

**Annual Report of Trimo and Trimo Group
2012**

The Annual Report prior to this Annual Report represents operations in 2011.¹
The Annual Report includes an overview of GRI indicators.²
The document has not been proofread.

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1 GRI: 3.2, 3.3

2 More information: www.globalreporting.org

3 GRI: 3.4

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PROFILE OF TRIMO COMPANY AND THE TRIMO GROUP

Trimo, Parent Company

COMPANY	Trimo, Inženiring in proizvodnja montažnih objektov, d.d. ⁴	
ADDRESS	Prijateljeva cesta 12, 8210 Trebnje, Slovenia ⁵	
COMPANY ACTIVITY	DJ/25.110 Production of metal constructions and components	
REGISTRATION NUMBER	5033411	
TAX NUMBER	85524310	
ENTRY NUMBER IN COURT REGISTER	Srg 94/01924, District court of Novo mesto	
COMPANY SHARE CAPITAL	EUR 4.538.336	
COMPANY SIZE	Large	
TRANSACTION ACCOUNTS	Nova Ljubljanska banka, d.d., Ljubljana	02970-0016809489
	Probanka, d.d., Maribor	25100-9703863183
	SKB banka, d.d., Ljubljana	03153-1005316755
	Unicredit banka Slovenija, d.d., Ljubljana	29000-0001835388
	Banka Koper, d.d., Koper	10100-0036883178
	Abanka Vipra, d.d., Ljubljana	05100-8012729205
	Gorenjska banka, d.d., Kranj	07000-0001069515
	Nova KBM, d.d., Maribor	04385-0001583710
	Raiffeisen banka, d.d. Maribor	24203-9002352114
	Banka Sparkasse, d.d. Ljubljana	34000-1001923743
WEBSITE	www.trimo.si	
E-MAIL	trimo@trimo.si	
GENERAL MANAGER	Tatjana Fink	

Trimo is a subsidiary and part of the Trimo Investment Group, in which the accounts of Trimo and other subsidiaries are consolidated.

⁴ GRI: 2.1, 2.8.

⁵ GRI: 2.4

Trimo Group⁶

In addition to the parent company, Trimo Group also consists of the subsidiary companies listed in the table below.⁷ Trimo owns the majority of shares and controls the companies listed below through subsidiaries (combined).

Table 1: Subsidiaries of the Trimo Group on 31 December 2012

COMPANY NAME	COMPANY SEAT	TYPE ACTIVITIES	PARTICIPATION IN SHARE CAPITAL	DATE OF ESTABLISHMENT
AKRIPOL, d.d.	Slovenia	manufacturing company	77%	22 September 1974
Akripol Zagreb, d.o.o. ⁸	Croatia	sales company	77%	23 January 2004
Akripol-S, d.o.o.	Serbia	sales company	77%	30 October 2006
TINDE, d.o.o. ⁹	Slovenia	manufacturing company	40%	26 August 1992
TRIMO UK Ltd.	Great Britain	sales company	100%	12 March 2001
TRIMO UAE, FZE	United Arab Emirates	manufacturing company	100%	7 February 2007
TRIMO ITALIA, S.r.l.	Italy	sales company	100%	18 April 2001
OOO TRIMO VSK	Russia	manufacturing company	51%	27 April 2001
TRIMO Građenje, d.o.o.	Croatia	sales company	90%	28 May 2001
TRIMO POLSKA, Sp. z o.o.	Poland	sales company	100%	31 July 2001
TRIMO INŽENJERING, d.o.o.	Serbia	manufacturing company	100%	12 April 2002
OOO TRIMO RUS	Russia	sales company	100%	22 April 2002
OOO Tehnopark Vjazniki ¹⁰	Russia	project company	100%	21 December 2006
CBS Inštitut, d.o.o.	Slovenia	research and development company	100%	10 June 2005
TRIMO MAKEDONIJA, dooel	Macedonia	sales company	100%	17 October 2005
TRIMO Construct Romania, S.r.l.	Romania	sales company	100%	15 September 2006
TRIMO BULGARIA, OOD	Bulgaria	sales company	70%	11 October 2006
Trimo DD Iberica de paneles industriales, s.l.	Spain	sales company	100%	30 January 2007

6 GRI: 2.3, 3.6, 3.8

All companies except the parent company are represented.

7 GRI: 2.9

8 The affiliated company Akripol established both companies and is their 100 percent owner; Trimo has an indirect interest in the two mentioned companies through its ownership share of the company Akripol.

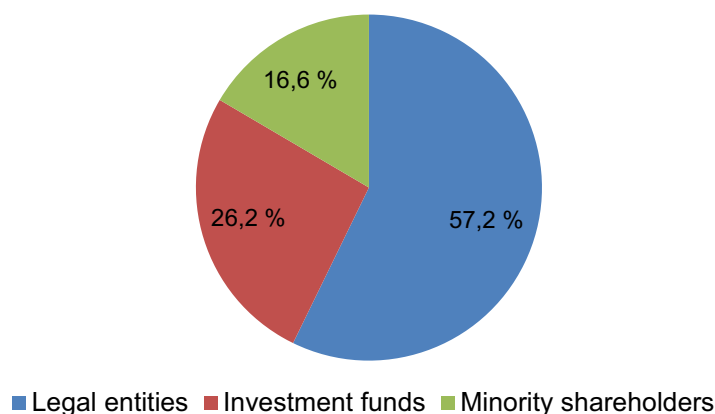
9 Trimo has an 81 percent voting block in this company concerning its ownership structure.

10 OOO Tehnopark Vjazniki was founded by OOO Trimo Rus as the sole founder.

Ownership structure

In 2012, no changes were made to the Trimo ownership structure. At the end of 2012, the largest block of Trimo shareholders were Trimo Investment (57,1 percent) and 'Zlata Moneta II' (25,0 percent). The small shareholders account for a further 16,6 percent of ownership, and the remaining 1,3 percent belongs to 'Moneta naložbe' (1,2 percent) and Trimo (own shares 0,1 percent).¹¹

Graph 1: Trimo ownership structure on 31 December 2012



The graph shows the Trimo ownership structure according to groups of investors (legal entities, investment funds, small shareholders).¹²

Governance and management of Trimo and the Trimo Group

Governance and management systems of Trimo and the Trimo Group are presented below.

*Governance and management systems in Trimo*¹³

Governance of Trimo is based on the legal requirements of the Republic of Slovenia, the company's statutes and internal acts and good business practice. Governance and management are performed according to the two-tier system.

In the past financial year, Trimo did not engage in legal transactions with the controlling company or an affiliated company and perform or omit any type of actions initiated by, or in the interest of, the controlling company that would present a disadvantage for Trimo.

General meeting

In accordance with the provisions of the Companies Act, the general meeting is the company's highest authority. It is where the will of the company's shareholders is directly communicated, and fundamental decisions are taken.¹⁴ One share represents one vote at the general meeting. Trimo does not have shares with limited voting rights.

The Trimo Company Management Board convenes a regular annual general meeting.

The company's 20th general meeting was on 9 August 2012, at which:

- information about the Annual Report was discussed,
- the disposal of profit to be distributed was decided for 2011, and a continuing mandate to the Management Board and Supervisory Board was issued,

¹¹ GRI: 2.6, 2.9

¹² Groups of investors are presented in the graph. Legal entities include the Trimo company and Trimo Investment; investment funds are represented by the companies Zlata Moneta II and Moneta naložbe.

¹³ GRI: 4.3

¹⁴ GRI: 4.4

- the auditing company for the financial year 2012 was nominated.

Supervisory Board

The function and structure of the Supervisory Board¹⁵ are determined in the company's statutes. The members have a four-year mandate, and they can be re-elected. Its activities are governed by the Rules of Procedure of the Supervisory Board, which also describes payment of allowances and other benefits to members of the Supervisory Board. Members of the Supervisory Board inform shareholders about the Board's activities in an Annual Report. Payment of awards to the members is determined by the shareholders at the general meeting. Members of the Supervisory Board and competent institutions inform the company about every acquisition or disposal of the company's shares. The company makes these notifications publicly available on its websites.

In 2012, the Supervisory Board included the members listed below.

Representatives of the company's shareholders were:

- Romana Pajenk, MSc, President of the Supervisory Board,
- Marta Strmec, Deputy President of the Supervisory Board,
- Peter Zorič, Member of the Supervisory Board.

Representatives of employees were:¹⁶

- Stanislav Hostnik, Member of the Supervisory Board,
- Nataša Šteferl Popit, Member of the Supervisory Board.

On 11 October 2012, Trimo received the resignation statement of Romana Pajenk, MSc, from the position of President and Member of the Supervisory Board, which is why the Supervisory Board elected Marta Strmec as President and Peter Zorič as Deputy President of the Supervisory Board at its session on 3 December 2012.

Management Board

The structure, functions and competencies are determined in the company's statutes. The Trimo Management Board is comprised of one member and the deputy, with a five-year mandate and the possibility of being re-appointed.

The President of the Management Board is the General Manager, **Tatjana Fink**, MBA, and her deputy for the Technical Sector is **Danijel Zupančič**, MSc.

External audit

The auditing company, Remars, was confirmed to audit the financial statements of Trimo for 2012.

The auditor reports their audit findings of the financial statement to the Supervisory Board.

Governance and management systems in the Trimo Group

Trimo uses all corporate governance and management systems available, according to the laws of the countries in which they have subsidiaries; Trimo also uses systems that ensure efficient control over operations.

Management of subsidiaries runs according to: valid rules of the law of the country where the company is registered; statutes of individual companies; internal company acts adopted by

¹⁵ GRI: 4.1

¹⁶ GRI: 4.4

the company's management authorities with the consent of the expert council of the parent company; and good business practice. Company governance and management is implemented by the Management Board in individual companies, and its activities are supervised at meetings of stakeholders.

The management of subsidiaries is at several levels:

- At annual general meetings, where the parent company exercises its voting rights and performs an active supervisory role
- At individual functional levels, especially in marketing, production, finance and accounting, development, human resources, supply chain and information technology
- At Supervisory Board meetings of the subsidiary, where representatives of the parent company perform a management and supervisory role in the subsidiary company, Akripol
- At organised meetings between the Management Board of the parent company and General Managers of all the companies in the Group.

Management authority in subsidiaries

The structure of management authority and its tasks and competencies are defined in the statutes of individual companies. Every company in the group has a management authority consisting of one member with a varying term of office.

Payments, allowances and other benefits for the management authority members in affiliated companies are set out in a contract on management planning between the subsidiary and the member. Stakeholders decide on the possible bonus awards at individual meetings.

External audit

A competent audit company has to be chosen at meetings to audit the financial statements of affiliated companies.

In the context of auditing financial statements, an auditor has to report on their findings at the next meeting regarding the company's Annual Report.

Ambition and values¹⁷

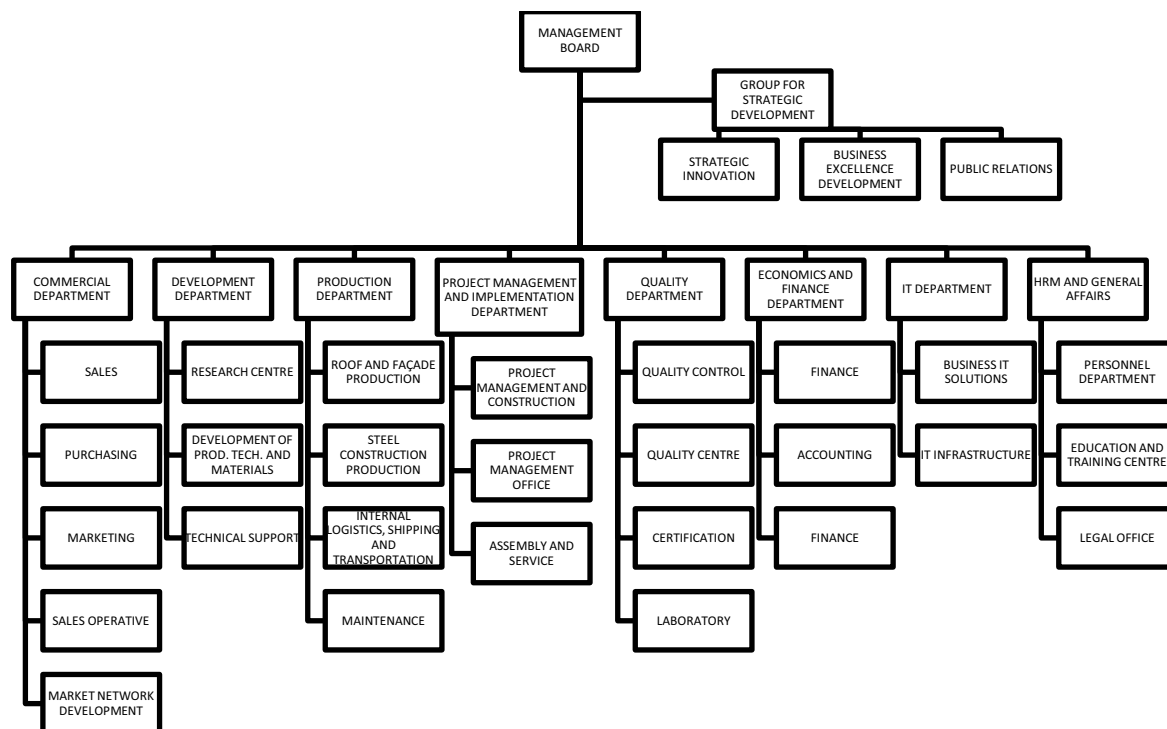
Our **ambition** is to design effective, sustainable and aesthetically and technically perfected solutions for building envelopes tailored to our customers.

Our main **values** are responsibility, partnership, innovation, passion, reliability and trust.

¹⁷ GRI: 4.8 Our ambition was adopted in 2013.

Organisational structure

Scheme 1: Organisational structure of Trimo¹⁸



¹⁸ GRI: 2.3

Milestones in Trimo History

- 2012 Launch of production of the Qbiss Air façade element for which we obtained the Slovenian Technical Approval (STS); we are in the process of obtaining the European Technical Approval (ETA) for Europe. New versions of Qbiss One with more complex solutions and first projects in new markets
The year is marked by a large surge in sales of Trimo products in Russia
- 2011 Celebration of the 50th anniversary of Trimo's operations and the 10th anniversary of operations for the companies Trimo Italia, Trimo UK, Trimo Građenje, Trimo Polska and Trimo VSK
- 2010 ArtMe received the "red dot product design award 2010"¹⁹ – one of the world's most prestigious awards in design and the only one in the field of fire-resistant roofs and façades
- 2009 Introduction of a new product - Qbiss One - to the market and development of new technology - ArtMe - for panel-surface transformation
- 2008 Development of leadership for the more demanding business conditions
Supply of Trimoterm façade panels for construction of the first CO₂ neutral building in the world, in England.
- 2007 The production of habitable containers in United Arab Emirates commenced
A new manufacturing site was opened in Šimanovci, Serbia
Trimo received a European award for leadership in accordance with a European business excellence model
- 2002 Companies Trimo Inženjering and OOO Trimo RUS established
Trimo received the award of the Republic of Slovenia for business excellence
- 2001 Companies Trimo UK, Trimo Italia, OOO Trimo VSK, Trimo Građenje and Trimo Polska established
Introduction of CAD/CAM technology for the production of steel structures
First production outside Slovenia of fireproof roof and façade panels in the city of Kovrov, Russia
- 2000 Trimo acquired ISO 14001 certificate
- 1997 New technology for the continuous production of fireproof panels established
- 1987 Manufacture of construction panels with mineral wool cores commenced
- 1971 Re-organisation and company name change to Trimo
- 1961 The company 'Kovinsko podjetje Trebnje' is established

Motto of the year

2012 Customers, our strong and important promoters.

In 2013, we are guided by the motto *Responsibility for successfully realising the goal.*

Acknowledgements and awards in 2012²⁰

- At the 7th Slovenian Forum of Innovations, Qbiss Air ranked third among 48 Slovenian innovations.
- For Qbiss Air, the Chamber of Commerce and Industry of Slovenia (GZS) awarded the gold award for best innovation in 2011 to CBS Inštitut and Trimo.

