Recent Developments: Green Light to Privatization and Revised Budget

1 The Parliament Gave a Green Light to the Privatization of 15 Companies

On 21th of May The Parliament adopted the decision which authorises SOD as the manager of assets owned by the Republic of Slovenia, KAD, Modra zavarovalnica, DSU, d.o.o., and PDP, d.d. to dispose of their investment in 15 companies (100%). These companies are now able to proceed with all procedures until final sale.

The Parliament gave a green light to the disposal of assets in the following companies, where the procedure has already begun:

1. Adria Airways, d.d.
2. Aero, d. d.
3. Elan, d.o.o.
4. Fotona, d.d.
5. Helios, d.d.

and to the disposal of assets in the companies, where the procedure has not yet commenced:

1. Aerodrom Ljubljana, d.d.
2. Adria Airways Tehnika, d.d.
3. Nova KBM, d.d.
4. Telekom Slovenije, d.d.
5. Cinkarna Celje, d.d.
6. Gospodarsko razstavišče, d.o.o.
7. Paloma, d.d.
8. Terme Olimia Bazeni, d.d.
9. Unior, d.d.
10. Žito, d.d.

2 The Government Approved the Revised Budget for 2013

On 20th of June the Government approved the draft revised budget of the Republic of Slovenia for 2013.

Macro-Economic Basis

The main reason for drafting a revised budget for 2013 are deteriorated macro-economic forecasts in comparison with the forecasts relevant when the 2013 budget was originally drawn up.

In the budget adopted for 2013, total revenue was overestimated, while updated estimates for 2013, which are based on actual revenue in the first five months of 2013, the Summer Forecast of Economic Trends by the end of 2013 published by IMAD, and envisaged amendments to tax legislation, show that total budget revenue will shrink by 6.3% in comparison to the previously adopted budget.

A deteriorated economic activity is linked to the international situation, both in terms of the situation in Slovenia's biggest trading partners and the situation in financial markets. The stabilization of the declining trend depends mainly on the success of the measures to overhaul the banking sector and other planned measures which aims to ease the credit crunch and help relieve the economy and revive investment.

Budget Deficit

The draft revised budget for 2013 continues to pursue fiscal stability on the back of expenditure reduction and measures on the revenue side aligned with the Stability programme. Fiscal deficit for 2013 is estimated to 4.4% of GDP i.e. without one-offs that is banks' recapitalization needs. Capital enhancement amount provided in revised budget for state-owned banks (directly and indirectly) NLB, NKBM and Abanka is EUR 1.2 billion.

Budget Expenditure

Regarding expenditure, the revised budget takes into account changes in the economic nature of expenditure and the structure of financing resources. Measures continue to rationalize expenditure on:

- public sector pay (on which an agreement has already been reached with the unions);
- the selection and limitation of social transfers;
- goods and services and
- selection of investment projects (primarily financed from the assigned budget and within EU programmes).

Budget Revenue

Several measures are planned to achieve greater fiscal balance, particularly a change in VAT as of July 2013 and increases in court fees. Planned revenue from the EU budget has also been revised. The revised budget includes additional income from road tax, activities aimed at increasing the efficiency of tax collection and the tax on lottery tickets.

If there are any questions regarding the information which is not available on our Ministry of Finance website: http://www.mf.gov.si/en/investor_relations/, feel free to contact us via e-mail: MF.Investors-relations@mf-rs.si