91
Financial leverage ratio[3]	21.27%	23.91%	89

Net current assets = (operating receivables + inventories + cash + long-term deferred costs and accrued revenues – current operating liabilities - long-term accrued costs and deferred revenues)
[1]Net debt = (non-current and current financial liabilities – cash)
[2]Financial leverage ratio = net debt / (equity + net debt)

Equity, net debt, financial leverage ratio



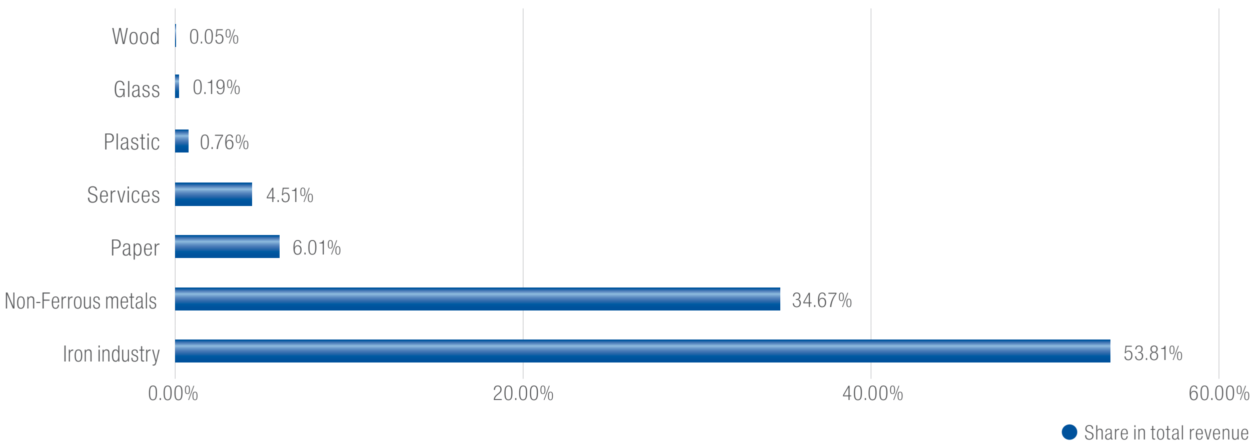
1.12.3. Sales analysis by programme

Overview of revenues generated by programme with respect to the plan and the previous year:

SALES				in EUR	VALUE
PROGRAMME	**2018**	**PLAN**	**Ind. 18/pl**	**2017**	**Ind. 18/17**
Iron industry	82,243,155	64,768,400	1.27	68,669,800	1.20
Non-ferrous metals	52,992,473	45,146,600	1.17	50,347,699	1.05
Paper	9,180,144	10,395,100	0.88	10,635,928	0.86
Plastic	1,159,586	2,230,800	0.52	2,262,473	0.51
Glass	284,010	244,500	1.16	252,682	1.12
Wood	72,562	38,800	1.87	143,659	0.51
Services	6,898,222	4,276,700	1.61	5,058,474	1.36
TOTAL	**152,830,153**	**127,100,900**	**1.20**	**137,370,715**	**1.11**

The shown 2018 cumulative sales data compared to 2017 and the sales plan indicate that the revenues achieved are 20% higher than planned and 11% higher YOY.

Share in sales revenues by sales programme



Overview of purchasing – realised, planned and previous year:

PURCHASING				in EUR	VALUE
PROGRAMME	**2018**	**PLAN**	**Ind. 18/pl**	**2017**	**Ind. 18/17**
Iron industry	65,813,355	50,411,500	1.31	55,313,911	1.19
Non-ferrous metals	46,352,563	42,175,600	1.10	45,166,953	1.03
Paper	4,531,580	4,076,900	1.11	5,559,745	0.82
Plastic	300,102	1,886,600	0.16	938,192	0.32
Glass	6,897	0	0.00	6,043	1.14
Wood	14,151	0	0.00	60,379	0.23
Other	162,049	0	0.00	32,068	5.05
Total	**117,180,697**	**98,550,600**	**1.19**	**107,077,291**	**1.09**

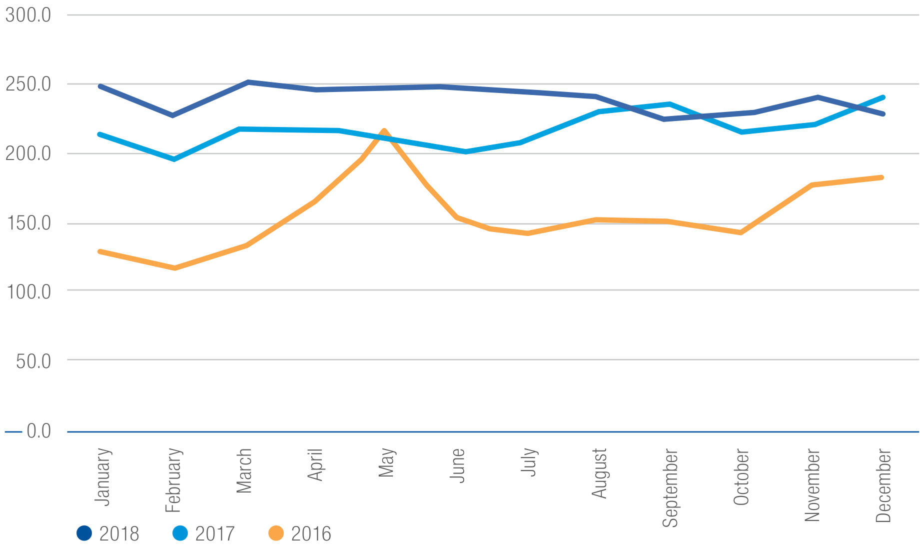
Purchasing prices are up 19% compared to the plan and 9% compared to 2017, which is due to the lower level of purchase prices and higher quantities purchased.

The company has developed quite a few hedging mechanisms that help us react rapidly to quick and sudden changes to market prices. In doing so, we use the information from the Scholz Group, which is one of the leading companies in the world in the waste raw material collection and processing industry. We are in constant contact and receive on-time information about trends in the global economy, to which we can react accordingly. Synergies with the owner with an extensive global network are definitely a great competitive advantage for us.

We try to operate with minimal inventories, without any speculation about future price movements. Therefore, we buy and sell at prices that are known in advance thereby minimising price risk.

We regularly monitor the BDSV index for various steel waste materials, which is published and represents the average of the sales prices of waste EXW to the supplier's warehouse for the entire territory of Germany and approximates the market price changes around Europe.

Changes in iron prices 2016-2018



In 2018, the price level of iron scrap remained the same as in 2017. These were the highest prices since 2014, when prices drastically dropped at the end of the year.

The year 2018 can be marked as untroubled - the prices were fairly stable throughout the year. The expected drop due to global trade disagreements was slowly realised in the second half of the year.

In the last quarter of 2018, higher price fluctuations occurred on the non-ferrous metal programme - aluminium, the first reason being that America has directed the export of aluminium to Europe due to China's countermeasures, and the second reason is that the automotive industry in Europe cut back production after a three-year increase - consequently the processing industry reduced orders. A moderate expected decline in economic growth and thus decrease in prices is perceived.

Throughout the year, the paper and plastics programmes observed a fall in prices, which reflected as a result of the shutdown of the Chinese market. Europe has failed to create its own processing capacities, since it has been relying on the Chinese market, which has closed due to an excess of quantities over the years.

1.13. Significant business events after the end of the 2018 financial year

We started 2019 with the intensive modernisation of work means, in accordance with the investment plan. In January, we carried out the expected status change of the company, from d.d. to d.o.o.

The land in Gornja Radgona was sold.

In February 2019, we acquired a new long-term financing source, which will be used to finance planned investments.

In 2018 and the first two months of 2019, we fulfilled the financial commitments we had towards other lenders.

The global economy is projected to post weaker growth in 2019. Plastic remains a global problem.

There were no events after the reporting date that would materially affect the disclosed financial statements for 2018.

1.14. Plans for 2019

In 2019, we continue to introduce mobile solutions into the robust environment of the integrated IT system, as well as the optimisation of the paper document flow into the e-document flow.

New waste types represent new challenges in terms of efficient processing that makes them suitable for further recycling, which is why we will devote a lot of attention to the search for new best practices within the scope of the Scholz Group/CEG. We will continue to implement the policy of investing in the updating of machinery and implementation of new technological solutions in all waste raw material collection and processing processes.


We cherish the awareness that nature
represents the capital of the future.

By recycling one tone of waste paper, we preserve seventeen mature trees.

2. Financial report

Dinos d.d. is a registered legal entity in Slovenia. Its registered address is at Šlandrova ulica 6, 1000 Ljubljana. The financial statements have been prepared for the year ended 31 December 2018. The values are presented in EUR.

Dinos d.d. is one of the companies in the Scholz Group that is controlled by the global Chiho Environmental Group Ltd. (CEG) headquartered in Hong Kong.

The financial statements of Dinos d.d. are also included in the consolidated financial statements of the CEG Group, which are available at the website

http://chihogroup.com/Home/Relationship/investorFinance

The consolidated financial statements have been prepared on the basis of the German GAAP for the Scholz Group and in accordance with the International Financial Reporting Standards for the CEG Group.

Dinos d.d. does not prepare consolidated financial statements for 2018 for the narrower circle of group companies because their effect on the statements is minor.

2.1. Profit and loss account for the year ended 31 December 2018

Profit and loss account for the year ended 31 December 2018			in EUR
	Note	2018	2017
1. Net sales revenue			
a) Sales revenue to domestic companies in the Group		0	0
b) Sales revenue - related parties		3,600	600
c) Revenue from the sales to foreign companies of the Group		3,163,970	7,849,877
d) Revenue from sales on the domestic market		65,420,286	60,199,823
e) Revenue from sales on foreign markets		84,242,296	69,320,414
Total net sales revenue	2.6.4.	**152,830,153**	**137,370,715**
2. Capitalised own products and own services		246	293
3. Other operating revenues and operating revenues from revaluation	2.6.5.	472,704	372,825
Total operating revenue	2.6.4., 2.6.5.	**153,303,103**	**137,743,832**
4. Costs of goods, material, and services			
a) Cost of goods and materials sold		-118,573,371	-104,469,842
b) Costs of materials		-3,221,780	-2,969,369
c) Costs of services		-15,797,107	-13,033,375
Total costs of goods, material, and services	2.6.6.	**-137,592,259**	**-120,472,586**
5. Labour cost			
a) Cost of wages and salaries		-5,839,454	-5,923,790
b) Cost of social insurance		-476,473	-444,909
c) Pension insurance costs		-516,792	-524,255
d) Other labour costs		-1,295,047	-1,118,845
Total labour cost	2.6.7.	**-8,127,765**	**-8,011,799**

Profit and loss account for the year ended 31 December 2018	Note	2018	in EUR 2017
6. Write-downs			
a) Depreciation and amortisation		-2,631,788	-2,527,740
b) Operating expenses from revaluation of fixed assets		-41,191	-19,211
c) Operating expenses from revaluation of current assets		-265,267	-77,894
Total write-downs	2.6.8.	**-2,938,246**	**-2,624,845**
7. Other operating expenses	2.6.9.	-2,707,607	-1,971,446
Total costs		**-151,365,876**	**-133,080,675**
Operating profit		**1,937,227**	**4,663,157**
8. Finance income from participations			
a) Finance income from other shares and interests		520,149	117,453
b) Finance income from other investments - interest		0	0
Total finance income from shares and interests		**520,149**	**117,453**
9. Finance income from loans granted			
a) Finance income from loans to Group companies		136,530	34,414
Total finance income from loans		**136,530**	**34,414**
10. Finance income from operating receivables			
a) Finance income from operating receivables due from Group companies		274,141	177,900
b) Finance income from operating receivables due from others		60,056	64,471
Total finance income from operating revenue		**334,197**	**242,371**
Total finance income	2.6.11	**990,876**	**394,238**