¹⁹ For more, go to: <http://en.red-dot.org/>

²⁰ GRI: 2.10

- Industrial Forum IRT and IRT3000 magazine awarded their highest award, TARAS, to companies Trimo and CBS Inštitut for their collaborative development of the Qbiss Air product.²¹
- Equipped with Trimo's innovative modular façade system, Qbiss One, the McLaren Production Centre received the award for Best Industrial & Logistics Development at the most prestigious international investment and real estate fair, MIPIM 2012. Here at Trimo, we are proud of our cooperation with McLaren, and the Qbiss One façade system covers a major part of the external and internal façade of the awarded production centre that was designed by renowned London-based architectural firm Foster + Partners.
- General Manager Tatjana Fink was again number one on the Manager's list of most influential and respected women in commerce in 2012.
- According to the Kline list of most respected companies and managers, General Manager Tatjana Fink was again ranked third and the company Trimo came sixth (15th the year before). General Manager Tatjana Fink was ninth on the list of top 50 most successful women of Ona magazine.²²

Important events after 2012

- The first unveiling of the transparent insulation element Qbiss Air at one of the biggest European fairs dealing with construction and architecture, BAU in Germany. The transparent Qbiss Air solves the problem of thermally insulated panoramic glazing and eliminates the need for shading due to sunlight.

21 The TARAS Award is presented for the most successful cooperation between the scientific-research community and the enterprise sector in the field of innovation, development and technologies. The award originates from the Industrial Forum IRT's vision to promote innovation, developmental orientation and technical excellence in the manufacturing, research & development and educational spheres.

22 Ona is a supplement to the central Slovenian newspaper, Delo.



Tatjana Fink, MBA, General Manager

GENERAL MANAGER'S STATEMENT²³

In 2012, the Trimo Group faced great challenges on the markets due to the drop in demand for non-resident buildings in most countries, with certain exceptions, primarily the Russian market, where we saw a spike in sales. The purchasing habits of investors have changed dramatically, mostly due to procedures and the time it takes to decide on a purchase as well as due to price sensitivity. Here at Trimo, we adapted by developing technical solutions for buildings that were the most optimal for investors.

Cooperation with strategic customers was kept at a very high level, which is confirmed by the fact that Trimo is a reliable and trustworthy partner even in tumultuous market conditions. The customers sought, more than ever before, individualised solutions that rationalise the price of investments. Thanks to our competent engineering support, we were able to secure many deals and gain satisfied customers that as a result want to work with us even in the future.

Due to lower demand and payment problems that have severely impacted Trimo Group's results, we reduced sales activities throughout the countries of Southeast Europe. Our completely redesigned sales activities in South America have produced good growth over the past few years. Our innovative products excited investors. We signed the first contracts in 2013. In the Middle East region, we had plans to conclude contracts faster, but the decision-making process in that part of the world is far longer than we initially expected. Despite that, however, we expect to see positive results on that market in the next period. We achieved good 2012 results in Russia, and there are positive forecasts being made for Russia and its entire surrounding region, which is why we intend to further expand our sales activities there.

In 2012, Trimo Group posted €155m in consolidated net sales revenue, which is nine percent less than the year before. Trimo Group's 2012 EBITDA was €2,8m. Trimo Group recorded a loss due to adjustments of due receivables and high financial expenses, but the biggest loss was recorded by the parent company Trimo Inženjering and by Trimo UAE, while Trimo VSK and Trimo UK were the best performing. On account of the poor operating performance of Trimo Inženjering and Trimo UAE, there were some HR changes and modifications of business programmes made there.

Regular payments from our customers and secured payments have become vital criteria for assessing sales. There were many deals that we were prepared to let go of had we not received guarantees for payment. We tried to insure all payments from our customers, in most cases through SID, Prva kreditna zavarovalnica or using bank guarantees. Due to

²³ GRI: 1.1.

stricter market conditions that negatively affected our customers' credit ratings, this was not always possible. During project implementation, the problems of our clients with ongoing financing of projects were causing halts that then led to additional costs and payment delays. We adapted to this with the greatest possible flexibility.

Current business in 2012 and the structure of funding sources required us to restructure loan maturity. In 2013, we expect to see the successful realisation of the financial restructuring of the Trimo Group that was launched in 2012. As part of that process, we plan to negotiate with banks on new conditions for loan repayment, which will allow Trimo Group to normally finance its ongoing liabilities.

We evaluate that our cooperation with suppliers in 2012 was exemplary, as we had to find the best solutions to tackle the difficult market conditions together. With most suppliers, we successfully agreed on certain limits within which we did business and continuously pursued special solutions in relation to bigger projects that were in the interest of both sides. In terms of upstream markets, we saw large fluctuations of material prices, which reached record-high levels in certain periods.

The number of employees at Trimo Group was reduced by 55 to 962 at the end of the year. We saw an increase of workforce at Trimo VSK and Trimo RUS and a reduction in the companies in Slovenia and Southeast Europe.

Bad experience from the past made us more careful, which is why we placed special attention on risks in 2012. We mostly monitored liquidity, credit and currency risks. Due to uncertain market conditions in 2012, we terminated our transactions involving derivative financial instruments, reducing currency risks dramatically.

The development strategy of the Trimo Group is first and foremost to consolidate the Group financially, operations-wise and in terms of ownership.

A suitable short-term financial consolidation can be achieved by balancing the sources of funding. In order to optimise the costs of operations and improve the balance sheet structure, we plan to dispose of assets that are not necessary for our business.

Our new business model envisages orientation into building envelopes for new facilities and into energy refurbishment of buildings. Trimo has developed a large number of products that meet the highest technical standards in this area. Another new addition are interiors, which include partition walls and ceilings.

We will strengthen our market position using an expanded market network and prompt adaptation to market conditions, especially with regard to our presence on the market via customer technical support in terms of seeking optimum solutions for specific customer needs. The trust-based relations between the strategic customers and Trimo employees are our greatest wealth.

We will discontinue unprofitable programmes.

We will adapt Trimo Group's organisational structure to the new market requirements. We will make our organisation leaner in response to our customers' needs. Also, we will pursue additional synergies within the Group, which will gradually lead to lower operating costs of the Trimo Group. The number of employees will be adapted to the needs of the business process.

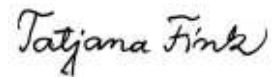
Risks will be defined promptly in advance and the adequacy of adopted measures checked regularly, because past events have taught us that unexpected and sudden occurrences

might arise that cannot be foreseen based on known trends. Even the macroeconomic forecasts vary widely, and we intend to adapt our operations accordingly.

Due to a number of reasons, which we are solving step-by-step, we have not been able to increase the value for the shareholders - our very important stakeholders. We are committed to increasing the value for our shareholders again and ensuring the successful development of the Trimo Group in the future.

We recorded some drops after two decades of continued successful operations. We have analysed the causes and assessed the newly created situation before defining the path for future development. The management and employees have both made a commitment to dedicate all their knowledge and abilities to this goal and to make the Trimo Group successful again. We are convinced that we can make it as we have in the past when faced with problems that we solved successfully.

Tatjana Fink, MBA
General Manager

A handwritten signature in black ink that reads "Tatjana Fink". The script is cursive and fluid, with the first letters of the first and last names being capitalized and prominent.

SUPERVISORY BOARD REPORT

Monitoring company operations and supervising the work of the Management Board

Trimo's operations and the activities of the Management Board in 2012 were under the authorisation and competence provisioned by statutory regulations and the company's statutes, monitored and supervised by the Supervisory Board consisting of the following members:

Romana Pajenk, MSc, President of the Supervisory Board,
Marta Strmec, Deputy President of the Supervisory Board,
Peter Zorič, Member of the Supervisory Board,
Nataša Šteferl Popit, Member of the Supervisory Board,
Stanislav Hostnik, Member of the Supervisory Board.

The Supervisory Board in this form met at three regular meetings in the previous financial year.

On 11 October 2012, Trimo received the resignation statement of Romana Pajenk, MSc, from the position of President and Member of the Supervisory Board, which is why the Supervisory Board elected Marta Strmec as President and Peter Zorič as Deputy President of the Supervisory Board at its session on 3 December 2012.

The Supervisory Board performed the supervisory function and verification of the company's management at their meetings and through additional communication with management and among members of the Supervisory Board.

This way, the Supervisory Board is duly familiar with the accomplished business results and the progress of goals set in the business plan as well as the strategic goals of Trimo.

In 2012, the Supervisory Board met in both formations at four regular sessions.

In accordance with standard practice, the Supervisory Board discussed operating results in 2011 along with the plan for 2012 at their first session in 2012.

During the financial year, the Management Board regularly and promptly informed the Supervisory Board on operating conditions, especially on changes in sales, on movements in product prices, stricter conditions in financial operations, changes in prices of materials and raw materials, development projects and investments and opportunities and plans to achieve new sales and penetrate purchasing markets that could substantially influence the company's operations. Members of the Supervisory Board were also regularly informed on measures to adapt operations to altered conditions, sales and product results, productivity, quality, human resource management, and the use of property.

The Supervisory Board discussed the above stated as well as the following topics:

- company's Annual Report for 2011,
- report on Supervisory Board's work in 2011,
- proposal for selecting the 2011 auditing company,
- report on operations involving derivative financial instruments.

Review and confirmation of the Annual Report and Opinion on the Auditor's Report

The Supervisory Board discussed the Annual Report for Trimo and the Trimo Group for 2012 together with the report of the authorised auditing company, Remars. The Supervisory Board assessed that the contents of the Annual Report for Trimo realistically present the company's operations in 2012.

Based on the assessment of the Annual Report and review of the Audit Report for 2012, the Supervisory Board adopted the following decisions:

1. The Supervisory Board is familiar with the Auditor's Report on the operations of Trimo and the Trimo Group for the 2012 financial year.
2. The Supervisory Board approves the Annual Report of Trimo and the Trimo Group for the 2012 financial year.

Thus, the Annual Report of Trimo and the Trimo Group for the 2012 financial year was formally approved according to Article 282 of the Companies Act and the Articles of Association of Trimo.

Along with the Annual Report, the Supervisory Board also discussed and adopted the Management Board's proposal on covering the negative distributable profit in the amount of €2.940.669,05 against other revenue reserves.

Decision

It is evident from the review of the business events and the audited reports that in 2012 Trimo generated a total revenue of €96.277.977. Even though the company created operating profit of €1.762.439, its bottom-line loss totalled €10.258.600, resulting from excessive financial expenses in 2012.

The Group generated total revenues of €161.400.322 EUR. The operating result was negative, equalling €2.219.856. In 2012, the total operating result was negative in the amount of €14.205.542, primarily due to increased financial expenses.

The difficult market situation that has been lasting for at least five years and the high financial expenses have led the company into a situation that requires its restructuring at three levels – business, financial and ownership. In 2012, together with creditor banks, the company started a comprehensive financial restructuring process. For the duration of the negotiations, it concluded a Stand Still Agreement with creditor banks. The process is expected to be completed by signing the Master Restructuring Agreement. The Supervisory Board has been regularly monitoring the activities related to the operations and restructuring of Trimo and the Trimo Group.

Supervisory Board

Marta Strmec, President of the Supervisory Board,
appointed until 11 July 2015

Peter Zorič, Deputy President of the Supervisory Board,
appointed until 11 July 2015

Nataša Šteferl Popit, Member of the Supervisory Board,
appointed until 13 June 2015

Stanislav Hostnik, Member of the Supervisory Board,
appointed until 13 June 2015

Marta Strmec
President of the Supervisory
Board of Trimo



In Trebnje, 12 July 2013

SUPERVISORY BOARD



The Supervisory Board in 2012: in the middle, President of the Supervisory Board Romana Pajenk, MSc, and members: Marta Strmec and Peter Zorič on the left and Nataša Šteferl Popit and Stanislav Hostnik on the right.

BUSINESS REPORT

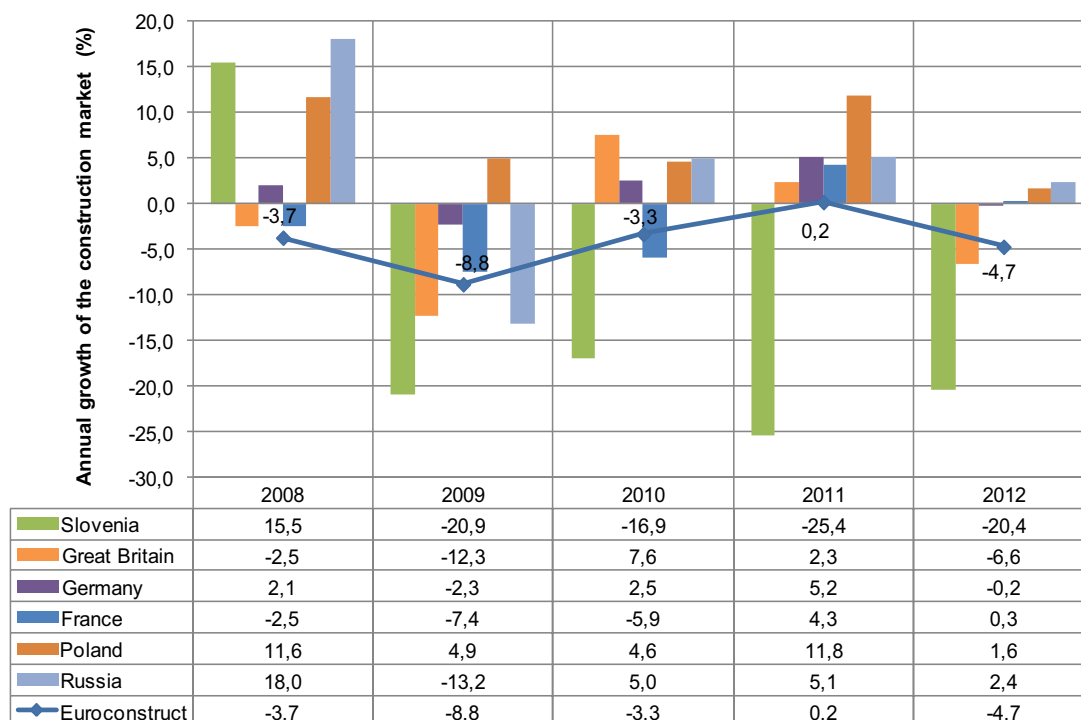
The 2012 financial year was marked by a decline in the recovery of the world's economy and the European debt crisis, which shook the foundations of the common European currency and caused **another decline in the European economy**.²⁴ According to information of the International Monetary Fund (IMF), the EU economy decreased by 0,2 percent in 2012, **while the world economy increased by 3,2 percent in 2012** (4,0 percent in 2011). The international exchange in 2012 increased by 2,5 percent (6,0 percent in 2011), while the United Nations Conference on Trade and Development (UNCTAD) estimates that the **value of direct foreign investments at the international level in 2012 decreased by 18 percent** to 1.300 billion dollars. In 2012, developing countries recorded positive growth of 5,1 percent, which is somewhat less than in 2011 (6,4 percent). The economies of Russia expanded by 3,4 percent, the Middle East and North Africa by 4,8 percent and the Central and South America by 3 percent. The traditionally fastest growing countries China and India have posted lower levels of economic growth in 2012, i.e. 7,8 and 4,0 percent, respectively. On the other hand, the USA and Japan saw higher growth in 2012 - 2,2 and 2 percent, respectively.

In the last months of 2011, the construction market was once again in a state of stagnation, i.e. further decline due to the prognosis of a possible new recession and the connected delay of investments. This decrease kept strengthening throughout 2012. According to the information of Euroconstruct, **construction in the largest construction markets in Europe was reduced by a further 4,7 percent in 2012**, while in the new non-residential construction segment, the decline was even greater, i.e. 5,4 percent. Including the year 2012, European construction has been in recession for five years and is expected to continue in 2013.

Despite further construction market reduction, Trimo and the Trimo Group were able to achieve better results in contract sales in 2012 compared to the previous year.

24 GRI: EC9

Graph 2: Annual growth of the construction market in the selected countries of Euroconstruct,²⁵ Russia and Slovenia, 2008-2012²⁶



The Trimo Group adjusted to the changed economic and market conditions by applying different measures in different areas of Trimo's operations that are vital for successful operation in a crisis. This way, we strengthened sales activities and optimised business processes. We also aimed our intensively targeted marketing at markets and businesses that were less affected by the economic crisis.

According to data from the World Bank, which monitors prices of individual raw materials on the world market, the global prices of raw materials, after a sharp decline at the end of 2011 and the first months of 2012, gained slightly in the course of 2012. In the later part of the year, the prices stabilised on average, though there are still major differences between individual groups of raw materials. The slowdown or even decline in the prices of individual raw materials reflects the state of the global economy, but the average **price of raw materials is still at historically high levels** and markets cannot support any additional price increases for raw materials.

One of the most important raw materials in the Trimo Group is steel sheet-metal. In 2012, considering the annual average, the latter remained at the same level as at the end of 2011, though upward and downward fluctuations did occur during the year. We witnessed a drop in prices in the first quarter, a drastic increase in the second quarter and a gradual decline that went on until the end of the year, when prices again achieved the level of the prior year.

In 2013, there are substantial risks of rising prices, mainly because of the great strength of the steel industry and unforeseen market developments, including the European Union's anti-

²⁵ Members of Euroconstruct are: Austria, Belgium, Czech Republic, Denmark, Finland, France, Hungary, Germany, Ireland, Italy, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, the Netherlands and Great Britain

²⁶ Slovenia: source Eurostat, Russia: source PMR, other countries: data from Euroconstruct from December 2012 (2012 is an estimate).

dumping proceeding concerning imports of certain steel products originating from the People's Republic of China.²⁷

We also witnessed a great price growth in mineral wool, where prices kept increasing from one quarter to another, and the total price increase until the end of 2011 was about eight percent.

In 2013, we expect an unsteady macroeconomic environment in the core markets of operations for Trimo Group. In the construction markets, we expect another difficult year, since the value of new non-residential construction at our core markets will continue decreasing.

Trimo is **actively joining various environmental programmes and developing complete solutions for energy efficient buildings and efficient use of alternative energy resources.**

²⁷ Official Journal of the European Union, 2011/C 373/10.

THE RESULTS REFLECT THE CHANGED CONDITIONS ²⁸

TRIMO AND THE TRIMO GROUP BUSINESS ACTIVITIES IN 2012

Trimo business performance ²⁹

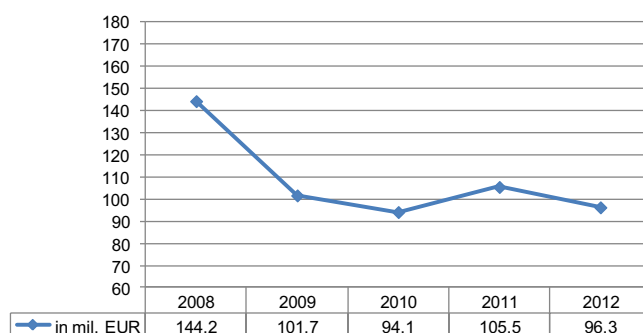
Relevant information on operating activities

		2012/2011 index
TOTAL REVENUE	€96.277.977	91
P&L FROM OPERATING ACTIVITIES	€1.762.439	174
TOTAL CAPITAL (31 DEC 2012)	€32.949.357	74
NO. OF EMPLOYEES (31 DEC 2012)	430	94

Revenue

Trimo's total revenue in 2012 was €96.277.977, which was a decrease of 8,7 percent compared to the previous year. The structure of total revenue for 2012 is as follows: we earned €94.294.707 in operating revenue (97,9 percent), €1.436.648 in financial revenue (1,5 percent) and €546.622 in other revenue (0,6 percent).

Graph 3: Total revenue



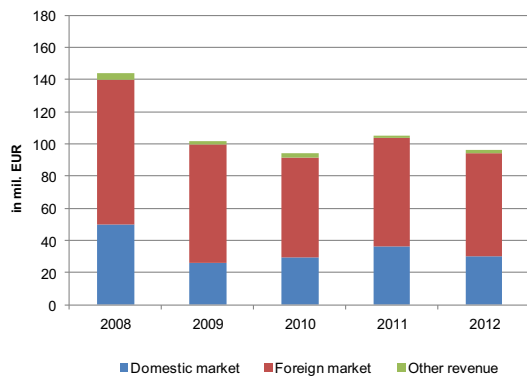
In 2012, Trimo's net sales revenue decreased by 8,7 percent compared to 2011.

The majority of revenue from sales was earned from foreign markets, namely €63.861.345 (66,3 percent of the total revenue). On the domestic market, Trimo earned €28.524.090 in revenue from sales (29,6 percent of the total revenue); other revenue – the rest of operating, financial and other revenue – amounted to €3.892.542 (4,1 percent).

²⁸ Results in the field of employee performance are presented in the section 'We employees are making a difference', while results in the wider society category can be found in the section 'Assuming responsibility for a sustainable future'.

²⁹ GRI: 2.8, 3.1, EC1

Graph 4: The structure of total revenue

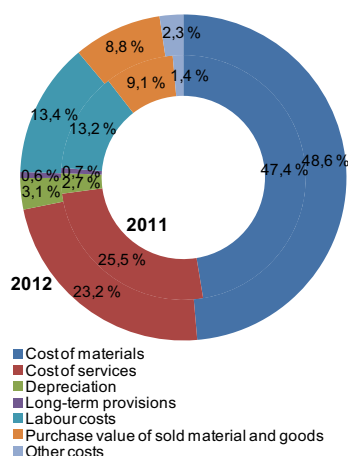


Expenses

Total expenses decreased by 4 percent compared to the year before. Operating expenses in 2012 decreased by 10 percent compared to the year before. Financial expenses increased by 90 percent.

Trimo's total expenses in 2012 were €106.536.677. The structure of expenses for 2012 is as follows: we incurred €92.532.268 in operating expenses (96,85 percent of total expenses), €13.966.047 in financial expenses (13,11 percent of total expenses) and €38.262 in other expenses (0,04 percent of total expenses). Compared to the previous year, the 2012 costs of material were lower by eight percent, service costs by 18 percent, labour costs by nine percent and the acquisition price of sold goods and materials by 13 percent. The costs of material, services and goods represent 94 percent in the structure of operating expenses. In 2012, due to the stricter market conditions, we introduced the project "A million euros of savings", the aim of which is to reduce costs throughout the business processes. With all employees included in the process, we managed to save €832.112 in 2012.

Graph 5: Structure of operating expenses



Assets

At the end of 2012, Trimo's volume of assets was €113.957.690 - a 8,5 percent decrease compared to 2011. At the end of 2012, long-term assets represented 56 percent of total assets and were lower than the year before (index 93). The largest proportion of long-term assets is land and buildings (46 percent of the long-term assets), followed by manufacturing equipment and machines (20 percent of the long-term assets) and long-term financial investments (23 percent of the long-term assets).

Within the structure of assets, the share of short-term assets decreased to 44 percent in 2012 (45 percent in the previous year).

Capital and liabilities

At the end of 2012, Trimo's capital was €32.949.357, a 26 percent decrease compared to 2011 and represents a 29 percentage share in the structure of funds (nearly 36 percentage share in the previous year).

Long-term provisions arising from provisions formed for severance pay and jubilee benefits, long-term provisions arising from given warranties on products sold and arising from given warranties for good work implementation and long-term accrued expenses and deferred revenue totalled €3.283.196 in 2012 and are 15,3 percent lower than at the end of the previous year.

The company's long-term liabilities were lower by 37 percent, which is due to a decrease in long-term financial liabilities from financial instruments and long-term financial liabilities to banks. Their share in the structure of assets decreased accordingly from 21 percent in 2011 to a little over 14 percent in 2012.

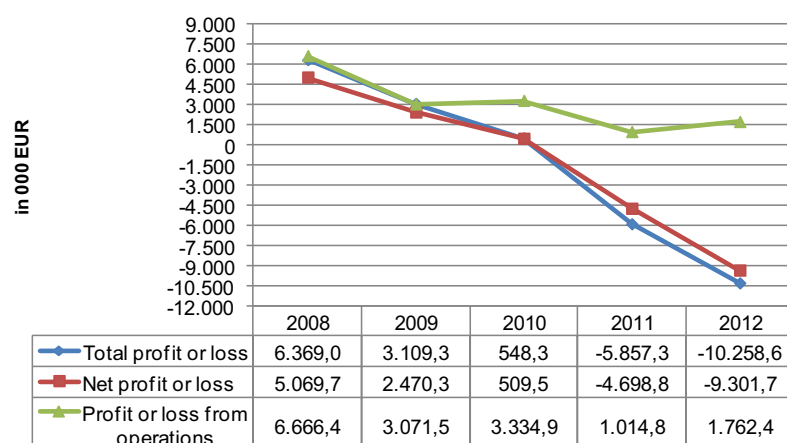
Short-term liabilities of the company increased by 24 percent. The share of short-term liabilities in the structure of assets was increased in 2012 and represents a 52 percent share (last year it was a 39 percent share). Short-term financial liabilities represent a 53 percent share in the structure of short-term liabilities in 2012 (last year it was 38 percent) and short-term operating liabilities represent a 47 percent share (last year this was 62 percent). Short-term financial liabilities increased by 70 percent, of which 89 percent is to banks, which is primarily a consequence of the started (and as of yet unfinished) process of financial restructuring in 2012. Short-term operating liabilities dropped by five percent, of which the drop in such liabilities to suppliers (outside the Group) equalled 16 percent.

Profit or loss

Total profit or loss for 2012 was negative by €10.258.600, while profit or loss from operating activities was positive and equalled €1.762.439. The net profit or loss was negative and equalled €9.301.715.³⁰ The main reason for a decline in total profit or loss lies in the increase in financial expenses in 2012. Changes in all three types of profit or loss of Trimo in the previous five years are shown in the graph below.

³⁰ More information: Financial Report of Trimo Company in disclosures to the Income Statement, points "Financial expenses" and "Profit or loss".

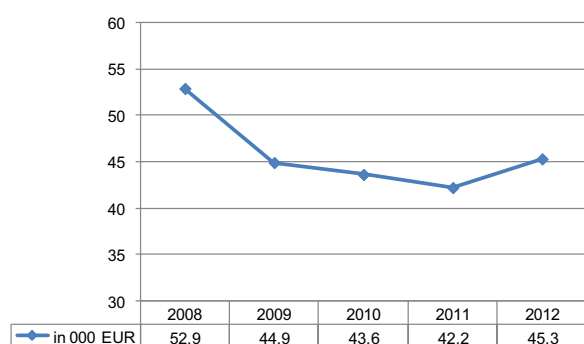
Graph 6: Profit or loss of Trimo



Added value per employee

In 2012, the added value per employee was €45.317, an increase of 7,3 percent compared to 2011.

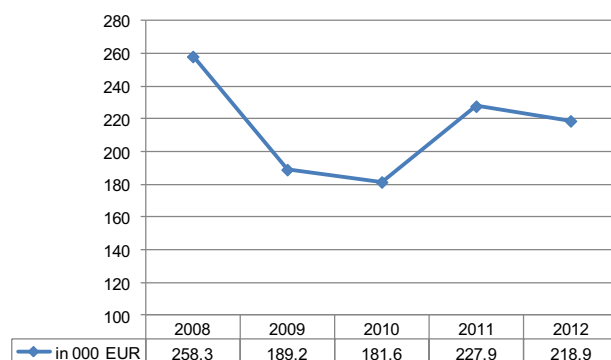
Graph 7: Added value per employee



Sales revenue per employee

In 2012, the sales revenue per employee at Trimo decreased slightly. In 2012, it was €218.923, a 4 percent decrease compared to 2011.

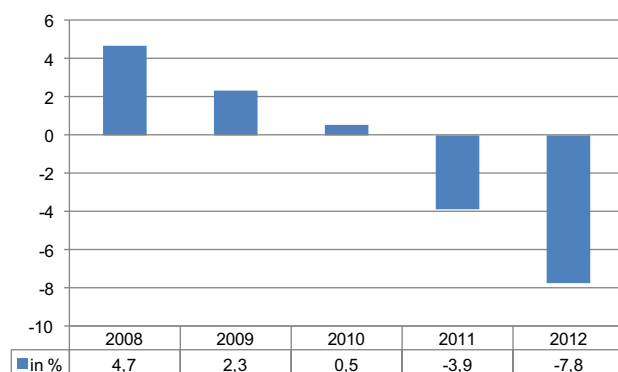
Graph 8: Sales revenue per employee



Return on assets

In 2012, Trimo's return on assets decreased and was at -7,8 percent.³¹

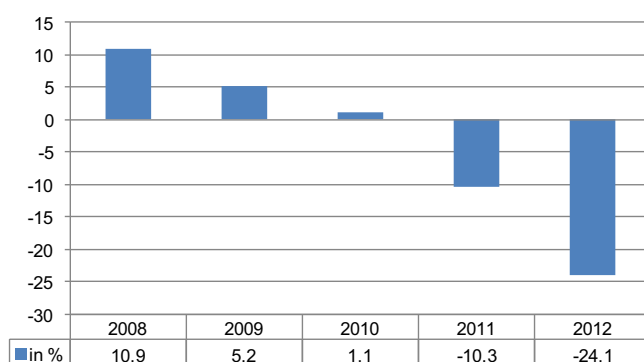
Graph 9: Return on assets



Return on equity

In 2012, Trimo's return on equity³² decreased and was at -24,1 percent.

Graph 10: Return on equity capital



31 In the calculation of return on assets, the numerator consists only of net profit in a particular period according to an average balance of assets in the same period. Therefore, the numerator does not include interest charges on financial liabilities, as this could be considered in the calculation of this indicator.

32 It is calculated as a ratio between net profit or loss according to average equity in a financial year.

Business performance of the Trimo Group³³

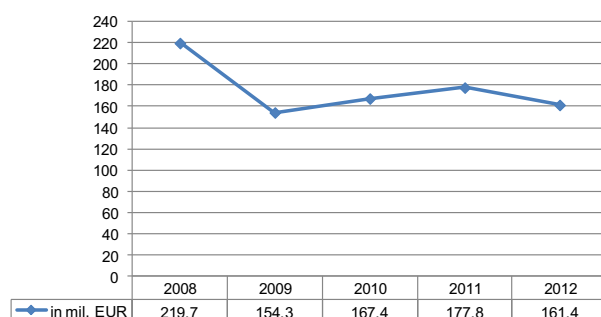
Relevant information on operating activities

		2012/2011 Index
TOTAL REVENUE	€161.400.322	91
P&L FROM OPERATING ACTIVITIES	-€2.219.856	-
TOTAL CAPITAL (31 DEC 2012)	€27.120.184	64
NO. OF EMPLOYEES ³⁴ (average in 2012)	1.001	96

Revenue

Trimo Group's total revenue in 2012 was €161.400.322, which was a decrease of nine percent compared to the previous year. The structure of revenues for 2012 is as follows: we earned €158.187.183 from operating revenue (98,0 percent), €2.298.514 from financial revenue (1,4 percent) and €914.625 from other revenue (0,6 percent).

Graph 11: Total revenue of the Trimo Group



In 2012, sales revenues fell by nine percent compared to 2011.

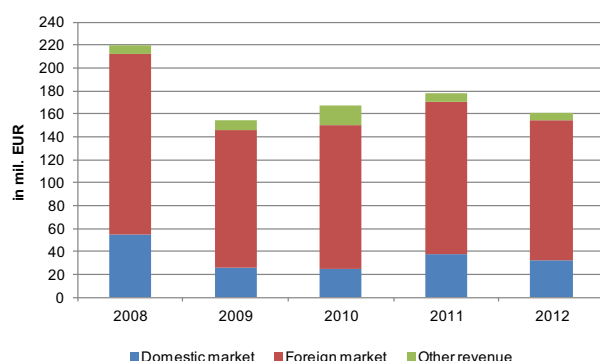
The majority of sales revenues were earned from foreign markets, that is €122.790.214 (76,1 percent of the total revenue, compared to 74,7 percent the year before). Sales revenues earned from foreign markets decreased by more than seven percent compared to 2011.

On the domestic market, the Group earned €32.133.414 in revenue (19,9 percent of the total revenue, compared to 21,1 percent the year before), while other revenues – the rest of operating, financial and other revenues - amounted to €6.476.694 (4,0 percent of the total revenue).

³³ GRI: 2.8, 3.1, EC1

³⁴ This number relates to the whole group according to the human resource records on employees; indicators of success per employee based on consolidated financial statements (added value, revenue per employee) is calculated on the basis of the number of employees in companies included in the consolidation. This number of employees is calculated on the basis of work done, that is, employees' attendance at the workplace. In 2012, this was calculated for 936 employees (compared to 976 employees the year before). More information: Trimo Group Financial Report (under point 'Indicators').