Profit and loss account for the year ended 31 December 2018	Note	2018	in EUR 2017
11. Finance expenses from impairments and write-offs of financial assets			
a) Finance expenses due to impairment and write-off of investments in Group companies		0	0
b) Finance expenses from impairment and write-off of other investments		0	0
Total finance expenses from impairment and write-off of financial assets		0	0
12. Finance expenses from financial liabilities			
a) Finance expenses for bank borrowings		-191,513	-240,179
b) Finance expenses for other financial liabilities		-32,550	-59,490
Total finance expenses from financial liabilities		**-224,063**	**-299,668**
13. Finance expenses from operating liabilities			
a) Finance expenses from operating liabilities to Group companies		-270,065	-489,388
b) Financial expense from other operating liabilities		-24,274	-55,448
Total finance expenses from operating liabilities		**-294,339**	**-544,837**
Total finance expenses	2.6.12.	**-518,402**	**-844,505**
Profit from ordinary activity		**2.409,702**	**4,212,890**
14. Other revenue		155,239	161.478
15. Other expenses		-57,224	-43,204
Total profit		**2,507,716**	**4,331,164**
16. Corporate income tax	2.6.13.	-186,260	-700,776
17. Deferred taxes		14,139	-1,110
18. Net profit or loss for the period		**2,335,595**	**3,629,279**

Accounting policies and notes are a constituent part of these financial statements and should be read in conjunction with these financial statements.

2.2. Statement of other comprehensive income for the year ended 31 December 2018

Statement of other comprehensive income for the year ended 31 December 2018	Note	2018	in EUR 2017
18. Net profit or loss for the period		2,335,595	3,629,279
19. Other elements of comprehensive income		17,936	3,305
20. Total comprehensive income for the period		**2,353,531**	**3,632,584**

Accounting policies and notes are a constituent part of these financial statements and should be read in conjunction with these financial statements.

2.3. Balance Sheet as at 31 December 2018

Balance Sheet as at 31 December 2018			in EUR
ASSETS	Note	31 Dec 2018	31 Dec 2017
A. Non-current assets			
I. Intangible assets and long-term deferred costs and accrued revenue			
1. Long-term property rights		136,532	131,196
2. Other intangible assets		4,065	6,078
Total intangible assets	**2.6.16.**	**140,597**	**137,274**
II. Property, plant, and equipment			
1. Land		9,167,937	9,167,937
2. Buildings		16,056,543	16,724,109
3. Production plants and machinery		9,068,789	7,614,375
4. Other plant, and equipment		339,881	187,654
5. Property, plant, and equipment under construction or development		139,250	143,387
6. Advances for property, plant, and equipment		283,000	256,432
Total tangible fixed assets	**2.6.17.**	**35,055,400**	**34,093,893**
III. Investment property		**0**	**0**
IV. Non-current financial assets			
1. Non-current financial assets, excluding loans			
a. Shares and stakes in Group companies		15,000	15,000
b. Other non-current financial assets		3,500,063	3,500,063
Total non-current financial assets, excluding loans		**3,515,063**	**3,515,063**
2. Non-current loans			
a. Non-current loans to companies within the Group		2,720,304	0
Total non-current loans		2,720,304	0
Total non-current financial investments	**2.6.18.**	**6,235,367**	**3,515,063**
V. Deferred tax assets	**2.6.14.**	**115,657**	**101,519**
Total non-current assets		**41,547,021**	**37,847,749**

Bilanca stanja na dan 31. 12. 2018			in EUR
ASSETS	Note	31 Dec 2018	31 Dec 2017
B. Current assets			
I. Inventories			
1. Material		6,955,198	8,353,751
2. Products and merchandise		4,640	4,267
3. Advances for inventories		147,703	215,999
Total inventories	**2.6.20.**	**7,107,540**	**8,574,017**
II. Current financial assets			
1. Short-term loans			
a. Short-term loans to Group companies		35,536	1,943,223
Total short-term loans		35,536	1,943,223
Total current financial assets	**2.6.19.**	**35,536**	**1,943,223**
III. Current operating receivables			
1. Current operating receivables due from Group companies		124,280	362,295
2. Current operating receivables due from customers		23,309,202	22,204,938
3. Current operating receivables due from the state		1,624,305	
4. Current operating receivables due from others		39,623	1,333,992
Total current operating receivables	**2.6.21.**	**25,097,410**	**23,901,226**
IV. Cash	**2.6.22.**	**1,565,203**	**395,776**
Total current assets		**33,805,688**	**34,814,241**
C. Short-term deferred costs and accrued revenues	**2.6.23.**	**351,260**	**113,169**
Total assets		**75,703,969**	**72,775,160**

Balance Sheet as at 31 December 2018			in EUR
EQUITY AND LIABILITIES	Note	31 Dec 2018	31 Dec 2017
A. Equity			
I. Called-up capital		**2,279,668**	**2,279,668**
II. Capital surplus		**9,740,278**	**9,410,703**
III. Revenue reserves		**13,530,308**	**13,530,308**
1. Legal reserves		966,100	966,100
2. Other reserves		12,564,208	12,564,208
Total revenue reserves		**13,530,308**	**13,530,308**
IV. Reserves from valuation at fair value		**33,995**	**16,058**
V. Net profit or loss brought forward		**17,224,104**	**13,593,443**
VI. Net profit or loss for the year		**2,335,595**	**3,629,279**
Total equity	**2.6.24.**	**45,143,948**	**42,459,459**
B. Provisions and long-term accrued costs and deferred revenues			
I. Provisions for pensions and similar obligations		666,979	518,149
Total provisions and accrued costs and deferred revenues	**2.6.25.**	**666,979**	**518,149**
C. Non-current liabilities			
I. Non-current financial liabilities			
1. Non-current financial liabilities to banks		5,813,775	5,700,000
2. Other non-current financial liabilities		1,179,900	564,638
Total non-current financial liabilities	**2.6.26.**	**6,993,674**	**6,264,638**
Total non-current liabilities		**6,993,674**	**6,264,638**

Balance Sheet as at 31 December 2018 EQUITY AND LIABILITIES	Note	31 Dec 2018	in EUR 31 Dec 2017
D. Current liabilities			
I. Current financial liabilities			
1. Current financial liabilities to banks		6,420,700	6,050,002
2. Other current financial liabilities		348,077	1,424,466
Total current financial liabilities	**2.6.26.**	**6,768,777**	**7,474,468**
II. Current operating liabilities			
1. Current operating liabilities to Group companies		15,767	248,354
2. Current operating liabilities to suppliers		14,856,021	13,967,972
3. Current operating liabilities from advances		16,534	193,669
5. Current liabilities to the state		283,083	629,944
4. Other current operating liabilities		472,875	522,496
Total current operating liabilities	**2.6.27.**	**15,644,280**	**15,562,434**
Total current liabilities		**22,413,057**	**23,036,902**
E. Short-term accrued costs and deferred revenues	**2.6.28.**	**486,312**	**496,012**
Total equity and liabilities		**75,703,969**	**72,775,160**

Accounting policies and notes are a constituent part of these financial statements and should be read in conjunction with these financial statements.

2.4. Cash flow statement for the year ended 31 December 2018

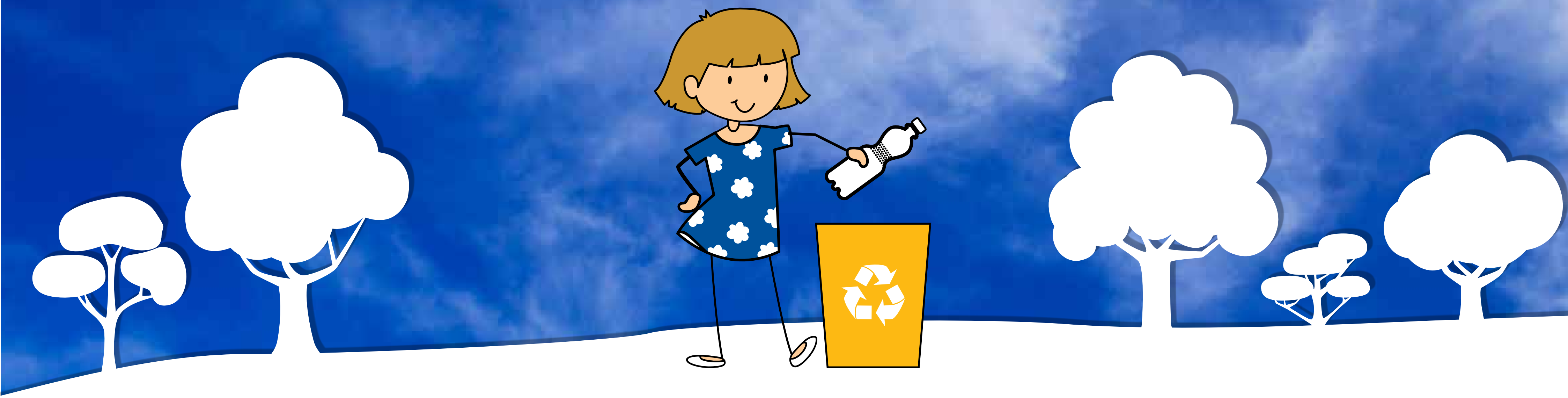
Cash flow statement for the year	2018	in EUR 2017
A. Cash flows from operating activities		
a) Net profit		
Profit or loss before tax	2,507,716	4,331,164
Corporate income tax and any other taxes not included in operating expenses	-172,122	701,886
b) Adjustments for		
Amortisation/Depreciation	2,631,788	2,527,740
Operating revenue from revaluation	-308,937	-167,068
Operating expenses from revaluation	337,743	109,345
Finance income excluding finance income from operating receivables	-656,705	-151,867
Finance expenses excluding finance expenses from operating liabilities	224,063	299,668
Total cash flow derived from the profit and loss account items	**4,563,546**	**7,650,868**
c) Changes in net current assets - operating balance sheet items		
Opening less closing operating receivables	-1,806,597	-5,279,758
Opening less closing deferred costs and accrued revenues	-238,090	212,962
Opening less closing deferred tax assets	-14,139	1,109
Opening less closing assets (disposal groups) held for sale	0	0
Opening less closing inventories	1,466,477	-2,547,311
Closing less opening operating liabilities	381,188	2,164,905
Closing less opening accrued costs and deferred revenues, and provisions	139,129	82,464
Closing less opening deferred tax liabilities		
Total items of other operating assets and liabilities	**-72,032**	**-5,365,629**
c) Net cash from (used in) operating activities	**4,491,514**	**2,285,239**

Cash flow statement for the year	2018	in EUR 2017
B. Cash flows from investing activities		
a) Cash receipts from investing activities		
Cash receipts from interest and profit participations (investment activities)	794,316	340,464
Cash receipts from disposal of intangible assets	0	0
Cash receipts from disposal of property, plant, and equipment	0	0
Cash receipts from disposal of investment property	0	0
Cash receipts from disposal of non-current financial assets	20,843	0
Cash receipts from disposal of current financial assets	0	0
Total cash receipts from investing activities	**815,159**	**340,464**
b) Disbursements from investing activities		
Cash disbursements for the acquisition of intangible assets	-44,098	-13,775
Cash disbursements for the acquisition of property, plant, and equipment	-3,606,346	-2,174,857
Cash disbursements for the acquisition of investment property	0	0
Cash disbursements for the acquisition of non-current financial asset	0	-7,500
Cash disbursements for the acquisition of current financial assets	-35,000	-278,000
Total cash disbursements from investing activities	**-3,685,444**	**-2,474,132**
c) Net cash from (used in) investing activities	**-2,870,285**	**-2,133,668**

Cash flow statement for the year	2018	in EUR 2017
C. Cash flows from financing activities		
a) Cash receipts from financing activities		
Cash receipts from paid-up capital and interest	0	0
Cash receipts from the increase in long-term financial liabilities	0	0
Cash receipts from the increase in financial liabilities	8,191,104	12,293,263
Cash receipts from mergers	2,819	0
Total cash receipts from financing activities	**8,193,924**	**12,293,263**
b) Disbursements from financing activities		
Cash disbursements from paid interest pertaining to financing	-501,866	-789,057
Cash repayments of equity	0	0
Cash disbursements from long-term financial liabilities	0	0
Cash disbursements from short-term financial liabilities	-8,143,861	-11,389,265
Cash disbursements for the distribution of dividends and other profit participations	0	0
Total cash disbursements from financing activities	**-8,645,726**	**-12,178,322**
c) Net cash from (used in) financing activities	**-451,802**	**114,941**
D. Cash and cash equivalents at end of period		
a) Net cash for the period	1,169,427	266,512
b) Opening balance of cash	395,776	129,264
c) Total closing balance of cash	**1,565,203**	**395,776**

Accounting policies and notes are a constituent part of these financial statements and should be read in conjunction with these financial statements.

We assume the responsibility for
the correct handling of waste at various events.



2.5. Statement of changes in equity for the year ended 31 December 2018

	Called-up capital		Revenue reserves						in EUR
	Share capital	Uncalled capital	Capital surplus	Legal reserves	Other revenue reserves	Reserves from valuation at fair value	Net operating profit or loss brought forward	Net profit or loss for the year	Total
A.1. Balance at the end of the previous reporting period - 31.12.2017	**2,279,668**		**9,410,703**	**966,100**	**12,564,208**	**16,058**	**13,593,443**	**3,629,279**	**42,459,459**
a) Merger by acquisition (note 2.6.15.)			329,575						329,575
A.2. Opening balance for the reporting period – 1 January 2018	**2,279,668**	**0**	**9,740,278**	**966,100**	**12,564,208**	**16,058**	**13,593,443**	**3,629,279**	**42,789,034**
B.2. Total comprehensive income for the reporting period									
a) Entry of net profit/loss for the reporting period								2,335,595	2,335,595
b) Other items of total comprehensive income in the reporting period						17,936	1,383		19,319
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**17,936**	**1,383**	**2,335,595**	**2,354,914**
B.3. Changes within equity									
a) Allocation of remaining net profit of the comparative reporting period to other equity components							3,629,279	-3,629,279	0
Total changes in equity	**0**	**0**	**0**	**0**	**0**	**0**	**3,629,279**	**-3,629,279**	**0**
C. Closing balance – 31 December 2018	**2,279,668**	**0**	**9,740,278**	**966,100**	**12,564,208**	**33,995**	**17,224,104**	**2,335,595**	**45,143,948**
D. Distributable profit for 2018	**0**	**0**	**0**	**0**	**0**	**0**	**17,224,104**	**2,335,595**	**19,559,699**

	Called-up capital		Revenue reserves						in EUR
	Share capital	Uncalled capital	Capital surplus	Legal reserves	Other revenue reserves	Reserves from valuation at fair value	Net operating profit or loss brought forward	Net profit or loss for the year	Total
A.1. Balance of the previous reporting period - 31.12.2016	**2,279,668**		**9,410,703**	**966,100**	**12,564,208**	**12,755**	**11,601,091**	**1,990,685**	**38,825,210**
A.2. Opening balance – 1 January 2017	**2,279,668**	**0**	**9,410,703**	**966,100**	**12,564,208**	**12,755**	**11,601,091**	**1,990,685**	**38,825,210**
B.2. Total comprehensive income for the reporting period									
a) Entry of net profit/loss for the reporting period								3,629,279	3,629,279
b) Other items of total comprehensive income in the reporting period						3,303	1,667		4,970
Total comprehensive income	0	0	0	0	0	**3,303**	**1,667**	**3,629,279**	**3,634,249**
B.3. Changes within equity									
a) Allocation of remaining net profit of the comparative reporting period to other equity components							1,990,685	-1,990,685	0
Total changes in equity	0	0	0	0	0	0	**1.990.685**	**-1.990.685**	0
C. Closing balance – 31 December 2017	**2,279,668**	**0**	**9,410,703**	**966,100**	**12,564,208**	**16,058**	**13,593,443**	**3,629,279**	**42,459,459**
D. Distributable profit for 2017	**0**	**0**	**0**	**0**	**0**	**0**	**13,593,443**	**3,629,279**	**17,222,721**

Accounting policies and notes are a constituent part of these financial statements and should be read in conjunction with these financial statements.

2.6. Notes to financial statements

2.6.1. Company profile

Company name	Dinos, družba za pripravo sekundarnih surovin d.d.
Registered office and company address	Šlandrova ulica 6, 1231 Ljubljana – Črnuče
Activity code	38.320 – Recovery of secondary raw materials from residues and wastes
Company registration number:	5003318000
Tax number	SI 44905793
Legal status of the company	Public limited company Plc.
Financial year	2018
Status of the entity	Registered/Registration number: 061/10072600
Date of entry in the companies register:	3 January 1990
Shares	54,629 shares
Share capital	EUR 2,279,668
Management board	President of the Management Board **Zorko Damijan** Member of the Management Board **Bambič Benjamin** Member of the Management Board **Breidenbach Marc**

The consolidated financial statements for the broader circle of group companies are available at the web page of the company CEG Group: http://chihogroup.com/Home/Relationship/investorFinance

2.6.2. Basis for compiling the financial statements

The financial statements were compiled in line with the Slovenian Accounting Standards and the Companies Act (ZGD-1). The financial statements have been prepared by taking into account the fundamental accounting assumptions of going concern and accrual basis. The qualitative characteristics of the financial statements are based on comprehensibility, relevance, reliability, and comparability.

Slovenian Account Standards 2016 are applied for financial years starting on 1 January 2016 or later. The company applied Slovenian Account Standards 2006 for previous financial years.

In accordance with the Companies Act (ZGD-1), the company size places it among the large companies.

The financial statements were approved by the Management Board of the company on 28 March 2019.

The application of estimates and assessments

The financial statements are also based on certain estimates and assumptions of the management, which influence both the carrying amount of assets and liabilities as well as the disclosure of revenues and expenses for the accounting period. The management's estimate includes, among other, determining the life and residual value of property, plant, and equipment and intangible fixed assets, value adjustments of inventories and receivables, deferred taxes, assumptions relevant for actuarial calculations related to certain employee benefits, assumptions included in the calculation of potential provisions for claims. Notwithstanding the fact that during the preparation of assumptions, the management carefully considers all the factors that may affect this, it is possible that the actual consequences of business transactions differ from those estimates. Therefore, the accounting estimates have to be made by assessing and taking into account any changes in the business environment, new business events, additional information and experience.

Conversion into foreign currencies

The assets and liabilities in foreign currencies are translated into the functional currency using the exchange rate applicable on the date of the respective transaction. Exchange rate differences arising from such transactions, and the revaluation of monetary assets and liabilities denominated in foreign currencies at the balance sheet date into the functional currency, are recognised in the profit or loss.

Cash items denominated in foreign currencies are converted at the reference rates of the European Central Bank or the Bank of Slovenia exchange rate (for the currencies for which the ECB does not publish reference rates) on the last day of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are converted using the exchange rates on the transaction date, monetary items that are measured at fair value in a foreign currency are converted using the exchange rate on the date when the fair value was determined.

2.6.3. Summary of significant accounting

Intangible assets and long-term deferred costs and accrued revenue

Intangible assets comprise long-term deferred development costs, investments in the acquired industrial property and other rights. Long-term prepayments and accrued income are long-term deferred costs.

Intangible assets are recognised when it is probable that the economic benefits associated with them and their cost will flow to the company. On initial recognition, these assets are carried at cost.

Intangible assets with finite useful lives are depreciated over their useful life. The straight-line depreciation method is applied. Amortisation rates applied to intangible assets are the following and are the same as the year before:

Licences and patents	5% - 10%
Material rights	5% - 10%

Subsequent expenses related to an item of property, plant, and equipment increase its cost increase the future benefits of this item in excess of the originally assessed.

Intangible assets are derecognised upon disposal. In the bookkeeping records, their cost and depreciation charge are disclosed separately. The balance sheet only states the carrying amount.

Property, plant, and equipment

Property, plant, and equipment (tangible fixed assets) comprise land, buildings, plant and other equipment.

An item of property, plant and equipment is recognised if it is probable that the future economic benefits that can be attributed to the asset will flow to the company and its cost can be reliably measured. On initial recognition, these assets are carried at cost. Subsequent expenses related to items of property, plant, and equipment increase their cost if they increase its future economic benefits in excess of the originally assessed. Repairs or maintenance of property, plant, and equipment are intended for renovation or preservation of future economic benefit, expected on the basis of initially assessed efficiency level of these assets. As such, they are recognised as a cost or operating expense.

Items of property, plant, and equipment are depreciated individually over their useful life. The following depreciation rates were applied, identical to those used the year before:

Buildings	1,5% - 10%
Computer equipment	20% - 50%
Transport equipment	10% - 33,30%
Production plant and equipment	10% - 33,30%

Items of property, plant, and equipment are derecognised upon disposal when no future benefits are expected from their use. In the bookkeeping records, their cost and depreciation charge are disclosed separately. The balance sheet only states the carrying amount.

Financial assets

Financial assets are investments are investments in the equity of other companies or in financial debts of other companies, countries, regions and municipalities or other issuers (investments in loans).

Financial investments are broken down into the following categories: financial assets at fair value through profit or loss, financial assets held to maturity, financial assets in loans, and available-for-sale financial assets. The classification depends on the purpose of acquisition.

After acquisition, all assets, except for those classified at fair value through profit or loss, are recognised at cost including the costs of acquisition that are directly attributable to the acquisition. Investments classified at fair value through profit or loss are recognised at fair value, whereby the direct costs of acquisition are not included in the cost.

Other non-current financial assets are not revalued due to strengthening.

Non-current financial assets are revalued due to the impairment if the investment loses value and the measured repaid value is less than the carrying value. The difference represents a revaluation financial expense associated with non-current financial asset.

Financial assets at fair value through profit or loss

Financial assets (investments) classified at fair value through profit or loss are measured at fair value. Gains and losses on investments designated at fair value through profit or loss are recognised directly in the profit or loss account.

The fair value of investments actively traded on regulated markets is determined at the quoted closing price on the stock exchange on the balance sheet date. The fair value of investments whose market price is not quoted on financial markets is determined on the basis of a similar instrument or as net present value of future cash flows that the company can expect from a certain financial investment.

Acquisition and sale of investments classified at fair value through profit or loss are recognised on the trading day i.e. on the day of commitment to buy or to sell a financial asset.