Graph 12: The structure of Trimo Group's total revenue

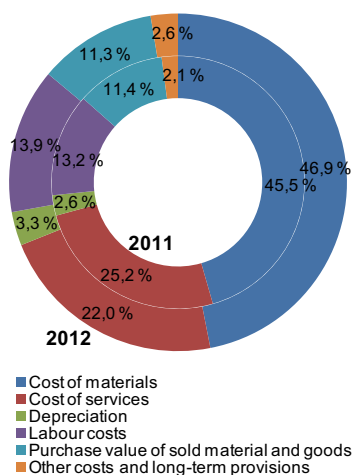


Expenses

The total expenses for 2012 were €175.605.864, which was a decrease of 5,4 percent compared to 2011. The structure of expenses for 2012 is as follows: we incurred €160.407.039 in operating expenses (91,3 percent of total expenses), €14.905.714 in financial expenses (8,5 percent of total expenses) and €293.111 in other expenses (0,2 percent of total expenses).

Operating expenses in 2012 decreased by 7,5 percent compared to the previous year. Financial expenses increased by 39 percent. The higher financial expenses³⁵ in 2012 were of key importance for the final negative total profit and loss of the Group.

Graph 13: Structure of Trimo Group operating expenses



Assets

At the end of 2012, Trimo's volume of assets was €150.725.126 - an 8,5 percent decrease compared to 2011. At the end of 2012, long-term were nearly 50 percent of total assets, a nine percent decrease compared to the previous year. The predominant part of long-term assets is land and buildings (56 percent of long-term assets), manufacturing equipment and machines (25 percent of long-term assets), long-term financial investments (5 percent of long-term assets) and intangible long-term assets (5 percent of long-term assets).

³⁵ Financial expenses or a surplus in financial expenses over financial revenue.

In the structure of assets, the proportion of short-term assets increased slightly to 50 percent in 2012 (49 percent in 2011).

Capital and liabilities

At the end of 2012, Trimo Group's capital was €27.120.184, a 36 percent decrease compared to 2011, and represents an 18 percent share in the structure of funds.

Long-term provisions and long-term accrued expenses and deferred revenue were at €5.497.781 and decreased by nearly seven percent in total in 2012 compared to 2011.

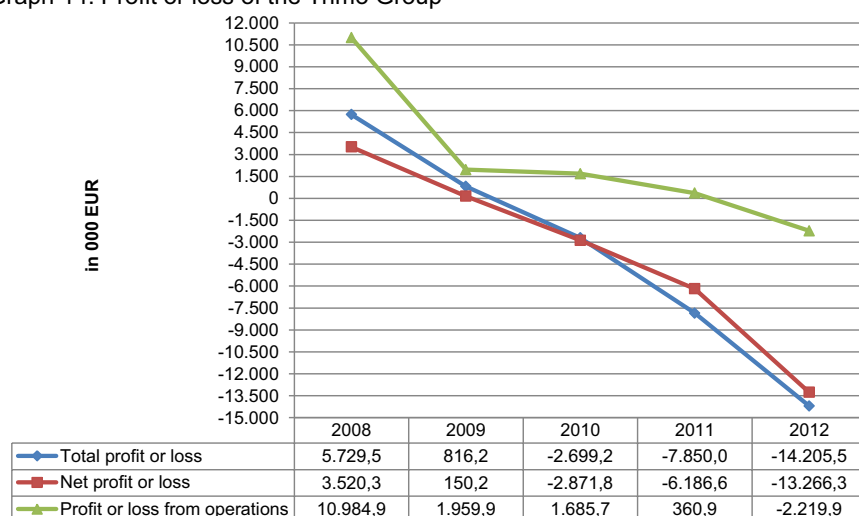
In 2012, the Group's long-term liabilities decreased by 22 percent, whereas their share in the structure of funds decreased and was 17 percent (20 percent last year).

The share of short-term liabilities in the structure of funds increased in 2012 and represents a 59 percent share (49 percent last year). The absolute amount of such liabilities increased by 11 percent.

Profit or loss

Net profit or loss of the Group for 2012 was negative and equalled €13.266.267.³⁶ Operating profit or loss was negative and equalled €2.219.856. Considering the higher financial expenses in 2012, the total profit or loss was negative and equalled €14.205.542. Changes in all three types of profit or loss of Trimo Group in the previous five years are shown in the graph below.

Graph 14: Profit or loss of the Trimo Group



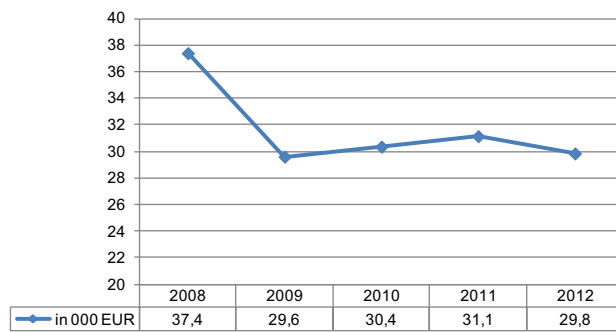
Added value per employee

The Group's added value per employee³⁷ in 2012 decreased slightly due to negative profit and loss. In 2012, it was €29.841, a four percent decrease compared to 2011.

³⁶ More information: Trimo Group Financial Report in disclosures to the Group Income Statement, point: "Net profit or loss".

³⁷ Added value per employee is calculated as a ratio between the total amount of added value and the average number of employees for the same period. The total amount of added value is calculated as the difference between categories in the Income Statement = Gross return on operation – Costs of goods, materials, and services – Other operating expenses. It represents the basic indicator of success of employees in the Trimo Group.

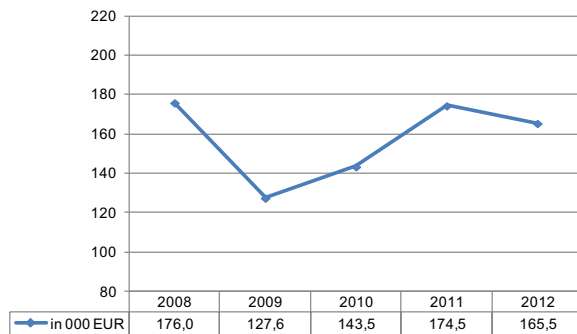
Graph 15: Added value per employee in the Trimo Group



Sales revenue per employee

In 2012, the sales revenue per employee decreased, reaching €165.517 (€174.471 last year) - a drop of five percent.

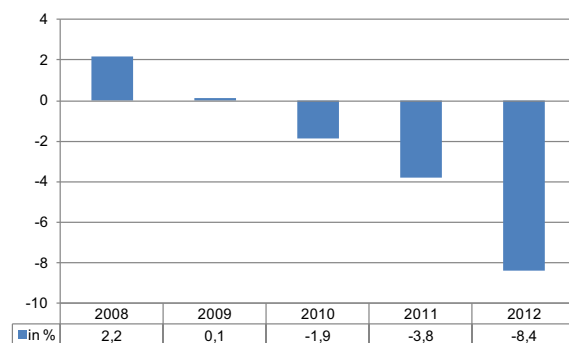
Graph 16: Sales revenue per employee in the Trimo Group



Return on assets

In 2012, the return on assets decreased and was -8,4 percent due to impaired net profit of the Group in that year.³⁸

Graph 17: Return on assets in the Trimo Group

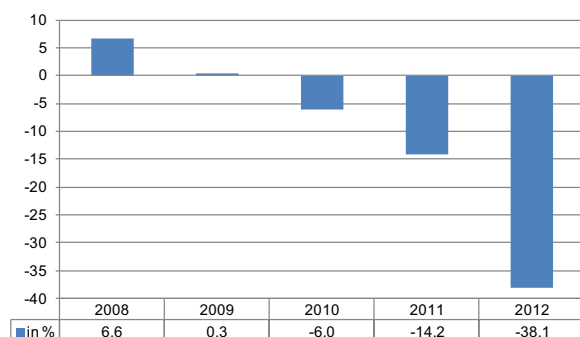


³⁸ In this calculation of the return on assets, the indicator only includes net profit in the period according to the average state of assets in the same period; therefore, the indicator does not include interest costs for financial liabilities, as they can be included in the calculation of this indicator.

Return on equity

In 2012, the return on equity decreased strongly and was -38,1 percent due to impaired profit or loss of the Group in that year.

Graph 18: Return on equity of the Trimo Group



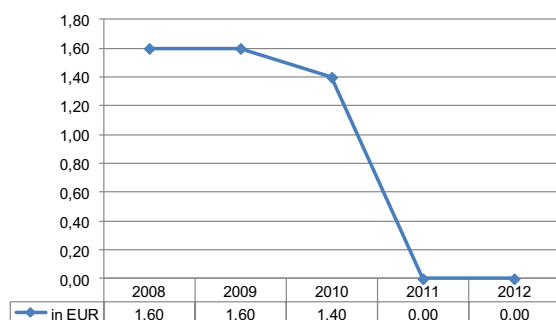
Shareholder relationships

The book value of a Trimo share at the end of 2012 was €30,30, which is slightly under 26 percent less than in the previous year.

Dividend policy

At the 20th regular general meeting, on 9 August 2012, the shareholders adopted a resolution that distributable profit remain undistributed and decisions on its use are transferred to the following year.³⁹

Graph 19: Gross dividend per share



Investments

In 2012, Trimo invested a total of €0,46m, of which €0,33m was invested in information and production technology (equipment) and other equipment, and the remaining €0,13m in production and business and construction facilities. In 2012, we did not increase equity shares or invested additional financial assets into Trimo companies.

³⁹ GRI: EC1

Subsidiary production companies⁴⁰ made joint investments of €1,0m, and the majority of it was invested in production equipment and production technology. The largest investments were made by the companies Akripol and Trimo VSK, €0,65m and €0,24m, respectively.⁴¹ Other subsidiaries did not make larger or significant investments in 2012.

Sales achievements

In 2012, Trimo achieved 1,4 percent higher contract sales compared to the previous year, while Trimo Group achieved a 6,7 percent higher contract sales in 2012 compared to 2011.

In the area of risk management for the repayment of receivables, we use appropriate financial, banking and insurance instruments and verify credit ratings. Additionally, we pay more attention to selecting projects with lower payment risks. In Slovenia, payments are insured through an insurance company that specialises in insuring domestic and export receivables.⁴² The obligatory relationship between the customer and the seller is regulated by Trimo's general terms of sale.

The purchasing process is closely connected to our provision of complete solutions, which is based on the optimisation of costs and time. Also in 2012, we worked intensely on linking together all members of Trimo's supply chain to ensure shorter and more efficient complete solutions for our customers and to shorten the time to develop new products and solutions.

Complete solutions

Efficient and complete solutions – from concept to completed project – are the result of our employees' knowledge, our own development, design and high-tech technology and superior construction material.⁴³

In 2012, our share of complete solutions sales was 52 percent of total sales.

In 2012, marketing and sales activities were intensively shifted towards marketing the new modular façade system, Qbiss One, and Qbiss Air.⁴⁴

40 Trimo's subsidiaries are: Akripol, Tinde, Trimo Inženjering, Trimo VSK and TRIMO UAE FZE.

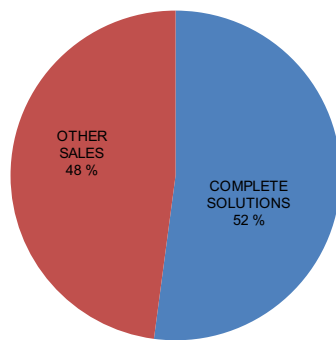
41 Akripol invested €120 thousand in land and the rest mostly in production and other equipment (for more, please see the Akripol Annual Report for 2012). Trimo VSK invested in the completion of production and associated equipment and infrastructure.

42 More information in the section: Risk Management and in the Financial Report in the section Financial instruments.

43 For more on Trimo's complete solutions, visit <http://www.trimo.eu/products/>.

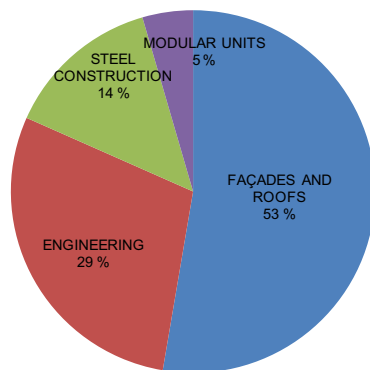
44 More information: Sales of new products.

Graph 20: Sales structure of Trimo in 2012



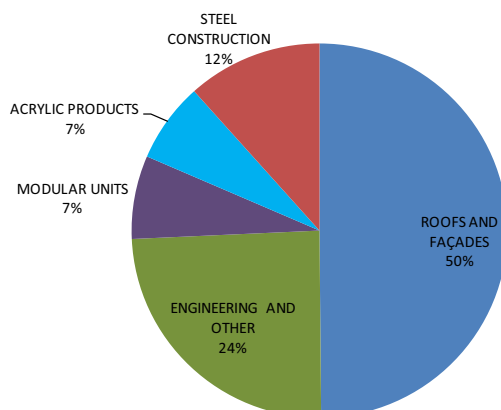
In the sales structure of Trimo, façades and roofs traditionally represent the largest share in sales. That share equalled 53 percent in 2012. In 2012, in the structure of façades and roofs, the share of the Qbiss One façade system increased. We also acquired several big engineering projects, which accordingly increased the share of engineering and steel construction in the sales structure.

Graph 21: Product sales structure of Trimo in 2012



In the Trimo Group, façades and roofs represent the largest share of sales - exactly half of total sales of the Group. In 2012, we acquired several big engineering projects, resulting in increased significance of shares of engineering and steel construction at the Group level. The share of modular units has reduced somewhat, while the share of acrylic products remained the same as in the previous year.

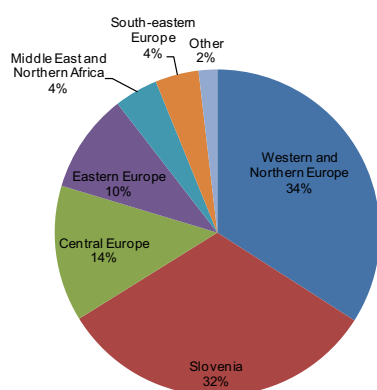
Graph 22: Sales structure of the Trimo Group in 2012



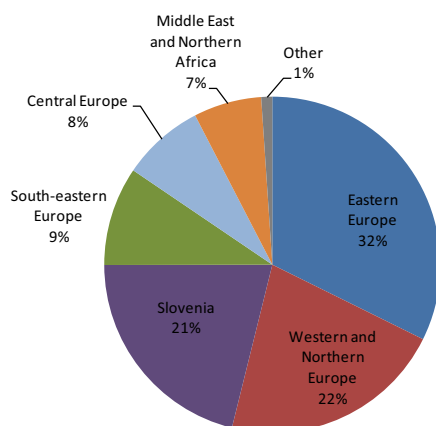
Regional sales structure in Trimo and the Trimo Group

At the level of the Trimo Group, the largest markets according to sales are Slovenia, Russia, Serbia and the United Arab Emirates, where we also have production facilities. We also achieved higher sales in the markets of Great Britain, the Czech Republic and the Netherlands.

Graph 23: Regional sales structure of Trimo in 2012



Graph 24: Regional sales structure of the Trimo Group in 2012



Slovenia

According to Trimo's regional sales structure, Slovenia reached second place in 2012 (after the region of Western and Northern Europe) with 32 percent of the total sales. At the Trimo Group level, the sales share on the Slovenian market represents 21 percent of the Group's total sales. In 2012, we acquired several large projects on the domestic market from our strategic partners, which is why we were able to surpass our sales result from last year despite the difficult conditions on the construction market. Among the individual countries, the Slovenian market is the leader in terms of steel construction sales and acrylic product sales and one of the most important markets in terms of **façade and roof panel sales**.

Western and Northern Europe

The Western and Northern European markets consist of the EU-15 countries (excluding Greece), plus Switzerland and Norway. The traditionally leading region of Western and Northern Europe maintained its sales share in 2012, as we achieved 34 percent of total sales for Trimo and 22 percent of sales for the Trimo Group there. **The most important markets of this region in 2012 were Great Britain and the Netherlands, where an important share of new product sales are generated.** Great Britain is one of the most important markets for the sale of modular façade system **Qbiss One**. In 2012, we completed the **East Blackburn Learning Community education centre project** in Great Britain, where the envelope is built from Qbiss One featuring ArtMe design. The same year, we also acquired further major purchase orders for **Heathrow and Gatwick airports**.

Eastern Europe

This group includes Russia, the three Baltic states and Belarus, Kazakhstan and Ukraine, among others. At the Trimo Group level, this region was the most important (32 percent), and at the same time this was where we saw the **highest growth in sales compared to the previous year**, as Trimo's two subsidiaries in Russia, **Trimo RUS and Trimo VSK**, exceeded their sales performance from the previous year. In Russia, we were successful both in the sales of the Qbiss One modular façade system and in sales of fireproof roof and façade panels.

We also received larger orders in **Kazakhstan**, i.e. in the energy sector.

Central Europe

In this region, which includes the Czech Republic, Hungary, Poland, and Slovakia, we were able to generate 14 percent of the total sales of Trimo in 2012 and eight percent of the Trimo Group total sales. The most important markets in 2012 in this part of Europe were the Czech Republic and Poland, which includes sales of the façade system Qbiss One. Among other things in this region, we carried out new projects with our strategic partner IKEA.

South-eastern Europe

In the regional sales structure, South-eastern Europe represents nine percent of Trimo Group's total sales. The most important markets in this region are Serbia and Croatia. Turkey, where we managed to acquire new partners, was an important market in this region in 2012.

Middle East, Northern Africa and other markets

In 2012, we created seven percent of sales for the Trimo Group in the Middle Eastern and Northern African region. The Middle Eastern region is important to Trimo Group due to sales of modular units via the manufacturing company Trimo UAE and due to marketing of façade systems, especially Qbiss, via Trimo UK and the UAE Branch Office. We saw higher sales in the region, especially in the United Arab Emirates and in Saudi Arabia.

SUSTAINABILITY REPORT⁴⁵

Trimo is an **active co-creator of social, environmental and economic development** driven by **a conscious decision to operate according to principles of sustainability**. The strong commitment to sustainable development has been present since the very beginning of Trimo's work and is a vital part of the mission and organisational climate of the Trimo Group that is based on the following values: responsibility, partnership, innovation, passion, reliability and trust.

⁴⁵ More information: <http://www.trimo.eu/company/sustainable-development/for-sustainable-operation/>

CREATING ADDED VALUE FOR CUSTOMERS

Trimo has one of the most comprehensive set of certificates and sales permits in this specific marketing segment. The majority of our products are manufactured, controlled and marked in compliance with the harmonised standards EN 14509:2006 and EN 14782:2006. Trimo also holds the most important quality labels such as FMA or LPCB and SBSC, which meet the highest demands made by insurance companies for the most demanding projects by following stringent requirements of independent quality control and monitoring.⁴⁶ In the area of quality development, we are actively involved with the professional association EPAQ⁴⁷.

In 2012, Trimo implemented a new harmonised standard (EN 1090-1:2009) in the area of load-bearing structures for prefabricated buildings. We successfully completed the certification process in project design, production and quality control for load-bearing steel structures classes EXC1 to EXC3, which is a new element of competitiveness for the entire area of the European Union.

As for new products - the Qbiss Air product family - we launched the certification process to obtain the European Technical Approval (ETA). The first phase of certification, i.e. the CUAP 04.04/54 procedure, has been completed successfully, while the second phase, which includes granting the technical approval, will be completed in 2013.

In 2012, Trimo has not been aware of any complaints concerning disregarding rules or concerning codes on product and service information or marking.⁴⁸

Marketing

Marketing is aimed at activities that enable efficient implementation of strategic business plans and raise Trimo's reputation and recognition with the target public.

Trimo respects the laws, standards and voluntary codes regarding market communication, including advertising, promotion, and sponsorships. There were no violations of these.⁴⁹

Trimo has not received any complaints on violations regarding customer privacy and loss of customer information.⁵⁰

Trimo has not been imposed with fines for breaching laws and regulations regarding product and service supply and use.⁵¹

Sales network⁵²

Apart from the parent company in Slovenia, Trimo's sales network also includes subsidiaries, representative offices and agents. Trimo has a direct presence on 23 European and Middle Eastern markets.

Production plants are located in Slovenia (Trimo, Akripol and Tinde), Russia, Serbia and the United Arab Emirates. Great Britain, Germany, Russia, Croatia, Poland, Spain, Italy, Romania, Bulgaria and Macedonia are represented by Trimo through sales companies. Trimo also spreads its operations through representative offices (two representative offices in

46 GRI: PR3

47 More information: <http://www.epaq.eu>

48 GRI: PR4

49 GRI: PR6, PR7

50 GRI: PR8

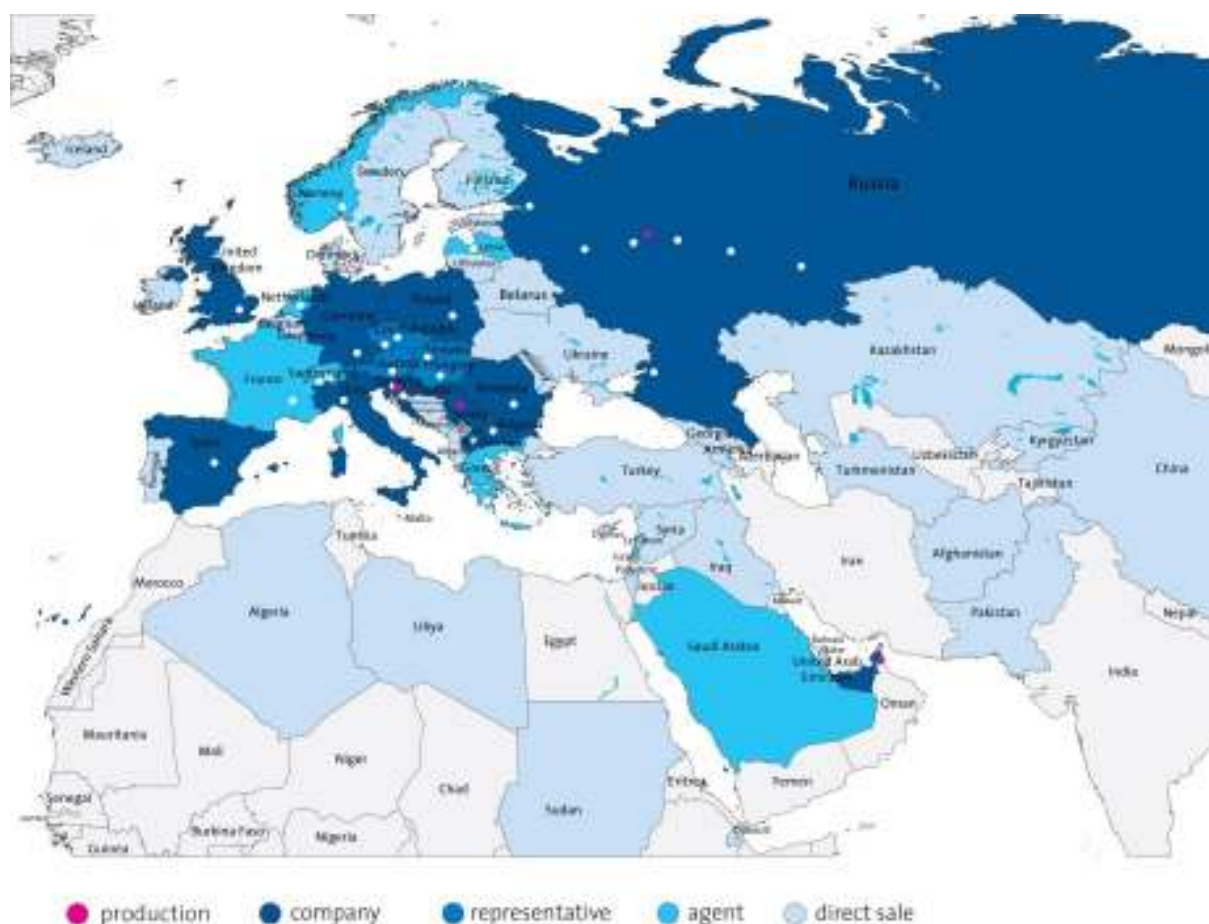
51 GRI: PR9

52 GRI: 2.5.

Slovenia and one in the Czech Republic, Hungary, Slovakia and Austria) and the Dubai branch of the subsidiary Trimo UK. In developing recognition of the corporate brand and sales of products, we also cooperate with agents in the Netherlands, Greece, France, Switzerland, Italy, Norway and Saudi Arabia.

We plan to continue expanding our partnership network to promising countries and regions in 2013.

Figure 1: Sales network



Sales of new products

New products make an important contribution to sales growth, acquisition of new customers and entering new markets. They are both the driving force for development and part of the result of innovative solutions, approaches and concepts in the company.

The new modular façade system Qbiss One⁵³ and the façade panel with a hidden joint, Trimoterm Invisio, were the best selling new products of 2012.

We installed the newest energy-efficient façade system **Qbiss Air** on a new office building of an international investor in Slovenia.⁵⁴

⁵³ GRI: 2.2

More information in the section: Creating added value for customers: Development of new products, www.qbiss.eu.

⁵⁴ More about Qbiss family products at: www.qbiss.eu.

Trimo successfully develops and implements new products as well as innovative solutions for individual customers.



The East Blackburn Learning Community education centre in Great Britain; its envelope is built using Qbiss One featuring ArtMe design.

Our partners⁵⁵

The system of complete customer relationship management has been installed and regularly upgraded for 13 years. We achieved the satisfaction and loyalty of stakeholders by segmenting all public groups relevant to Trimo and introducing relations and organising work processes tailored to their needs.⁵⁶

⁵⁵ GRI: 4.16
⁵⁶ GRI: 2.7

Communicating with customers⁵⁷

The Trimo Group acknowledges that market communication activities aimed at goals are vital for achieving the company's business goals. **In 2012, market communication helped strengthen and raise brand awareness and reputation, ensuring faster market penetration of products and services and supporting Trimo's sales and other activities.**

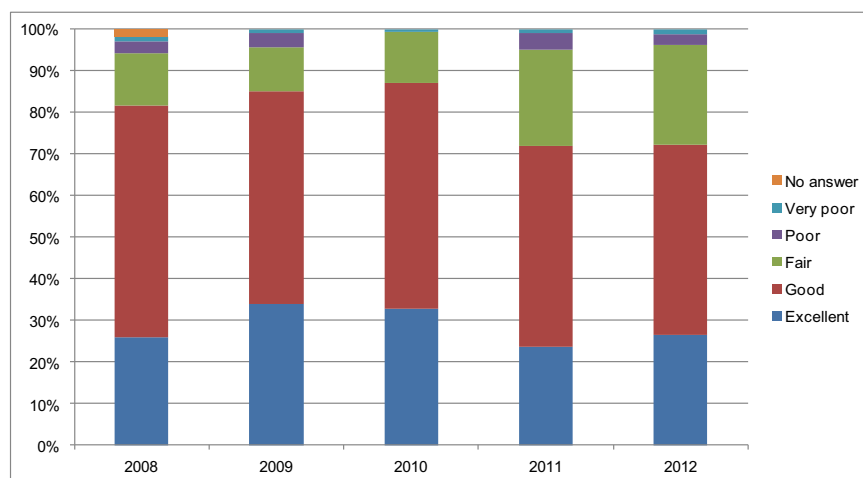
Customer satisfaction⁵⁸

We have been assessing customer satisfaction, according to key groups, for several years, namely for:

- large customers,
- architects and designers.

Trimo knows that satisfied and loyal customers are not just long-term partners – they also provide word-of-mouth marketing, and that is why Trimo measures the effectiveness of this market communication strategy. Trimo performs activities to improve satisfaction based on analyses of satisfaction measurements and personal interviews with customers as well as creates increased added value for customers through the process of improvements.

Graph 25: Customer satisfaction with the Trimo brand 2008 to 2012



The general assessment of customers for 2012 is similar to the year before (satisfactory), with 73 percent customers of the opinion that their cooperation with Trimo was good or very good, and 24 percent evaluated their cooperation as fairly good.

As the key advantage of business cooperation with Trimo, customers indicated product quality as well as the innovative nature of Trimo products. They evaluated Trimo sales teams and technical support as good.

⁵⁷ GRI: 4.16
⁵⁸ GRI: 4.16, PR5

Research and development activities

Despite the continuing economic crisis in 2012, research and development activities still had an important role in Trimo's business strategy to ensure competitive advantage and create added value for our customers.

Investments in development remained at a similar level as in 2011. The economic crisis still had an influence on the range of development projects, which made us even more focused on those with added value, fast market entrance and the best ratio between required investments and return.

Sustainable development is a key component of the development strategy

Development activities in the field of sustainable development, and related responsibility for a sustainable future, remain a vital part of our development strategy, especially in the form of an important addition to our range of products and commitment to creating complete solutions for our customers. Further cooperation with the associations Planet Positive and UNGC shows our continued clear commitment towards realising sustainable construction of modern buildings and sustainable operations. This way, we are also abiding by the UNGC principles on a preventive approach to environmental issues, encouraging increased responsible environmental management and developing and expanding environmentally-friendly technology.

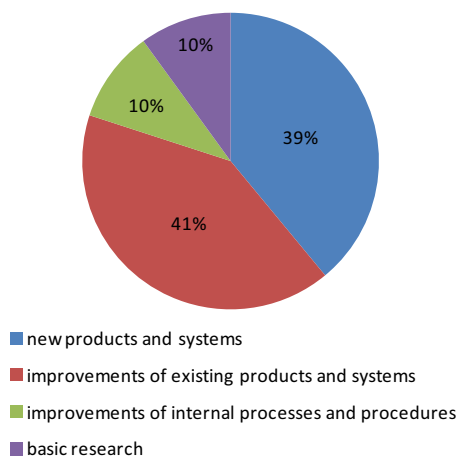
Development of new products

New products have an important contribution towards sales, acquisition of new customers and entering new markets. We are successfully developing and realising new products as well as personalised project development solutions for individual customers.

Development projects in 2012 and 2013

Also in 2012, the structure of development projects included 39 percent of development assignments in new products and systems, in accordance with the long-term strategy. In the past year, we raised the share of product improvements and support for sales projects to 41 percent with the purpose of finding new market opportunities and adapting to customer needs more quickly. The share of process improvements and the share of fundamental research remained at the same level as in the previous year.

Graph 26: Structure of development tasks in 2012



Graph 27: Comparison of duration of development tasks in 2011 and 2012 in days⁵⁹



Qbiss Air

In 2012, we continued upgrading the pilot production of the highly insulated thin-layered façade system, Qbiss Air. The system development began in 2009 in collaboration with CBS Inštitut. It innovatively combines high aesthetics, high energy efficiency, simplicity and speedy system construction, which enable Trimo to enter completely new market segments. We cooperated with CBS Inštitut, renowned experts from universities and institutions and partnering companies in the development of the façade system. The façade system is flexible and integrated with glazing system solutions recognised on the market.

Certificates confirming product compliance are an important part of marketing. We obtained the Slovenian Technical Approval (STS) for Slovenia, and we are in the process of obtaining the European Technical Approval (ETA) for Europe.

The Qbiss Air façade system was upgraded to form a transparent and translucent glass façade element, whose premier unveiling was in 2013 at one of the biggest European architectural and construction fairs - BAU in Germany.

Qbiss One⁶⁰

In 2012, the modular façade element, Qbiss One, was upgraded in the sense of special solutions as well as individual projects that required an exclusive appearance.

The common thread to the system upgrade was satisfying customer needs through simple and effective solutions designed for robustness and decreased impact of the human factor on quality installation.

⁵⁹ TTM: time-to-market, TTC: time-to-customer.

⁶⁰ GRI: 2.2

Products from the Trimo EcoSolutions family⁶¹

Development of new products, solutions and technology towards developing new solutions that can contribute to the sustainability of buildings was also implemented in 2012.

CBS Inštitut is part of the Trimo Group

For more than seven years, CBS Inštitut has been a part of the Trimo development story for complete construction solutions.

In 2013, we will be focused on finding current projects and strengthening marketing activities in markets and branches showing prospects for investments. The marketing mix will be adapted to each individual market, and activities enabling speedy generation of new business opportunities and strengthening relationships with existing partners will be placed at the forefront.