Held-to-maturity financial assets

Financial assets with fixed or determinable payments and maturity, other than derivative financial instruments, are recognised as held-to-maturity financial assets, provided there is a positive intention and the ability to hold the investment to maturity. Investments held for an indefinite period of time are not classified into this group.

Investments which are recognised as held-to-maturity are carried at amortised cost using the effective interest rate method. The amortised cost is calculated by allocation of the premium or the discount on acquisition over the period until the maturity of the investment. Gains and losses on investments carried at amortised cost are recognised in the profit or loss (disposal, impairment or effects of the discount/premium amortisation).

Investments classified as held to maturity are recognised on the settlement date.

Investments in loans

Investments in loans are financial investments with defined or definable payments that are not traded on a regulated market. This category includes loans acquired by the company and loans originating from the company. Loans are measured at amortised cost using the effective interest rate method. Investments in loans are recognised on the settlement date.

Available-for-sale financial assets

Following initial recognition, all financial assets included classified as available-for-sale financial assets are measured at fair value. Gains and losses on available-for-sale assets are recognised in equity in the revaluation surplus as net unrealised capital gains on available-for-sale financial assets until the investments are sold or otherwise disposed of. If the investment is impaired, the impairment is recognised in the profit or loss.

Acquisition and sale of financial assets classified as available-for-sale financial assets are recognised on the trading date, i.e. on the day of commitment to buy or to sell an individual financial asset.

Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are initially measured at cost. If the investment is impaired, the impairment is recognised in the profit or loss account.

Impairment of financial assets

Revaluation of financial assets due to impairment is carried out as soon as grounded reasons are provided and no later than at the end of the accounting period. The basis for impairment is objective evidence arising from events after initial recognition, such as data on operations and data on audited carrying amount of the investment. Objective reasons for testing financial assets for impairment are deemed to exist if the fair value of a financial asset as at the balance sheet date is 20 percent less than its cost. An impairment test of the investment is carried out separately for each investment or group of investments.

The loss resulting from the permanent impairment of a financial asset and not just a short-term decline in fair value is recognised as a finance expense. The amount of the impairment loss is measured as the difference between the carrying amount and the present value of the expected future cash flows.

Changes in fair value of financial assets available for sale are recognised directly in equity as a revaluation surplus.

Inventories

Inventories consist of stocks of materials, products and merchandise as well as advances for inventories.

Inventories are valued at cost and are valued during the year by using the method of floating average prices.

The cost of inventories may not be fully recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined below the price level.

The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

If their carrying amount exceeds their net realisable value, the former has to be decreased to the net realisable value. Inventories shall be decreased item by item; however, it may be appropriate to group similar or related items for this purpose.

A decrease in inventories is charged against operating expenses.

Operating receivables

Operating receivables are initially recognised in the amounts recorded in the relevant documents under the assumption that they will be repaid. Subsequent increases or reductions in receivables increase or decrease operating revenues or expenses or finance income or expenses, respectively. Any subsequent increase or decrease in receivables is represented predominantly by the changes in the amount of receivables due to subsequent discounts, return of goods sold, acknowledged complaints, and subsequently discovered defects.

The receivables are initially measured at amortised cost. The amortised cost of a claim is the amount at which the receivables are measured on initial recognition, minus repayments and impairments due to the uncollectibility. Operating receivables falling due in the next twelve months are disclosed in the balance sheet under current operating receivables and those over twelve months are recognised under non-current operating receivables.
If operating receivables are impaired, the revaluation adjustments of receivables as a revaluation cost are established for the difference between the carrying amount and the realisable value.

The company creates a value adjustment according to the system of the individual assessment of the collectability of an individual receivable.

Cash

Cash comprises cash in hand, deposit money and cash equivalents. Cash equivalents are short-term deposits and call deposits with banks with maturity of up to three-months.

Short-term deferred costs and accrued revenues

Short-term deferred items include short-term deferred expenses (costs) and accrued revenues. They are disclosed in amounts that are recorded in the relevant documents proving their origin and existence.

Equity

Total equity consists of called-up capital, capital surplus, revenue reserves, retained earnings or retained net loss, revaluation surplus and temporarily undistributed net profit or unsettled net loss for the business year.

Own shares or interests acquired are deducted from equity. The differences arising on the purchase, sale, issue or withdrawal are set off with capital.

The revaluation surplus relates to an increase in the carrying amount of property, plant, and equipment, intangible assets, non-current financial assets and current financial assets using the revaluation model and is stated separately depending on occurrence as well as for unrealised actuarial losses/gains from provisions for the severance pay of employees.

Provisions and long-term accrued costs and deferred revenues

Provisions are set aside for current liabilities arising from binding past events and which will presumably be settled in a period that not definitely set and the amount of which can be reliably measured. Amounts recognised as provisions represent the best estimate of the disbursements needed to settle the existing obligations as at the balance sheet date.

Long-term accrued costs and deferred revenues include deferred revenues that will cover estimated expenses in a period longer than one year, as well as accrued costs or expenses that will in the future enable the coverage of costs or expenses that are incurred at that time.

The amounts of provisions and long-term accrued costs or expenses are directly decreased by the amounts of costs or expenses for which they were set aside.

According to Slovenian legislation, employees are paid jubilee benefits and severance upon retirement. After the completion of the period of service, employees are before retirement entitled to once-off severance pay. They are also entitled to jubilee benefits for every full 10 years of service with the employer.

Financial liabilities

Financial liabilities comprise loans received on the basis of loan contracts and debt securities issued. Loans received comprise deposits repayable and liabilities to lessors arising from a finance lease.

Financial liabilities are divided into non-current, which have to be settled or repaid in a period over one year, and current.

They are initially recognised at the amounts arising from the relevant documents that evidence the receipt of cash or the settlement of another liability and then measured at their amortised cost using the effective interest method.

Operating liabilities

Operating liabilities are supplier credits for goods or services purchased, payables to employees for their work performed, liabilities to providers of funds arising from accrued interest and similar items, liabilities to the state arising from taxes, including the value added tax payable, and liabilities associated with the distribution of profit or loss. A special type of operating liabilities is liabilities to suppliers for advances and securities received.

Operating liabilities are divided into non-current liabilities, which have to be settled in a period of over one year, and current, which are due (but not yet settled) and those due to be settled within one year.

They are initially recognised at the amounts arising from the relevant documents that evidence the receipt of products or services or the work performed or the calculated cost, expense or interest in the profit or loss.

Short-term accrued costs and deferred revenues

Short-term accrued expenses and deferred revenues include short-term accrued expenses (costs) and short-term deferred revenues. They are disclosed in amounts that are recorded in the relevant documents proving their origin and existence.

Among the short-term accrued costs are accrued, unpaid holiday leave, which is accounted for based on unused vacation days and the average gross salary of the employee, unpaid excess hours on the last day of the period.

Revenues

Revenues are recognised when it is probable that economic benefits will flow and their amount can be reliably measured. They consist of operating revenues, finance income and other revenues.

Sales revenues are recognised when all the significant risks and rewards arising from ownership are transferred to the buyer; the amount of revenue can be reliably estimated; it is probable that economic benefits associated with the transaction will flow to the company. The costs incurred in respect of the transaction can be measured reliably.

Rental income is recognised evenly over the term of each rental agreement.

Operating revenues from revaluation arising from the disposal of property, plant, and equipment, non-current intangible assets and investment property are included among other operating revenue as the surplus of their selling value over the book value and revaluation revenues in relation to impaired receivables when they are paid, and write-downs of operating debts. Other operating revenue also includes revenue from the derecognition of provisions.

Finance income arises from non-current and current financial assets and receivables and is recognised upon being charged irrespective of the receipts provided there is no reasonable doubt as to its amount, its maturity or repayment.

Interest is accrued on a time proportion basis taking account the principal outstanding and the rate applicable.

Dividend income is recognised when the company becomes entitled to payment.

Other revenues include unusual items and other income, disclosed in actual amounts.

Cost of material and services

The costs of material and services are expressed as the cost of direct materials and services and of the portion of material and services associated with production overheads, purchasing and selling overheads, and administrative overheads. They are classified by primary type.

The cost of material and services not held in inventories before use is usually disclosed at actual amounts at the moment of purchase of the material and services. Material costs are posted directly under costs.

Labour costs and employee reimbursements

Labour costs and reimbursements to employees represent all forms of consideration given by the company in exchange for service rendered by employees and are recognised as labour costs or as shares in expanded profit before stating the profit in the income statement. Earnings may also be associated with specific taxes that increase the costs incurred or the profit-sharing volume of employees in the expanded profit.

At the balance sheet cut-off date, the costs of unused annual leave are considered. The expected cost of accumulating compensated absences is measured as the additional amount that is expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

Labour costs are accounted for in accordance with the law, the collective agreement, the internal act of the company, and employment contracts.

We adapt the services
to the residents' and customers' needs.

Corporate income tax

Current tax assets and liabilities in respect of present and past periods are recognised at amounts which the company expects to be paid to or recovered from the tax authorities. Assets and liabilities for current taxes are measured using tax rates (and tax laws) enacted at the balance sheet date.
The applicable tax rate is 19% of the taxable income.

Deferred taxes

Deferred income tax assets and liabilities are calculated according to the balance sheet liability method. Only deferred tax assets and liabilities arising from temporary differences are recognised. A deferred tax asset is also recognised for unused tax losses and unused tax credits, which are carried forward to the next period, if it is probable that a future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

On the balance sheet date, deferred tax assets are revised and impaired on account of those tax assets for which it is no longer probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are recognised using the tax rate applicable when the asset is expected to be realised or liabilities settled. Tax rates (and tax regulations) enacted as at the balance sheet date are applied.

Deferred tax is charged or credited directly to equity, if it relates to items that are credited or charged directly to equity.

Cash flow statement

Cash flow statement is a fundamental financial statement showing a true and fair view of changes in the balance of cash for the relevant accounting period. The cash flow statement was prepared according to the indirect method, version II of the SAS 22. The cash flow statement presents cash flows from or used in operating, investing and financing activities for the period. Cash flows are posted to the cash flow statements in non-offset amounts. Data from the statement of cash flows arise from the balance sheet and P&L statement, taking into account appropriate adjustments to cash flows.

2.6.4. Net sales revenue

Net sales revenue	2018	in EUR 2017
1. Sales revenues from products	145,779,519	131,853,463
2. Revenues from the sale of services	6,363,967	4,736,626
3. Revenues from the sale of merchandise	447,065	577,107
4. Rental income	239,602	203,518
Total net sales revenue	**152,830,153**	**137,370,715**

Operating revenues increased mainly on account of the larger quantities sold.

2.6.5. Other operating revenues, including from revaluation

Other operating revenues	2018	in EUR 2017
1. Capitalised own products and services	246	293
2. Revenues from the reversal of provisions	0	0
3. Revenues from recovered written-off receivables	563	5,414
4. Operating revenue from revaluation	292,651	167,068
5. Other operating revenues	179,490	200,343
Total other operating revenue	**472,951**	**373,118**

Operating revenues from revaluation were generated from the consideration received from the sale of property, plant and equipment, and subsequent discounts from suppliers. A major item of other operating revenues is the income from excise duties for 2018 in the amount of EUR 163,204 (in 2017, EUR 192,298)

2.6.6. Costs of goods, material, and services

Costs of goods, material, and services	2018	in EUR 2017
1. Cost of goods and materials sold	-118,573,371	-104,469,842
2. Cost of material	-3,221,780	-2,969,369
3. Cost of services	-15,797,107	-13,033,375
Total costs of goods, material, and services	**-137,592,259**	**-120,472,586**

1. Cost of annual report auditing	14,200	13,200
2. Receipts of Supervisory Board members	0	0

The company is under an audit obligation. The contract value of the cost of the 2018 audit is EUR 14,200, comprising the audit of the company, the audit of the reporting package of the parent company as at 31 December 2018, and a review of the report on relations with related companies according to Article 546 of ZGD-1.

2.6.7. Labour costs

Labour costs	2018	in EUR 2017
1. Cost of wages and salaries	-5,839,454	-5,923,790
2. Cost of social insurance	-476,473	-444,909
3. Cost of pension insurance	-516,792	-524,255
4. Other labour cost	-1,295,047	-1,118,845
Total labour cost	**-8,127,765**	**-8,011,799**
Of which:		
1. Receipts of Management Board members	483,024	638,230
2. Receipts of employees employed under individual contracts	0	354,968

All receipts of the Management Board are fixed and approved by the Supervisory Board. The Management Board receives no insurance premium, fee or other additional payments.

Number of employees according to job tenure	2018	2017
from 0 to 10 years	148	152
from 10 to 20 years	122	108
from 20 to 30 years	30	28
Over 30 years	14	15
Total number of employees on the last day of the year	**314**	**303**
Average number of employees based on working hours in the accounting period	**311.14**	**301.05**

2.6.8. Write-downs

Write-downs	2018	in EUR 2017
1. Amortisation of non-current intangible assets	-40,326	-42,179
2. Depreciation of buildings	-946,334	-947,920
3. Depreciation of equipment, spare parts and small tools	-1,645,127	-1,537,640
4. Operating expenses from revaluation of fixed assets	-41,191	-19,211
5. Operating expenses from revaluation of inventories and receivables	-265,267	-77,894
Total write-downs	**-2,938,246**	**-2,624,845**

2.6.9. Other operating expenses

Other operating expenses	2018	in EUR 2017
1. Planned use of building land	-269,520	-269,348
2. Miscellaneous other costs	-2,367,364	-1,643,450
3. Other	-70,722	-58,647
Total other operating expenses	**-2,707,607**	**-1,971,445**

The major costs include compensation for destruction of hazardous waste accepted from customers, which are recorded under other costs. They are generated as the cost of waste disposal. Compared to 2017, the cost increased by 44%.

2.6.10. Costs by functional group

Costs by functional group	2018	in EUR 2017
1. Cost of merchandise sold	-330,382	-392,284
2. Selling costs	-149,111,475	-130,936,730
3. Costs of general activities	-1,924,019	-1,751,662
Total costs by functional group	**-151,365,876**	**-133,080,675**

2.6.11. Finance income

Finance income	2018	in EUR 2017
1. Income from dividends received and profit sharing	520,149	117,453
2. Income from other financial instruments in the group	274,141	177,900
3. Interest income	183,271	79,846
4. Other finance income	13,315	19,039
Total finance income	**990,876**	**394,238**

Major outstanding financial income in 2018 was generated through the acquisition of dividends in the amount of EUR 520,149 (in 2017, EUR 117,453). Other major financial income in 2018 was generated from the trading of derivatives in the amount of EUR 274,141 (in 2017, EUR 177,900), which we use as a hedge against price swings on the world market and income on the interest charged on loans granted to related parties in the amount of EUR 135,994 (in 2017, EUR 34,414). Other major finance income came from the charged late fees on customer payments of EUR 46,677 (in 2017, EUR 45,110).

2.6.12. Finance expenses

Finance expenses	2018	in EUR 2017
1. Interest expenses	-234,798	-310,998
2. Finance expenses from revaluation – impairment of investments	0	0
3. Finance expenses from revaluation – exchange rate differences	-11,170	-39,111
4. Expenses from other financial instruments in the group	-270,065	-489,388
5. Other finance expenses	-2,369	-5,008
Total finance expenses	**-518,402**	**-844,505**

In 2018, we did not carry out impairments of financial investments. Finance expenses from bank borrowings totalled EUR 191,513 in 2018 (2017: EUR 240,179). Interest from leases stood at EUR 32,550 in 2018 (2017: EUR 59,490). Finance expenses from derivatives worth EUR 270,065 were recorded in 2018 (2017: EUR 489,388); we use these instruments as a hedge against price swings on the world market. We use derivatives primarily to hedge price and currency risks and not for speculative purposes.

2.6.13. Corporate income tax

Corporate income tax	2018	in EUR 2017
1. Profit or loss before tax	2,507,716	4,331,164
2. Adjustment of revenues to the level recognised for tax purposes	-522,421	-123,598
3. Adjustment of expenses to the level recognised for tax purposes	491,682	195,471
4. Claimed tax reliefs	-1,503,177	-904.951
5. Other	6,518	190,208
Total tax base	**980,318**	**3,688,294**
Corporate income tax rate (19%)		
Corporate income tax	**-186,260**	**-700,776**

2.6.14. Deferred taxes

Deferred taxes				in EUR
	Balance sheet			Profit and loss account
	2018	2017	2018	2017
Deferred tax assets				
1. Adjustments of financial assets	52,294	52,294	0	0
2. Adjustments of receivables	0	0	0	0
3. Provisions	63,363	49,224	14,139	-1,110
Total deferred tax assets	**115,657**	**101,519**	**14,139**	**-1,110**

Changes in deferred taxes recognised in equity	2018	2017
1. Opening balance	101,519	102,628
2. Changes in deferred tax assets recognised in equity	14,139	-1,110
3. Changes in deferred tax liabilities recognised in equity	0	0
Total balance of deferred taxes recognised in equity	**115,657**	**101,519**

2.6.15. Effect of merger by acquisition of Euro Trend

In 2018, Dinos d.d. carried out a merger by acquisition in accordance with Article 580 of the ZGD-1. With the merger agreement signed on 10 May 2018 and the cut-off date on 31 December 2017, the acquisition procedure of the parent company Euro Tred d.o.o., with 50% ownership interest in the acquiring company Dinos d.d., was initiated.

In the merger procedure, the companies enforced the tax neutral treatment, which was presented to the FURS on 15 May 2018.

On 13 July 2018, the merger was entered in the court register under number Srg 2018/27232.

In the merger procedure, all assets and liabilities of Euro Trend, accounted for under the carrying value, were transferred to the acquiring company, Dinos d.d. The surplus from the reconciliation between carrying amounts within the acquisition was recognised as a capital buffer in the amount of EUR 329,575.

The acquiring company, Dinos d.d., took over all assets in the amount of EUR 2,607,972 and all debts and accruals in the amount of EUR 50,065 of the book value of the assets of the transferring company Euro Trend as at 1 January 2018. Long-term financial investments in shares in the acquiring company in the amount of EUR 3,983,107, equity of 4,312,682 EUR and liabilities to the acquiring company of 2,228,332 EUR were excluded from the assets.

In 2018, Euro Trend generated EUR 40,729 of net profit from the acquisition on 1 January 2018 to the entry into the court register on 13 July 2018 and generated the following **income statement**:

Effect of merger by acquisition of Euro Trend	Note	01 Jan 2018-13 Jul 2018
1. Net sales revenue		
Total operating revenue		**0**
2. Costs of goods, materials and services		
a) Costs of services		2,944
Total costs of goods, materials and services	2.6.6.	**2,944**
Total costs		**2,944**
Profit / loss from operations		**-2,944**
3.Financial revenues from operating receivables		
a) Financial revenues from operating receivables due from group companies		72,431
b) Financial revenues from operating receivables from others		0
Total financial revenue from operating revenues		**72,431**
Total financial revenue		**72,431**
4. Financial expenses from financial liabilities		
a) Financial expenses from loans received from group companies		20,023
Total financial expenses from financial liabilities		**20,023**
Total financial expenses	2.6.12.	**20,023**
Profit from ordinary activities		**49,464**
Total profit		**49,464**
5. Income tax	2.6.13.	-8,735
6. Net profit or loss for the accounting period		**40,729**

Changes in the balance sheet upon the takeover:

	Note	in EUR Euro Trend d.o.o. 31 Dec 2017	in EUR Effect of merger 31 Dec 2017	in EUR Total 01 Jan 2018
ASSETS				
A. Non-current assets				
I. Non-current financial assets				
1. Non-current financial assets, excluding loans				
a. Shares and stakes in Group companies		3,983,107	-3,983,107	0
Total non-current financial assets, excluding loans		**3,983,107**	**-3,983,107**	**0**
2. Long-term loans				
a. Long-term loans to Group companies		2,605,153	0	2,605,153
Total long-term loans	**2.6.19.**	2,605,153	0	2,605,153
Total long-term financial assets		**6,588,260**	**-3,983,107**	**2,605,153**
Total long-term assets		**6,588,260**	**-3,983,107**	**2,605,153**
B. Current assets				0
I. Cash	**2.6.22.**	**2,819**	**0**	**2,819**
Total short-term assets		**2,819**	**0**	**2,819**
C. Short-term deferred costs and accrued income		**0,00**	**0**	**0**
				0
Total assets		**6,591,079**	**-3,983,107**	**2,607,972**

	Note	in EUR 31 Dec 2017	in EUR 31 Dec 2017	in EUR 1 Jan 2018
LIABILITIES				
A. Equity				0
I. Called-up capital		**3,010,386**	**-3,010,386**	**0**
II. Capital surplus		**0,00**	**329,575**	**329,575**
III. Revenue reserves		**0,00**	**0**	**0**
Total revenue reserves		**0,00**	**0**	**0**
IV. Revaluation surplus		**0,00**	**0**	**0**
V. Net profit or loss brought forward		**1,198,938**	**-1,198,938**	**0**
VI. Net profit or loss for the year		**103,358**	**-103,358**	**0**
Total equity	**2.6.24.**	**4,312,682**	**-3,983,107**	**329,575**
B. Current liabilities				0
I. Current financial liabilities				0
1. Current financial liabilities to Group companies		1,943,223		1,943,223
2. Current financial liabilities to banks		0,00	0	0
3. Other current financial liabilities		34,497	0	34,497
Total current financial liabilities	**2.6.29.**	**1,977,720**	**0**	**1,977,720**
II. Current operating liabilities				0
1. Current operating liabilities to Group companies		285,110		285,110
2. Current operating liabilities to the state		7,665	0	7,665
3. Other current operating liabilities		6,639	0	6,639
Total current operating liabilities	**2.6.27.**	**299,413**	**0**	**299,413**
Total current liabilities		**2,277,133**	**0**	**2,277,133**
C. Short-term accrued costs and deferred revenues	**2.6.28.**	**1,265**	**0**	**1,265**
Total liabilities		**6,591,079**	**-3,983,107**	**2,607,972**

2.6.16. Intangible assets

Intangible assets and long-term deferred costs and accrued revenue							in EUR
2018	Long-term property rights	Good will	Long-term deferred costs of development	Other long-term deferred costs and accrued revenue	Acquisitions in progress	Advances	Total
Cost							
1. Opening balance	561,838			62,684			**624,523**
2. Acquisitions	44,098						**44,098**
Closing balance	**605,937**	**0**	**0**	**62,684**	**0**	**0**	**668,621**
Accumulated amortisation							
1. Opening balance	430,642			56,606			**487,248**
2. Amortisation	38,763			2,013			**40,776**
Closing balance	**469,405**	**0**	**0**	**58,619**	**0**	**0**	**528,024**
Carrying amount							
1. Opening balance	131,196	0	0	6,078	0	0	137,274
2. Closing balance	**136,532**	**0**	**0**	**4,065**	**0**	**0**	**140,597**

Intangible assets and long-term deferred costs and accrued revenue							v EUR
2017	Long-term property rights	Good will	Long-term deferred costs of development	Other long-term deferred costs and accrued revenue	Acquisitions in progress	Advances	Total
Cost							
1. Opening balance	548,063			62,684			**610,747**
2. Acquisitions	13,775						**13,775**
Closing balance	**561,838**	**0**	**0**	**62,684**	**0**	**0**	**624,523**
Accumulated amortisation							
1. Opening balance	390,060			54,560			**444,620**
2. Amortisation	40,582			2,046			**42,629**
Closing balance	**430,642**	**0**	**0**	**56,606**	**0**	**0**	**487,248**
Carrying amount							
1. Opening balance	158,003	0	0	8,124	0	0	**166,127**
2. Closing balance	**131,196**	**0**	**0**	**6,078**	**0**	**0**	**137,274**

Intangible assets do not have limited property rights and are not pledged as security for liabilities. No intangible assets were acquired with state support.