We will continue with active marketing of the Qbiss brand in target markets and expanding the range of solutions for the product brands Qbiss One and Qbiss Air. The main emphasis will be on simple, speedy, functional, energy-efficient, sustainable and aesthetically perfected solutions for our customers.

61 GRI: EN26

Important business events of subsidiaries in 2012

	Trimo's subsidiary	Key business events in 2012
PRODUCTION SUBSIDIARIES	Akripol, d.d. ⁶²	Akripol has been transformed from a joint-stock company to a limited liability company by a court decision of 2 January 2013. We completed the Aglas production optimisation project. We successfully carried out two projects involving the Aglas SoundStop Premium 30 acrylic sheets: the Piatek Kotliska project and the Gdansk Slowackiego project in Poland. We manufactured the first sheets for large-format noise barriers (25 mm thick). Major projects involving skylights: Hidria Rotomatika Jesenice, Revoz Novo mesto, Technoimportexport Bulgaria: airports Varna and Burgas, Liting Macedonia, the Johnson Control building.
	OOO Trimo VSK ⁶³	Compared to 2012, sales have increased by 43 percent. We signed the biggest project in the company's ten-year history - total size: 188.000 m ² of roof and façade panels. We achieved record production of roof and façade panels. Major projects: shopping centres South Gate, Moskvorechye, Dostyk Plaza, Akson and Planet Ufa; industrial and logistical facilities Volvo, Krka, East Tract, Svyatozar, car showrooms for Renault and Volkswagen, etc.
	Trimo Inženjering, d.o.o. ⁶⁴	The significantly reduced construction activities on the market, especially in the first six months, have led us to change the company's business strategy, reduce the number of employees and intensify the implementation of cost reduction programmes. Our major projects include the continuation of the project Koteks, completion of the first phase of the Japan Tobacco warehouse, the Grundfoss plant, the ITM warehouse and the Pharmaswiss facility.
	Trimo UAE, FZE ⁶⁵	Significant projects: Al Wasita, Sixco Samsung, Medco Qatar and HLG Iraq.
	Tinde, d.o.o. ⁶⁶	Significant PiroFix projects: Kranjska gora and Nova Gorica elderly homes, Dunajska vertikala (Ljubljana), City center Celje, Idrija Mercury Mine and Poclain Hydraulics Žiri.
SUBSIDIARY SALES COMPANIES	Trimo Građenje, d.o.o.	Major projects in 2012: Hrvatske šume – Vinkovci, Industrial zone – Kukuljanovo and Montcommerce – Reka.
	Trimo UK, Ltd.	In 2012, Trimo UK and Parkview International Ltd signed a business contract on design and production of special residential modular units for large global projects. A major project in the educational segment is the East Blackburn Learning Community, whose envelope is built using Qbiss One

62 More information in Akripol Annual Report for 2012.

63 More information in Trimo VSK Annual Report for 2012.

64 More information in Trimo Inženjering Annual Report for 2012.

65 More information in Trimo UAE Annual Report for 2012.

66 More information in Tinde Annual report for 2012.

	Trimo's subsidiary	Key business events in 2012
		featuring ArtMe design, which is an important reference for us in the educational facilities segment. We received purchase orders for Heathrow and Gatwick airports.
	OOO Trimo RUS	At Trimo RUS's 10-year anniversary of operations in 2012, we achieved the highest growth in sales of all the Trimo Group subsidiaries. Some of the more significant Qbiss One façade system projects in 2012: - car showrooms: Porsche & Landrover, Mercedes, Opel-Chevrolet, Musa Motors; - shopping centres: Juzhnie Vorota, Planeta Ufa, Noviy Urengoy and Vesna. With the Sochi Port on the Black Sea passenger terminal project, Trimo RUS will also play a part in the preparations for the 2014 Winter Olympics. In the context of sports facilities, we have acquired the contract for the main ice skating rink in Tuymazi. In the context of cultural facilities, we acquired the contract for the Novosibirsk concert hall and a bank building in Kamchatka in the context of commercial buildings.
	Trimo Polska Sp. z o.o.	We acquired several important projects with Qbiss One such as the Rzeszow shopping centre and the Opole convention centre.
	Trimo Italia S.r.l.	Another major project is the Savona Hotel, an important reference in this segment. We carried out the Lego project in the Czech Republic in collaboration with an Italian partner. We signed a contract with a new partner for the sale of the Qbiss façade system.
	Trimo Bulgaria, OOD	Major projects: Decathlon in Sofia and Apolon in Gorna Oriahovitza.
	Trimo Construct Romania, S.r.l.	Major projects: Carrefour Chitila (Qbiss One) – a part of the largest shopping centre (Colosseum) in Bucharest, scheduled for completion in 2013. We also acquired a purchase order for the Korona shopping centre in Brasov, which will feature the Qbiss One façade system.
	Trimo DD Iberica de paneles industriales, s.l.	Major projects: Project in Ascó, Soland Center, Escuela de Pilotos II, Hotel Santa Leonor in Madrid. Due to the protracted crisis on the construction market in Spain and the related problem of payment, we have expanded our marketing to the promising region of Latin America.
	CBS Inštitut, d.o.o.	We installed Qbiss Air on a new office building of an international investor in Slovenia. We developed two Qbiss Air prototypes - a transparent and a translucent version - that were presented to potential investors from Norway, Great Britain and Switzerland.

NURTURING CREATIVITY AND INNOVATION

Creativity and innovation is encouraged from all stakeholders. The best are rewarded; their inclusion in our business processes builds partnerships for long-term and sustainable development.

In 2012, our suspended glass façade system with a structural look, Qbiss Air, received the golden award for best innovation by the Chamber of Commerce and Industry of Slovenia and third prize at the 7th Slovenian Innovation Forum.

Trimo Research Awards

In 2012, we organised the 11th Trimo Research Awards event⁶⁷ where 48 winners received awards. From 2001 to today, we have awarded 449 students from 12 countries.

Trimo Urban Crash

In 2012, Trimo organised the international competition for students of architecture and design called 'Trimo Urban Crash' for the fourth time. The competition will end in 2013.

The competition assignment is to design a Bike Base - a place where cyclists can fix their bikes, fill their tyres, have a coffee or something else and use the local Wi-Fi.



Trimo Architectural Awards

Trimo Architectural Awards are an international competition for the most innovatively designed architectural solutions that use Trimo products. These are an important source of information on modern trends and customer wishes. In 2012, Trimo Architectural Awards were awarded for the fifth time.⁶⁸

⁶⁸ More information: www.trimo-architecturalawards.com

The competition was supplemented with a new category, the 'Future Dreams Award', which emphasises the importance of new conceptual architectural solutions in steel construction.

A total of 177 architectural concepts and projects were sent in for the latest competition, with participants of the 'Future Dreams Award' category registering 86 works from 15 countries. In the 'Outstanding Design Performance', participants submitted 91 works from 23 countries.



Award for a complete architectural solution in the category Outstanding Design Performance, first prize: The til Bestseller logistics centre; Architects: C. F. Møller Architects, Denmark

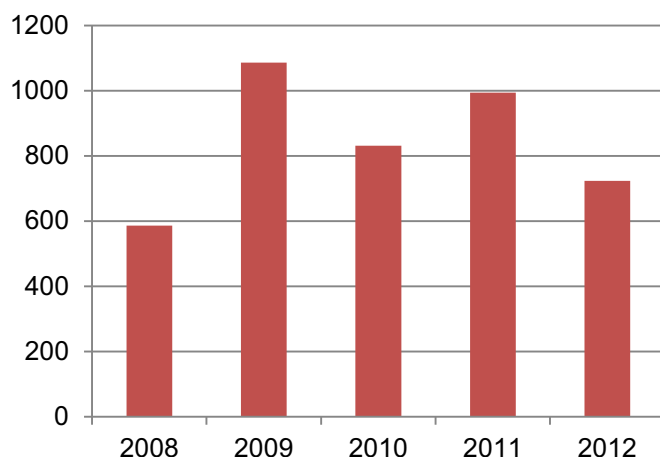


Award for a complete architectural solution in the category Outstanding Design Performance, first prize: CPW Innovation Centre; Architects: David Linford, Simone Benvenuti, Frédéric Biver, Switzerland

Internal tools and processes for encouraging ideas⁶⁹

As well as the methods described above, intended for collecting ideas from external partners, Trimo also uses other ways for collecting ideas, aimed especially at staff within Trimo and the Trimo Group, such as: The Craziest Idea, Idea basket, TIP, Cooperate with us and proposals within the process of collecting ideas for the annual plan on development tasks.

Graph 28: Growth in the number of ideas according to years



Patents, model protection and brands

Trimo has 12 patents in Slovenia. Abroad, eight patent families are protected in 10 countries, and three patents are still in the process of being protected. Trimo has 13 registered trademarks and one model protected.

In 2012, the Trimo Group encouraged innovation and protected intellectual property. Not only Trimo but also CBS Inštitut and Akripol were involved in application for patents and registration of trademarks.

At the end of 2012, the Trimo Group has 13 registered trademarks, 15 patents and one model protected.

In the future, Trimo will also pay special attention to tools to encourage innovation and creativity among employees and external stakeholders. We will focus on innovations that will ensure the fastest return on investments.

⁶⁹ More information: Managing by processes, Trimo improvements of processes (TIP)

GETTING RESULTS THROUGH PEOPLE⁷⁰

During a crisis, having competent, committed and responsible employees is vital for the continued existence and development of Trimo and Trimo Group. The employees' energy and commitment that we share towards a common purpose, which is the long-term viability of the company and the Group, are a guarantee for our success in the future.

Our operations are guided by our values based on high ethical standards, respecting human rights⁷¹ and each individual as a free-thinking person. In that way, every person can express their full potential in accordance with their capabilities and interests.

Our growth in the development area is aimed at developing high-tech products and technologies. From a geographical perspective, our operations are strong in Europe and the wider environment.⁷² This demands that we ensure the necessary competencies for our current and future company and Group development needs in employee management.

As we enter different cultural environments, we are aware that we not only have to understand business opportunities but primarily understand and respect the fundamental values of these different environments and adhere to the principles of human rights.⁷³

We respect human rights and the employment standards contained in the United Nations Global Compact⁷⁴ and Global Reporting Initiative⁷⁵ in our operations. We develop processes in employment management in accordance with the recommendations described in the EFQM model.⁷⁶

Employee distribution and categorisation

The personnel structure for employees is adapted to the strategic needs of the company, and that is why we employ colleagues in sales and finance. We are reducing the number of employees working in processes where we have already reduced our activities; this means mostly assembly work and other processes that needed to be adapted to the volume of business.

70 GRI: 4.16

71 We are members and co-founders of the Slovenian United Nations Global Compact (UNGC).

72 See Introduction of the Trimo Group.

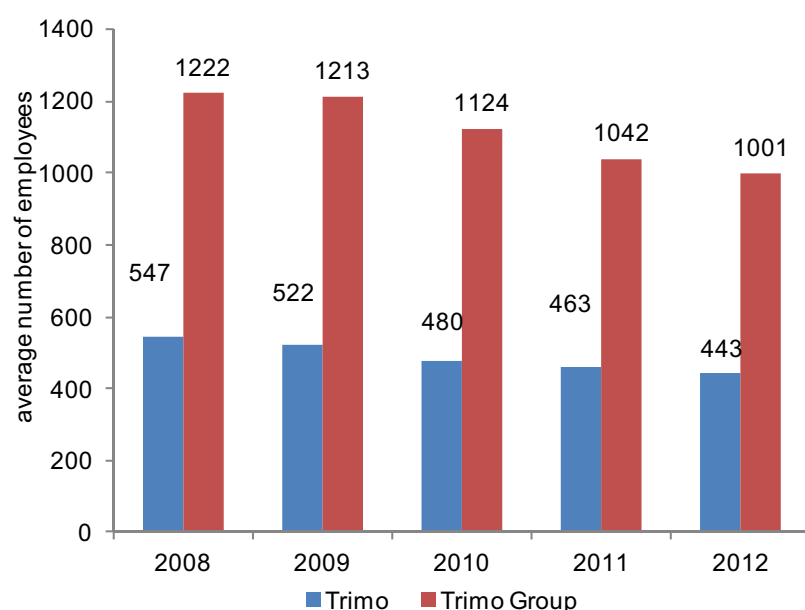
73 More information: Assuming responsibility for a sustainable future, UNGC principles.

74 More information: Assuming responsibility for a sustainable future, UNGC principles.

75 See section: GRI evaluation

76 More information at: www.efqm.com.

Graph 29: Fluctuation of average annual number of employees for Trimo and the Trimo Group

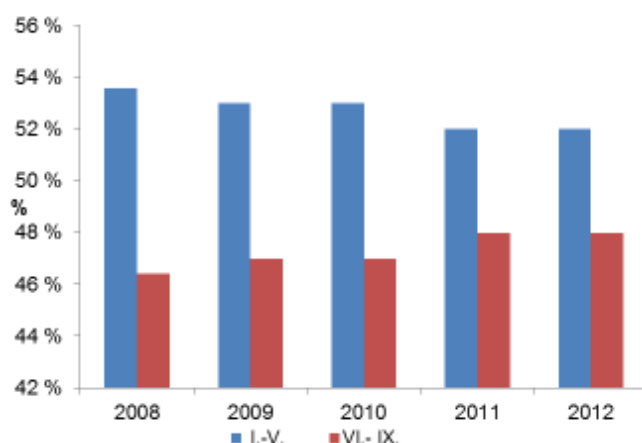


Employees in the Trimo Group have the same rights as employees at Trimo with regard to local labour legislation, which complies with non-discrimination principles⁷⁷, freedom of association, collective agreements⁷⁸, prohibition of child employment⁷⁹ and various forms of prohibition of forced or mandatory labour.⁸⁰ In employing and managing people in other cultural environments, we have to pay special attention to the human rights of indigenous populations and learn about their cultural customs and habits to prevent a breach of their basic human rights from our lack of knowledge.⁸¹

Qualification structure

The qualification structure of employees is adapted to the needs of the business processes. On 31 December 2012, 48 percent of Trimo employees had a level six education or higher. The Group employs people with comparable levels of education and vocational groups.

Graph 30: Educational structure in Trimo according to education level in percent



77 GRI: HR4

78 GRI: HR5

79 GRI: HR6

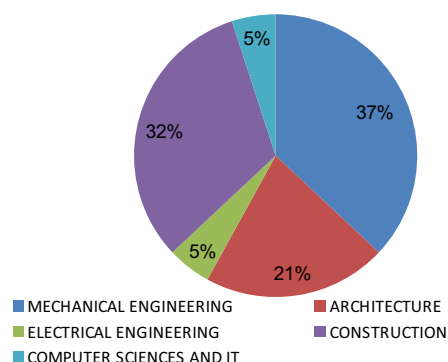
80 GRI: HR9

81 GRI: HR9

Attracting and selecting suitable employees

Scholarships are an established method used by the personnel department for attracting people with occupations that are on the shortage occupation list, especially from technical sectors (mechanical engineering, construction, architecture, electrical engineering, information technology). Trimo awards scholarships to students in undergraduate and postgraduate programmes for study in Slovenia and abroad. In 2012, Trimo provided scholarships for a total of 19 students.

Graph 31: Scholarships by area in percent



Development of employee competencies

Employees' competencies are systematically upgraded in accordance with the strategic directives of the Trimo Group and the established needs of employees for managing processes in the demanding global environment. The starting point for developing employee competencies is not only mastering expert knowledge in individual areas, but it also includes a developed competencies model⁸² and Trimo values.⁸³

Employee salaries and other benefits

We have been keeping fair ratios of salaries and benefits for employees and specialist groups at different levels. The system monitors results achieved – i.e. the contribution of an employee to the added value and successful operation of the company. Tariff classes of the collective labour agreement are considered when assessing the ratios for starting salaries; basic salaries of employees are higher than starting salaries. There is no differentiation between men and women in salaries; they are set according to the same measures.⁸⁴

Care for the health, safety and well-being of employees

The health of employees is an important area to which we pay much attention by implementing various activities for improving work conditions, organised sports and social activities.⁸⁵

⁸³ More information: Vision, Mission, Values

⁸⁴ GRI: LA14

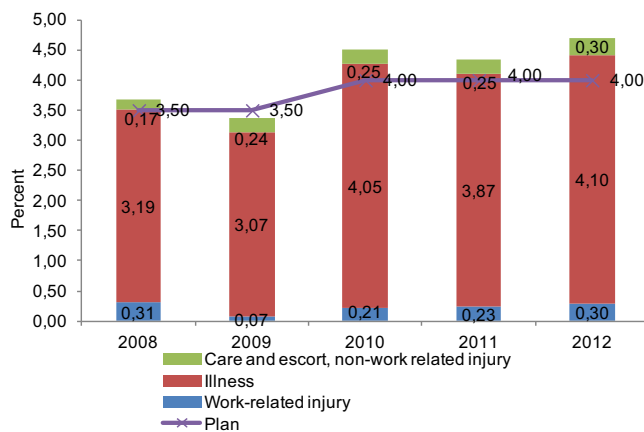
⁸⁵ In accordance with ISO 14001, the Board appointed an agent to manage environmental protection, safety at work and fire safety: Danijel Zupančič, MSc, who is otherwise the Deputy General Manager for the Technical Sector. An environmental safety

In the Trimo Group, we ensure a safe and regulated work and natural environment to all stakeholders.⁸⁶ **Every company in the Group is committed to ensuring the necessary resources (personnel, finance, etc.) for the operation of a health and safety at work system and to prevent the risk of injuries and health problems.** We ensure the necessary notification of employees; we introduce instructions, organise work as regulated and ensure work conditions for a safe and healthy workplace.