There are no financial obligations for the payment of intangible assets.

2.6.17. Property, plant, and equipment

Property, plant, and equipment							in EUR
2018	Land	Buildings	Production equipment	Other equipment	PPE under construction or development	Advances for property, plant and equipment	Total
Cost							
1. Opening balance	9,167,937	31,888,559	40,693,628	1,847,390	143,387	256,432	**83,997,332**
2. Acquisitions		280,159	3,038,841	260,778		26,568	**3,606,346**
3. Transfer to use							**0**
4. Disposals		-1,500	-1,568,258	-56,763			**-1,626,521**
5. Other					-4,137		**-4,137**
Closing balance	**9,167,937**	**32,167,218**	**42,164,211**	**2,051,404**	**139,250**	**283,000**	**85,973,021**
Accumulated depreciation							
1. Opening balance		15,164,450	33,079,253	1,659,736			**49,903,439**
2. Depreciation		946,334	1,558,859	85,819			**2,591,012**
3. Disposals		-109	-1,542,690	-34,031			**-1,576,830**
Closing balance	**0**	**16,110,675**	**33,095,422**	**1,711,523**	**0**	**0**	**50,917,620**
Carrying amount							
1. Opening balance	9,167,937	16,724,109	7,614,375	187,654	143,387	256,432	**34,093,893**
2. Closing balance	**9,167,937**	**16,056,543**	**9,068,789**	**339,881**	**139,250**	**283,000**	**35,055,400**

Property, plant, and equipment							in EUR
2017	Land	Buildings	Production equipment	Other equipment	PPE under construction or development	Advances for property, plant and equipment	Total
Cost							
1. Opening balance	9,169,296	31,890,713	39,650,184	1,738,300	74,500		**82,522,993**
2. Acquisitions		8,824	2,022,150	129,965	87,486	256,432	**2,504,857**
3. Disposals	-1,359	-10,978	-978,706	-20,875			**-1,011,918**
4. Other					-18,600		**-18,600**
Closing balance	**9,167,937**	**31,888,559**	**40,693,628**	**1,847,390**	**143,387**	**256,432**	**83,997,332**
Accumulated depreciation							
1. Opening balance		14,227,470	32,345,537	1,598,237			**48,171,245**
2. Depreciation		947,958	1,454,868	82,285			**2,485,111**
3. Disposals		-10,978	-721,152	-20,787			**-752,917**
Closing balance	**0**	**15,164,450**	**33,079,253**	**1,659,736**	**0**	**0**	**49,903,439**
Carrying amount							
1. Opening balance	9,169,296	17,663,243	7,304,647	140,062	74,500	0	**34,351,748**
2. Closing balance	**9,167,937**	**16,724,109**	**7,614,375**	**187,654**	**143,387**	**256,432**	**34,093,893**

Dinos d.d. secured two large long-term loans and leases with partly pledged real estate.

Impairment was not made on 31 December 2018 and we also did not impair property, plant and equipment, and intangible fixed assets in 2018.

Fixed assets of the company are insured with an insurance company.

2.6.18. Non-current financial assets

Non-current financial assets				in EUR
		31 Dec 2018	31 Dec 2018	31 Dec 2018
Shares and stakes in Group companies	Shareholding	Investment value	Value of interest held	Net profit or loss
Long-term investments				
1. Investment in DINEKO	100.0%	7,500	5,723	-255
2. Investment in EKODIN	100.0%	7,500	7,335	-177
Total non-current financial assets		**15,000**	**13,058**	**-432**

Financial investments available for sale			31 Dec 2018	31 Dec 2017
Long-term investments				
1. Shares and stakes for sale			3,500,063	3,500,063
Total long-term investments			**3,500,063**	**3,500,063**
Total short-term investments			**0**	**0**
Total financial investments available for sale			**3,500,063**	**3,500,063**

Shares and stakes	Delež	Value of investment as at 31 Dec 2018	Number of shares	Value of investment as at 31 Dec 2017
Long-term investments in other companies				
1. UNIOR D.D.	0.88%	486,502	24,885	486,502
2. ŠTORE STEEL D.O.O.	15.11%	2,292,561	0	2,292,561
3. LIVAR D.D.	3.30%	721,000	200,000	721,000
4. LITOSTROJ JEKLO D.O.O.	0.60%	0	0	0
Total non-current financial assets		**3,500,063**		**3,500,063**

Non-current financial assets				in EUR
		31 Dec 2017	31 Dec 2017	31 Dec 2017
Shares and stakes in Group companies	Shareholding	Investment value	Value of interest held	Net profit or loss
Long-term investments				
1. Investment in DINEKO	100.0%	7,500	5,978	-254
2. Investment in EKODIN	100.0%	7,500	7,512	12
Total non-current financial assets		**15,000**	**13,489**	**-254**

Financial investments available for sale			31 Dec 2017	31 Dec 2017
Long-term investments				
1. Shares and stakes for sale			3,500,063	3,500,063
Total long-term investments			**3,500,063**	**3,500,063**
Total short-term investments			**0**	**0**
Skupaj finančne naložbe na razpolago za prodajo			**3,500,063**	**3,500,063**

Shares and stakes	Shareholding	Value of investment as at 31 Dec 2017	Number of shares	Value of investment as at 31 Dec 2017
Long-term investments in other companies				
1. UNIOR D.D.	0.88%	486,502	24,885	486,502
2. ŠTORE STEEL D.O.O.	15.11%	2,292,561	0	2,292,561
3. LIVAR D.D.	3.30%	721,000	200,000	721,000
4. LITOSTROJ JEKLO D.O.O.	0.60%	0	0	0
Total non-current financial assets		**3,500,063**		**3,500,063**

As at 31 December 2018, the company's management performed an internal valuation of the fair value of investments based on the financial information obtained from companies in which we hold the investments, as well as other available information. They did not impair the investments, so the balance of investment as at 31 December 2018 is unchanged. Financial assets are classified as available for sale.

We build the public's awareness
of the importance of a circular economy.

2.6.19. Current financial assets

Loans granted					in EUR
Loans to Group companies		Interest rate	Maturity	31 Dec 2018	31 Dec 2017
Short-term loans					
1. Loan to Euro - Trend -			30.06.2018	0	1,324,223
2. Loan to Euro - Trend -	7,000 EUR	1.579%	30.06.2018	0	7,000
3. Loan to Euro - Trend -	300,000 EUR	1.642%	30.06.2018	0	300,000
4. Loan to Euro - Trend -	10,000 EUR	1.599%	30.06.2018	0	10,000
5. Loan to Euro - Trend -	4,000 EUR	1.194%	30.06.2018	0	4,000
6. Loan to Euro - Trend -	20,000 EUR	1.018%	30.06.2018	0	20,000
7. Loan to Euro - Trend -	3,000 EUR	0.879%	30.06.2018	0	3,000
8. Loan to Euro - Trend -	275,000 EUR	0.843%	30.06.2018	0	275,000
9. Loan to Ekodin -	35,000.00 EUR	1.809%	26.02.2019	35,536	0
10. Loan to Scholz International Holding		5.250%		2,720,304	0
Total short-term loans				**2,755,840**	**1,943,223**
Total loans to Group companies				**2,755,840**	**1,943,223**

Euro Trend d.o.o. merged with Dinos d.d. in 2018. Mutual liabilities have been cancelled. With the acquisition, Dinos d.d. obtained a loan to Scholz International Holding, which is the 100% owner of Dinos d.d. In 2018, a new short-term loan was provided to the subsidiary Ekodin d.o.o. to cover current liquidity needs.

2.6.20. Inventories

Inventories		v EUR
	31 Dec 2018	31 Dec 2017
Inventories		
1. Material	6,955,198	8,353,751
2. Products and merchandise	4,640	4,267
3. Advances for inventories	147,703	215,999
Total inventories	**7,107,540**	**8,574,017**

Changes in inventories as a result of:	2018	2017
- inventory surpluses	1,047,241	731,628
- inventory deficits	41,391	28,683

Inventories consist of stocks of materials, products and merchandise as well as advances for inventories.

The carrying amount of inventories as at 31 December 2018 was not lower than their net realisable value. The inventory turnover ratio was 17.

A rRegular inventory count was carried out in 2018 at all locations of Dinos d.d., and during the year, monthly control weighing wais conducted. Inventory differences are due to the weather impacts and the work process.

2.6.21. Operating receivables

Operating receivables		in EUR
Operating receivables	31 Dec 2018	31 Dec 2017
Current operating receivables		
1. Current operating receivables due from Group companies	124,280	362,295
2. Current operating receivables from associated companies	0	0
3. Current trade receivables due from customers	23,270,067	22,198,703
4. Interest receivables	39,593	322,078
5. Receivables from dividends and profit sharing	0	0
6. Receivables from government and other institutions	1,624,305	1,011,915
7. Other granted advances and securities	39,135	6,235
8. Other current receivables	30	0
Total current operating receivables	**25,097,410**	**23,901,226**
Total operating receivables	**25,097,410**	**23,901,226**

Trade receivables after maturity	31 Dec 2018	31 Dec 2017
- non-past due	80.98%	75.05%
- past due up to 30 days	17.85%	24.13%
- past due up to 60 days	0.20%	0.61%
- past due up to 90 days	0.06%	0.08%
- past due up to 120 days	0.11%	0.00%
- past due by more than 120 days	0.80%	0.13%
Total	**100.00%**	**100.00%**

Collateralisation of trade receivables	31 Dec 2018	31 Dec 2017
1. Collateralised trade receivables	84.46%	73.15%
2. Non-collateralised trade receivables	15.54%	26.85%
Total	**100.00%**	**100.00%**

Receivables are insured with the credit insurance company for up to 90% of the amount.

In 2017, the balance of the value adjustment of receivables as at 31 December 2016 was EUR 280,093. An additional adjustment of EUR 69,880 was made. The balance of the value adjustment of receivables as at 31 December 2017 was EUR 349,973. In 2018, an additional value adjustment of EUR 266,023 was made. The closing balance of the value adjustment of receivables as at 31 December 2018 was EUR 615,996.

2.6.22. Cash

Cash		in EUR
	31 Dec 2018	31 Dec 2017
Cash		
1. Cash in hand	32,444	25,959
2. Cash in accounts	1,532,758	369,817
Total cash	**1,565,203**	**395,776**

For the purpose of maintaining current solvency, revolving loans were raised from BANK 1 in the amount of EUR 2,000,000 and from BANK 5 in the amount of EUR 3,000,000.

2.6.23. Short-term deferred costs and accrued revenue

Short-term deferred costs and accrued revenue		in EUR
	31 Dec 2018	31 Dec 2017
Short-term deferred costs and accrued revenue	351,260	113,169
Total short-term deferred costs and accrued revenue	**351,260**	**113,169**

As at 31 December 2018, major items of short-term deferred costs and accrued revenues included uncharged revenues in the amount of EUR 294,686.28 (in 2017: EUR 93,681), pre-charged licence fees, membership fees, insurance and other liabilities charged and paid in advance in the amount of EUR 14,515.02 (in 2017: EUR 9,968), and deferred costs of spare parts of EUR 37,953.20 (in 2017: EUR 5,880) and costs of energy for heating purposes in the amount of EUR 4,065.09 (in 2017: EUR 2,286).

2.6.24. Equity

Equity	31 Dec 2017	Merger	Increases	Decreases	in EUR 31 Dec 2018
1. Share capital	2,279,668	0	0	0	2,279,668
2. Capital surplus	9,410,703	329,575	0	0	9,740,278
3. Revenue reserves	13,530,308	0	0	0	13,530,308
4. Revaluation surplus	16,058	0	19,319	1,383	33,995
5. Net operating profit or loss brought forward	13,593,443	0	3,630,661	0	17,224,104
6. Net profit or loss for the year	3,629,279	0	2,335,595	3,629,279	2,335,595
Total equity	**42,459,459**	**329,575**	**5,985,575**	**3,630,661**	**45,143,948**

Distributable profit	31 Dec 2018	31 Dec 2017
1. Net profit or loss for the period	2,335,595	3,629,279
2. Net operating profit or loss brought forward	17,224,104	13,593,443
Total distributable profit	**19,559,699**	**17,222,722**

Capital surplus	31 Dec 2018	31 Dec 2017
1. Paid-in capital surplus	9,740,278	9,410,703
Total capital surplus	**9,740,278**	**9,410,703**

The capital consists of 54,629 ordinary shares.

Nominal value per share equals EUR 42. As at 31 December 2018, the book value of a share amounted to EUR 826 (EUR 777 as at 31 December 2017).

Other reserves were formed from accumulated profit based on resolutions of the General Meeting.

The main change in equity in 2018 refers to net profit for the year in the amount of EUR 2,335,595 and an increase in the capital reserves of 329,575 as a result of the merger of Euro Trend d.o.o. with Dinos d.d.

Net profit for the year remain unallocated as at 31 December 2018.

Equity ownership structure:

Owner	Share in %	Number of shares
Scholz International Holding GmbH	100.00%	54,629
Total	**100.00%**	**54,629**

In December 2018, Scholz International Holding GmbH assumed full ownership of Dinos d.d.

2.6.25. Provisions and long-term accrued costs and deferred revenues

Provisions and long-term accrued costs and deferred revenues	31 Dec 2018	in EUR 31 Dec 2017
Provisions for pensions and similar liabilities		
1. Severance pay upon retirement	490,535	323,855
2. Jubilee benefits	176,444	194,294
Total provisions for pensions and similar	**666,979**	**518,149**

An actuarial calculation of provisions for jubilee benefits and retirement severance pay was made in accordance with IAS 19 by an authorised actuary, taking into account the number of employees as at 31 December 2018.

Changes in provisions	Opening balance 1 Jan 2018	Drawing	Formation	Reduction	in EUR Closing balance 31 Dec 2018
1. Severance pay upon retirement	323,856	28,809	195,489	0	490,536
2. Jubilee benefits	194,293	29,489	11,639	0	176,443
Total provisions for pensions and similar	**518,149**	**58,298**	**207,128**	**0**	**666,979**

Changes in provisions	Opening balance 1 Jan 2017	Drawing	Formation	Reduction	in EUR Closing balance 31 Dec 2017
1. Severance pay upon retirement	330,518	33,918	27,256	0	323,856
2. Jubilee benefits	199,310	31,540	26,523	0	194,293
Total provisions for pensions and similar	**529,828**	**65,458**	**53,779**	**0**	**518,149**

The assumptions considered in the calculation:

- The growth in the average salary at the company for 2018 is estimated at 2.0% (1.5% for 2017) by the actuary.
- The calculation of severance pay is related to the years of pensionable service of the employee and the length of service completed at the company at the time of retirement.
- The discount rate in accordance with the provisions of SAS 10 standard is estimated at 1.05% for 2018 and 0.8% for 2017
- The mortality table of the Slovenian population for 2007 was taken into account.
- The number of employees as at the balance sheet cut-off date was 314.
- The total period of service and the achieved period of service of an employee as at the balance sheet cut-off date.
- The amount of jubilee benefits and severance according to the relevant collective agreement.
- Staff turnover rate.

2.6.26. Financial liabilites

inancial liabilites Bank borrowings	Interest rate	Maturity	in EUR 31 Dec 2018	31 Dec 2017
Long-term loans				
1. BANKA 1 - 5 MIO	EURIBOR 3 MON + 0.80%	20.01.2018	0	0
2. BANKA 1 - 10 MIO	EURIBOR 3 MON + 0.75%	20.09.2018	0	0
3. BANKA 1 - 4 MIO	EURIBOR 3 MON + 1.85%	30.04.2021	1,500,000	2,500,000
4. BANKA 4 - 4 MIO	EURIBOR 6 MON + 1.60%	10.11.2022	2,400,000	3,200,000
5. BANKA 5 - 3 MIO	EURIBOR 6 MON + 1.20%	31.01.2023	1,913,775	
Total long-term loans			**5,813,775**	**5,700,000**
Short-term loans				
1. BANKA 1 - 5 MIO	EURIBOR 3 MON + 0.80%	20.01.2018	0	125,000
2. BANKA 1 - 10 MIO	EURIBOR 3 MON + 0.75%	20.09.2018	0	750,002
3. BANKA 1 - 4 MIO	EURIBOR 3 MON + 1.85%	31.12.2018	1,000,000	1,000,000
4. BANKA 4 - 4 MIO	EURIBOR 6 MON + 1.60%	31.12.2018	800,000	800,000
5. BANKA 5 - REVOLVING 3 MIO	EURIBOR 6 MON + 1.90%	31.12.2018	3,000,000	1,375,000
6. BANKA 1 - REVOLVING 2 MIO	EURIBOR 1 MON + 1.75%	31.12.2018	1,000,000	2,000,000
7. BANKA 5 - 3 MIO	EURIBOR 6 MON + 1.20%	31.12.2018	620,700	0
Total short-term loans			**6,420,700**	**6,050,002**
Total bank borrowings			**12,234,475**	**11,750,002**

				in EUR
Other borrowings	Interest rate	Maturity	31 Dec 2018	31 Dec 2017
Long-term loans				
1. LEASING 1	EURIBOR 3 MON + 3.85%	29.03.2018	0	0
2. LEASING 3	EURIBOR 3 MON + 2.50%	1.01.2023	57,198	75,864
3. LEASING 3	EURIBOR 3 MON + 2.50%	1.01.2023	57,198	75,864
4. LEASING 3	EURIBOR 3 MON + 2.50%	1.01.2023	85,525	109,094
5. LEASING 3	EURIBOR 3 MON + 2.50%	1.01.2023	84,568	107,824
6. LEASING 3	EURIBOR 3 MON + 2.50%	1.01.2023	85,525	109,094
7. LEASING 3	EURIBOR 3 MON + 2.50%	1.01.2023	65,518	86,898
8. LEASING 3	EURIBOR 3 MON + 2.50%	16.08.2023	104,273	0
9. LEASING 3	EURIBOR 3 MON + 2.50%	16.08.2023	104,273	0
10. LEASING 3	EURIBOR 3 MON + 2.50%	16.08.2023	84,056	0
11. LEASING 3	EURIBOR 3 MON + 2.50%	1.09.2023	94,639	0
12. LEASING 3	EURIBOR 3 MON + 2.50%	1.09.2023	94,639	0
13. LEASING 3	EURIBOR 3 MON + 2.50%	1.09.2023	94,639	0
14. LEASING 2	EURIBOR 3 MON + 1.95%	11.12.2023	167,847	0
Total long-term loans			**1,179,900**	**564,638**
Short-term loans				
1. LEASING 1	EURIBOR 3 MON + 3.85%	31.12.2017	0	1,285,609
2. LEASING 3	EURIBOR 3 MON + 2.50%	31.12.2018	18,667	18,209
3. LEASING 3	EURIBOR 3 MON + 2.50%	31.12.2018	18,667	18,209
4. LEASING 3	EURIBOR 3 MON + 2.50%	31.12.2018	27,912	27,295
5. LEASING 3	EURIBOR 3 MON + 2.50%	31.12.2018	27,599	26,990
6. LEASING 3	EURIBOR 3 MON + 2.50%	31.12.2018	27,912	27,295
7. LEASING 3	EURIBOR 3 MON + 2.50%	31.12.2018	21,382	20,858

8. LEASING 3	EURIBOR 3 MON + 2.50%	31.12.2018	26,820	0
9. LEASING 3	EURIBOR 3 MON + 2.50%	31.12.2018	26,820	0
10. LEASING 3	EURIBOR 3 MON + 2.50%	31.12.2018	21,620	0
11. LEASING 3	EURIBOR 3 MON + 2.50%	31.12.2018	18,447	0
12. LEASING 3	EURIBOR 3 MON + 2.50%	31.12.2018	18,447	0
13. LEASING 3	EURIBOR 3 MON + 2.50%	31.12.2018	18,447	0
14. LEASING 2	EURIBOR 3 MON + 1.95%	31.12.2018	40,841	0
Total short-term loans			**313,580**	**1,424,466**
Total other borrowings			**1,493,480**	**1,989,104**

		in EUR
Maturity of financial liabilities	31 Dec 2018	31 Dec 2017
Maturity of financial liabilities		
1. Past due by up to 1 year	6,734,280	4,086,448
2. Past due from 1 to 2 years	2,741,997	5,317,159
3. Past due from 2 to 5 years	4,251,678	4,335,499
4. Past due by over 5 years	0	0
Total financial liabilities by maturity	**13,727,955**	**13,739,106**

Long-term loans as at 31 December 2018 were raised with banks in Slovenia.

The three largest loans collateralised by real estate and movable property are:

BANK 1 in the amount of EUR 4 million, approved on 17 October 2017, due on 30 April 2021, interest rate EURIBOR for three-month deposits plus 1.85% per year, secured by real estate; as at 31 December 2018, the value of the outstanding loan is EUR 2,500,000.

BANK 4 in the amount of EUR 4 million, approved on 19 September 2017, due on 10 November 2022, interest rate EURIBOR for six-month deposits plus 1.6% per year, secured by real estate; as at 31 December 2018, the value of the outstanding loan is EUR 3,200,000.

BANK 5 in the amount of EUR 3 million, approved on 9 March 2018, due on 31 January 2023, interest rate EURIBOR for six-month deposits plus 1.20% per year, secured by real estate; as at 31 December 2018, the value of the outstanding loan is EUR 2,534,475.

LEASING 3 in the amount of EUR 0.7 million, approved in the last quarter of 2017, due on 1 January 2023, interest rate EURIBOR for three-month deposits plus 2.5% per year, secured by bills of exchange; as at 31 December 2018, the value of the outstanding lease is EUR 577,672.

LEASING 3 in the amount of EUR 0.3 million, approved on 11 July 2018, due on 1 September 2023, interest rate EURIBOR for three-month deposits plus 2.5% per year, secured by bills of exchange; as at 31 December 2018, the value of the outstanding lease is EUR 339,258.