Sick leave

In 2012, total sick leave was 4,70 percent, an increase of 9,3 percent compared with last year.

Graph 32: Sick leave in Trimo by year and causes



Safety of the employees

In the Trimo Group, we provide for the safety and health of employees through risk management, improvement of work conditions based on regular monitoring, implementation of a work programme that includes training in the workplace, ensuring technical protection, preventive measures, supervision over the following of rules on safety and health at work and measures to reduce or prevent work related injuries.

Trimo's⁸⁷ environment and security policy recognises a clear commitment to a healthy and safe working environment, which is also expressed in the declaration by the Management Board on Health and Safety at Work. Trimo also implements a health and safety at work programme using a systematic and transparent method in accordance with the principles of the OHSAS 18001 standard.⁸⁸

Well-being of employees

- In work areas where the nature of the job allows it, we allow employees to work from home and thereby reduce costs.
- Employees in production processes have their work clothes washed each week.
- We ensure good quality hot meals for employees working at Trimo headquarters.
- Employees can take vacations in Trimo's holiday homes at the coast or at thermal spas.

team was also appointed for specialist and operative support. It is comprised of specialists from individual sectors (health and safety at work, dangerous substances, human resources, natural resources, energy, etc.).

⁸⁶ These are employees, customers, suppliers and visitors.

⁸⁷ Environmental and safety policy is available on the Trimo website under Sustainable development.

⁸⁸ Trimo introduced it in 2003 and it is integrated into the system of the company's Procedure Manual.

- At the closing New Year's ceremony, we awarded the five best colleagues who represent Trimo values the most clearly and the three best promoters of innovation, and we congratulated two groups that had the tidiest and most organised workplace,
- We announced and granted awards for the craziest ideas. We held an award ceremony for employees who celebrated their 10th, 20th and 30th work anniversaries.
- We handed out gifts for our employees' children for New Years.
- We organised a pre-New Year's meeting for retired former employees of Trimo.

Communication with employees

In 2012, we strengthened the communication with employees at the Trimo Group level. During the economic and financial crisis, we regularly informed staff of the circumstances and the situation of Trimo and the Trimo Group. We allocated over 50 percent of our funds intended for public relations to internal communication within Trimo.

Relationship between staff and the Management Board⁸⁹

Employees can state their opinions and points of view directly to the Management Board at regular meetings and annual interviews. They meet with management at annual training sessions and other joint events. The General Manager talks to staff in person when extending their contract from a fixed period contract to a permanent contract. Managers also attend informal meetings with staff.

The trade union SKEI operates within Trimo and includes 34 percent of all employees and an 11-member works council. Two staff representatives are also members of the Supervisory Board. Employees can communicate their opinions through them and give proposals regarding their position at Trimo.

Good dialogue has been established between the Management Board of Trimo, the trade union and the works council. At meetings, the Management Board informs employees about current events, important changes in operation and measurements concerning employees. Representatives of both bodies inform the Management Board about their positions and proposals for improving work conditions and ensuring staff rights in accordance with the labour legislation.

In 2013, we are going to adapt the employee qualification structure at Trimo and Trimo Group to our business needs. When selecting and finding new employees, we will follow sales strategic directives and primarily employ sales staff on promising markets. Considering operational activities run in a demanding global environment, we will further expand the competencies of employees in terms of the knowledge on strategy and management, sales skills and customer orientation. The Trimo dialogue and Trimo's competencies model will continue to be our tools to develop personnel. The process of developing employees will be upgraded with mentorships and coaching, and we will discover potential and develop successors.

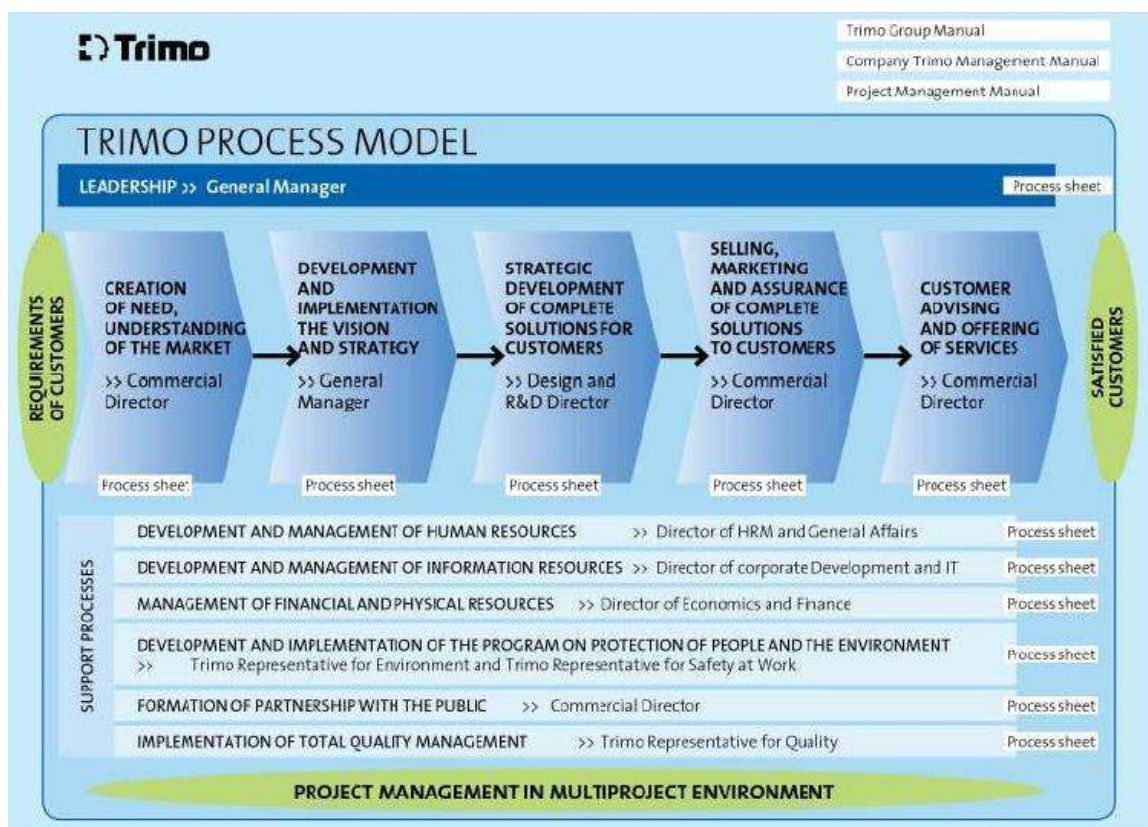
⁸⁹ GRI: LA5

MANAGING BY PROCESSES

The framework for the process of constant improvements is the business excellence model that integrates different approaches for improvements in all processes.

At Trimo, management is carried out with the help of the process approach and in accordance with the ISO 9001, 14001 and OHSAS standards. The Head of the quality department is the representative for quality management, and the representative for the management of environmental protection and safety at work is the Deputy General Manager of the Technical Sector. The model of the processes at Trimo is presented in the figure below.

Figure 2: Trimo's process model



Process administrators and promoters of the TIP process are responsible for constant improvements of processes.

Trimo improvements of processes (TIP)

In the framework of the TIP process, we achieved approximately €1,8m worth of effects and time-savings in 2012 and implemented 224 improvements.

Graph 33: Overview of the effects of completed TIPs



At the end of 2009, we made the criteria for recognising effects more stringent, which is why we set the goals for actual effects lower as of 2010 and considering the goal of 2009.

Risk management

It is very challenging to recognise and effectively manage risks and accept risk in business decisions considering how rapidly the conditions of operation are changing nowadays. We take into consideration both the external factors (the macroeconomic environment on international markets) and the internal risk factors (business processes). Our risk management process is shown below.

Figure 3: Risk management process



Assessment – risk identification and management⁹⁰

The Trimo Group manages 44 different risks divided into three main groups: business risks, operational risks and financial risks.⁹¹

⁹⁰ GRI: 4.11

⁹¹ GRI: 1.2

Table 2: Risk matrix featuring groups and sub-groups of risks (the number of individual risks is indicated in brackets)

Business risks (19)	Operational risks (20)	Financial risks (5)
Sales and development risks (7)	Production risks (5)	Currency risk
External risk (1)	Project risks (8)	Interest rate risk
Supply chain risks (4)	IT system functioning risk (5)	Credit risk
Investment and technology risks (3)	Risks of natural disasters (force majeure) (1)	Solvency risk
Staff risks (4)	Property protection risk (1)	Financing structure risk

Risks are managed using the following approaches:

Business risks

Below you will find the measures for managing risks within the defined five risk groups: sales and development risks, external risks, supply chain risks, investment and technology risks, staff risks.

Sales and development risks

- the risk of strengthening, integration of competition, participation on different markets, diversity of customers, marketing network expansion, appropriate cooperation with suppliers
- the risk of obsolescence of products - the development and positioning of new products, ensuring a higher share of sales on markets, management of the product portfolio
- market position risk - strategic positioning of the company on various markets, geographical balancing of sales
- risk from the management and transfer of brands - expansion of production under our own brand, brand protection and communication
- price risk - price positioning, value to the customer
- risk from new trends and changes in legislation regarding the core business - monitoring and predicting new trends, creating new trends and anticipate changes in legislation (energy engineering, security, ecology)
- the risk of (non)achievement of sales, loss of key customers, bankruptcy or compulsory composition of customers and the (non)acquisition of new customers - monitoring customer loyalty and repeat purchases, finding new customers, market analysis

External risks

- the risk of changes in macroeconomic business conditions on individual markets - abiding by the changes in conditions on all markets, the availability of resources (staff, materials), new market entry planning and planning of activities on existing markets

Supply chain risks

- the risk of unexpected changes in purchase prices - the long-term agreed prices and long-term partnerships with key suppliers, skilled negotiators with suppliers and customers

- the risk of (in)security of supply and quality of input materials and services - a wider range of strategic suppliers for key materials and a wider range of strategic service providers, diversification of supply routes, mutual education and long-term partnerships
- the risk of new materials - monitoring trends in all industries, monitoring trends in technologies and materials, participating in the development of new materials, development activities for alternative materials, optimisation of technical solutions
- the risk of association - the relocation of sources of supply to regions where suppliers have not yet concentrated, accelerated development activities for alternative materials, optimisation of technical solutions
- the risk of loss of suppliers (bankruptcy, compulsory composition) - alternative suppliers for all materials and services (at least two alternative suppliers for each material).

Investment and technology risks

- the risk of a successful and timely introduction of new technologies - identifying future needs of customers, monitoring competition, close cooperation with suppliers of technological equipment and development, observance of deadlines, preliminary testing
- the risk of (non)protection of production technologies, patents and know-how - the relevant contracts of development partnerships and to the subsidiaries, global protection of industrial property, transfer of technologies to new production sites
- the risk of realising investments within the planned value, quality and time - good quality and consistent definition of the project, articulated investment plans, time schedules, supervision over the course of investments (quality, budget)

Staff risks

- the risk of lack of qualifications, inexperienced employees - organised targeted training of employees, the measurement of organisational climate and measures, Trimo dialogues
- the risk of lack of motivation and inadequate climate among employees - organised targeted training of employees, the measurement of organisational climate and measures, Trimo dialogue, coaching, mentorship, rotation of employees, employee development in accordance with the competence model
- the risk of failing to obtain qualified employees - brand promotion, advertising, scholarships for people with missing shortage occupations, cooperation with universities, research institutions, architectural awards, young researchers, part-time study
- the risk of loss of key employees and successors - long-term career plans and schemes, rotation, promotion, education, satisfaction, climate

Operational risks

Measures for risk management within defined five risk groups are shown: production risks, project risks, IT system functioning risk, risk of natural disasters and property protection risk.

Production risks

- the risk of business interruption and uncertainty of production equipment functioning - regular and annual preventive maintenance of equipment, testing of machines to avoid production interruptions due to business interruption, insurance against economic damage from business interruptions, organisational and technical (preventive) measures to reduce the effects of interruptions

- the risk of obsolescence, inadequacy of production technologies - the requirements of customers for the latest products and technologies, long-term partnerships with our suppliers, collaboration with academic institutions (universities, institutes)
- the risk of quality management of products and their protection (certificates) - established quality systems (ISO standards, Company Rules of Procedure) and their upgrading, regular measurements, evaluating creditworthiness of suppliers, system of measurements and control of waste in production, ensuring a system for cost control of poor quality, certification of products and quality certificates for individual markets, continuous improvement and implementation of measures
- environmental risks (explosion, fire, emissions of harmful substances and noise pollution, spilling hazardous chemicals, light pollution) - the implementation of the ISO 14001 system and of measures, preparation and implementation of an environmental protection programme, fire protection and protection from hazardous substances in accordance with the company's policy and strategy
- the risk of accidents and health at work related risks - the implementation of the OHSAS 18001 system and performance of measures. Preparation and implementation of a monitoring programme for health and safety at work in accordance with the company policy and strategy. Compliance with regulations, internal rules, employee training, use of personal protective equipment.

Project risks

- the risk of delays in individual stages of the project and the late completion of the project - preparation of projects with an elaborated schedule, clearly defined contractual relationship with the client, supervision over the project (SAP, e-site), quality preparation of project documentation, coordination of the dynamic plan both internally and externally, collaboration with subcontractors
- the risk of (non)quality performance of the projects - continuous training of employees in project management and Trimo subcontractors in the quality implementation of work, supervision over subcontractors (assessment and selection), ensuring a system for cost control of poor quality, after-sales service for facilities
- the risk of exceeding the contractually agreed project budget and the (non)achievement of the planned added value for the project - cost planning, negotiating with suppliers, collaboration among providers, purchasing and project managers, finding optimal technical solutions, timely and high-quality supply of materials, high-quality offers, skilled negotiators, quality performance, submitting claims to customers for additional work
- the risk of inadequately defined project documentation (false, incorrect data, undefined templates) - management, identifying customer wishes, verification of customer needs at common technical and commercial meetings, high-quality offers, highly competent employees
- the risk of inadequate and delayed signature of contractual articles/provisions and annexes to the project documentation - skilled negotiators, timely cooperation with the legal department and the timely inclusion of project managers in the preparation of contractual provisions, the precise definition of the obligations of the client and the contractor and the consequences, contractual deadlines agreed with the project manager
- the risk of inability to control changes, inadequate planning and project management - training and coaching for project managers and site managers, introductory meetings with all process organisers that are involved in the project, more communication between the client and the project manager, timely anticipation of situations and weekly planning, control and reporting, change management system (deadlines, content, cost), professional and competent management of project teams
- payment risk - monitoring of contracts by financial and legal services, insurance of payments, timely recovery, involvement of financial and commercial services in the recovery, checking customers' credit ratings before signing the contract

- the risk of lack of competencies of project team members - long-term career plans and schemes, rotation, promotion, education, satisfaction, climate

IT system functioning risk

- the risk of reliable functioning of the hardware - updating hardware, providing sufficient equipment capacities, regular maintenance, automatic control and notification
- the risk of software reliability and suitability - selection of verified and tested software and programs according to user needs, advice and assistance for users, user training, regular maintenance and upgrading of software
- the risk of leakage of confidential information and business secrets - a system of control over information and documents of the company. Intrusion prevention, testing hardware and software. Compliance with the company's rules and regulations on the protection of business secrets by all employees.
- the risks of unreliability of data and information for business decision-making - periodic comparisons of data and analyses, competent decision-making, control over inputs. Monitoring and defining Key Performance Indicators (KPI). Competent decision-making.
- the risk of natural disasters that affect the information systems - duplication of key information resources at a backup location (DRC - Disaster Recovery Centre)

Risks of natural disasters

- the risk of storms, floods, earthquakes - providing rainwater drainage, sewage system, cooperation with civil protection and fire brigades. Trimo manages the risk of property damage by assessing facility exposure to such risks, establishing corresponding preventive measures, performing emergency drills, concluding relevant insurance contracts.