LEASING 3 in the amount of EUR 0.3 million, approved on 11 July 2018, due on 16 August 2023, interest rate EURIBOR for three-month deposits plus 2.5% per year, secured by bills of exchange; as at 31 December 2018, the value of the outstanding lease is EUR 367,861.

LEASING 2 in the amount of EUR 0.2 million, approved on 11 December 2018, due on 11 December 2023, interest rate EURIBOR for three-month deposits plus 1.95% per year, secured by bills of exchange; as at 31 December 2018, the value of the outstanding lease is EUR 208,688.

2.6.27. Operating liabilities

Operating liabilities		in EUR
Operating liabilities	31 Dec 2018	31 Dec 2017
Current operating liabilities		
1. Current operating liabilities to Group companies	15,767	248,354
2. Current operating liabilities to associated companies	0	0
3. Current trade payables	14,856,021	13,967,972
4. Interest	9,813	7,446
5. Liabilities to government and other institutions	283,083	338,979
6. Liabilities to employees	454,257	804,864
7. Current operating liabilities from advances	16,534	193,669
8. Other current liabilities	8,806	1,151
Total current operating liabilities	**15,644,280**	**15,562,434**
Total operating liabilities	**15,644,280**	**15,562,434**

Trade payables by maturity	31 Dec 2018	31 Dec 2017
- non-past due	79.70%	79.62%
- past due up to 30 days	20.24%	19.34%
- past due up to 60 days	0.01%	0.12%
- past due up to 90 days	0.00%	0.06%
- past due up to 120 days	0.00%	0.17%
- past due by more than 120 days	0.05%	0.69%
Total	**100.00%**	**100.00%**

We employ didactic materials and creative workshops to steer thinking towards the preservation of natural resources.

2.6.28. Short-term accrued costs and deferred revenues

Short-term accrued costs and deferred revenues		in EUR
	31 Dec 2018	31 Dec 2017
1. Unused annual leave	123,966	129,354
2. Short-term accrued costs and deferred revenues	362,346	366,658
Total short-term accrued costs and deferred revenues	**486,312**	**496,012**

The major items of short-term accrued costs and deferred revenues as at 31 December 2018 were accrued costs of removal of waste in the amount of EUR 29,815.20, charged unused annual leave in previous years totalling EUR 123,965.88 and accrued labour cost totalling EUR 170,403.93.

2.6.29. Intra-group transactions (Scholz Group)

Intra-group transactions (Scholz Group)		in EUR
Sales and purchasing	2018	2017
Intra-group sales		
1. CHIHO-TIANDE (HK) Ltd	435,853.18	2,470,793.08
2. SCHOLZ HOLDING GmbH	0.00	-11,000.00
3. SCHOLZ RECYCLING GmbH	704,136.44	2,770,114.16
4. SCHROTT UND METALLHANDEL M. KATTSCH	1,303,045.92	1,433,763.85
5. SCHROTT-WALTNER Ges.m.b.H.	119,599.80	263,086.98
6. SRW METALFLOAT GmbH	875,475.61	878,119.25
Total intra-group sales	**3,438,110.95**	**7,804,877.32**
Intra-group purchases		
1. CHIHO-TIANDE (HK) Ltd	2,135.66	17,896.46
2. FRITZ KUTTIN Gmbh	156,346.30	56,065.59
3. GEBRÜDER GRATZ GmbH	212,450.55	0.00
4. SCHOLZ HOLDING GmbH	5,692.16	0.00
5. SCHOLZ MANAGEMENT SERVICE Gmbh	60,000.00	40,000.00
6. SCHOLZ RECYCLING GmbH	354,952.24	532,254.41
7. SCHOLZ ROHSTOFFHANDEL GmbH	0.00	246,944.83
8. SCHROTT -WALTNER Ges.m.b.H.	247,754.68	425,785.59
9. SRW METALFLOAT GmbH	410,014.93	294,975.33
10. LONCIN INTERNATIONAL Ltd.	456.61	0.00
Total intra-group purchases	**1,449,803.13**	**1,613,922.21**

Receivables and liabilities	2018	in EUR 2017
Receivables from group companies		
1. CHIHO-TIANDE (HK) Ltd	0.00	351,468.44
2. SCHOLZ HOLDING GmbH	0.00	0.00
3. SCHOLZ RECYCLING GmbH	17,901.00	10,826.75
4. SCHROTT UND METALLHANDEL M. KATTSCH	106,379.04	0.00
5. SCHROTT-WALTNER Ges.m.b.H.	0.00	0.00
6. SRW METALFLOAT GmbH	0.00	0.00
Total receivables from group companies	**124,280.04**	**362,295.19**
Liabilities to group companies		
1. CHIHO-TIANDE (HK) Ltd	0.00	7,136.07
2. FRITZ KUTTIN Gmbh	0.00	13,440.30
3. GEBRÜDER GRATZ GmbH	0.00	0.00
4. SCHOLZ HOLDING GmbH	0.00	0.00
5. SCHOLZ MANAGEMENT SERVICE Gmbh	0.00	0.00
6. SCHOLZ RECYCLING GmbH	15,766.60	66,651.60
7. SCHOLZ ROHSTOFFHANDEL GmbH	0.00	0.00
8. SCHROTT -WALTNER Ges.m.b.H.	0.00	0.00
9. SRW METALFLOAT GmbH	0.00	0.00
10. LONCIN INTERNATIONAL Ltd.	0.00	0.00
Total liabilities to group companies	**15,766.60**	**87,227.97**

Loans and borrowings	2018	v EUR 2017
Loans to Group companies		
1. EUROTREND D.O.O.	0.00	1,943,222.77
2. SCHOLZ INTERNATIONAL HOLDING GmbH	2,720,303.84	0.00
3. EKODIN D.O.O.	35,535.99	0.00
Total loans to Group companies	**2,755,839.83**	**1,943,222.77**

The company received adequate payments for all the transactions that took place with the Group companies and was not deprived on the basis of these transactions. Superior companies did not instruct the company to conclude legal transactions that would be detrimental to it and received no compensation as a result of such transactions. In July 2018, Euro Trend d.o.o. merged with Dinos d.d. The loan granted to Scholz International Holding GmbH was thus transferred to Dinos d.d.

2.6.30. Off-balance sheet liabilities

2.6.30. Off-balance sheet liabilities	2018	in EUR 2017
1. Bills of exchange received as security for payments	0	0
2. Lien on real estate	9,234,475	8,375,002
3. Guarantees issued	5,444,950	3,267,550
4. Building rights	1,003	1,001
Total	**14,680,428**	**11,643,553**

2.6.31. Financial risks

Business and operational risks				
IT RISK		**DESCRIPTION OF THE RISK**	**METHOD OF MANAGEMENT**	**EXPOSURE**
Financial risks	Solvency (liquidity) risk	Decrease in liquidity reserves for the coverage of operating and financial liabilities	Supervision of the matching of maturities, revolving loan	**Moderate**
	Credit risk	Irregular inflows	Active supervision of the changes in receivables and liabilities, regular buyer and supplier rating monitoring, security for receivables, recovery of receivables	**Moderate**
	Price and currency risk	Volatility of prices and the EUR/USD exchange rates	Price hedging using derivatives	**Moderate**
	Interest rate risk	Sudden rise in the variable part of interest rates	Hiring loans in the domestic currency (EUR) and the interest rates are linked to the EURIBOR	**Low**

Financial risks

The company identified four risks, namely:
- Solvency risk
- Credit risk
- Foreign exchange risk
- Interest rate risk

Solvency (liquidity) risk

Definition
Solvency – liquidity risk comprises the risks related to a deficit in available financial sources and the resulting inability of the company to fulfil financial and operating liabilities within the agreed deadlines. The responsibility for managing solvency risk lies with the Management Board.
This risk level is assessed as moderate.

Management
The risk of short-term solvency is well under control owing to effective cash management, adequate available credit lines for short-term matching of cash flows (revolving loan), a high level of financial flexibility and good access to financial markets.

We ensure long-term solvency with an adequate financial balance of equity and debt capital and sustainable ability to generate cash flows from operations, improve the structure of maturities of financial liabilities as well as the appropriate capital structure. This risk is assessed as moderately managed.

Credit risk

Definition
Credit risk refers to the risk of default of the counter party, which is reflected in the loss from operations and financing. This risk level is assessed as moderate.

Management
The company has formulated a policy of active credit risk management, which includes the concurrent monitoring of outstanding receivables, limiting the exposure to individual customers through a limit system, charging default interest and using a debt collection policy.

The following procedures are performed in credit risk management:

- the definition of significant receivables and insuring material credit exposure through an insurance company;
- obtaining appropriate security (in terms of granted loans usually securities, mortgage, etc.) for the remaining customers, defining limits for customers depending on the customer‘s credit rating and estimated annual turnover);
- limits of customers are checked at least once a year;
- checking the creditworthiness of new and existing customers (at least once a year);
- the credit rating department obtains collateral in the form of bank guarantees or letters of credit for customer receivables in classes with high risk, weekly monitoring of outstanding and overdue receivables and the anticipated repayment and recovery;
- sales to a buyer are suspended when one of the following conditions is met: exceeded limit, overdue receivables by more than 90 days, the customer‘s bank account is frozen or other external information is obtained indicating significant financial difficulties on the part of the debtor.

Price and currency risk

Definition
It represents a risk if the company performs sales and purchases in the global market. This risk level is assessed as moderate.

Management
The exposure to EUR/USD exchange rate risk arose with the expansion of operations to the global market and is tied to the growth of the group of which Dinos is a part. The company hedges currency risk through the FX forwards through the Scholz Group. As at 31 December 2018, the company recorded no foreign exchange risks. Furthermore, it has no other foreign currency assets and liabilities. We use derivatives primarily to hedge price and currency risks and not for speculative purposes.

Interest rate risk

Definition
Despite the continuation of the process of reducing financial indebtedness to banks, the company is still exposed to the risk of rising interest rates on the money market. The company is exposed to interest rate risk due to variable interest rates. This risk is assessed as low.

Management
All the liabilities arising from borrowings are EUR-denominated and the interest rates are linked to the EURIBOR. The interest rates remain at a low level, in the short term it a rapid increase thereof is not expected. The balance of liabilities arising from borrowings continues to fall in line with amortisation plans. The fixed interest rate as a hedging instrument is currently much higher than the expected interest rates. In order to manage major investments and in the event of the consequent raising of long-term loans, we use suitable derivatives.

2.6.32. Major events after the end of the 2018 financial year

We started 2019 with the intensive modernisation of work means in accordance with the investment plan. In January, we carried out the planned status change of the company from d.d. to d.o.o.

The sale of land in Gornja Radgona was carried out.

In February 2019, we acquired a new long-term funding, which will be used to finance planned investments.
In 2018 and the first two months of 2019, we fulfilled the financial commitments we had towards other lenders.

Economic forecasts for 2019 are oriented towards the global economy slowdown. Plastic remains a global problem.

There were no events after the reporting date that would materially affect the disclosed financial statements for 2018.

3. Independent Auditor's Report

Building a better working world

This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dinos d.d.

Opinion

We have audited the financial statements of Dinos d.d. (the Company), which comprise the balance sheet as at December 31, 2018, the income statement, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Dinos d.d. as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Slovenian Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those rules are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other information

Other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. Management is responsible for the other information

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of management and supervisory board for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Building a better working world

The supervisory board is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with audit rules, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ljubljana, March 28, 2019

Sanja Košir Nikašinović
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Alјaž Ojsteršek
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