Property protection risk

- the risk of theft of assets - drawing up a plan of protection, physical and video surveillance, carrying out asset inventories

Financial risks

Detailed explanation of the key financial risks including the means of control are stated in the introductory section and the section entitled "Other disclosures" of the Financial Report of Trimo Company.

Risk monitoring and assessment

Risk monitoring is done annually or as needed. Takers of individual risks assess the probability of the risks occurring, and the consequences if the risk actually occurs, using a 5x5 matrix.

Risk priorities in 2012

In 2012, Trimo paid special attention to key risks identified for the 2011–2013 period.

Risk management was expanded to several other companies within the Trimo Group.

Future risks and the planned activities in 2013

For the period from 2011 to 2013,⁹² we identified 44 risks from the above definitions as key sales and financial risks.

For individual risks, the risk takers are already using selected indicators for risk management. These indicators will be collected and attributed to individual risks in 2013. At the same time, they will be revised and checked for adequacy.

In 2013, we intend to revise the risk management process and transfer it to other Trimo Group companies.

⁹² GRI: 1.2

BUILDING PARTNERSHIPS⁹³

Trimo develops partnerships with all stakeholders. In 2012, we cooperated with over 127 partners. We developed new products and improved existing products together with strategic suppliers.

Figure 4: Trimo's stakeholders⁹⁴



Knowledge centres

The development process includes employees and our vital stakeholders - customers, suppliers, subcontractors, universities and institutes.

We cooperated domestic and foreign partners

In 2012, our development department actively cooperated with 127 domestic and foreign partners in the development process. These included 21 universities, 19 institutes, 55 departments for development from other companies, 24 suppliers and a large number of independent researchers and designers. We cooperated with external partners in 79 percent of all development projects; almost 63 percent were partners from other countries.

We develop cooperation with knowledge centres through other forms of cooperation such as the Trimo Research Awards,⁹⁵ cooperation in joint calls for applications in development (for

93 GRI: 4.16, SO1

94 GRI: 4.14

95 More information in the section: Nurturing creativity and innovation.

example: ARRS, Eureka, Competency Centres, Economic Centres), collaboration with students, enabling visits and tours of production facilities and our specialists functioning as guest speakers at universities or members of specialised associations. In 2012, we also continued our cooperation at the competency centre TIGR (Institute for Sustainable and Innovative Construction), where we develop and spread competencies in sustainable construction together with many innovative Slovenian companies, institutes and faculties. We are also members at two excellence centres and many specialised associations and initiatives.

In 2012, we continued using the Open Innovation Model⁹⁶ that was designed to accelerate our development activities and include more external development partners with our cooperation. We thereby continued with the project “Work with us” at our online portal, and in order to find potential development partners, we cooperated with one of the most recognised online service-providers in the field of open innovation - Nine Sigma.⁹⁷

Suppliers

In 2012, the raw material markets were very volatile. We saw higher price growth in mineral wool. In certain raw materials such as iron metallurgy and thin steel sheet-metal, this growth trend was reflected primarily in the first half of the year.

The strength of suppliers increased dramatically, as did the customers’ demands for timely and quality supply. The deepening of the crisis in the financial sector, reduction of credit limits of insurance institutions, reduction of the manufacturers’ capacities and closing of certain production programmes had additional negative effects.

Managing the complete chain of physical as well as the financial flow became even more demanding, not merely for Trimo but for the whole Group. We paid special attention to ensuring the supply of raw materials.

Prices of services (assembly, others) also had a slight upwards trend.

With coordinated and focused operations throughout the whole chain, we were able to optimise the level of supplies of raw materials and thereby improve the tying up of money in materials.

With our strategic suppliers, we improved the technical, functional and aesthetic qualities of the existing products. In terms of functional characteristics, we focused activities on increasing insulation, in technical on reducing materials and finding cheaper alternatives and in aesthetics we aimed at introducing several different colours and patterns in sheet metals. We collaborated with key suppliers for Qbiss Air on coordinating the technical and supply conditions for materials and services. Together with suppliers, we pursued solutions and rationalised manufacturing and assembly processes with a project-based approach.

We carried out over 50 development and education roundtables and presentations of new materials and systems in various research and development areas, both with existing and potential suppliers.

We continued to upgrade e-commerce with the suppliers who had not yet been included in this type of operation.

⁹⁶ For the preliminary activities and reasons behind the Open Innovation Model, see Trimo’s Annual Report for 2008.

⁹⁷ More information at: www.ninesigma.com.

Shareholders

The macroeconomic conditions and the still unfinished financial and business restructuring prevented us from being able to increase value for shareholders in 2012.

We published the 2012 annual reports of Trimo and the Trimo Group for our shareholders. We also published a bulletin entitled Delničar, while information about important business events was published at Trimo's website.

Media

In 2012, communication with the media was intensified primarily in Russia. Trimo's presence in Slovenia decreased and in Serbia it remained in compliance with our goals - at approximately the same level as the year before.⁹⁸

Sponsorships and donations

In 2012, Trimo allocated €148.815 of funds for various forms of sponsorships and donations. This represents 0,15 percent of the total revenue, which is the same as the year before.⁹⁹

Memberships in organisations

The General Manager is the Vice-President of the regional Chamber of Commerce and Industry of Dolenjska and Bela Krajina as well as Vice-President of the Metal Processing Association and of the Managers' Association of Slovenia. She is a member of the Pokojninska družba A, d.d. Supervisory Board, a member of the Supervisory Board of the Slovenian-Dutch Business Platform, a member of the Faculty of Economics Council in Ljubljana, a member of the Supervisory Board of IEDC Bled, Slovenia, and a member of the collegiate economic body of the University of Ljubljana. She is also a member of the chairmanship of the Chamber of Commerce and Industry of Slovenia, a member of its strategic council for internationalisation and a member of the Management Board of the Jožef Stefan Institute. She is a member of the Museum of Architecture and Design Council and Vice-President of the Committee for Recognition of Business Excellence in the framework of the Ministry of Higher Education, Science and Technology.¹⁰⁰

The Trimo Group companies are members of numerous business and professional organisations in their domestic environments.

Areas for cooperation with partners will continue to be very important for Trimo's strategic development in the future, which is why we will pay close attention to it. Considering the relatively high number of external partners that cooperate with us in the development process, we have and will continue to focus on quantitative growth as well as quality growth of these partnerships in the future. In 2012, our cooperation was focused on sustainable development and efficient energy use, which will remain a trend in the future, as well as on cooperation within competency and excellence centres.

⁹⁸ Detailed information is available at Trimo's Department for Public Relations.

⁹⁹ GRI: EC1

¹⁰⁰ GRI: SO5

TAKING RESPONSIBILITY FOR A SUSTAINABLE FUTURE

Trimo's commitment to sustainable development has been the basis of Trimo's operation since the beginning, and it represents one of the foundations of Trimo's organisational culture and mission. When implementing this strategy, we introduce modern approaches of the model of green business such as developing environment and people-friendly products and technologies, introducing the cradle to cradle principle (C2C), producing life cycle analyses (LCA) for key Trimo products of the Trimoterm and Qbiss families and developing highly energy efficient building cladding systems and integrated solar power plants in Trimo roofs.

We define sustainable development as achieving a balance between long-term commercial, social and ecological interests and develop it in accordance with our values and with the help of Trimo's key competencies and a clear vision. The results of social and economic sustainability are shown in the previous sections of this Annual Report.

As members of the UNGC, we respect their 10 principles (on human rights, labour standards, environment, transparency and anti-corruption).¹⁰¹

Environmental protection in Trimo and the Trimo Group

In accordance with Trimo's policy and strategy, we are committed to achieving high goals regarding environmental protection and sustainable development. **Our product portfolio includes products that are at least 99 percent recyclable.**¹⁰² Trimo's offer of complete solutions also includes the option and implementation of environmentally-friendly solutions that contribute to the added value for the customer and to sustainable development in the broader sense. Trimo products and services are focused on energy-efficient solutions in the form of thin-layered building envelopes with multifunctional integrated systems such as for the production of green energy, to increase safety in case of fire, noise protection, increased airtightness and similar.¹⁰³

Trimo's field of the environmental management system is led by the Deputy General Manager for the Technical Department, Danijel Zupančič, MSc, who is also the representative for Environmental Management with a team of specialists responsible for the development of the whole field and the implementation of the sustainable development strategy.¹⁰⁴ The most important elements of this strategy are waste reduction, the introduction of full recycling approaches or an approach that leads to the 'cradle to cradle' concept¹⁰⁵, the rational use of natural resources, the use of renewable energy and the development of products and technologies that are in balance with natural processes.

Waste management¹⁰⁶

The waste management system based on EU guidelines and directives that is improved annually affects Trimo's results that are above the national average and in some segments

¹⁰¹ More information: Annual Report 2009.

¹⁰² GRI: EN2

¹⁰³ GRI: EN6

¹⁰⁴ The environmental and safety team is comprised of specialists from individual departments (health and safety at work, dangerous substances, personnel, natural resources, energy, etc.). GRI: LA6

¹⁰⁵ 'Cradle to cradle' means the production of a new product from a discarded product.

¹⁰⁶ GRI: EN22

they even serve as an example of good practices to leading European companies. The same waste management system is established in all of Trimo's subsidiaries, where the results will be gradually raised to the same level as in the parent company.

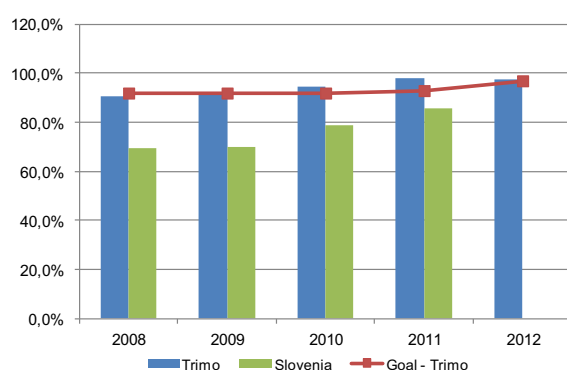
Municipal waste

Reducing municipal waste represents a constituent part of Trimo's waste management programme. In 2012, the quantity of municipal waste was significantly reduced as a consequence of additional collecting and separation of waste. The share of municipal waste represents about two percent of the waste total of the company.

Secondary waste

The relative share of separated waste and waste handed over in the form of secondary raw materials at Trimo is increasing as the waste management programme is implemented consistently; constant improvements also positively contribute to the results.

Graph 34: Share of processed (collected and handed over) industrial waste at Trimo compared to the Republic of Slovenia [%] in the period from 2008 to 2012¹⁰⁷



Dangerous waste¹⁰⁸

Dangerous waste is collected in a controlled environment and handed over to authorised persons that hold concessions for this type of service. The amounts of dangerous waste are relatively low at Trimo and represent only 0,16 percent of all waste.

Water use¹⁰⁹

Trimo's environmental protection programme includes caring for the rational use of natural resources - drinking water being the most important. Water usage per employee in 2012 was 1,32 m³/month, which is more than in 2011. The higher consumption is a result of a defect in the local pipeline, which was successfully eliminated after it was discovered.

Consumption of heating gas oil (HGO)¹¹⁰

Consumption of HGO is related to the heating system during winter. We monitor the absolute consumption and the usage per unit of heating volume. Part of the consumption is tied to the technology heating system, where we monitor the consumption of HGO per product unit. The goal of the annual HGO consumption is set according to the average winter temperature and the roof and façade production plan. In 2012, HGO consumption slightly exceeded the set goal, which is a result of relatively low temperatures in February.

¹⁰⁷ Data for Slovenia for 2010 are not available at ARSO yet.

¹⁰⁸ GRI: EN24

¹⁰⁹ GRI: EN8

¹¹⁰ From now on: HGO.
GRI: EN3, EN4

Electricity consumption

Electricity consumption is also an important environmental consideration at Trimo. It includes the electricity consumption for production processes, ventilation, air conditioning and heating and lighting. With the introduction of energy-saving lighting and the conversion of compressor drives in 2012, we achieved annual savings in consumption equalling a little over 500.000 kWh. The project was co-financed via a tender of the Ministry of the Economy.

Trimo's two solar power plants operated the whole year, generating about 66.000 kWh of green electricity.

Emissions of harmful substances into the natural environment

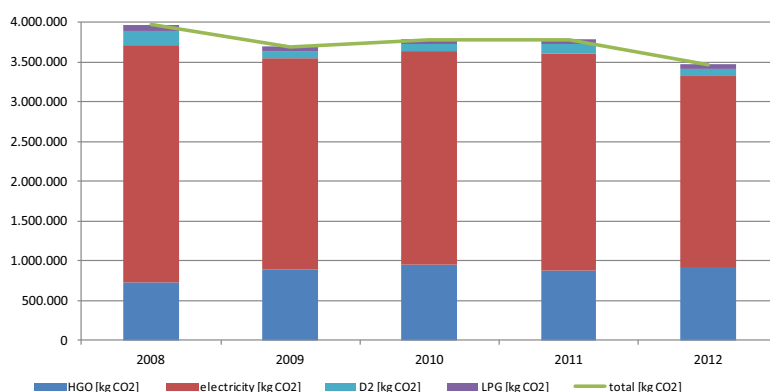
We regularly monitor the emissions of all combustion plants, which operate within legally prescribed limits.¹¹¹

LCA¹¹²

Trimo is spreading the culture of a responsible attitude towards climate change, together with our partners in the supply chain, by implementing careful natural resource and energy product management and measures for reducing the indirect impact on the level of emissions. In 2012, with the help of measurements to reduce emissions of the CO₂e footprint, we achieved a CO₂ footprint reduction of approximately three percent in relation to Trimoterm and Qbiss product families.

We also monitor CO₂ emissions occurring from the activities in the production factory on the basis of energy product use, emissions and calculations. In 2012, absolute emissions slightly decreased due to the lower use of electricity.¹¹³ Emissions by employees (arrival at work, work-related travelling, etc.) are not included in these calculations.

Graph 35: Absolute CO₂ (kg) emissions – operation of Trimo in Trebnje



Communications with environment

In 2012, Trimo organised the Environment Day celebration¹¹⁴. We participated in the volunteer project Let's Clean Slovenia and cleaned up the wider surroundings of Trimo and its subsidiaries Akripol, CBS Inštitut and Tinde.¹¹⁵

111 GRI: EN20

112 GRI: EN16, EN17, EN18, EN29

The CO₂e data includes emissions for all 6 greenhouse gases in accordance with the Kyoto Protocol.

113 See graph: Absolute CO₂ emissions (kg) – company's operation.

114 For more information, please see: <http://www.trimo.si/mediji/sporocila-za-javnost-66/?y=2009&m=05.>

115 GRI: EC8

In 2013, Trimo will still pursue its directive of a recognised promoter of sustainable development and implementer of best practices in the relationship towards environmental protection. Using examples of good practice of implementing the most energy-efficient solutions, we will show our customers the long-term advantages from the viewpoint of economics and effects on the environment throughout the entire operational cycle of a building until its deconstruction.

Plans for 2013

PLAN - BUSINESS INDICATORS FOR 2013	TRIMO, D. D.	TRIMO GROUP
NET SALES REVENUE in million EUR	95,0	160,0
2013/2012 Index	103	103
ADDED VALUE PER EMPLOYEE in EUR	47.139	35.450
2013/2012 Index	104	119
AVERAGE NUMBER OF EMPLOYEES	430	950
2013/2012 Index	97	95

In Trimo and the Trimo Group, we are determined to achieve the set goals with positive energy and responsible work and in accordance with our annual motto *Responsibility for successfully realising the goal*. 2013 will be a year of restructuring both in the field of business and finance.